



**STRATEGIC PLAN
2016/21**

STRATEGIC PLAN 2016/21 FY



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OFFICIAL SIGN-OFF

It is hereby certified that the revised Strategic Plan

- was developed by the management of the NGB under the guidance of **the dti**;
- it takes into account all the relevant policies, legislation and other mandates for which the NGB is responsible; and
- accurately reflects the strategic outcomes-oriented goals and objectives that the NGB will endeavour to achieve over the five-year period of the plan.

Recommended for Approval by:



Mrs Caroline Kongwa-Hankanga
Accounting Authority

Approved by the Executive Authority



Dr Rob Davies, MP
Minister of Trade and Industry

FOREWORD BY THE MINISTER OF TRADE AND INDUSTRY



Dr. Rob Davies, MP

Minister of Trade and Industry

In line with its vision, mission and the National Gambling Act 7 of 2004 (the Act), the National Gambling Board (NGB) is obliged to execute its Strategic and Performance objectives annually, as governed by the **dti**. Notwithstanding the progress made to date by the NGB, we are aware that there is still much work to be done. The NGB remains committed to carrying out the objectives and developmental outputs of the National Development Plan 2030 (NDP) to encourage job creation in the sector it regulates. The performance indicators have also been reviewed and refined to be more specific to improve monitoring and evaluation of the plan and to enable oversight.

This annual update is conducted by taking into account several inputs, as well as examining important developments in the internal and external environments in which the NGB operates. NGB was engaged in a planning phase, whereby it identified priorities that require immediate attention. The NGB reviewed the strategic plan and organisational programme to bring these fully in line with the statutory mandate. The NGB will conduct engagements with stakeholders operating in these environments so as to tap into their expert knowledge. This Strategic Plan will guide the NGB focus over the Medium Term Strategic Framework (MTSF) 2016 – 2021 periods.

One of the Strategic Outcome Orientated Goals of the NGB is to gather information to provide a holistic overview of

the South African gambling industry. The NGB completed a gambling sector performance report annually. The report provides an overview of the South African gambling sector in terms of market share and conduct and national gambling statistics applicable to those gambling modes regulated by the NGB for the financial year 2013/2014 (exclusive of the National Lottery).

Whilst the Casinos and Limited Payout Machines (LPMs) sectors are fairly stable, the highest number of LPMs is found in KwaZulu-Natal; however Western Cape accounts for the highest amount of money wagered, Gross Gambling Revenue (GGR) generated and taxes/levies collected in the LPMs industry. Growth is expected in the Horse Racing and Betting and Bingo sectors. This is especially applicable to the expected increase in Sports Betting, as well as the roll-out of Bingo in Eastern Cape and KwaZulu-Natal in addition to other provinces. The results hereof will be determined when analysing the national gambling statistics in the next financial year.

IMPLEMENT NORMS AND STANDARDS

It is desirable to establish norms and standards that will safeguard people participating in gambling and their

communities against the adverse effects of gambling. In the period under review, the NGB will engage through a consultative process with the Provincial Licensing Authorities (PLAs) to ensure uniformity with regard to the implementation of the norms and standards. The NGB plans to identify areas in gambling that will require norms and standards for development and consideration by **the dti**.

DEVELOP STRONGER REGULATION MODEL IN ORDER TO TIGHTEN REGULATIONS

The NGB will monitor market share and conduct in the sector and evaluate the trends in this area for reporting. This monitoring may culminate in special research projects as provided for in the plan. The NGB will also develop a framework for concurrent jurisdiction in order to improve stakeholder relations, both in the gambling regulatory and other oversight institutions in **the dti**.

Responsible gambling and education remains one of the key responsibilities of the NGB. Educational and public awareness campaigns will be developed and conducted over the period. Analysis of the research reports will be submitted to **the dti** to advise on policy and legislative development since **the dti** is the custodian of legislative development and the NGB the implementation entity.

The NGB will provide gambling sector knowledge and statutory advisory services that examine best practices and ensure proper development, and execution of research information in the sector. Gambling legislation review is high on our agenda. While the final promulgation of the legislation rests within the purview of **the dti**, the NGB will provide inputs towards the issues

identified in the previous years earmarked for amendments in order to assist **the dti** with empirical information.

This plan is the NGB's commitment to the Medium Term Strategic Framework (MTSF) 2016 – 2021. The NGB looks forward to effectively addressing all the strategic issues in the gambling sector for its sustainability with stakeholders, both in the public and private sectors to contribute towards job creation and the objectives of the National Development Plan and other government developmental initiatives.

Gambling regulation needs to create a balance between revenue generation and protection of the public particularly vulnerable persons, while taking cognisance of the government's developmental priorities. The NGB will continue to strengthen its regulatory oversight, evaluate and monitor the issuing of national licences by PLAs to strengthen regulatory compliance oversight over the provinces. The NGB will continue to regulate the LPM particularly through the National Central Electronic Monitoring System (NCEMS).

The agenda of the NGB will be driven by the five-year strategy (2016 – 2021) to ensure the efficient, effective and economic delivery of the entities mandate. This will also guide the agenda of the relevant stakeholders that report to the NGB.



Dr Rob Davies, MP

Minister of Trade and Industry

OVERVIEW BY THE ACCOUNTING AUTHORITY



Mrs Caroline Kongwa-Hankanga
Accounting Authority

In line with National Priorities, constitutional prescripts and the mandate of **the dti**, with due consideration for the National Gambling Act, 2004, other relevant and applicable legislation and policies, the NGB is responsible for the oversight and regulation of the gambling industry in the country and to preserve the integrity of South Africa as a responsible global citizen.

Government has recently adopted the National Development Plan 2030 as the country's strategic roadmap for the future. According to the National Development Plan, the objective is to build a State, capable of playing a developmental and transformative role, which requires the NGB to align its strategic goals with the NDP outputs that are applicable to the NGB. Outputs 8, 12 and 16 deal specifically with issues that agencies like the NGB can address in its planning respectively.

The NGB derives its mandate primarily from the following legislation:

- Constitution of the Republic of South Africa, 108 of 1996
- National Gambling Act, 2004 (Act 7 of 2004)
- The Prevention of Organised Crime Act, 1998 (Act 121 of 1998) (POCA)
- The Financial Intelligence Centre Act, 2001 (Act 38 of 2001) (FICA)

The five-year Strategic Plan of the NGB is governed by the above-mentioned legislation and serves as a basis of a blueprint for the institution's response to the South African gambling industry. The Strategic plan articulates the strategic vision of the NGB in dealing with enforcement, determining the size of the industry through evidence-based information gathering and/or research; monitoring the market share and conduct; ensuring concurrent legislative oversight by assisting PLAs in detecting parallel gambling activities; and facilitating an integrated strategic information portal evolution of the gambling industry and optimisation of organisational excellence.

CONTEXT AND STRATEGIC DIRECTION

South Africa is recognised as a country where gambling is well-regulated and measures are in place to curb problem gambling. Public opinion with regard to gambling has remained relatively stable over the past decade. Research conducted by the NGB indicates that there has been a gradual decline in participation in gambling. The Gambling Review Commission (GRC) Report acknowledged that the gambling industry in South Africa is well regulated. It did, however, raise some concerns regarding the proliferation of illegal gambling in the country and the inability of the Provincial Licensing Authorities (PLAs) to gather support from the South African Police Service, as well as the prosecution authorities (the organisations tasked with curbing

and prosecuting crime in the country). The GRC Report also highlighted the unknown dangers posed by the spread of new gambling technologies, in particular electronic bingo terminals and online gambling.

South Africa's Minister of Trade and Industry (**the dti**), Dr Rob Davies, through the National Gambling Policy Council (NGPC) (which includes the nine Members of Executive Councils of the Provinces), called for a moratorium to suspend the roll-out of Electronic Bingo Terminals (EBTs) to licensed Bingo operations throughout South Africa, until such time as a Bingo framework, developed by **the dti**, has been submitted, which will guide legislation going forward. The draft framework was developed and submitted to **the dti** for consideration. Further to this, in October 2014, **the dti** proposed that online gambling and all other new forms of gambling, including Greyhound Racing, should be prohibited.

Given the current status of the regulated gambling industry, statistics indicated that Casinos operate in a relative stable environment. However, growth is expected in the Racing, Betting, Bingo and LPM sectors. Growth is specifically anticipated in Sport Betting (bookmakers). The roll-out of Bingo in other provinces, besides Gauteng, Mpumalanga and North West, such as Eastern Cape and Kwazulu-Natal, will favour a corresponding increase in the number of EBTs.

The impact of continued prohibition of online gambling and other forms of illegal gambling provides a new challenge for the NGB, in that, new and better methods of identification and eradication of illegal operations and operators, together with the law enforcement and prosecution authorities, now constitute a priority. Amendments to the National Gambling Act with regard to the number and proximity of Bingo outlets, EBTs, as well as additional changes with regard to the increase of gaming positions in casinos, will ensure a more effective, well-regulated industry in South Africa.

ASSESSMENT OF PREDETERMINED OBJECTIVES

In terms of the predetermined objectives set for the MTSF periods, it is expected that all the objectives will be fully achieved during each financial year.

INTEGRATED PLANNING

The NGB's planning processes are integrated with **the dti**'s strategic plans. The collaboration with **the dti** on the following matters is germane to the outcomes-oriented goals. That is:

- Facilitate transformation of the economy in order to promote industrial development, investment, competitiveness and employment creation.
- Build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives.
- Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth.
- Create a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner.
- Promote a professional, ethical, dynamic, competitive and customer-focused working environment that ensures effective and efficient service delivery.

LEGISLATIVE REFORM

As contemplated by the gambling legislation, the NGB will assist with the overhaul of gambling legislation. Although the NGB fulfils an authoritative advisory role to **the dti**, the NGB plays a vital role in the identification of matters for legislative consideration.

NORMS AND STANDARDS

One of the hallmarks of reputable gambling jurisdictions in the world, is the existence and clarity of the gambling legislation, as well as predictable regulatory development, supported by governance stability. The NGB provides for the coordination of concurrent national and provincial legislative competence over matters relating to casinos, horse-racing, gambling and wagering, as well as to provide for the continued regulation of those matters. For that purpose, the NGB will establish certain uniform norms and standards, applicable to national and provincial regulation and the licensing of certain gambling activities in collaboration with **the dti**. In view of the above considerations, during the planning cycle, the NGB reviewed its strategic plan to ensure that it is properly repositioned to improve on its mandate. In addition, the implementation of norms and standards would result in simplifying the licensing regime and reducing the regulatory burden¹.

SPENDING FOCUS

The NGB's proposed way forward in supporting government imperatives, especially Outcome 4, is outlined in the Strategic and Annual Performance Plans. The Strategic Plan identified

¹ Sub-Outcome Three: The elimination of unnecessary regulatory burdens and lower price increases for key inputs and wage goods foster investment and economic growth.

three (3) strategic priorities for the 2016/17 financial years, which seek to deliver results in accordance with three (3) strategic outcomes-oriented goals, namely enforce compliance, enhance stakeholder liaison and statutory services, and finally to optimise (improve) organisational excellence. The strategic outcome goals and the underlying strategic objectives are discussed in detail to provide more information. It must be noted that there are inherent risks in as far as adequate financial and human capital resources are concerned, in order to unrestrainedly achieve the legislated mandate of the NGB.

The financial performance will be guided by available resources and the strategic objectives, with the emphasis on improving efficiencies on rand value. The spending focus regarding the MTSF period, will be on the following focal areas:

- Inputs into the development of Gambling Policy and Regulation.
- Conduct regulatory oversight and enforcement of compliance.
- Dialogue with stakeholders.
- Suppression of illegal gambling.
- Provision of reliable information through the establishment and maintenance of national systems, namely:

- a central electronic monitoring system;
- a functional information register;
- the monitoring of socio-economic patterns of the gambling activity;
- significantly promote broad-based black economic empowerment within the gambling industry;
- providing a national public education programme regarding the risks and socio-economic impact of gambling;
- to conduct research studies to inform gambling policy on the impact of gambling; and
- monitoring market conduct and market share in the gambling industry.

The gambling regulation needs to create a balance between revenue generation and protection of the public, while taking cognisance of governmental developmental priorities.



Mrs Caroline Kongwa-Hankanga
Accounting Authority of the NGB

EXECUTIVE SUMMARY

The NGB assessed its performance in relation to the targets set, the budget allocation received and the demand of the industry, together with government imperatives. As a result, the priorities of the NGB were revisited in line with the NDP.

The NGB Medium Term Business Plan for 2016/17 contains the detailed operational information and budgetary provisions to support performance targets. The organisation remains committed to its vision and value system, and will ensure that performance measures to demonstrate excellence, institutional accountability and on-going transformation remain in place. To achieve its mandate, this plan requires that the National Treasury (NT) provides increasing levels of financial support for the operational and regulatory work of the NGB.

MTEF PERIOD 2016 – 19 WORK PROGRAMME

The medium term Key Outcomes, Outputs and Activities that support the Strategic Outcome oriented Goals (SOOG) and Strategic Objectives (SO) are summarised in the APP (Annexure B).

STRATEGIC PRIORITIES FOR 2016/17

- Enforce Compliance
- Enhance Stakeholder Liaison and Statutory Advisory Services
- Optimise Organisational Excellence

BROADER ECONOMIC CHALLENGES

The legal landscape of online gambling remains a fundamental challenge, especially from a regulatory perspective. The rising regulatory pressures on Bingo (Electronic Bingo Terminals) and Horse-racing still preoccupy the regulatory global agenda. Therefore, greater regulatory certainty has become a precondition for the implementation of the NGB's strategic thrust.

PART A STRATEGIC OVERVIEW

1. VISION, MISSION AND VALUES

The NGB was established in terms of the National Gambling Act 2004 (Act 7 of 2004) under the Executive Authority (EA.) of the Minister for Trade and Industry, in an effort to enable **the dti** to achieve its objectives and ultimately its mandate. The NGB's mandate is to promote gambling activities in a legal, safe and crime-free environment and protect punters from the over-stimulation of the latent need to gamble.



VISION

To position South Africa as the pre-eminent jurisdiction with an exemplary and effectively regulated gambling industry



MISSION

Lead the regulation of the gambling industry in the fulfillment of the National Gambling Act, 2004, through an effectively regulated and supervised gambling industry that upholds domestic, continental and internationally recognised standards of compliance.



VALUES

Professionalism; Moral Integrity; Transparency; Commitment and Consistency; Effective Implementation of Resolutions; Responsive Communication; Teamwork; Respect and Tolerance.

2. LEGISLATIVE AND OTHER MANDATES

The NGB is established in terms of the National Gambling Act 2004 (Act 7 of 2004). The NGB is registered as a Schedule 3A Public entity in terms of the PFMA, 1999 (Act 1 of 1999). The mandate of the NGB is set out in sections 33 and 34, read with sections 32, 21 and 65 of the Act. These are:

2.1 Oversight of gambling in the Republic of South Africa by:

- evaluating the issuing of national licences by the PLAs;
- evaluating the compliance monitoring of licensees by PLAs;
- conducting oversight evaluation of the performance of provincial licensing authorities, so as to ensure that the national norms and standards established by the Act are applied uniformly and consistently throughout the Republic; and
- research and monitoring of market conduct and market share.

2.2 Assist PLAs to ensure that the unlicensed gambling activities are detected.

2.3 The NGB must also establish and maintain a national registry of every gambling machine or gambling device manufactured locally or imported in to the Republic, as well as maintaining all other legislator prescribed registers.

2.4 Assign a permanent and unique registration number to each such machine or device.

2.5 The NGB must investigate the circumstances of the gambling activity that relates to any unlawful winnings that the NGB had kept in its trust and either delivers the winnings to the person who won then or apply to the High Court for an order to declare the winnings to be forfeited to the state.

The outcome of the work of the NGB is manifested by the effect and quality of its advice and recommendations to the National Gambling Policy Council (NGPC) on, amongst others, matters of national policy and legislative changes relating to gambling. The work of the NGB is also directly governed by the legislative framework, including, but not limited to the following legislation:

- Constitution of the Republic of South Africa, 108 of 1996
- National Gambling Act, 2004 (Act 7 of 2004)
- The Public Finance Management Act, 1999 (Act 1 of 1999)
- The Prevention of Organised Crime Act, 1998 (Act 121 of 1998) (POCA)
- The Financial Intelligence Centre Act, 2001 (Act 38 of 2001) (FICA)

3. SITUATIONAL ANALYSIS

3.1 PERFORMANCE ENVIRONMENT

Environmental scanning looks at the factors inherent in the NGB's business's environment that may have some impact thereon. The NGB operates as the gambling regulatory oversight organisation as indicated in mandated legislative powers and functions. The following areas that have an impact were identified.

- a) to position the NGB strategically and advocate delivery in accordance with national gambling legislation.
- b) taking full advantage of the Gambling Review Commission (GRC) outcomes.
- c) the willingness of gambling stakeholders to recognise NGB as a national resource.
- d) to establish a repository of research work for the country.
- e) engaging in opportunities which create platforms for the benefit of the country with reference to gambling law enforcement.
- f) take the opportunity to lead banning and suppression of online gaming/gambling in the sub-Sahara.
- g) lead foreign direct investment in this industry.
- h) implementing national policy perspectives in advancing NGB's role in the industry.
- i) conduct oversight of all complexities of the industry.
- j) exploit the size and shape of the industry as reflected in the national research studies by the NGB.
- k) generate online skills working with institutions in the country.
- l) facilitate transformation of the industry in line with the Broad-Based Black Economic Empowerment Act (B-BBEE) and Codes of Good Practice.
- m) manage the physical location to enhance the NGB functions broadly, including ICT infrastructure.

The NGB repositioned itself and constructed a strategy that is performance-focused, taking into account gambling regulation expertise, leadership and regulatory certainty.

The NGB created a social dialogue and the first port of call for multilateral and bilateral gambling issues in sub-Saharan Africa was initiated. The rationale for the creation of such broad fora is for conversations on gambling issues and for all stakeholders to enhance the authorities' capabilities in regulating the gambling industry

3.2 ORGANOGRAM



3.3 INSTITUTIONAL ARRANGEMENTS

The NGB strives to be an efficient and highly productive regulator that maximises benefit to stakeholders, staff and management via effective systems, processes, resources and organisational culture. The following strategic human capital pillars were identified for the next five years, in order to ensure that human capital issues are effectively addressed:

- a) create a high performance organisational culture, recognising team-work and spirit.
- b) create a learning and developing organisational culture.
- c) strategic talent acquisition and retention for organisational effectiveness.
- d) overhaul the organisational reward strategy.
- e) create an integrated information management system.
- f) ensure legislative, compliance and diversity.

The NGB would seek support from **the dti** and National Treasury to address funding shortfalls for infrastructural support so as to deliver on the NGB's mandate.

3.4 RECENT COURT RULINGS

- 3.4.1 *Maxime Hotel v Egoli Gambling (Pty) LTD and the Chairperson of the National Gambling Board, The Administrator: Gauteng Gambling Board N.O. and The Minister of Trade and Industry*, Case No: 70868/2012 in the High Court of South Africa (Gauteng Division, Pretoria).

Cause of action: Applicants brought an application to court and sought an order “declaring regulation 3(2) of the Regulations of Limited Payout Machines *ultra vires* the powers, functions and duties of the National Gambling Board and infringing upon the exclusive powers of the Gauteng Gambling Board.

Court ruling: Judgement was delivered on 18 March 2014 and it is a reportable judgment. The application was dismissed with costs.

- 3.4.2 *Almenta (Propriety) LTD and 39 others v Phumelela Gambling and Leisure LTD, the NGB and 7 others*, Case No. 2014/03504 in the High Court of South Africa (Gauteng Division, Pretoria).

Cause of action: An urgent application: Applicants sought an interdict against Phumelela and 8 others (incl. the NGB) from cancelling a telly track horse-racing event on television, due to loss of income.

Court ruling: Case heard on 24 March 2014 and was dismissed with costs. NGB did not defend the case due to the fact that there was no order sought against the NGB.

3.5 OPERATIONAL ENVIRONMENT

The NGB, as the implementing agent of **the dti**, is mandated, among other functions in the Act, to coordinate activities relating to the exercise of concurrent competence within the national and provincial spheres of government, so as to establish certain uniform norms and standards. These provisions apply throughout the Republic with regard to casinos, horse-racing, gambling and wagering, so that gambling activities are effectively regulated, licensed, controlled and policed.

The NGB is further required to ensure that members of the public, who participate in any licensed gambling activity are protected; that society and the economy are protected against over-stimulation of the latent demand for gambling; and that the licensing of gambling activities is transparent, fair and equitable. This will safeguard the public at large, against participating in gambling and against the adverse effects of gambling.

The gambling sector is segmented into the following regulatory areas: Casinos; Limited Payout Machines (LPMs); Machine Operators; Gaming Equipment Manufacturers and Distributors; Gambling Certification and Testing Laboratories; Licensing of Employees and Key Employees in the sector; Bingo; and Horse-racing Betting and Wagering. It can be summarised by stating that the NGB is the “overseer of gambling regulation”.

3.5.1 POLICY

The policy decision by government to legalise gambling is aimed to ensure that all gambling takes place lawfully and that all games played are legitimate; that the model of gambling and the destination type model contributes to the country's development and job creation, and is aligned with the developmental agenda of government. The NT indicated intent to introduce a national gambling tax on all gambling establishments in the country. The introduction of this new tax may have a knock-on effect that may impact on the entire revenue generating structures of the PLAs, which might require further consultation to be changed.

3.5.2 ECONOMIC

The introduction and legalisation of certain modes of gambling ensure that revenue is generated for the country in a manner that fulfils the objects of the NGA. The research reports indicate that there is an urgent need to create an enabling environment that will further facilitate job creation.

Intervention

The future of the current gambling sector must include a comprehensive framework across all sectors of the industry, as it pertains to the growth within the current licensed environment, such as casino expansions, all of which need to be informed by updated economic research, as well as additional commitment from the existing licensees to further contribute to the economic growth of the sector by supporting government job creation imperatives amongst others.

There is noticeable growth evidenced in the modes of gambling, especially the LPM, Bingo and Betting on Sport (offered by bookmakers) sectors. The casino sector and Gauteng Province continue to dominate other gambling modes/sectors and provinces in terms of the number of gambling positions, turnover, GGR generated and taxes/levies collected.

The audited gambling statistics as at the end of March 2015, further reflected an apparent saturation in the casino market. Only one (1) casino in the Northern Cape was added during 2014/15, and another in Limpopo in the first quarter of 2015/16. The Bingo, Limited Payout Machine (LPM) sectors and betting on sport offered by bookmakers were identified by most of the PLA's as areas for growth and expansion.

3.5.3 SOCIAL

The NGB is required to coordinate and ensure that society and the economy are protected against over-stimulation of the latent demand for gambling. This implies that, as part of the strategic review, the likely impact and negative effects of gambling on communities should be monitored to ensure that there are increased awareness and education.

The Census in Brief (Census 2011) Report (published in 2012) indicated that South Africa still has a young population, with slightly more than 38 million people of the nearly 52 million population 39 years of age and younger². As more young people gain access and are likely to use technology in various ways in their lives, it is important for the NGB to be vigilant of the growing population of a technology literate generation and to identify strategies that will guide and assist this group with awareness of the dangers of gambling.

Intervention

In the next cycle, the NGB's strategic positioning is to spend more time and effort in shaping the future adult population's acceptance of regulated gambling, based on the following considerations:

- a) technology is becoming increasingly user-friendly.
- b) technology is becoming increasingly integrated. For example, a single compact, portable piece of hardware, functioning as a personal computer, mobile phone and interactive television combined, becomes widely available.

² Census Report 2012 Republic of South Africa

- c) these systems have automated and convenient electronic billing systems, which make financial transactions increasingly easy.
- d) an adult population in the years to come will increasingly consist of people who have grown up being familiar with playing and or using electronic games and utilising computers in their every-day lives.
- e) the ingenuity of existing and emerging technology companies and remote operators is ensuring that more and more games and other vehicles for gambling are available through these new technologies.

The NGB will continue to monitor the various potential topical issues by conducting research, so as to build a knowledge base for advice to its stakeholders. The research outputs will inform the NGB about issues that could shape policy consideration and development.

The NGB plans to undertake research to determine the socio-economic impact of illegal gambling, ways to prohibit especially online gambling and what the NGB will need to execute this role.

Online gambling activities significantly undermine national policy and legislation and threaten licensed gambling operations by creating unregulated and untaxed competition. The unregulated gambling lacks consumer protection to ensure that individuals who choose to gamble are actually paid for their winnings. Banking details of gamblers, such as credit cards, are not protected.

Perpetrators of such illegal gambling activities, whether operating an illegal establishment or participating as an individual, is liable to face a fine of up to R10 million and/or 10 years in jail. It is the responsibility of the national and provincial gambling regulators to ensure that these illegal and unregulated gambling activities are exposed and the necessary prosecutorial actions instituted.

3.5.4 TECHNOLOGY

Technology has always played a role in the development of gambling practices and continues to provide new market opportunities and simultaneously challenges for the regulators. One of the fastest growing areas is that of internet gambling, also known as IG. The effect of such technologies should not be accepted uncritically, particularly as there may be areas of potential concern, based on what is known about problem offline gambling.

