

**JASA**

Justice Alliance of South Africa

**069-600-NPO**

1 Ruskin Road, Bergvliet, Cape Town 7945

Tel: 021-713-3259 Fax: 0866 727474 [jasalaw@mweb.co.za](mailto:jasalaw@mweb.co.za)

[www.jasa.za.net](http://www.jasa.za.net)



**SOUTH AFRICAN GAMBLING REVIEW COMMISSION  
2010**

**HEARINGS REVIEWING**

**NATIONAL GAMBLING LEGISLATION**

**SUBMISSION**

**PRESENTED BY**

**JUSTICE ALLIANCE OF SOUTH AFRICA**

Tel 021 713 3259  
Fax 021 713 3259  
[jasalaw@mweb.co.za](mailto:jasalaw@mweb.co.za)

Honorary Director: John Smyth, QC  
Cell: 083 653 8804

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## SUBMISSION

### INTRODUCTION

JASA is a coalition of churches, corporate bodies and individuals committed to upholding Judeo-Christian values in South African society. As such we share the fears and concerns of so many of the members of the Trade and Industry Portfolio Committee of the National Assembly as evidenced for example in their Minutes of 8 August 2007.

#### A. On- Line Gambling

JASA is strongly opposed to legalizing and thus condoning and encouraging another form of gambling (on-line) in our society which will rapidly increase as more people have access to home computers online. Our major concerns may be summarised as follows:

A.1 In reality it will be impossible to ensure children do not gamble in this manner particularly as credit cards become more widely used by parents. The real danger is that children will have their appetites whetted to what can so easily become an addiction.

A.2 We share the view that gambling is a moral issue and has been seen to destroy lives.

A.3 We agree with the Report of the Royal College of Psychiatrists in Britain (Annexure 1) that the concept of promoting “responsible gambling” is disingenuous. According to the report in the Weekly Telegraph (August 21 2007) the Royal College voiced concern about the thrust of the government’s gambling policies, in particular the “disingenuous” notion of promoting “responsible gambling”. They went on to call on “ministers to give overriding attention to producing tougher regulations on the burgeoning online gambling industry.” The newspaper reported that a recent survey showed that 8.4 per cent of people have gambled online in the past month, up from 7.4 per cent last year.

A.4 Online gambling will develop into a social evil which is available 24 hours a day, 7 days a week. Research in Australia and USA demonstrates that the accessibility of gambling opportunities correlates with the incidence of problem gamblers. (See below p.8, para D.6)

B. JASA is also concerned about the integrity and independence of the NRGP (National Responsible Gambling Programme) which is supervised by the South African Responsible Gambling Trust, a body which has no less than 4 representatives from the gambling industry as Trustees. We ask: **How can persons motivated by, and employed to make profits out of gambling, be suitable persons to make impartial judgements about the dangers of gambling?** The conflict of interest is obvious.

B.1 The UK have run into exactly the same problem with their analogous body – “Responsibility in Gambling Trust”. We attach (Annexure 2) a Submission

by the Royal College of Psychiatrists (England) to the UK Gambling Commission dated January 2006. This report exposes the dangers of relying for advice or even statistics on a body which is “industry-driven” but dressed up with an attractive title to suggest it is primarily concerned for the consumer. A body with any links to commercial gambling in our view cannot provide impartial advice.

B.2 JASA fears that the RGT schools programme in SA (as detailed on their website – [www.responsiblegambling.co.za](http://www.responsiblegambling.co.za) - ) may in reality be introducing children to gambling at a very young and impressionable age.

B.3 Another major weakness of NRGP research is that it appears to be confined to adult sampling; it has not tracked adolescent participation.

