National Gambling Board
South Africa
a member of the dti group

GAMBLING SECTOR PERFORMANCE
SUMMARY REPORT FY2017

ACKNOWLEDGEMENTS

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

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

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FOREWORD BY THE ACCOUNTING AUTHORITY

MS CAROLINE KONGWA

One of the key responsibilities of the National Gambling Board (NGB), as mandated by the National Gambling Act (NGA) 2004 (Act 7 of 2004), Section 65(2)(e), is to monitor market conduct and market share in the South African gambling industry. In doing so, the NGB gathers national gambling statistics and information related to market conduct and market share from all Provincial Licensing Authorities (PLAs).

This enables the NGB to publish audited statistics annually on its website to keep its stakeholders and the public informed about turnover, the generation of Gross Gambling Revenue (GGR), the collection of taxes/levies, as well as return to player.

Further to this, the collection of detailed information per gambling operator, province and mode enables the NGB to map the size and nature of the South African gambling industry, as well as to monitor trends and growth in the various gambling sectors. The NGB has successfully managed to compile comprehensive reports since FY2012 on the status and growth of the gambling industry, as well as share the latest trends with its external stakeholders and the public.

The NGB has pleasure in sharing the latest trends related to gambling sector performance and especially national gambling statistics and market conduct information as at the end of the Financial Year (FY) 2017. 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.

Kongwa

Ms Caroline Kongwa
Accounting Authority

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ACRONYMS

BBBEE	Broad-Based Black Economic Empowerment
EBT	Electronic Bingo Terminal
FY	Financial Year
GGR	Gross Gambling Revenue
LPM	Limited Payout Machine
NGA	National Gambling Act 2004 (Act 7 of 2004)
NGB	National Gambling Board
PLA	Provincial Licensing Authority
Qrt	Quarter
RTP	Return to player
the dti	the Department of Trade and Industry
TO	Turnover

EXECUTIVE SUMMARY

The National Gambling Board (NGB) is mandated in terms of the National Gambling Act (NGA) 2004 (Act 7 of 2004), Section 65(2)(e) to monitor gambling performance within the gambling sector in the Republic of South Africa. The main focus of this report is on audited information relevant to the Financial Year (FY) 2017, Quarters 1, 2, 3 & 4 (1 April 2016 to 31 March 2017).

GGR generated in the casino sector represented 66.4% of the total amount of GGR generated in FY2017 compared to the other legalised gambling sectors (betting on sport and horse racing, LPM & bingo). A 4.5% increase in GGR generated by the casino sector has been recorded for the period between FY2014 (R 16 497 594 915) to FY2015 (R 17 234 928 081), by 5.8% to FY2016 (R 18 236 685 695), however, decreased by 1.8% to FY2017 (R 17 900 747 071).

GGR generated in the betting on horse racing and sport sector represents 18.9% of the total amount of GGR generated in FY2017 compared to the other legalised gambling sectors (casino, LPM & bingo). Noticeable increases in GGR generated in the betting industry have been recorded i.e. an increase of 22.2% from FY2014 to FY2015, by 28.5% from FY2015 to FY2016, and by 14.3% from FY2016 to FY2017.

GGR generated in the LPM sector represented 10.0% of the total amount of GGR generated by all licensed gambling modes in FY2017. Significant increases in GGR generated have been recorded in the LPM industry- by 19.6% from R 1 738 648 662 in FY2014 to R 2 079 338 389 in FY2015, by 13.7% from FY2015 to FY2016 (R 2 363 501 788) and by 14.1% to R 2 696 846 443 in FY2017.

GGR generated in the bingo sector represents 4.7% of the total amount of GGR generated by all licensed gambling modes during FY2017. GGR increased by 67.7% from R 436 770 125 in FY2013 to R 732 321 861 in FY2014. By comparison, a decrease of 16.1% in GGR generated in the bingo industry was recorded from FY2015 to FY2016 (R 936 166 348). An increase by 36.6% was recorded in the generation of GGR from FY2016 to FY2017 (R 1 278 664 383).

Overall, GGR increased by 9.6% from R 21,8 billion in FY2014 to R 23,9 billion in FY2015, by 8.8% to R 26,0 billion in FY2016, and by 3.8% to R 27,0 billion in FY2017. A total amount of R 26 961 888 560 in GGR was generated during FY2017. In general, the collection of taxes/levies increased by 10.7% from R 2,2 billion to R 2,5 billion in FY2015, by 11.9% to R 2,8 billion in FY2016, however decreased by 1,0% to R 2,7 billion in FY2017. A total amount of R 2 743 112 930 in taxes/levies was collected during FY2017.

The casino sector, Gauteng, Western Cape and KwaZulu-Natal provinces accounted for the highest numbers in terms of direct employment in the South African gambling industry out of a total number of 27 973 as at 31 March 2017. The average Broad-Based Black Economic Empowerment (B-BBEE) status or level of the South African gambling industry as at 31 March 2017 per gambling mode and operator, was casinos at 2.5, totalisators at 4.6, LPMs at 3.4 and bingo at 3.4.

SNAP SHOT OF THE GAMBLING INDUSTRY – FY2016 AND FY2017

VARIABLE	FY2016 MARKET CONDUCT – AS AT QUARTER 4 STATISTICS – TOTAL ALL QUARTERS	FY2017 MARKET CONDUCT – AS AT QUARTER 4 STATISTICS – TOTAL ALL QUARTERS	FY2017 QUARTER 1	FY2017 QUARTER 2	FY2017 QUARTER 3	FY2017 QUARTER 4
Number of operational casinos	38	38	38	38	38	38
Number of operational slots (casinos)	24 070	23 697	23 735	23 899	23 863	23 697
Number of operational tables (casinos)	889	907	864	881	899	907
Number of operational gambling positions (casinos)	33 618	33 249	33 498	33 805	33 756	33 249
Number of operational totalisator outlets	444	456	440	444	448	456
Number of operational bookmakers	227	266	216	242	255	266
Number of operational bookmaker outlets	457	515	461	473	510	515
Number of operational Limited Payout Machine (LPM) site operators	2 072	2 188	2 113	2 099	2 170	2 188
Number of active LPMs	10 934	11 502	11 157	11 113	11 440	11 502
Number of operational bingo outlets	31	37	34	34	36	37
Number of operational bingo positions	6032	6 497	6 245	6 245	6 439	6 497
Traditional	2 386	1 888	2 198	2 198	2 052	1 888
Electronic Bingo Terminals (EBTs)	3 646	4 609	4 047	4 047	4 387	4 609
National gambling statistics: Turnover	R 358 359 106 940	R 372 987 955 104	R 90 054 216 737	R 91 486 064 080	R 97 519 774 229	R 93 927 900 059
National gambling statistics: GGR generated	R 25 985 119 587	R 26 961 888 560	R 6 717 796 509	R 6 621 346 668	R 6 847 676 362	R 6 775 069 021
National gambling statistics: Taxes/levies collected	R 2 770 743 912	R 2 743 112 930	R 679 147 410	R 677 312 593	R 705 086 468	R 681 566 459

CHAPTER 1

INTRODUCTION

1.1 The National Gambling Board (NGB) is mandated by the National Gambling Act (NGA) 2004 (Act 7 of 2004), Section 65(2)(e) to monitor market conduct and market share.

1.2 NGB monitors market conduct (number of gambling positions and outlets in the South African gambling sector), and also gathers and analyses national gambling statistics in terms of turnover (TO), Gross Gambling Revenue (GGR) and the collection of taxes/levies. The NGB website is updated with a detailed Power Point presentation annually, which is based on audited information representative of that financial year.

1.3 The scope of this report covers information (market conduct and national gambling statistics) related to the following legalised gambling modes in South Africa (as regulated by the NGB) for Quarters 1, 2, 3 & 4 of the Financial Year (FY) 2017:

1.3.1 Casinos (tables and slots);

1.3.2 Betting on horse racing and sport (offered by bookmakers and totalisators, on and off course);

1.3.3 Limited Payout Machines (LPMs); and

1.3.4 Bingo (traditional and Electronic Bingo Terminals (EBTs)).

1.4 Quarterly statistics are sourced from Provincial Licensing Authorities (PLAs). FY2017 (Quarters 1, 2, 3 & 4) information in this report is based on audited data.

