

# REPORT OF THE PORTFOLIO COMMITTEE ON PREMIER'S OFFICE, FINANCE; ECONOMIC DEVELOPMENT AND TOURISM

## 2015/16 FIRST QUARTER REPORT OF THE MPUMALANGA GAMBLING BOARD

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### 1. INTRODUCTION

The Portfolio Committee on Premier's Office, Finance; Economic Development and Tourism (the Committee) has a Constitutional mandate, in terms of Section 114(2)(b) of the Constitution of the Republic of South Africa (Act 108 of 1996) read with Rule 124(b) and Rule 131 of the Mpumalanga Provincial Legislature to oversee the performance of the Mpumalanga Gambling Board (the entity) and hold it accountable through various measures.

The consideration and scrutiny of the First Quarterly Performance Report for 2015/2016 of the entity is the tool the Committee use to determine whether the entity has proper plans and programmes to realise its strategic objectives and ultimately to deliver services to the citizens of Mpumalanga.

The Committee tables this report, in accordance with the provisions of the Rules and Orders of the Mpumalanga Provincial Legislature, as an account of its oversight work done for consideration and adoption in order to monitor the performance of the entity for the 2015/2016 first quarter.

### 2. METHOD OF WORK

The Honourable Speaker of the Legislature referred the 2015/16 First Quarter Performance Report for 2014/2015 to the Committee for deliberations and report back to the House, in accordance with Rule 190 (4) and Rule 131 of the Rules and Orders of the Mpumalanga Provincial Legislature.

The Committee was briefed by the Research Section on the overall performance of the entity for the period April – June 2015 in comparison to the strategic objectives as reflected in the Annual Performance Plan (APP) for the 2015/2016 financial year. The Committee wanted to determine whether the entity executed its mandate in terms of the APP and if there was value for money. The Research Section briefed the Committee on the First Quarterly Performance Report for the 2015/16 financial year on 19 August 2015. The Committee met with the entity on 30 October

2015 to deliberate on the entity's First Quarterly Performance. The Committee considered the draft Committee Report on the 18 November 2015.

### 3. OVERVIEW BY THE BOARD CHAIRPERSON

The Chairperson of the Board gave a short overview of the entity's performance for the period under review. The following points emerged from the presentation made:

- The Chairperson appreciated the opportunity given to the entity to appear before the Portfolio Committee;
- She assured the Committee that the entity was still a stable institution. From the management to everyone in the organization was performing very well;
- She reported that she will ensure that the new Board continues where the previous Board left;
- She highlighted the challenge of litigations and reported that however, the litigations will not have an impact on the operation of the entity;
- She indicated that the guidance of the MEC will be needed with regard to the way forward in the issuing of the fourth Casino License and the Bingo license.
- The Chairperson reported that the CEO of the entity, Mr. Bheki Mlambo, was appointed as the President of the International Association of Gambling Regulators.

### 4. ANALYSIS OF THE FIRST QUARTER REPORT

#### 4.1. BUDGET ANALYSIS

The entity has received a total budget allocation of **R52 205 000** for the 2015/16 financial year. The budget allocated for the first quarter was **R15 565 000**, and the entity has spent **R13 813 729** as at 30 June 2015, which translates to 89% expenditure of the quarterly budget. Overall, the entity is at 26% expenditure of the total budget for the current financial year.

In terms of revenue collection, the entity generated **R21 851 000** during the first quarter which indicates an increase of 7% when compared to the revenue generated in the same period last year..

Table 1 below indicates the spending of the department per programme.

Table 1: Spending per program

Programme	Grant received	Actual Expenditure as at 30 June 2015	% Spent as at 30 June 2015 (MGB figures)	Variance
Chief Executive Office	814 633	781 858	96,9%	32 775
Board	376 328	201 065	53,4%	175 263
Investigations and Licensing	1 327 748	1 327 073	99,9%	675
Gambling Control	1 624 072	1 570 246	96,6%	53 826
Gambling Audit	1 682 403	1 664 341	98,9%	18 062
Legal Services	584 578	578 723	99,0%	5 603
Corporate Services	7 359 651	6 017 343	81,7%	1 342 308
Communications	1 412 478	1 390 147	98,4%	22 331
Transformation & sustainability	383 361	282 933	73,8%	100 428
<b>TOTAL</b>	<b>15 565 000</b>	<b>13 813 729</b>	<b>88,7%</b>	<b>1 751 271</b>

## 4.2. PROGRAMMES AND SUB-PROGRAMMES

The Committee deliberated on the performance of the department for each programme as follows:

### 4.2.1. PROGRAMME 1: CHIEF EXECUTIVE OFFICE

The programme is responsible for administration and management of the organisation to ensure that MGB operates in accordance with National and International Gambling policies and standards.

The Committee made the following observations on Programme 1:

#### a) Spending Pattern

The programme had a budget allocation of R 814 633 and has spent R 781 858 which indicates an expenditure of 96%.

#### b) Programme Performance

This programme achieved 2 of its 2 targets (100%) in the 1<sup>st</sup> quarter of the 2015/16 financial year.

### 4.2.2. PROGRAMME 2: INVESTIGATIONS AND LICENCING

The purpose of the programme is to consider the suitability of all applications and to ensure the continued suitability of holders of licences and certificates.

**The Committee made the following observations on Programme 2:**

**a) Spending Pattern**

The programme had a budget allocation of **R1 327 748** and has spent **R1 327 073** which indicates an expenditure of 99.9% in the first quarter.

**b) Programme Performance**

Programme 2 achieved 100% (5 out of 5) of its targets in the 1st quarter of the 2015/16 financial year.

**4.2.3. PROGRAMME 3: GAMBLING CONTROL**

The purpose of the programme is to ensure that gambling equipment operates in compliance with legislation and the SABS technical standards and to monitor all applications for distribution of gambling equipment for compliance with legislation.

