DEVELOPMENT OF GAMBLING OPPORTUNITIES WITH TOURISM IN DEVELOPING NODES

GAMBLING TOURISM OPPORTUNITY ASSESSMENT

2022

Prepared by:	Urban-Econ Development Economists
Contact Person:	Dean Smook
Contact Details:	1st Floor, Lake View Office Park, 137 Muckleneuk Street, Brooklyn, 0181 Tel: +27 12 342 8686 Cell: +27 82 454 3407 Email: dean@urban-econ.com

Prepared for:	Gauteng Gambling Board
Contact Person:	Lucky Lukhwareni
Contact Details:	Waverley Office Park, 125 Corlett Drive, Bramley, Johannesburg, 2018 Tel: +27 11 581 4800 Cell: +27 82 924 7033/+27 79 886 7256 Email: luckyl@ggb.org.za

Table of Contents

List of Figures

List of Tables

List of Abbreviations

Abbreviation	Meaning
CASA	Casino Association of South Africa
CAPEX	Capital Expenditure
CEMS	Central Electronic Monitoring System
EAP	Economically Active Population
EBT	Electronic Bingo Terminals
GDP	Gross Domestic Product
GGB	Gauteng Gambling Board
GGR	Gross Gambling Revenue
GTA	Gauteng Tourism Authority
GTSS	Gauteng Tourism Sector Strategy
LPM	Limited Pay-out Machines
NCEMS	National Central Electronic Monitoring System
NDP	National Development Plan
NGB	The National Gambling Board
NGR	National Gambling Regulator
NLC	National Lotteries Commission
NRGP	National Responsible Gambling Programme
OPEX	Operational Expenditure
RFP	Request for Proposal
WTTC	The World Travel & Tourism Council

1. Introduction

The Gauteng Gambling Board (GGB) appointed Urban-Econ Development Economists (Pty) Ltd to conduct a study on the development of gambling opportunities with tourism in developing nodes, as identified by Gauteng Tourism Authority (GTA) within the following districts:

- Ekurhuleni
- Sedibeng
- West Rand

1.1. Study Purpose

The purpose of this study is to package the identified business and investment opportunities in a high-level development concept. The study will deliberate on the potential of expanding existing gambling activities, taking into consideration the associated social implications. The potential opportunities relate to:

- Casino gaming
- Betting on horse racing and sporting events
- Bingo
- Limited pay-out (LPM) gaming machines
- Manufacturing and supply of gambling equipment
- Gambling associated tourism activities

The overall conclusions of the study will take into consideration the current state of the industry and the possible social and economic impacts of an expansion. By analysing, the growth potential of Gauteng, the gambling market study will indirectly explore the opportunity for the sector to contribute to the economic potential of both individuals and the provincial government, while potentially tapping into an unserved market.

2. South African Gambling Industry

South Africa is one of the leading gambling countries in Africa, alongside Nigeria and Kenya. Since 1673 gambling was heavily restricted and in 1965 the Gambling Act banned various types of sports betting, except horse racing. Horse racing was viewed more like a sporting activity than a betting activity, however, the country has undergone several steps in regulating gambling in the country. Since 1994, the country legalised multiple forms of gambling through the National Gambling Act and introduced the National Gambling Board (NGB) to regulate and supervise gambling in the country.

In 2021 one in ten South Africans engaged in gambling and recent studies revealed that sports bettors spend on average per month about R150 on betting. The gambling industry is growing steadily, with the gross gambling revenue in 2021 at approximately R23.3 billion. It is estimated that the gambling industry will grow at 6% every year. [1] The popularity of horse racing has been declining in recent years in favour of sports betting. Out of all gambling revenue in 2020, sports betting was at 45.6%, while

[1] The State of Gambling Industry in South Africa. 2021. [Available at: https://www.techfinancials.co.za/2021/12/30/the-state-of-gambling-industry-in-south-africa/#:~:text=Gambling%20Revenue%20in%20South%20Africa&text=The%20industry%20is%20growing%20steadily,rise%20by%206%25%20every%20year.]

Casinos were at 39.2 %. The gambling industry is constantly evolving with more gambling establishments continuing to come up, meaning the industry will keep on expanding.

2.1. Illegal Gambling

Currently, the legislative framework governing gambling activities in South Africa make allowance for the following authorised activities:

- Gambling games at casinos such as slots and tables
- Betting and wagering on horse racing and other sports
- Bingo
- LPMs
- Lotteries and associated schemes authorised by the National Lotteries Commission (NLC)

The abovementioned gambling activities are authorised by the relevant gambling legislation in the country which includes the National Gambling Act, provincial gambling acts, and the Lotteries Act.

Thus, illegal gambling is any activity that is not authorised by any of the relevant gambling-related legislation. These unauthorised activities are described in Part B of the National Gambling Act and include the following:

Table 1: Illegal Modes of Gambling

Illegal Gambling Modes (Excluding Online)	Illegal Online Gambling Modes
Fafi/iChina/mo-China / fhafee	Dice games for money on the internet
Dice games for money but not at a licensed casino and not on the internet	Roulette games for money on the internet
Roulette for money but not at a licensed casino and not on the internet	Card games for money on the internet
Card games for money but not at a licensed casino and not on the internet	Slot machines games for money on the internet
Slot machines not at a licensed casino, in a licensed LPM site such as a pub, tavern, restaurant and not on the internet (e.g., internet cafes, or served based gaming rooms or venues)	Betting on sport, horse racing and other contingencies for money offered online by an unlicensed bookmaker and/or totalisator
Betting on sport, horse racing and other contingencies but not at a licensed race course, bookmakers, or totalisator betting outlet in person, on the telephone	Any betting activity involving animals, such as dog racing, dog or cockerel fighting and illegal horse racing.
Betting on dog racing or any other animal competitions, excluding horse racing	Bingo games (traditional form of bingo and/or electronic bingo machines) for money on the internet
Bingo games (traditional form of bingo and/or electronic bingo machines) not at a licensed casino and not on the internet	Any other gambling games for money not listed above

Source: NGB

As often the case when activities are banned by law it sometimes has the opposite effect such as with the gambling industry where illegal gambling is growing larger by the year. Getting exact figures can be challenging, but it is almost certain that there are many more than the estimated 2000 illegal casinos and gambling dens that were operating in the 1970s.[2] Illegal gambling is mostly found in areas with low levels of socio-economic wellbeing and areas that suffer from socio-economic challenges such as high unemployment, poverty, and low levels of economic activity. Low levels of law enforcement in these areas have made it easier for illegal gambling to flourish, as well as the demand from people that often do turn to these illegal modes as a way of coping with their situations and sustaining themselves.

The biggest competition for casino operators has been the rise in illegal online gambling. It is estimated by the Casino Association of South Africa (CASA) that this shadow industry costs the government about R110 million in lost tax revenue per annum. The growth in illegal gambling is associated with and connected to, the digital revolution that has occurred since the middle of the 20th century.

Consequently, illegal gambling not only affects the bottom line of licensed casinos, but society at large, as tax revenues, employment opportunities and associated economic activities are suppressed. This illegal industry deprives the South African government of the much-needed revenue to fast track service delivery and increase access to health, education, infrastructure, and many social goods in society. The following impacts are categorised according to economic and social effects.

Table 2: Impacts of illegal gambling

Economic Impacts	Social/Socio-Economic Impacts
Unfair competition on authorised gambling activities	Over exposure to gambling activities
Reduction in gambling tax revenue generated by authorised gambling enterprises	Increase in consumer indebtedness
Employment losses in licensed gambling establishments	Loss of Corporate Social Investment (CSI)
Links to organised crime	Reduction in consumer protection

Source: NGB

A study conducted by the NGB in 2016 on the socio-economic impact of illegal gambling found that land based illegal gamblers are driven by the desire for economic freedom. This means that an individual can provide and sustain their livelihoods as well as that of their families. Therefore, illegal gambling is fuelled by the economic desperation caused by vulnerability due to the exposure of an individual's wellbeing and is not necessarily about the love for gambling. The challenge here lies in the fact that to combat illegal gambling, government must first address structural inequality as this is the root cause and illegal gambling the effect.

Thus, to successfully combat illegal gambling activities, government must come up with ways to incorporate the disadvantaged individuals in society into the mainstream economy through job creation.

3. Policy Assessment

The NGB is mandated to advise the government on the establishment of a national policy on gambling for South Africa. The NGB is a body established to provide policy advice and promote standardisation among provincial gambling regulators. The provincial gambling regulators have the responsibility for

[2] The rise in illegal gambling in South Africa. 2020 [Available at: https://www.capetownetc.com/world/the-rise-in-illegal-gambling-in-south-africa/]

the licensing and regulation of gambling activities in their respective provinces. Each province also formulated and proclaimed its own gambling legislation.

This section carries out a review and interpretation of all the relevant and appropriate national, provincial, and regional legislation, policies, and strategies that have an implication on the study area.

3.1. National Policy Assessment

3.1.1. National Gambling Act 7 of 2004

This act provides for the coordination of concurrent national and provincial legislative competence over matters relating to casinos, racing, gambling, and wagering, and provides for the continued regulation of those matters. The purpose is to establish certain uniform norms and standards applicable to national and provincial regulation and licensing of certain gambling activities and provides for the creation of additional uniform norms and standards applicable throughout the Republic. Furthermore, this act provides to retain the NGB and establish the National Gambling Policy Council, and lastly to revoke the National Gambling Act, 1996.

Implication for Gauteng
This act ensures that people who participate in gambling activities are safeguarded from the adverse effects thereof. Gambling activities are therefore effectively regulated, licensed, controlled, and policed. Furthermore, society and the economy are protected against over-stimulation of the latent demand for gambling and the licensing of gambling activities is transparent, fair, and equitable.

3.1.2. National Gambling Policy 2016

The National Gambling Policy contains recommendations to enhance the current legislative framework for gambling. The following table briefly describes the key policy proposals:

Key Policy Proposal	Explanation
Regulatory structures and framework	The regulatory framework looks at the effectiveness of the National Gambling Policy Council and the role of the NGB.
Casinos	The policy requires the enhancing regulation of casinos to ensure the destination approach for location of casinos is maintained.
Limited Pay-out Machines (LPMs)	Section 27 of the National Gambling Act should be amended to clearly state that the Central Electronic Monitoring System (CEMS) operator must acquire a national license to operate.
Bingo	There is a need to create a national framework to regulate Electronic Bingo Terminals (EBTs), which will include regulation of the overall number of bingo licenses, including EBTs, and bingo seats in the country should be limited.
Betting by Horseracing Operators and Bookmakers	The policy states that horseracing is statutorily regulated in that the self-regulation model must be formally recognised subject to being monitored by the newly structured National Gambling Regulator (NGR).
Unlawful Winnings Trust	Funds in the Unlawful Winnings Trust administered by the NGR should automatically be forfeited to the NGR. The forfeited money will be utilised for responsible gambling programmes managed under the National Responsible Gambling Programme (NRGP).

Key Policy Proposal	Explanation
Social Impact Minimisation	Problem gambling remains a challenge in South Africa and the policy recommends that the NGR be empowered to provide problem gambling treatment.
Enforcement	The policy focuses on the penalties of perpetual transgressors in respect of illegal gambling including illegal online gambling.
Economic and employment benefits within the gambling sector	The gambling industry contributes significantly to the country's economy in the form of taxes paid and contributes towards job creation. There should thus be a continuous balance on the value that new forms of gambling potentially bring into the country's economy against the value and contributions derived from existing forms of gambling.
New forms of gambling	No new forms of gambling will be allowed at this point and that rather improved controls should be implemented to address issues arising from currently legalised modes of gambling in South Africa.

Implication for Gauteng
This policy aims to enhance the current legislative framework and assist the nine provinces with regulating the gambling industry to protect the people while still contributing to the economy and job creation.

3.1.3. National Tourism Sector Strategy (NTSS) 2016-2026

Links the marketing plans to broader development imperatives, including addressing barriers to growth and the building of a transformed and inclusive tourism economy. The guiding principles of the NTSS are specifically designed to position South Africa as an internationally competitive tourism destination. These principles are the following:

- Mutual trust and accountability
- Respect for our culture and heritage
- Responsible tourism
- Service excellence
- Upholding the values of the Constitution
- Commitment to transformation and flexibility and adapting to change
- Collaboration and cooperation between all key stakeholders

The continuous change in the domestic and international environment led to the formulation of a new vision for the NTSS. The new vision is: "A rapidly and inclusively growing tourism economy that leverages South Africa's competitive advantages in nature, culture, and heritage, supported by product and service excellence and innovation."

Assessment of the potential and the identification of pathways for the South African tourism economy has led to the second iteration of the NTSS. Therefore, the NTSS focuses on the following:

- Inclusive growth, which is fundamentally based on increasing expenditures of tourists as well as growing the domestic and international markets
- Harnessing the strengths of the public and private sectors to ensure alignment, responsible use of resources as well as practical planning and prioritisation
- Linking marketing plans to broader development requirements
- Addressing barriers to growth within the tourism sector

- Building a transformed and inclusive tourism economy

The pillars identified in this strategy are focus points to support rapid inclusive growth in the tourism economy. The prioritisations of these pillars are based on the changes in the environment as well as lessons learned from implementation. The following table provides a brief description of each developmental pillar:

Table 3: NTSS Developmental Pillars for the Tourism Sector

Pillar	Description of Outcome
Effective marketing	Coherent approach to promote South Africa to become a top destination with an improved conversion rate.
Facilitate ease of access	Seamless travel facilitation and access to participate in tourism.
Visitor experience	Provide quality visitor experiences for tourists (both domestic and international) to achieve customer satisfaction and inspire repeat visitation.
Destination management	To provide for sustainable development and management of the tourism sector.
Broad-based benefits	Promote the empowerment of previously marginalised enterprises and rural communities to ensure inclusive growth of the sector.

Implication for Gauteng
The mission of this strategy sets the stage for tourism development in all nine of SAs provinces by taking appropriate account of tourism's competitive and complex nature and acknowledging collaboration as a critical component of any programmes to be undertaken. Initiatives identified, are organised around five pillars which define a set of supply and demand side interventions to be pursued to further develop the tourism sector.

3.1.4. National Development Plan (NDP) 2030

The NDP provides a vision for South Africa for 2030 and outlines the set-up for improvement in all spectrums including tourism. The NDP identified tourism as highly labour intensive which stimulates the development of small businesses and generates foreign investment. The NDP encourages tourism to participate in rural areas to stimulate economic growth, while packaging and marketing of regional tourism destinations.

The tourism- and culture strategy in the NDP describes the following:

- The arts/creative sector needs investment as it is labour intensive and could stimulate SMME growth.
- Increased airline competition would help lower costs of travel.
- Increasing the number of tourists entering the country and the average amount spent.
- Ease of doing business and the availability of infrastructure will attract different types of tourists.
- Foreign business tourists arriving by air generate significant multipliers.
- Develop regions by emphasising broader biodiversity, cultural diversity, scenic beauty, and other products and making travelling between countries easier.

The NDP recommends that to enhance local involvement, poor producers need more market power in value chains and improved access to information.

Implication for Gauteng
Growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society, will accelerate transformation and reduce poverty and inequality. This creates a platform for entrepreneurs to access markets and establish themselves as competitive sector players.

3.2. Provincial Policy Assessment

3.2.1. Gauteng Gambling Act No. 4 of 1995

The Act as amended declares it will provide for the licensing of persons conducting betting games, and of gaming machine keepers and bookmakers. Similarly, it enforces the registration of persons engaged in bookmaking, casino occupations, and the manufacture and sale of gaming machines and gaming devices. Overall, the Act seeks to provide for the restriction, regulation, and control of gambling and betting in the Gauteng province. There are numerous similarities between this Act and the National Act, the most notable being the regulation of gambling, and the requirement that casinos and players be registered.

Implication for Gauteng
The Gauteng Gambling Act acknowledges that gambling is a privileged activity. It can stimulate the creation of employment opportunities by the establishment of casinos and other entertainment centres, which require staff. The Act also recognises that for this positive aspect to come to fruition the negative aspects (crime, child neglect, and financial debt) that could arise should be mitigated or controlled. Additionally, it should aim to assist in the advancement of disadvantaged communities, through public programs. All of which will promote the improvement of the quality and standard of living of the people of Gauteng.

3.2.2. Gauteng Tourism Act 7 of 2001

The Gauteng Tourism Act guides tourism in Gauteng and enabled the establishment of the GTA, outlining its activities and defining its powers and functions under national policy and legislation. Furthermore, the Act provides for the registration of tourist guides, tour operators, couriers, accredited training providers in the tourism industry, hotels, conference centres, restaurants, designated tourist amenities, and other accommodation establishments.

Implication for Gauteng
The act provides for the promotion and sustainable development of tourism in the province. Promotion of quality tourism products and services, along with the promotion of economic growth and development of the sector. Lastly, establishing concrete intergovernmental relations to develop and manage tourism in the province

3.2.3. Gauteng Tourism Sector Strategy, 2017

The Gauteng Tourism Sector Strategy (GTSS) emphasises the following for the development of tourism in Gauteng:

- Employment creation
- Increasing investment
- Improving quality and sustainability
- Supporting SMMEs, co-operatives, and entrepreneurs
- Broad-based black economic empowerment
- Decent work opportunities

- Institutional relations and dialogue
- Inclusivity
- Funding opportunities
- Linkages with other industry sectors and products

The growth potential of the tourism sector is highly dependent on the future growth and development of the Gauteng City Region into a world-class trading and sustainable mega city.

Implication for Gauteng
The GTSS aims to grow the tourism sector as an economic and social driver through market development, product development, transformation, infrastructure development, and support services. The aim is to develop the sector to grow and diversify the economy of the province from an urban and rural perspective.

4. Socio-Economic Profiling

The purpose of the socio-economic analysis is to understand the current living conditions of the study area. Socio-economic factors provide important information regarding the standard of living of residents and highlight any social issues. As previously mentioned, the GTA identified three districts with potential for the development of gambling opportunities with tourism in developing nodes, namely Ekurhuleni, Sedibeng, and West Rand. Thus, the socio-economic profiling in the following figure will focus on the three identified districts.