1.5 The board cannot be held responsible for the correctness of information (refer to the disclaimer).

1.6 The information in this report is applicable to the period of 1 April 2016 to 31 March 2017 (referred to as FY2017), whereas Quarters are representative of the following specific periods:

1.6.1 Quarter 1: 1 April 2016 – 30 June 2016;

1.6.2 Quarter 2: 1 July 2016 – 31 September 2016;

1.6.3 Quarter 3: 1 October 2016 – 31 December 2016; and

1.6.4 Quarter 4: 1 January 2017 – 31 March 2017.

1.7 The purpose of this report is to provide a summary regarding the status and performance of the South African gambling sector (excluding the National Lottery) in terms of market conduct and national gambling statistics (1 April 2016 to 31 March 2017), as well as trends over time.

CHAPTER 2

NATIONAL GAMBLING STATISTICS

2.1 INTRODUCTION

2.1.1 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 relative to FY2017.

2.2 TURNOVER PER GAMBLING MODE AND PROVINCE, FY2017

2.2.1 A total amount of R 372 987 955 104 was wagered in FY2017. Casinos accounted for the highest TO at 73.2% by comparison with all other gambling modes as reflected in figure 1 below. Gauteng accounted for the highest amount of TO in respect of all gambling modes, the total percentage being 43.5% as compared to other provinces as reflected in figure 2 below.

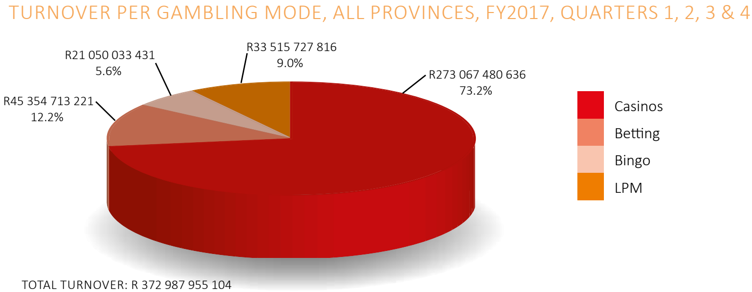


Figure 1: Turnover per gambling mode, all provinces, FY2017, Quarters 1, 2, 3 & 4

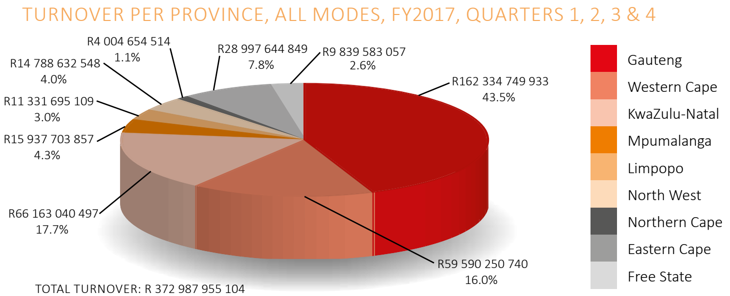


Figure 2: Turnover per province, all modes, FY2017, Quarters 1, 2, 3 & 4

2.3 GROSS GAMBLING REVENUE PER GAMBLING MODE AND PROVINCE, FY2005 – FY2017

2.3.1 GGR increased by 9.6% from R 21,8 billion in FY2014 to R 23,9 billion in FY2015, and by 8.8% to R 26,0 billion in FY2016, and by 3.8% to R 27,0 billion in FY2017. A total amount of R 26 961 888 560 GGR was generated during FY2017.

2.3.2 During FY2017, as at 31 March 2017, casinos accounted for the highest GGR being 66.4% as compared to other gambling modes. Compared to all other provinces, Gauteng at a 41.1% share, accounted for the highest amount of GGR generated. The GGR per gambling mode and province, as well as the trends over time are reflected in figures 3 to 7.

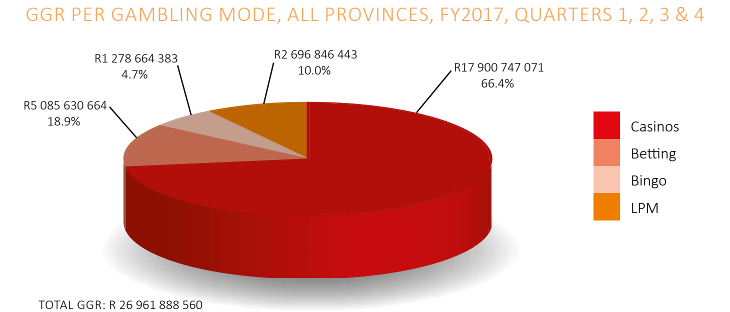


Figure 3: GGR per gambling mode, all provinces, FY2017, Quarters 1, 2, 3 & 4

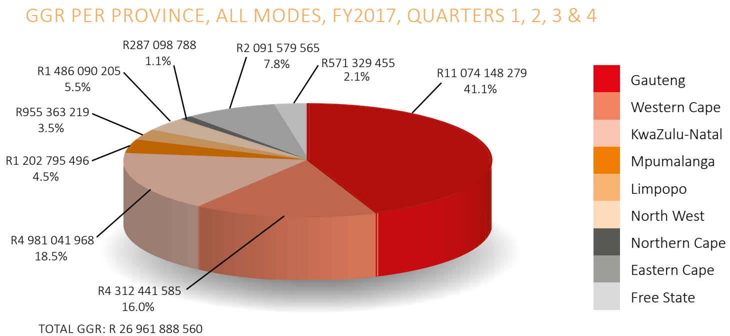
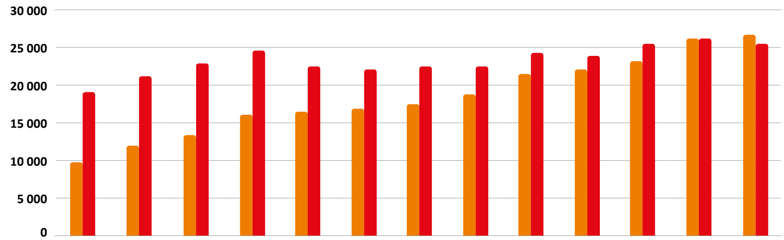


Figure 4: GGR per province, all modes, FY2017, Quarters 1, 2, 3 & 4

TREND IN GGR (ALL MODES), FY2005 – FY2017



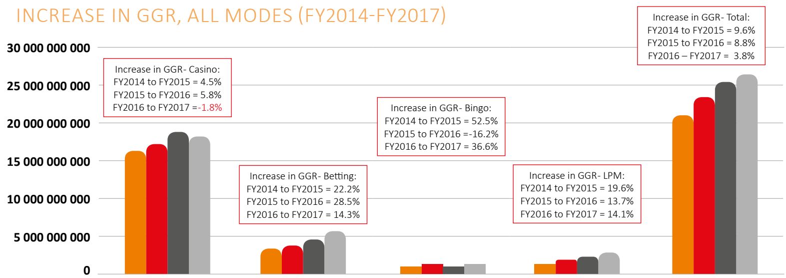
	FY04/05	FY05/06	FY06/07	FY07/08	FY08/09	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17
At current prices	9 918	11 400	13 520	15 618	15 921	16 268	17 140	18 417	20 914	21 803	23 894	25 985	26 962
At constant 2016 prices*	18 713	20 748	23 388	24 951	23 039	22 115	22 443	22 848	24 583	24 220	25 129	25 985	25 365