**The Committee made the following observations on Programme 3:**

**a) Spending Pattern**

The programme had a budget allocation of **R1 624 072** and has spent **R1 570 246** which indicates an expenditure of 97% in the first quarter.

**b) Programme Performance**

Programme 3 has achieved 5 out of 8 of its targets in the 1<sup>st</sup> quarter of the 2015/16 financial year.

The Committee requested the entity to indicate the measures that will be put in place to ensure that all targets are achieved as planned in the 2015/16 financial year. The entity reported that the planned target in respect of the evaluation of machine moves and conversions, as well as the evaluation of distribution request, is based on history. The quantity of the applications submitted to

the MGB is depended on the applicants/licensees. Nonetheless, the MGB has evaluated all application received within the set timeframe.

With regard to the target for the inspection of two Bingo centres, the MGB has deferred the inspection of the Bingo centres to the second quarter of the financial year, due to pending installations by the licensee. In addition, the entity reported that the delays were caused by disagreements with some service providers.

#### **4.2.4. PROGRAMME 4: GAMBLING AUDIT**

The purpose of the programme is to provide assurance that the gambling levies are complete, accurately calculated and paid by the licensees and also to provide assurance that the Computer Monitoring Systems (CMS) and peripheral gambling systems used by the licensees are reliable and functioning in accordance with gambling legislation.

**The Committee made the following observations on Programme 4:**

##### **a) Spending Pattern**

The programme had a budget allocation of **R1 682 403** and has spent **R1 664 341** which indicates an expenditure of 99 %.

##### **b) Programme Performance**

The programme achieved 100% (4 of the 4) planned targets in this quarter.

#### **4.2.5. PROGRAMME 5: LEGAL SERVICES**

The purpose of the programme is to ensure that the operations of MGB are in line with all relevant legislation and the common law and to ensure effective and efficient gambling legislation.

**The Committee made the following observations on Programme 5:**

##### **a) Spending Pattern**

The programme had a budget allocation of **R584 326** and has spent (99%) **R578 723**.

##### **b) Program Performance**

The department managed to achieve 100% (4 of the 4) planned targets for the quarter.

#### **4.2.6 PROGRAMME 6: CORPORATE SERVICES**

The purpose of the programme is to implement efficient and effective financial and asset management, and to ensure efficient and effective human resources and related environment.

**The Committee made the following observations on Programme 6:**

##### **a) Spending Pattern**

The programme had a budget allocation of **R 7 359 651** and has spent **R6 017 343** which indicates an expenditure of 82% in the first quarter. The entity reported that the underspending was a result of IT related projects planned for the first quarter deferred to the second quarter.

##### **b) Programme Performance**

The programme achieved 15 of the 16 planned targets.

#### **4.2.7. PROGRAMME 7: COMMUNICATIONS**

The purpose of the programme is to ensure that all relevant information is disseminated timeously to all the relevant stakeholders and also to enhance Public Relations and Corporate identity of the MGB.

**The Committee made the following observations on Programme 7:**

##### **a) Spending Pattern**

The programme had a budget allocation of **R1 412 478**, and has spent **R1 390 147** which indicates an expenditure of 98%.

##### **b) Programme Performance**

The programme had 10 planned for the first quarter, which were all achieved; this reflects a 100% achievement on the planned targets.

#### **4.2.8. PROGRAMME 8: TRANSFORMATION AND SUSTAINABILITY**

The purpose of the programme is to ensure growth and transformation of the industry responsibly and to facilitate market research and industry studies.

**The Committee made the following observations on Programme 8:**

**a) Spending Pattern**

The programme had a budget allocation of **R 383 361** and has spent **R282 933** which indicates an expenditure of 74% in the first quarter. The entity reported that the under expenditure on this programme was caused by a vacant position during the quarter.

**b) Programme Performance**

The programme has planned to produce one industry analysis report comprising of (Casino and Betting industries; Bingo and LPM operations; online gambling and levies, as well as new forms of gambling). The first quarterly report indicates that one industry analysis report on the impact of the new B-BBEE codes on the gambling industry was produced.

## **5. FINDINGS**

After considering the 2015/16 First Quarter Report of the entity, the Committee made the following findings:

5.1. The entity has deferred the inspection of the Bingo centres to the second quarter of the financial year.

## **6. RECOMMENDATIONS**

The Committee recommends that the entity must:

6.1. Inspect Bingo centres in the second quarter of the current financial year.

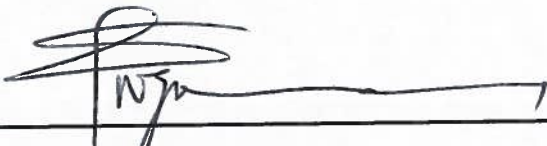
## **7. CONCLUSION**

The Chairperson takes this opportunity to thank the Members of the Portfolio Committee for their active participation and constructive contributions during the deliberations on the Mpumalanga Gambling Board's' First Quarter Performance Report for the 2015/16 financial year.

In addition, the Chairperson extends a word of thanks to the Chairperson of the Board and the senior management officials of the entity for availing themselves to deliberate on matters pertaining to the entity.

The Chairperson would also like to thank the support staff for contributing to the production of this report.

Unless otherwise stated a report detailing progress in the implementation of all recommendations in this report should be forwarded to the Committee by **27 February 2016 and thereafter on a quarterly basis.**



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**HON. PS NGOMANA (MPL)**

26/11/2015

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**DATE**

**CHAIRPERSON: PORTFOLIO COMMITTEE ON  
PREMIER'S OFFICE, FINANCE; ECONOMIC  
DEVELOPMENT AND TOURISM**