City of Ekurhuleni	Sedibeng District Municipality	West Rand
Demographic Profile		
Population: 3 774 638 Age 18-64: 66% Households: 1 299 490 51% 49%	Population: 1 039 908 Age 18-64: 62% Households: 330 826 50% 50%	Population: 889 731 Age 18-64: 66% Households: 330 573 48% 52%
Education		
No education: 4% Grade 9 or higher: 77.9% Grade 12 or higher: 50%	No education: 4% Grade 9 or higher: 75.5% Grade 12 or higher: 47.3%	No education: 7.6% Grade 9 or higher: 70% Grade 12 or higher: 43.7%
Employment and Skill Levels		
Formal sector: 1.03 million Informal sector: 158 000 Unemployment rate: 31.8%	Formal sector: N/A Informal sector: N/A Unemployment rate: 50.7%	Formal sector: 218 887 Informal sector: 29 185 Unemployment rate: 48%
Access to Service Delivery		
Water: 98.5% Sanitation: 91.4% Electricity: 89.8% Refuse disposal: 89.6%	Water: 95.9% Sanitation: 92.8% Electricity: 91% Refuse disposal: 90.9%	Water: 91.9% Sanitation: 87.1% Electricity: 84.42% Refuse disposal: 83.1%
Income Patterns		
Poverty: 34% Average annual household income: R29 400	Poverty: 48.5% Average annual household income: R30 000	Poverty: 48% Average annual household income: R57 500
Economic Composure and Trends		
GDP: R301 billion Finance: 45% Manufacturing: 42.7% Community Service: 40.7% Trade: 26.9 %	GDP: R61 billion Manufacturing: 10.3% Finance: 9.3% Community Service: 8.9% Trade: 4.8%	GDP: R15 billion Mining: 29.2% Community Service: 19.8% Finance: 14.4%

Source: Ekurhuleni, Sedibeng & West Rand District Development Models

4.1. Observations

The following sub-sections will provide a summary of the socio-economic profile for the identified districts in Gauteng.

4.1.1. Demographic Profile

The following table provides an overview of the demographic profile relating to population growth, working-age, race, and households.

Table 4: Demographic Profile Summary

Ekurhuleni District	Sedibeng District	West Rand District
• Ekurhuleni has the largest population out of the three districts It is projected that the population of Ekurhuleni will grow at a slower rate at less than 2% so it is expected there will just be over 4 million residents by 2030. • 66% of the population is of working age and 53% are between the ages of 20 and 49. • 10% of the population is above 60 years of age. • The Black African population is the largest in the district at 82% followed by the white population at 14%. • There are 1 299 490 households in Ekurhuleni which is 284 025 more households since 2011. • 80.4% live in formal dwellings and 18.7% of these households are informal dwellings. 9% of the households live in backyard dwellings	• The average population growth was 1.4% between 2012 and 2016, and 1.6% between 2016 to 2019, indicating an increasing population size and inward migration flows. • 62% of the population is of working age and has proportionately more people above the age of 40. • 10% of the population is above 60 years of age. • The Black African population is the largest in the district at 81% followed by the white population at 17%. • There are 330 826 Households in Sedibeng. • 75% live in formal dwellings and 12.3% in informal dwellings.	• The West Rand has the lowest population out of the three districts. The population had been growing at about 1% between 2009 and 2010 with an incline of 1.2% in 2011. From then the population growth rate declined by 0.1% reaching 1% in 2015. From that year the population growth rate increased by 0.1%, growing by 1.2% between 2017 and 2019. • 66% of the population is of the working-age and 50% are between the ages of 20 and 49. • 8% of the population is above 60 years of age. • The Black African population is the largest in the district at 81.5% followed by the white population at 14.7%. • There are 330 573 households with an average size of 2.5 per household. • 22.6% of the households live in informal dwellings, 61% in formal structures, and 8% are backyard dwellers.

4.1.2. Education

The following table provides an overview of the educational background of the residents in each respective district.

Table 5: Educational Background Summary

Ekurhuleni District	Sedibeng District	West Rand District
• In total, the number of people with primary and secondary education is 43%, while 41% of people have matric. • Only 4% of people in Ekurhuleni have an undergraduate qualification.	• In total, the number of people with primary and secondary education is 44%, while 39% of people have matric. • Only 4% of people in Sedibeng have an undergraduate qualification.	• Most of the population aged 20+ years had attained primary qualification at 52.7%, while 32% attained matric. • Only 11.7% of people in the West Rand have an undergraduate qualification.

4.1.3. Employment and Skills

The following table provides an overview of the employment status of the residents in each respective district.

Table 6: Employment Status Overview

Ekurhuleni District	Sedibeng District	West Rand District
• Economically Active Population (EAP) was 1.6 million in 2015, which is 48.5% of Ekurhuleni's population of 3.4 million, and roughly 25.3% of the total EAP of the Gauteng Province. • Economic sectors that have the largest number of employees are the finance sector with 261 000 employed people and the trade sector with 259 000 employed. • The unemployment rate in Ekurhuleni is 31.8%. The unemployment rate in the city has always been far above the Gauteng and country average. This means there are more people dependent on socio-economic support.	• Sedibeng has experienced significant deindustrialization because of the decline in the steel industry which is one of the main employers. This and other economic factors have had major negative effects on the region's economic growth rate resulting in a high unemployment rate of 50.7% and a backlog of 120 218 job opportunities	• About half of the economically active population is employed. With 75% of those employed being employed in the formal sector and 10% in the informal sector. • There were about 200 000 people unemployed in West Rand.

4.1.4. Access to Service Delivery

The following table provides an overview of the access to service delivery in each respective district.

Table 7: Access to Service Delivery Overview

Ekurhuleni District	Sedibeng District	West Rand District
• 60% of the population receive piped water inside a house, 30% receive piped water inside a yard and the remaining 10% receive piped water from a community standpipe and other means. • 91,4% of the households have access to flush or chemical toilets and 89% have access to flush toilets. Ekurhuleni is still dealing with the challenges of aging sanitation infrastructure and an increasing backlog of infrastructure in new developments. • About 10% of the population does not have access to electricity, 66% have an in-house prepaid meter for electricity, 21% are serviced through an in-house conventional meter and the remaining 2% use other sources. • Over 89% of the households are getting refuse disposal from the council, private companies, or community members.	• 73.4% of the households receive piped water inside their dwelling, 22.5% of the households received piped water inside the yard and a total number of 0.18% of households had no formal piped water. • 92.8% of the households have access to flush toilets, 0.46% have access to Ventilation Improved Pit and 4.98% of total households have access to pit toilets. • About 7.2% of the population does not have access to electricity, 90.9% of households had electricity for lighting and other purposes, while 1.8% of households had electricity for lighting only. • 91% of households are getting weekly refuse disposal by the authority.	• 91.9% of households are getting water from a regional or local service provider. Only 59.2% of households have piped water inside the yard, whilst 24.3% of households receive piped water outside the dwelling, 6.9% receive piped water on a community stand, and 3.6% in a community tap. • 85.5% of the population have access to flush or chemical toilets, while 8.5% must rely on a pit toilet. • About 2.1% of households have access to electricity for lighting only, 82.4% of households had electricity for lighting and other purposes and a total number of 42 400 15.6% of households did not use electricity. • 83.1% of households receive refuse disposal from a local authority, private company, or community members. 81% receive formal refuse removal from the Municipality thus leaving a shortfall of 5.3% of households that are not being serviced.

4.1.5. Income Patterns

The following table provides an overview on the income patterns of the residents in each respective district.

Table 8: Income Patterns Overview

Ekurhuleni District	Sedibeng District	West Rand District
• 34% of the population lives in poverty which translates to 1.7 million people. • The average annual household income is R29	• 48.5% of the population lives in poverty which translates to just over 500 000 people.	• 48% of the population lives in poverty which translates to 427 070 people. • The average annual income is R57 500 which is almost

Ekurhuleni District	Sedibeng District	West Rand District
400 and notably, 56% of households have an annual household income lower than R40 000.00. • 30.8% of the households and 19,2% of individuals receive some sought of social grant. • 93% of households have access to a cell phone and 82% to a television. Only about 37% of households have access to a car.	• The average annual household income is R30 000. • There is 9% of people in the district who do not earn any income. • 24% of the economically active population earns between R4800 and R20 000 per annum, while a further 34% earn between R20 000 and R75 000 per annum.	double the South African rate, however over 31% of the population earns less than R20 000 per annum. Half the population earns less than R40 000 per annum and 71% earn less than R75 000 per annum.

4.1.1. Economic Composure and Trends

The following table provides an overview of the economic composure and trends in each respective district.

Table 9: Economic Composure and Trends Overview

Ekurhuleni District	Sedibeng District	West Rand District
• The structure of Ekurhuleni's economy is dominated by four sectors, namely manufacturing, finance, and business services, community services, and general government, and to a lesser extent the trade and hospitality sector. • The sector that contributes the least to the economy is the agriculture sector. • The primary sector consists of two broad economic sectors, i.e., mining and agriculture. Both sectors are generally characterised by volatility in growth. • The secondary sector consists of three broad economic sectors namely the manufacturing, electricity, and the construction sector. • The tertiary sector consists of four broad economic sectors namely the trade, transport, finance, and the	• The economy of Sedibeng District is made up of various components such as agriculture, mining, manufacturing, electricity, construction, trade, transport, and finance. • The sector that contributes the least to the economy is the agriculture sector. • The primary sector consists of agriculture and mining which are considered two broad economic sectors in the region. Both sectors are generally characterised by volatility in growth. • The secondary sector consists of three broad economic sectors namely manufacturing, finance, and community services. • During the period 2008 to 2018, the number of bed nights spent by domestic tourists decreased at an average annual rate of -2.97%, while in the same period the international	• The West Rand's economy was in recession in 2018, with growth contracting by 1.4% from the 1% in 2017. The decline in economic growth is due to the decline in mining activities. The mining sector, which accounts for roughly 30% of economic activity in West Rand, contracted by 7.2% in 2018. Output in manufacturing and construction also contracted. • The primary sector consists of agriculture and mining. • The secondary sector consists of manufacturing, construction, and electricity. • Mogale City Local Municipality is the economic driver of the district. • The tertiary sector consists of Government services and finance.

community services sector. The tertiary sector contributes the most to the Gross Value Added within the city at 68.7%. • Township economic development is high on the Municipal agenda. Economic activities found in townships include urban agriculture, manufacturing, and various service-related activities such as retail, household services, and business services. Transport and tourism activities are also commonly found in townships.	tourists had an average annual increase of 8.71%. The total number of bed nights spent by tourists increased at an average annual growth rate of 3.44% from 1.91 million in 2008 to 2.68 million in 2018. • The tertiary sector consists of four broad economic sectors namely finance and business services, trade and retail, government services, and transport. The tertiary sector contributes the most to the Gross Value Added within the city at 63.7%.	• There is little support for the informal economy, while township economies are unable to retain local spending power. Many of the challenges are because of insufficient institutional capacity and a lack of strong instruments for implementation.

4.2. PESTLE Analysis

The PESTLE analysis is a tool designed for a business environmental scan and includes the internal and external factors that could have an impact on the investment's attractiveness. These factors include Political, Economic, Social, Technological, Legal, and Environmental issues. The table below provides a high-level overview of the PESTLE analysis for Gauteng's gambling industry.

Table 10: PESTLE Analysis

Factor	Trend	Evaluation Threat/Opportunity	Impact
Political	Restriction, regulation, and control of gambling and betting in the Gauteng province	Opportunity	Growth can be focused on identified nodes
Economical	Slow economic growth due to Covid-19 impact	Threat	Households have less disposable income for gambling activities
	Unemployment is increasing	Threat	
Social	Irresponsible and problem gambling	Threat	Negative social impact
	Increase in population	Opportunity and threat	Opportunity – Increase in eligible gamblers Threat – Problem gambling could increase if not addressed
Technological	Online gambling	Threat	Rural and Township development could be hindered
	New Technology	Opportunity	Modernising the gambling industry could increase in total revenue generated
	Hackers	Threat	Gambler information at risk

Factor	Trend	Evaluation Threat/Opportunity	Impact
Legal	Illegal gambling	Threat	Loss in tax revenue
Environmental	Energy availability	Threat	Loadshedding has a negative impact.

From the PESTLE analysis above the gambling industry does face many threats which could hinder development and tax revenue generation if these threats are not properly monitored and mitigated. However, the Gauteng Gambling Act allows the government and the GGB to regulate gambling licenses to identify tourism nodes and focus on areas where development is crucial. All three identified districts experience a steady increase in population along with an increase in the total households and most of the population is older than 18 years old. This means that most of the population is eligible for gambling, however, this could lead to an increase in irresponsible and problem gambling as unemployment and poverty also remain high. The investment in new gambling technology could be an opportunity as this technology could assist with reducing problem gambling by restricting play time and overspending.[3]

5. Spatial Analysis

The analysis of the spatial elements surrounding the tourism nodes provide context for the development and the associated market potential analysis. The following figure is a map of Gauteng and highlights the three identified districts.

[3] Can A.I. Help Casinos Cut Down on Problem Gambling? [Available at: https://www.nytimes.com/2022/03/08/technology/ai-casinos-gambling-problems.html]

Figure 1: Map of Gauteng

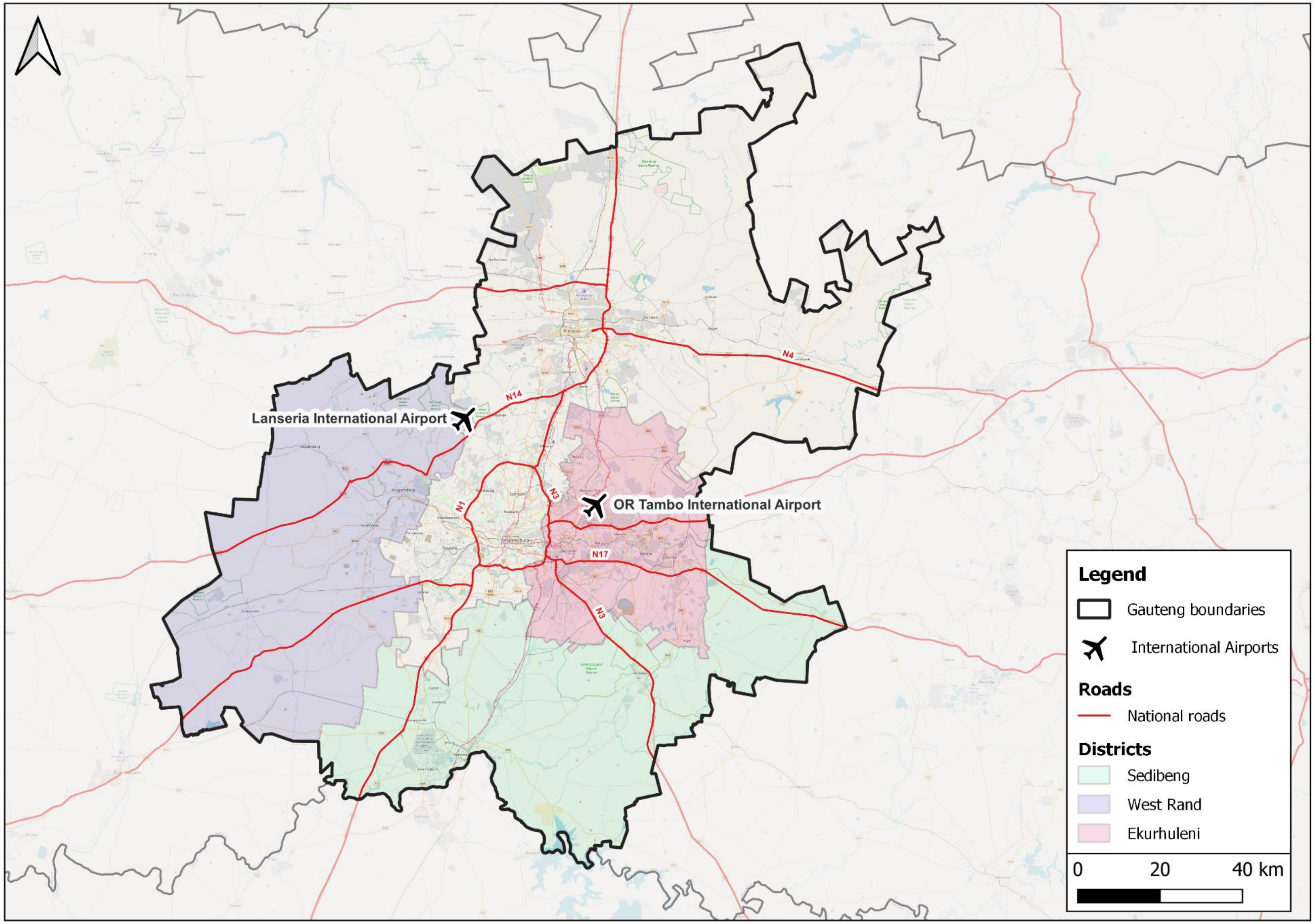


Table 11: Spatial Analysis

Spatial Elements	Ekurhuleni	Sedibeng	West Rand
Location	Situated on the eastern side	Situated on the south eastern side	Situated on the south western side
Main Road accessibility	N12 from Mpumalanga and City of Johannesburg N17 from Mpumalanga and Sedibeng N3 from Mpumalanga, Sedibeng, and City of Johannesburg R21 from City of Tshwane	N17 from Mpumalanga and Ekurhuleni N3 from Mpumalanga and Ekurhuleni N1 from Free State and City of Johannesburg R59 from Free State and Ekurhuleni	N14 from North West and City of Tshwane N12 from North West and City of Johannesburg R512 from City of Johannesburg and North West
Rail accessibility	Gautrain Metrorail	Metrorail	Metrorail
Air accessibility	O. R. Tambo International Airport Rand Airport	No International or Domestic airport	Lanseria International Airport
Land-uses	Residential Commercial Industrial	Residential Commercial Industrial	Residential Commercial Industrial
Tourism Nodes	O.R. Tambo Airport/Aerotropolis	Vaal Marina/Vaal Dam Three Rivers	Lanseria Airport /Cradle of Humankind
Prominent Gambling/Tourism Products	Galaxy Bingo East Rand Mall Viva Bingo Newmarket Mall Emperors Palace Carnival City	Galaxy Bingo River Square Viva Bingo Vaal Mall Emerald Resort & Casino	Viva Bingo Morula Silverstar Casino

5.1. Ekurhuleni District Municipality

- Most hospitality establishments in Ekurhuleni are situated in and around the OR Tambo Airport node.
- Ekurhuleni has a network of roads, airports and rail lines which positions the destination as being accessible from a tourism point of view.
- Ekurhuleni has a strong business travel and tourism sector base with many entertainment and gaming facilities as well as malls and shopping centres.

