

STRATEGIC PLAN FY2019 – 2024



National Gambling Board
South Africa

a member of the dti group



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**;
- takes into account all the relevant policies, legislation and other mandates for which the NGB is responsible; and
- accurately reflects the Strategic Outcome Oriented Goals and objectives which the NGB will endeavour to achieve over the five-year period of the plan.

Recommended for approval by:



Ms Caroline Kongwa
Accounting Authority

Approved by the Executive Authority



Dr Rob Davies, MP
Minister of Trade and Industry

CONTENTS

Foreword by the Minister of Trade and Industry	2
Overview by the Accounting Authority	4
Executive summary	6
PART A: Strategic overview	
1. Our vision, mission and values	9
2. Legislative and other mandates	10
3. Situational analysis	11
3.1 Performance delivery environment	12
3.2 Functional structure	13
3.3 Institutional arrangements	13
3.4 Operational delivery environment	13
3.5 Description of the strategic planning process	14
4. Strategic Outcome Oriented Goals (SOOGs) of the NGB	15
5. Summary of functional programmes of the NGB	21
5.1 Programme 1: Compliance	21
5.2 Programme 2: Advisory and Support Services	25
5.3 Programme 3: Finance and Procurement Services	28
5.4 Programme 4: Technical Compliance	29
6. Financial Plan	33
6.1 Expenditure trends	33
6.2 Asset and liability management	35
6.3 Cash flow projections	35
6.4 Capital expenditure programmes	36
6.5 Dividend policies	36
PART B: Linkages to other plans	
Annexure A: Alignment of the NGB strategy to the Government	39
Abbreviations and acronyms	40



Foreword by the
Minister of Trade and Industry
Dr Rob Davies, MP



“The casino industry still accounted for the most GGR generated, and Gauteng Province was still noted as the leading gambling revenue generator.”

Under the provisions of the National Gambling Act (NGA), 2004 (Act 7 of 2004), the National Gambling Board (NGB) has to ensure that its activities continuously position South Africa as the pre-eminent jurisdiction with an exemplary and effectively regulated gambling industry. The NGB continues to proceed with activities to control, regulate and monitor gambling in a manner that seeks to control the growth of gambling whilst preventing and minimising its harm. Amidst gambling taking place in a dynamic information, communication and technological driven environment, projects are planned to address challenges, as well as to advise on the future regulation of gambling.

The fourth industrial revolution, as well as the continued efforts to combat increased levels of illegal gambling, are some of the challenges facing the NGB. The outcome of the research to determine the potential impact of the fourth industrial revolution on the current and future regulation of gambling in South Africa will provide insight. In addition, emphasis is to be placed on consolidated efforts with a number of stakeholders to tackle illegal gambling, and the confiscation of unlawful winnings as a result of participation in illegal gambling modes.

Changes have also been witnessed with respect to gambling sector performance amongst all regulated modes of gambling. Out of the total amount of Gross Gambling Revenue (GGR) generated, casino GGR has declined as growth in the betting on sport sector, as well as Limited Payout Machines (LPMs) has increased. A substantial rise in the number of operational bingo positions (and specifically Electronic Bingo Terminals (EBTs)) was observed from FY2016/17 to FY2017/18 despite a slight decline in bingo GGR over the same period.

Based on research conducted, the NGB will continue to inform the less affluent and low income groups about the nature of gambling, how to gamble responsibly, as well as the difference between legal and illegal gambling modes by means of a multi-media national gambling awareness campaign.



The prioritising of interaction with various stakeholders such as Provincial Licensing Authorities (PLAs) and law enforcement agencies, to combat illegal gambling and provide a national framework, as well as compliance oversight of PLAs remains. The maintenance and updating of various national registers, including the Illegal Gambling Operatives Register (IGOR) and the database relevant to national gambling statistics, will assist in ensuring that the NGB serves as a nodal point for information and reporting in this regard.

The NGB's focus this year will be centred on embracing the transition of the South African gambling industry into the fourth industrial revolution which will be revealed by various research studies, whilst maintaining the trajectory of regulation of the South African gambling industry in the fulfilment of the NGA through an effectively regulated and supervised gambling industry that upholds domestic, continental and international recognised standards of compliance.

The five-year Strategic Plan (2019 – 2024) will ensure that the NGB continues to strengthen its regulatory mandate in an efficient and effective manner in a way that embraces and addresses challenges, given the dynamic and technologically changing environment in which gambling is taking place.

Dr Rob Davies, MP
Minister of Trade and Industry



Overview by the
Accounting Authority

Ms Caroline Kongwa



“Much has been achieved across the organisation in the last year as the NGB continues its journey in building an effectively regulated and supervised gambling industry.”