At current prices ***At constant 2016 prices****

**** Consumer Price Index for calculation of constant figures sourced from South African Reserve Bank (2017)***

Figure 5: Trend in GGR (all modes), FY2005 – FY2017

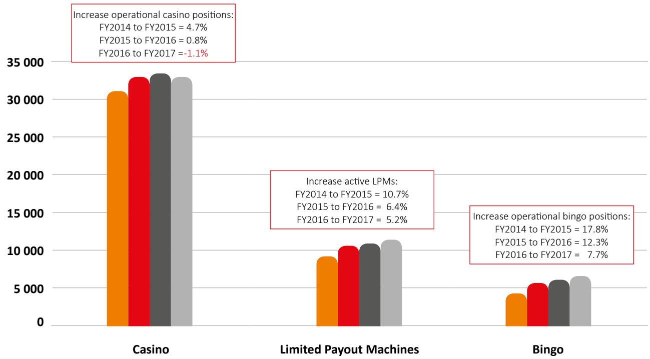
INCREASE IN GGR, ALL MODES (FY2014-FY2017)



	GGR Casino	GGR Betting	GGR Bingo	GGR LPM	TOTAL
GGR, FY2014	16 497 594 915	2 834 103 394	732 321 861	1 738 648 662	21 802 668 831
GGR, FY2015	17 234 928 081	3 462 994 717	1 116 673 081	2 079 338 389	23 893 934 269
GGR, FY2016	18 236 685 695	4 448 765 756	936 166 348	2 363 501 788	25 985 119 588
GGR, FY2017	17 900 747 071	5 085 630 664	1 278 664 383	2 696 846 443	26 961 888 560

Figure 6: Increase in GGR, all modes (FY2014-FY2017)

INCREASE IN THE NUMBER OF GAMBLING POSITIONS IN THE CASINO, LPM & BINGO SECTOS (FY2014 – FY2017)



	Casino	Limited Payout Machines	Bingo
Operational Positions, FY2014	31 860	9 288	4 557
Operational Positions, FY2015	33 360	10 279	5 369
Operational Positions, FY2016	33 618	10 934	6 032
Operational Positions, FY2017	33 249	11 502	6 497

Figure 7: Increase in the number of gambling positions in the casino, LPM & bingo sectos (FY2014 – FY2017)

2.4 TAXES/LEVIES CONTRIBUTION PER GAMBLING MODE AND PROVINCE, FY2015 – FY2017

2.4.1 Taxes/levies increased by 10.7% from R 2,2 billion in FY2014 to R 2,5 billion in FY2015, by 11.9% to R 2,8 billion in FY2016, however, decreased by 1.0% to R 2,7 billion in FY2017. A total amount of R 2 743 112 930 in taxes/levies was collected during FY2017. During FY2017 at 66.5%, casinos contributed the highest amount of taxes/ levies paid by comparison with other gambling modes. At 36.6% Gauteng accounted for the highest amount of taxes/levies paid compared to all other provinces. Taxes/ levies collected per gambling mode and province are reflected in figures 8 and 9.

TAXES/LEVIES PER GAMBLING MODE, ALL PROVINCES, FY2017, QUARTERS 1, 2, 3 & 4

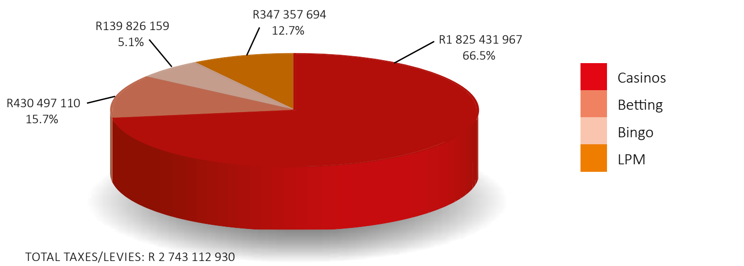


Figure 8: Taxes/levies per gambling mode, all provinces, FY2017, Quarters 1, 2, 3 & 4

TAXES/LEVIES PER PROVINCE, ALL MODES, FY2017, QUARTERS 1, 2, 3 & 4

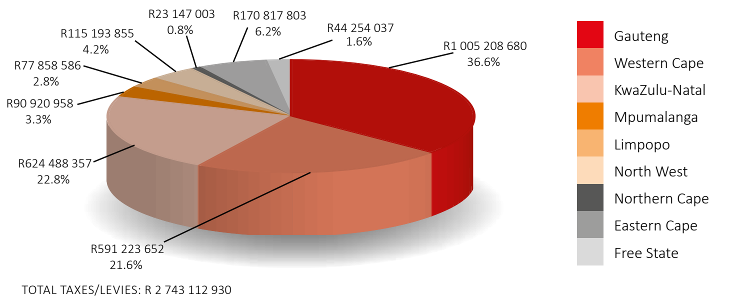
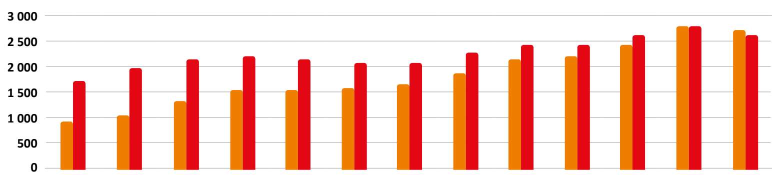


Figure 9: Taxes/levies per province, all modes, FY2017, Quarters 1, 2, 3 & 4

TREND IN TAXES/LEVIES PER PROVINCE (ALL MODES), FY2005 – FY2017



	FY04/05	FY05/06	FY06/07	FY07/08	FY08/09	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17
At current prices	925	1 068	1 300	1 520	1 539	1 575	1 670	1 834	2 098	2 237	2 477	2 771	2 743
At constant 2016 prices*	1 745	1 944	2 249	2 428	2 227	2 141	2 187	2 275	2 466	2 485	2 605	2 771	2 581

At current prices ***At constant 2016 prices****

***** Consumer Price Index for calculation of constant figures sourced from South African Reserve Bank (2017)*

Figure 10: Trend in taxes/levies per province (all modes), FY2005 – FY2017

2.5 MARKET SHARE

2.5.1 As at 31 March 2017 a total number of 38 casinos (out of a maximum of 41 licenses) were operational in South Africa.The controlling shareholders for the 38 operational casinos, are reflected by name in figure 11. Tsogo Sun Holdings is the controlling shareholder with respect to most of the operational casinos (14) whilst Sun International owns 13 casinos across South Africa.

MARKET SHARE OF OWNERSHIP OF CASINOS AS AT FY2017

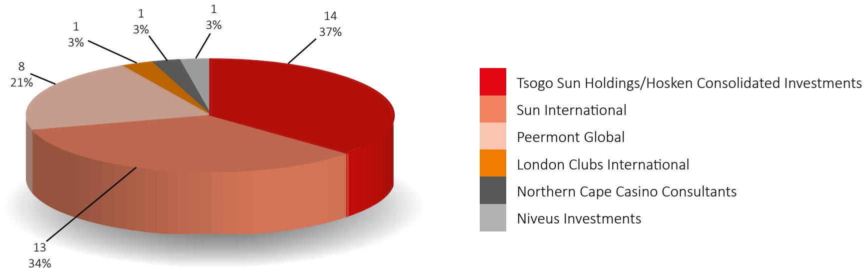


Figure 11: Market share of ownership of casinos as at FY2017

2.5.2 In terms of the LPM sector, Vukani Gaming operated LPMs in all 9 provinces, followed by Gold Rush Gaming which operated LPMs in 6 provinces and Grand Gaming which operated in 3 provinces. The rest of the route operators were licensed to operate LPMs in one province each.

2.5.3 Gold Circle is the totalisator operator in KwaZulu-Natal, and Phumelela in Gauteng, Mpumalanga, Limpopo, North West, Northern Cape, Eastern Cape and the Free State. Phumelela is a vertically integrated horse racing administrator and betting operator. Kenilworth Racing (totalisator) is operating in Western Cape, however, Phumelela currently manages the Western Cape racing operations on behalf of the Kenilworth Racing Trust. Trotco (Pty) Ltd t/a Ithotho is also licensed in KwaZulu-Natal as a totalisator and a racecourse operator.

2.5.4 The bingo operators which were operational in South Africas were represented by Galaxy Bingo in Gauteng, KwaZulu-Natal, North West and Eastern Cape; Viva Bingo in Gauteng and Mpumalanga; Gold Rush in North West and Eastern Cape; Boss Gaming in Eastern Cape and Great Bingo in KwaZulu-Natal.