5.2. Sedibeng District Municipality

- Most hospitality establishments in Sedibeng can be found along the Vaal River node.
- The Vaal region is catered for in terms of the road and rail networks connecting the Vaal to the major urban economic centres of Gauteng and Free State.
- Sedibeng may have untapped potential to further develop its tourism sector through entertainment and gaming facilities.

5.3.West Rand District Municipality

- Most hospitality establishments in West Rand are situated in the Cradle of Humankind node.
- The West Rand has a network of roads, rail lines and an international airport which positions the destination as being accessible from a tourism point of view.
- The West Rand has a strong nature-based and archaeology tourism offerings, however the Lanseria area may have untapped potential to further develop its tourism sector through entertainment and gaming facilities.

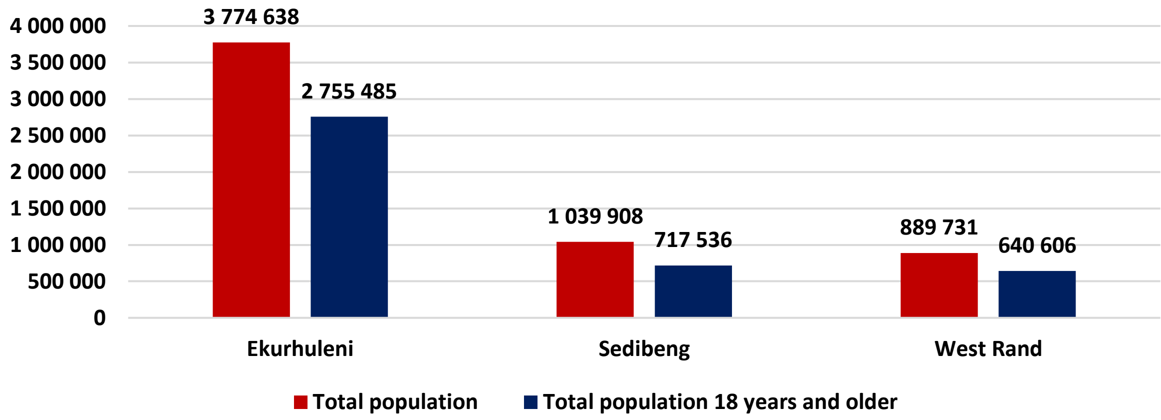
6. Market Demand and Industry Analysis

The NGB is mandated to monitor the market share in the South African gambling industry and in doing so, the NGB gathers statistics and information related to market share from all provincial licensing authorities. Collecting statistics and information enables the NGB to map the size and nature of the gambling industry to keep track of trends and growth in the various gambling sectors. The objective of this section is to identify key aspects that could influence the GGB's decision to expand certain gambling modes.

6.1.Eligible Gambling Population

According to Statistics South Africa, Gauteng has the largest population in South Africa with just over 15 million people which translates to almost 26% of South Africa's total population. The following figure provides an overview of the eligible gambling population in the districts of Ekurhuleni, Sedibeng, and West Rand.

Figure 2: Eligible gambling population



Source: Ekurhuleni, Sedibeng, West Rand District Development Models 2020

6.2.Online Gambling Market

The South African online gambling industry experienced significant growth in the last decade due to increased smartphone use. In 2019, over 300 million Africans were using smartphones and it is estimated that this market is worth R240 billion. Most of the African population is young, accounting for the rise in online gambling in South Africa. Nigeria, South Africa and Kenya account for the biggest online gambling markets and gamblers wagered R4.6 billion in South Africa alone in 2021. Other reasons for the growth in online gambling are attributed to the South African lifestyle and culture and was further fuelled by the Covid-19 pandemic lockdowns. It is estimated that 71% of the eligible gambling population in South Africa play online gambling games and spend approximately four hours a day on their smartphones and tablets.[4]

In terms of section 84 of the Gauteng Gambling Act, 1995 (Act No. 4 of 1995), it should be noted that the Gauteng Department of Economic Development embarked on making amendments to the Gauteng Gambling Regulations. The amendments will take effect in 2022 and will allow existing licensed casinos in Gauteng to offer their gambling services online. By allowing casinos to operate online, it will increase revenue for Gauteng, and it is anticipated that illegal online gambling will decline to some extent.

South Africa has a high rate of problem gambling, and it is feared that legalising online gambling in Gauteng will exacerbate problem gambling as gamblers with access to the internet will now have unlimited gambling opportunities. However, online gambling offers practical solutions to the implementation of harm minimisation strategies to deal with problem gambling such as limitations on gambling deposits, losses, and time.

6.3. Existing Gambling Licenses and Operations

Gauteng mostly accounts for the largest part of the gambling industry in South Africa, and this can be attributed to the high eligible gambling population when compared to other provinces. This subsection will provide an overview of the existing gambling operations in South Africa and will compare Gauteng to the other provinces.

6.3.1. Casinos

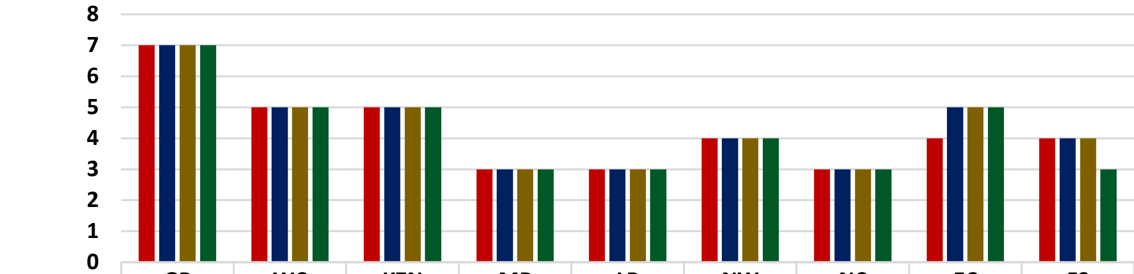
There are many land-based casinos spread throughout South Africa offering a wide variety of games. The most prominent casinos in Gauteng include:

- Gold Reef City
- Montecasino
- Emperor's Palace
- Times Square Casino
- Silver Star Casino
- Emerald Resort and Casino
- Carnival City

The following figure indicates the total amount of licensed operational casinos in each province of South Africa for the FY 2017 to 2021.

[4] The Rise of Mobile Casino Gambling in South Africa. 2022 [Available at: https://southcoastherald.co.za/461023/the-rise-of-mobile-casino-gambling-in-south-africa/#:~:text=71%25%20of%20the%20adults%20in%20South%20Africa%20play%20mobile%20casino%20games]

Figure 3: Number of operational casinos in SA for the FY 2017 to 2021



	GP	WC	KZN	MP	LP	NW	NC	EC	FS
2017/18	7	5	5	3	3	4	3	4	4
2018/19	7	5	5	3	3	4	3	5	4
2019/20	7	5	5	3	3	4	3	5	4
2020/21	7	5	5	3	3	4	3	5	3

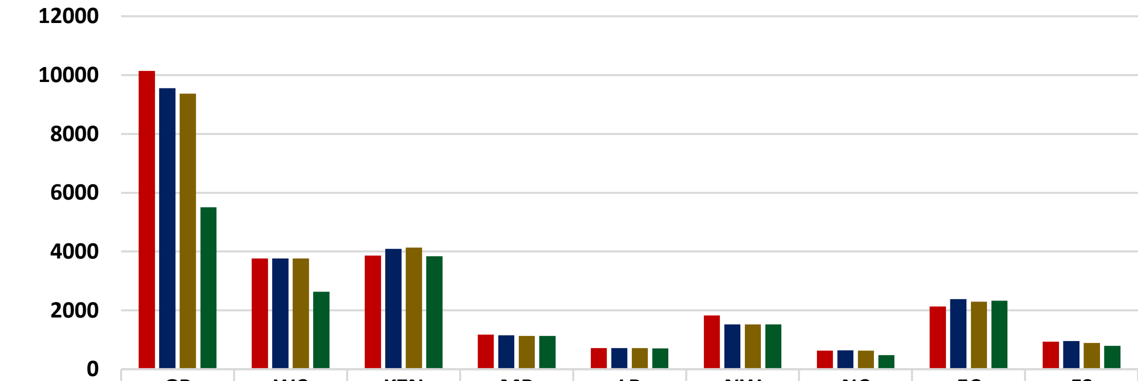
2017/18 2018/19 2019/20 2020/21

Source: Gambling Sector Performance Reports FY 2017 to 2021

Gauteng leads with the most licensed operational casinos followed by the Western Cape, KwaZulu Natal, and Eastern Cape.

The following figure indicates the number of licensed operational slots in each province of South Africa for the FY 2017 to 2021.

Figure 4: Number of operational slots in SA for the FY 2017 to 2021



	GP	WC	KZN	MP	LP	NW	NC	EC	FS
2017/18	10142	3770	3860	1171	717	1829	637	2131	938
2018/19	9550	3770	4090	1151	717	1529	639	2380	955
2019/20	9365	3770	4130	1137	717	1529	633	2294	894
2020/21	5 501	2633	3839	1137	710	1529	483	2327	794

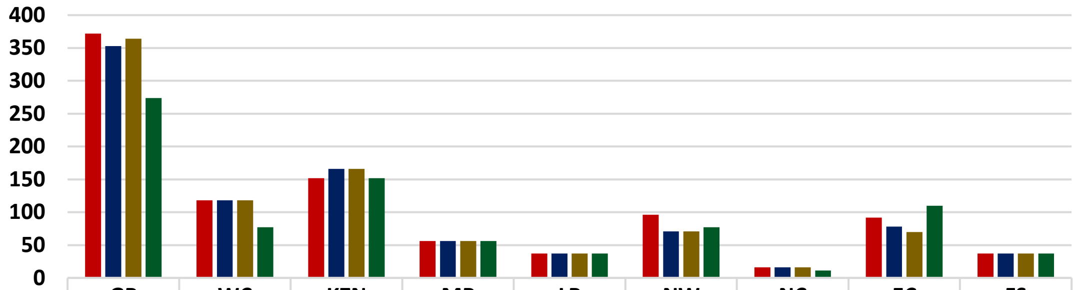
2017/18 2018/19 2019/20 2020/21

Source: Gambling Sector Performance Report FY 2017 to 2021

Gauteng leads with the most licensed operational slots, followed by KwaZulu Natal and the Western Cape. The number of operational slots in Gauteng declined by just over 40% in 2020/2021 and the reason for the decline could be attributed to the 50% capacity restrictions imposed due to the pandemic. In 2020/21 the total number of all operational slots declined to 18 953 from the total number of operational slots in FY2019/20 of 24 469.

The following figure indicates the number of licensed operational tables in each province of South Africa for the FY 2017 to 2021. The number of positions per table varies depending on the nature of the table game and the licensing conditions in a province.

Figure 5: Number of operational tables in SA for the FY 2017 to 2021



	GP	WC	KZN	MP	LP	NW	NC	EC	FS
2017/18	372	118	152	56	37	96	16	92	37
2018/19	353	118	166	56	37	71	16	78	37
2019/20	364	118	166	56	37	71	16	70	37
2020/21	274	77	152	56	37	77	11	110	37

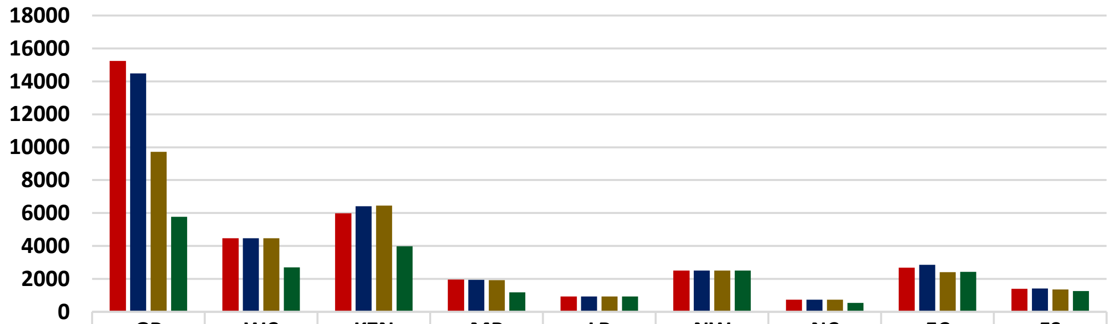
2017/18 2018/19 2019/20 2020/21

Source: Gambling Sector Performance Report FY 2017 to 2021

Gauteng experienced the biggest decline in operational tables in 2020/2021, nonetheless the province still leads with the most licensed operational tables, followed by KwaZulu Natal and the Eastern Cape. The Eastern Cape and North West provinces are the only provinces that experienced an increase in operational tables in 2020/2021. Overall, the number of operational tables fell by 11.1% at the end of FY2020/21.

The following figure indicates the number of operational positions in each province of South Africa for the FY 2017 to 2021. The number of operational positions is calculated as the number of slots, plus the average number of positions that each table represents at a casino.

Figure 6: Number of operational positions in SA for the FY 2020/2021



	GP	WC	KZN	MP	LP	NW	NC	EC	FS
2017/18	15248	4478	5988	1955	939	2501	732	2683	1405
2018/19	14492	4478	6414	1939	939	2501	735	2848	1422
2019/20	9729	4478	6454	1921	939	2501	729	2403	1361
2020/21	5 775	2710	3991	1193	932	2501	549	2437	1261

2017/18 2018/19 2019/20 2020/21

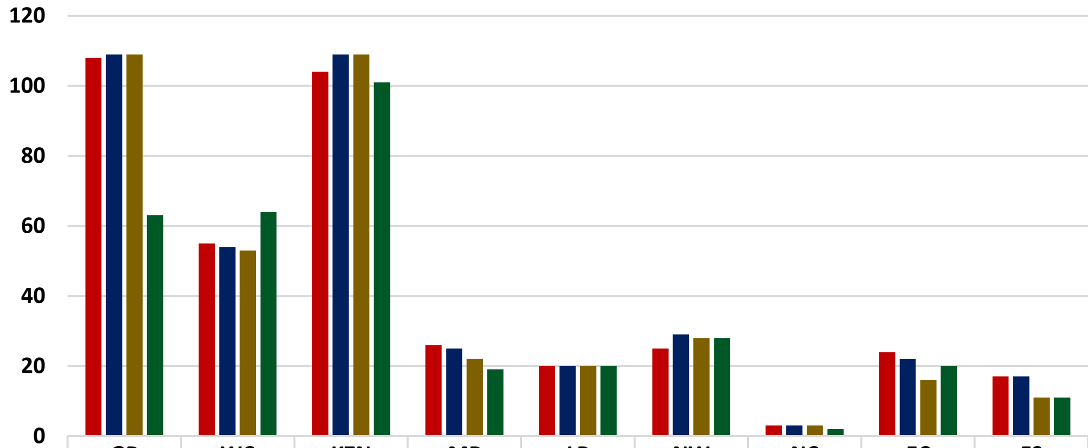
Source: Gambling Sector Performance Report FY 2017 to 2021

In 2020/2021, Gauteng had the highest number of operational positions despite experiencing a 62% decline since 2017/2018. KwaZulu Natal had the second most and the Western Cape third most. Gauteng is very competitive when it comes to Casinos as it has the most casinos, slots, tables, and positions out of all the provinces.

6.3.2. Horse Racing and Sport Sector Betting

The following figure indicates the number of operational totalisator outlets in each province of South Africa for FY 2017 to 2021. A totalisator is a name for the automated pool betting system which runs parimutuel betting, calculating payoff odds, displaying them, and producing tickets based on incoming bets.

Figure 7: Number of operational totalisator outlets in SA for the FY 2017 to 2021



	GP	WC	KZN	MP	LP	NW	NC	EC	FS
2017/18	108	55	104	26	20	25	3	24	17
2018/19	109	54	109	25	20	29	3	22	17
2019/20	109	53	109	22	20	28	3	16	11
2020/21	63	64	101	19	20	28	2	20	11

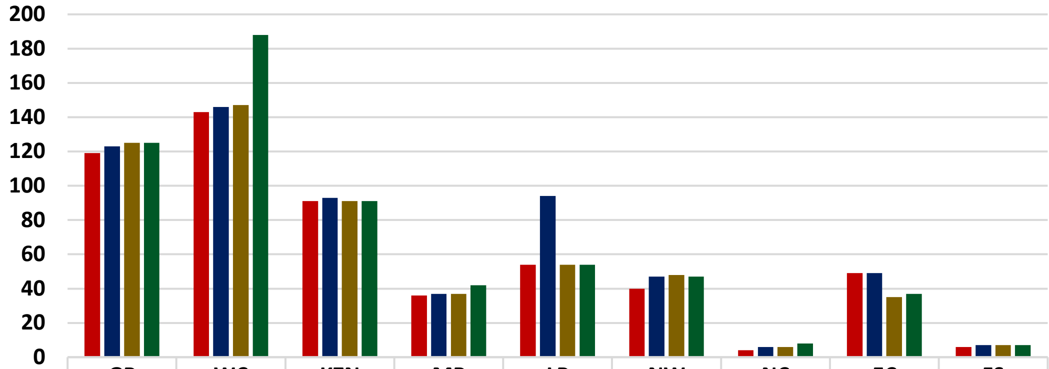
2017/18 2018/19 2019/20 2020/21

Source: Gambling Sector Performance Report FY 2017 to 2021

KwaZulu Natal has the most operational totalisator outlets followed by the Western Cape and Gauteng. Gauteng experienced the biggest decline in operational totalisator outlets, whereas the Western Cape and Eastern Cape experienced an increase.

The following figure indicates the number of operational bookmaker outlets in each province of South Africa for the FY 2017 to 2021.