Technological advancement also has a bearing on social interaction and communication (social networking), particularly where new technologies skirt the gambling regulatory aspects. The rise in internet gambling is one factor followed by social media.

The use of devices ("Tablets") to partake in gambling, is presenting challenges to the gambling regulators. The ubiquitous influence with which devices could be used for gambling continues to pose challenges coupled with concerns regarding minors participating in gambling.

The use of tablets may further allow players to bet on the outcome of various games and may be encouraging new types of players, as well as new styles of play. The strategic issue that the NGB has to deal with is how to address the technological advances that widen the appeal to a younger generation, prone to use technologically advanced devices. This widening appeal may have harmful consequences in terms of problem gambling.

The NGB is in the process of conducting research to determine the socio-economic impact of illegal gambling and aims to publish a policy directive in consultation with **the dti** on this matter.

The internet and other media are making it possible for punters to gamble in their homes, offices or other venues of choice at any time on virtually any form of gambling available in land-based venues, as well as on some new forms, such as betting on the outcome of games, tournaments and poker, which are not so readily available in conventional venues.

Intervention

The NGB sees the solution as in developing intervention and preventative strategies to mitigate future social problems that may be propagated by technological advancements. The pace of play on some of these devices is rapid and this may potentially speed up the potential level of addiction. The NGB may have to develop baseline scenarios to determine the future of adult numbers, so as to determine who will be using technological devices and to estimate the usage thereof as a starting point.

3.5.5 LEGAL

The law regarding legalised modes of gambling is clear; the challenge relates to other forms of gambling that the certain members of society partake in, which are illegal, for example Fah-fi, and online gambling. The GRC highlighted many of these aspects for consideration by the policy-makers.

Governments are often advised to explore the option of prohibition. The underlying problem for any jurisdiction contemplating prohibition of new forms of gambling is whether or not there is sufficient predisposition to enforce prohibition, or will the cost of regulation outweigh the objective?

The gambling sector is an inherently litigious environment, as there are a number of competing interests. Parties may want to maintain the status quo, entrenching its dominant competitive advantage or the opposite could be parties seeking to lobby policy-makers to alter the status quo. Sometimes, the cause and the citation of the NGB may be remotely connected to the issues in dispute. The NGB may be cited because of its position as the national entity with oversight over provinces. This therefore requires the NGB to be constantly vigilant and develop strategies to deal with potential litigious matters before the matter ends up in the courts. The Constitution provides for concurrent powers and dispute resolution mechanisms. The NGB developed strategic objectives to deal with these issues as contemplated in the Constitution.

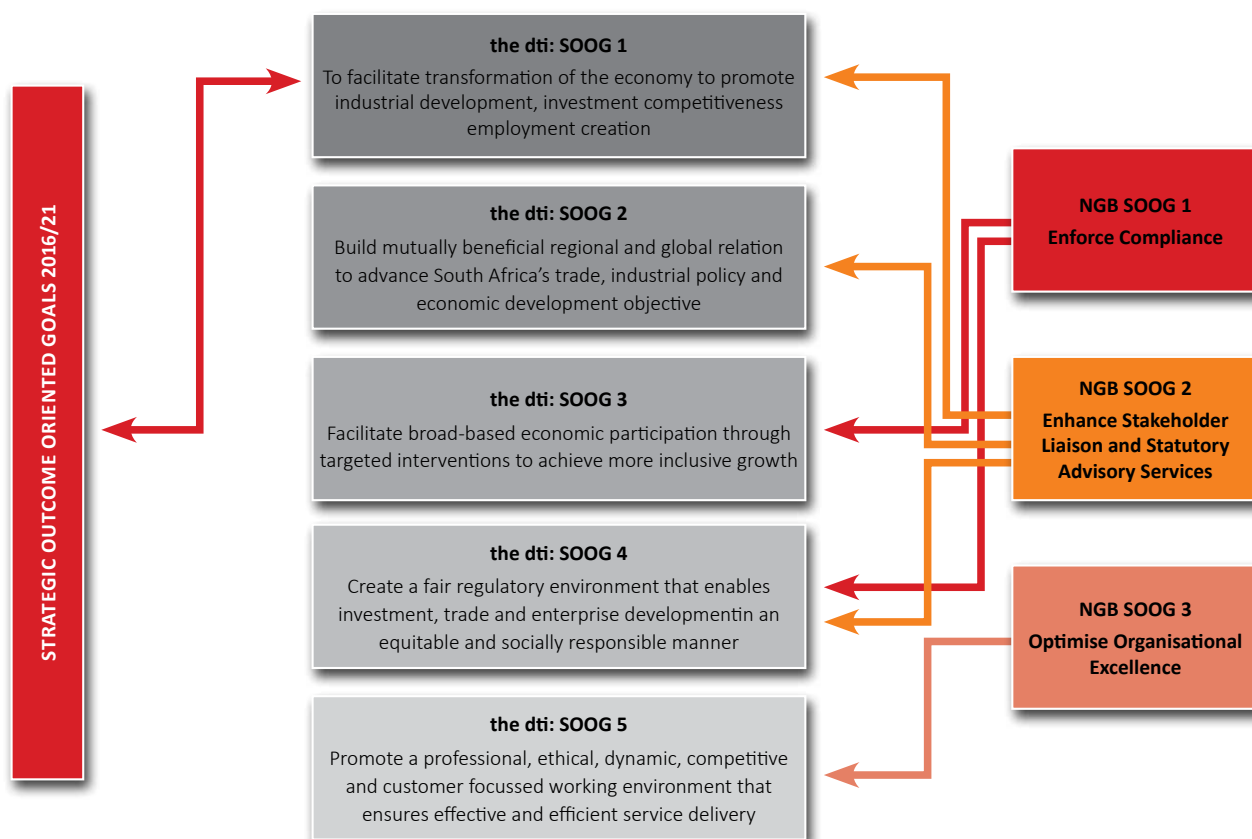
Intervention

The increasing speed and release of new communication devices that can be used to gamble online requires the NGB to develop mechanisms for providing regulatory foresight, by anticipating the legislative development direction. Developing policy, based on long-range scenarios by paying greater attention to emerging issues, and drawing from a range of information sources, policies are more likely to prove durable and enduring. This could be done through research in the focus areas.

The NGB's strategy is premised on the NGB actively engaging with **the dti** and the NGPC as the key levers of policy advice and consensus bodies.

4. STRATEGIC OUTCOME ORIENTED GOALS OF THE NGB

The NGB's response to **the dti's** strategic plans is illustrated in the mapping of **the dti** to the SOOG's of the NGB. The linkages of the SOOG's are depicted in the schematic below.



KEY PROGRAMMES ALIGNED TO the dti STRATEGIC OUTCOME ORIENTED GOALS

The NGB's Strategic Plan and Performance Outcomes are anchored on the outcomes approach of the Government Programme of Action; they are informed by the MTSF, and are directed by **the dti's** Service Delivery Agreement – specifically **the dti** Outcome 4: *'Decent employment through inclusive economic growth'*, which stipulates the need to up-skill workers; create jobs in the industry; reduce concentration; and allow competition in various sectors, as well as the procurement of services from previously disadvantaged groups.

The NGB revised the Strategic Plan covering the period 2016 to 2021, as well as the Annual Performance Plan for 2016/17FY. The revised plans took into account government priorities and the first 2016 State of the Nation Address. The NGB also considered the document referred to as Outcome 4, which is an extract from the Medium Term Strategic Framework (MTSF) for 2014/19, approved during the Cabinet Lekgotla. The aim of the document is to assist public entities, including the NGB, to realign their strategic outcome oriented goals with the identified government MTSF priorities.

The NGB is a regulatory entity that does not directly create jobs but, through its policies and legislative framework, needs to foster compliance that lead to job creation by its licensees in its regulated environment. The sub-outcomes listed below have been identified for inclusion in the strategic objectives of the NGB and were allocated to the appropriate strategic objectives in the Annual Performance Plan:

4.1 SUB-OUTCOME ONE: PRODUCTIVE INVESTMENT IS EFFECTIVELY CROWDED IN THROUGH THE INFRASTRUCTURE BUILD PROGRAMME.

- a. Increase the levels of local procurement by moving towards increasing local production of all goods and services procured by the State.

4.2 SUB-OUTCOME THREE: THE ELIMINATION OF UNNECESSARY REGULATORY BURDENS AND LOWER PRICE INCREASES FOR KEY INPUTS AND WAGE GOODS FOSTERS INVESTMENT AND ECONOMIC GROWTH.

- b. Improve and streamline regulation to reduce the burden of importing core and critical skills needed for the economy.

4.3 SUB-OUTCOME FOUR: WORKER'S EDUCATION AND SKILLS INCREASINGLY MEET ECONOMIC NEEDS.

- c. This sub-outcome supplements Outcome 5 by identifying key skills required for the economy.

4.4 SUB-OUTCOME EIGHT: EXPANDED ECONOMIC OPPORTUNITIES FOR HISTORICALLY EXCLUDED AND VULNERABLE GROUPS.

4.5 SUB-OUTCOME: INVESTMENT IN RESEARCH, DEVELOPMENT AND INNOVATION SUPPORTS INCLUSIVE GROWTH BY ENHANCING PRODUCTIVITY OF EXISTING EMERGING ENTERPRISES AND SUPPORTING THE DEVELOPMENT OF NEW INDUSTRIES³

The strategic outcome oriented goal identifies areas of institutional performance that are crucial for the achievement of the NGB's mission. These are intended to stretch and challenge the NGB, but simultaneously they must be realistic and achievable over a strategic MTEF cycle. These focus on a range of outputs that vary from impacts to outcomes.

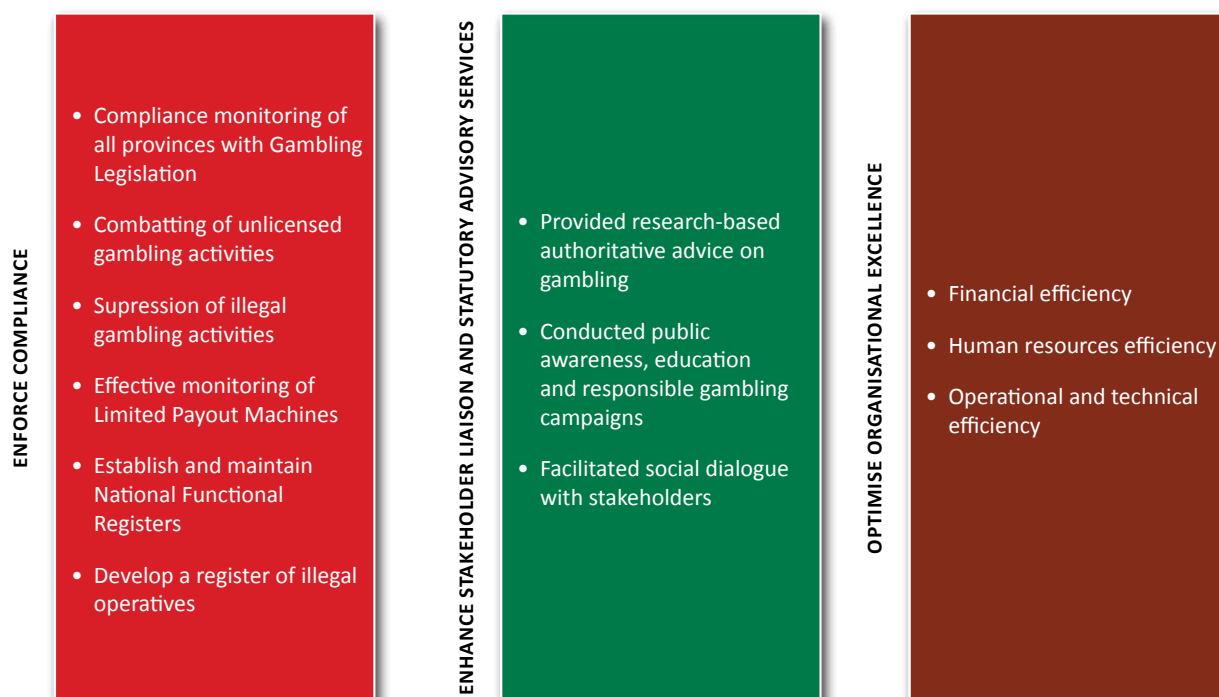


Figure 1: Strategic Outcome oriented Goals of the NGB

³ Extract from the MTSF Strategic Framework 2014; Outcome 4 of Government Priorities. The sub-outcomes were allocated to the appropriate strategic objectives in the Annual Performance Plan 2015/2016FY.

SOOG 1: ENFORCE COMPLIANCE

Goal statement

- Strengthen regulatory oversight on all provincial gambling activities.
- Continuous update and maintenance of national registers contemplated in the legislation.

RISKS IDENTIFIED

RISK

- Lack of participation by external stakeholders, which results in poor compliance with the gambling provisions.
- Reluctance by some external stakeholders to contribute to the submission of the information according to the statutory prescripts.

MITIGATION

- The NGB is to explore options of reporting the issues to the NGPC and advise the Ministry about the challenges.
- Developing a Memorandum of Understanding (MOU) to provide a mechanism to address matters of non-compliance or non-cooperation.
- **the dti** has started with a comprehensive policy review of the NGA.
- Intensify compliance with statutory prescripts with regard to the national functional registers.

SOOG 2: ENHANCE STAKEHOLDER LIAISON AND STATUTORY ADVISORY SERVICES

Goal statement

- Comprehensive and researched advisory services provided to the Minister, **the dti** and NGPC to ensure that inter-governmental governance information and research within the gambling sector informs policy and regulatory development inputs.

RISKS IDENTIFIED

RISK

- Uncoordinated research with external regulatory stakeholders on matters of national importance, regarding cooperative research initiatives.
- Duplication of research initiatives among the gambling regulatory jurisdictions (PLAs).

MITIGATION

- Coordinate the research strategy with provinces on issues of national importance with PLAs.
- Develop a business model that provides for coordinated and integrated research with the PLAs.

SOOG 3: OPTIMISE ORGANISATIONAL EXCELLENCE

Goal statement

- **Strategically partner** to provide strategic support services to the NGB.
- **Continually improve** to ensure **best practice** governance and organisational excellence.

RISKS IDENTIFIED

RISK

- Lack of organisational effectiveness and efficiency, resulting in a dysfunctional organisation.

MITIGATION

- Ensure robust organisational governance systems, internal control processes and efficient resources.

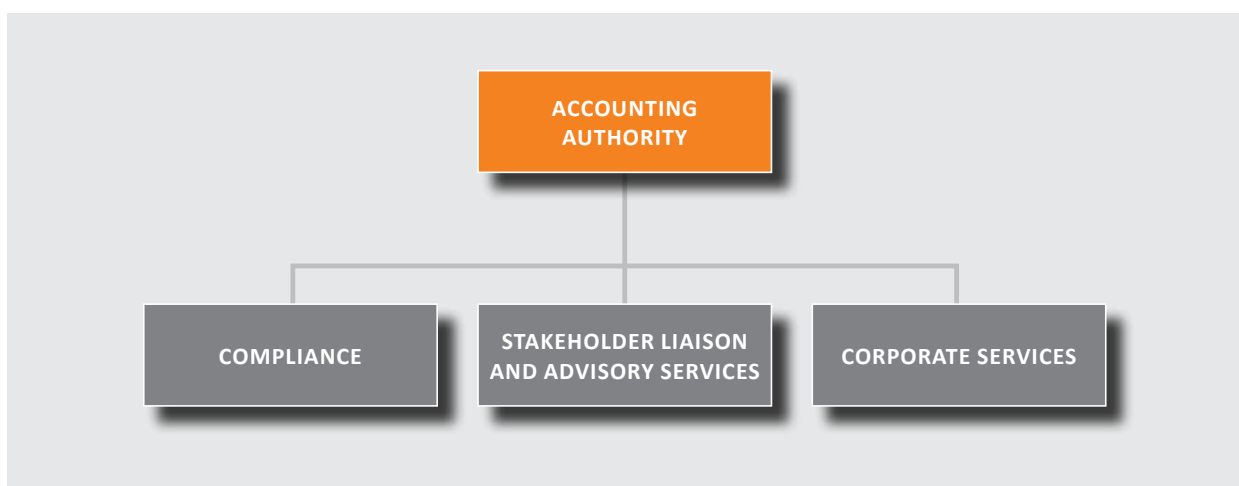
STRATEGIC OBJECTIVES

These strategic goals are supported by a range of strategic objectives that provides information on what the NGB intends doing or achieving on its SOOGs.

The strategic objectives provide information contextualised as output statements. Objective statements support the strategic objectives, which is the information that indicates what the NGB seeks to achieve by means of strategic objectives. This information is corroborated by the baseline information, which in short is the current level of performance that the NGB aims to improve.

PROGRAMME 1	1. COMPLIANCE
Strategic Outcome Oriented Goal: Enforce Compliance	
Strategic Objectives	
SO 1.1	Compliance monitoring of all provinces with gambling legislation.
SO 1.2	Combating of unlicensed gambling activities.
SO 1.3	Suppression of illegal gambling activities
SO 1.4	Effective monitoring of limited Payout Machines.
SO 1.5	Establish and maintain National Functional Registers.
PROGRAMME 2	2. STAKEHOLDER LIAISON AND ADVISORY SERVICES
Strategic Outcome Oriented Goal: Enhance Stakeholder Liaison and Statutory Advisory Services	
Strategic Objectives	
SO 2.1	Provide Researched based authoritative advice on gambling.
SO 2.2	Conduct public awareness, education and responsible gambling campaigns.
PROGRAMME 3	3. CORPORATE SERVICES
Strategic Outcome oriented Goal : Optimise organisational excellence	
Strategic Objectives	
SO 3.1	Financial efficiency.
SO 3.2	Human resources efficiency.
SO 3.3	Improved operational and technical efficiency.

NGB PROGRAMME STRUCTURE



5. SUMMARY OF FUNCTIONAL PROGRAMMES OF THE NGB

The NGB is constituted of three divisions or programmes which are set out below:

5.1 PROGRAMME 1: COMPLIANCE

PURPOSE

To provide mandated operational core functions in terms of the National Gambling Act 2004 (Act 7 of 2004).

OBJECTIVES / PERFORMANCE OUTCOMES

The performance outcomes of this function include the following:

- a) monitor compliance with gambling legislation.
- b) no unlicensed gambling activities.
- c) effective monitoring of limited payout machines.
- d) establish and maintain a national functional register.
- e) exercise oversight of the NCEMS.
- f) assist PLAs to ensure that unlicensed gambling activities are detected.

SOOG 1: ENFORCE COMPLIANCE	
SOOG 1: Enforce Compliance	
Objective Statement	<ul style="list-style-type: none">Evaluate the issuance of national licences by PLAs.Evaluate the compliance monitoring of licensees by PLAs.
Baseline	<ul style="list-style-type: none">Nine (9) consolidated reports on the evaluation of the issuance of national licenses, compliance monitoring of licensees and the performance of PLAs.
Justification	<ul style="list-style-type: none">This objective seeks to evaluate and report on the performance of the PLAs in relation to the issuance of national licences and compliance monitoring of licensees, as well as the performance of the PLAs.
Links	<ul style="list-style-type: none">Improved regulatory environment.
Output	<ul style="list-style-type: none">Compliance evaluation assessment of nine provinces.
Performance Indicator/ Measure	<ul style="list-style-type: none">Ten (10) consolidated three-tier compliance evaluation assessment reports.

RISK MANAGEMENT

Risk

- Lack of cooperation and compliance by the PLAs due to interdependence regarding concurrent competencies.

Mitigation

- Prepare deficiency reports and set timelines for rectification.

Objectives / Performance Outcomes

- Evaluate and report on the following:
 - The performance of PLAs in relation to the issuance of national licences.
 - Compliance monitoring of licensees, as well as the performance of PLAs.

SOOG 1: ENFORCE COMPLIANCE	
SO 1.2 Combatting of unlicensed gambling activities	
Objective Statement	<ul style="list-style-type: none"> Provide mechanisms and structures to assist regulators and law enforcement agencies in detecting and suppressing unlicensed (illegal) gambling. Evaluate the compliance monitoring of licensees by PLAs.
Baseline	<ul style="list-style-type: none"> Report on intervention and support provided to regulators and law enforcement agencies.
Justification	<ul style="list-style-type: none"> This objective seeks to provide the provinces with tried and tested methods of suppressing unlicensed (illegal) gambling, resulting in the elimination of such activities.
Links	<ul style="list-style-type: none"> Improved regulatory environment.
Output	<ul style="list-style-type: none"> Assist PLAs to ensure that unlicensed gambling activities are detected.
Performance Indicator/ Measure	<ul style="list-style-type: none"> Report on intelligence gathering and reporting of information to PLAs and law enforcement agencies.

RISK MANAGEMENT

Risk

- Uncontrolled expansion of unlicensed gambling activities, unprotected citizens and loss of revenue.
- Proliferation of unlicensed gambling activities and loss of revenue to the fiscus.

Mitigation

- Enhanced identification, reporting and providing support to PLAs.

Objectives / Performance Outcomes

- Ensure the implementation of the multi-law enforcement agency strategy

SOOG 1: ENFORCE COMPLIANCE	
SO 1.3 Suppression of illegal gambling activities	
Objective Statement	<ul style="list-style-type: none"> Provide mechanisms and structures to assist banks, licensees and law enforcement agencies in the confiscation of illegal winnings. Conducting investigations in terms of forfeiture and prosecution of cases related to illegal gambling activities.
Baseline	<ul style="list-style-type: none"> Report on illegal gambling activities and related matters
Justification	<ul style="list-style-type: none"> This objective seeks to ensure that all unlawful winnings that were confiscated are investigated Forfeiture and the prosecution of cases related to illegal gambling activities are conducted.
Links	<ul style="list-style-type: none"> Improved regulatory environment.
Output	<ul style="list-style-type: none"> Confiscation of illegal winnings, investigation, forfeiture and prosecution of cases related to illegal gambling activities.
Performance Indicator/ Measure	<ul style="list-style-type: none"> Report on illegal gambling activities.

RISK MANAGEMENT

Risk

- Confiscated winnings are not investigated.

Mitigation

- Enhanced identification, reporting and providing support to the banks, licensees and other related parties.
- Ongoing investigation, forfeiture and prosecution of all cases related to illegal gambling activities where illegal winnings are in the custody of the NGB.

Objectives / Performance Outcomes

- Ensure the investigation, forfeiture and prosecution of all cases related to illegal gambling activities.

SOOG 1: ENFORCE COMPLIANCE**SO 1.4 Effective monitoring of the LPMs sector of the gambling industry**

Objective Statement	<ul style="list-style-type: none"> Monitor compliance of the NCEMS (including the operator) with legislation and Service Level Contract ("SLC").
Baseline	<ul style="list-style-type: none"> Fully operational NCEMS. Report on the evaluation of LPM applications in excess of 5 machines.
Justification	<ul style="list-style-type: none"> Statutory requirement in terms of the National Gambling Act S 27(1).
Links	<ul style="list-style-type: none"> Improved regulatory environment.
Output	<ul style="list-style-type: none"> Fully operational National Central Electronic Monitoring System (NCEMS). Evaluation of LPM applications in excess of 5 machines within the legislative prescribed requirements.
Performance Indicator/ Measure	<ul style="list-style-type: none"> Annual analytical report of data in accordance with the prescribed requirements. Report on the evaluation of LPM applications in excess of 5 machines.

RISK MANAGEMENT**Risk**

- Absence of a functional operational NCEMS will result in non-effective or non-efficient regulation of the performance of the LPM industry.

Mitigation

- Provide a functional system that meets the requirements of legislation to monitor licensed gambling activities.

Objectives / Performance Outcomes

- Ensure that the LPMs are linked to the NCEMS.
- Compliance with the statutory requirements.
- To ensure financial benefits from the implementation of the new NCEMS project

SOOG 1: ENFORCE COMPLIANCE**SO 1.5 Establish and maintain the National Functional Register**

Objective Statement	<ul style="list-style-type: none"> Maintaining of the National Functional Registers and compiling reports in the prescribed manner and format.
Baseline	<ul style="list-style-type: none"> Compliance status report on the registers.
Justification	<ul style="list-style-type: none"> This objective provides for National Registers, which are maintained to identify all the role-players in terms of the legalised gambling environment.
Links	<ul style="list-style-type: none"> Improved regulatory environment.
Output	<ul style="list-style-type: none"> Compliant and functional register for gambling machines and devices to ensure that all machines and devices are assigned a permanent unique number; accessible information, sharing and probity registers for probity reports and licensee registrations; exclusions and illegal operatives registers.
Performance Indicator/ Measure	<ul style="list-style-type: none"> Annual Audit Report and Consolidated Report on the registers.

RISK MANAGEMENT**Risk**

- Stakeholders will not have access to centralised gambling-related information as required by the Act, resulting in a loss of information.
- Audited data for external stakeholder use will be unavailable.
- The incapability of the current registers to provide reliable data.

Mitigation

- Consultation with the stakeholders in terms of the benefits of the national functional registers.
- Explore measures to ensure that the maintenance of quality registers is automated.

Objectives / Performance Outcomes

- This objective is closely linked to the strategic objective: Maintain and update National Functional Registers.
- The motivation in the section above applies to this strategic objective as well.

