

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

2015/16 FOURTH QUARTER REPORT OF THE MPUMALANGA GAMBLING BOARD

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 Fourth Quarterly Performance Report for 2015/2016 of the entity is the tool the Committee uses 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. Furthermore, the Committee seeks to determine how the entity has utilised its allocated capital resources and how it has performed in terms of achieving planned targets for the 4th quarter of the 2015/16 financial year.

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 fourth quarter.

2. METHOD OF WORK

The Honourable Speaker of the Legislature referred the 2015/16 4th Quarter Performance Report for 2015/2016 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 requested the entity to submit written responses for questions raised by the committee. The entity submitted the responses for the questions raised. The Committee met on 27 September to consider the report.

3. Expenditure analysis

Table 1: Programme Expenditure

Programme	Grant received	Actual Expenditure as at 31 March 2016	% Spent as at 31 March 2016	Variance
Chief Executive Office	568 000	567 360	99.89	640
Board	103 272	103 272	100	0
Investigations and Licensing	1 060 000	1 057 134	100	2 866
Gambling Control	1 270 000	1 260 886	99.28	9 114
Gambling Audit	1 370 000	1 366 633	92.04	109 114
Legal Services	463 000	462 257	99.84	743
Corporate Services	5 432 927	5 450 095	100.32	- 17 168
Communications	1 058 000	1 057 963	100	37
Transformation & sustainability	265 000	264 599	99.85	401
TOTAL	11 590 199	11 590 199	100	0

During the fourth quarter, the entity was allocated **R11 590 199.00** and has spent 100% of the allocated budget. Overall, the entity spent **R53 149 275.00** during the 2015/16 financial year, which is more than the allocated budget of **R52 205 000.00**.

4. Programme analysis

4.1 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 following Observations on Programme 1

The programme had one (1) target planned for the quarter namely: one third quarter performance report submitted. The quarterly report indicates that the target has been achieved. The programme had a budget allocation of **R568 000.00** and has spent **R567 360.00**; which indicates an expenditure of 99.89%.

4.2. 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

The programme had five (5) planned targets for the quarter and has achieved only four of the targets. The programme could not achieve the target of granting an application for the fourth Casino. The entity reported that the process for the forth Casino has been suspended due to litigation.

The programme had a budget allocation of **R1 060 000.00** and has spent **R 1 1 057 134.00**, which indicates an expenditure of 99.73%. This indicates a variance of **R2 866.00**.

4.3. Programme 3: Gambling Control

The purpose of the programme is to ensure that gambling equipment operates in compliance with legislation, 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

The programme has seven (7) targets planned for the quarter and it achieved all the planned targets. An additional target, which was deferred during the 3rd quarter of the financial year, was also achieved in the fourth quarter, namely, Two Bingo Centres inspections.

The programme had a budget allocation of **R 1 270 000.00** and has spent **R 1 260 886.00**, which indicates an expenditure of 99.3%.

4.4. 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 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

The programme had four (4) targets planned for the quarter and has achieved all the targets.

The programme had a budget allocation of **R 1 370 000.00** and has spent **R1 366 633.00**, which indicates an expenditure of 99.7%.

4.5. 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

The programme had five (5) targets planned for the quarter and it achieved all the targets as planned. The programme had a budget allocation of **R463 000.00** and has spent **R462 257.00**, which indicates an expenditure of 99.8%.

4.6. 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

The programme had 15 targets planned for the quarter and has achieved all the planned targets. The programme had a budget allocation of **R5 432 927.00** and has spent an amount of **R5 450 095.00**, which indicates an expenditure of 100.3%. This indicates an over expenditure of **R17 168.00**. The reasons for the over expenditure are not indicated in the quarterly report.

The Committee requested the entity to indicate the reasons for the 0.3% over expenditure of the budget during the quarter. The entity indicated that over expenditure of R17 168.00 (0.3%) was as a result of a compensating variance caused by under spending in the previous periods on operating expenses. This has resulted in an approximately 0% variance at the end of the year.

4.7. Programme 7: Communications

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

The Committee made the following Observations on programme 7

The programme had 11 planned targets for the quarter and has achieved all the targets as planned. The programme had a budget allocation of **R1 058 000.00** and has spent **R1 057 963.00**, which indicates an expenditure of 100%.

4.8. 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

The programme had one (1) planned target for the quarter, namely, one industry analysis report; and has achieved the target as planned.

The programme had a budget allocation of **R 265 000.00** and has spent **R 264 599.00**, which indicates an expenditure of 99, 9%.

5. FINDINGS

5.1. The entity achieved all the planned targets for the quarter and only had an over expenditure of 0.3% during the 4th quarter 2015/16 financial year, which is acceptable in terms Treasury Guideline.


6. RECOMMENDATIONS

6.1. The entity must continue to perform and spend the allocated budget accordingly.

7. CONCLUSION

The Chairperson takes this opportunity to thank the Members of the Portfolio Committee for their active participation and the Mpumalanga Gambling Board's Fourth Quarter Performance Report for 2015/2016 financial year. In addition, the Chairperson also thanks 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 **14 October 2016**.



HON. FV MLOMBO

28. 09. 2016

DATE

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