Figure 8: Number of operational bookmaker outlets in SA for the FY 2017 to 2021



	GP	WC	KZN	MP	LP	NW	NC	EC	FS
2017/18	119	143	91	36	54	40	4	49	6
2018/19	123	146	93	37	94	47	6	49	7
2019/20	125	147	91	37	54	48	6	35	7
2020/21	125	188	91	42	54	47	8	37	7

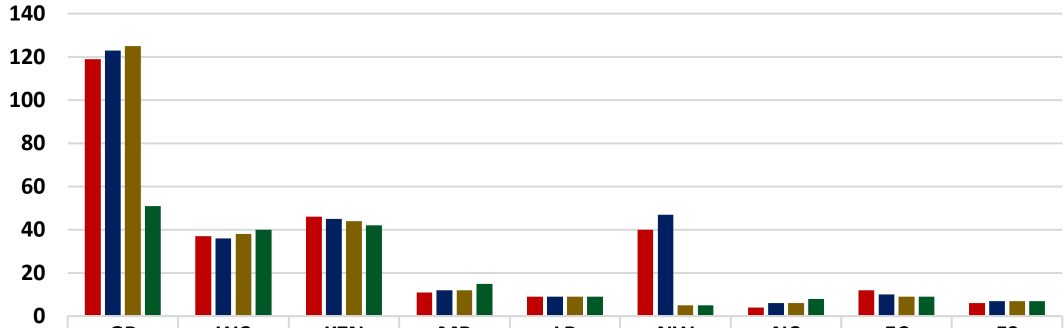
2017/18 2018/19 2019/20 2020/21

Source: Gambling Sector Performance Report FY 2017 to 2021

The Western Cape leads with the total number of operational bookmaker outlets which take bets on various events, followed by Gauteng and KwaZulu Natal.

The following table indicates the number of operational bookmakers in each province of South Africa for the FY 2017 to 2021.

Figure 9: Number of operational bookmakers in SA for the FY 2020/2021



	GP	WC	KZN	MP	LP	NW	NC	EC	FS
2017/18	119	37	46	11	9	40	4	12	6
2018/19	123	36	45	12	9	47	6	10	7
2019/20	125	38	44	12	9	5	6	9	7
2020/21	51	40	42	15	9	5	8	9	7

2017/18 2018/19 2019/20 2020/21

Source: Gambling Sector Performance Report FY 2017 to 2021

Although the Western Cape has the most licensed bookmaker outlets, Gauteng has the most operational bookmakers, followed by KwaZulu Natal and then the Western Cape. This could indicate that the Western Cape has many small bookmaker outlets spread throughout the province whereas Gauteng has fewer bookmaker outlets but is larger in size.

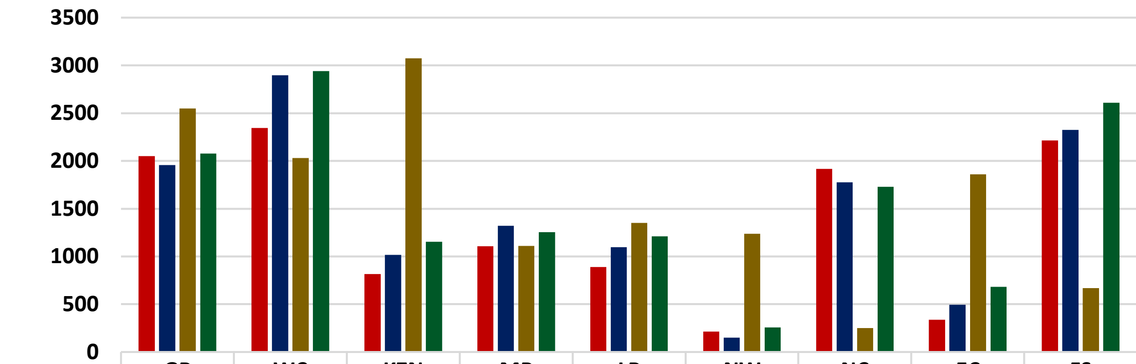
6.3.3. Limited Payout Machines

The main role players in the limited payout machines (LPM) sector are defined in specific categories, namely route and independent operators, and site operators.

- **Route/independent operators** are companies that are licensed to own, manage, and operate LPMs.
- **Site operators** are privately-owned hotels, pubs or eating establishments, totalisator, or bookmaker outlets.

The following figure indicates the number of licensed operational LPMs in each of the provinces of South Africa for the FY 2017 to 2021.

Figure 10: Number of operational LPMs in SA for the FY 2017 to 2021



	GP	WC	KZN	MP	LP	NW	NC	EC	FS
2017/18	2050	2346	817	1108	891	215	1917	338	2214
2018/19	1957	2896	1016	1320	1098	152	1776	494	2325
2019/20	2549	2029	3075	1110	1350	1236	250	1861	670
2020/21	2 078	2940	1153	1253	1212	258	1729	682	2609

2017/18 2018/19 2019/20 2020/21

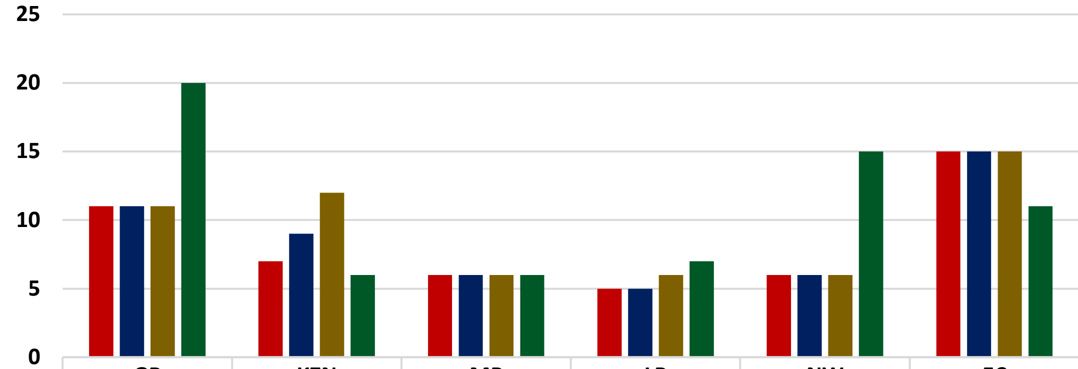
Source: Gambling Sector Performance Report FY 2017 to 2021

In 2019/2020, KwaZulu Natal had the highest number of operating LPMs, however in 2020/2021 the province experienced a significant decline due to the pandemic lockdowns. In 2020/2021 the Western Cape leads with the total number of licensed operational LPMs, followed by the Free State and Gauteng. It should also be noted that in 2020/2021 the Northern Cape province experienced an increase of 85.5% in operational LPMs which was the highest.

6.3.4. Bingo

Bingo in South Africa has been rolled out in six provinces namely Gauteng, Mpumalanga, Limpopo, North West, Eastern Cape, and KwaZulu-Natal. The following table provides the total number of licensed operational bingo outlets in the provinces for the FY 2017 to 2021.

Figure 11: Number of Bingo outlets in SA for the FY 2017 to 2021



	GP	KZN	MP	LP	NW	EC
2017/18	11	7	6	5	6	15
2018/19	11	9	6	5	6	15
2019/20	11	12	6	6	6	15
2020/21	20	6	6	7	15	11

2017/18 2018/19 2019/20 2020/21

Source: Gambling Sector Performance Report FY 2017 to 2021

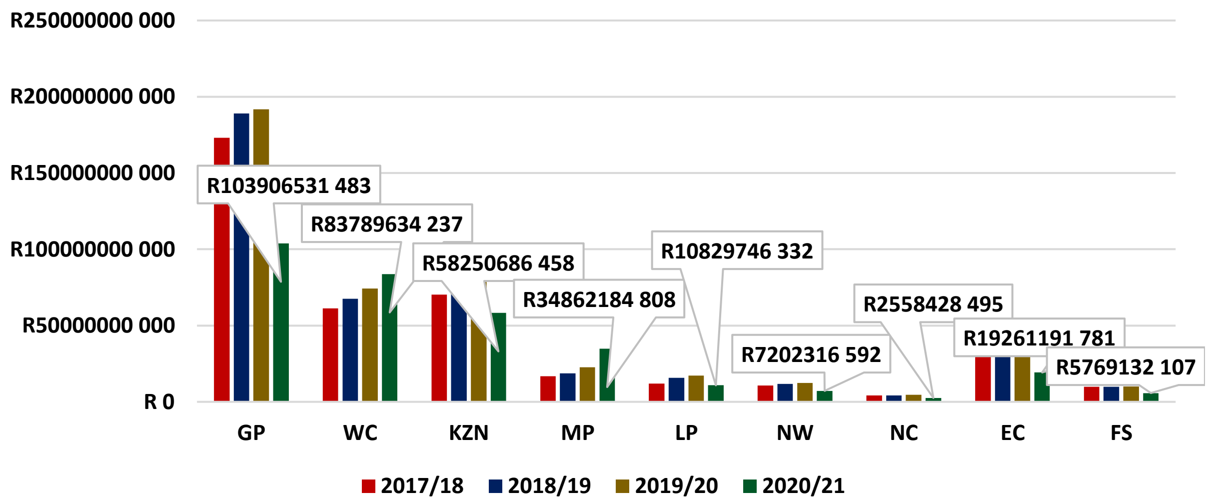
In 2020/2021, Gauteng experienced an increase of 45% in Bingo outlets and the North West Province an increase of 60%. However, it should be noted that nine out of the 20 Bingo outlets are new RFPs advertised by the GGB and are not yet operational. Gauteng accounted for the highest number of licensed operational bingo positions or seats totalling 2408 (38%) out of a national figure of 8 625 licensed operational positions in FY2020/21.

6.4. Revenue Generated and Expenditure

6.4.1. Turnover

The following figure indicates the total gambling turnover for all gambling modes per province of South Africa for the FY 2017 to 2021.

Figure 12: Total gambling turnover generated by province for the FY 2017 to 2021

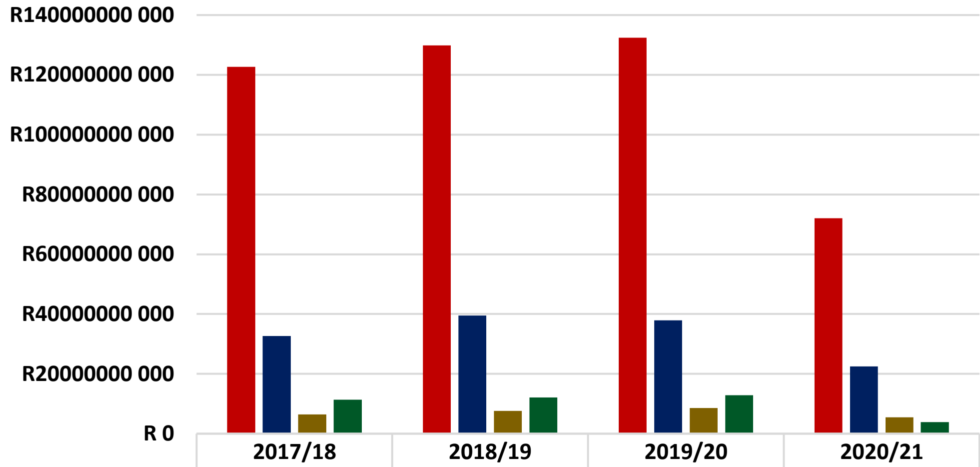


Source: Gambling Sector Performance Report FY 2017 to 2021

The total gambling turnover in South Africa for the financial year 2020/2021 was just over R362 billion, a fall of 27.8% from the previous financial year FY2019/20 (R451 899 133 881) due to the impact of the Covid-19 pandemic on the gambling industry. Gauteng had the highest total turnover out of all provinces, despite a decline of about R88 billion, followed by the Western Cape and KwaZulu Natal. The Western Cape and Mpumalanga provinces are experiencing an upward trend in turnover since 2017. The province with the lowest total turnover in 2020/2021 was the Northern Cape.

The following figure indicates the turnover per gambling mode in Gauteng for the FY 2017 to 2021.

Figure 13: Turnover per gambling mode in Gauteng for the FY 2020/2021



	2017/18	2018/19	2019/20	2020/21
Casino	R122681344 325	R129830431 974	R132420388 595	R72057167 833
Horse Racing and Sport Sector Betting	R32699907 562	R39477910 328	R37906447 977	R22476649 048
LPM	R6468339 082	R7670237 701	R8597355 575	R5453555 427
Bingo	R11343793 047	R12079633 592	R12819669 705	R3919159 175

Casino ■ Horse Racing and Sport Sector Betting ■ LPM ■ Bingo

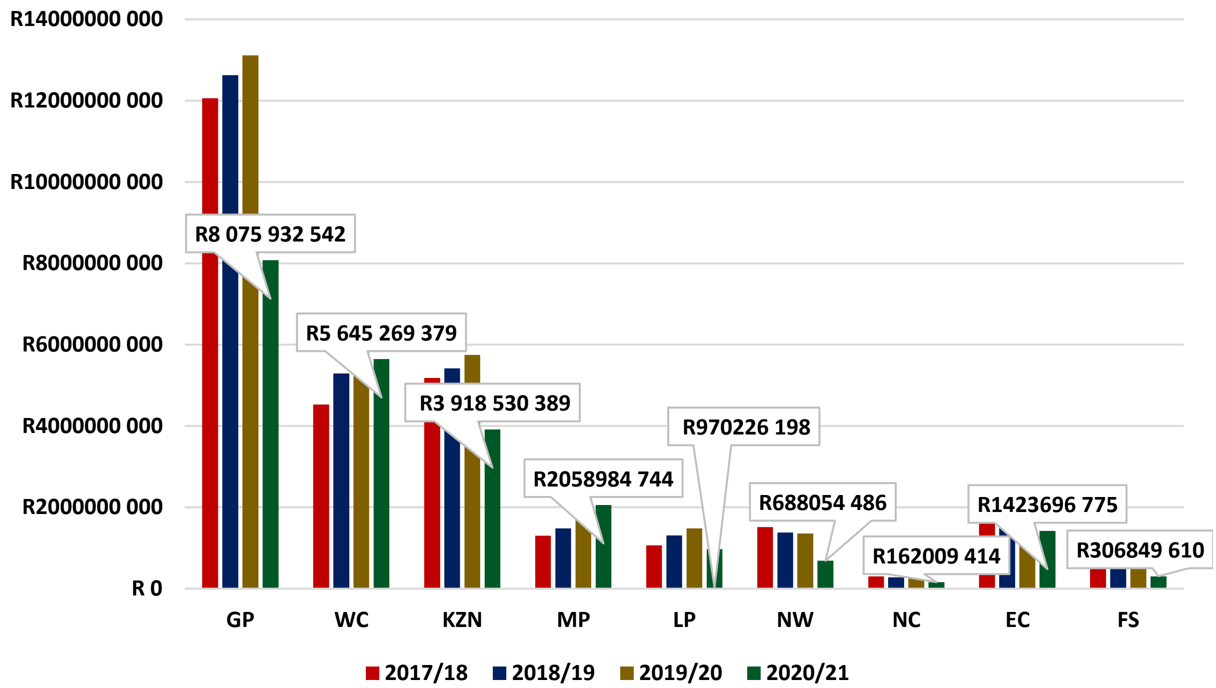
Source: Gambling Sector Performance Report FY 2020-2021

Casinos account for the highest turnover, followed by horse racing and sports sector betting, and Bingo. LPM had the lowest total turnover in Gauteng for 2019/2020.

6.4.2. Gross Gambling Revenue

Gross gambling revenue (GGR) is defined as the Rand value of the gross revenue of an operator in terms of turnover fewer winnings paid to players. The following figure indicates the GGR per province in South Africa for the FY 2017 to 2021.

Figure 14: Gross gambling revenue in SA for the FY 2017 to 2021

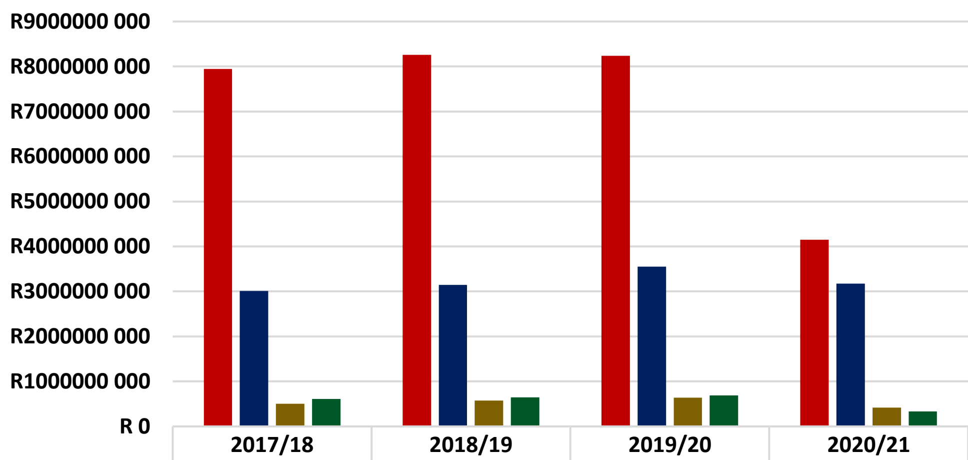


Source: Gambling Sector Performance Report FY 2017 to 2021

In 2020/2021, the total GGR in South Africa amounted to just over R23.2 billion. Gauteng had the highest total GGR out of all provinces, followed by the Western Cape and KwaZulu Natal. The province with the lowest total turnover was the Northern Cape.

The following figure indicates the GGR per gambling mode in Gauteng for the FY 2017 to 2021.