The NGB has a long-term commitment of protecting punters from overstimulation of the latent need to gamble by promoting gambling activities in a legal, safe and crime-free environment. Guided by the NGB’s values, this document presents the strategic priorities for the next five years (2019 – 2024), closely mapped to **the dti’s** Strategic Outcome Oriented Goals (SOOGs). As regulation continues to take place in a dynamic and ever changing gambling environment, the response to this is built upon the progress made in repositioning and transforming the organisation to become a regulator.

Underpinning this plan is a relentless focus on the mushrooming of illegal forms of gambling and ways of combatting this trend specifically in light of advancements in technology that many illegal gambling operators capitalise on. New technology increases access to diverse gambling products, and in turn increases the risk of harm from gambling. The public is often not adequately informed about the illegality of online gambling platforms and games offered in South Africa. As such, the combatting of illegal gambling and ongoing education of the public about unregulated gambling modes are crucial areas that the NGB endeavours to continue to focus on.

The NGB’s strategy over a five-year period is mainly based on the provisions of the NGA, in order to control, regulate and monitor gambling whilst preventing and minimising its harm. The NGB’s strategic priorities for 2019 – 2024 include:

- Enforce compliance
- Enhance advisory and support services
- Enforce gaming technical compliance.

The NGB will continue to focus on its mandate to conduct continuous oversight over PLA’s compliance with the NGA and provincial legislation, as well as the maintenance of national registers. In addition, the NGB will continue to monitor and report on gambling sector performance (national gambling statistics, market conduct and market share).



One key strategic issue that the NGB will explore is how technological advances can be exploited in order for the NGB to improve efficiencies thus ensuring that the NGB is efficient and effective in delivering its mandate such as improving consumer education in order to mitigate problem gambling. The National Central Electronic Monitoring System (NCEMS) enables the NGB to use a technology-driven monitoring system to monitor the LPM industry and contribute to the economy. The monitoring fee derived from the NCEMS will result in increased revenue for the NGB to conduct a variety of specific projects as reflected over a five-year period. In addition, it is envisaged that the NCEMS will be extended to all modes of gambling. NCEMS will become a central repository of gambling information and financial transactions. It will further enable the NGB to supply the gambling industry with national statistics and assist in providing accurate and integrous information for the determination of taxes and levies.

The NGB will continue to conduct authentic and empirical research, which will be used to provide advice to the Minister.

The NGB's five-year Strategic Plan (2019 – 2024) will ensure the strengthening and execution of its mandate and embracing the fourth industrial revolution in relation to the regulation of gambling in South Africa.

Ms Caroline Kongwa
Accounting Authority, NGB

EXECUTIVE SUMMARY

The South African gambling industry is a relatively important component of the local entertainment and recreation sector of the economy, both directly and indirectly which is at the core of the National Development Plan (NDP) in achieving a decent standard of living for all South Africans by 2030. Government derives revenue from the industry in the form of taxes and levies which contribute towards economic growth and development in the country.

The South African Government has constructed a clearly defined policy framework for the gambling industry in South Africa to safeguard the public against the adverse effects of gambling and to prevent overstimulation of the latent need to gamble. The objective thereof is to prevent the unmitigated proliferation of gambling in South Africa. The regulation of gambling activities is informed by National Policy considerations and licensing provisions that apply to the gambling industry.

Gambling in South Africa is a concurrent legislative competency between national and provincial government with compliance monitoring as a fundamental pillar in the regulation of gambling. Gambling regulation needs to create a balance between revenue generation and protection of the public, particularly vulnerable persons, whilst taking cognisance of and supporting Government's developmental priorities.

The Nine-point plan encourages private sector investment and unlocking of the potential of Small Medium Micro Enterprises, cooperatives, townships and rural enterprises. For example, in the gambling industry, corporate social investment programmes are implemented to benefit the community and gambling licences are awarded to, amongst others, Small Medium Micro Enterprises.

The objectives for the regulation of gambling include:

- Protection of society from overstimulation of the latent need to gamble through the limitation of gambling opportunities
- Protection of players and integrity and fairness of the industry through strict control and supervision of the industry
- Uniformity and harmonisation of policy and legislation at all levels of government across provinces through minimum norms and standards, cooperation and coordination

- Generation of revenue and taxes for provincial governments and for good causes
- Economic empowerment of the historically disadvantaged
- Promotion of economic growth, development and employment

Enhancing economic participation

Gambling regulation aims to provide an effective and fair environment to enable business in the gambling industry, including direct and indirect jobs which are created. The legal landscape of the gambling industry comprises modes of gambling, namely casinos, betting, LPMs and bingo. Economic participation stems from the gambling value chain which comprises regulators, gambling device manufacturers, operators, bookmakers and test laboratories all of whom contribute to portable skills, a wide range of industries and investment in infrastructure.