CHAPTER 3

CASINO SECTOR

3.1 MARKET CONDUCT

3.1.1 Of the total casino market, the majority of the casinos are situated in Gauteng (7, 18.4%), compared to Western Cape and KwaZulu-Natal each hosting 5 casinos (13.2% respectively) as reflected in figure 12 below.

NUMBER OF OPERATIONAL CASINOS PER PROVINCE, FY2017, AS AT 31 MARCH 2017

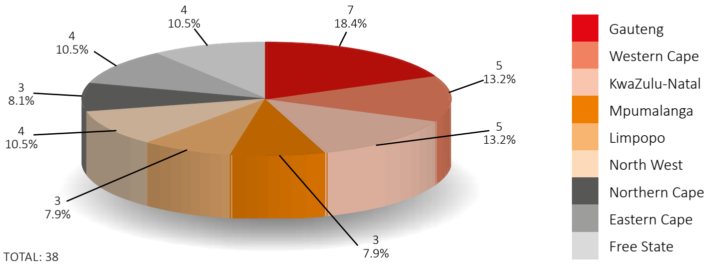


Figure 12: Number of operational casinos per province, FY2017, as at 31 March 2017

3.1.2 As at 31 March 2017, Gauteng accounted for the highest number of licensed operational slots in casinos (8 783, 37.1%), compared to KwaZulu-Natal (3 834, 16.2%) and Western Cape (3 770, 15.9%) out of the total number of 23 697. Refer to figure 13.

3.1.3 The hereto recorded number of operational slot machines has remained relatively stable with only a slight increase of 2.2% from FY2014 (23 209) to FY2015 (23 708), an increase of 1.5% from FY2015 to FY2016 (24 070). However, a decrease of 1.5% was noted from FY2016 to FY2017 (23 697).

NUMBER OF OPERATIONAL SLOTS IN CASINOS PER PROVINCE, FY2017, AS AT 31 MARCH 2017

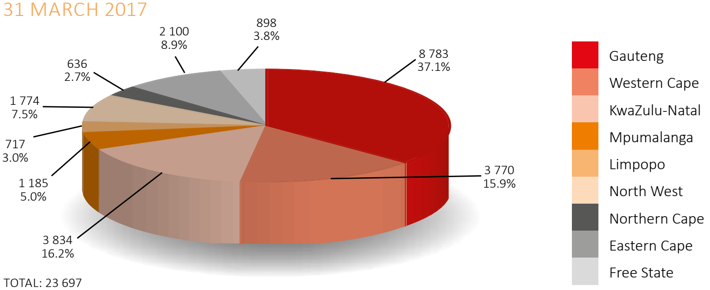


Figure 13: Number of operational slots in casinos per province, FY2017, as at 31 March 2017

3.1.4 Gauteng accounted for the highest number of operational tables (323, 35.6%) out of a total of 907, compared to KwaZulu-Natal (172, 19.0%) and Western Cape (105, 11.6%) as at 31 March 2017 as illustrated in figure 14. Overall, the number of operational tables increased by 1.7% from 901 in FY2014 to 916 in FY2015; however, decreased by 2.9% from FY2015 to FY2016 (889), and increased by 2.0% to 907 in FY2017.

NUMBER OF OPERATIONAL TABLES IN CASINOS PER PROVINCE, FY2017, AS AT 31 MARCH 2017

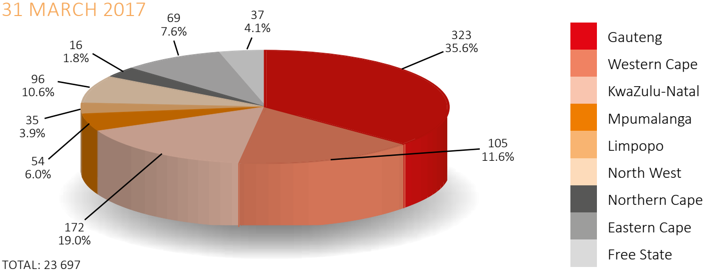


Figure 14: Number of operational tables in casinos per province, FY2017, as at 31 March 2017

3.1.5 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 licensing conditions in a province. Gauteng has the highest number of casinos in South Africa (7 out of 38 operational casinos) as at 31 March 2017 and

NUMBER OF OPERATIONAL POSITIONS IN CASINOS PER PROVINCE, FY2017, AS AT 31 MARCH 2017

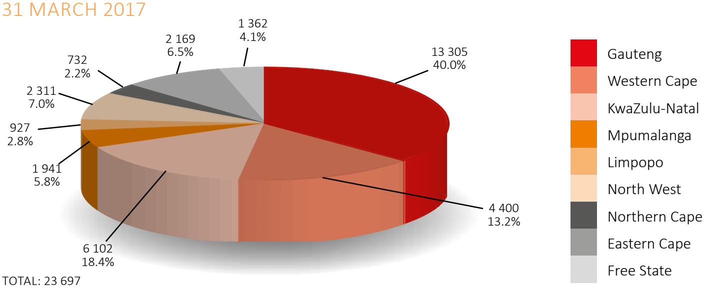


Figure 15: Number of operational positions in casinos per province, FY2017, as at 31 March 2017

also accounted for the highest number of operational gambling positions in casinos (13 305, 40.0%), followed by KwaZulu-Natal (6 102, 18.4%) and Western Cape (4 400, 13.2%) as at 31 March 2017. Refer to figure 15.

3.1.6 The number of operational gambling positions in casinos (slots and tables) increased by 4.7% from FY2014 (31 860) to FY2015 (33 360), by 0.8% from FY2015 to FY2016 (33 618), however decreased by 1.1% from FY2016 to FY2017 to 33 249.

3.2 CASINO SECTOR GAMBLING STATISTICS

3.2.1 Turnover (money wagered), Gross Gambling Revenue generated and taxes / levies collected per province in casinos in FY2017, Quarters 1, 2, 3 & 4

i The total Rand value of money wagered in casinos in FY2017 was R 273 067 480 636. This amount represents 73.2% of the total turnover (money wagered) in all gambling modes, compared to money wagered on betting on horse racing and sport, LPM and bingo.

ii As at 31 March 2017, Gauteng has the highest number of casinos compared to other provinces resulting in the highest amount of money wagered during FY2017 at these gambling venues (42.3%). This is followed by money wagered in KwaZulu-Natal casinos (19.4%) and Western Cape (15.9%) as reflected in figure 16.

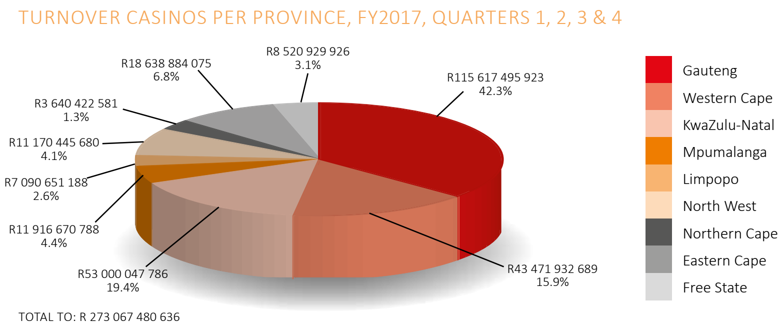


Figure 16: Turnover casinos per province, FY2017, Quarters 1, 2, 3 & 4

3.2.2 Gross Gambling Revenue (GGR) generated in the casino sector per province, FY2017, Quarters 1, 2, 3 & 4

i The total Rand value of GGR generated in casinos during FY2017 was R 17 900 747 071. This amount represents 66.4% of the total amount of GGR generated by all gambling modes compared to GGR generated in the betting on horse racing and sport, LPM and bingo sectors. A 4.5% increase in GGR generated by the casino sector has been recorded for the period between FY2014 (R 16 497 594 915) to FY2015 (R 17 234 928 081), by 5.8% to FY2016 (R 18 236 685 695), however, decreased by 1.8% to FY2017 (R 17 900 747 071).

ii Gauteng has the highest number of casinos compared to other province resulting in the highest amount of GGR generated during FY2017 in these gambling venues (41.2%), followed by KwaZulu-Natal (19.2%) and Western Cape (16.2%) as reflected in figure 17.