## C. South African Research other than NRGP

This is very limited by reason of the relatively short period for which the activity has been legal. Nevertheless we have unearthed the following surveys and comments:

C.1 The financial implications of a gambling problem are furthermore that much graver on account of the fact that it appears to be people of more limited financial means that are most likely to be afflicted. This has been observed in the United States<sup>1</sup> and appears also to be the case in South Africa. A questionnaire survey of customers at casinos in Gauteng found that more than one-quarter (28%) had a monthly disposable income of between R0 and R1000 and only 8.2% were in the (highest) R5001 – R7000 category.<sup>2</sup>

C.2 In a study commissioned by the Western Cape Gambling Board in 2000 it appeared that people who had achieved only a primary school level education were 40% more likely to be

<sup>1</sup> Research carried out by the Harvard Medical School Division on Addictions in 1997 indicated that problem gambling was higher among those earning less than US\$50,000 than those with higher incomes, and higher amongst people with a post-high school education than people who were more educated.

<sup>2</sup> C Francis & B Lubbe. 1999. *The Social Impacts of Gambling in South Africa*. In: S Rule. *The Social Impact of Gambling in South Africa*. (2000) 19

regular gamblers than those who had achieved a higher (or lower) education.<sup>3</sup> Similar statistics are reported in the NRGP's 2003 report.

C.3 Following the establishment of Sun City in Bophuthatswana, a study of its impact on the social environment of the adjacent local communities of Ledig, Phokeng and Tlhabane was conducted<sup>4</sup>. In their study Strijdom, Schurink and Van der Burgh interviewed a random sample of 549 respondents in three adjacent communities and found that more than a quarter (27%) had made use of the gambling facilities. Of these 39% had gambled less than once per month; 27% once per month and the rest (34%), more than once per month. 9 percent (2.5 of the total sample) gambled once per week. The majority opinion (60%) in these communities was in **agreement with the statement that 'people who visit Sun City lose money which could be used to buy food for their children'**. Also more than three quarters of the respondents felt that gambling was a problem in their residential area. 22% of respondents thought that the use of dagga had increased since the establishment of Sun City, 30% said that prostitution had increased, 38% felt that theft had increased, 28% that rape had increased and 40% that robbery and assault had increased. The introduction of legalized casino gambling is unavoidably linked with an increase in the local levels of crime.

Rule (see footnote) asserts that casino gambling and crime are two irrevocably linked phenomena. For example, the introduction of a casino at the Niagara Falls resulted in an increase in crimes such as prostitution, extortion, loan sharking and the circulation of counterfeit money in the region. Furthermore, problem and pathological gamblers are often involved in criminal activities such as embezzlement, fraud and default on their financial obligations.<sup>5</sup> In the United States about 85% of compulsive gamblers say that in some instances they steal from their employers to finance their gambling habit.<sup>6</sup> Some experts assert that there is a relationship between pathological gambling and crime.<sup>7</sup> It is argued that an increase in the number of legal casinos would probably lead to an increase in the number of compulsive gamblers and gambling related Crimes. It has also been estimated that about 40% of gamblers commit gambling-related crimes in Queensland.<sup>8</sup> In South Africa the geographic distribution of the 40 casino licenses has also been less than desirable. An example of this is the Sugar Mill and Golden Horse Casinos in KwaZulu-Natal. The much anticipated economic benefits that the casinos were initially expected to stimulate in the relatively under-developed province have not materialized and both casinos generate profits largely by diverting income away from other local businesses. The KZN Finance MEC, Peter Miller, is on record as having said that the industry has absolutely no economic benefit.<sup>9</sup> In order for the casinos to contribute to the local economy foreign spending is necessary. This can really only be achieved if casinos

<sup>3</sup> P Collins & G Barr. January 2000. *An investigation into understandings, attitudes, and behaviours in respect of gambling in the Western Cape in 1999: A baseline study, Report to the Western Cape Gambling and Racing Board.* In: S Rule. *The Social Impact of Gambling in South Africa.* (2000) 20

<sup>4</sup> HG Strijdom... et al. 1980. *The effects of the Sun City Hotel complex on the immediate social environment: An exploratory study.* In: S Rule. *The Social Impact of Gambling in South Africa.* (2000) 20

<sup>5</sup> *National Gambling Impact Study Commission Report (NGISCR).* 1999. United States. In: S Rule *The Social Impact of Gambling in South Africa.* (2000) 23

<sup>6</sup> *Industrial Week.* 1991. In: S Rule *The Social Impact of Gambling in South Africa.* (2000) 23