Investment infrastructure comprises gambling establishments as follows: 38 operational casinos, 382 operational totalisator outlets, 542 operational bookmakers' outlets, 2 211 operational LPM sites and 50 operational Bingo outlets within the gambling industry.

According to the NGB's Gambling Sector Performance Report – 2017/18, there are 6 casino operators, 6 bookmakers and totalisators, 13 route and independent site operators within the LPM sector and 6 bingo operators.

The gambling sector's contribution to the economy stood at approximately 0.81% of the Gross Domestic Product (GDP) in 2017.

In totality the gambling industry generated direct employment of 27 387 jobs as at FY2017/18. This comprised 13 865 jobs within the casino industry, 7 875 in the betting sector, 4 185 in the LPM sector and 1 462 in the bingo sector.

Gambling stimulates the local economy and contributes to government revenues (taxes/levies), GDP, investment and employment. This is evidenced by GGR generated in FY2017/18 of R28,8 billion. The collection of taxes/levies amounted to R2,9 billion in FY2017/18. Gauteng and the casino sector accounted for the highest amount GGR generated and taxes/levies paid.



Broader economic challenges

Whilst South Africa continues to be threatened by the triple challenge of poverty, unemployment and inequality, notwithstanding slow economic growth which in 2018 culminated into a recession, the challenge of gambling regulation continues to be that of maintaining a balance between revenue generation and protection of the public, particularly vulnerable persons, whilst taking cognisance of the Government's developmental priorities.

In a country currently plagued by high unemployment (27.5%), surveys have shown that the gambling industry and particularly the casino industry is an important employer and creates increased employment opportunities whilst tax revenues that gambling establishments generate have direct economic benefits in that they help foster local economic development that aids in alleviating this triple threat. However, the unemployed group of people are also vulnerable and easily susceptible to the overstimulation and latent need to gamble as a means of alleviating their status and this presents an opportunity for gambling regulation to protect them.

Illegal gambling threatens to erode the regulated environment as it impacts the legal industry in that illegal gambling activities are operated by unlicensed operators, primarily through online platforms. These illegal operators offer games that compete with legal modes, which may have a considerable impact on the GGR generated by licensed gambling modes. This ultimately also has a tremendous impact on tax revenue for the Government, whilst further consequences include loss of employment opportunities and participation in local economic activities, as well as an erosion of consumer rights and protection. The illegal online gambling industry in particular has gained momentum over the last few years and is now prominent throughout both urban and township communities.

Medium-Term Expenditure Framework (MTEF) 2019 – 2024

The NGB Annual Performance Plan (APP) for 2019 – 2022 contains the operational information and budgetary provisions to support performance targets. The organisation remains committed to its vision, mission and value system, and will ensure that performance measures to demonstrate excellence, institutional accountability and

ongoing transformation are priorities for the entity. To achieve its mandate, this plan requires increasing levels of financial support for the operational and regulatory work of the NGB. The NGB will explore ways in which it can implement additional revenue streams whilst maintaining compliance in line with its legislative mandate.

The NGB has 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 have been revisited in line with the NDP.

The Medium-Term Key Outcomes, Outputs and Activities that support the SOOGs and Strategic Objectives are set out in more detail in the APP (Annexure B).



PART A STRATEGIC OVERVIEW



1. VISION, MISSION AND VALUES

The NGB is established in terms of the National Gambling Act, 2004 (Act 7 of 2004) (“the NGA”) under the Executive Authority (EA) of the Minister of 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 overstimulation 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 (Act 7 of 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

Constitutional mandate

In the Republic, government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated. The Constitution of the Republic of South Africa 108 of 1996, Schedule 4, Part A sets out gambling as a concurrent legislative competence and lists casinos, racing, gambling and wagering (excluding lotteries and sports pools) as functional areas for both national and provincial government. Section 146 of the Constitution applies to a conflict between national legislation and provincial legislation falling within a functional area listed in Schedule 4.

All spheres of government must observe and adhere to the principles of cooperative government and intergovernmental relations and must conduct their activities within the said principles.