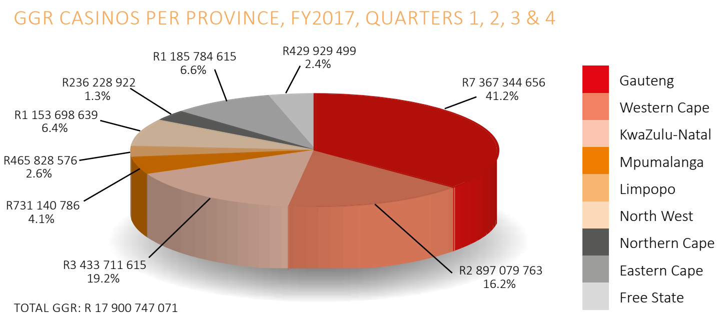


Figure 17: GGR casinos per province, FY2017, Quarters 1, 2, 3 & 4

3.2.3 Taxes/levies collected by PLAs from the casino sector per province in FY2017, Quarters 1, 2, 3 & 4

i. The total Rand value of taxes/levies collected by PLAs from the casino sector in FY2017 was R 1 825 431 967. This amount represents 66.5% of the total amount of taxes/levies collected from all gambling modes (inclusive of betting on horse racing and sport, LPMs and bingo). An increase of 9.2% in taxes/levies collected for the period from FY2014 (R 1 639 968 977) to FY2015 (R 1 791 214 932), by 10.0% to FY2016 (R 1 969 759 247), however, a decrease by 7.3% to FY2017 (R 1 826 714 702) was reflected.

ii. As at 31 March 2017 (FY2017), Gauteng accounted for the highest number of casinos by comparison with the other provinces resulting in the highest amount of taxes/levies collected from these gambling venues (36.3%), followed by Western Cape (22.3%) and KwaZulu-Natal (23.2%) as reflected in figure 18.

TAXES / LEVIES CASINOS PER PROVINCE, FY2017, QUARTERS 1, 2, 3 & 4

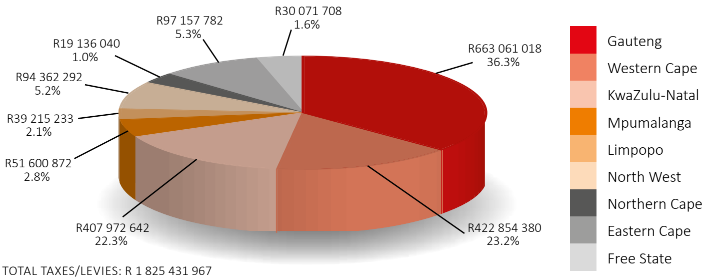


Figure 18: Taxes / levies casinos per province, FY2017, Quarters 1, 2, 3 & 4

CHAPTER 4

BETTING ON HORSE RACING AND SPORT SECTOR

4.1 MARKET CONDUCT

4.1.1 As at 31 March 2017, Gauteng accounted for the highest number of licensed operational bookmakers (102, 38.3%), followed by KwaZulu-Natal (54, 20.3%) and Western Cape (38, 14.3%). The highest number of licensed operational bookmaker outlets were situated in the Western Cape (147, 28.5%), followed by Gauteng (102, 19.8%) and KwaZulu-Natal (88, 17.1%). Gauteng accounted for the highest number of licensed operational totalisator outlets (178, 39.0%), followed by KwaZulu-Natal (113, 24.8%) and Western Cape (56, 12.3%).

4.2 BETTING ON HORSE RACING AND SPORT SECTOR GAMBLING STATISTICS

i. It is important to note that as far as Eastern Cape statistics are concerned, figures for betting on horse racing are inclusive of betting on sport. Unfortunately no splits are available, and therefore, these values and percentage should be read with due caution.

4.2.1 Turnover (Rand value of money wagered, minus monies staked on winning bets which were subsequently struck and returned = TO in the fixed odds / bookmaking environment) per province, FY2017, Quarters 1, 2, 3 & 4.

i. The total Rand value of money wagered in the betting on horse racing and sport sector during FY2017 was R 45 354 713 221. This amount represents 12.2% of all turnover (money wagered) relevant to all gambling modes, by comparison to money wagered in the licensed casino LPM and bingo sectors.

TURNOVER BETTING ON HORSE RACING AND SPORT PER PROVINCE, FY2017, QUARTERS 1, 2, 3 & 4

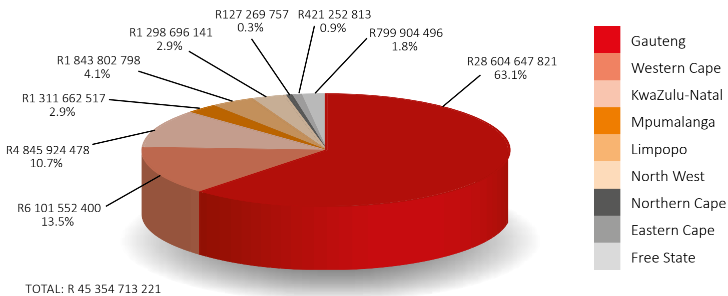


Figure 19: Turnover betting on horse racing and sport per province, FY2017, Quarters 1, 2, 3 & 4

ii. As at 31 March 2017, Gauteng accounted for the highest amounts of money wagered in the betting on horse racing and sport industry (63.1%) compared to other provinces. Monies wagered in the Western Cape (13.5%) and KwaZulu-Natal betting on horse racing and sport sector (10.7%) were considerably less than in Gauteng, as reflected in figure 19.

4.2.2 Gross gambling revenue generated in the betting on horse racing and sport sector per province in FY2017, Quarters 1, 2, 3 & 4

i. The total Rand value of GGR generated in the betting on horse racing and sport sector during FY2017 was R 5 085 630 664. This amount represents 18.9% of the total amount of GGR compared to the other legalised gambling sectors (casino, LPMs and bingo sectors).

ii. As at 31 March 2017, Gauteng accounted for the highest number of licensed operational totalisator outlets and bookmakers compared to other provinces therefore resulting in the highest amount of GGR being generated in the betting industy (47.9%). However, Western Cape accounted for the highest number of operational bookmaker outlets (147, 28.5%). GGR generated in the KwaZulu-Natal betting on horse racing and sport sector accounted for 17.5% and Western Cape 12.3% out of the total, as reflected in figure 20.

iii. GGR generated in the betting industry increased by 22.2% from R 2 834 103 394 in FY2014 to R 3 462 994 717 in FY2015, by 28.5% to R 4 448 765 756 in FY2016, and by 14.3% to R 5 085 630 664 in FY2017.

GGR BETTING ON HORSE RACING AND SPORT PER PROVINCE, FY2017, QUARTERS 1, 2, 3 & 4

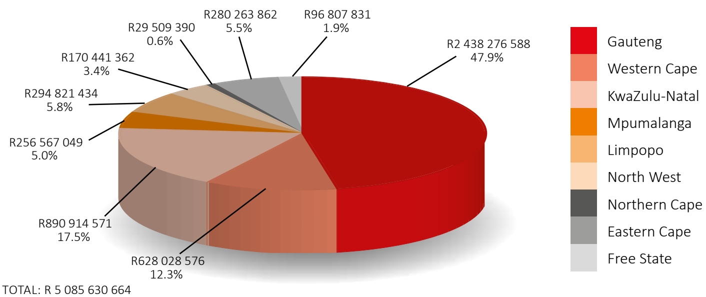
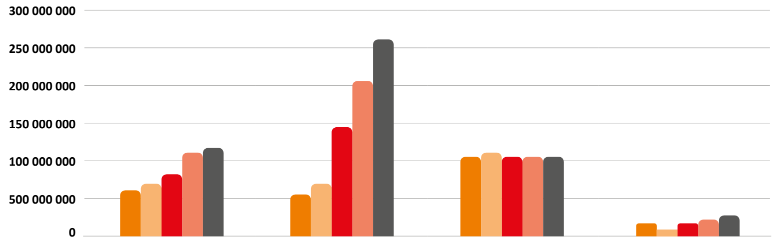


Figure 20: GGR betting on horse racing and sport per province, FY2017, Quarters 1, 2, 3 & 4

iv. From FY2013 to FY2017, a consistantly progressive increase in GGR was generated by bookmakers and totalisators offering sports betting, as well as bookmakers offering horse racing. In monetary value, bookmakers offering betting on sport also generated the highest amounts of GGR from FY2015 to FY2016, as well as in FY2017 as reflected in figure 21.