Maintain updated National Functional Registers. The registers will contain updated information on the legislated registers that the NGB must maintain. The registers have been established during the previous planning cycle. This information is to be shared with the PLAs to promote the maintenance of uniform norms and standards in the gambling sector. The NGB will pursue the strategic objective of maintaining the registers as contemplated by the NGA.

The establishment of the National Register will facilitate the collation of information. However, the NGB will reorganise its structure to provide for the establishment and funding of the registry.

5.2 PROGRAMME 2: STAKEHOLDER LIAISON AND ADVISORY SERVICES

PURPOSE

To provide continuous interpretation and guidelines on the statutory mandate of the NGB, as well as providing strategic coordination and promote liaison at local and international level among the various stakeholders of the NGB, including the South African Responsible Gambling Foundation (SARGF), a body tasked with the mandate to provide support and problem gambling interventions.

LEGAL SERVICES

Legal Services researches and provides authoritative advice to the NGB and **the dti** on regulatory strategies and inputs on legislation, as well as policy development. Legal services furthermore provides the legal services as legal advice.

STAKEHOLDER AND LIAISON

The Stakeholder and Liaison Unit provides coordination and secretariat services to the various stakeholders of the NGB, as well as to Executive Management. The NGB undertakes strategic communication with key stakeholders and forges strategic cooperation, promotion of the NGB's policy and development with the regulators – both on the continent and around the world. The division is also responsible for strategic planning and support.

OBJECTIVES / PERFORMANCE OUTCOMES

The performance outcomes of this function include:

- a) conducted public awareness, education and responsible gambling campaigns.
- b) provided researched-based authoritative advice on gambling among other policy, statutory matters, legislation and reforms.
- c) conducted research on the impact of gambling.
- d) updated information on performance of the regulated gambling sectors.
- e) monitor market share and market conduct.
- f) facilitated public dialogue with stakeholders.
- g) implemented stakeholder management strategy and plan.
- h) implemented communication strategy and plan.
- i) develop an approach to concurrent gambling regulation.

SOOG 2 ENHANCE STAKEHOLDER LIAISON AND STATUTORY ADVISORY SERVICES**SO 2.1 Provide researched based authoritative advice on gambling**

Objective Statement	<ul style="list-style-type: none"> To actively educate and inform stakeholders about gambling and its effects. To conduct research to research to determine the socio-economic impact of illegal gambling and ways to prohibit especially online gambling, and what the NGB will need to execute this role. To gather and access reliable information and to research in order to provide advice to the NGPC and report on gambling sector performance.
Baseline	<ul style="list-style-type: none"> S65 Annual advisory report presented to the Accounting Authority Social impact of gambling Annual audited gambling sector performance report
Justification	<ul style="list-style-type: none"> To advise the Minister and NGPC, assist the dti with specialist advice for considerations of possible developments for gambling policy and legislation. To serve as an input document when advising the dti on the review of gambling legislation.
Links	<ul style="list-style-type: none"> Improved regulatory environment. Facilitate transformation of the economy to promote industrial development, investment competitiveness and employment creation. Build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives. Create a fair regulatory environment that enables investment, trade and enterprise development in a socially responsible manner.
Output	<ul style="list-style-type: none"> Authoritative advice on, inter alia policy, statutory matters, legislation and reforms provided Research reports on the impact of gambling Research reports on gambling sector performance
Performance Indicator/ Measure	<ul style="list-style-type: none"> S65 Advisory reports presented to the Accounting Authority Conduct Research on impact of gambling and present the report to the Accounting Authority Audited gambling sector performance report

RISK MANAGEMENT**Risk**

- Non-acceptance and/or implementing advice provided to the Minister.
- Incorrect information to map the gambling sector performance.

Mitigation

- Continuous dialogue on the advice provided.
- Establish procedures to gather information and validate information through audited information.

Objectives / Performance Outcomes

- Ensure regulatory certainty.
- Ensure uniform Norms and Standards of the regulatory compliance oversight.
- Ensure consistent regulatory advice on the gambling legislative regime.

SOOG 2 ENHANCE STAKEHOLDER LIAISON AND STATUTORY ADVISORY SERVICES**SO 2.2 Conducted public awareness, education and responsible gambling campaigns**

Objective Statement	<ul style="list-style-type: none"> Stakeholder management and Communication strategy and plan implemented.
Baseline	<ul style="list-style-type: none"> Approval of Communication and stakeholder strategy by the Accounting Authority
Justification	<ul style="list-style-type: none"> To inform stakeholders To build and maintain co-operation and sustainable collaborative relationships and partnerships
Links	<ul style="list-style-type: none"> Facilitate broad-based economic participation through targeted interventions to achieve more inclusive economic growth. Create a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner. Improved regulatory environment
Output	<ul style="list-style-type: none"> Facilitated Social Dialogue with stakeholders (Relationships built with stakeholders)
Performance Indicator/ Measure	<ul style="list-style-type: none"> Facilitate broad based stakeholder participation through targeted intervention

RISK MANAGEMENT

Risk

- Lack of coherent and coordinated awareness campaigns by all stakeholders.
- Lack of cooperation and uninformed policy development.

Mitigation

- Develop a coherent strategy on stakeholder campaign.
- Development and facilitation of social dialogue with stakeholders including outreach programmes.

Objectives / Performance Outcomes

- Ensure advocacy campaign is in place to address responsible gambling practices.
- Continually assess market behaviour in the sector.
- Ensure tracking of trends and patterns associated with problem gambling.
- Building relations with stakeholders.

Improved gambling sector research, information sharing with our PLAs and the industry is an important element in our endeavour to improve stakeholder engagement and contribute to the effective regulation of the industry through policy and knowledge services. Improved communication should ensure that information is readily accessible. The NGB has planned to develop an engagement framework with other statutory oversight organisations over the period.

5.3 PROGRAMME 3: CORPORATE SERVICES

PURPOSE

This programme provides strategic financial management functions, human resources and information technology infrastructure support to the organisation.

Corporate services facilitate the overall management of the NGB and provide strategic financial management functions, human resources and information technology infrastructure support to the organisation. It is the custodian of human and financial resources. The division has four units that provide specialised services to the NGB.

FINANCE

The core functions of the finance unit are to provide overall management of the financial affairs of the NGB. This unit provides for the financial planning and reporting for both internal and external users of the financial information.

SUPPLY CHAIN MANAGEMENT

The core objective of supply chain management is to ensure that the procurement processes of the NGB are in line with the government prescripts and guidelines. This unit manages the achievement of contractual obligations of the outsourced services related to procured services.

INFORMATION COMMUNICATION TECHNOLOGY

The function of the ICT unit is to support the NGB in matters of ICT strategic development and maintenance of the communication and management systems, thereby safeguarding the assets of the NGB. The unit ensures that the ICT support functions are carried out in a manner that supports the strategic objective 1.4 and 1.5 and the mission statement of the NGB. ICT is geared at supporting and enhancing the overall organisational performance through the provision of assistive technologies.

HUMAN CAPITAL OPTIMISATION (HUMAN RESOURCES)

The function of Human Capital Optimisation is to provide support to the human resources systems and processes that support the operations and determination of performance levels as provided in the business and operational documents of the NGB. This unit ensures that there is sufficient up-to-date processes and compliant implementation with the existing labour laws. The unit also manages the performance agreements with personnel.

OBJECTIVE / PERFORMANCE OUTCOMES

The performance outcomes of this function include:

Financial Efficiency

- a) Effective control support utilisation maintenance and management of financial resources.

Human Resources Efficiency

- a) Efficient and effective skilled workforce.
- b) Operational and technical efficiency.
- c) Uninterrupted ICT infrastructure.

Improved operational and technical efficiency

- a) Efficient and effective ICT operations

SOOG 3 OPTIMISE ORGANISATIONAL EXCELLENCE	
SO 3.1 Financial efficiency	
Objective Statement	<ul style="list-style-type: none">To implement financial systems and processes that enables the organisation to function optimally.
Baseline	<ul style="list-style-type: none">Unqualified Audit Opinion with 33 audit findings reported in the management report
Justification	<ul style="list-style-type: none">Efficient systems and processes will instil public confidence that resources are utilised for the intended purpose.
Links	<ul style="list-style-type: none">Efficient effective service delivery.
Output	<ul style="list-style-type: none">Effective control, support, utilisation, maintenance, management of resources
Performance Indicator/ Measure	<ul style="list-style-type: none">Unqualified audit report with a reduction in the number of audit findings reported in the management report

RISK MANAGEMENT

Risk

- Inability to manage funds efficiently and effectively.
- Exposure to litigious matters due to absence of contract management.

Mitigation

- Enhance early warnings on expenditure overruns/abuse of funds.
- Effective control, support, utilisation, and maintain management of financial resources.
- Implement Contract management.

Objectives / Performance Outcomes

- Improve financial system of reporting and monitoring;
- Improve financial processes, procedures, policies and compliance;
- Improve financial reporting;
- Improve participation of HDI in the NGBs procurement processes;
- Obtain support from the dti and NT to address funding shortfalls for infrastructural support; and
- Implement contract management

SOOG 3 OPTIMISE ORGANISATIONAL EXCELLENCE	
SO 3.2 Human Resources Efficiency	
Objective Statement	<ul style="list-style-type: none"> Efficient and effective skilled workforce.
Baseline	<ul style="list-style-type: none"> Report on 60% implementation of the Human capital plan (Year 2)
Justification	<ul style="list-style-type: none"> This objective seeks to reach a wider pool of candidates by using additional or different media and retain a capable and skilled workforce. The objective will ensure a suitably capacitated organisation in order to achieve its mandate.
Links	<ul style="list-style-type: none"> Efficient effective service delivery.
Output	<ul style="list-style-type: none"> Efficient and effective skilled workforce
Performance Indicator/ Measure	<ul style="list-style-type: none"> Report on % implementation of the 5 year human capital strategy and plan

RISK MANAGEMENT

Risk

- Failure to deliver on the mandate of the NGB.

Mitigation

- Implementation of retention strategies.
- Fill critical posts.

Organisational performance management

Human Capital Optimisation Unit is a strategic business solutions enabler through the deployment of human capital with the responsibility to ensure that the organisation is able to achieve its vision, mission and strategic goals through the optimum utilisation of its human resources.

Objectives / Performance Outcomes

Management of employees is a core line responsibility focused on enhancing motivation and performance. Competent skilled employees are an important asset and remain key to the successful execution of the NGB's business objectives and strategy during the planning period. To achieve this programme's objectives are as follows:

- Improved governance systems;
- Improved skills and leadership capabilities;
- Transformation of remuneration practices;
- Sound employee relations practices for the establishment of a disciplined and harmonious workplace;
- An entrenched culture of performance;
- Talent attraction and retention; and
- Ensure the development of a Knowledge Management Framework and Strategy.

SOOG 3 OPTIMISE ORGANISATIONAL EXCELLENCE	
SO 3.3 Improved operational and technical efficiency	
Objective Statement	<ul style="list-style-type: none"> Review current Information Communications Technology (ICT) infrastructure, Master Systems Plan (MSP) and procedures. Obtain approval of ICT Strategy.
Baseline	<ul style="list-style-type: none"> Approved MSP 100% implementation. 98% uptime.
Justification	<ul style="list-style-type: none"> Ensure business continuity. DPSA Corporate Governance ICT Policy Framework of 2012.
Links	<ul style="list-style-type: none"> Efficient effective service delivery.
Output	<ul style="list-style-type: none"> Efficient and Effective ICT operations
Performance Indicator/ Measure	<ul style="list-style-type: none"> % uptime of all IT systems

RISK MANAGEMENT

Risk

- Failure of business continuity and information reliability.

Mitigation

- Continually update and maintain a Master System Plan.

Objectives / Performance Outcomes

- Introduce latest technical architecture and key systems to reduce potential failures and security risks and leverage information technology performance benefits;
- Ensure research and development to ensure that NCMS is compatible with suitable systems;
- Research a Customer Relationship Management System to facilitate the complaints management process. This will allow the public to log their complaints on the NGB website and also allows service providers to view and manage complaints addressed for their attention;
- Implement Human Resources Systems to manage internal resources. This would be inclusive of induction, skills development and performance management; and
- Implement Electronic Document Management System and the Gambling Information Portal are essential.

6. FINANCIAL PLAN

The NGB's strategic plan and the outcome oriented goals provide a roadmap for what the organisation seeks to achieve, based on determined outcomes and outputs. Four (4) strategic outcome oriented goals are supported by a range of strategic objectives. The Annual Performance Plan provides an outline of the planned deliverables over the medium term and quarterly milestones and targets over the MTEF period.

6.1 EXPENDITURE TRENDS

The National Gambling Board derives its revenue from transfers from the Department of Trade and Industry and other sources include revenue from the National Central Electronic Monitoring System. Revenue is expected to increase significantly over the medium term as a result of the appointment of a new service provider in 2016/17 for the National Central Electronic Monitoring System which will place the Board in a position to structure a self-funding model.

The strategic focus over the medium term will be on evaluating the issuance of national licenses by provincial licensing authorities to strengthen regulatory compliance oversight over the provinces; research on the socio-economic impact of gambling; and the eradication of illegal gambling operations. The Board will monitor market share and behaviour in the sector and issue reports on the trends in the market and gambling behaviour patterns. These reports will be used as guide to inform policy on gambling-related matters affecting the country.

Expenditure over the medium term is thus expected to roughly increase significantly to R112 million driven by goods and services which accounts for 64.9 per cent of total expenditure for the operations the National Central Electronic Monitoring System.

The Board will also conduct educational and public awareness campaigns over the medium term with a view to educate the public about the dangers of excessive gambling, as Responsible gambling and education remains one of the key responsibilities of the Board.

The NGB is to be established as a trading entity as proposed in the draft National Gambling policy as will move to become the National Gambling Regulator.

Expenditure growth will also be driven by compensation of employees which grows by 11.8 per cent which is attributed to the filling of critical vacant positions in the Compliance division to ensure that the Board is able to conduct the mandatory compliance oversight functions over all the nine provinces.

The NGB's medium-term forecast is guided by the dti and NT guidelines and is representative of the funding required for the strategic objectives. The budget preparation is guided by the required work to be completed in terms of the mandate of the NGB as prescribed in the NGA.

R THOUSAND	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	AUDITED OUTCOME			REVISED BUDGET	BUDGET ESTIMATE				
REVENUE									
Entity revenue	1 642	1 911	2 608	8 789	13 572	122 872	123 197	129 357	135 825
Entity revenue other than sales	1 642	1 911	2 608	8 789	13 572	122 872	123 197	129 357	135 825
Interest	794	37	285	1 367	1 449	1 536	1 628	1 709	1 795
Unclassified revenue	848	1 874	2 323	7 422	12 123	121 336	121 569	127 647	134 030
Realisation of deferred income (other than transfers)	-	-	-	-	-	-		-	-
National Central Electronic Monitoring System	-	172	258	2 150	10 000	119 000	119 000	124 950	131 198
Other income	848	1 702	2 065	5 272	2 123	2 336	2 569	2 697	2 832
Transfers received	26 057	27 717	29 797	31 483	30 121	31 627	33 461	35 134	36 891
National government	26 057	27 717	29 797	31 483	30 121	31 627	33 461	35 134	36 891
Total revenue	27 699	29 628	32 405	40 272	43 693	154 499	156 658	164 491	172 715

R THOUSAND	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	AUDITED OUTCOME			REVISED BUDGET	BUDGET ESTIMATE				
EXPENDITURE									
Current payments	31 761	31 555	27 091	36 323	40 295	150 988	153 102	160 757	168 795
Compensation of employees	10 807	11 352	12 060	11 346	22 933	24 749	26 711	28 047	29 449
Salaries and wages	9 065	11 096	11 695	11 038	22 361	24 130	26 044	27 346	28 714
Social contributions	1 742	256	365	308	572	619	667	700	735
Goods and services	20 954	20 203	15 031	24 977	17 362	126 239	126 391	132 711	139 346
Agency and support/outsourced services	2 307	1 207	461	-	-	-	-	-	-
Communication	3 336	560	697	1 466	664	676	676	710	745
Computer services	253	205	252	885	285	332	332	349	366
Consultants	3 813	3 466	3 776	10 766	2 385	112 711	112 711	118 347	124 264
Inventory	106	113	59	83	120	127	127	133	140
Lease payments	3 557	7 863	7 441	7 831	7 507	7 599	7 703	8 088	8 493
Repairs and maintenance	11	8	12	51	68	67	67	70	74
Research and development	1 564	920	117	1 593	3 800	2 000	2 000	2 100	2 205
Training and staff development	379	16	20	120	-	175	175	184	193
Travel and subsistence	2 352	2 733	564	487	871	942	942	989	1 039
Other	3 276	3 112	1 632	1 695	1 662	1 610	1 658	1 741	1 828
Depreciation	769	2 099	1 940	2 212	2 212	2 212	2 212	2 323	2 439
Total Expenditure	32 530	33 654	29 031	38 535	42 507	153 200	155 314	163 080	171 234
Surplus / (Deficit)	-4 831	-4 026	3 374	1 737	1 186	1 299	1 344	1 411	1 482

6.2 ASSET AND LIABILITY MANAGEMENT

In 2012/13 financial year, the NGB relocated to new offices and has a lease obligation for the new offices, which expires in 2024. In considering the move, an agreement was reached with **the dti** to cede the old premises lease to the department wholly whilst entering into a new lease with a different service provider. The former premises have now been occupied by **the dti**.

Assets are managed through internal policies, which are approved by the NGB and applied to protect the assets and ensure procedural processes are applied when assets are acquired, disposed of, or donated. All assets are insured (within Treasury approved limit), with a reputable registered insurer.

6.3 CASH FLOW PROJECTIONS

The cash flow projections below reflect the projected income to be received over the MTEF period.

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
CASH FLOW DESCRIPTION	AUDITED OUTCOME			REVISED BUDGET	BUDGET ESTIMATE				
R THOUSAND									
Cash receipts from stakeholders	27 699	29 628	35 998	40 272	42 558	153 308	155 409	163 179	171 338
Tax receipts	-	-	-	-	-	-	-	-	-
Sales of goods and services other than capital assets	848	1 874		2 150	2 123	2 336	2 569	2 697	2 832
Transfers received	26 057	27 717	29 797	31 483	30 121	31 627	33 461	35 134	36 891
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-
Interest and rent on land	794	37	1 823	1 367	314	345	379	398	418
Rent on land	-	-	-	-	-	-	-	-	-
Unclassified revenue	-	-	4 378	5 272	10 000	119 000	119 000	124 950	131 198
Cash paid to stakeholders	32 768	31 579	26 297	35 604	39 179	150 295	152 410	160 031	168 032
Current payments	32 768	31 579	26 297	35 604	39 179	150 295	152 410	160 031	168 032
Compensation of employees	14 714	10 306	12 060	11 347	22 933	24 750	26 711	28 047	29 449
Goods and services	18 054	21 273	14 237	24 257	16 246	125 545	125 699	131 984	138 583
Cash flow from operating activities	-5 069	-1 951	9 701	4 668	3 379	3 013	2 999	3 149	3 306
Cash flow from investing activities	-	-15	-437	1 642	50	-	-	-	-
Cash flow from financing activities	-	48	-	-	-	-	-	-	-
Borrowing Activities	-	-	-	-	-	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	-5 069	-1 918	9 264	6 310	3 429	3 013	2 999	3 149	3 306

The NGB has made a conservative cash projection based on the budget allocation. These projections have factored in potential revenue that is anticipated to be realised from the NCEMS project. This has resulted in the NGB having sufficient cash resources to sustain itself over the MTEF period. This translates to approximately R3 million rand cash reserves / cash on hand over the MTEF period.

6.4 CAPITAL EXPENDITURE PROGRAMMES

The NGB has an infrastructure upgrade project, which will revamp ITC equipment and supporting capital assets. Further development will be continued within the next strategic cycle.

6.5 DIVIDEND POLICIES

The NGB is a Schedule 3C public entity established in terms of the National Gambling Act. The organisation is funded from grant allocations from **the dti**. The dividend policy does not apply to the NGB.

PART B LINKAGES TO OTHER PLANS

ANNUAL PERFORMANCE PLAN

The NGB's Annual Performance Plan sets out what the entity sets out to do over the upcoming financial years and over the MTEF to implement this strategic plan. This will facilitate the NGB in realising its goals and objectives set out in the Strategic Plan. The Annual Performance Plan is attached as an Annexure to this document.

ASSET MANAGEMENT PLAN

The NGB's major assets are in the form of Leasehold Improvements which are attached to a leased building. These assets form part of the NGB's Property, Plant and Equipment and will be phased out of the NGB's records over the duration of the lease such that when the lease expires, the Leasehold Improvements will be fully depreciated. All the NGB's assets are managed in accordance with the Generally Recognised Accounting Practices and an assets register is maintained on the Asset ware System.

INFORMATION TECHNOLOGY PLAN

The NGB's ICT infrastructure will be optimised by acquiring new ICT servers to replace the servers which have been in existence for the past five years. This will include, among others, infrastructure and, a robust ICT service continuity plan as well as enhanced ICT security and support infrastructure.

The rest of the NGB's ICT infrastructure was recently purchased and is considered to be in line with current technology. The NGB ICT is in the process of revising the ICT Governance policies and procedures to bring this in line with existing applications.

ICT GOVERNANCE

The establishment of the ICT Governance Committee is aimed at guiding the NGB in ICT infrastructure investment to improve the effectiveness of the current support structure. This is aimed improving the following;

- Improved ICT capitalisation considerations
- Legislative and regulatory compliance
- Developing Business Continuity and Disaster Recovery plans

GOVERNMENT'S MTSF PRIORITIES	GOVERNMENT OUTCOME	the dti STRATEGIC OUTCOME ORIENTED GOALS	NGB STRATEGIC OUTCOME ORIENTED GOALS	RESPONSIBLE NGB PROGRAMME
1. Speeding up growth and transforming the economy to create decent work and sustainable livelihoods	4. Decent employment, through inclusive economic growth	Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation)	1. Enhance Stakeholder Liaison and Statutory Advisory Services	Programme 2
		Create a fair regulatory environment that enables investment, trade and enterprise development, in an equitable and socially responsible manner	3. Enforce Compliance	Programme 1
8. Pursuing African development and enhanced international co-operation	11. Create a better South Africa, a better Africa and a better world	Facilitate broad-based economic participation, through targeted interventions to achieve more inclusive growth	Enhance Stakeholder Liaison and Statutory Advisory Services	Programme 2
10. Building a developmental state, including improvement of public services and strengthening democratic institutions	12. An efficient, effective and development-orientated public service and an empowered, fair and inclusive citizenship	Promote a professional, competitive and customer-focused working environment that ensures effective and efficient service delivery	Optimise Organisational Excellence	Programme 3

ABBREVIATIONS AND ACRONYMS

AFS	Annual Financial Statements
AI	Accountable Institutions
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
CCO	Chief Compliance Officer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COTII	Council for Trade and Industry Institutions
DPP	Department of Public Prosecution
FATF	Financial Action Task Force
FIC	Financial Intelligence Centre
FICA	Financial Intelligence Centre Act
FY	Financial Year
GGR	Gross Gambling Revenue
GRAF	Gambling Regulators for African Forum
GRC	Gambling Review Commission
HOD	Head of Department
HRBF	Horse-racing and Betting Forum
IG	Interactive Gambling
LPMs	Limited Payout Machines
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NCEMS	National Central Electronic Monitoring System
NGB	National Gambling Board
NGPC	National Gambling Policy Council
NGRF	National Gambling Regulators Foundation
NPA	National Prosecuting Authority
NRGP	National Responsible Gambling Programme
PFMA	Public Financial Management Act
PLAs	Provincial Licensing Authorities
SAPS	South African Police Services
SCM	Supply Chain Management
the dti	The Department of Trade and Industry

NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

ANNUAL PERFORMANCE PLAN 2016/17



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ACRONYMS AND ABBREVIATIONS

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FIC	Financial Intelligence Centre
FICA	Financial Intelligence Centre Act
FY	Financial Year
GGR	Gross Gambling Revenue
GRAF	Gambling Regulators for African Forum
GRC	Gambling Review Commission
HOD	Head of Department
HRBF	Horse Racing and Betting Forum
IG	Interactive Gambling
LPMs	Limited Payout Machines
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NCEMS	National Central Electronic Monitoring System
NGB	National Gambling Board
NGPC	National Gambling Policy Council
NGRF	National Gambling Regulators Foundation
NPA	National Prosecuting Authority
NRGP	National Responsible Gambling Programme
PFMA	Public Financial Management Act
PLAs	Provincial Licensing Authorities
SAPS	South African Police Services
SCM	Supply Chain Management
SONA	State of Nation Address
the dti	The Department of Trade and Industry

1. ORGANOGRAM



2. OFFICIAL SIGN-OFF

It is hereby certified that the Annual Performance Plan:

- Was developed by the management of the NGB under the guidance of Ms Caroline Kongwa-Hankanga
- Was prepared in line with the current Strategic Plan of the NGB.
- Accurately reflects the performance targets which the NGB will endeavour to achieve given the resources made available in the budget for 2016/2019.



