

**COMMITTEE REPORT OF THE PORTFOLIO COMMITTEE ON PREMIERS' OFFICE;
FINANCE; ECONOMIC DEVELOPMENT AND TOURISM**

**FIRST (1st) QUARTERLY PERFORMANCE REPORT FOR THE 2017/18 FINANCIAL
YEAR – MPUMALANGA GAMBLING BOARD (MGB)**

1. INTRODUCTION

The **Portfolio Committee on Premiers 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 read with Rule 131(1)(b) 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 (1st) Quarterly Performance Report for 2017/2018 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 basic 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 2017/2018 first quarter.

2. METHOD OF WORK

The Speaker referred the entity's First (1st) Quarterly Report to the Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism for consideration and report back to the Legislature, as contemplated in rule 218 (4) of the Rules and Orders of Mpumalanga Provincial Legislature (the Rules).

The Committee met on 15 August 2017 to deliberate on the department's research analysis on the first quarterly report and scrutinize in detail the aforementioned document; met the

department on 22 August 2017 on the 2017/18 first (1st) quarter report and subsequently met on 30 August 2017 to consider the draft Committee report.

3. GENERAL OBSERVATIONS

The Committee observed that the entity received a budget allocation of R64 506 848.00 during the 2017/18 financial year and spent R16 205 539.00 as of the end of the first quarter, which is 25% of the allocated budget. The entity remains with R48 301 309.00 which must be spent before the end of the financial year.

In terms of revenue collection the entity collected R24 069 000.00 during the first quarter, which is reportedly 3% below the targeted amount.

4. PROGRAMME ANALYSIS

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 noted that the programme had one (1) target planned for the quarter, namely, approval of the fourth (4th) quarter performance report and one (1) annual report. It is reported that the target has been achieved as planned.

Programme 1: Expenditure Analysis

Main Budget	Expenditure	% spent as at 1 st Quarter	Variance
4 102 091	764 077	19	3 338 041

The programme had a budget allocation of R4 102 091.00 and spent R764 077.00 as at the end of the first quarter. This indicates an expenditure of 19% in the programme. The programme remains with a budget of R3 338 041.00 which must be spent before the end of the financial year. In terms of the operational plan, the entity was supposed to spend R767 987.75 during the first quarter, but it only spent R764 077.00.

PROGRAMME 2: INVESTIGATIONS AND LICENCING

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

The Committee noted that the programme had five (5) targets planned for the quarter and it achieved four (4) of the planned targets. The programme failed to achieve the target of conducting 20 investigations of applications, due to the finalization of the Bingo licence project. The investigations have now been prioritized for the next quarters. The finalization of Bingo licence target was carried over from the previous financial year as committed by the entity. As a result the province currently has nine (9) Bingo licences.

Programme 2: Expenditure Analysis

Main Budget	Expenditure	% spent as at 1st Quarter	Variance
6 615 375	1 423 888	22	R5 039 611

The programme has a budget allocation of R6 615 375.00 and spent R1 423 888.00 as at the end of the first quarter. This indicates an expenditure of 22% in the programme. The programme remains with a budget of R5 039 611.00 which must be spent before the end of the financial year. In terms of the operational plan, the entity was supposed to spend R1 615 875.00 during the first quarter, but it only spent R1 423 888.00.

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 also to monitor all applications for distribution of gambling equipment for compliance with legislation.

The Committee noted that the programme had eight (8) targets planned for the quarter and it achieved all the planned targets.

Programme 3: Expenditure Analysis

Main Budget	Expenditure	% spent as at 1st Quarter	Variance
8 193 108	1 870 593	23	6 322 515

The programme has a budget allocation of R8 193 108.00 and has spent R1 870 593.00 as at the end of the first quarter. This indicates an expenditure of 23% in the programme. The programme remains with a budget of R6 322 515.00 which must be spent before the end of the financial year. In terms of the operational plan, the entity was supposed to spend R2 048 277.00 during the first quarter, but it only spent R1 870 593.00.