TREND IN GGR, BETTING ON HORSE RACING AND SPORT, FY2013 – FY2017



	Bookmakers, Horse racing	Bookmakers, Sports betting	Totalisators, Horse racing	Totalisators, Sports betting
FY2013	663 367 356	657 721 132	1 087 051 664	161 294 882
FY2014	718 915 378	894 571 335	1 111 365 062	109 251 620
FY2015	793 930 124	1 430 026 112	1 087 285 775	151 752 708
FY2016	1 023 035 305	2 157 995 813	1 023 264 197	244 470 444
FY2017	1 145 152 334	2 632 669 149	1 026 450 253	281 358 927

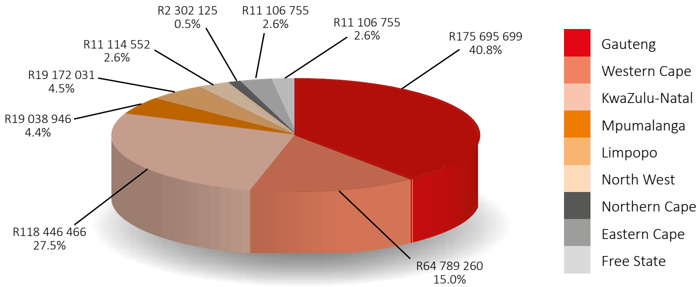
Figure 21: Trend in GGR, betting on horse racing and sport, FY2013 – FY2017

4.2.3 Taxes / levies collected by PLAs from the betting on horse racing and sport sector per province in FY2017, Quarters 1, 2, 3 & 4

i. The total Rand value of taxes/levies collected by PLAs from the betting on horse racing and sport sector during FY2017 was R 430 497 110. This amount represents 15.7% 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 12.4% from R 293 598 897 in FY2013 to R 330 031 378 in FY2014, 3.9% to R 342 928 734 in FY2015, by 15.7% to R 396 775 739 in FY2016, and by 8.5% to R 430 497 110 in FY2017.

ii. As at 31 March 2017, Gauteng accounted for the highest number of licensed operational totalisator outlets and bookmakers compared to other provinces therefore resulting in the highest amount of betting taxes collected in the betting industry (40.8%), followed by KwaZulu-Natal (27.5%) and Western Cape (15.0%) as illustrated in figure 22.

TAXES/LEVIES COLLECTED RELEVANT TO BETTING ON HORSE RACING AND SPORT PER PROVINCE, FY2017, QUARTERS 1, 2, 3 & 4

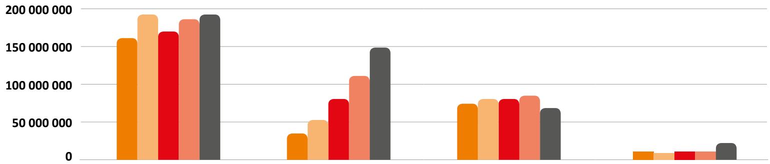


TOTAL: R 430 497 110

Figure 22: Taxes/levies collected relevant to betting on horse racing and sport per province, FY2017, Quarters 1, 2, 3 & 4

iii. The collection of taxes/levies collected from bookmakers offering sports betting increased by 37.3% from FY2013 to FY2014, by 59.6% to FY2015, by 45.4% to FY2016, and by 27.7% to FY2017, compared to a decrease of 18.3% from FY2013 to FY2014, however followed by increases of 18.9% to FY2015, by 12.7% to FY2016 and 36.5% to FY2017 from totalisators offering sports betting. During FY2015 to FY2017, bookmakers offering sports betting generated the highest GGR, however in monetary value, the highest amounts of taxes/levies were collected from bookmakers offering betting on horse racing over time. Refer to figure 23.

TREND IN TAXES/LEVIES COLLECTED RELEVANT TO BETTING ON HORSE RACING AND SPORT, FY2013-FY2017



	Bookmakers, Horse racing	Bookmakers, Sports betting	Totalisators, Horse racing	Totalisators, Sports betting
FY2013	R 165 681 993	R 36 730 060	R 75 524 452	R 13 654 952
FY2014	R 191 426 209	R 50 436 312	R 77 014 901	R 11 153 955
FY2015	R 171 539 696	R 80 477 317	R 77 654 988	R 13 256 731
FY2016	R 185 853 671	R 116 983 455	R 78 996 242	R 14 942 372
FY2017	R 191 457 705	R 149 433 682	R 69 202 264	R 20 403 459

Figure 23: Trend in taxes/levies collected relevant to betting on horse racing and sport, FY2013 – FY2017

CHAPTER 5

LIMITED PAYOUT MACHINE SECTOR

5.1 MARKET CONDUCT

5.1.1 The main role players in the LPM sector can be defined 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 operating on a long-term contract basis by Zonke Monitoring Systems, which is located in Johannesburg.

5.1.2 The highest number of operational site operators in FY2017, as at 31 March 2017, were situated in KwaZulu-Natal being a total of 497 (22.7%), followed by 485 (22.2%) in Gauteng and 401 (18.3%) in Western Cape.

5.1.3 KwaZulu-Natal has the highest number of licensed active LPMs as at FY2017, as at 31 March 2017, being 2 433 (21.2%), followed by 2 176 (18.9%) in Gauteng, whilst the Western Cape accounted for 1 853 (16.1%) as reflected in figure 24 below.

5.1.4 The number of licensed active LPMs increased by 10.7% from 9 288 in FY2014 to 10 279 in FY2015, 6.4% from FY2015 to FY2016 (10 934) and by 5.2% to FY2017 (11 502) mainly as a result of increases noted in all provinces (since FY2016).

NUMBER OF ACTIVE LPMS PER PROVINCE, FY2017, AS AT 31 MARCH 2017

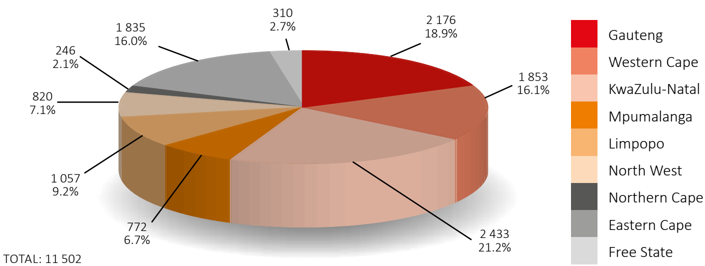


Figure 24: Number of active LPMs per province, FY2017, as at 31 March 2017

5.2 LPM GAMBLING STATISTICS

5.2.1 Turnover (Rand value of money wagered) in the LPM sector per province in FY2017, Quarters 1, 2, 3 & 4

i The total Rand value of money wagered in the LPM sector during FY2017 was R 33 515 727 816. This amount represents 9.0% of all turnover (money wagered) represented by all gambling modes, in comparison to money wagered at licensed casinos, racing & betting and bingo outlets.

ii Although KwaZulu-Natal accounted for the highest number of licensed active LPMs (2 433) and operational site operators (497) in FY2017 (as at 31 March 2017), the highest amounts of money wagered in the LPM sector during FY2017 was in Western Cape (29.9% out of the total). This is followed by money wagered at LPM outlets during FY2017 in KwaZulu-Natal (24.8%) and Gauteng (17.0%) as reflected in figure 25.