Figure 15: Gross gambling revenue per gambling mode in Gauteng for the FY 2017 to 2021



	2017/18	2018/19	2019/20	2020/21
Casino	R7945238 210	R8262336 990	R8234509 198	R4150056 805
Horse Racing and Sport Sector Betting	R3009667 929	R3148598 558	R3550585 465	R3176657 600
LPM	R501262 874	R574572 040	R641011 887	R415281 310
Bingo	R607375 228	R644658 667	R686214 646	R333936 829

Casino ■ Horse Racing and Sport Sector Betting ■ LPM ■ Bingo

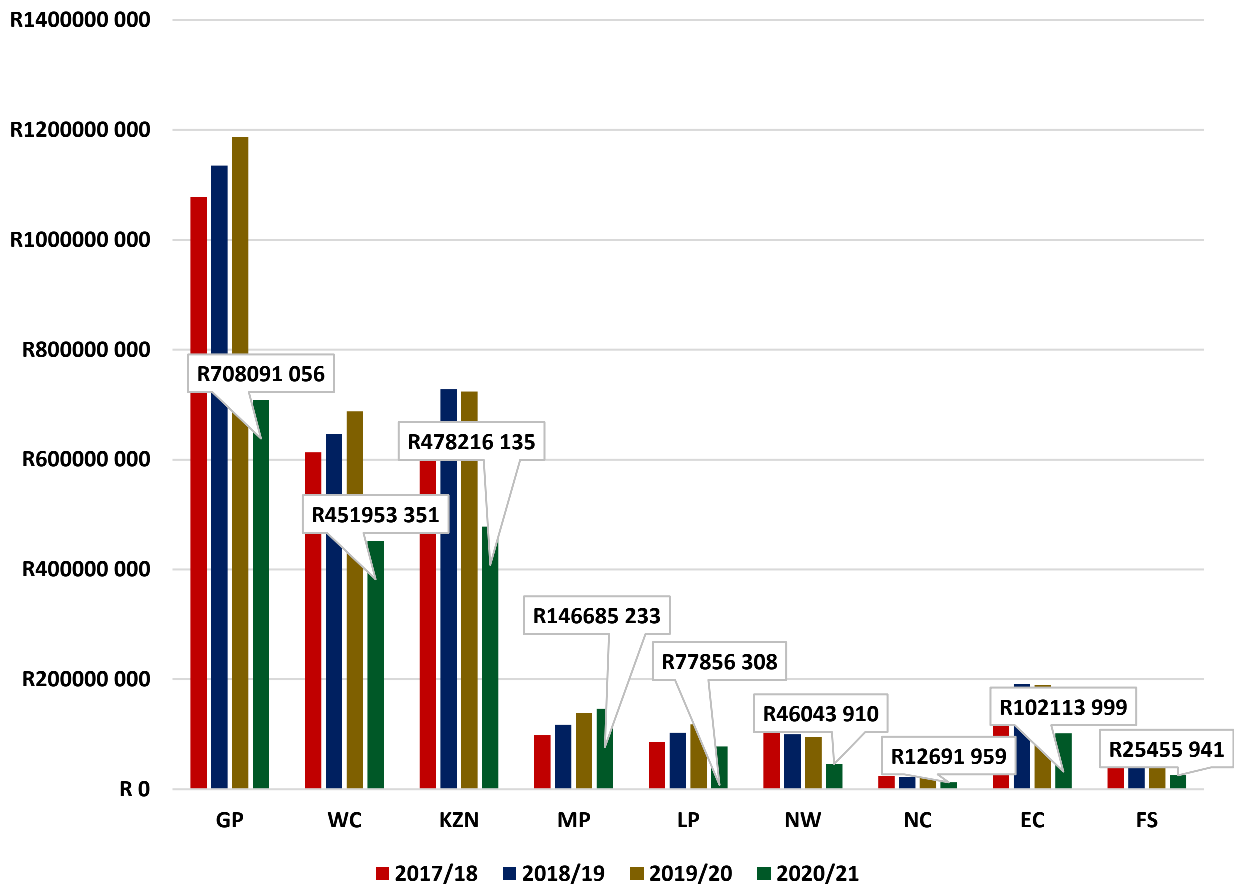
Source: Gambling Sector Performance Report FY 2017 to 2021

Gauteng had a GGR of just over R8 billion in the financial year of 2020/2021 and casinos account for the highest GGR, followed by horse racing and sport sector betting and Bingo. LPM had the lowest total GGR in Gauteng in 2020/2021. In 2020/2021, the GGR in Gauteng experienced a decline of 38.4% when compared to the previous year and the decline is attributed to the imposed lockdown restrictions due to the pandemic.

6.4.3. Taxes/Levies Collected

The following figure indicates the total taxes/levies collected in the provinces of South Africa for the FY 2017 to 2021.

Figure 16: Total taxes/levies collected in SA for the FY 2017 to 2021

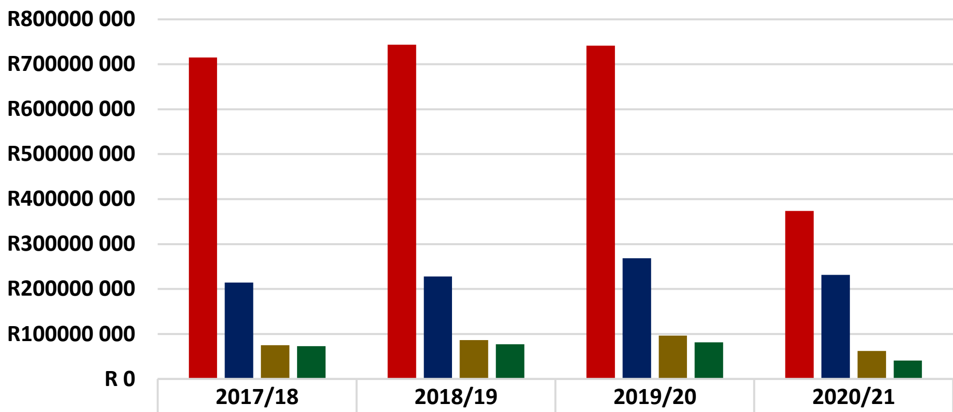


Source: Gambling Sector Performance Report FY 2017 to 2021

The total taxes and levies collected in the financial year 2020/2021 were just over R2 billion which is a decline of 36.1% when compared to the previous year. Gauteng had the highest total taxes/levies collected out of all provinces, followed by KwaZulu Natal and the Western Cape. The province with the lowest total turnover in 2020/2021 was the Northern Cape.

The following figure indicates the taxes/levies collected per gambling mode in Gauteng for the FY 2017 to 2021.

Figure 17: Taxes/levies collected per gambling type in Gauteng for the FY 2017 to 2021



	2017/18	2018/19	2019/20	2020/21
Casino	R715071 430	R743610 318	R741105 830	R373505 111
Horse Racing and Sport Sector Betting	R214713 102	R227913 848	R268287 811	R231605 852
LPM	R75189 433	R86170 794	R96151 785	R62292 196
Bingo	R72885 028	R77359 040	R81331 016	R40687 897

Casino Horse Racing and Sport Sector Betting LPM Bingo

Source: Gambling Sector Performance Report FY 2017-2021

In 2020/2021, Gauteng collected 40.3% less taxes than the previous year indicating the severe impact of the pandemic lockdown. Casinos account for the highest taxes/levies, followed by horse racing and sport sector betting, and LPMs. Bingo had the lowest total taxes/levies in Gauteng.

6.5. Impact of Covid-19 Pandemic on Tourism

The tourism sector was one of the sectors hit hardest by the COVID-19 pandemic and the outlook for 2022 and beyond, remains somewhat uncertain although the sector has started to recover. Due to the diverse nature of the tourism sector, recovery needs to take place across multiple industries to get the tourism ecosystem up and running again. However, even as tourism supply chains are resuming operations, businesses are operating at restricted capacity due to new health protocols. The longer the pandemic continues, the deeper the impact on consumer confidence and travel behaviour will be, leading to knock-on implications for many national economies.

6.5.1. Managing Future Pandemics

The World Tourism Organisation compiled recommendations that are aimed at providing an actionable framework to help mitigate the immediate impact of pandemics on travel and tourism, providing a stimulus for recovery and guiding the long-term development and resilience of the sector. The recommendations are divided into three groups but should ideally be approached simultaneously and through cooperation between all stakeholders in the tourism ecosystem.

The Gauteng Province should aim to do the following to manage future pandemics and mitigate the impact thereof:

- Profile the affected and not affected households, together with the Department of Social Development, in all areas with a focus on the most vulnerable areas with a view of extending and expanding the current social security safety net to inject liquidity and food security to households, informal traders, seasonal and temporary workers. This targeted, data-driven response to identifying the poorest households and those most at risk of hunger and deprivation will reduce the burden on poor households. This will also form the basis of labour participation and skills development prioritisation at local levels as part of a longer-term livelihoods package which must include skills development and work programmes.

- Profile the local businesses while identifying vulnerable businesses which may face closure as a direct result of the economic crisis. This will enable the development of localised and specific ‘business rescue’ plans orientated towards revised and new production lines.
- Review taxes, charges, levies, and regulations impacting hospitality and tourism.
- Ensure consumer protection and confidence through the private sector to promote fair arrangements for consumers. These can include the rescheduling of cancelled holidays and flight tickets and ensuring consumers are fully protected. Where possible, alternative mechanisms for settling consumer disputes should be used to keep lawsuits to a minimum.
- Promote skills development, especially digital skills.
- Include tourism in global economic emergency packages.
- Create crisis management mechanisms and strategies such as unifying messages in support of consumer confidence and public perception.

The Gauteng Province should aim to do the following to provide stimulus and accelerate recovery:

- Develop scenarios that can calculate the potential costs and alternative revenue generation streams. Such an exercise will present a clearer picture for detailed planning and may lead to reviewing, consolidating, and streamlining grants. The review of all local government legislation must accompany this to determine enabling or hindering policies as well as institutional arrangements.
- Stimulate local economic activity through the District Development Model to provide relief by directing disaster spending (and state spending thereafter) to targeted sectors, including clustering all public sector demand for essentials. This will require a shared-services approach to procurement and supply, combining requirements across all departments. The creation of special purpose vehicles can complement this to fund the upfront cost of bulk infrastructure for emerging economic nodes.
- Ensure that travel information is accessible, consistent, and reliable. This information should be shared with the sector and consumers through all available communication channels.
- Create special programmes to promote employment and skills development, especially digital skills, for tourism, and particularly for the unemployed.
- Identify new training opportunities geared towards product development and market access for stakeholders working in the areas of culture and creative industries (engaged in handicrafts, festivals, music, theatre, etc.), nature, entertainment, sports, medical and wellness tourism to create new, innovative, all-year-round products.
- Approach recovery as an opportunity to jump-start the tourism sector towards a new model of sustainable production and consumption.
- Communicate with transparency and support destinations and companies to restore confidence among consumers to restart travel as soon as the health emergency allows for it.
- Invest in data and intelligence systems to monitor behaviour, anticipate trends, and adjust product design and marketing strategies.
- Identify and design special promotions for markets and segments that tend to bounce back more quickly, such as special interest travel.
- Promote domestic tourism to start rebuilding local economies. Plans should be in place for marketing activities and incentives that will facilitate domestic travel and encourage increased

length of stay. This can include more competitive prices, special promotions, or travel incentives by employers, especially to destinations that are heavily reliant on tourism.
- Harness the full potential of social media in promoting the positive impact of travel again.
- Create special funds to help attract international conferences and events, organise local events, and support recovery in less resilient destinations. This is especially relevant for destinations that are more dependent on tourism and for communities in rural areas.
- Incentivise development in products, market segments, and marketing activities that contribute to a more responsible and sustainable travel and tourism sector.

The Gauteng Province should aim to do the following to help the tourism sector prepare for the future of tourism in the province:

- Diversify tourism to avoid dependence on one single activity or market. International visitors are high-value exports and must be considered as part of the export promotion programmes. At the same time, domestic markets are often the backbone of the tourism sector.
- Address the underlying shifts in demand. Understanding possible changes in consumer preferences and behaviour post-crisis will be critical.
- Provide more vulnerable communities and groups with the capacity to develop new tourism products supporting rural regions and disadvantaged communities.
- Embrace digital transformation and boost innovation systems in the public and private sectors, e.g., Tourism apps, way-finding systems, online applications, etc.
- Strengthen Local Tourism Organisations for effective and sustainable development of tourism at a local level.
- Build institutional capacity among local government structures for better resiliency and faster bounce-back.
- Review all the lessons learned, including the need to improve risk assessment and crisis preparedness in both the public and private sectors.
- Ensure adherence and compliance with International Health Regulations.
- Set partnerships with travel and tourism industry leaders, universities, educational centres, digital players, chambers of commerce, and tourism associations to advance new skills for the future of work and to meet the skills needed by the sector.
- Respect the principles of decent work and equal opportunities. Employers should ensure a safe and healthy working environment by introducing preventive and protection measures to minimise workers' exposure to risks.

6.5.2. Future Scenario

Local economists suggest it will take possibly until 2025 for South Africa to return to the level of economic activity experienced at the end of 2019, which was R3.14 trillion in real terms (adjusted for inflation) or R5.2 trillion in nominal terms.[5] According to the World Travel & Tourism Council (WTTC) South Africa's Tourism Sector's contribution to the Gross Domestic Product (GDP) will drive the national economic recovery over the next decade. The tourism sector is forecasted to grow at an average rate of 7.6% annually which significantly outstrips the 1.8% growth rate of the economy overall. By 2032, the sector's contribution to the GDP could reach about R554.6 billion, injecting almost R287 billion into the national economy. It is also expected that the sector is to create more than 800 000 jobs over the next decade to reach more than 1.9 million jobs by 2032.

[5] South Africa Market Update. September 2020. Horwath HTL. Available at: https://www.hospitalitynet.org/

6.6. Tourism Related Source Markets

Tourism-related source markets relay to tourism demand which is the willingness and ability of consumers to buy tourism products and services. It is influenced by factors such as price, season, security, and trends.[6] The Tourism Sector is constantly evolving due to market-related trends and innovation demonstrated by the industry leaders. The catering, accommodation, and entertainment industries which interlink with the gambling industry often rely on the introduction of technology that aims to create a better experience for the tourist. The following trends are currently considered key in the tourism market:

- The use of social media as a marketing tool.
- Robots, automation, and the use of artificial intelligence.
- Experience simulation with virtual reality.
- Local cultural experiences.
- Increasing levels of personalisation.
- The practice of mixing business and leisure is known as "bleisure" travel.

The tourism statistics for 2020 are considered inadequate due to the Covid-19 restrictions that brought tourism to a standstill. It is expected that tourism will be fully recovered by 2023/2024, meaning that 2019 serves as a fair baseline for strategic planning. Unfortunately, full tourism data are not available at a local level, and, therefore, this sub-section provides a better understanding of the tourism-related source markets for Gauteng in terms of the gambling opportunities.

6.6.1. International Source Markets

Source: South African Tourism Performance Report 2019

In 2019, just over 10.2 million international tourists travelled to South Africa. Gauteng had the most international arrivals at 32,1%, followed by Limpopo (21,9%) and Western Cape (19,6%).

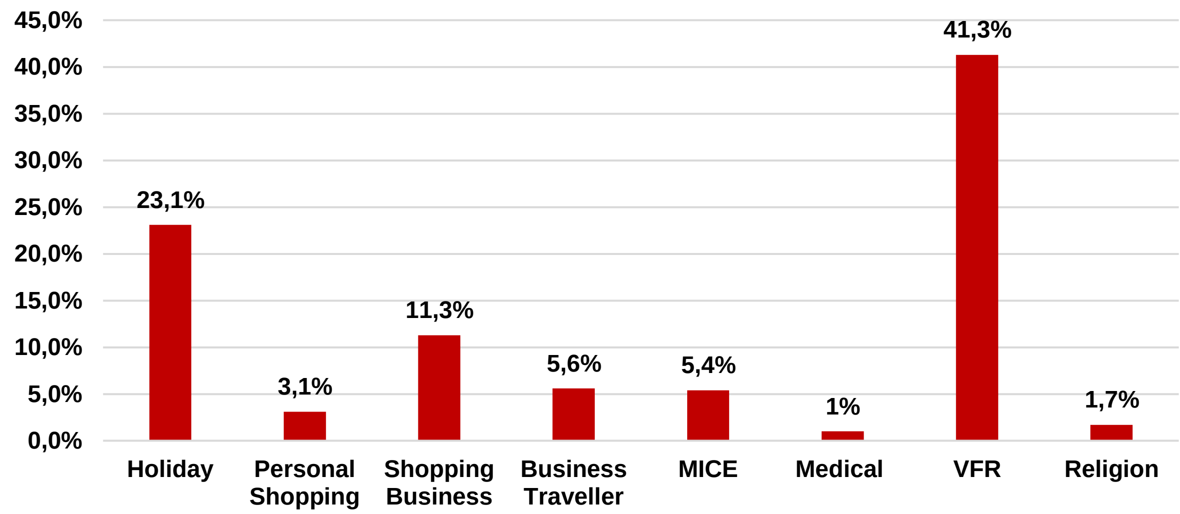
Gauteng has the most arrivals which can be attributed to the presence of two international airports in the province, which puts Gauteng at an advantage to attract more international visitors. Gauteng can gain a further competitive advantage over its rivals by branding, positioning, and marketing tourism offerings using the right distribution channels while keeping up with the latest trends.

The total spend in Gauteng was over R23 billion, with an average length of stay of 11 nights and a total of 34.5 million bed nights. This means that Gauteng is a popular destination with much to offer tourists.

[6] Dwyer, L., Forsyth, P. and Dwyer, W. 2020. 1. The Demand for Tourism. Tourism Economics and Policy. Bristol, Blue Ridge Summit: Channel View Publications, pp. 17-49. https://doi.org/10.21832/9781845417338-003

The figure below depicts the main reasons why international tourists visited Gauteng in 2019.

