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# Reducing the Harm of Uncontrolled Gambling

## 1. Introduction

Online gambling has emerged as one of the fastest-growing sectors within South Africa's digital economy, driven by increased smartphone penetration, internet ubiquity, and aggressive marketing by betting operators. South Africans spent a whopping R1.5 trillion in the2024/2025 financial year on gambling activities, often using grocery money, and NSFAS and social grants to gamble. While the expansion of the industry has contributed to economic activity, tax revenue, and employment, it has simultaneously intensified concerns about financial vulnerability, addiction, and regulatory failure.

This paper will examine interventions aimed at reducing exposure to online gambling.

## 2. Not Pleasure, But Survival

For many people, gambling is no longer just a flutter, but rather a survival tactic. Easy access to online gambling platforms has intensified consumption. A report by the Bureau for Economic Research (BER) indicates that gambling turnover of R1.5 trillion accounted for 31 per cent of total consumer spending in 2025.[1] Another report by Old Mutual found that 40 per cent of working South Africans gamble frequently to cover expenses or to pay off debt[2].

Gambling is widely considered to be a regressive activity, a voluntary tax that disproportionately impacts lower-income earners more than higher-income earners. According to Mduduzi Mbiza, "lower-income households now spend as much as 40% of their gross monthly income on gambling, compared to just 1-2% among higher-income earners. For a household earning R10,000 a month, this means approximately R4,000 is being redirected away from essentials such as food, electricity, water and rent."[3] Of particular concern is that grant and NSFAS recipients are using their money to gamble. Research from the South African Responsible Gambling Foundation indicates that approximately 35 per cent of individuals seeking treatment for gambling addiction are unemployed and dependent on SASSA grants.[4] While there is limited data for the proportion of NSFAS beneficiaries using their money for gambling, anecdotal accounts indicate that there has been an upswing in this regard. This concern has prompted the National Gambling Board and NSFAS to collaborate on a series of nationwide education and outreach programmes for students to raise awareness of the risks of online gambling.[5]

The social implications of these trends are significant. For SASSA beneficiaries, gambling losses can directly reduce funds meant for essential needs such as food, electricity and transport, potentially deepening household poverty. For NSFAS students, gambling-related losses may undermine academic performance and increase dropout risk by reducing resources available for study-related expenses. In both cases, gambling becomes not just a leisure activity but a coping mechanism for financial stress, reinforcing cycles of vulnerability. (For an in-depth look at the psycho-social consequences of gambling, see the CPLO Briefing Paper by Lois Law, *'Gambling: It's a game of chance'*.[6])

## 3. Regulatory Interventions

Unlike countries with fully integrated online gambling frameworks, South Africa still does not have a single comprehensive law that clearly legalises and regulates all forms of online gambling. The online gambling legislative framework is fragmented, split between national law and a provincial licensing system.

The National Gambling Act (Act 7 of 2004)[7] is the main law governing gambling. The legislation is outdated, predating smartphones and the rapid rise of easy internet accessibility in South Africa. While the Act regulates, among others, licensing, compliance and oversight, the decentralised licensing system (provinces issue licences) creates regulatory inconsistencies and enforcement gaps. For example, while sports betting is largely regulated through provincial licensing, online casino gambling operates in a legally grey area because the Act does not clearly legalise online casinos or interactive gambling. In 2018, an Amendment Bill was introduced, but it lapsed. A revised version of the Amendment Bill was introduced in 2025; however, the Bill is currently in limbo. In a reply to a parliamentary question to the Minister of Trade, Industry and Competition, the Minister indicated that his department is "currently reviewing the Amendment Bill, which aims to address issues related to online gambling, illegal gambling, and gambling advertising"[8]

## 4. Proposed Gambling Tax

South Africa's proposed online gambling tax represents a significant shift in fiscal and regulatory policy aimed at addressing the rapid growth of online betting and its associated social harms. In 2025, the National Treasury published a discussion paper[9] on a proposed national tax of approximately 20 per cent on gross gambling revenue (GGR) for online betting and interactive gambling. The proposed tax would be applied on top of the existing provincial gambling taxes, which currently average between 6 and 9 per cent[10] of GGR. The policy is designed to both reduce problem gambling and generate public revenue (the tax could bring in more than R10 billion per annum[11]), while also internalising the social costs associated with gambling-related harm, such as addiction, indebtedness, and mental health strain.