Legislative mandate

The NGB is established in terms of the NGA, and as a Schedule 3A public entity in terms of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999). The mandate of the NGB is set out in sections 33 and 34, read with sections 21, 32 and 65 of the NGA, and these are:

- 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 PLAs so as to ensure that the national norms and standards established by the NGA are applied uniformly and consistently throughout the Republic of South Africa
 - Assisting PLAs to ensure that the unlicensed gambling activities are detected
- Monitoring of market conduct and market share
- Monitoring socio-economic patterns of gambling activity and research in order to identify patterns of the socio-economic impact of gambling and addictive or compulsive gambling
- Establishing and maintaining a national registry of every gambling machine or gambling device manufactured within or imported into the Republic, as well as maintaining all other legislative prescribed registers

- Investigating the circumstances of any gambling activity that relates to unlawful winnings that the NGB has held in trust, and either delivers the winnings to the person who won them if not found to be illegal winnings or apply to the High Court for an order to declare the winnings to be forfeited to the State if found to be illegal
- Advising and providing recommendations to the National Gambling Policy Council (NGPC) on, amongst others, matters of national policy and legislative changes relating to gambling.

Other mandates

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
- Public Finance Management Act (PFMA), 1999 (Act 1 of 1999)
- The Prevention of Organised Crime Act (POCA), 1998 (Act 121 of 1998)
- The Financial Intelligence Centre Act (FICA), 2001 (Act 38 of 2001)
- Broad-Based Black Economic Empowerment Act (B-BBEE), 2003 (Act 53 of 2003)
- Consumer Protection Act (CPA), 2008 (Act 68 of 2008)
- Competition Act, 1998 (Act 89 of 1998)
- Intergovernmental Relations Framework Act (IGRFA), 2005 (Act 13 of 2005)

Policy mandates

The NGB's key priorities are premised on the National Gambling Policy (2016) through which the outcome of the key performance of the NGB manifests by the effect and quality of its advice and recommendation to the NGPC on, amongst others, matters of national policy and legislative changes relating to gambling.

Relevant court rulings

There are no relevant court rulings that have a significant, ongoing impact on operations or service delivery obligations.

3. SITUATIONAL ANALYSIS

As the industry grows over time, the oversight role is becoming more complex, and the NGB's capability to ensure compliance needs to be strengthened. The NGB is responsible for ensuring that all programmes and projects are supporting the mandate provided by the NGA, resulting in a well-regulated gambling industry in South Africa.

The gambling sector's contribution to the economy was approximately 0.81% in FY2016/17. More than a third of the population perceive gambling as an important leisure activity. This involvement is instigated by personal choice and influenced by family/friends and predominantly motivated by the chance to win large sums of money.

Gambling appears to be an important activity amongst South Africans. Almost a third (30.6%) of the sampled population participated in gambling during the FY2016/17. However, the participation of South Africans in gambling declined substantially from 56.8% of South Africans (18 years and older) in 2002 to 30.6% in FY2016/17.

Concomitant with the decline in the participation of South Africans in gambling, the percentage of household expenditure allocated to licensed gambling (i.e. the propensity to gamble) also declined from 1.7% in 2005 to 1.34% in 2009. However, this figure seems to stabilise at 0.97% of household expenditure in both 2012 and 2017.

Problem gambling remains an inherent part of gambling behaviour and needs continuous attention from regulatory bodies and the private sector role-players within the industry. The majority of problem gamblers are identified as younger people (57.7% of problem gamblers are 18 to 35 years); unemployed (42.3% of problem gamblers are unemployed); less affluent (67.2% of problem gamblers earned less than R5 000 per month); and participants in illegal gambling modes (59.2% of problem gamblers participated in illegal modes).

Of great concern in this regard is the substantial involvement of social grant beneficiaries in gambling (29.5% of gamblers). Of the 29.5%, more than half are child support grant recipients, whilst a third are old age pensioners, 8.1% disability grant recipients and 2% are other grant recipients.

27.0% of gamblers indulge in unlicensed and prohibited gambling activities of which fafi and illegal card games are the most prevalent and illegal online gambling shows a strong upward trend.



SITUATIONAL ANALYSIS CONTINUED

Illegal gamblers include social grant beneficiaries (26.5% participation in illegal gambling), the unemployed (participation rate of 36.3% in illegal gambling) and the less affluent (32.1% of gamblers earning an income of less than R2 000 per month participated in illegal gambling modes). This is mainly attributed to the fact that many are unaware of unlicensed and prohibited gambling activities.