Ms Kaveshka Mackerduth

Chief Financial Officer

Recommended for approval by:



Mrs Caroline Kongwa-Hankanga

Accounting Authority

3. FOREWORD BY THE MINISTER



Dr. Rob Davies, MP

Minister of Trade and Industry

The financial year 2015/16 symbolised the commencement of a period in which the anticipated gambling policy reform had influenced extensive engagements with stakeholders to design a suitable national gambling model for South Africa. Gambling legislation review was high on our agenda. While the final promulgation of the legislation rests within the purview of **the dti**, the National Gambling Board (NGB) will continue in the 2016/17 financial year to provide inputs towards the issues identified in the prior years earmarked for amendment in order to assist **the dti** with empirical and policy information.

Ministerial priorities will be driven by three Strategic Outcome Oriented Goals (SOOG's) of the NGB, namely; Enforce Compliance, Enhancing Stakeholder Liaison and Statutory Advisory Services, Optimise Organisational Excellence. The performance indicators entail all the government expectations articulated in the Shareholder's Compact entered into by and between the Ministry of Trade and Industry and the Accounting Authority. The Accounting Authority has put monitoring and governance mechanisms in place to ensure the delivery of the organisation's mandate has a visible impact in the broader community and mainstream economy.

The NGB remains committed to carrying out the objectives and developmental outputs of the National Development Plan 2030 to encourage job creation in the sector it regulates. This

annual update is conducted by taking into account several inputs, as well as examination of important developments in the internal and external environments, in which the NGB operates. The NGB was engaged in a planning phase whereby it identified priorities that require immediate attention. The NGB reviewed the Strategic Plan and Annual Performance Plan to bring these fully in line with the statutory mandate. The NGB will conduct engagements with stakeholders operating in these environments to tap into their expert knowledge. This Annual Performance Plan in line with the Strategic Plan will guide the NGB focus over the Medium Term Expenditure Framework (MTEF) period.

With the development of our technological capacity it is now possible to interact, monitor and regulate gambling through any electronic device in place. This impels transformation of the gambling industry and strengthened stakeholder relations to ensure cooperation in suppressing interactive gambling and confiscation of unlawful winnings and promotion of responsible gambling.

Although gambling is primarily considered as a form of entertainment, there is part of the community that perceives gambling as a source of income. The NGB will continue to ensure that the entire community is protected by inter alia continuously monitoring the gambling market share and conduct, research on socio-economic impact of gambling and

to conducting broad based public education by communicating its role in ensuring that messages of gambling in South Africa are delivered fairly, safely and responsibly.

The generation of GGR increased by 9.6% from R21,8 billion in 2013/14 to R23,9 billion in 2014/15, whereas the collection of taxes/levies increased by 10.7% from R2,2 billion in 2013/14 to R2,5 billion in 2014/15. Casinos and Gauteng province are the gambling mode, and province, generating the most GGR, and from which the highest amounts of taxes/levies were also collected.

NGB will continue with the monitoring of the socio-economic impact of legalised gambling in South Africa by commissioning follow-up research of this nature. In the interim, the NGB is awaiting the findings relative to the socio-economic impact of illegal gambling inclusive of guidelines in terms of how regulators should combat illegal gambling, with specific focus on online gambling.

Gambling regulation needs to create a balance between revenue generation and protection of the public, particularly vulnerable persons, whilst taking cognisance of the government's developmental priorities. It is important to consolidate gambling sector performance data through the use of the national registry which should carry registers such as those listing excluded persons, gambling devices and machines, probity and information sharing, as well as the newly established register of illegal gambling operatives (persons/entities/activities).

In overseeing gambling in South Africa, the NGB has strengthened its regulatory oversight function by evaluating and monitoring the issuance of National Licenses and Provinces as per the Norms and Standards. Over and above the issuance of licenses the NGB will focus on evaluating the compliance monitoring of PLAs, monitoring of their licensees and performance of Provincial Licensing Authorities (PLA's) in their regulatory duties to strengthen regulatory compliance oversight over the provinces. The NGB will continue to regulate the Limited Payout Machines (LPMs) industry particularly through the National Central Electronic Monitoring System (NCEMS).

The NGB will provide gambling sector knowledge and statutory advisory services that examine best practices and ensure proper development, execution of research information in the sector.

The agenda of the NGB will be driven by the five-year strategy (2016-2021) to ensure the efficient, effective and economic delivery of the entities mandate. This will also guide the agenda of the relevant stakeholders that report to the NGB.



Dr. Rob Davies, MP

Minister of Trade and Industry

4. OVERVIEW BY THE ACCOUNTING AUTHORITY



Mrs Caroline Kongwa-Hankanga
Accounting Authority

In line with its vision and mission, the NGB derives its mandate from the National Gambling Act 2004, Act 7 of 2004. The NGB remains committed to carrying out the objectives and developmental outputs of the National Development Plan 2030 to encourage job creation in the gambling industry. It is commensurate with the Ministerial priorities that the NGB's focus is aligned to government's imperatives particularly with regards to strengthening the regulatory functions of the NGB.

A strategic outcome oriented goal of the NGB is to obtain a holistic overview of the South African gambling sector in terms of market share and conduct and national gambling statistics applicable to those gambling modes regulated by the NGB. It is desirable to establish norms and standards which will safeguard members of the public participating in gambling against the adverse effect of gambling.

Development of a sturdier regulation model should become imperative in order to tighten governance of the gambling industry. Responsible gambling and education remains one of the key responsibilities of the NGB. Advocacy and public awareness campaigns will be developed and conducted over the period. Analysis of the research reports will be to advise on policy and legislative development.

NGB will provide gambling sector knowledge and statutory advisory services that examine best practices and ensure

proper development and execution through use of research information in the sector. Gambling legislation review is high on our agenda. While the final promulgation of the legislation rests within the purview of **the dti**, the NGB will provide inputs towards the issues identified in the prior years earmarked for amendment in order to assist **the dti** with empirical information.

The NGB performs its oversight role within a concurrent gambling regulatory environment. It is crucial for the NGB to drive stakeholder relations in order to achieve cooperation to develop contemporaneous regulation of the industry and effective regulatory partnerships with not only the PLA's, but with law enforcement agencies and regulators in Africa and abroad. This is of priority especially to effectively suppress gambling related crimes.

In overseeing gambling in South Africa, the NGB has strengthened its regulatory oversight function by evaluating and monitoring the issuance of National Licenses and Provinces' Licenses as per the Norms and Standards. Over and above the issuance of licenses, the NGB will focus on evaluating the compliance monitoring of PLAs' monitoring of their licensees through review of revenue collection and audits, machines certification and approvals, compliance inspection of their licensees (methodology and time frame) on all modes of gambling licensed by PLAs.

Further to that the NGB will continue to monitor the Limited Payout Machines (LPMs) industry particularly through the National Central Electronic Monitoring System (NCEMS).

ECONOMY

There is noticeable growth evidenced in the modes of gambling, especially the LPM, Bingo and Betting on Sport (offered by bookmakers) sectors. The casino sector and Gauteng Province continue to dominate other gambling modes/sectors and provinces in terms of the number of gambling positions, turnover, GGR generated and taxes/levies collected.

The audited gambling statistics as at the end of March 2015 further reflected an apparent saturation in the casino market. Only one (1) casino in Northern Cape was added during 2014/15, and another in Limpopo in the first quarter of 2015/16. The bingo, Limited Payout Machine (LPM) sectors and betting on sport offered by bookmakers have been identified by most of the PLA's as areas for growth and expansion. Areas of concern are the following:

- The fact that more Electronic Bingo Terminals are rolled out than traditional bingo positions; and
- With regard to betting on horse racing and sport offered by bookmakers and totalisators, the highest GGR was generated as a result of betting on sport offered by bookmakers. Based on statistics, less taxes/levies were collected from this sector, relative to betting on horse racing in general and betting on sport offered by totalisators. It is therefore recommended that the tax codes for the bookmaker (especially betting on sport) be reviewed.

SOCIAL IMPACT OF GAMBLING

Mandatory research to determine the social impact of gambling was commissioned in 2015 to determine the prevalence of gambling and its overall impact on the quality of peoples' lives. Key findings were as follows:

- Gambling participation amongst the South African population has increased from 14.3% in November 2012 to 15.3% to April 2015
- Participation in the National Lottery has increased from 77.0% to 78.9%
- Illegal gambling has seen a significant decrease. However accounts for the highest risk of problem gambling
- 54.4% of gamblers may be considered at no risk
- Although problem gambling has decreased, 9.9% of gamblers may be regarded as problem gamblers (a decrease since 2012)

NGB will commission an extensive study to determine the socio-economic impact of legal gambling in South Africa.

ECONOMIC IMPACT OF GAMBLING

Based on research conducted in 2012, it would seem that the propensity to gamble stabilised at just below 1% of household income/expenditure. The total amount forfeited on gambling by households amounted to R21 024 million in 2012. Future movements in gambling expenditure would probably move sideways in tandem with increases in labour remuneration.

The initial gross domestic product (GDP) (value added) generated by the gambling sector amounted to an estimated R10 968.8 million in 2012. This amount is multiplied by indirect and induced effects to a total GDP contribution of R21 937.6 million. This represents an initial GDP contribution of 0.39% with a further 0.38% indirect and induced contribution.

The total GDP contribution was 0.77%, which will probably remain at this level for the foreseeable future. The GDP multiplier was 2.0 meaning that for every R100 value added created by the gambling sector itself, another R100 was generated in other sectors of the economy.

It is expected that the gambling sector's approximate 1% contribution to the economy will probably remain at this level for the foreseeable future. The employment multiplier is calculated at 5.6, implying that for every 100 jobs created directly by the gambling sector; a further 416 are created indirectly in other sectors of the economy. A total of 166 202 jobs were created directly (29 679) and indirectly (136 523), contributing 1.7% of the non-agricultural formal employment in South Africa.

EMPLOYMENT

In general, the casino sector in the three (3) main provinces namely Gauteng, KwaZulu-Natal and the Western Cape, accounts for the highest numbers in terms of direct employment in the South African gambling industry. Based on information provided by the Provincial Licensing Authorities in June / July 2015, Gauteng (28.4%), Western Cape (21.3%), and KwaZulu-Natal (19.3%) were the three (3) main role players responsible for direct employment in the South African gambling industry. Employment figures were much lower in other provinces i.e. Mpumalanga (6.6%), Eastern Cape (10.1%), North West (4.6%), Limpopo (4.4%), Free State (4.1%) and Northern Cape (1.2%).

Casinos accounted for more than half (60.3%) of all direct employment in the South African gambling industry, compared to the LPM (19.4%), Betting on Horse Racing and Sport (15.9%) and Bingo (4.4%) industries.

GAMBLING SECTOR PERFORMANCE

As the industry grows over time, the oversight role is becoming more complex and NGB's capabilities to ensure compliance needs to be strengthened.

Gambling activities have a significant redistribution effect. On average, a significant number of punters spend small amounts on gambling while only a small percentage receives large amounts of prize money and gambling winnings.

The NGB will continue to monitor market conduct, market share and national gambling statistics and compare future information and statistics with existing data, where applicable. Based on the audited gambling statistics submitted by the nine (9) PLAs for the FY15 in relation to GGR generated and Gambling Taxes levied and collected the following can be deduced:

- GGR per gambling mode, FY15**

The generation of GGR increased by 9.6% from R21,8 billion in FY2014 to R23,9 billion in FY2015. Casinos and

Gauteng province were the gambling mode and province generating the most GGR.

- Taxes/levies collected per gambling mode, FY15**

The collection of taxes/levies increased by 10.7% from R2,2 billion in FY2014 to R2,5 billion in FY2015. Casinos and Gauteng province are the gambling mode and province from which the highest amounts of taxes/levies were collected.

INTEGRATED PLANNING AND POLICY PRIORITIES

The Annual Performance Plan measurement indicators are aligned to government's imperatives. The Accounting Authority's planning processes are integrated with the dti's strategic plans. The collaboration with the Minister on the following matters is germane to outcome oriented goals:

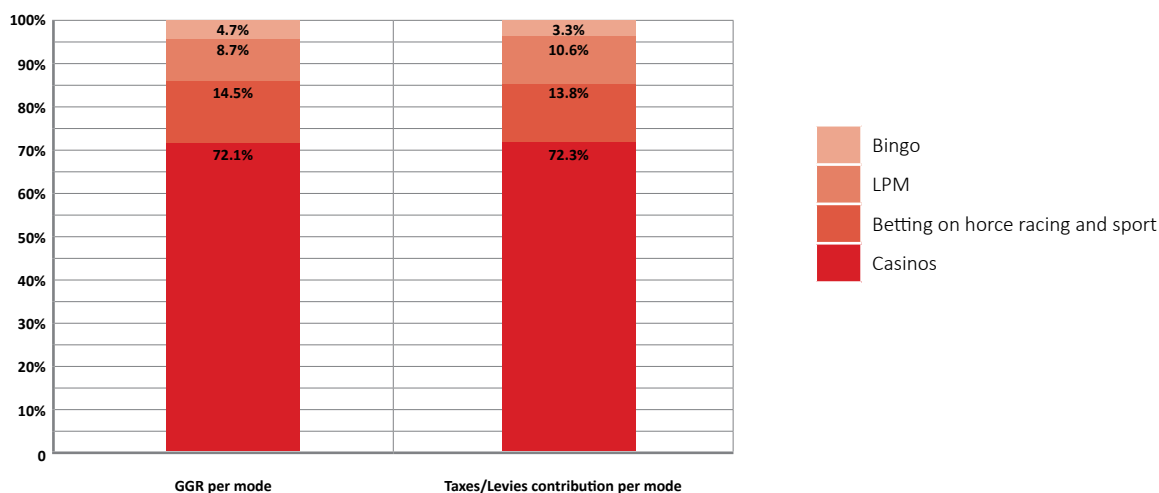


Figure 1: GGR and Taxes/Levies contributions per modes, FY2015

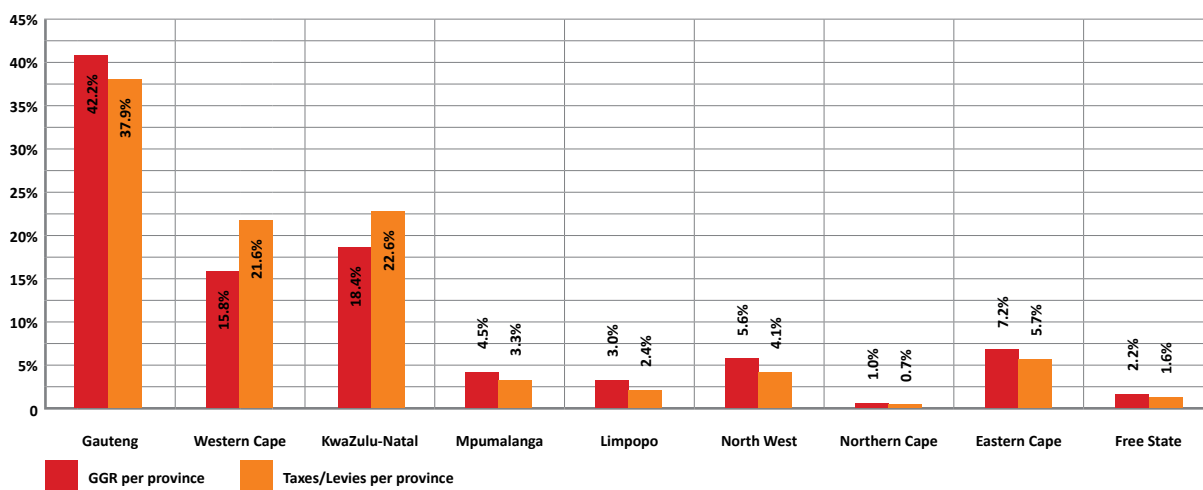


Figure 2: GGR and Taxes/Levies contributions per province, FY2015

2015 STATE PRESIDENT – SONA (EXTRACTS RELEVANT TO NGB)

“During the State of the Nation Address in February 2015, I announced the Nine Point Plan to respond to sluggish growth....”

The nine point plan consists of:.....

- c) More effective implementation of a higher impact Industrial Policy Action Plan;
- d) Unlocking the potential of SMME, co-operatives, township and rural enterprises;....
- g) Scaling-up private-sector investment.....

We need to empower SMMEs to accelerate their growth. Access to high-quality, innovative business support can dramatically improve the success rate of new ventures....

The department of small business development was established to provide such targeted support to small business....

Economic transformation and black empowerment remain a key part of all economic programmes of government. One of our new interventions is the Black Industrialists Scheme which has been launched to promote the participation of black entrepreneurs in manufacturing.....

We urge big business to partner the new manufacturers including businesses owned by women and the youth, as part of broadening the ownership and control of the economy.....

To achieve our objectives of creating jobs, reducing inequality and pushing back the frontiers of poverty we need faster growth.....

We cannot change the global economic conditions, but we can do a lot to change the local conditions.....

MINISTERIAL PRIORITIES

The NGB is expected to:

- Educate and make the public aware of the pros and cons of gambling.
- Ensure effectiveness of the Central Electronic Monitoring System and conduct oversight on the implementation of the National Responsible Gambling Programme.
- Conduct continuous investigation and enforcement against illegal gambling operations in the country with a special focus on illegal online gambling and to implement programs to combat it.
- Establish and maintain:
 - the national register of excluded persons, in accordance with sec on 14;
 - the national register of gambling machines and devices, in accordance with sec on 21;
 - a central registry of information contemplated in section 35; and the national probity register in terms of section 57, as well as
 - Conduct inspections and providing evaluation of inspections undertaken in collaboration with other regulatory enforcement agencies and provincial gambling authorities.
- Conducting research on the socio-economic benefits of gambling and advising the Minister and the National Gambling Policy Council (NGPC) on policy considerations emanating from the research.
- Conducting continuous oversight over the provincial licensing authorities on their compliance with the National Gambling Act.

REVENUE AND EXPENDITURE

Revenue is expected to increase from R38.5 million in 2015/16 to an expected R42.5 million in 2016/17. This is a direct result of additional revenue expected from the National Central Electronic Monitoring System (NCEMS) operator, resulting from a re-negotiated contract with the operator.

Our expenditure estimate is expected to increase in line with inflation as well as employee costs as the entity has filled 89% (24 out of 27) of the positions on the approved organisational structure with a view to operate optimally to meet all its objectives in the 2016/17 period.

To ensure that the entity lives within its means the introduction of cost saving measures have been implemented in all operations of the organisation.

RISK ASSOCIATED WITH STRATEGIC OBJECTIVES

The Accounting Authority has cascaded the statutory mandate of the NGB into three (3) strategic outcome orientated goals outlined in page 17 of this plan and has designed activities to achieve same. In planning, the associated risks were taken into account by continuously identifying new risks and providing for mechanisms to mitigate them.

The strategic outcome goals and the underlying strategic objectives are discussed in detail to provide more information.

Policy review is continuous to reduce the risks and contingency plans are in place, including a Fraud Prevention Plan.

This plan is our commitment to effectively address all the strategic issues in the gambling sector for its sustainability with stakeholders, both in the public and private sectors to contribute towards job creation and the objectives of the National Development Plan and other government developmental initiatives.



Mrs Caroline Kongwa-Hankanga
Accounting Authority of the NGB

PART A STRATEGIC OVERVIEW

5. VISION, MISSION AND VALUES

The NGB is established in terms of the National Gambling Act (NGA), 2004 (Act 7 of 2004). It is also registered as a Schedule 3A Public Entity in terms of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999). The vision, mission and values of the NGB are as follows:

VISION

To position South Africa as the pre-eminent jurisdiction with an exemplary and effectively regulated gambling industry

MISSION

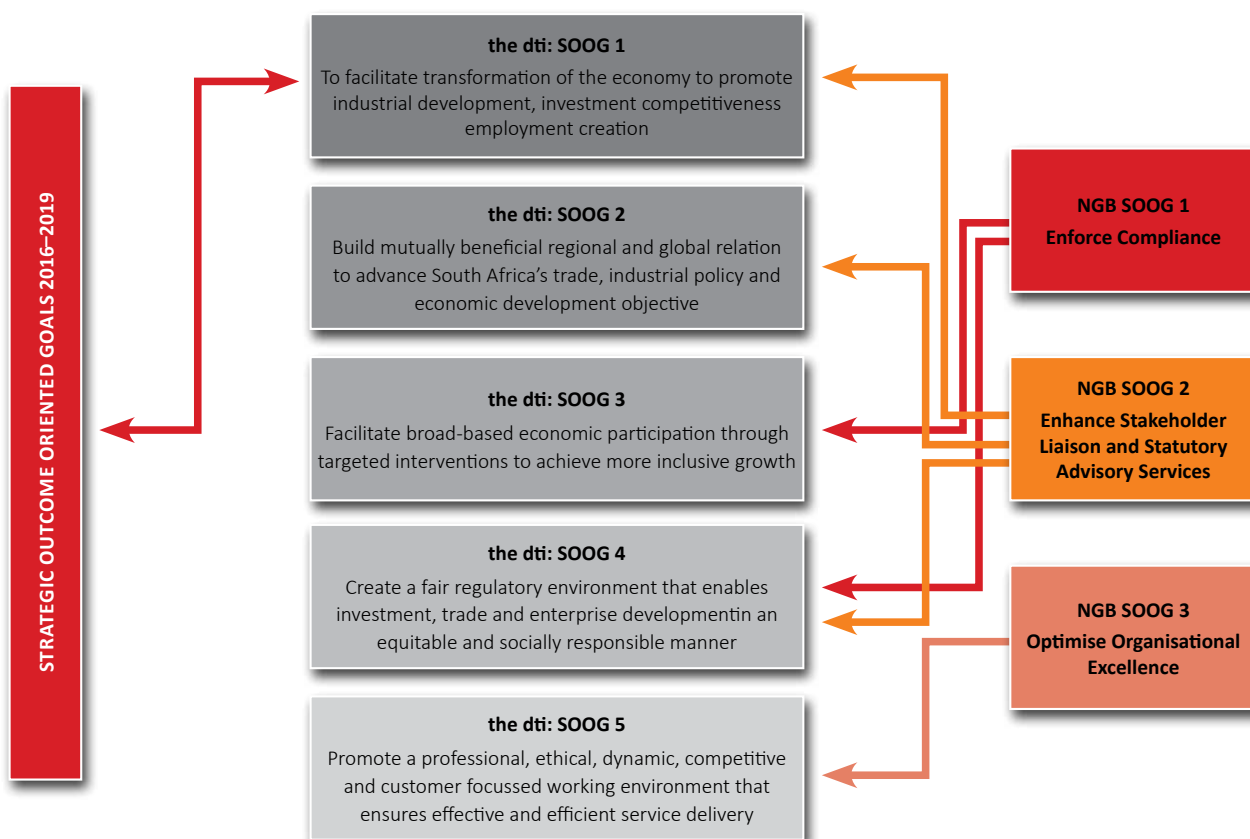
Lead the regulation of the gambling industry in the fulfillment of the National Gambling Act, 2004, through an effectively regulated and supervised gambling industry that upholds domestic, continental and internationally recognised standards of compliance.

VALUES

Professionalism; Moral Integrity; Transparency; Commitment and Consistency; Effective Implementation of Resolutions; Responsive Communication; Teamwork; Respect and Tolerance.

6. STRATEGIC OUTCOME ORIENTED GOALS AND GOAL OBJECTIVES

The strategic objectives provide information contextualized as output statements. Objective statements support the strategic objectives, which is the information that indicates what the NGB seeks to achieve by means of strategic objectives. This information is corroborated by the baseline information, which in short is the current level of performance that the NGB aims to improve.



7. RECENT COURT RULINGS

There were two (2) cases with rulings as outlined below:

7.1 Maxime Hotel vs Egoli Gambling (Pty) LTD and the Chairperson of the National Gambling Board, The Administrator: Gauteng Gambling Board N.O. and The Minister of Trade and Industry

Cause of action: Applicants brought an application in the court and sought an order “declaring regulation 3(2) of the Regulations of Limited Payout Machines ultra vires the powers, functions, and duties of the National Gambling Board and as infringing upon the exclusive powers of the Gauteng Gambling Board.

Court ruling: Judgement was delivered on 18 March 2014 and it is a reportable judgement. The application was dismissed with costs.

7.2 National Gambling Board vs S. Manuel

Cause of action: The NGB applied to court for the setting aside of an appointment and employment contract of an employee appointed on 21 August 2014 as a Stakeholder Manager on the basis that the appointment of an employee and the conclusion of his employment contract were preceded by material irregularities and misrepresentations.

Court Ruling: The court ruled that the decision by the NGB dated 21 August 2014, to appoint Mr. S. Manuel as a Stakeholder Manager and the contract of employment entered into between the NGB and the employee is reviewed and set aside. Respondent (the employee) was ordered to pay the costs of the action. The judgement was delivered on 1 December 2015 and it is a reportable judgement.

8. UPDATED SITUATIONAL ANALYSIS

8.1 PERFORMANCE DELIVERY ENVIRONMENT

The environmental scanning looks at the factors inherent in the NGB's business environment that may have some impact thereon.

The NGB's oversight role over compliance by PLAs is exercised within concurrent national and provincial legislative competence over matters relating to Casinos, Horse Racing, gambling and wagering.