The rationale behind the tax is grounded in a harm-reduction approach. National Treasury argues that online gambling has expanded rapidly in South Africa, often outpacing regulatory capacity. The proposal aligns with 'sin tax' logic, similar to how alcohol and tobacco are taxed to reduce consumption and offset societal costs. Implementing such a tax, however, brings with it some challenges that may result in the tax burden becoming too high, forcing players and operators to shift to offshore or illegal platforms. This was the case when Kenya introduced a similar tax of 20 per cent on wagers, which resulted in operators pulling out and the tax revenue dropping.[12]

While political parties generally support the proposal in principle, industry stakeholders warn that the combined tax burden could make South Africa one of the most heavily taxed gambling markets globally. They argue that excessive taxation may reduce the profitability of legal operators, potentially constrict the regulated market, and weaken consumer protections.[13] Another criticism levelled at the proposal is that such a tax requires the updating and harmonising of current gambling legislation. In terms of the current legislative framework, certain forms of online gambling are legal under provincial licensing systems, while others are restricted or poorly defined at a national level. Implementing the proposed tax in this environment may create legal ambiguity and enforcement challenges.

## 5. Stricter Advertising Regulation

While gambling advertising is already extensively regulated in terms of the National Gambling Act (Act 7 of 2004),[14] the National Gambling Regulations,[15] and various restrictions by provinces, many suggest that these measures do not go far enough. In a recent Parliamentary debate,[16] various parties spoke about the need for stricter regulation, especially around advertising. Stricter advertising regulation is also one of the seven points on online gambling put forth by Rise Mzanzi. In a recent webinar hosted by the CPLO,[17] Rise Mzanzi MP, Magashule Gana, argued that his party's seven-point plan advocates for, among others, the reduction of advertising exposure, especially during peak viewing times on digital platforms. This is to reduce early exposure and to limit the social acceptability of gambling.

In a response to the calls for stricter regulation considering the growing concerns about youth exposure, addictive behaviour, and misleading promotional tactics, the Advertising Regulatory Board (ARB) has proposed amendments to its self-regulatory Gambling Advertising Code. The main proposed amendments include:[18]

- stronger restrictions on portraying irresponsible gambling behaviour.
- bans on suggesting gambling as a solution to financial hardship.
- tighter protections for minors, including

- bans on cartoons and youth-oriented imagery.
- platform-specific timing and placement controls across TV, radio, outdoor, and digital media.
- stricter celebrity endorsement rules, including a prohibition on personalities appealing primarily to underage audiences; and
- mandatory responsible gambling warnings spoken at the same speed and volume as the main advertisement.

While it can be argued that the ARB's Code is not as strong as legislation (because it relies on industry players to self-regulate), it does set the tone for what a legislative approach might look like. It is set to be similar to the restrictions the UK and Australia have put in place, albeit they are much stronger than South Africa's. The UK has developed a stronger co-regulatory model that combines statutory regulation with self-regulation by the advertising industry. Gambling advertising in the UK is governed under the Gambling Act 2005 and enforced by the UK Gambling Commission alongside the Advertising Standards Authority (ASA). Recent UK reforms prohibit gambling advertisements that strongly appeal to children, ban misleading 'risk-free bet' promotions, and restrict celebrities and influencers who are popular with minors from endorsing gambling brands. One of the most notable UK reforms is the 'whistle-to-whistle' ban, which prohibits gambling advertisements during live sports broadcasts before 9pm.[19] Australia is implementing even stricter measures. In 2026, Australia adopted reforms that include caps on television gambling advertisements, bans on gambling ads on radio during children's commuting hours, and complete prohibitions on gambling advertisements during live sports broadcasts in specified daytime and evening periods. Furthermore, restrictions will also be placed on gambling sponsorship on sports uniforms and stadium branding to reduce the saturation of betting messages in sporting culture.[20]

## 6. Conclusion

South Africa's legislators' failure to adopt statutory measures to address online gambling has arguably assisted it to become, in the words of Pope Leo XIV, "a plague and scourge that ruins family relationships, and brings about social hardship". Yes, it can be argued that the industry contributes billions to the fiscus, but this must be measured against the psycho-social harm that uncontrolled gambling does. The interventions that are being considered should be commended; however, if they are not carried out sooner rather than later, South Africa's gambling addiction will only worsen.

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