3.1 Performance delivery environment

The NGB regularly scans the gambling environment in order to identify opportunities to execute the NGB's mandate. The following key priorities have been identified which inform the implementation of the entity's strategy:

- (a) To position the NGB strategically and advocate delivery in accordance with national gambling legislation
- (b) Substantive review of the NGA
- (c) Harmonisation of national and provincial gambling legislation
- (d) Position the NGB as a pre-eminent national regulator
- (e) National repository for gambling related information
- (f) Engage in opportunities which create platforms for the benefit of the country with reference to gambling law enforcement
- (g) Enhance national enforcement capabilities to lead banning and suppression of illegal gambling in South Africa
- (h) Determine the size and shape of the industry as reflected in the monitoring of market conduct and market share and reporting on gambling sector performance by the NGB
- (i) Facilitate and monitor transformation of the industry in line with the B-BBEE Act and Codes of Good Practice

- (j) Inform and educate the public and stakeholders about the socio-economic impact and risks of gambling
- (k) Increased monitoring capacity of all legal modes of gambling through extending NCEMS
- (l) Conceptualisation of the best approaches to regulation of betting
- (m) Regulate technologically advanced forms of gambling
- (n) Promulgation of regulations for excluded persons
- (o) Provision of Alternative Dispute Resolution Mechanisms to punters
- (p) Increase of revenue base towards becoming a self-sustaining entity
- (q) Conduct research on the socio-economic patterns and consequences of gambling
- (r) Conceptualisation of cost-effective resolution of unlawful winnings
- (s) Legislative reforms in order to effectively regulate gambling.

The NGB has developed a strategy that is performance focused, taking into account gambling regulation expertise, leadership and regulatory certainty. The NGB has created social dialogue with various stakeholders in the gambling industry locally, on the African continent and internationally. The rationale for the creation of such a broad forum is for conversations on gambling issues amongst all stakeholders and specifically regulators to enhance the NGB's capability to regulate the South African gambling industry.



3.2 Functional structure

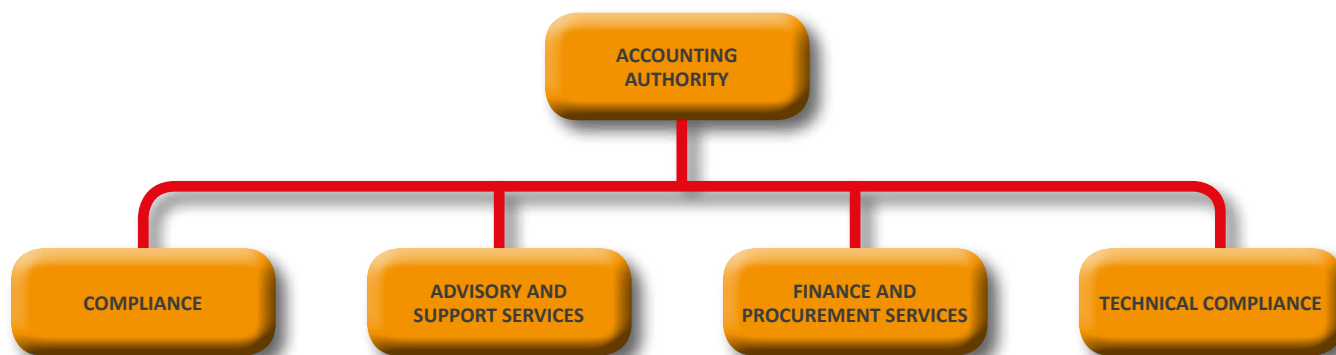


Figure 1: Functional structure

3.3 Institutional arrangements

The NGB has distinguished itself as an efficient and acknowledged gambling regulator that maximises benefit to stakeholders, staff and management based on effective systems, processes, resources and organisational culture. The following strategic human capital pillars have been identified for the next five years in order to ensure that human capital issues are effectively addressed:

- Create a high performance organisational culture, recognising team work and spirit
- Create a learning and development organisational culture
- Strategic talent acquisition and retention for organisational effectiveness
- Overhaul the organisational reward strategy
- An integrated information management system
- Legislative, compliance and diversity

The NGB is dependent on a financial grant from the Department of Trade and Industry (**the dti**); however, the NGB raises additional revenue so as to deliver on all key performance areas as per the NGB's mandate.

3.4 Operational delivery environment

The NGB, as the implementing agent of **the dti**, is mandated amongst other functions in the NGA, to coordinate activities relating to the exercise of concurrent competence within the national and provincial spheres of government to establish uniform norms and standards. These provisions apply throughout the Republic with regard to casinos, bingo, LPM and betting, so that gambling activities are effectively regulated, licensed and controlled.

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

The NGB strategy is premised on the institution continuing its active role in regulating the gambling industry. A multidimensional regulatory approach involving supervision, cooperation and enforcement is a consideration for successful execution of the NGB's mandate.