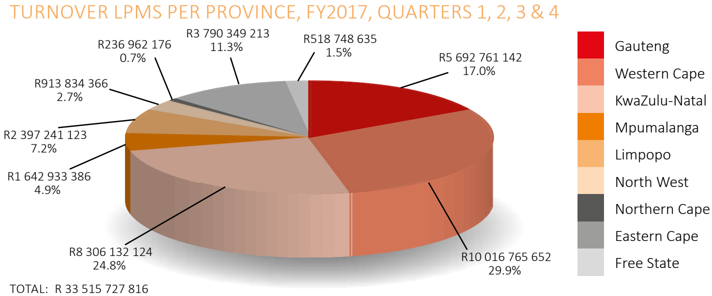


Figure 25: Turnover LPMs per province, FY2017, Quarters 1, 2, 3 & 4

5.2.2 Gross gambling revenue generated in the LPM sector per province in FY2017, Quarters 1, 2, 3 & 4

i The total Rand value of GGR generated in the LPM sector during FY2017 was R 2 696 846 443. This amount represents 10.0% of the total amount of GGR generated by all gambling modes and in comparison to GGR generated by the casino, racing & betting and bingo sectors. GGR in the LPM sector increased by 19.6% from R1 738 648 662 in FY2014 to R 2 079 338 389 in FY2015, by 13.7% from FY2015 to FY2016 (R 2 363 501 788) and by 14.1% to R 2 696 846 443 in FY2017. The increase in GGR can be attributed to the increase of active LPMs in all provinces.

ii KwaZulu-Natal has the highest number of licensed operational site operators (497, 22.7% of the total) and active LPMs (2 433, 21.2% out of the total) compared to the other provinces, however, Western Cape accounted for the highest amount of GGR generated in the LPM sector being 29.2% of the total as in FY2017. This is followed by GGR generated by LPMs in KwaZulu-Natal representing 24.2% and 16.9% in Gauteng during FY2017 as reflected in figure 26.

GGR LPMS PER PROVINCE, FY2017, QUARTERS 1, 2, 3 & 4

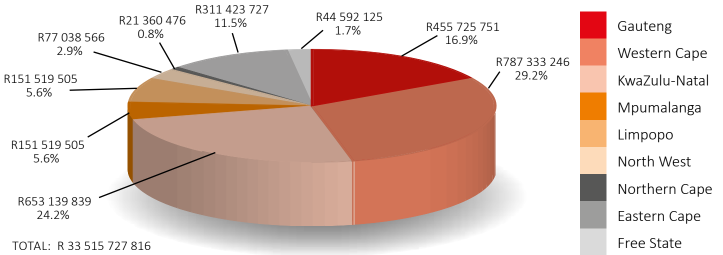


Figure 26: GGR LPMs per province, FY2017, Quarters 1, 2, 3 & 4

5.2.3 Taxes/levies collected by PLAs from the LPM sector per province in FY2017, Quarters 1, 2, 3 & 4

i The total Rand value of taxes/levies collected by PLAs from the LPM sector during FY2017 was R 347 357 694. This amount represents 12.7% of the total amount of taxes/levies collected by PLAs from all gambling industries inclusive of the casino, racing & betting and bingo sectors. The collection of taxes/levies increased by 22.0% from R 214 492 336 in FY2014 to R 261 678 252 in FY2015, by 15.6% to R 302 620 457 from FY2015 to FY2016, and by 14.8% to R 347 357 694 in FY2017.

ii KwaZulu-Natal has the highest number of licensed operational site operators (497, 22.7%) by comparison with other provinces, however, Western Cape accounts for the highest amount of taxes/levies collected by all PLAs from the LPM sector at 29.8% during FY2017. This is followed by taxes/levies collected from the LPM sector in KwaZulu-Natal at 28.2% and 19.7% in Gauteng during the same period as reflected in figure 27.

TAXES/LEVIES LPMS PER PROVINCE, FY2017, QUARTERS 1, 2, 3 & 4

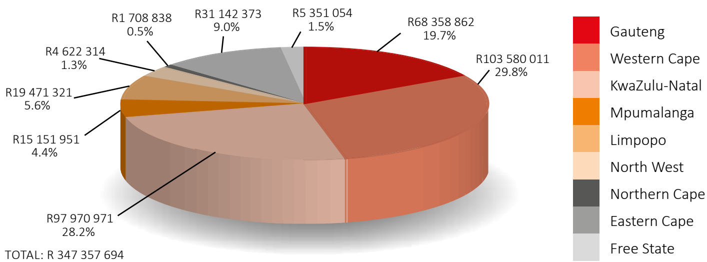


Figure 27: Taxes / levies LPMs per province, FY2017, Quarters 1, 2, 3 & 4

CHAPTER 6

BINGO SECTOR

6.1 MARKET CONDUCT

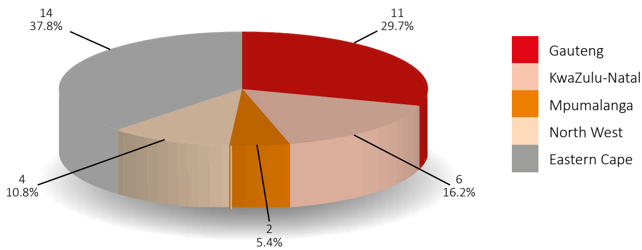
i. Of the nine provinces in South Africa, bingo has been rolled out in Gauteng, Mpumalanga, North West, Eastern Cape and KwaZulu-Natal. A total number of 37 (out of 49 licensed) bingo halls were operational as at 31 March 2017 of which 11 were operational in Gauteng, 14 in Eastern Cape, 6 in KwaZulu-Natal, 4 in North West and 2 in Mpumalanga, as reflected in figure 28 below.

ii. Gauteng accounted for the highest number of licensed operational bingo positions or seats totaling 2 856 (44.0%) out of a national figure of 6 497 licensed operational positions in FY2017 as at 31 March 2017, compared to Eastern Cape (1 988, 30.6%), KwaZulu-Natal (690, 10.6%), Mpumalanga (329, 5.1%) and North West (634, 9.8%).

iii. Overall, more EBTs (4 609) were operational than traditional bingo positions or seat (1 888) as at 31 March 2017. Compared to FY2015 (5 369), an increase of 12.3% to FY2016 (6 032), and an increase of 7.7% in FY2017 (6 497) was reflected in the number of operational bingo positions. The highest increase in the number of operational bingo positions was recorded in Eastern Cape – an increase of 62.7% from FY2014 (617) to FY2015 (1 004), of 48.3% to FY2016 (1 489) and of 33.5% (1 988) to FY2017.

iv. It is important to note that as at 31 March 2017, more EBTs than traditional bingo seats were operational in Gauteng, Mpumalanga, North West and Eastern Cape. By contrast, no electronic bingo terminals were operational in KwaZulu-Natal as at 31 March 2017.

NUMBER OF OPERATIONAL BINGO OUTLETS PER PROVINCE, FY2017, AS AT 31 MARCH 2017



TOTAL: 37

Figure 28: Number of operational bingo outlets per province, FY2017 as at 31 March 2017

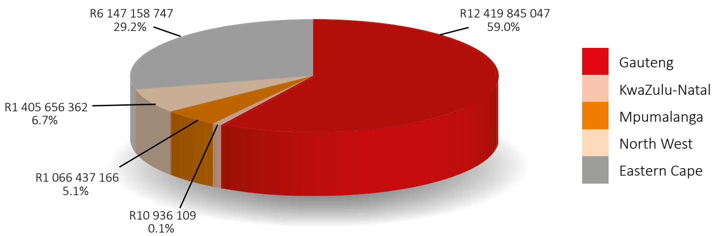
6.2 BINGO GAMBLING STATISTICS

6.2.1 Turnover (Rand value of money wagered) in the bingo sector per province in FY2017, Quarters 1, 2, 3 & 4

i The total Rand value of money wagered in the bingo sector during FY2017 was R 21 050 033 431. This amount represents 5.6% of all turnover (money wagered) representative of all gambling modes, as compared to money wagered at licensed casinos, racing & betting and limited payout machine outlets.

ii Bingo is offered for play in five provinces namely Gauteng, KwaZulu-Natal, Mpumalanga, North West and Eastern Cape. The highest amount of money wagered in FY2017 was recorded in Gauteng being 59.0%, compared to Mpumalanga at 5.1%, North West at 6.7%, Eastern Cape at 29.2% and KwaZulu-Natal at 0.1% as reflected in figure 29.