The following areas have been identified which have an impact:

- 8.1.1 To position NGB strategically and advocate delivery in accordance with national gambling legislation, in particular Sections 27, 33, 34, 65, 66, 70 and 72. These sections highlight the NGB's responsibility regarding establishment and maintenance of, inter alia, the National Electronic Monitoring System, the National Registry, the National Inspectorate, its oversight functions, objectives and relationship with the provincial licensing authorities ("PLAs").
- a) The Gambling Review Commission (GRC) outcomes and recommendations and the associated recommendations by Parliament;
 - b) Review of national gambling policy and legislation;
 - c) Results of Rationalisation of Agencies reporting to **the dti**;
 - d) Continued recognition of the NGB as a resource and repository of statistics and research on behalf of all persons;
 - e) Lead the debate into interactive/online gambling in Africa;
 - f) Oversight of all complexities of the industry including market share and market conduct;
 - g) Generate online skills working with institutions in the country;
 - h) Monitor Broad-Based Black Economic Empowerment (B-BBEE) and Codes of Good Practice.

- 8.1.2 Revision to Legislative and Other Mandates (Key Policy and Legislative Developments)

THE NATIONAL GAMBLING POLICY

the dti presented policy recommendations to the National Gambling Policy Council (NGPC) after considering all recommendations against economic contributions, unemployment, poverty levels, over indebtedness and social impact, job creation and capacity to monitor i.e. modes of gambling which derive the most revenue.

- a) The key policy proposals are as follows:
 - Regulatory structures and framework to establish a regulatory framework which looks at the effectiveness of the Council and the role of the NGB;
 - Enhancing regulation of casinos in order to ensure the destination approach for location of casinos is maintained;
 - Provide clarity on the regulation of limited payout machines via the creation of a national framework to regulate Electronic Bingo Terminals;
 - Horse racing be statutorily regulated through a self-regulation model;

- The provisions relating to Unlawful Winnings Trust need to be reformed to ensure that the costs burden of approaching the High Court for a forfeiture order is eliminated; and
 - The policy recommends that the NRGF be included in legislation to ensure that it derives its powers from the legislation.
- b) The Policy review proposed that no new forms of gambling should be allowed and that the focus be on enhancing the regulation of the existing modes. Having regard to economic and employment benefits within the gambling sector, there should be continuous balance on the value that new forms of gambling potentially bring into the country's economy against the value and contributions derived from existing forms of gambling.
 - c) After consultation with the NGPC, **the dti** consulted the public and affected stakeholders, the revised policy proposals were tabled for approval and published for public comment in April 2015.
 - d) The National Gambling Policy will be followed by the National Gambling Amendment Bill and it will be processed through Cabinet for introduction into Parliament (National Assembly and the National Council of Provinces as gambling is subject to concurrent jurisdiction).

THE REMOTE GAMBLING BILL OF 2014

The Remote Gambling Bill of 2014 was published in the Government Gazette on 23 April 2014 and was tabled in Parliament. The bill was debated in the Portfolio Committee for Trade and Industry.

The intention of the bill is to provide for:

- a) the regulation of remote gambling in the Republic of South Africa;
- b) uniform norms and standards to be applicable throughout the Republic;
- c) to prevent minors and vulnerable people from being exposed to the negative effects of gambling;
- d) to ensure compliance with the FICA; and
- e) to protect the public and licenced remote gambling operators from fraud, criminal behaviour, money laundering or financing of terrorist or related activities.

The Bill seeks to legalise online gambling. The NGB in conjunction with **the dti** have indicated that online gambling is undesirable and illegal in South Africa. This stance has been taken due to the cumbersome mechanisms that are required to ensure that such online activities are monitored, controlled and regulated.

The NGB, in collaboration with other law enforcement agencies, continues to suppress illegal gambling activities in the country.

THE AMENDMENT TO THE B-BBEE ACT, 2003 (ACT 53 OF 2003)

The amendment introduces:

- a) the B-BBEE Commission to exercise an oversight, advocacy and investigative role;
- b) it establishes criminal offences for misrepresentation for companies' B-BBEE status or engaging in a fronting practice;
- c) it grants government and any public entity power to cancel any contract that was entered into due to false information pertaining to B-BBEE status;
- d) It imposes an obligation to government and public entities to take the codes into account in their procurement policies and in issuing licences and authorisations; and
- e) Imposes an obligation on South African listed entities to provide a report to the B-BBEE Commission on their compliance with B-BBEE.

The amendment represents an improvement to the economic development of previously disadvantaged individuals.

NGB has plans in place to amend and align their procurement policy with the amendment.

8.2 ORGANISATIONAL DELIVERY ENVIRONMENT

The NGB implements the National Gambling Act 7 of 2004 on behalf of the Minister of Trade and Industry. Its functions fall within the broader objectives of **the dti**. The government priorities relevant to the NGB's role are outlined in the shareholder's compact which is signed by the Minister and the NGB on an annual basis.

The gambling sector is segmented into the following regulatory areas:

- Casinos;
- Limited Payout Machine (Route and Site operators);
- Gambling Equipment Manufacturers and Distributors;
- SANAS accredited gambling Test and Inspection Laboratories;
- Licensing of employees and Key Employees in the sector;
- Bingo; and
- Betting on horse racing and sport.

The NGB oversees gambling activities in the Republic of South Africa.

8.3 ALIGNMENT TO THE OBJECTIVES OF the dti

The NGB's response to its strategic plan is illustrated in the mapping of the NGB's SOOGs to the strategic objectives and programmes of the NGB. The linkages are depicted in the table below.

Strategic Outcome Orientated Goals and Programme Description

PROGRAMME 1	1. COMPLIANCE
Strategic Outcome Oriented Goal: Enforce Compliance	
Strategic Objectives	
SO 1.1	Compliance monitoring of all provinces with gambling legislation.
SO 1.2	Combating of unlicensed gambling activities.
SO 1.3	Suppression of illegal gambling activities.
SO 1.4	Effective monitoring of limited Payout Machines.
SO 1.5	Establish and maintain National Functional Registers.
PROGRAMME 2	2. STAKEHOLDER LIAISON AND ADVISORY SERVICES
Strategic Outcome Oriented Goal: Enhance Stakeholder Liaison and Statutory Advisory Services	
Strategic Objectives	
SO 2.1	Provide researched based authoritative advice on gambling.
SO 2.2	Conduct public awareness, education and responsible gambling campaigns.
PROGRAMME 3	3. CORPORATE SERVICES
Strategic Outcome Oriented Goal: Optimise Organisational Excellence	
Strategic Objectives	
SO 3.1	Financial efficiency.
SO 3.2	Human resources efficiency.
SO 3.3	Improved operational and technical efficiency.

During the past year, the Minister expected the NGB to:

- Carry out its legislative mandate;
- Conduct effective and efficient regulation of gambling industry;
- Improve regulation and prosecution of online gambling;
- Be the lead in gambling debates and ensure sufficient visibility;

- Monitor Sports Betting Operating outside the ambit of the NGA, to support **the dti** to address the lacuna in legislation;
- Collaborate with Department of Communication regarding on-line gambling;
- Develop a register of illegal operatives;
- Provide authoritative research and identify which forms of gambling bring in more revenue and prioritise them;
- Implement cost cutting measures as outlined by the National Treasury;
- In collaboration with **the dti**, fast track the agreement on Norms and Standards by the Policy Council;
- Implement and monitor adherence to Norms and Standards;
- In collaboration with **the dti**, fast track the amendment to the NGA;
- Establish the National Inspectorate within the NGB.

The NGB's Strategic Plan and Performance Outcomes are anchored on the outcomes approach of the Government Programme of Action; they are informed by the MTSF, and are directed by **the dti**'s Service Delivery Agreement – specifically **the dti** Outcome 4:

'Decent employment through inclusive economic growth' which stipulates the need to up-skill workers, create jobs in the industry, reduce concentration, to allow for competition in various sectors, as well as procurement of services from previously disadvantaged groups.

The strategic outcome oriented goal identifies areas of institutional performance that are critical to the achievement of the mission of the NGB. These are intended to stretch and challenge the NGB, but simultaneously must be realistic and achievable over a strategic cycle, MTEF. These focus on a range of outputs that vary from impacts to outcomes.

9. DESCRIPTION OF THE PLANNING PROCESS

The NGB embarked on a process to review the existing Strategic Plan of the organisation. The Accounting Authority, executives and members of the management committee convened in December 2015 and January 2016 to review existing documents, strategic intent and strategies of the NGB. Subsequently management aligned the strategic mandate to the budget, APP and the business plan for the 2016/17 financial year.

10. FINANCIAL PLAN

(I) PROJECTION OF REVENUE, EXPENDITURE AND BORROWINGS

R THOUSAND	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	AUDITED OUTCOME			REVISED BUDGET	BUDGET ESTIMATE		
REVENUE							
Entity revenue	1 642	1 911	2 608	8 789	13 572	122 872	123 197
Entity revenue other than sales	1 642	1 911	2 608	8 789	13 572	122 872	123 197
Interest	794	37	285	1 367	1 449	1 536	1 628
Unclassified revenue	848	1 874	2 323	7 422	12 123	121 336	121 569
Realisation of deferred income (other than transfers)	-	-	-	-	-	-	
National Central Electronic Monitoring System	-	172	258	2 150	10 000	119 000	119 000
Other income	848	1 702	2 065	5 272	2 123	2 336	2 569
Transfers received	26 057	27 717	29 797	31 483	30 121	31 627	33 461
National government	26 057	27 717	29 797	31 483	30 121	31 627	33 461
Total revenue	27 699	29 628	32 405	40 272	43 693	154 499	156 658

R THOUSAND	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	AUDITED OUTCOME			REVISED BUDGET	BUDGET ESTIMATE		
EXPENDITURE							
Current payments	31 761	31 555	27 091	36 323	40 295	150 988	153 102
Compensation of employees	10 807	11 352	12 060	11 346	22 933	24 749	26 711
Salaries and wages	9 065	11 096	11 695	11 038	22 361	24 130	26 044
Social contributions	1 742	256	365	308	572	619	667
Goods and services	20 954	20 203	15 031	24 977	17 362	126 239	126 391
Agency and support/ outsourced services	2 307	1 207	461	-	-	-	-
Communication	3 336	560	697	1 466	664	676	676
Computer services	253	205	252	885	285	332	332
Consultants	3 813	3 466	3 776	10 766	2 385	112 711	112 711
Inventory	106	113	59	83	120	127	127
Lease payments	3 557	7 863	7 441	7 831	7 507	7 599	7 703
Repairs and maintenance	11	8	12	51	68	67	67
Research and development	1 564	920	117	1 593	3 800	2 000	2 000
Training and staff development	379	16	20	120	-	175	175
Travel and subsistence	2 352	2 733	564	487	871	942	942
Other	3 276	3 112	1 632	1 695	1 662	1 610	1 658
Depreciation	769	2 099	1 940	2 212	2 212	2 212	2 212
Total Expenditure	32 530	33 654	29 031	38 535	42 507	153 200	155 314
Surplus / (Deficit)	-4 831	-4 026	3 374	1 737	1 186	1 299	1 344

THE NATIONAL GAMBLING BOARD IS RESPONSIBLE FOR REGULATORY FUNCTIONS AND PROMOTES JOB CREATION WITHIN THE SOUTH AFRICAN GAMBLING INDUSTRY. AS SUCH, THE NGB CONTRIBUTES TO THE NATIONAL DEVELOPMENT PLAN'S VISION OF A FALLING UNEMPLOYMENT RATE.

The focus over the medium term will be towards strengthening the core function of the entity with emphasis on evaluating the issuance of national licenses by provincial licensing authorities to strengthen the oversight over provinces; research on the socio-economic impact of gambling and the eradication of illegal gambling operations. The Board will also conduct educational and public awareness campaigns over the medium term with a view to educate the public about the dangers of excessive gambling, as responsible gambling and education remains one of the key responsibilities of the Board.

Its further focus is to acquire a holistic overview of the South African gambling sector in terms of market conduct and national gambling data. The entity will also monitor market share and behaviour in the sector and issue reports on the trends in the market and gambling behaviour patterns. This will be used to guide and inform policy on gambling-related matters affecting South Africa in order to ensure delivery of the entity's mandate and a broader impact in communities.

Expenditure over the medium term is thus expected to roughly increase significantly to R112 million driven by goods and services which accounts for 64.9 per cent of total expenditure for the operations of the National Central Electronic Monitoring System (NCEMS).

The NCEMS is connected to all LPM's through a private secure network which enables the NGB to collect data on the revenue made by the LPMs. Based on the gross gambling revenue (GGR) made from the LPMs, the NGB is entitled to a monitoring fee which ranges from 3% to 6% depending on the number of machines installed. The GGR generated by the LPM industry during the year ended 30 June 2014 was R1.7 billion in terms of the NGB's 2013/14 annual report.

Additionally, the entity has developed an illegal gambling operatives register. This will enable the provinces to collect and input data on illegal gambling operators. Through the register, the entity will become a central repository of all gambling operations, which will assist in collaborating with law enforcement agencies and provide them with the information required to eradicate illegal gambling activities.

Responsible gambling and education remains one of the key responsibilities of the entity, thus over the medium term the NGB will conduct educational public awareness campaigns with the view to educate the public about the dangers of excessive gambling. It is crucial for the entity to closely collaborate with the relevant stakeholders to promote responsible gambling.

In meeting its objectives of strengthening regulatory compliance oversight, the entity has filled critical vacant positions in the compliance monitoring division to ensure that the NGB is able to conduct the mandatory compliance oversight functions over all the nine provinces. This explains the growth in expenditure, driven by compensation of employees, which is set to increase by 12.5 per cent over the medium term.

The entity derives an average of 54.1 per cent of revenue from transfers from **the dti**, and other sources include revenue from the NCEMS.

(II) ASSET AND LIABILITY MANAGEMENT

In 2012/13 financial year, the NGB relocated to new offices and has a lease obligation for the new offices, which expires in 2022. In considering the move, an agreement was reached with **the dti** to cede the old premises' lease to the department wholly whilst entering into a new lease with a different service provider. The former premises have now been occupied by **the dti**.

Assets are managed through internal policies, which are approved by the Accounting Authority and applied to protect the assets and ensure procedural processes are applied when assets are acquired, disposed of, or donated. All tangible assets have been insured with a reputable registered insurer.

(III) CASH FLOW PROJECTIONS

The cash flow projections below reflect the projected income and expenditure to be received and incurred over the MTEF period. An analysis of the information presented in the table below reflects an average increase in cash receipts of 65.8% over the medium term. This is aligned to the measures in place to ensure that the entity is sustainable and continues to operate as a going concern. This is also as a result of the anticipated increase in revenue received for the monitoring of the LPM industry through the national central electronic monitoring system (NCEMS).

CASH FLOW DESCRIPTION	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	AUDITED OUTCOME			REVISED BUDGET	BUDGET ESTIMATE		
R THOUSAND							
Cash receipts from stakeholders	27 699	29 628	35 998	40 272	42 558	153 308	155 409
Tax receipts	-	-	-	-	-	-	-
Sales of goods and services other than capital assets	848	1 874		2 150	2 123	2 336	2 569
Transfers received	26 057	27 717	29 797	31 483	30 121	31 627	33 461
Fines, penalties and forfeits	-	-	-	-	-	-	-
Interest and rent on land	794	37	1 823	1 367	314	345	379
Rent on land	-	-	-	-	-	-	-
Unclassified revenue	-	-	4 378	5 272	10 000	119 000	119 000
Cash paid to stakeholders	32 768	31 579	26 297	35 604	39 179	150 295	152 410
Current payments	32 768	31 579	26 297	35 604	39 179	150 295	152 410
Compensation of employees	14 714	10 306	12 060	11 347	22 933	24 750	26 711
Goods and services	18 054	21 273	14 237	24 257	16 246	125 545	125 699
Cash flow from operating activities	-5 069	-1 951	9 701	4 668	3 379	3 013	2 999
Cash flow from investing activities	-	-15	-437	1 642	50	-	-
Cash flow from financing activities	-	48	-	-	-	-	-
Borrowing Activities	-	-	-	-	-	-	-
Net increase / (decrease) in cash and cash equivalents	-5 069	-1 918	9 264	6 310	3 429	3 013	2 999



(IV) CAPITAL EXPENDITURE PROJECTS

The NGB has successfully updated its IT server and related software as per plan during the 2014/15 and 2015/16 financial year.

As a result, capital expenditure projects for the medium term will be limited to the replacement of computers as they reach the end of their useful lives, as well as new purchases to be made as and when vacant positions are filled. The NGB also intends to invest in an electronic document management system during the 2016/17, that will ensure the safe storage and retrieval of critical information.

PART B PROGRAMME PERFORMANCE

The NGB is constituted of three divisions or programmes which are set out below:

11. PROGRAMME 1: COMPLIANCE

11.1 PURPOSE OF THE PROGRAMME

Provide mandated operational core functions in terms of the National Gambling Act, 2004, (Act 7 of 2004). The Compliance division provides enforcement in line with statutory imperatives as provided for in gambling legislation that pertain to enforcement of gambling related requirements.

11.2 DESCRIPTION OF THE PROGRAMME

The strategic imperatives for the programme are mandated in the NGA and are summarised as follows:

- a) Compliance monitoring of all provinces with Gambling Legislation;
- b) Combating of unlicensed gambling activities;
- c) Suppression of illegal gambling activities;
- d) Effective monitoring of limited payout machines; and
- e) Establish and maintain national functional registers.

The division assists the NGB in regulating the gambling sector in the following segments:

- Casinos;
- LPM's (routes and sites);
- Gambling equipment manufacturers and distributors;
- Bingo; and
- Betting on horse racing and sport

11.3 PERFORMANCE INDICATORS AND PERFORMANCE TARGETS

STRATEGIC OBJECTIVE / GOAL / OUTCOME	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
			2012/13	2013/14	2014/15		2016/17	2017/18	2018/19
PROGRAMME 1: COMPLIANCE									
SOOG 1: Enforce Compliance									
Compliance monitoring of all provinces with Gambling Legislation	Compliance Evaluation assessment of nine provinces	Ten (10) consolidated three tier compliance evaluation assessment reports	Three (3) PLAs were evaluated and six did not complete evaluation forms on the Compliance Monitoring System (CMS)	Assessed PLAs in terms of compliance and deficiencies	Target was not achieved due to: 1. Lack of staff and existing vacancies; and 2. Lack of response by PLA's in submitting self-evaluations	Nine (9) consolidated report on the evaluation of the issuance of national licenses, compliance monitoring of licensees and performance of PLAs	Ten (10) consolidated reports on the evaluation of the issuance of national licenses, compliance monitoring of licensees and performance of PLAs	Ten (10) consolidated reports on the evaluation of the issuance of national licenses, compliance monitoring of licensees and performance of PLAs	Ten (10) consolidated reports on the evaluation of the issuance of national licenses, compliance monitoring of licensees and performance of PLAs
Combatting of unlicensed gambling activities	Assist PLA's to ensure that unlicensed gambling activities are detected	Four (4) reports on intelligence gathering and reporting of information to PLAs and law enforcement agencies	N/A	N/A	Reported on interventions and support provided to regulators and law enforcement agencies	Report on intervention and support provided to regulators and law enforcement agencies	Four (4) reports on intervention and support provided to regulators and law enforcement agencies	Four (4) reports on intervention and support provided to regulators and law enforcement agencies	Four (4) reports on intervention and support provided to regulators and law enforcement agencies
Suppression of illegal gambling activities	Confiscation of illegal winnings, Investigation, forfeiture and prosecution of cases related illegal gambling activities	Four (4) reports on illegal gambling activities	Reported on the implementation of the suppression of illegal gambling strategy	Reported on the implementation of illegal gambling strategy	N/A	Report on illegal gambling activities and related matters	Four (4) reports on illegal gambling activities and related matters	Four (4) reports on illegal gambling activities and related matters	Four (4) reports on illegal gambling activities and related matters
Effective monitoring of the LPMs sector in the gambling industry	Fully operational National Central Electronic Monitoring System	Four (4) quarterly and one (1) annual analytical reports of data in accordance with the prescribed requirements	N/A	N/A	N/A	Fully Operational NCEMS	Four (4) quarterly and one (1) annual analysis of LPM gambling sector performance report	Four (4) quarterly and one (1) annual analysis of LPM gambling sector performance report	Four (4) quarterly and one (1) annual analysis of LPM gambling sector performance report
	Evaluation of LPM applications in excess of 5 machines within the legislative prescribed requirements	Four (4) reports on the evaluation of LPM applications in excess of 5 machines	N/A	N/A	N/A	Report on the evaluation of LPM applications in excess of 5 machines	Four (4) reports on the evaluation and approval of all LPM applications in excess of 5	Four (4) reports on the evaluation and approval of all LPM applications in excess of 5	Four (4) reports on the evaluation and approval of all LPM applications in excess of 5

STRATEGIC OBJECTIVE / GOAL / OUTCOME	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
			2012/13	2013/14	2014/15		2016/17	2017/18	2018/19
PROGRAMME 1: COMPLIANCE (CONTINUED)									
SOOG 1: Enforce Compliance (continued)									
Establish and maintain National functional Registers	Compliant and functional register for gambling machines and devices to ensure all machines and devices are assigned permanent unique number; accessible information sharing and probity registers for probity reports and licensee registrations; exclusions and illegal operatives	Five reports, i.e. annual audit report (1 report) and four (4) consolidated report on the registers	-	Reported on the integration of the information on the status of the gambling industry	Compliance status report on the registers	Compliance status report on the registers	Compliance status report on the registers	Five reports, i.e. annual audit (one report) and four (4) consolidated report on fully operational registers aligned to the NGA requirements	Five reports, i.e. annual audit (one report) and four (4) consolidated report on fully operational registers aligned to the NGA requirements

11.4 QUARTERLY MILESTONES

STRATEGIC OBJECTIVE / GOAL / OUTCOME	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	BASELINE	2016/17 ANNUAL TARGET	QUARTERLY MILESTONES			
					1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4th QUARTER
PROGRAMME 1: COMPLIANCE								
SOOG 1: Enforce Compliance								
Compliance monitoring of all provinces with Gambling Legislation	Compliance Evaluation assessment of nine provinces	Ten (10) consolidated three tier compliance evaluation assessment reports	Nine (9) consolidated Report on the evaluation of the issuance of national licenses, compliance monitoring of licensees and performance of PLAs	Ten (10) consolidated reports on the evaluation of the issuance of national licenses, compliance monitoring of licensees and performance of PLAs	Conduct three (3) tier desktop and onsite evaluation of three (3) provinces and report findings	Conduct three (3) tier desktop and onsite evaluation of three (3) provinces and report findings	Conduct three (3) tier desktop evaluation of three (3) provinces and report findings	Consolidated report on three (3) tier desktop and onsite evaluation of all PLAs

STRATEGIC OBJECTIVE / GOAL / OUTCOME	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	BASELINE	2016/17 ANNUAL TARGET	QUARTERLY MILESTONES			
					1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
PROGRAMME 1: COMPLIANCE (CONTINUED)								
SOOG 1: Enforce Compliance (continued)								
Combatting of unlicensed gambling activities	Assist PLA's to ensure that unlicensed gambling activities are detected	Four (4) reports on intelligence gathering and reporting of information to PLAs and law enforcement agencies	Report on intervention and support provided to regulators and law enforcement agencies	Four (4) reports on intervention and support provided to regulators and law enforcement agencies	Report on intelligence gathering and reporting of information to PLAs and law enforcement agencies	Report on intelligence gathering and reporting of information to PLAs and law enforcement agencies	Report on intelligence gathering and reporting of information to PLAs and law enforcement agencies	Report on intelligence gathering and reporting of information to PLAs and law enforcement agencies
	Suppression of illegal gambling activities	Confiscation of illegal winnings, investigation, forfeiture and prosecution of cases related to illegal gambling activities	Four (4) reports on illegal gambling activities	Report on illegal gambling activities and related matters	Four (4) reports on illegal gambling activities and related matters	Report on illegal gambling activities and related matters	Report on illegal gambling activities and related matters	Report on illegal gambling activities and related matters, providing a year-end report
Effective monitoring of the LPMs sector in the gambling industry	Fully operational National Central Electronic Monitoring System (NCEMS)	Four (4) quarterly and one (1) annual analytical reports of data in accordance with the prescribed requirements	Fully Operational NCEMS	Four (4) quarterly and one (1) annual analysis of LPM gambling sector performance report	Report on the monitoring of significant events associated with LPMs	Report on the monitoring of significant events associated with LPMs	Report on the monitoring of significant events associated with LPMs	Report on the monitoring of significant events associated with LPMs
	Evaluation of LPM applications in excess of 5 machines within the legislative prescribed requirements	Four (4) reports on the evaluation of LPM applications in excess of 5 machines	Report on the evaluation of LPM applications in excess of 5 machines	Four (4) reports on the evaluation and approval of all LPM applications in excess of 5 machines	Evaluate applications and report findings of all LPM applications in excess of 5 machines	Evaluate applications and report findings of all LPM applications in excess of 5 machines	Evaluate applications and report findings of all LPM applications in excess of 5 machines	Evaluate applications and report findings of all LPM applications in excess of 5 machines
Establish and maintain National functional Registers	Compliant and functional register for gambling machines and devices to ensure all machines and devices are assigned permanent unique number; accessible information sharing and probity registers for probity reports and licensee registrations; exclusions and illegal operatives registers	Five (5) reports, i.e. Annual Audit Report (1 report) and four (4) consolidated report on the registers	Compliance status report on the registers	Five reports, i.e. annual audit (one report) and four (4) consolidated report on fully operational registers aligned to the NGA requirements	Quarterly report on the maintenance, accessibility, functionality and content (statistics) of registers	Quarterly report on the maintenance, accessibility, functionality and content (statistics) of registers	Quarterly report on the maintenance, accessibility, functionality and content (statistics) of registers	Quarterly report on the maintenance, accessibility, functionality and content (statistics) of registers Annual consolidated report on the maintenance, accessibility, functionality and content (statistics) of registers. Annual Audit Report on the maintenance, accessibility, and relevance of registers.