Figure 18: International reason for travel to Gauteng in 2019

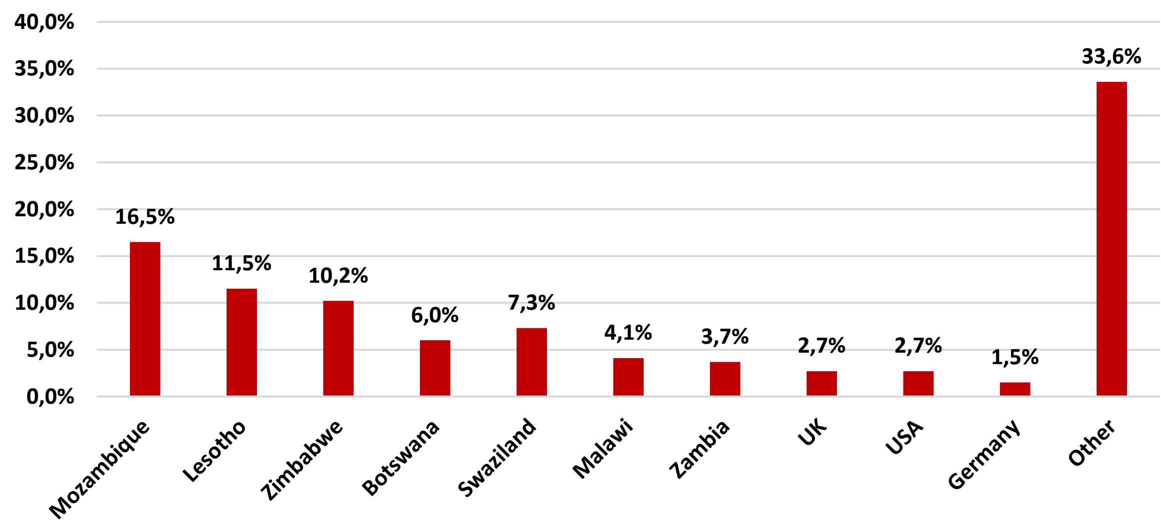


Source: South African Tourism 2019

Travelers to Gauteng mainly visit friends and relatives (41,3%), followed by holiday (23,1%) and shopping for business (11,3%). This means that most visitors enjoy leisure and business activities when visiting the province. According to South African Tourism, about 45 000 international travellers visited gambling-related attractions such as casinos in 2018 which is the latest data available at the time of developing this report. Therefore, it can be assumed that leisure activities include visiting gambling centres and casinos. There is thus an opportunity to package leisure activities such as gambling and related activities with other leisure activities such as adventure, wildlife, culture, and heritage.

The following table depicts the main international source markets for Gauteng.

Figure 19: Top international source markets for Gauteng



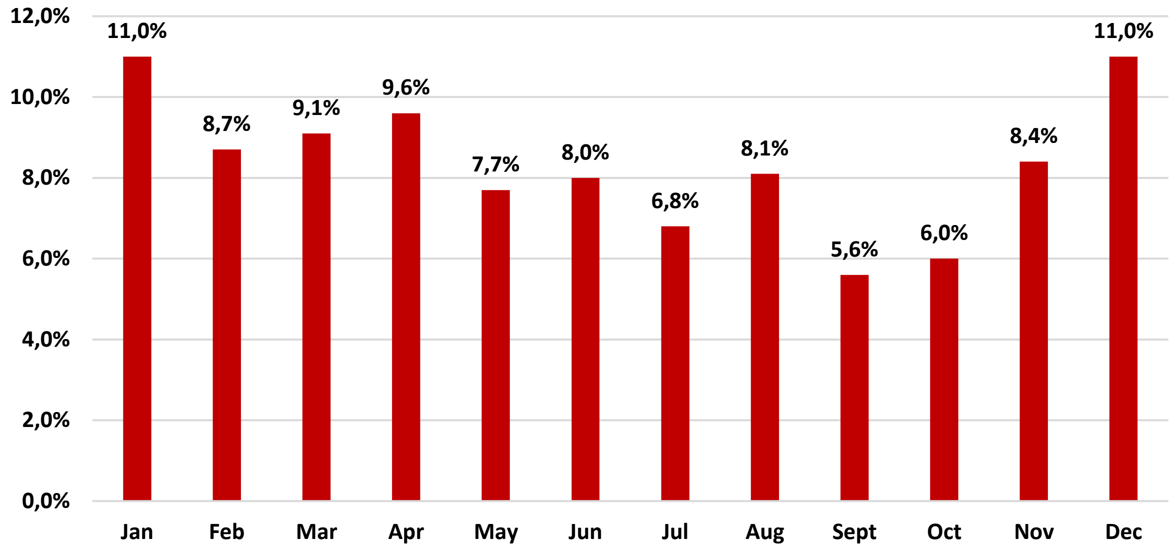
Source: South African Tourism Performance Report 2019

The top ten international source markets to Gauteng account for 66.4% of the total arrivals. The regional countries made up most of the visitors to Gauteng, with Mozambique dominating followed by Lesotho and Zimbabwe. According to the Gauteng Tourism Authority, many regional travellers visit

Gauteng to conduct business and trade, whereas the other international travellers come to have a holiday and visit friends and relatives.

The following figure indicates the preferred travel months for all international travellers to Gauteng in 2019.

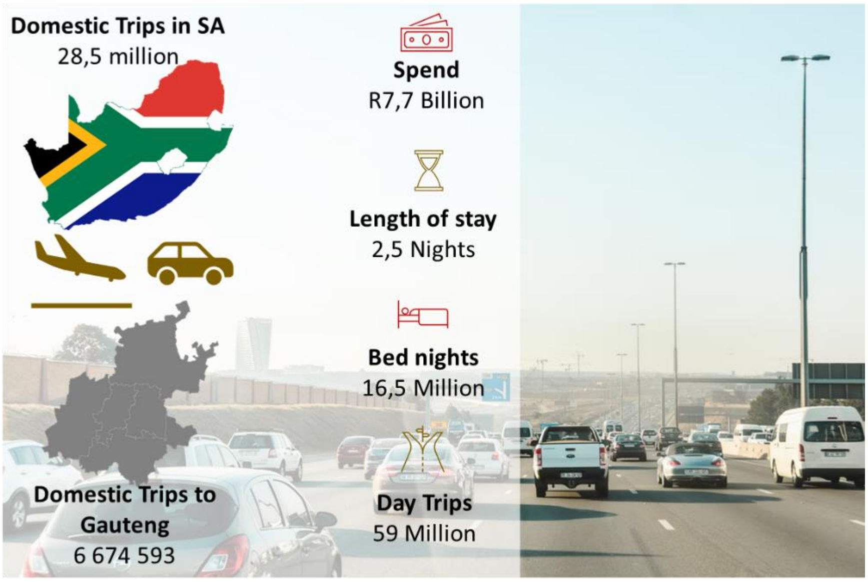
Figure 20: Preferred travel months for international travellers to Gauteng in 2019



Source: South African Tourism 2019

The most preferred travel months are January and December, however, it should be noted that Gauteng received a constant flow of tourists throughout the year. This means that there is an opportunity to encourage international travellers to participate in gambling activities.

6.6.2. Domestic Tourism Source Markets



The total revenue generated for Gauteng was R7,7 billion, which is significantly lower than the international arrivals expenditure. The length of stay in Gauteng was 2,5 nights, resulting in 16,5 million bed nights. Gauteng had the highest total day trips out of all nine provinces which were 59 million trips.

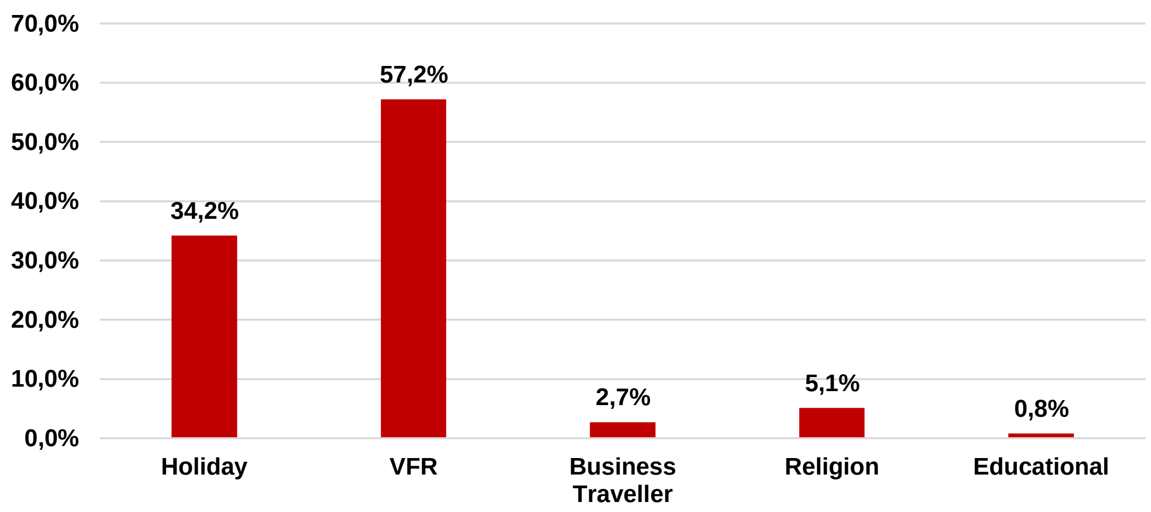
Source: South African Tourism Performance Report 2019

According to the GTSS 2018, The Ekurhuleni District attracts 27% of day trips; this could be due to the number of households in the areas, thus motivating visiting friends and relatives related travel. The West Rand District attracts 15% of day trips which can be attributed to the Cradle of Humankind World

Heritage Site and surrounds offering heritage and leisure activities. The Sedibeng District only attracts a small portion of domestic day trips at 1%, which could be attributed to the large manufacturing sector and small tourism sector.

The next figure depicts the main reasons why domestic tourists visited Gauteng in 2019.

Figure 21: Domestic reason for travel to Gauteng for 2019

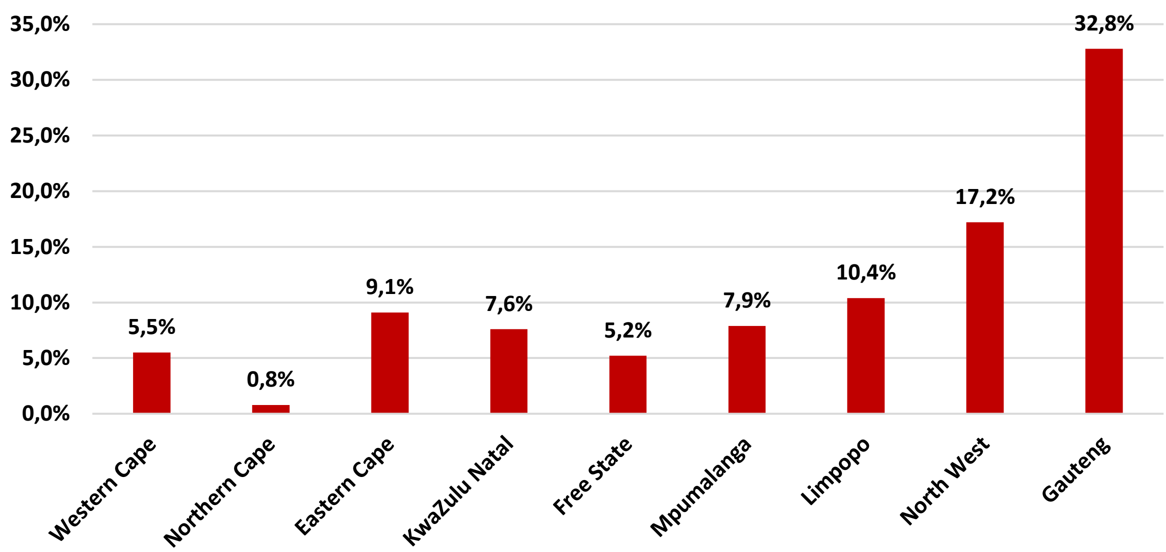


Source: South African Tourism 2019

The main reason why domestic visitors travel to Gauteng is to visit friends and relatives (57,2%), followed by holidays (34,2%) and religion (5.1%). According to the Gauteng Tourism Sector Strategy (2018), the domestic tourist demographics of Gauteng suggest that the three main domestic market segments are the High-Life Enthusiasts, Business Travellers, and Well-to-Do Mzansi Families. There is thus an opportunity to increase awareness of gambling activities and to package other leisure activities together to encourage the domestic source markets to spend more.

The following figure depicts the percentage of travellers from the South African provinces to Gauteng for 2019, including the residents of Gauteng travelling in the province.

Figure 22: Percentage of travellers from SA provinces to Gauteng in 2019

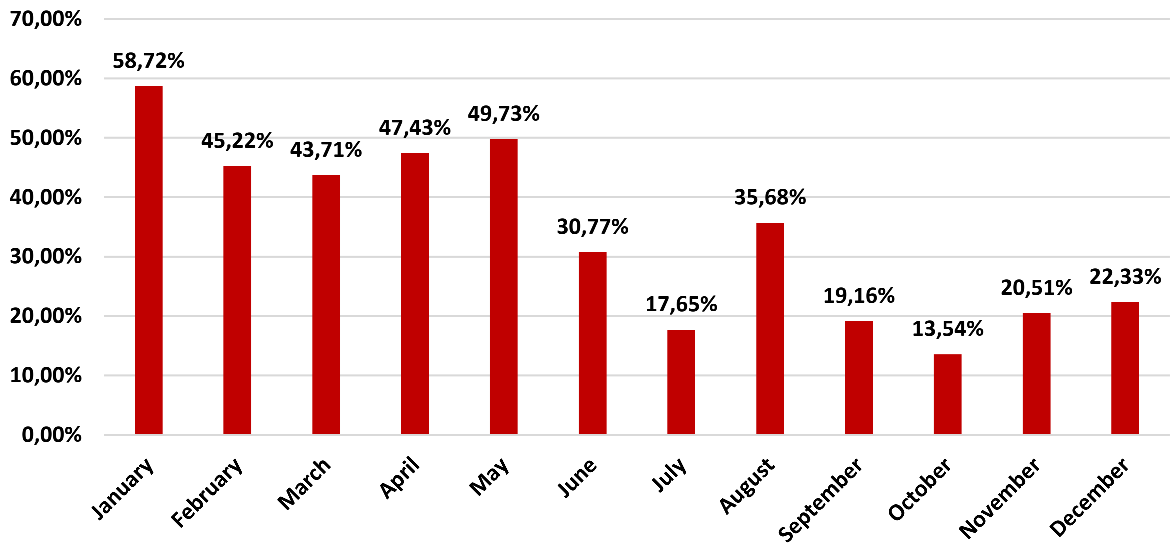


Source: South African Tourism 2019

Gauteng is a popular destination for its residents as almost a third (32.8%) of the trips in Gauteng originate from its residents. It should be noted that all four neighbouring provinces travel to Gauteng, with the North West province being the second biggest source market. According to the GTSS 2018, at the regional level the tourism sector is strong in Ekurhuleni, while Sedibeng and West Rand are struggling to attract and retain the volumes in tourism supply and demand. However, from an economic development point of view, Sedibeng and the West Rand are profiled as having the ability to use tourism as a primary economic driver, meaning there is possibly an opportunity for gambling activities in these two districts.

The following figure indicates the preferred travel months for all domestic travellers to Gauteng in 2019.

Figure 23: Preferred travel months for domestic travellers to Gauteng in 2019



Source: South African Tourism 2019

The domestic travellers prefer to travel to Gauteng in January as 58.7% of all domestic travel was to Gauteng in 2019. The months of February to May are all relatively constant between 43% to 50%. The month of October is the least popular month for domestic travel to Gauteng.

In conclusion, Gauteng remains a popular tourism destination for international and domestic tourists, and it is evident that the tourism sector has great potential for growth and development. An increase in vaccination levels and the removal of travel and re-entry barriers resulted in an increased demand for travel. Thus, the identified districts do consist of the potential to possibly absorb more gambling activities along with other tourism activities.

6.7.Key Markets and Demand Segments

A study conducted in 2019/2020 on the socio-economic impact of gambling in Gauteng indicated an estimate of the demographic profile of gamblers in Gauteng, which could be considered as the key markets and demand segments. The following table is a summary of the demographic profile.

Table 12: Demographic profile of gamblers in Gauteng in 2020

Category		Gamblers
Gender	Male	57%
	Female	43%

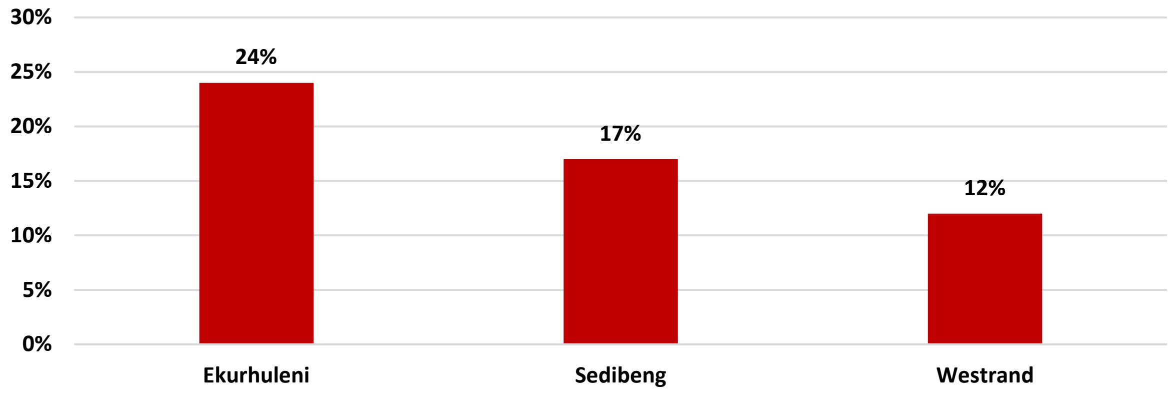
Category		Gamblers
Marital Status	Married	47%
	Single	27%
	Staying with a partner	14%
	Divorced	7%
Household Size	3-4 members	37%
	2 members	36%
	5-6 members	16%
	1 member	6%
Race	African	72%
	White	16%
	Coloured	6%
	Indian	5%
Language	English	16%
	Zulu	14%
	Afrikaans	12%
	Tswana	`11%
Employment Status	Employed	46%
	Unemployed	23%
	Self employed	15%
	Retired	13%
Housing Type	Dwelling/ house/ brick structure on a separate stand/ yard/ farm.	50%
	Flat or apartment in a block of flats.	18%
	Informal dwelling/shack in the backyard or not in the backyard.	12%
	Town/cluster/semi-detached/ house.	11%

Source: GGB, 2020

From the table above it can be seen that most gamblers in Gauteng are males which are either married or single with a household size ranging from two to four members. Most of the gamblers were Black Africans, followed by Whites, Coloured, and Indian. The most prominent languages spoken by gamblers in Gauteng are English, Zulu, Afrikaans, and Tswana. Most gamblers are employed, while a big portion of the gambling population is unemployed. Most gamblers can be classified as middle-income earners when considering the housing type while small portions of gamblers are low- and high-income earners.