<sup>7</sup> A Nicholas... et al. 1997. *Who's holding the aces?: there is a frightening link between compulsive gambling and crime.* In: S Rule *The Social Impact of Gambling in South Africa.* (2000) 23

<sup>8</sup> Criminal Justice commission. 1991. Queensland, Compulsive Gambling. In: S Rule. *The Social Impact of Gambling in South Africa.* (2000) 23

<sup>9</sup> Broughton 2003

are established at 'must-see' 'must-do' destinations sites. Both the Sugar Mill and the Golden Horse casinos are located in modest areas and rely to a great extent on local patronage as distinct from tourism. This is according to Trevor Taylor (marketing manager of the Golden Horse Casino) and Kagiso Ntanga (a public relations officer at the Sugar Mill Casino). As such, the economic effect of these casinos has been cannibalistic more than anything else.<sup>10</sup> It is possible to speculate that, on the basis of the economic profile of the area surrounding the two casinos and their turnover, the casinos are diverting resource from other areas (e.g. family necessities) in a most worrying manner. During December of 2002, for example, the total bets wagered at the four KwaZulu-Natal casinos exceeded R1 billion, of which R502 459 437.35 was spent at the Sugar Mill Casino and R123 356 114.40 at the Golden Horse Casino. It may be plausibly speculated that the majority of these amounts came from the surrounding communities. To further speculate, on the basis of Mr. Rajbansi's (leader of the Minority Front) assertion that 60% of gamblers participating in this region are Indians, a reasonable estimation would indicate that for the festive month of December and early January the Indian community alone would have spent approximately R600 million on gambling instead of alternative living expenses.

## D. Overseas Research

D.1 It is estimated that the activities of most compulsive gamblers affect the lives of between six and 12 people<sup>11</sup>. Compulsive gambling potentially leads to family disruption, child abuse and neglect. Also children of problem gamblers are more likely to adopt delinquent habits such as smoking, drinking and using drugs and have a high risk of becoming compulsive gamblers.<sup>12</sup> Research conducted by the National Opinion Research Centre and the University of Chicago indicates that pathological gamblers are significantly more prone to psychological and social problems than non-gamblers. In the year preceding the survey they were 52% more likely to be 'mentally troubled', 19% more likely to suffer from depression, 36% more likely to divorce, 19% more likely to be dependent on alcohol or drugs, 20% more likely to lose a job and 19% more likely to have ever been arrested.<sup>13</sup> Another United States survey concluded that pathological gamblers had an incidence of poor health 2.2 times lower than low risk gamblers.<sup>14</sup>

D.2 The Productivity Commission inquiry into Australian Gambling Industries revealed that whereas just less than half of the sample of problem gamblers indicated that they suffered from depression owing to gambling, this was the case with only 1% of all adults in general. The figures for suffering from guilt and experiencing feelings of lack of control were 88% and 64% respectively among sampled problem gamblers while the corresponding figures for

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<sup>10</sup> Restaurants in particular have suffered with many claiming they have been forced to close because of the aggressive marketing strategies of the Golden Horse Casino – Natal Witness 29/10/2001

<sup>11</sup> E Looney. 1998. *Journal of Gambling Behaviour*. In: S Rule. *The Social Impact of Gambling in South Africa*. (2000) 22

<sup>12</sup> *National Gambling Impact Study Commission Report* (NGISCR). 1999. United States. In: S Rule *The Social Impact of Gambling in South Africa*. (2000) 22

<sup>13</sup> S Rule. *The Social Impact of Gambling in South Africa*. (2000) 16

<sup>14</sup> Ibid at 22

all adults were 5% and 2% respectively. There were also significant positive correlations between gambling and dependency on alcohol or other drugs and dysfunctional family and work situations.<sup>15</sup>

D.3 The compulsive gambling society of New Zealand argues that many pathological gamblers consider suicide as a way out of their gambling problems.<sup>16</sup> Of course it is not possible to assert a causal relationship between the listed conditions and gambling but they must nevertheless be regarded as significant. Furthermore, the Productivity Commission points out that while some factors do appear to predispose a person to gambling, there is little evidence that problem gamblers share common personality traits which suggests in turn, that anyone can, in the right circumstances become a problem gambler.<sup>17</sup>