11.5 FINANCIAL PLAN

RAND THOUSAND	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	AUDITED OUTCOME			REVISED BUDGET	BUDGET ESTIMATE		
PROGRAMME 1: COMPLIANCE							
ECONOMIC CLASSIFICATION							
Current payments	6 828	6 343	3 962	12 402	13 053	122 076	122 917
Compensation of employees	4 397	4 632	3 474	4 318	9 820	10 598	11 439
Goods and services	2 431	1 711	488	8 084	3 233	111 478	111 478

12. PROGRAMME 2: STAKEHOLDER LIAISON AND ADVISORY SERVICES

12.1 PURPOSE OF THE PROGRAMME

Provides continuous interpretation and guidelines on the statutory mandate of the NGB and provides strategic coordination and promotes liaison at local and international level amongst the various stakeholders of the NGB, including the South Africa National Gambling Responsible Foundation (SANGRF), a body tasked with the mandate to provide support and problem gambling interventions.

LEGAL SERVICES

Legal Services researches and provides authoritative advice for the NGB, to **the dti** on regulatory strategies and inputs on legislation and policy development. Legal services further provide the legal services as legal advice.

STAKEHOLDER AND LIAISON

The Stakeholder and Liaison unit provides coordination and secretariat services to the various stakeholders of the NGB and Executive Management. The NGB undertakes strategic communication with key stakeholders and forges strategic cooperation, promotion of the NGB's policy and development with the regulators both on the continent and around the world. The division is also responsible for strategic planning and support.

12.2 DESCRIPTION OF THE PROGRAMME

The strategic imperatives for the programme are mandated in the NGA and are summarised as follows:

- Conducted public awareness, education and responsible gambling campaigns.
- Provided research based authoritative advice on gambling amongst other policy, statutory matters, legislation and reforms.
- Conducted research on the impact of gambling.
- Updated information about performance of the regulated gambling sectors.
- Monitor market share and market conduct.
- Facilitated public dialogue with stakeholders.

12.3 PERFORMANCE INDICATORS AND PERFORMANCE TARGETS

STRATEGIC OBJECTIVE / GOAL / OUTCOME	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
			2012/13	2013/14	2014/15		2016/17	2017/18	2018/19
PROGRAMME 2: STAKEHOLDER LIAISON AND ADVISORY SERVICES									
SOOG 2 : Enhance Stakeholder Liaison and Statutory Service									
Provided research based authoritative advice on gambling	Authoritative advice on, inter alia policy, statutory matters, legislation and reforms provided	S65 Advisory reports presented to the Accounting Authority	Report on draft legislation amendments produced Document on the review of norms and standards was submitted to the dti	Reported on inputs to legislation amendments	Target was not achieved.	S65 Annual advisory report presented to the Accounting Authority	S65 Annual advisory report presented to the Accounting Authority on the implementation of the NGA	S65 Annual advisory report presented to the Accounting Authority on the implementation of the NGA	
	Research reports on the impact of gambling	Conduct Research on impact of gambling and present the report to the Accounting Authority	The integrated socio economic study was performed however the report not finalised Research on new forms of gambling was conducted	Socio economic impact reports and qualitative reports was produced Research report on the evolution of gambling trends was produced	Target was not achieved.	Research on the impact of gambling conducted and a report presented to the Accounting Authority	Research on the socio economic impact of gambling conducted and a report presented to the Accounting Authority	Research on the socio economic impact of gambling conducted and a report presented to the Accounting Authority	
	Research reports on gambling sector performance	Audited gambling sector performance report	Audited gambling sector performance reports were published	Report on the tracking of gambling patterns was produced	Audited gambling sector performance reports were produced	Annual audited gambling sector performance report	Annual audited gambling sector performance report	Annual audited gambling sector performance report	Annual audited gambling sector performance report
	Facilitated Social Dialogue with stakeholders (Relationships built with stakeholders)	Facilitate broad based stakeholder participation through targeted intervention such as events, campaigns / published information as well as other initiatives as stated in the Corporate Communication Plan	Reported on communication campaigns	Implementation of the communication strategy	Communication strategy and plan was reviewed and approved Stakeholder strategy and plan was approved	Approval of Communication and stakeholder strategy by the Accounting Authority	Responsible gambling advocacy campaigns conducted	Responsible gambling advocacy campaigns conducted	Responsible gambling advocacy campaigns conducted
Conducted public awareness, education and responsible gambling campaigns									

12.4 QUARTERLY MILESTONES

STRATEGIC OBJECTIVE / GOAL / OUTCOME	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	BASELINE	2016/17 ANNUAL TARGET	QUARTERLY MILESTONES			
					1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
PROGRAMME 2: STAKEHOLDER LIAISON AND ADVISORY SERVICES								
SOOG 2 : Enhance Stakeholder Liaison and Statutory Service								
Provided researched based authoritative advice on gambling	Authoritative advice on, inter alia policy, statutory matters, legislation and reforms provided	S65 Advisory reports presented to the Accounting Authority	S65 Annual advisory report presented to the Accounting Authority	S65 Annual advisory report presented to the Accounting Authority on the implementation of the NGA	Advisory report presented to the Accounting Authority	Advisory report presented to the Accounting Authority	Advisory report presented to the Accounting Authority	Advisory report presented to the Accounting Authority
	Research reports on the impact of gambling	Conduct Research on impact of gambling and present the report to the Accounting Authority	Social impact of gambling	Research on the socio economic impact of gambling conducted and a report presented to the Accounting Authority	Report on the impact of gambling	Report on field work and analysis of data	Report on field work and analysis of data	Approved new research brief regarding the 2017/18 FY Report on the impact of gambling
	Research reports on gambling sector performance	Audited gambling sector performance report	Annual audited gambling sector performance report	Annual audited gambling sector performance report	Report on Gambling Sector Performance (4 th quarter, 2015/16) Presentation on national gambling statistics (4 th quarter; 2015/16)	Report on Gambling Sector Performance (1 st quarter, 2016/17) Audited report on Gambling Sector Performance (2015/16) Presentation on national gambling statistics (1 st quarter; 2016/17)	Report on Gambling Sector Performance (2 nd quarter, 2016/17) Presentation on national gambling statistics (2 nd quarter; 2016/17)	Report on Gambling Sector Performance (3 rd quarter, 2016/17) Presentation on national gambling statistics (3 rd quarter 2016/17)
Conducted Public awareness, education and responsible gambling campaigns	Facilitated social dialogue with stakeholders (Relationships built with stakeholders)	Facilitate broad based stakeholder participation through targeted intervention such as events, campaigns / published	Approval of Communication and stakeholder strategy by the Accounting Authority	Responsible gambling advocacy campaigns conducted	Conduct one (1) public awareness event	Conduct one (1) public awareness event	Conduct one (1) public awareness event	Conduct one (1) public awareness event

12.5 FINANCIAL PLAN

RAND THOUSAND	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	AUDITED OUTCOME			REVISED BUDGET	BUDGET ESTIMATE		
PROGRAMME 2: STAKEHOLDER LIAISON AND ADVISORY SERVICES							
ECONOMIC CLASSIFICATION							
Current payments	10 271	8 066	6 128	5 669	8 254	8 952	9 475
Compensation of employees	3 412	2 932	3 111	1 518	6 110	6 595	7 119
Goods and services	6 859	5 134	3 017	4 151	2 144	2 357	2 356

13. PROGRAMME 3: CORPORATE SERVICES

13.1 PURPOSE OF THE PROGRAMME

This programme seeks to Optimise Organisational Excellence and provides strategic financial management functions, human resources and information technology infrastructure support to the organisation.

Corporate services facilitate the overall management of the NGB and provide strategic financial management functions, human resources and information technology infrastructure support to the organisation. It is the custodian of human and financial resources. The division has four units that provide specialised services to the NGB.

FINANCE

The core functions of the finance unit are to provide overall management of the financial affairs of the NGB. This unit provides for the financial planning and reporting for both internal and external users of the financial information.

SUPPLY CHAIN MANAGEMENT

The core objective of supply chain management is to ensure that the procurement processes of the NGB are in line with the government prescripts and guidelines. This unit manages the achievement of contractual obligations of the outsourced services related to procured services. Supply Chain Management further ensures that the procurement of goods and services is done in a manner which is fair, equitable, transparent, competitive and cost effective as prescribed by section 38(i)(a)(iii) of the PFMA of 1999. This department contributes to the achievement of the NGB's objectives through the procurement of goods and services for all the NGB's business Departments.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The function of the ICT unit is to support the NGB in matters of ICT strategic development and maintenance of the communication and management systems, thereby safeguarding the assets of the NGB. The unit ensures that the ICT support functions are carried out in a manner that supports the strategic objectives 1.4 and 1.5 and the mission statement of the NGB. ICT is gear at support and enhance the overall organisational performance through the provision of assistive technologies.

HUMAN CAPITAL OPTIMISATION (HUMAN RESOURCES)

The function of Human Capital Optimisation is to provide support to the human resources systems and processes that support the operations and determination of performance levels as provided in the business and operational documents of the NGB. This unit ensures that there are sufficient up-to-date processes and compliant implementation of the existing labour laws. The unit also manages the performance agreements with personnel.

13.2 DESCRIPTION OF PROGRAMME

The performance outcomes of this function include:

Financial Efficiency

- Effective control support utilisation maintenance and management of financial resources.

Human Resources Efficiency

- Efficient and effective skilled workforce.

Improved operational and technical efficiency

- Efficient and effective ICT operations.
- Uninterrupted ICT infrastructure.

13.3 PERFORMANCE INDICATORS AND PERFORMANCE TARGETS

STRATEGIC OBJECTIVE / GOAL / OUTCOME	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
			2012/13	2013/14	2014/15		2016/17	2017/18	2018/19
PROGRAMME 3: CORPORATE SERVICES									
SOOG 3: Optimise Organisational Excellence									
Financial efficiency	Effective control, support, utilisation, maintenance, management of resources	Unqualified audit report with a reduction in the number of audit findings reported in the management report	Unqualified audit report	Unqualified audit report	Clean audit was not achieved	Unqualified audit report with 33 audit findings reported in the management report	Unqualified audit Report with less than 15 audit findings reported in the management report	Unqualified audit report with no audit findings reported in the management report	Unqualified audit report with no audit findings reported in the management report
Human Resources Efficiency	Efficient and effective skilled workforce	Report on % implementation of the 5 year human capital strategy and plan	Draft concept paper developed on the unit standard for gambling regulators	Reported on the implementation of the human capital strategy	Reported on the implementation of the human capital strategy and plan	Report on 60% implementation of the Human capital plan (Year 2)	Report on 100% implementation of the human capital strategy and plan (Year 3)	Report on 100% implementation of the human capital strategy and plan (Year 4)	Report on 100% implementation of the human capital strategy and plan (Year 5)
Operational and Technical Efficiency	Efficient and Effective ICT operations	% uptime of all IT systems	N/A	Approved ICT Governance Structure & Policies was not achieved	99.85% uptime on servers was maintained	98% uptime	Maintain up- time on all IT systems at 98% or above	Maintain up- time on all IT systems at 98% or above	Maintain up- time on all IT systems at 98% or above

13.4 QUARTERLY MILESTONES

STRATEGIC OBJECTIVE / GOAL / OUTCOME	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	BASELINE	2016/17 ANNUAL TARGET	QUARTERLY MILESTONES			
					1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
PROGRAMME 3: CORPORATE SERVICES								
SOOG 3: Optimise Organisational Excellence								
Financial efficiency	Proper recording and maintenance of financial information	Unqualified audit report with a reduction in the number of audit findings reported in the management report	Unqualified Audit Opinion with 33 audit findings reported in the management report	Unqualified audit report with less than 15 audit findings reported in the management report	Quarterly reports submitted reflecting the status of the audit action plan. (reflecting reduction in audit findings)	Quarterly reports submitted reflecting the status of the audit action plan. (reflecting reduction in audit findings)	Quarterly reports submitted reflecting the status of the audit action plan. (reflecting reduction in audit findings)	Quarterly reports submitted reflecting the status of the audit action plan. (reflecting reduction in audit findings)
Human Resources Efficiency	Efficient and effective skilled workforce	Report on % implementation of the 5 year human capital strategy and plan	Report on 60% implementation of the Human capital plan (Year 2)	Report on 100% implementation of the human capital strategy and plan (Year 3)	Review and approve the human capital strategy and plan	Report on 50% implementation of the human capital strategy and plan (Year 3)	Report on 75% implementation of the human capital strategy and plan (Year 3)	Report on 100% implementation of the human capital strategy and plan (Year 3)
Human Resources Efficiency Operational and Technical Efficiency	Efficient and Effective ICT operations	% uptime of all IT systems	98% uptime.	Maintain up- time on all IT systems at 98% or above	Report on the achievement of 98% Up-time or above.	Report on the achievement of 98% Up-time or above.	Report on the achievement of 98% Up-time or above.	Report on the achievement of 98% Up-time or above.

13.5 FINANCIAL PLAN

RAND THOUSAND	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	AUDITED OUTCOME			REVISED BUDGET	BUDGET ESTIMATE		
PROGRAMME 3: CORPORATE SERVICES							
ECONOMIC CLASSIFICATION							
Current payments	14 662	17 146	18 964	18 988	18 988	19 960	20 710
Compensation of employees	2 998	3 788	5 497	7 003	7 003	7 556	8 153
Goods and services	11 664	13 358	13 467	11 985	11 985	12 404	12 557

PART C LINKS TO OTHER PLANS

ASSET MANAGEMENT PLAN

Assets are managed through internal policies, which are approved by the Accounting Authority and applied to protect the assets and ensure procedural processes are applied when assets are acquired, disposed of, or donated. All assets are insured (within Treasury approved limit), with a reputable registered insurer.

The NGB's major assets are in the form of Leasehold Improvements which are attached to a leased building. These assets form part of the NGB's Property, Plant and Equipment and will be phased out of the NGB's records over the duration of the lease such that when the lease expires, the Leasehold Improvements will be fully depreciated. All the NGB's assets are managed in accordance with the Generally Recognised Accounting Practices and an assets register is maintained on the Asset ware System.

INFORMATION TECHNOLOGY PLAN

The NGB's ICT infrastructure will be optimised by acquiring new ICT servers to replace the servers which have been in existence for the past seven (7) years. This will include, amongst others, infrastructure and a robust ICT service continuity plan as well as enhanced ICT security and support infrastructure.

The rest of the NGB's ICT infrastructure, such as software upgrades, were recently purchased and is considered to be in line with current technology. The NGB's ICT division is in the process of revising the ICT Governance policies and procedures to bring this in line with existing applications.

RISK MANAGEMENT AND FRAUD PREVENTION PLAN

The Fraud Prevention Plan has been revised and approved and is herewith attached as Attachment A for ease of reference.

RISK MANAGEMENT PROCESS

The NGB has identified a risk champion that co-ordinates and facilitates the risk identification and assessment process.

Progress reports against the action plan are reported to the Audit and Risk Committee on a quarterly basis for monitoring purposes.

In addition, the NGB has engaged the services of the internal auditors to review the risk management process of the entity.

RISK STRATEGY (RISK REGISTER)

The NGB reviews organisational potential risks annually and ensures that mitigating measures are put in place to address the identified risks (see Attachment B).

PROFILE OF PERFORMANCE INDICATORS

The NGB has revised the profile of performance indicators during the 2015/16 financial year. (Refer to attached Annexure C)

MATERIALITY AND SIGNIFICANCE FRAMEWORK

This framework outlines the acceptable levels of materiality and significance that have been developed by the Accounting Authority and agreed upon with the relevant Executive Authority in consultation with the external auditors. (Refer to attached Annexure D)

RISK REGISTER 2016/17



ATTACHMENT A RISK REGISTER 2016/17

RISK NAME	RISK CONTROL	RESIDUAL RISK RATING AFTER CONTROL IN PLACE	ACTION TAKEN
STRATEGIC RISKS			
Lack of cooperation by PLAs, lack of participation in the forums, lack of response when inputs are sought for consolidation purposes, lack of coherence on policy positions.	Prepare deficiency reports and set timelines for rectification and communicate at forums and other collaborative structures in place.	8	Compliance monitoring, evaluation and inspection of five (5) PLAs took place during the quarter. All PLAs evaluated cooperated with the NGB. Also, all PLAs participated during the consultation on national registers, research and establishment of illegal operator's register. There is no more threat of risk in this area.
Proliferation of illegal forms of gambling and loss of revenue to the fiscus.	Forums and other collaborative structures in place. # Enhanced identification, reporting and provision of support to the PLAs.	16	Raids were conducted in Limpopo and arrests made. The NGB was a witness in the court cases, providing evidence on what modes of gambling are legal and regulated and which ones are illegal, as well as whether or not the suspects were granted gambling licenses. Through Project Airline, which is a national projects providing a collaborative structure to curb online gambling, identification, reporting and provision of support to the PLA was achieved.
Unavailability of reliable data from external stakeholders.	Reliability on audited data from external stakeholders.	12	The maintenance of quality registers is improving with a plan to close gaps. The NGB reached agreement with the PLAs to interlink information for the enhancement of the registers.
OPERATIONAL RISKS RISKS			
COMPLIANCE			
Lack of participation by PLA's.	Desktop evaluation of PLA's.	8	As indicated above, this no longer appears to be a risk as there is co-operation from PLAs during the conduct of NGB's compliance oversight function.
Uncontrolled illegal gambling.	Resuscitation of forums to ensure they are operating effectively. Report on interventions and support provided to regulators and law enforcement agencies.	8	Raids conducted in provinces, collaboration with all PLAs and law enforcement agencies enhanced the management of illegal gambling. Resuscitated law enforcement agency forum by ensuring that a multidisciplinary law enforcement forum exists through National Project Airline. Provided support to PLA's and law enforcement Agencies by inter alia also collating training needs for the team and obtained assistance from CASA to support training plans with the venue, catering and provision of two (2) presenters funded by CASA. Training seminar was conducted on 01 October 2015.
Prolonged illegal gambling investigations.	Quarterly reports on unlawful winnings and related matters. Meeting with Stakeholders	16	Quarterly reporting on this matter was performed. Meeting with Nedbank during the quarter under review occurred to address procedural matters relating to the reporting of the unlawful winnings and the confiscation thereof.

RISK NAME	RISK CONTROL	RESIDUAL RISK RATING AFTER CONTROL IN PLACE	ACTION TAKEN
OPERATIONAL RISKS RISKS (continued)			
COMPLIANCE (continued)			
Failure to appoint a new NCEMS operator.	Project Implementation Plan with timeframes to be drafted. Monitor adherence to Implementation Plan to ensure appointment of a service provider by 31 March 2016.	9	An RFP to seek service provider for quality assurance of the NCEMS Project was published on 04 December 2015. Briefing session was held on 10 December 2015. Appointment was expected to occur in January 2016. A Project Implementation Plan with timeframes was drafted in November 2015. Strict adherence to the plan will be monitored.
Reluctance by some external stakeholders to submit information required.	Approved Stakeholder Management Strategy and Plan.	3	Stakeholder Management Strategy and Plan implemented and the PLA cooperation with information sharing was approved in the first quarter. The NGB is in the process on implementing the strategy and plan in this quarter. Implementation is at 87% of the annual target. It is clear that there has been a reduction in this risk area.
Inability of the national registers to provide reliable data.	Reliable and audited data from external stakeholders.	12	Reliable and audited data sought from PLAs on continuous basis, research/survey conducted to identify gaps and to agree on automatic inter-linkages with PLA registers. The National Registers allocated to a team comprising of PLAs and NGB, to inter alia: assess status, identify gaps for improvements and recommended mechanisms to close gaps. Tabled the matter with PLAs through LCF/CEO forums. NGB took part in contributing advice and inputs to the amendment of the national regulations on exclusions and gambling devices.
Illegal operatives register not developed and implemented for roll out.	Draft RFP in place for the development of the register and appointment of the service provider by 30 September 2015.	12	Contract in place for the commencement of the service and work has already been started. A workshop was held with PLAs to finalise user requirements. A solution has been presented and a manual has been drafted.
STAKEHOLDER LIAISON AND STATUTORY ADVISORY SERVICES			
Lack of cooperation from PLA's to provide information	Relationship built with relevant officials from PLA's.	3	Relationship was built with relevant officials from the PLAs. In addition to this, the NGB consulted and continues to consult with the PLAs in matters of mutual interest and collaborative activities such as research, training and collation of data. By agreement, a dedicated official, that is allocated to deal with the collection of gambling sector performance information from the PLAs, has been appointed.

RISK NAME	RISK CONTROL	RESIDUAL RISK RATING AFTER CONTROL IN PLACE	ACTION TAKEN
OPERATIONAL RISKS RISKS (continued)			
CORPORATE SERVICES			
Lack of documented systems descriptions or processes.	Finance and ICT Procedures in place.	4	The Finance Policies as well as the ICT Policies and Procedure Manual have been submitted to the ARC for recommendation to the AA for approval. The Finance Policies as well as the ICT Policies and Procedure Manual were approved by the AA with implementation date of 01 January 2016. Approved documents have been circulated to all staff to ensure that there is awareness and compliance with all policies and procedures. This risk can now be re-assessed as low.
Inability to manage funds efficiently and effectively.	Approved budget in place. Ensuring budget availability prior to commitment to expenditure, disallowing expenditure for which a budget is not allocated. Monitoring of expenditure against the budget.	9	The approved budget is in place and there are mechanisms developed to ensure budget availability prior to commitment to expenditure, for instance: a revised budget was approved by the AA in the quarter. Budget and variances are monitored on a monthly basis. Variance analysis reports are produced and discussed with management.
Exposure to litigation due to absence of contract management.	Contract Register in place and updated regularly.	16	Contract register is in place and it is being updated regularly. Reports are produced monthly.
Non Compliance with National Treasury's Framework for Reporting Programme Performance Information.	Performance Information Policy in place.	16	Performance Management Information Policy and procedures are in place; same have been drafted and were approved by the AA on 15 October 2015 and subsequently revised and reviewed by Management and the ARC and approved by the AA in December 2015.
SCM-related prescripts not adhered to.	SCM Policy, Procedure Manuals and Checklists are in place.	16	SCM Policy, Procedure Manuals and Checklists are in place. Compliance thereof with the documents is monitored for each procurement that is initiated. Deviations are reported on a monthly basis to the dti.
Occurrence of fraudulent and or corrupt activities.	Finance Policies and Procedures Approved Fraud Prevention Plan in place.	12	Finance policies were approved on 31 March 2015 and were subsequently reviewed and submitted to the ARC. The AA approved revisions made in December 2015. An approved Fraud Prevention Plan is in place. Implementation of the plan is monitored by the Risk Management Committee.
High turnover and vacancy rate.	Reallocation of available human resources to ensure achievement of objectives.	16	As at 31 December 2015, 20 of the 27 positions on NGB's approved organisational structure have been filled. This can be translated to a vacancy rate of 25.93%. This represents a reduction in 11.1% when compared to the vacancy rate in the previous quarter of 37%. Posts filled during this quarter include Gaming Technologist, SCM Practitioner, PA to the CEO and Records Management Practitioner. These four (4) persons were expected to join the team in February 2016.

RISK NAME	RISK CONTROL	RESIDUAL RISK RATING AFTER CONTROL IN PLACE	ACTION TAKEN
OPERATIONAL RISKS RISKS (continued)			
CORPORATE SERVICES (continued)			
HR Policies and Procedures not adhered to.	An electronic leave management system, which is not used as intended.	15	An electronic leave management system was resuscitated and it has been functional during this quarter. Monitoring controls have been implemented; all leave requests that are approaching leave date to be taken are escalated to the SM: HCO for actioning to prevent individuals going on leave without it being approved.
Outdated ICT hardware (server).	Procured new server hardware and software. Installed the server. Currently in the process of migrating data from old to new server.	1	A server has been procured. There is no longer a risk.
Failure to ensure business continuity and information reliability.	Approved BCP and DRP in place.	12	NGB has approved the BCP and DRP and they are in place. DRP awareness campaigns were conducted in September 2015. A letter was sent to the dti requesting the use of the dti as a DR site.
Lack of segregation of duties as there is only one person in the ICT division.	All changes made are approved by the CFO and/or officials in terms of the Delegations of Authority	6	All ICT system-related changes are overseen and approved by the CFO and AA in terms of the applicable delegations. This approval composition resolves the conflict posed by having one person responsible for ICT Unit.