TURNOVER BINGO PER PROVINCE, FY2017, QUARTERS 1, 2, 3 & 4



TOTAL: R 21 050 033 431

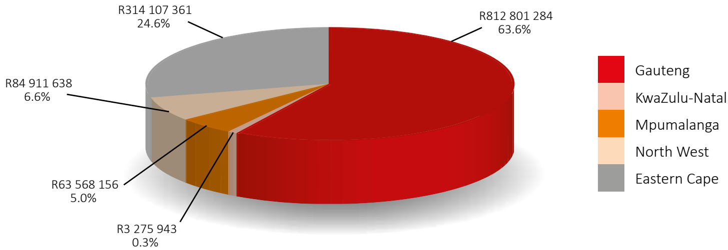
Figure 29: Turnover bingo per province FY2017, Quarters 1, 2, 3 & 4

6.2.2 Gross gambling revenue generated in the bingo sector per province in FY2017, Quarters 1, 2, 3 & 4

i The total Rand value of gross gambling revenue generated by the bingo sector during FY2017 was R 1 278 664 383. This amount represents 4.7% of the total amount of GGR generated by all licensed gambling modes. GGR increased by 67.7% from R 436 770 125 in FY2013 to R 732 321 861 in FY2014 mainly as a result of the roll-out of bingo in North West and Eastern Cape provinces during FY2014. An increase by 52.5% was recorded in the generation of GGR from FY2014 to FY2015 (R 1 116 673 081) mainly as a result of the roll-out of bingo in KwaZulu-Natal. By comparison, a decrease of 16.1% in GGR generated in the bingo industry was recorded from FY2015 to FY2016 (R 936 166 348). In contrast, an increase by 36.6% was recorded in the generation of GGR from FY2016 to FY2017 (R 1 278 664 383).

ii Gauteng accounted for the highest number of licensed operational bingo positions (2 856, 44.0%), resulting in the highest amount of GGR generated in FY2017 at 63.6%, compared to Mpumalanga at 5.0%, North West at 6.6%, Eastern Cape at 24.6% and KwaZulu-Natal at 0.3%, as reflected figure 30 below.

GGR BINGO PER PROVINCE, FY2017, QUARTERS 1, 2, 3 & 4



TOTAL: R 1 278 664 383

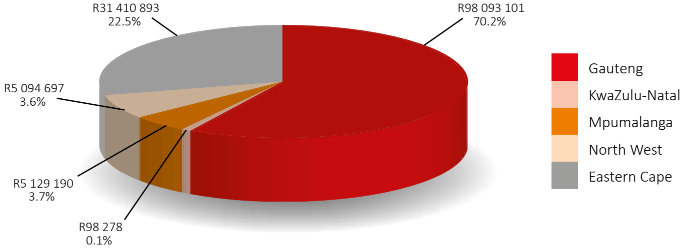
Figure 30: GGR bingo per province, FY2017, Quarters 1, 2, 3 & 4

6.2.3 Taxes / levies collected by PLAs from the bingo sector per province in FY2017, Quarters 1, 2, 3 & 4

i The total Rand value of taxes/levies collected from the bingo sector by PLAs during FY2017 was R 139 826 159. This amount represents 5.1% of all taxes/ levies collected from all gambling modes. The collection of taxes/levies increased by 17.7% from R 44 832 111 in FY2013 to R 52 753 031 in FY2014, by 53.3% to FY2015 (R 80 861 720), by 25.6% to FY2016 (R 101 588 469), and by 37.6% to R 139 826 159.

ii Gauteng accounted for the highest number of licensed operational bingo outlets and positions, resulting in the highest amount of taxes/ levies collected in FY2017 at 70.2% compared to Mpumalanga at 3.7%, North West at 3.6%, Eastern Cape at 22.5% and KwaZulu-Natal at 0.1% as reflected in figure 31.

TAXES/LEVIES BINGO PER PROVINCE, FY2017, QUARTERS 1, 2, 3 & 4



TOTAL: R 139 826 159

Figure 31: Taxes/ levies bingo per province, FY2017, Quarters 1, 2, 3 & 4

CHAPTER 7

DIRECT EMPLOYMENT AND BROAD BASED BLACK ECONOMIC EMPOWER-MENT CONTRIBUTOR LEVELS (BBBEE)

7.1 EMPLOYMENT (DIRECT)

7.1.1 NGB monitors direct employment numbers in the gambling sector (industry and regulators). A total number of 27 973 people (direct employment) were employed in the gambling industry (including at regulators) as at 31 March 2017. In general, the casino sector, and Gauteng province, followed by Western Cape and KwaZulu-Natal accounted for the highest numbers in terms of direct employment in the gambling industry as reflected in table 1.

Table 1: Direct employment per province and mode, FY2017

DIRECT EMPLOYMENT PER PROVINCE AND MODE, FY2017										
GAMBLING MODE	GAUTENG	WESTERN CAPE	KWAZULU- NATAL	MPUMALANGA	LIMPOPO	NORTH WEST	NORTHERN CAPE	EASTERN CAPE	FREE STATE	TOTAL
Casinos	6 241	3 139	2 677	655	228	797	248	863	740	15 588
Totalisators	316	20	60	63	35	123	13	75	77	782
Bookmakers	539	237	2 076	770	547	470	56	29	118	4 842
LPMs	243	3 733	106	139	510	48	23	218	131	5 151
Bingo	61	N/A	386	61	28	106	N/A	379	N/A	1 021
Regulators										
NGB	21	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	21
PLAs	94	72	72	49	55	83	19	48	76	568
TOTAL	**7 515**	**7 201**	**5 377**	**1 737**	**1 403**	**1 627**	**359**	**1 612**	**1 142**	**27 973**

7.2 TRANSFORMATION [BROAD BASED BLACK ECONOMIC EMPOWERMENT (BBBEE) LEVELS]

7.2.1 Based on the information submitted by PLAs, the average B-BBEE status or contributor level of the South African gambling industry as at 31 March 2017 per gambling mode and operator, was as follows:

7.2.1.1 Average B-BBEE level for casino operators: Level 2.5

7.2.1.2 Average B-BBEE level for totalisators: Level 4.6

7.2.1.3 Average B-BBEE level for LPM operators: Level 3.4

7.2.1.4 Average B-BBEE level for bingo operators: Level 3.4 (currently only operational in Gauteng, Mpumalanga, North West, Eastern Cape and KwaZulu-Natal).

B-BBEE LEVELS PER GAMBLING MODE FY2013- FY2017

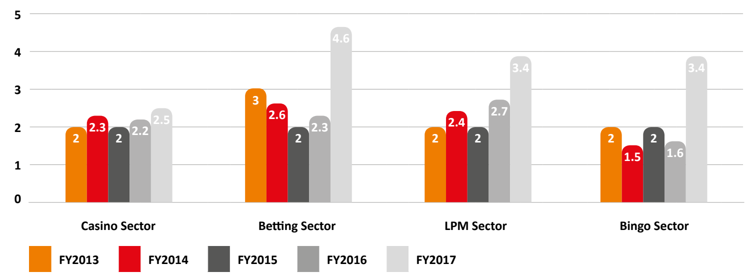


Figure 37: B-BBEE levels per gambling mode FY2013-FY2017

PROBLEM GAMBLING IS TREATABLE

GAMBLE RESPONSIBLY

National Gambling Board
Physical Address:
420 Witch-Hazel Avenue, Eco Glades 2,
Block C, Eco Park, Centurion, 0144

Postal Address:
Private Bag X27, Hatfield, 0002

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