SITUATIONAL ANALYSIS CONTINUED

The key strategic issues are as follows:

- Ensuring harmonisation with gambling and other legislation in order to better regulate gambling in South Africa
- Monitoring of new developments and modes offered by gambling operators and assess the impact thereof
- Monitoring the socio-economic impact of gambling and problem gambling
- Extension of NCEMS to regulate all modes of gambling in South Africa
- Continuously exercising oversight of PLAs to ensure compliance with the NGA and applicable laws and regulations
- Enhanced cooperation with law enforcement agencies and PLAs to combat illegal gambling in South Africa
- Continue to provide an advisory role with regard to regulatory issues in the South Africa gambling industry
- Improving awareness about the socio-economic impact of gambling, legal and illegal modes of gambling, and the promotion of responsible gambling amongst the public and stakeholders

3.5 Description of the strategic planning process

The NGB is committed to an ongoing, inclusive process of strategy crafting, planning, alignment and review. As an important part of this process, the NGB engages with its key stakeholders and obtains structured inputs into its planning and review process.

In developing the Strategic Plan, the NGB has taken into account the NDP as the overarching programme that guides the government priorities of the current administration. This is captured in the link between the NGB objectives and the objectives and vision of the NDP.

Secondly, the priorities of **the dti** were taken into account, to ensure that there is alignment between the NGB objectives and **the dti** priority areas. This alignment is captured in the figure demonstrating the link between **the dti**'s and the NGB's SOOGs.

A strategic session between NGB officials and the Accounting Authority (AA), was held on 26 and 27 September 2018, as well as 4 October 2018, where the current vision and mission of the NGB was revisited and confirmed. The Strategic Objectives and measurements were reviewed and this will guide the projects and programmes to be implemented by the NGB within the next five years. This further allowed the NGB to take stock of the external operational environment to help the entity to better position itself to address the current and impending challenges that are lurking on the horizon. This process has enabled the NGB to develop performance indicators and set targets in line with the SMART principles.

The overall risk appetite of the organisation has been revisited to take stock of the new challenges in the external environment, changes in the regulatory framework, the internal control environment and the degree of oversight exercised by the NGB as a whole.

An updated risk register has been developed as part of the risk assessment of the new corporate strategy. The different programmes of the NGB are underpinned by a budget which is based on the ability of the NGB to receive grant funding from **the dti**, as well as the entity being in a position to generate its own revenue over the out-lying years in the MTEF period. The overall financial plan takes into account the asset management plan to ensure the NGB has adequate levels of capital and liquidity to meet the regulatory and operational requirements on a sustainable basis.

The NGB submitted the first and second draft of the Strategic Plan to **the dti** on 31 August 2018 and 31 October 2018 respectively.

4. STRATEGIC OUTCOME ORIENTED GOALS (SOOGs) OF THE NGB



The NGB’s response to **the dti**’s strategic plans is illustrated in the mapping of **the dti**’s SOOGs to the SOOGs of the NGB. The strategic priorities for 2019 to 2024 are Enforce Compliance, Enhance Advisory and Support Services; Optimise Organisational Excellence; and Enforce Gaming Technical Compliance. The linkages of the SOOGs are depicted in the schematic below.