LEGEND: RISK MAP

Almost certain	5	10	15	20	25
Likely	4	8	12	16	20
Possible	3	6	9	12	15
Unlikely	2	4	6	8	10
Rare	1	2	3	4	5
Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic
	Impact				

FRAUD PREVENTION PLAN (FPP) 2016/17



FPP

ATTACHMENT B FRAUD PREVENTION PLAN (FPP)

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1. BACKGROUND AND LEGAL FRAMEWORK

- 1.1 The National Gambling Board (NGB) was established in terms of the National Gambling Act, 2004 (Act 7 of 2004). The Act makes provision for the oversight of matters relating to casinos, gambling, betting and wagering, and promotes uniform norms and standards in relation to gambling throughout South Africa.
- 1.2 The NGB, being a national public entity listed in Schedule 3 of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA), is subject to, inter alia, the PFMA and the Treasury Regulations (TR) issued by the National Treasury in terms of section 76 (read with section 6) of the PFMA.
- 1.3 In terms of section 51(1)(a)(i) and (ii) of the PFMA, the accounting authority for a public entity must ensure that public entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control, as well as a system of internal audit under the control and direction of an audit committee complying with the PFMA and the TR. Section 51(1)(b)(ii) of the PFMA stipulates that the accounting authority for a public entity must take effective and appropriate steps to prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the public entity.
- 1.4 Furthermore, section 51(1) (e) (i), (ii), and (iii) of the PFMA stipulates that the accounting authority for a public entity must take effective and appropriate disciplinary steps against any employee of the public entity who contravenes or fails to comply with a provision of the Act (PFMA), commits an act which undermines the financial management and internal control system of the public entity, or makes or permits an irregular expenditure or a fruitless and wasteful expenditure. The accounting authority for a public entity must also comply, and ensure compliance by the public entity, with the provisions of the PFMA and any other legislation applicable to the public entity.
- 1.5 In addition to the legal obligations placed on the NGB by the PFMA, the TR, also places more specific, focused obligations on the NGB
 - 1.5.1 Internal control, internal audit and corporate management –
 - 1.5.1.1 section 51(1) (a) (II) of PFMA read with TR 27.1 and TR 27.2.10: An audit committee must be established. The audit committee must function in accordance with predetermined terms of reference. The committee must review, amongst others, the effectiveness of internal control systems and internal audit, risk areas in the entity's operations, any accounting and auditing concerns identified during internal and external audits, and compliance with legal and regulatory provisions.
 - 1.5.1.2 The audit committee must report to the accounting authority (management), make recommendations in respect of the effectiveness of internal controls, risk management and minimising risk, and review management's responses.
 - 1.5.1.3 Section 51(1) (a) (II) of PFMA, read with TR 27.2: Risk assessments must be conducted regularly to identify risks of the entity. A risk management strategy, which must include a fraud prevention plan, must be used to direct internal audit effort and priority, and to determine the skills required of managers and staff to improve controls and to manage these risks. All public entities must have an internal audit function, the definition, purpose, authority, responsibility and standards of which must be consistent with those set by the Institute of Internal Auditors.
 - 1.5.2 Corporate planning –
 - 1.5.2.1 TR 29.1.1(d) and (e): A public entity must, on an annual basis, submit a corporate plan which must, amongst other issues, include a risk management plan and a fraud prevention plan.

2. VISION AND MISSION OF THE NGB

- 2.1 The vision of the NGB is to position South Africa as the pre-eminent jurisdiction with an exemplary and effectively regulated gambling industry.
- 2.2 Its mission is to lead the regulation of the gambling industry in South Africa in the fulfilment of the National Gambling Act, 2004 through an effectively regulated and supervised gambling industry that upholds domestic, continental and internationally recognised standards of compliance.

3. PURPOSE OF THE FRAUD PREVENTION PLAN

- 3.1 The purpose of the NGB Fraud prevention plan is to –
 - 3.1.1 Fulfil the relevant legal obligations and requirements placed on the NGB in terms of its legal framework;
 - 3.1.2 Preserve, promote and function in accordance with the principles and values, as stipulated in section 195 of the Constitution of the Republic of South Africa, 1996, relating to a high standard of professional ethics; efficient, economic and effective use of resources; impartial, fair, equitable and unbiased service delivery, and accountability and transparency;
 - 3.1.3 Ensure adequate and effective internal controls, measures and action steps to detect and prevent Incidents of fraud and corruption;
 - 3.1.4 Educate NGB employees and those involved in the casino, limited payout machines, bingo, betting and wagering industry in South Africa on the nature, manifestations and consequences of fraud and corruption;
 - 3.1.5 This document details the NGB FPP. The FPP is a dynamic strategy that may evolve as the NGB strives to combat fraud, corruption, maladministration and other corrupt practices, to promote ethical conduct and a culture of accountability and integrity within its own ranks and across the industry.

4. KEY CONCEPTS AND DEFINITIONS

- 4.1 Fraud
 - 4.1.1 Fraud is the unlawful, intentional making of a misrepresentation with the intent to defraud, resulting in actual or potential prejudice (loss) to another.
 - 4.1.2 From the above definition, the elements of fraud are very clear. All these elements must be present in order for conduct to constitute fraud.
 - 4.1.3 The action/conduct must be unlawful and not justifiable in terms of the law.
 - 4.1.4 A misrepresentation must be made. A misrepresentation is a false statement (a lie) or false presentation by words or conduct of facts. It is presenting a fact as something which in reality and in truth it is not. Simply put, a misrepresentation is a lie about something through words, conduct or failure to act (inaction).
 - 4.1.5 Intention. The act committed must be intentional. Fraud cannot be committed by someone acting in negligence, or failing to act out of negligence.
 - 4.1.6 Intent to defraud. A person must have the intent to defraud before it can be said that he/she committed fraud. The mere making of a misrepresentation without any wilful intention to defraud and to cause prejudice to another, does not constitute fraud. If, for example, someone falsifies a degree certificate in his name and boasts in front of a friend about his 'degree', thereafter putting it away in a drawer, a misrepresentation is made. However, the intent to defraud is absent, and fraud is not committed. If the person applied for a post, submitting a copy of the false degree certificate as 'proof of his qualification in order to satisfy a requirement for the post, he now has the required intent and his conduct will amount to forgery, uttering and fraud (even though there may only be potential prejudice Involved).
 - 4.1.7 Actual or potential prejudice. The prejudice (injury or damage) may or may not be tangible and measurable. Actual prejudice usually takes the form of a tangible loss in money, goods and other valuables. Potential prejudice includes a potential loss of money or goods (the actual loss was prevented or the act did not succeed or was not completed as intended, for some or other reason). Potential prejudice can also consist of lawful control of a party that is taken

away or severed in some way (a person who intentionally presents a false gambling licence to an inspector, not only commits forgery and uttering, but also fraud, since his/her conduct causes potential injury to the legal control that needs to be exercised by the authorities over the industry i.e. it takes away the control of the authorities).

4.2 Corruption

- 4.2.1 The term 'corruption' is widely used to cover not only the specific types of conduct prohibited by Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004) (PRECCA), but a wide range of offences and undesirable conduct, including nepotism, conflicts of personal and business interests, improper use of power and authority, maladministration, incompetence and negligence.
- 4.2.2 In general terms, corruption involves any abuse or misuse of power, authority, position or influence in return for any improper, unethical or unauthorised advantage or gain, in the public or private sector. It also includes the misuse of information that was obtained by virtue of a person's position. In order to constitute corruption, the conduct of a person can either be a positive act or a failure to act (omission).
- 4.2.3 General offence of corruption:
 - 4.2.3.1 Section 3 (Part 1 in Chapter 2) of the PRECCA relates to the general offence of corruption. It prohibits the following conduct;
 - 4.2.3.2 A person who, directly or indirectly;
 - 4.2.3.3 Accepts, agrees to accept, or offers to accept any gratification from any other person, whether for his/her own benefit or that of another person,
OR
 - 4.2.3.4 Gives, agrees to give, or offers to give to any other person any gratification, whether for that person's own benefit or the benefit of another, in order to act, or influence another person to act, in a manner that amounts to the illegal, dishonest, unauthorised, incomplete or biased exercise, carrying out or performance of any powers, duties or functions arising out of a constitutional, statutory, contractual or any other legal obligation, or misuse or selling of information or material acquired in the course of the exercise, carrying out or performance of any powers, duties or functions arising out of a constitutional, statutory, contractual or any other legal obligation, or
 - 4.2.3.5 That amounts to the abuse of a position of authority, a breach of trust or the violation of a legal duty or a set of rules, or that is designed to achieve an unjustified result, or that amounts to any other unauthorised or improper inducement to do or not to do anything.

4.3 Gratification

In terms of PRECCA, gratification includes:

- 4.3.1 Money, whether in cash or otherwise;
- 4.3.2 Any donation, gift, loan, fee, reward, valuable security, property or interest in property of any kind, whether movable or immovable, or any other similar advantage;
- 4.3.3 Avoiding a loss, liability, penalty, forfeiture, punishment or other disadvantage;
- 4.3.4 Any office, status, honour, employment, contract of employment or service, any agreement to give employment or render services in any capacity, and residential or holiday accommodation;
- 4.3.5 Any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part. etc.;
- 4.3.6 Any valuable consideration or benefit of any kind, including any discount, commission, rebate, bonus, deduction or percentage.

5. ACTION (CONDUCT)

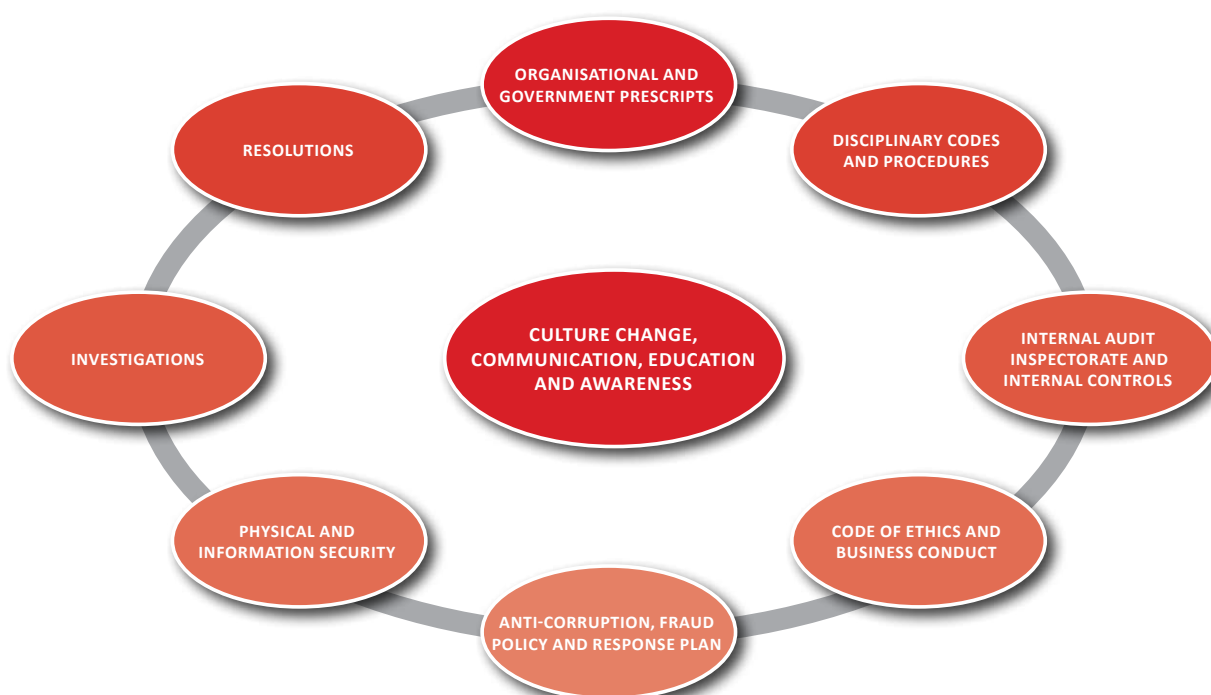
- 5.1 It is important to take note that action lends a very wide interpretation to prohibited conduct. Accepting, agreeing to accept, or offering to accept any gratification, includes to demand, ask for, seek, request, solicit, receive or obtain, or to

agree to or offer to do any of the aforementioned. Any reference to an action includes but not limited to 'giving, agreeing or offering to give' any gratification, to promise, lend, grant, confer or procure (purchase), or to agree or to offer to do any of the aforementioned. A reference to any action includes an omission (not to act).

6. COMPONENTS OF THE FPP

- 6.1 The primary objective of the FPP is to develop and reinforce, or bring about a change of culture in the minds of all employees regarding their attitude towards fraud and corruption, and the prevention thereof. The strategy to bring about this change is the creation of awareness of the FPP amongst all employees. This must be attained through an awareness and education communication strategy.
- 6.2 The principal component of the strategy is to increase and enhance awareness. Awareness will ensure that all employees are inducted and immersed in the do's and don'ts of the organisation.
- 6.3 All components of the fraud prevention plan are equally essential, individually and together, for the successful realisation of the FPP.
- 6.4 The strategy constitutes of the following critical pillars;
 - 6.4.1 Creation of fraud and corruption awareness in general, and awareness of the FPP and its components in particular, amongst employees and other stakeholders through communication and education;
 - 6.4.2 The Organisation's policies, procedures, rules, regulations and other prescripts (including the PFMA and Treasury Regulations);
 - 6.4.3 The disciplinary code and procedure;
 - 6.4.4 Implementation of sound internal controls to prevent and detect fraud and corruption; An effective internal audit function;
 - 6.4.5 Ongoing risk assessment;
 - 6.4.6 A Code of Ethics and Business Conduct (the "Code") containing a set of values in which management believes, and requires their employees to subscribe to;
 - 6.4.7 An anti-fraud and corruption hotline for confidentially reporting fraud and corruption;
 - 6.4.8 Physical and information security management; and
 - 6.4.9 Ongoing maintenance and review of the FPP.

An illustration of the FPP and ongoing risk assessment is contained in the figure below:



7. DETAILS RELATING TO EACH COMPONENT OF THE FPP FOLLOW

7.1 Creating awareness

This is the cornerstone of the FPP and is divided into two sub-divisions, namely:

7.1.1 Education; and

7.1.2 Communication.

7.2 A FPP Awareness program, facilitated by the Audit and Risk Committee, has been developed. It includes the following areas:

7.2.1 facilitating a culture of good ethics;

7.2.2 training and education regarding good ethics on the NGB's stance to prevention, combating, detection and investigation of fraud and corruption; and

7.2.3 creating awareness of the FPP through education of employees and a communications campaign.

7.3 The following tools have been developed:

7.3.1 Education and awareness manual for conducting awareness presentations using the following forums:

7.3.1.1 monthly management meetings;

7.3.1.2 staff meetings; and

7.3.1.3 induction and orientation training for new staff.

7.3.2 Communication Strategies

The following communication strategies have been developed:

7.3.2.1 Organisational circulars or email communications

7.3.2.1.1 Organisational circulars and I or e-mail communications will be sent out regularly to all staff in order to maintain awareness of the FPP and ensure that the purpose, effect, successes, etc. of the FPP are regularly published and reinforced.

7.3.2.1.2 Pamphlets I Z- Cards containing summaries of the Code and Policy. As part of the "quick hit" communication strategy with regards to the FPP, comprises printed pamphlets and Z-Cards dealing with the Code of Ethics and Business Conduct and the Anti-Fraud Policy.

7.3.2.1.3 Other strategies created by the Executive Management. Members of the Executive Management will continuously revise and adopt new methods and emerging tools as well as creative strategies to stimulate awareness.

8. ORGANISATION POLICIES, PROCEDURES, RULES, REGULATIONS AND OTHER PRESCRIPTS

8.1 PFMA and Treasury Regulations

8.1.1 Fundamentally, all employees of the NGB must comply with the principles inherent in the PFMA and the Treasury Regulations.

8.1.2 All employees and other stakeholders of the NGB are expected to adhere to the applicable principles of the PFMA, the Organisational procedure manuals and all other organisational and relevant government legislated prescripts.

8.2 Human resources policies and practices

8.2.1 Employment procedures

8.2.1.1 The NGB has identified fundamental risks in this area as being the factors that affect Human Resources (these are elaborated in its separate Human Resources Policies).

8.3 Accountability in terms of adherence to policies and procedures

8.3.1 The NGB will continuously ensure that the organisational policies and procedures are adhered to and applied consistently.

- 8.4 Disciplinary code and procedure
- 8.4.1 The NGB is committed to implementing appropriate disciplinary action for non-conformance to policies and procedures, non-adherence to Internal control procedures by employees.
- 8.5 The NGB will realise its commitment by continuously reviewing the Disciplinary Code and Procedure to ensure that they cover contraventions of:
- 8.5.1 The Code of Ethics and Business Conduct;
- 8.5.2 The Public Finance Management Act and Treasury Regulations;
- 8.5.3 Anti-Fraud and Corruption; and
- 8.5.4 Communicating the Disciplinary Code and Procedures to all staff and management.
- 8.6 Ongoing risk assessment
- 8.6.1 The NGB is aware of the continuous and diverse business risks from both internal and external sources.
- 8.6.2 As a result, it has put in place processes to review the risk assessment strategies and procedures to ensure that action is taken to manage and mitigate any fraud and corruption related activities when disclosed.
- 8.6.3 The NGB will ensure that:
- 8.6.3.1 Risk assessments are conducted on an ongoing basis and the NGB's risk profile updated on an ongoing basis; and
- 8.6.3.2 An annual organisation-wide risk assessment is conducted to ensure proactive actions to manage and mitigate risk is identified.
- 8.7 Management structures for the Fraud Prevention Plan
- 8.7.1 The responsibility for steering the management of the Fraud Prevention Plan resides with the Audit and Risk Committee. Its objectives are the following:
- 8.7.1.1 To provide direction to the FPP;
- 8.7.1.2 To make decisions relating to the further development of the actions to enrich the FPP;
- 8.7.1.3 To monitor that the FPP is operational on an ongoing basis; and
- 8.7.1.4 To ensure that the FPP is maintained and reviewed as and when necessary.
- 8.7.2 The responsibilities in terms of the FPP are addressed as an item on the agenda of the Audit and Risk Committee's regular meetings.
- 8.7.3 The responsibility to support the operational development, implementation and maintenance of the FPP, will be assumed by the Executive Management.

9. IMPLEMENTATION MATRIX

Tasks and Responsibilities Matrix for Implementation of the Fraud Prevention Plan of the National Gambling Board 2015-2016 financial year implementation

FPP COMPONENT AND AREA	ACTION REQUIRED	RESPONSIBILITY	COMPLETION DATE
CREATING AWARENESS			
Education	<ul style="list-style-type: none"> Hold education workshop to conduct anti-fraud and corruption awareness presentation. 	Management	Annually (31 March 2017)
Communication	Develop communication strategies to include: <ul style="list-style-type: none"> Organisational circulars and e-mail communications; Pamphlets / Z-Card on Code and Policy; Other strategies: Bulletins on latest schemes uncovered; Latest Red Flags identified. 	Stakeholder and liaison	Annually (31 March 2017)

FPP COMPONENT AND AREA	ACTION REQUIRED	RESPONSIBILITY	COMPLETION DATE
ORGANISATION'S POLICIES AND PROCEDURES, RULES AND PRESCRIPTS			
PFMA and Treasury Regulations	<ul style="list-style-type: none"> • Ensure that operating procedures support the PFMA and Treasury Regulations. • Monitor that communication and education regarding the PFMA and Treasury Regulations are taking place. 	CFO	On-going
HR Management – Employment procedures	Review employment strategy to include: <ul style="list-style-type: none"> • Induction programmes to include training and awareness of fraud prevention strategy and policies. 	Senior Manager: Human Capital Optimisation.	Annually (31 March 2017)
Accountability in terms of adherence to policies and processes	Enforce policies and procedures by: <ul style="list-style-type: none"> • Making management responsible for continuous communication and training of staff in relation to policies and procedures; • Making management accountable to discipline non-performance; • Holding employees accountable for their actions / transgressions; • Ensuring consistent and appropriate disciplinary actions. 	Divisional Managers	On-going
Disciplinary Code and Procedures	Review the disciplinary code and procedures to include contraventions of: <ul style="list-style-type: none"> • The employ rules and regulations. (Code of ethics and business Conduct); • The Public Finance management Act and Treasury regulations; • Communicate revised disciplinary code and procedures to all staff and managers. 	Senior Manager: Human Capital Optimisation	Annually (31 March 2017)
Internal controls to prevent and detect fraud and corruption	<ul style="list-style-type: none"> • Hold management accountable to enforce internal controls and discipline non-adherence and non-conformance; • Hold employees accountable for their actions / transgressions; • Review inherent controls of Information Systems project to ensure that they provide adequate protection; • Conduct profiling of all suppliers / contractors / consultants / service providers to ensure legitimacy; • Include profiling as part of procurement process; • Monitor the implementation and improvement of internal controls in the areas identified to ensure that a noticeable improvement is achieved. 	Divisional Heads	On-going
Effective internal audit function	In order to provide an adequate, value-adding support service to the NGB, Internal Audit will: <ul style="list-style-type: none"> • Be actively involved with management in terms of the evaluation design, Implementation and maintenance of controls; • Work according to an internal audit strategy that includes a coverage plan; • Focus considerably on the programme operations in terms of their involvement in submissions, and the valuation, design, implementation and maintenance of controls during programme implementation; • Hold management accountable to take corrective actions in terms of audit reports submitted to them; • Monitor the level of support received from Internal Audit to ensure satisfactory standard and intensity. 	Internal Auditors	On-going
Physical and Information Security	Delegate responsibility for security: <ul style="list-style-type: none"> • Ensure that the responsible persons appointed to improve security measures do so by: • Identifying vulnerable areas and performance gaps; • Revising security measures to ensure that vulnerabilities and performance gaps are effectively addressed; • Documenting security procedures; • Communicating security measures to all stakeholders; • Evaluate the inherent information security controls of the IT System; 	IT Systems Support Officer	Annually (31 March 2017)

FPP COMPONENT AND AREA	ACTION REQUIRED	RESPONSIBILITY	COMPLETION DATE
Physical and Information Security (continued)	Develop and implement an information security policy and procedures that deal with control over physical documents containing confidential information; <ul style="list-style-type: none"> Monitor the implementation of the actions detailed above to ensure that it has a positive impact on the security measures within the institution. 		
Physical and Information Security	Delegate responsibility for security: <ul style="list-style-type: none"> Ensure that the responsible persons appointed to improve security measures do so by: Identifying vulnerable areas and performance gaps; Revising security measures to ensure that vulnerabilities and performance gaps are effectively addressed; Documenting security procedures; Communicating security measures to all stakeholders; Evaluate the inherent information security controls of the IT System; Develop and implement an information security policy and procedures that deal with control over physical documents containing confidential information; Monitor the implementation of the actions detailed above to ensure that it has a positive impact on the security measures within the institution. 	IT Systems Support Officer	Annually (31 March 2017)
Investigations	Delegate responsibility and accountability effectively to Management by: <ul style="list-style-type: none"> Developing a mandate that ensures clarity and adequate support for the accountable individual; Communicating with all stake-holders to ensure everyone is aware of where to report relative incidents; Develop a database for recording of incidents reported and/or investigated; Monitor level and quality of service and support received from Internal Audit. 	Divisional Managers	On-going
On-going risk assessment	<ul style="list-style-type: none"> Review latest risk assessment conducted to ensure that action is taken to manage and mitigate fraud and corruption risks disclosed therein; Ensure regular risk assessments are conducted and risk profile updated; Conduct annual organisation wide risk assessment. 	Management	On-going
Management structures	<ul style="list-style-type: none"> The Committee should meet and initiate implementation of FPP. 	Management	On-going
Ethics and Business Conduct	<ul style="list-style-type: none"> Update Code of Ethics and Business Conduct; Have employees acknowledge that they are aware of what is expected of them by signing an acknowledgement of receipt. 	Senior Manager: Human Capital Optimisation	Annually (31 March 2017)
Anti-Fraud and Corruption Policy	<ul style="list-style-type: none"> Draft an Anti-Fraud and Corruption Policy; Obtain approval from Accounting Authority; Circulate Policy to all managers and staff. 	CFO	Annually (31 March 2017)
On-going maintenance and review	Ensure on-going maintenance and review of: <ul style="list-style-type: none"> Code of Ethics and Business Conduct; Anti-Fraud and Corruption Policy; Awareness programme; Communication strategies; and Employ strategies to create awareness, motivate and co-opt staff. 	Senior Manager: Human Capital Optimisation and CFO	Annually (31 March 2017)

NOTES

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PROFILE OF PERFORMANCE INDICATORS 2016/17



ATTACHMENT C PROFILE OF PERFORMANCE INDICATORS 2016/17

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The NGB has developed a set of Performance Indicators in line with the identified strategic outcomes (goals) and objectives statements. These include targets for the Annual Performance Plan. The purpose of the Performance Indicators is to track on-going performance. These indicators also reflect equity concerns and value for money in the use of resources. In developing the indicators, specific attention was given to developing indicators related to outputs; economy, efficiency and equity (note that effectiveness is assessed in relation to the achievement of the institution's strategic outcomes oriented goals).

BASELINES AND TARGETS

Programme performance indicators that are reliable, well defined, verifiable, cost effective, appropriate and relevant. These are linked to baseline information and targets expressed in terms of planned performance, numbers, etc. We submit that the performance targets meet the SMART criteria (specific, measurable, accurate, relevant and timely).