The study also found that slightly more than four out of ten gamblers were problem gamblers which translates to about 2.2 million problem gamblers in Gauteng. In 2005, the NRGP conducted a study on gambling and problem gambling prevalence and found that the prevalence of problem gambling in Gauteng province was between 5.9% and 9.1% while the national prevalence was between 3.9% and 5.1%. This suggest that the prevalence rate of problem gambling in Gauteng is higher than the national average, but this could be because of Gauteng having the highest total population. The percentage of problem gamblers in each of the identified districts for 2020 is depicted in the following figure:

Figure 24: Percentage problem-gamblers in the identified districts



Source: GGB, 2020

Problem gambling in Gauteng has been rising since 2005 and therefor considering the areas with low problem gambling along with the socio-economic profiling could indicate if there is an opportunity to develop gambling activities in tourism nodes. The West Rand has the lowest percentage of problem gambling, however, the district also has the smallest population of the three districts. As the population increases so does the percentage of problem gamblers which is the case for Sedibeng and Ekurhuleni. Therefore, the socio-economic profile will play a big role in determining new gambling opportunities

6.8. Planned Supply of Developments

6.8.1. Ekurhuleni District Development

According to the Ekurhuleni District Development Model, the district will be positioned as Africa's largest Aerotropolis and manufacturing hub. The following developmental projects are planned and although not specifically related to tourism, they could include gambling opportunities:

Strategic Urban Development	Overview
GreenReef Development	• The aim is to establish a smart city that will compete on a global scale. • It seeks to create an economically and socially inclusive integrated mixed-use and mixed-income district. • Land-uses include residential, retail, business, micro-manufacturing, transport, education, and leisure.
Leeuwpoort Housing Development	• The development consists of three townships that are earmarked for the development of affordable housing. • Land uses include a mix of residential, business, retail, warehouses, and civic facilities.
Carnival Junction Development	• The development is divided into nine "registration" phases that focus on mixed land uses such as retail, residential, industrial, commercial, recreational, and business uses.
Riverfields Development	• Various housing development (Glen Erasmia Boulevard and Glen Eagle Estate) and commercial developments (Plumbago Business and Logistics Park and Glen Eagle Office Park) have already taken place within the development. • A regional shopping centre and multiple townships are also planned for the development.

Strategic Urban Development	Overview
O.R. Tambo International Airport Precinct Development	• O.R. Tambo International Airport Precinct development consists of the following sub-developments: ◦ **O.R. Tambo Western Precinct:** O.R. Tambo International Airport aims to establish mixed-use developments in the Western Precinct. ◦ **Gauteng IDZ JMP Development:** The development involves the construction of a JMP that accommodates precious and semi-precious mineral and stone beneficiation, diamond cutting, polishing, and trading as well as light jewellery manufacturing and other high-end products. ◦ **Atlas Township Development:** The aim is to establish a township with six extensions that will include mixed-use developments. ◦ **ACSA Park Township Development:** The township will be divided into five extensions, and each will be identified as an independent township. ◦ **Midfield Passenger Development:** The development involves the construction of a third runway, remote apron stands, space for passengers waiting for bus transfers to main terminals at O.R. Tambo International Airport.

The Ekurhuleni development projects include mixed-use developments which could possibly present opportunities for more gambling activities such as LPMs and Bingo.

6.8.2. Sedibeng District Development

The following developmental projects are planned and although not specifically related to tourism, it could possibly include gambling opportunities:

Strategic Urban Development	Overview
The Vaal River City Precinct	• Building a Vaal University student village • Cargo airport and logistics hub • Vaal Special Economic Zone • AB InBev investment project • Vaal Marina development and logistics and mining investments in Lesedi • The Gauteng Highlands projects
Savannah City	• A new emerging node along the broader N1 corridor in the southern parts of Gauteng
Evaton node	• This node is proposed to stimulate some local economic activity in this residential area and to provide a range of convenient goods and services to residents.

Critical interventions include urban renewal which includes roads and storm water, parks, street lighting, and so on to attract investment back into the Central Business District. This should further include related social infrastructure investment, the cleaning of Vaal pollution to revive tourism, and the economy to boost employment creation measures. The Sedibeng development projects include mixed-use developments which could possibly present opportunities for more gambling activities such as LPMs and Bingo.

6.8.3. West Rand District Development

Gauteng will be investing in the creation of new industries, new economic areas, and new cities. The focus of these joint initiatives will be tourism, agriculture, agro-processing, and renewable energy projects. The following developmental project is planned and could include gambling opportunities:

Strategic Urban Development	Overview
Lanseria International Airport	• Expansion of the airport and the new Lanseria City Development

Expansion of the airport can increase the flow of travellers, along with the Lanseria City which could attract more residents and could spark an increase in the demand for leisure and entertainment and this could include gambling activities such as LPMs and Bingo.

6.9. Competitive Advantages and Disadvantages

The following table provides the competitive advantages and disadvantages of each of the identified districts in terms of gambling opportunities.

	Competitive Advantages	Competitive Disadvantages
Ekurhuleni District	• Largest eligible gambling population • Lowest unemployment and poverty rate • Two established and regulated casinos • High number of inbound tourists due to O.R. Tambo International Airport	• The district is the smallest in size and could become overdeveloped • Lowest annual household income
Sedibeng District	• Potential for tourism development due to the Vaal dam and Vaal River. • Borders three other provinces, namely Mpumalanga, Free State and North West. • One established and regulated casino	• Small eligible gambling population • Highest unemployment rate • Low average annual household income • High poverty rate
West Rand District	• Potential for tourism development due to the Cradle of Humankind World Heritage Site and Lanseria International Airport • One established and regulated casino • Highest annual household income	• Smallest eligible gambling population • Although access to service delivery averages at 86.6%, it is the lowest out of the three districts • High unemployment and poverty rates

7. Environmental and Risk Analysis

The emergence of fast-evolving digital technologies increased regulatory pressure and global economic uncertainty are key factors in the current risks landscape. Risk assessments are important to protect individuals, businesses, assets, and the environment. Risk Assessments include identifying events that can possibly lead to negative impacts and involves performing a risk analysis to help evaluate and mitigate risks. The impact that each of the risks would have should it occur will be measured on a scale from 1 – 10, where one indicates little to no impact and 10 indicates a very high impact. The following table provides an overview of the possible risks and mitigation that can influence the development of the gambling industry.

Table 13: Risk Assessment

Risk	Description	Potential Impact	Mitigation Measures
Financial	Failure to sustain or grow the number of customers could harm business and financial results.	4	• The gambling industry must recruit and meticulously interview capable and reliable employees to manage financial planning, strategic budgeting, and mitigation procedures to avoid and limit financial risks.
	The threat of piracy and unauthorised copying of products, affects future profitability.	5	
	Financial risks relating to credit risk, liquidity, and refinancing risks.	5	
Support Infrastructure	High dependency on servers and internet bandwidth to operate games with digital delivery platforms.	2	• Keep servers and internet bandwidth up to date to be able to support digital gaming.
	Cybersecurity risks from criminals targeting virtual gaming operations and casino payment systems using malware and phishing campaigns.	9	• Ensure that cybersecurity software is up to date and that customers are made aware of cybersecurity risks.
Operations	Attracting and retaining skilled professionals and dependence on senior management for the company's vision and mission.	3	• A strategic framework must be established for operational purposes to ensure all activities and responsibilities are tactically allocated and scheduled to ensure successful and fluent operations.
	Security risks from robberies, fraud by casino employees, and players who use card counting and other cheating techniques.	5	
	Operational risk resulting from inadequate or failed internal processes or systems impacting the operations of the business.	5	• Clear guidance must be communicated to employees in terms of professionalism, service delivery, and ethics to ensure favourable customer experiences.
Environmental	Increasingly rigorous environmental, health and safety	4	• The gambling industry should ensure that it stays

Risk	Description	Potential Impact	Mitigation Measures
	laws and regulations by government.		up to date on the environmental, health and safety laws and regulations.
Legal	All gambling businesses are subject to comply with South African laws. If a business fails to comply with relevant laws and regulatory frameworks, legal risks will arise. Labour law changes, environmental initiatives, various internal conflicts or external conflicts, unexpected termination of contracts, and customer disputes are all legal risks that may be faced.	5	• The gambling industry should ensure compliance with all regulations related to gambling activities.
Maintenance	Interruption of partnerships with third parties (suppliers, subcontractors, and strategic partners) could hamper the supply chain and production lines.	5	• Ensure proper communication strategies are in place with any third parties.
Market Demand	Exacerbating the social costs associated with gambling by developing the industry	4	• Ensure a comprehensive Problem Gambling Strategy is developed and implemented along with awareness creation for problem gambling support initiatives and programmes.

From the table above it is evident that there are risks that pose threats to the further development the gambling industry, especially with the online platforms. However, the mitigation measures secure both the gamblers and the business owners from the negative impacts.

8. Opportunity Assessment

The purpose of the opportunity analysis is to identify the extent of the potential for gambling opportunities for each of the identified districts. The gambling opportunities have not yet been classified as financially viable, neither has it been determined if it will have a positive impact on communities, however, the possibility might still exist.

The opportunity assessment was prioritised through the following prioritisation criteria:

Prioritisation Element	Indicator
Market Demand	• **Gambling demand**: gambling market size and patterns, potential licensing, etc. • **Tourism linkages:** tourism nodes, accessibility, market size, and patterns
Sustainability	• **Environmental and social benefits:** as per the sustainable development goals. • **Spatial alignment:** Opportunities that align to provincial SDFs, conservation zones, and disadvantaged areas.

Employment	• **Job creation potential:** Opportunities with higher employment impact probability on geographical level receive a higher prioritisation scoring. • **Skills development potential:** Projects with higher skills development impact probability on geographical level receive higher prioritisation scoring.
Risk level	• The projects' risk levels were evaluated as per the severity of the impact and probability of impact occurrence on political and regulatory, economic and benefit, environmental, technical, and visibility reputation factors.

The prioritisation elements were measured on a scale from 1 to 3, where 3 is the highest score and 1 is the lowest. A score was allocated on the opinion that it would have the highest or lowest possibility for gambling opportunities or either a positive or negative impact. The following table provides the information for the score allocation and the table thereafter the provides the scores and the totals.

Prioritisation Element	Strategic Development Projects	Market Demand		Sustainability		Employment		Risk
		Gambling Demand	Tourism Linkages	Contribution to SDGs	Spatial Alignment	Job creation potential	Skills Development Potential	Overall Risk
Ekurhuleni	1. GreenReef Development 2. Leeuwpoort Housing Development 3. Carnival Junction Development 4. Riverfields Development 5. O.R. Tambo International Airport Precinct Development	Eligible gambling market: 66%	High	Medium	High	High	High	Medium
Sedibeng	1. The Vaal River City Precinct 2. Savannah City 3. Evaton node	Eligible gambling market: 62%	Medium	Medium	Medium	Medium	Medium	Medium
West Rand	1. Lanseria International Airport	Eligible gambling market: 66%	Medium	Medium	High	Medium	Medium	Medium

Prioritisation Element	Strategic Development Projects	Market Demand		Sustainability		Employment		Risk	Total
		Gambling Demand	Tourism Linkages	Contribution to SDGs	Spatial Alignment	Job creation potential	Skills Development Potential	Overall Risk	
Ekurhuleni	3	2	3	2	3	3	3	2	21
Sedibeng	2	1	2	2	2	2	2	2	15
West Rand	1	2	2	2	3	2	2	2	16

8.1.Casinos

From the research conducted along with stakeholder engagements it was established that the Casino gambling mode in Gauteng is saturated, as the province has allocated the maximum number of licenses as regulated by national legislation. The impact of the pandemic lockdowns on revenue generated by casinos saw that it decreased almost by 50% which further supports the idea that there is no opportunity to open more land-based casinos. However, with the amendment of the Gauteng Gambling Regulations there will be an opportunity for the existing seven operating casinos to offer their gambling activities online, as there is a big online gambling market. Thus, the focus of the GGB should be on eradicating illegal gambling.

8.2.Horse Racing and Sport Sector Betting

Horse racing is supported by the totalisator betting revenue and because of the pandemic and even pre-pandemic there has been a decrease in this revenue. During the stakeholder engagement it was mentioned that until the funding model for the sustainability of horse racing is addressed on a high level, there would not be an opportunity to expand on horse racing in any of the district development nodes. However, a feasibility study specifically focussed on horse racing would have to be done to understand if this gambling opportunity would be viable.

Sports have gathered much recognition and interest in South Africa. Statistically, the most popular sports in South Africa are cricket, rugby, and soccer. Other popular sports includes athletics, basketball, boxing, golf, netball, swimming, and tennis. For this reason, betting on sport outcomes is popular in South Africa and thus there could be an opportunity for more totalisator and bookmaker outlets in the identified districts.

8.3.Limited Payout Machines

During the stakeholder engagement it was highlighted that there could be an opportunity for LPMs, however it is concerning that small businesses may not want to apply for licenses as the application process is lengthy and costly in Gauteng and would thus rather take the illegal route. The other factor which may hinder LPM opportunities is that the online gambling market is worth billions more than the LPM market and noticeably more online gambling outlets can be found in shopping centres and other places in towns.

8.4.Bingo

It was recommended by stakeholders that to determine whether there are opportunities for new Bingo outlets in the identified districts, that a Request for Proposals (RFP) be advertised by the GGB. The responses received on the advertised RFPs will essentially indicate whether there is interest to further develop Bingo or not. It should be noted that GGB is currently advertising nine RFPs for Bingo outlets.

8.5.District Development Potential

Ekurhuleni District Municipality	Sedibeng District Municipality	West Rand District Municipality
The Ekurhuleni District may present the most possible gambling opportunities as it has the most development	The Sedibeng District is surrounded by three provinces and has an operational licensed casino and resort on	The Lanseria International Airport development is aiming to increase the flow of travellers to six million by

Ekurhuleni District Municipality	Sedibeng District Municipality	West Rand District Municipality
projects, especially with the expansion of the O.R. Tambo International Airport as which includes mixed-use developments such as restaurants, corner cafes, and bars. The O.R. Tambo International Airport is the gateway to Africa and thus many travellers could be attracted to partake in gambling and contribute positively to the economy of Gauteng. As for the other developments, they could potentially attract the residents to partake in gambling activities and benefit the existing licensees. It should be considered that this district has the highest problem gamblers which could reduce more gambling opportunities until problem gambling is addressed.	the Vaal River bank making the casino a popular destination for gambling and leisure activities. Thus, the gambling industry in the area although small does have some potential to be developed in other parts of the district as part of the development projects.	2027[7] which can significantly increase the demand for leisure and entertainment activities and could include gambling activities. The Lanseria City development will take place around the Lanseria Airport and will include a 90-hectare mixed-use commercial precinct which will likely also increase the demand for leisure, entertainment and could also include gambling activities. It is also anticipated that the Gautrain will extend to this development area.[8] Furthermore, the Lanseria area also lends itself to horse racing as well, as there is a vicinity involved with horse breeding. Thus, the West Rand may present possible gambling opportunities through diversifying the district's economy away from reliance on mining to include tourism and other sectors.

9. Economic Impact Assessment

Economic impact assessments are conducted to primarily determine how businesses, households and government will be affected by a particular intervention in the economy. Interventions can be in the form of a policy change, investment in a particular industry, or a change in consumer preferences, for example. Economic impact assessments are thus useful in terms of:

- **Predicting** future changes in an economy due to future capital and operational investment; and/or
- **Evaluating** changes in an economy due to the implementation of a project – past and current.

An economic impact itself is defined as a change in the flow or distribution of value (money) between different economic agents due to a change in production, consumption, or distribution in the economy. Therefore, it assists in determining who benefits from a particular change in a particular area of the

[7] Lanseria Airport Eyes Massive Growth. 2022. [Available at: https://lanseria.co.za/lanseria-airport-eyes-massive-growth/]

[8] South Africa's new Lanseria mega smart city plan and what it will look like. 2021. [Available at: https://mybroadband.co.za/news/business/386494-south-africas-new-lanseria-mega-smart-city-plan-and-what-it-will-look-like.html]

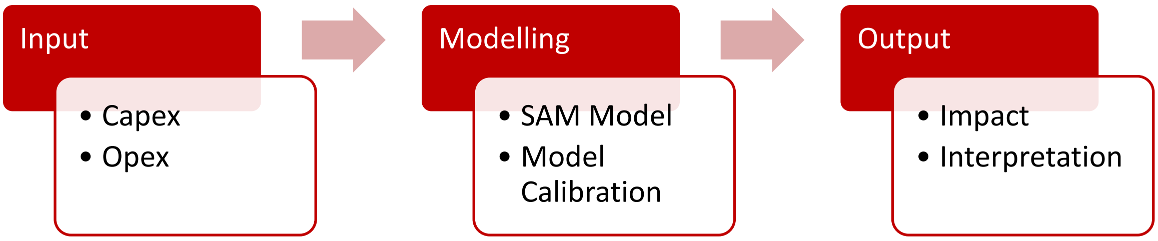
economy. In the case of this study, the intervention is the possible gambling outlet opportunities that could be implemented within the study area.

9.1. Methodology

The modelling process is outlined in the following figure. The first step involves collecting data on the estimated capital and operational costs of the projects/opportunities. Once this data has been collected, aggregated, and prepared, it is fed into an aggregate economic model. This leads to step two of the process, where CAPEX and OPEX figures are calibrated to the model (i.e., updating all figures to current year values) and where specific sectors in the model are impacted with the intervention figures. This then leads to the generation of impact outputs – step three of the process. Once the

Figure 25: Economic Impact Modelling Process

impact outputs are obtained, they can be interpreted and analysed considering the prevailing macro-economic climate.