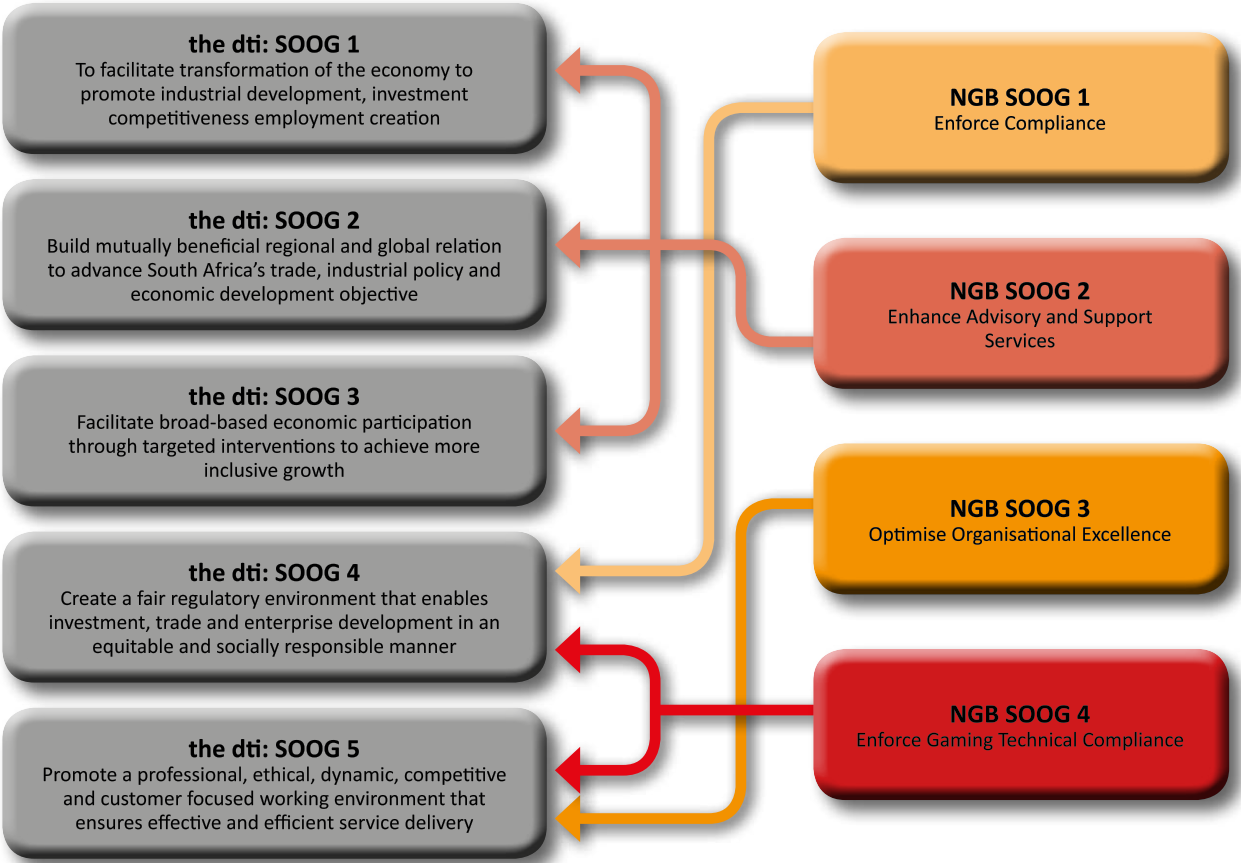


Figure 2: Alignment of the entity’s Strategic Objectives or Goals to **the dti**’s key strategic focus areas

STRATEGIC OUTCOME ORIENTED GOALS (SOOGs) OF THE NGB CONTINUED

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 Medium-Term Strategic Framework (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 for competition in various sectors as well as procurement of services from previously disadvantaged groups.

The NGB has revised the Strategic Plan covering the period 2019 to 2024, as well as the APP for FY2019/22. The revised plans took into account the governmental priorities. The NGB also considered the document called Outcome 4, which is an extract from the MTSF for 2014 – 2019 approved during the Cabinet Lekgotla. The aim of the document is to assist the public entities including the NGB to realign its SOOGs to the identified government MTSF priorities.

The NGB is a regulatory entity that does not directly create jobs but through its policies and legislative frameworks, needs to foster compliance that leads to job creation by licensees in the regulated environment. The sub-outcomes listed below have been identified for inclusion in the Strategic Objectives of the NGB and have been allocated to the appropriate Strategic Objectives in the APP:

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 business confidence, reduces costs for working people and producers, and sustains 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: Economic opportunities for historically excluded and vulnerable groups are expanded and the growth and development in small business and cooperatives is improved markedly.

4.5 Sub-outcome 10: Investment in research, development and innovation supports inclusive growth by enhancing productivity of existing and emerging enterprises and supporting the development of new industries¹.

The SOOGs identify 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 MTEF cycle. These focus on a range of outputs that vary from impacts to outcomes.

¹ Extract from the MTSF Strategic Framework 2014; Outcome 4 Government Priorities. The sub-outcomes have been allocated to the appropriate Strategic Objectives in the Annual Performance Plan 2018/19.