D.4 It was reported in the United States that during 1998, 25 038 calls to the 1-800 help line indicated average gambling debts of \$38 030 and average annual income of \$36 134. One year earlier, data from 23 606 calls showed annual income exceeding gambling debt by more than \$ 5 100.<sup>18</sup> Additionally one-third to one-quarter of gamblers in treatment lost their jobs.<sup>19</sup> This would give some indication of how the problem manifests and its effects on the situations of problem gamblers and their dependents. The financial implications of a gambling problem are furthermore that much graver on account of the fact that it appears to be people of more limited financial means that are most likely to be afflicted.

D.5 Adolescents – Canada and USA research: A further consequence of legalized gambling which is now emerging is the creation of an environment in which adolescents are more vulnerable to developing compulsive gambling behaviours. Individuals within this age category are extremely susceptible to the enticements of gambling and they have a higher rate of developing addictive tendencies as compared with adults. According to Derevensky and Gupta<sup>20</sup> a new generation of modern gambling adolescents is emerging in an environment where the industry has been legally sanctioned and culturally approved. This has become evident in the wide scale expansion of research relating to adolescent gamblers since the 1980s. Researchers in the department of psychiatry at the University of Louisiana<sup>21</sup> warn that rates of adolescent gambling at present may only represent the tip of the iceberg with far reaching consequences for the future. In a survey conducted by the University amongst twelve thousand six to twelfth graders, it was found that 86 percent had gambled, while 16 percent could be classified as problem gamblers. There has been very little focus on this particular aspect of problem gambling in South African research. The major research undertakings such as the prevalence surveys carried out by the NRGF only sample from the adult population and accordingly have not tracked adolescent participation.

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<sup>15</sup> Productivity Commission. *Australia's Gambling Industries (AGI)*. July 1999. Canberra. In: S Rule. *The Social Impact of Gambling in South Africa*. (2000) 17

<sup>16</sup> S Rule. *The Social Impact of Gambling in South Africa*. (2000) 21

<sup>17</sup> Productivity Commission. *Australia's Gambling Industries (AGI)*. July 1999. Canberra. In: S Rule. *The Social Impact of Gambling in South Africa*. (2000) 14

<sup>18</sup> Council on Compulsive Gambling, [www.800gambler.org/1998%20stats.html](http://www.800gambler.org/1998%20stats.html)

<sup>19</sup> *National Gambling Impact Study Commission Report (NGISCR)*. 1999. United States. In: S Rule. *The Social Impact of Gambling in South Africa*. (2000) 22

<sup>20</sup> JL Derevensky & R Gupta. (1999) Youth Gambling Problems: A New Issue for School Psychologists. *Nova Scotia Psychologist*, 12. 8 - 11

<sup>21</sup> Department of psychiatry at University of Louisiana.

#### D.6 Accessibility encourages problem gamblers:

In the Australian states where per capita gambling rates are higher, the incidence of problem gambling is higher, indicating that accessibility of gambling opportunities correlates with the incidence of problem gamblers.<sup>22</sup> The same has been found to occur in the United States.<sup>23</sup> This finding does not coincide with the results of the 2008 NRGF research.

#### Annexures:

1. Report in Weekly Telegraph 21 Aug 2007 re Internet Gambling Adverts and other matters
2. Royal College of Psychiatrists (UK) Submission to Gambling Commission: “Statement of Principles on Licensing and Regulation” January 2006 (10 pages). Available at [www.rcpsych.ac.uk/pdf/Gambling\\_submission\\_050307.pdf](http://www.rcpsych.ac.uk/pdf/Gambling_submission_050307.pdf)

#### John J Smyth QC

Honorary Director of JASA

March 2010

**JASA**  
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<sup>22</sup> Derevensky & Gupta

<sup>23</sup> R Volberg & H Steadman. 1986. *Problems and prospects in the evaluation of compulsive gambling treatment programs*. In: S Rule. *The Social Impact of Gambling in South Africa*. (2000) 9