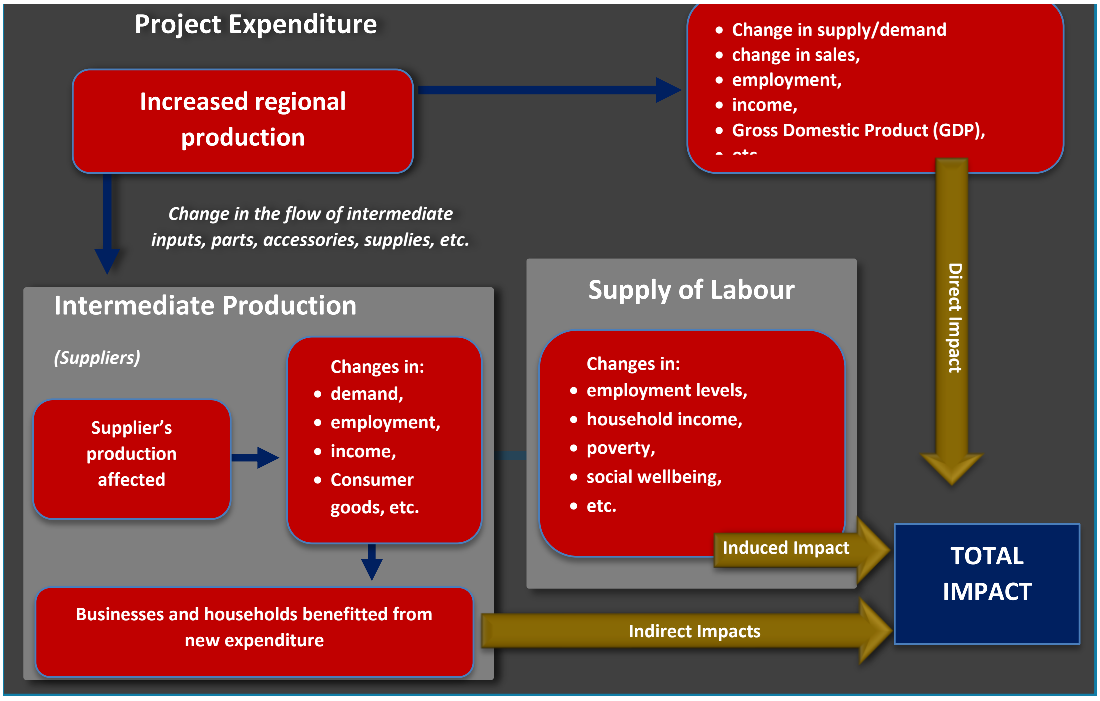


When the quantification of an intervention's impact on an economy and assessment of its effects along backward and/or forward linkages is required, an economic impact modelling technique is employed. This technique involves the utilisation of a model based on a Social Accounting Matrix (SAM) that allows the quantification of economic impacts on local, regional, or country-wide levels.

A SAM based model is an internationally and nationally accepted economic impact model that determines the economic impact of an intervention on the macro-economic landscape, representing the flow of all economic transactions that take place in an economy (regional or national). Essentially, it is a database in tabular/matrix format that represents the circular flow of an economy and provides information on how the relationships are structured, i.e., backward (purchases) and forward (sales) linkages between industries.

The SAM model determines the following impacts:

Figure 26: Impact of Capital Investment/Operational Expenditure



Source: Urban-Econ, 2022

As illustrated in the figure, three types of economic impacts are generally assessed:

- The **direct effects** occur because of the expenditures of the relevant decision maker, i.e., the economic agent that is responsible for the economic phenomena under assessment. Direct impacts are impacts that are caused directly by the activity and generally occur at the same time and place as the activity. These impacts are usually associated with the construction, operation or maintenance of an activity and are generally obvious and quantifiable.
- The **indirect effects** occur when the suppliers of goods and services to the new project experience larger markets and potential to expand. Indirect impacts result in an increase in job creation, GDP, and household income.
- The **induced effects** represent further shifts in spending on food, clothing, shelter and other consumer goods and services because of the change in workers and payroll of directly and indirectly affected businesses. This leads to further business growth/decline throughout the local economy.

Economic impact refers to the effects on the level of economic activity in a given area, as result of some form of external intervention in the economy. The economic effects may be viewed in terms of:

1. **Production:** Production is defined as the process in which labour and assets are used to transform inputs of goods and services into outputs of other goods and services. The impact assessment will measure the change production expected to result from the project.
2. **GDP:** GDP refers the market value of all final goods and services produced in an economy in a given period of time. The assessment, therefore, measures the impact of the proposed projects on the Gauteng economy.
3. **Employment created:** An employment opportunity is defined as one person employed for one year. Seasonal work is therefore, not counted as an individual employment opportunity, but instead combined to calculate the number of total jobs created in one year.

4. **Income generated:** The income generated by the projects refer to the salaries and wages earned by those employed directly in the projects and the suppliers of goods and services.

The macro-economic impact assessment addresses the quantification of the economic impacts in terms of:

- **Direct impact:** The direct impact is calculated from macro-economic aggregates occurring as a direct result of the projects. The initial impact on GDP for example, is taken from the financial information and equals the value added generated by a specific scenario.
- **Indirect impact:** Indirect impacts are calculated from the activities of suppliers through application of the model. For the purpose of this study, indirect suppliers include those industries who deliver goods and services to the activity under discussion (first round suppliers) including suppliers who, on their part, deliver goods and services to the first mentioned indirect suppliers.
- **Induced impacts:** The induced impacts are the impacts on goods and services demanded due to increased expenditure by households from income earned due to the projects. Examples include the income of employees and shareholders of the project, as well as the income arising through the backward linkages of this spending in the economy.

9.2.Impact Modelling Assumptions

The following assumptions are applicable to the economic impact modelling exercise conducted in this report:

- Parameters based on industry standards were used in the calculation of the impacts due to the unavailability of detailed cost estimates at this stage.
- Impacts based on the Gauteng Provincial SAM for 2004 updated to 2019.
- The expenditure figures reflect the real situation accurately enough for the purpose of the impact assessment.
- Production activities in the economy are grouped in homogeneous sectors.
- The mutual interdependence of sectors is expressed in meaningful input functions.
- Each sector's inputs are only a function of the specific sector's production.
- The production by different sectors is equal to the sum of the separate sectors of production.
- The technical coefficients remain constant for the period over which forecast projections are made.
- The different measures of economic impacts cannot be added together and should be interpreted as separate economic impacts.
- The model quantifies direct and indirect economic impacts for a specific period of time. Therefore, the estimates that are derived do not refer to gradual impacts over time.
- No structural changes in the economy are experienced during the period.
- One employment opportunity is the equivalent of one person employed full-time for one year.

9.3.Gambling Outlet Opportunities Investment Scenarios

9.3.1. Capital Expenditure

The estimated capital expenditure (CAPEX) for the gambling outlet opportunities are summarised in the table below.

Table 14: Estimated CAPEX for the Opportunities, Rand

Year	CAPEX
Sports Betting	R1 200 000.00
Bingo	R4 300 000.00
LPM	R258 000.00

The abovementioned figures includes the cost of infrastructure, buildings, and capital equipment.

9.3.2. Operational Expenditure

Further to the initial capital investment that will be required to establish the opportunities, there will be ongoing expenditure related to the operation and maintenance. In this regard, the total operational expenditure (OPEX) per annum is listed in the table below.

Table 15: Estimated OPEX per annum for the Opportunities, Rand

Year	OPEX
Sports Betting	R10 200 000.00
Bingo	R6 000 000.00
LPM	R5 500.00

The above includes estimates on the expected operational costs of the gambling outlets.

9.4. Economic Impact Results

9.4.1. Sports Betting Gambling Outlet Opportunities

The economic impact results will give an indication as to how the regional economy of Gauteng might be affected by the possible investment of the gambling outlet opportunities. Based on the financial estimates for the opportunities provided previously, the following macro-economic impacts have been quantified for the expenditure on the development, as shown in the table below.

Table 16: Sports Betting Gambling Outlet CAPEX Impacts

	Direct	Indirect	Induced	Total
Production (Rand Millions)	R1.20	R1.80	R0.80	**R3.80**
GDP (Rand Millions)	R0.27	R0.67	R0.33	**R1.26**
Employment (No. of jobs)	1	3	2	**6**
Income (Rand Millions)	R0.15	R0.29	R0.14	**R0.58**
Impact on taxes (Rand Millions)	R0.04	R0.09	R0.04	**R0.18**

As the above table shows, a direct capital investment of R1.2 million will increase total production in the economy by R3.8 million. The direct increase in production will lead to an increase of R270 000 in GDP, which will impact total GDP by R1.3 million in total. In terms of employment, 1 employment opportunity will be directly generated during the construction phase, and the employment in the economy will increase by a total of 6 positions. Income will increase by a total of R580 000, including a direct income increase of R150 000. Taxes will increase directly by R400 000 and lead to a total tax impact of R180 000.

The next table presents the OPEX impact modelling results.

Table 17: Sports Betting Gambling Outlet OPEX Impacts

	Direct	Indirect	Induced	Total
Production (Rand Millions)	R10.20	R6.17	R8.65	**R25.02**
GDP (Rand Millions)	R7.00	R2.60	R3.53	**R13.13**
Employment (No. of jobs)	17	15	21	**52**
Income (Rand Millions)	R5.19	R1.16	R1.53	**R7.88**
Impact on taxes (Rand Millions)	R1.35	R0.36	R0.49	**R2.21**

The total production impact from the OPEX of the development is R25.0 million. This is made up of a direct impact of R10.2 million, an indirect impact of R6.2 million, and an induced impact of R8.7 million. In term of GDP, the expected total impact is R13.1 million, with direct and indirect impacts of around R7 million and R2.6 million, and a lower induced impact of approximately R3.5 million. The direct jobs impact is 17 jobs, while the total impact is 52 jobs. The expected impact on income adds up to R2.2 million, including a direct income impact of R1.4 million.

9.4.2. Bingo Gambling Outlet Opportunities

The next table presents the bingo gambling outlet CAPEX impact modelling results.

Table 18: Bingo Gambling Outlet CAPEX Impacts

	Direct	Indirect	Induced	Total
Production (Rand Millions)	R4.30	R6.44	R2.87	**R13.62**
GDP (Rand Millions)	R0.96	R2.40	R1.17	**R4.52**
Employment (No. of jobs)	3	12	7	**22**
Income (Rand Millions)	R0.52	R1.06	R0.51	**R2.08**
Impact on taxes (Rand Millions)	R0.15	R0.33	R0.16	**R0.65**

From the direct expenditure of R4.3 million, a total impact of R13.6 million on production will be created. In terms of GDP, the direct effect of the expenditure equals R960 000. A total of 22 employment opportunities will be created through the expenditure. Income with an indirect effect of R330 000 and induced effect of R160 000, will create a total impact of R650 000.

The next table presents the OPEX impact modelling results.

Table 19: Bingo Gambling Outlet OPEX Impacts

	Direct	Indirect	Induced	Total
Production (Rand Millions)	R6.00	R3.63	R5.09	**R14.72**
GDP (Rand Millions)	R4.11	R1.53	R2.07	**R7.72**

Employment (No. of jobs)	10	9	12	**31**
Income (Rand Millions)	R3.05	R0.68	R0.90	**R4.63**
Impact on taxes (Rand Millions)	R0.80	R0.21	R0.29	**R1.30**

The total production impact from the OPEX of the development is R14.7 million. This is made up of a direct impact of R6 million. The expected total GDP impact is R7.7 million, with direct and indirect impacts of around R4.1 million and R1.5 million, and a lower induced impact of approximately R2.1 million. The direct jobs impact is 10 jobs, while the total impact is 31 jobs. The expected impact on income adds up to R1.3 million, including a direct income impact of R800 000.

9.4.3. LPM Gambling Outlet Opportunities

The next table presents the CAPEX impact modelling results for the LPM outlet.

Table 20: LPM Gambling Outlet CAPEX Impacts

	Direct	Indirect	Induced	Total
Production (Rand Millions)	R0.26	R0.39	R0.17	**R0.82**
GDP (Rand Millions)	R0.06	R0.14	R0.07	**R0.27**
Employment (No. of jobs)	0	1	0	**1**
Income (Rand Millions)	R0.03	R0.06	R0.03	**R0.12**
Impact on taxes (Rand Millions)	R0.01	R0.02	R0.01	**R0.04**

A direct capital investment of R260 000 will increase total production in the economy by R820 000. The direct increase in production will lead to an increase of R270 000 in total GDP. In terms of employment, 1 employment opportunity will be generated in total. Income will increase by a total of R120 000, including a direct income increase of R30 000.

The next table presents the OPEX impact modelling results.

Table 21: LPM Gambling Outlet OPEX Impacts

	Direct	Indirect	Induced	Total
Production (Rand Millions)	R0.0055	R0.0033	R0.0047	**R0.0135**
GDP (Rand Millions)	R0.0038	R0.0014	R0.0019	**R0.0071**
Employment (No. of jobs)	0.0093	0.0079	0.0111	**0.0283**
Income (Rand Millions)	R0.0028	R0.0006	R0.0008	**R0.0042**
Impact on taxes (Rand Millions)	R0.0007	R0.0002	R0.0003	**R0.0012**

The total production impact from the OPEX of the development is R13 500. This is made up of a direct impact of R5 500. In term of GDP, the expected total impact is R7 100, with direct impact of around R3 800. The direct and total jobs impact is less than 1 employment opportunity. The expected impact on income adds up to R4 200, including a direct income impact of R2 800.

9.5.Synopsis

The main objective of this section was to quantify and determine the potential economic impacts of the gambling outlets in terms of its effect on several important economic indicators for the local, regional economies. Using a SAM for the Gauteng provincial economy updated to 2019, the economic impacts for the opportunities were shown to be positive on several different levels.

For instance, new business sales (i.e., production) are expected to increase, along with GDP throughout the local and regional economy. Employment, as mentioned, is expected to increase, along with household incomes, due to the expected sustainable operation of the outlets.

Perhaps of more importance is the contribution the opportunities will make to Gauteng's long term development objectives, particularly in terms of creating employment and facilitating the growth of economic activities in the province. Over the long-term, the opportunities may be expected to make a positive contribution to the economic production in the economy and economic diversification.

10. Recommendations and Conclusion

10.1. Recommendations

- There are no more opportunities for land-based Casinos as the province has allocated the maximum number of licenses as regulated by national legislation. However, the amendment of the Gauteng Gambling Regulations presents an opportunity for the existing seven operating casinos to offer their gambling activities online, as there is a big online gambling market.
- The funding model for the sustainability of horse racing needs to be addressed on a high level to expand on horse racing in any of the district development nodes.
- A feasibility study specifically focussed on horse racing would have to be done to understand if this gambling opportunity would be viable.
- There is an opportunity to expand the LPM industry to the development projects and township areas as this mode of gambling could be the safest in terms of negative social impacts. The advantage of LPMs is that it is often seen as a means of expanding the business profile of a restaurant or bar/tavern for example.
- Nine RFPs for new Bingo Outlets have been made available and GGB should encourage the gambling industry to submit proposals to increase the number of Bingo outlets. Gauteng only has the third most outlets in the country, but the province generates the largest turnover, which means there is an opportunity to increase the turnover with more Bingo outlets.
- Sedibeng and the West Rand are profiled as having the ability to use tourism as a primary economic driver, meaning there is an opportunity for gambling activities in these two districts. However, it should be carefully considered as these two districts have high unemployment and poverty rates which could further add to problem gambling.
- A gambling socio-economic impact study needs to be conducted in each district to determine the extent of gambling impacting communities. This study would indicate which gambling modes are preferred and thus present the possible gambling opportunities that may exist. Furthermore, this study would also indicate where problem gambling is most prevalent and what mode of gambling needs to be restricted more to be address and regulate this problem better.
- The investment in new gambling technology could assist with reducing problem gambling by restricting play time and overspending.
- Gauteng needs to prioritise diversifying its tourism offering, build on its current markets, and developing other markets with high potential; with emphasis on strengthening product offerings for African regional markets and the potential pick-up in domestic tourism.

10.2. Conclusion

When government legalised gambling there were two reasons behind it:

- To control and police the environment.
- To revitalise revenue losses by the country's government.

Since its legislation, the gambling industry has grown significantly and makes a considerable contribution to the Provincial and National government's job creation and tax base agenda. In 2019, alone Gauteng's gambling industry contributed over R1.1 billion to the South African tax base, which is the most out of the nine South African provinces. The tax base plays an important role in assisting Government to provide support programmes for needy communities.

The socio-economic profiles indicate that the population and household numbers are increasing. This increase could possibly stimulate the demand for gambling activities and could stimulate employment opportunities. Newly created employment opportunities in the gambling industry can also contribute to lowering the unemployment rate and allow Gauteng to diversify its sources of income. The gambling industry does not operate in isolation; it forms a part of relationships with other sectors such as tourism. Therefore, the direct investment made by licensees in the gambling industry can stimulate production in other sectors of the economy.

From the analysis, it can be concluded that the three identified districts, namely Ekurhuleni, Sedibeng, and the West Rand have the potential for gambling opportunities that focus on tourism nodes and other planned strategic developments.

Reference List

- Can A.I. Help Casinos Cut Down on Problem Gambling? [Available at: https://www.nytimes.com/2022/03/08/technology/ai-casinos-gambling-problems.html]
- Dwyer, L., Forsyth, P. and Dwyer, W. 2020. 1. The Demand for Tourism. Tourism Economics and Policy. Bristol, Blue Ridge Summit: Channel View Publications, pp. 17-49. https://doi.org/10.21832/9781845417338-003
- Lanseria Airport Eyes Massive Growth. 2022. [Available at: https://lanseria.co.za/lanseria-airport-eyes-massive-growth/]
- South Africa's new Lanseria mega smart city plan and what it will look like. 2021. [Available at: https://mybroadband.co.za/news/business/386494-south-africas-new-lanseria-mega-smart-city-plan-and-what-it-will-look-like.htmlSouth Africa Market Update. September 2020. Horwath HTL. Available at: https://www.hospitalitynet.org/]
- The rise in illegal gambling in South Africa. 2020 [Available at: https://www.capetownetc.com/world/the-rise-in-illegal-gambling-in-south-africa/]
- The Rise of Mobile Casino Gambling in South Africa. 2022 [Available at: https://southcoastherald.co.za/461023/the-rise-of-mobile-casino-gambling-in-south-africa/#:~:text=71%25%20of%20the%20adults%20in%20South%20Africa%20play%20mobile%20casino%20games]
- The State of Gambling Industry in South Africa. 2021. [Available at: https://www.techfinancials.co.za/2021/12/30/the-state-of-gambling-industry-in-south-africa/#:~:text=Gambling%20Revenue%20in%20South%20Africa&text=The%20industry%20is%20growing%20steadily,rise%20by%206%25%20every%20year.]