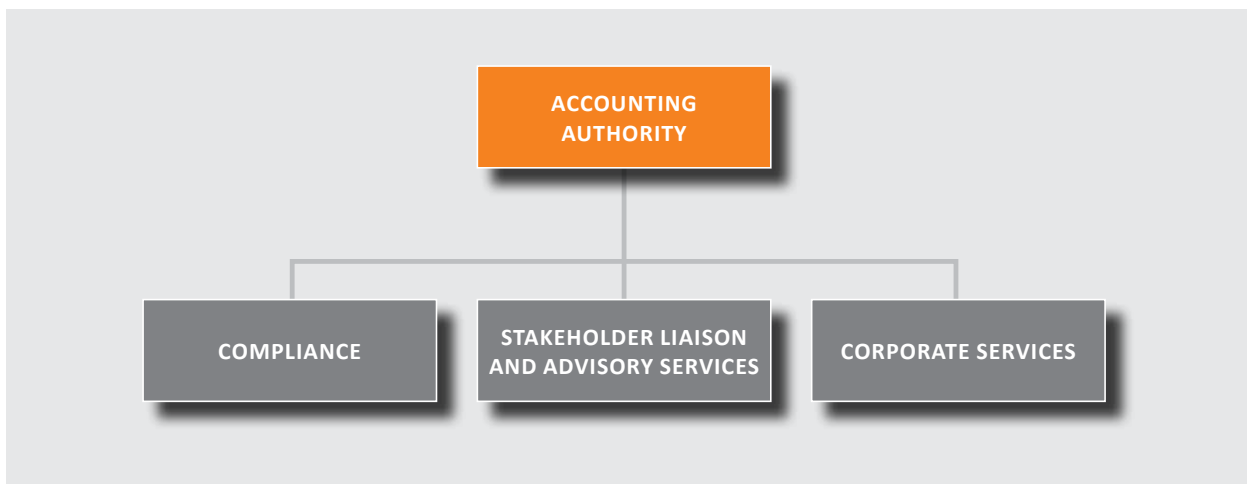
The institution must have management processes in place to collect information required to track performance against each indicator. The compendium contains a list of performance indicator profiles and the methods of calculation and determination of meeting performance objectives.

COMPOSITION OF THE ORGANISATIONAL PROGRAMMES¹

The NGB is constituted of three main programmes listed below:

1. Compliance;
2. Stakeholder liaison and advisory services; and
3. Corporate services

Diagram NGB Programme structure:



CHAPTER 1

STAKEHOLDER LIAISON AND ADVISORY SERVICES PROGRAMME

1. STRATEGIC OUTCOME ORIENTED GOAL: STAKEHOLDER LIAISON AND STATUTORY ADVISORY SERVICES INDICATOR PROFILE

Purpose: Provides continuous interpretation and guidelines on the statutory mandate of the NGB and provides strategic coordination and promotes liaison at local and international level amongst the various stakeholders of the NGB.

LEGAL SERVICES

Legal Services researches and provides authoritative advice for the NGB, to **the dti** on regulatory strategies and inputs to legislation and policy development. Legal services further provide the legal services within the NGB in relation to operational and other related matters.

STAKEHOLDER AND LIAISON

The Stakeholder and Liaison unit provides coordination and secretariat services to the various stakeholders of the NGB and Executive Management. The NGB undertakes strategic communication with key stakeholders and forges strategic cooperation, promotion of the NGB's policy and development with the regulators both on the continent and around the world. The division is also responsible for strategic planning and support.

1.1 INDICATOR PROFILE: CONDUCTED PUBLIC AWARENESS, EDUCATION AND RESPONSIBLE GAMBLING CAMPAIGNS

	INDICATOR TITLE	CONDUCTED PUBLIC AWARENESS, EDUCATION AND RESPONSIBLE GAMBLING CAMPAIGNS.
1.	Short definition	Facilitated social dialogue with stakeholders (relationships built with stakeholders)
2.	Purpose/importance	To ensure that the public understands the role of NGB and the effective application of national gambling legislation
3.	Source/collection of data	Communication events and initiatives as stated in the approved communication strategy
4.	Method of calculation	Post-event reports and quarterly /status reports
5.	Data limitations	Limited/lack of resources and/or funding
6.	Type of indicator	Events/campaigns, published information, as well as other initiatives as stated in the corporate communication plan
7.	Calculation type	Quantitative: Number of events/interactions and/or reports Qualitative: Nature and content, and whether objectives have been met
8.	Reporting cycle	Annual and quarterly status reports and post-event reports
9.	Desired performance	Selected target audiences well informed as envisaged (per approved communication strategy and plan) Collaboration and cooperation with all stakeholders, and outcomes or objectives achieved as planned or envisaged
10.	Indicator responsibility	Stakeholder Manager

1.2 INDICATOR PROFILE: PROVIDED RESEARCHED BASED AUTHORITATIVE ADVICE ON GAMBLING

	INDICATOR TITLE	PROVIDED RESEARCHED BASED AUTHORITATIVE ADVICE ON GAMBLING
1.	Short definition	Continuous advisory report
2.	Purpose/importance	To ensure NGB acts on the basis of a sound knowledge of gambling industry, acts within its legal powers and mandate to enhance the implementation of gambling policy and within the parameters of the shareholder's compact
3.	Source/collection of	Legislation in the Republic of South Africa, the Constitution, the National Gambling Act and Regulations, requests for advice, proactive advice, King 111 on governance, provincial legislation
4.	Method of calculation	Each subject of advice identified by a name reference
5.	Data limitations	Resource constraint
6.	Quality assurance	Presentation of advice and feedback
7.	Type of indicator	Report
8.	Calculation type	Combination of qualitative and quantitative
9.	Reporting cycle	Annually
10.	Desired performance	Advice to be fit for use and to add value
11.	Indicator responsibility	Manager: Legal Compliance

1.3 INDICATOR PROFILE: RESEARCH ON THE IMPACT OF GAMBLING

	INDICATOR TITLE	RESEARCH ON THE IMPACT OF GAMBLING
1.	Short definition	A research report to determine the impact of gambling
2.	Purpose/importance	To achieve the mandate as stated in the National Gambling Act in terms of research To identify research projects in line with feedback from the Accounting Authority To provide/lead research projects, analyse, provide advice and support on gambling related matters
3.	Source/collection of data	The appointment of a suitable service provider to conduct research as required, e.g. desk research, interviews with stakeholders/public, etc.
4.	Method of calculation	Quantitative: One report per quarter (four per annum)
5.	Data limitations	Unavailability of resources, limited information, reluctance by sources to provide information and sampling deficiencies
6.	Type of indicator	Research reports
7.	Calculation type	Cumulative
8.	Reporting cycle	Quarterly and annual reports
9.	Desired performance	Fully compliant with targeted performance
10.	Indicator responsibility	Senior Manager: Research & Information

1.4 INDICATOR PROFILE: RESEARCH REPORTS ON GAMBLING SECTOR PERFORMANCE

	INDICATOR TITLE	RESEARCH REPORTS ON GAMBLING SECTOR PERFORMANCE
1.	Short definition	Quarterly and annual audited gambling sector performance reports reflecting updated information on market conduct, market share and national gambling statistics
2.	Purpose/importance	To achieve the mandate as stated in the National Gambling Act and keep internal and external stakeholders informed about gambling sector performance
3.	Source/collection of	Gambling sector performance: Provincial Licensing Authorities to submit information as required
4.	Method of calculation	Quantitative: One report per quarter and one annual audited gambling sector performance report
5.	Data limitations	Reluctance by PLAs to provide all relevant information and the submission of omitted and incorrect information
6.	Type of indicator	Quarterly (one report per quarter) and one (1) Annual Audited Gambling Sector Performance Report
7.	Calculation type	Cumulative
8.	Reporting cycle	Quarterly and annual status reports
9.	Desired performance	Fully compliant with targeted performance by all PLAs
10.	Indicator Responsibility	Senior Manager: Research & Information

CHAPTER 2

CORPORATE SERVICES PROGRAMME

2. STRATEGIC OUTCOME ORIENTED GOAL: OPTIMISE ORGANISATIONAL EXCELLENCE

Purpose: This programme provides strategic financial management functions, human resources and information technology infrastructure support to the organisation.

Corporate services facilitate the overall management of the NGB and provide strategic financial management functions, human resources and information technology infrastructure support to the organisation. It is the custodian of human and financial resources. The division has four units that provide specialised services to the NGB.

FINANCE

The core functions of the finance unit are to provide overall management of the financial affairs of the NGB. This unit provides for the financial planning and reporting for both internal and external users of the financial information.

SUPPLY CHAIN MANAGEMENT

The core objective of supply chain management is to ensure that the procurement processes of the NGB are in line with the government prescripts and guidelines. This unit manages the achievement of contractual obligations of the outsourced services related to procured services.

INFORMATION COMMUNICATION TECHNOLOGY

The function of the ICT unit is to support the NGB in matters of ICT strategic development and maintenance of the communication and management systems, thereby safeguarding the assets of the NGB. The unit ensures that the ICT support functions are carried out in a manner that supports the strategic objectives 1.4 and 1.5 and the mission statement of the NGB. ICT is geared at supporting and enhancing the overall organisational performance through the provision of assistive technologies.

HUMAN CAPITAL OPTIMISATION (HUMAN RESOURCES)

The function of Human Capital Optimisation is to provide support to the human resources systems and processes that support the operations and determination of performance levels as provided in the business and operational documents of the NGB. This unit ensures that there are sufficient up-to-date processes and compliant implementation with the existing labour laws. The unit also manages the performance agreements with personnel.

2.1 INDICATOR PROFILE: FINANCIAL EFFICIENCY

	INDICATOR TITLE	FINANCIAL EFFICIENCY
1.	Short Definition	The NGB must receive an Audit Report issued by the Auditor General that expresses an opinion that the entity's financial statements are a true reflection of its financial activities
2.	Purpose/importance	An unqualified opinion implies that the entity utilises its resources in a manner which complies with relevant statutes
3.	Source/collection of Data	Accounting records, electronic records, payroll records, performance information, policies and procedures
4.	Method of calculation	N/A
5.	Data limitations	An audit report provides reasonable assurance but may not uncover irregularities
6.	Type of indicator	Annual and quarterly status reports based on unqualified audit report with a reduction in the number of audit findings reported in the management report

2.1 INDICATOR PROFILE: FINANCIAL EFFICIENCY (CONTINUED)

	INDICATOR TITLE	FINANCIAL EFFICIENCY
7.	Calculation type	Qualitative
8.	Reporting cycle	Annually – by 31 July of each financial year
9.	Desired performance	Submission of Annual Financial Statements (AFS) to the AG on 31 May for audit purposes. The AFS must be prepared in accordance with the Generally Recognised Accounting Practices (GRAP)
10.	Indicator Responsibility	CFO

2.2 INDICATOR PROFILE: HUMAN RESOURCES EFFICIENCY

	INDICATOR TITLE	HUMAN RESOURCES EFFICIENCY
1.	Short definition	A Human Capital Strategy is a strategic document that is aligned to the Corporate strategic plan and it seeks to address people, performance and organisational culture issues amongst others to ensure achievement of organisational goals
2.	Purpose/importance	To provide a high level approach in dealing with organisational human capital strategic challenges
3.	Source/collection of data	DPSA guideline documents, National Democratic Plan and the dti's strategic planning document
4.	Method of calculation	Quantitative: Four quarterly reports – Percentage Implementation of the Plan is determined as follows: the number of activities or items that are performed during a quarter divided by the total number of activities or items that have been planned / allocated to be performed over the financial year multiplied by 100 Qualitative: Updated and applicable relevant input
5.	Data limitations	Human Capital strategy report provides good strategic framework
6.	Type of indicator	Annual and quarterly status reports on % implementation of the 5 year human capital strategy and plan
7.	Calculation type	Cumulative
8.	Reporting cycle	Annual
9.	Desired performance	Effective Human Capital management
10.	Indicator responsibility	Senior Manager: Human Capital Optimisation

2.3 INDICATOR PROFILE: OPERATIONAL AND TECHNICAL EFFICIENCY

	INDICATOR TITLE	OPERATIONAL AND TECHNICAL EFFICIENCY
1..	Short definition	Efficient and effective ICT operations
2.	Purpose/importance	To help the organisation to align ICT with business strategy and maximise proficiency of the ICT support systems by ensuring that IT systems are available at all times (minimising downtime and maximizing uptime)
3.	Source/collection of data	King III Corporate Governance, International Benchmarking Standards, and applicable Treasury Regulations
4.	Method of calculation	Quantitative: Four quarterly reports – Percentage Uptime of ICT systems are calculated by determining the total number of hours per quarter (number of days in a quarter multiplied by 24 hours) less number of hours the system was unavailable in the same quarter. This answer refers to systems hours of uptime experienced. Uptime divided by total hours per quarter multiplied by 100 results in the percentage that the system experienced uptime Qualitative: Updated and applicable relevant input
5.	Data limitations	Budgetary constraints
6.	Type of indicator	Output- Qualitative Report on % uptime of all IT systems
7.	Calculation type	Qualitative and Quantitative
8.	Reporting cycle	Quarterly
9.	Desired performance	100% uptime of all IT systems
10.	Indicator responsibility	Systems Support Officer

CHAPTER 3

COMPLIANCE PROGRAMME

3. STRATEGIC OUTCOME ORIENTED GOAL: ENFORCE COMPLIANCE

Purpose: Provide mandated operational core functions in terms of the National Gambling Act, 2004.

3.1. INDICATOR PROFILE: COMPLIANCE MONITORING OF ALL PROVINCES WITH GAMBLING LEGISLATION

	INDICATOR TITLE	COMPLIANCE MONITORING OF ALL PLAS WITH GAMBLING LEGISLATION
1.	Short definition	Evaluation of the issuance of national licenses, compliance monitoring of licensees and performance of PLAs
2.	Purpose/importance	This indicator is dictated to by the National Gambling Act and plays a fundamental role of the NGB in exercising oversight pertaining to the performance of PLAs
3.	Alternative indicator	Combatting of unlicensed gambling activities
4.	Source/collection of data	Desktop analysis, on-site evaluation and assessment of PLAs Verification with registers
5.	Method of calculation	Quantitative: Ten reports (one report for each province and one consolidated annual report) with updated and applicable relevant input Qualitative: Responses are assessed for compliance with legislation, best practices or applicable policies
6.	Data limitations	The authenticity of PLA's data may be a challenge (e.g. non-reliable and/or incomplete data at the time of the evaluation)
7.	Type of indicator	Compliance monitoring and evaluation assessment reports
8.	Calculation type	Cumulative data
9.	Reporting cycle	Quarterly and annually
10.	Desired performance	Fully compliant with targeted performance
11.	Indicator responsibility	Senior Inspector: Oversight

3.2 INDICATOR PROFILE: COMBATTING OF UNLICENSED GAMBLING ACTIVITIES

	INDICATOR TITLE	COMBATTING OF UNLICENSED GAMBLING ACTIVITIES
1.	Short definition	Assist PLAs to ensure that unlicensed gambling activities are detected and report information to law enforcement agencies
2.	Purpose/importance	This indicator is dictated by the National Gambling Act and plays a fundamental role for the NGB to enforce compliance
3.	Alternative indicator	Compliance monitoring of all provinces with gambling legislation
4.	Source/collection of data	Intelligence gathering (PLAs, stakeholders and/or public), investigations and inspections
5.	Method of calculation	Quantitative: One report per quarter (4 per annum) based on the number of activities
6.	Data limitations	Lack of cooperation of stakeholders/ third parties, corruption, fear of intimidation
7.	Type of indicator	Reports on unlicensed activities and intelligence gathering to PLAs and law enforcement agencies
8.	Calculation type	Cumulative
9.	Reporting cycle	Quarterly and annually
10.	Desired Performance	Fully compliant with targeted performance
11.	Indicator responsibility	Senior Inspector: Enforcement

3.3 INDICATOR PROFILE: SUPPRESSION OF ILLEGAL GAMBLING ACTIVITIES

	INDICATOR TITLE	SUPPRESSION OF ILLEGAL GAMBLING ACTIVITIES
1.	Short definition	Suppression of illegal gambling activities and confiscation of unlawful winnings
2.	Purpose/importance	This indicator is dictated by the National Gambling Act and allows the NGB to combat online gambling activities, confiscate unlawful winnings and ensure such winnings are forfeited to the state
3.	Alternative indicator	Combatting of unlicensed gambling activities
4.	Source/collection of data	Intelligence gathering, law enforcement, confiscators of unlawful winnings
5.	Method of calculation	Quantitative: One report per quarter (4 per annum) based on the number of activities
6.	Data limitations	Lack of cooperation of stakeholders/ third parties, corruption and fear of intimidation
7.	Type of indicator	Reports on suppression of illegal gambling activities
8.	Calculation type	Cumulative
9.	Reporting cycle	Quarterly and annually
10.	Desired Performance	Fully compliant with targeted performance
11.	Indicator responsibility	Senior Inspector: Enforcement

3.4 INDICATOR PROFILE: EFFECTIVE MONITORING OF LIMITED PAYOUT MACHINES

	INDICATOR TITLE	EFFECTIVE MONITORING OF LIMITED PAYOUT MACHINES
1.	Short definition	Monitor compliance of the NCMS and performance of the LPM sector
2.	Purpose/importance	This indicator is dictated by the National Gambling Act and plays a fundamental role in monitoring compliance of the Limited Payout Machine ("LPM") sector in the gambling industry
3.	Alternative indicator	Compliance Monitoring of all provinces with Gambling Legislation
4.	Source/collection of data	NCMS, Management Committee, CEO's Forum, Operations Changes Committee and NCMS contract meeting
5.	Method of calculation	Quantitative: One report per quarter (four per annum) with updated and applicable relevant input. NCMS data analysis Qualitative: Significant events associated with LPMs
6.	Data limitations	Lack of access to test data limits understanding of some data irregularities; System downtime
7.	Type of indicator	Annual Analytical report of data in accordance with the prescribed requirements Report on the evaluation of LPM applications in excess of 5 machines
8.	Calculation type	Cumulative
9.	Reporting cycle	Quarterly and annually
10.	Desired Performance	Full compliance with targeted performance
11.	Indicator responsibility	Senior Inspector: Compliance Oversight

3.5 INDICATOR PROFILE: ESTABLISHMENT AND MAINTENANCE OF NATIONAL FUNCTIONAL REGISTRY

	INDICATOR TITLE	ESTABLISHMENT AND MAINTENANCE OF NATIONAL FUNCTIONAL REGISTRY
1.	Short definition	The national functional registers in terms of the National Gambling Act and illegal operatives register
2.	Purpose/importance	This indicator is dictated by the National Gambling Act and plays a role in the registration of every gambling machine or gambling device manufactured within or imported into the Republic, licenses (provincial/national and employee), excluded persons, and illegal operators
3.	Alternative indicator	Compliance monitoring of all Provincial Licensing Authorities (PLAs) with Gambling Legislation
4.	Source/collection of data	PLAs, Test Reports, Manufacturers, National Regulator for Compulsory Specifications
5.	Method of calculation	Quantitative: One report per quarter with updated and applicable relevant input, and one annual consolidated report
6.	Data limitations	The PLA's, manufacturers and operators may provide incorrect information and/or not ensure that the latest information is updated
7.	Type of indicator	Quarterly and consolidated annual report
8.	Calculation type	Cumulative
9.	Reporting cycle	Quarterly and annually
10.	Desired Performance	Fully compliant with targeted performance
11.	Indicator responsibility	Senior Inspector: Compliance Oversight

MATERIALITY AND SIGNIFICANCE FRAMEWORK 2016/17



ATTACHMENT D MATERIALITY & SIGNIFICANCE FRAMEWORK 2016/17

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1. DEFINITIONS

(A) ACCOUNTING AUTHORITY

The Administrator of the National Gambling Board.

(B) EXECUTIVE AUTHORITY

The Minister of Trade and Industry.

(C) PFMA

The Public Finance Management Act, 1999 (Act 1 of 1999 as amended).

(D) TREASURY REGULATIONS

Treasury Regulations issued in terms of PFMA as published in Government Gazette from time to time.

2. PURPOSE

For the purposes of materiality and significance, in terms of section 55(2) and 54(2) of the PFMA respectively, the Accounting Authority must develop and agree to a framework of acceptable levels of materiality and significance with the relevant Executive Authority in consultation with the external auditors. The NGB framework is outlined below.

3. FRAMEWORK

PFMA SECTION	QUANTITATIVE (AMOUNT)	QUALITATIVE (NATURE)
PFMA S50(1) : FIDUCIARY DUTIES OF ACCOUNTING AUTHORITY		
(1) The accounting authority for a public entity must:-		
(c) on request, disclose to the Executive Authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the Executive Authority or that legislature;...	Any fact discovered of which the amount exceeds the planning materiality figure as calculated in section 4 below.	(i) Any item or event of which specific disclosure is required by law. (ii) Any fact discovered of which its omission or misstatement, in the NGB's opinion, could influence the decisions or actions of the Executive Authority or legislature.
PFMA S54: INFORMATION TO BE SUBMITTED BY ACCOUNTING AUTHORITY		
(2) Before a public entity concludes any of the following transactions, the Accounting Authority for the public entity must promptly and in writing inform the relevant treasury of the transactions and submit relevant particulars of the transactions to its Executive Authority for approval of the transaction:-	Any transactions to any value will be regarded as material.	
(a) Establishment or participation in the establishment of a company;	Not applicable.	Not applicable.

FRAMEWORK (CONTINUED)

PFMA SECTION	QUANTITATIVE (AMOUNT)	QUALITATIVE (NATURE)
PFMA S54: INFORMATION TO BE SUBMITTED BY ACCOUNTING AUTHORITY (CONTINUED)		
(b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;	Any transactions to any value will be regarded as material.	Any activity that would increase or decrease the overall operational functions of the NGB, outside of the approved strategic plan and/or budget.
(c) Acquisition or disposal of a significant shareholding in a company;	Not applicable.	Not applicable.
(d) Acquisition or disposal of a significant asset;	Any fact discovered of which the amount exceeds the planning materiality figure as calculated in section 4 below.	Any item or event of which specific disclosure is required by law and any asset that would increase or decrease the overall operational functions of the Board, outside of the approved strategic plan and budget.
(e) Commencement or cessation of a significant business activity.	Any fact discovered of which the amount exceeds the planning materiality figure as calculated in section 4 below.	Any item or event of which specific disclosure is required by law.
(f) A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.	Any transactions to any value will be regarded as material.	Any activity that would increase or decrease the overall operational functions of the NGB, outside of the approved strategic plan and/or budget.
PFMA S55: ANNUAL REPORT AND FINANCIAL STATEMENTS		
(2) The annual report and financial statements referred to in subsection (1) (d) must:-		
(a) fairly present the state of affairs of the public entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned;	Any amounts individually or accumulated which exceed the materiality amount as set out in section 4 below.	Any identified omission which would influence decision making of users of the financial information.
(b) Include particulars of:-		
(i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year: (ii) any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure; (iii) any losses recovered or written off; (iv) any financial assistance received from the state and commitments made by the state on its behalf; and (v) any other matters that may be prescribed; and ...	(i) Losses through criminal conduct or any loss identified. (ii) Losses through fruitless and wasteful irregular, expenditure- (iii) If the combined total exceeds the planning materiality figure, applying the formula used by the external auditors, based on the figures of the approved budget for the year under review. (iv) Planning materiality is 1% of budgeted gross expenditure	Any identified loss through acts, omissions and/or criminal conduct.

FRAMEWORK (CONTINUED)

PFMA SECTION	QUANTITATIVE (AMOUNT)	QUALITATIVE (NATURE)
S66: RESTRICTIONS ON BORROWING, GUARANTEES AND OTHER COMMITMENTS (PFMA)		
(1) An Institution to which this Act applies may not borrow money or issue a guarantee, indemnity or security or enter into any other transaction that binds or may bind that Institution or Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transaction:-	Subject to section 66(2) of the PFMA, any transactions to any value will be regarded as material.	Any identified transaction or loss through acts, omissions and/or criminal conduct.
(a) is authorized by this Act ;		
(b) in the case of public entities is also authorized by other legislation not in conflict with this Act; and...		

4. DETERMINATION OF MATERIALITY

Materiality is inherently a matter of professional judgement which can only be properly determined after due consideration is given to the entity's risk profile, size of the budget and spending patterns. Materiality is calculated as follows:

Materiality = Base Amount multiplied by (*) a selected percentage

The base amount has been determined as the "total budgeted expenditure" for the relevant financial year. This was selected on the basis that the NGB is expenditure driven. This base amount is then multiplied by a selected percentage (1%) to determine the materiality amount. One (1) percent was selected as the NGB has taken a conservative approach to arrive at this percentage. This implies that the lower the percentage, the lower the rand value of materiality and as a result, all possible errors, omissions and or misstatements greater than or equal to the materiality amount would be identified and investigated further by the entity's internal control processes.

ITEM	% USED	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Estimated Gross Expenditure	100%	32 530	33 678	31 440	33 858	42 507	153 200	155 314
Materiality	1%	325	337	314	339	425	1 532	1 553

NOTES

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NOTES

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