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

Programme 4: Expenditure Analysis

Main Budget	Expenditure	% spent as at 1 st Quarter	Variance
7 386 583	1 810 508	25	5 576 075

The programme has a budget allocation of R7 386 583.00 and has spent R1 810 508.00 as at the end of the first quarter. This indicates an expenditure of 25% in the programme. The programme remains with a budget of R5 576 075.00 which must be spent before the end of the financial year. In terms of the operational plan, the programme was supposed to spend R1 846 646.00 during the first quarter, but it only spent R1 810 508.00.

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 also to ensure effective and efficient gambling legislation.

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

Programme 5: Expenditure Analysis

Main Budget	Expenditure	% spent as at 1 st Quarter	Variance
3 124 077	654 164	21	2 469 913

The programme has a budget allocation of R3 124 077.00 and has spent R654 164.00 as at the end of the first quarter. This indicates an expenditure of 21% in the programme. The programme remains with a budget of R2 469 913.00 which must be spent before the end of the financial year. In terms of the operational plan, the programme was supposed to spend R1 049 894.00 during the first quarter, but it only spent R654 164.00.

PROGRAMME 6: CORPORATE SERVICES

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

The Committee noted that the programme had a total of fifteen (15) targets planned for the quarter and has achieved all the targets as planned.

Programme 6: Expenditure Analysis

Main Budget	Expenditure	% spent as at 1 st Quarter	Variance
25 191 293	8 048 824	31	17 508 297

The programme has a budget allocation of R25 191 293.00 and spent R8 048 824.00 as at the end of the first quarter. This indicates an expenditure of 31% in the programme. The programme remains with a budget of R17 508 297.00. In terms of the operational plan, the entity was supposed to spend R8 097 825.00 during the first quarter, but it only spent R8 048 824.00.

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 noted that the programme had a total of six (6) targets planned for the quarter and has achieved all the targets as planned.

Programme 7: Expenditure Analysis

Main Budget	Expenditure	% spent as at 1st Quarter	Variance
6 983 617	1 411 111	20	5 572 506

The programme has a budget allocation of R6 983 617.00 and has spent R1 411 111.00 as at the end of the first quarter. This indicates an expenditure of 20% in the programme. The programme remains with a budget of R5 572 506.00. In terms of the operational plan, the entity was supposed to spend R1 745 904.00 during the first quarter, but it only spent R1 411 111.00.

PROGRAMME 8: TRANSFORMATION AND SUSTAINABILITY

The purpose of the programme is to ensure growth and transformation of the industry responsibly and also facilitate market research and industry studies. The programme is also intended to ensure effective strategic planning.

The programme had 1 target planned for the quarter and achieved the target as planned.

Programme 8: Expenditure Analysis

Main Budget	Expenditure	% spent as at 1st Quarter	Variance
6 983 617	1 411 111	20	5 572 506

The programme has a budget allocation of R6 983 617.00 and has spent R1 411 111.00 as at the end of the first quarter. This indicates an expenditure of 20% in the programme. The programme remains with a budget of R5 572 506.00. In terms of the operational plan, the entity was supposed to spend R1 745 904.00 during the first quarter, but it only spent R1 411 111.00.

5. FINDING

After the deliberations, the Committee made the following finding:

- 5.1. The entity had a total of 44 targets that were planned for the first quarter, and has achieved 43 targets or 98%. This means that 1 target or 2% targets have not been achieved during the first quarter. The non-achieved targets have been deferred to the next quarters, due to the prioritisation of Bingo licences in the first quarter. In terms of the expenditure, the entity spent R16 205 539.00 as at the end of the first quarter, which is 25% of the allocated budget.

6. RECOMMENDATION

The Committee made the following recommendation:

- 6.1. The entity must continue to meet all targets as planned and perform positively throughout the 2017/18 financial year, based on the 25% spend of the allocated budget.

The Committee moves that the House adopts the report with the above recommendation.

7. CONCLUSION

The Chairperson wishes to thank the Hon. Members of the Committee for their sterling participation and input during the deliberations on the first (1st) quarter report of the Mpumalanga Gambling Board and also thanked the Legislature staff for their support and contribution towards 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 20 September 2017 and thereafter on a quarterly basis.



HON FV MLOMBO (MPL),

CHAIRPERSON:

PORTFOLIO COMMITTEE ON

PREMIER'S OFFICE; FINANCE;

ECONOMIC DEVELOPMENT AND TOURISM

05 09. 2017.

DATE