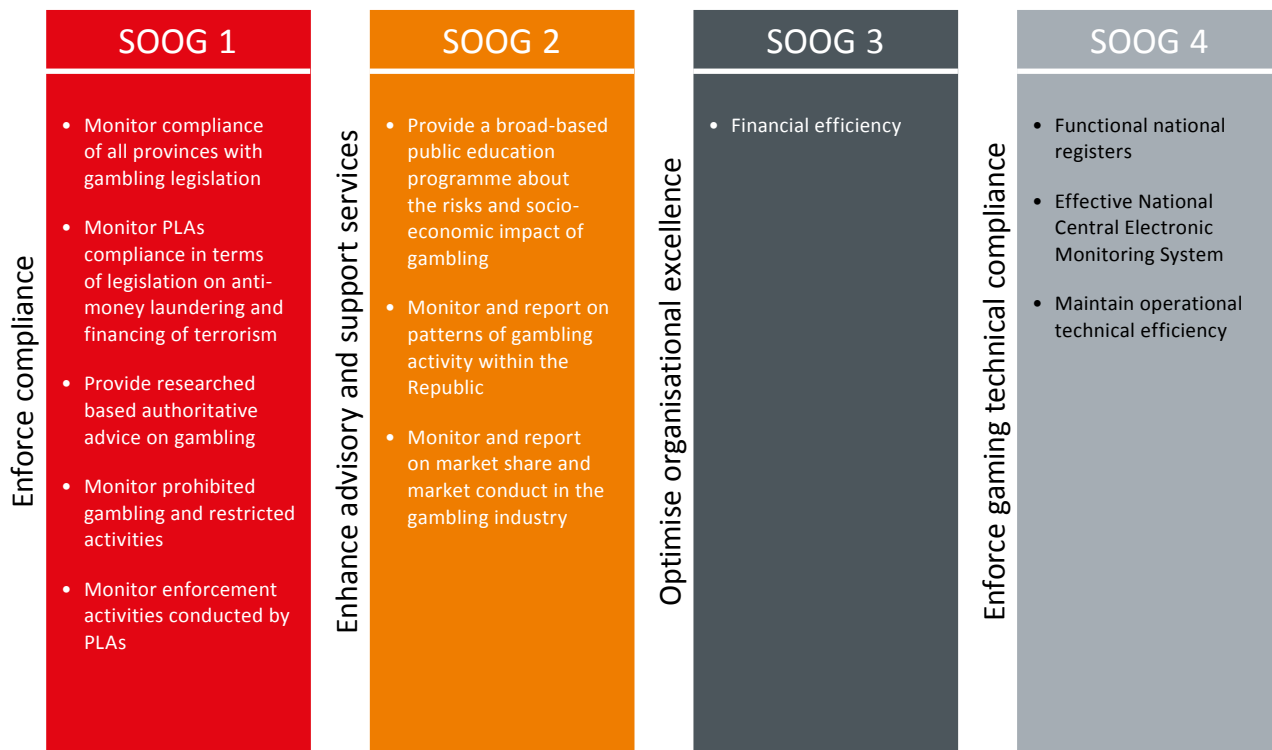


Figure 3: Strategic Outcome Oriented Goals (SOOGs) of the NGB

STRATEGIC OUTCOME ORIENTED GOALS (SOOGs) OF THE NGB CONTINUED

SOOG 1: Enforce compliance

Goal statement	<ul style="list-style-type: none"> Strengthened regulatory oversight on all provincial gambling activities Detecting, preventing and eradicating illegal gambling activities
Impact/Outcome	<ul style="list-style-type: none"> Through the portion of GGR which is contributed to the economy, transformation of the gambling industry through B-BBEE codes, social economic development/corporate social responsibility that are made to communities Contribute to employment Reduce illegal gambling outlets in the country and prosecute illegal operators and punters Minimise the negative social impact of gambling activities Eradicate money laundering
Outcome measure	<ul style="list-style-type: none"> Percentage revenue increase for licensed gambling operators Number of new job opportunities created within the gambling industry

Risks identified

- Non-compliance with the NGA by regulators and licensees
- Reluctance by some external stakeholders to contribute to the submission of information according to the statutory prescripts
- Risk of introduction of new forms of gambling which do not fall within legislative prescripts

Mitigation

- Continuously advising the NGPC and the Minister on matters of non-compliance
- Develop Memoranda of Understanding (MOU) to foster compliance and cooperation with stakeholders
- Monitoring of new developments and modes of gambling offered by gambling operators and assess the impact thereof

SOOG 2: Enhance advisory and support services

Goal statement	<ul style="list-style-type: none"> Comprehensive and researched advisory services provided to the Minister, the dti and NGPC to ensure inter-governmental governance information and research within the gambling sector informs policy and regulatory development inputs
Impact/Outcome	<ul style="list-style-type: none"> Efficient and effective regulation of the gambling sector Inform policy development
Outcome measure	<ul style="list-style-type: none"> Number of S65 advisory reports submitted to the dti Number of research reports

Risks identified

- Uninformed stakeholders and non-compliance to regulatory requirements
- Incorrect information submitted by PLAs on market conduct and market share
- Ill-informed socio-economic impact of gambling research conducted

Mitigation

- Conduct continuous public awareness campaigns
- Ensure the collecting of relevant information from all PLAs to monitor and report on market conduct and market share
- Continuously monitor socio-economic patterns, causes and consequences of gambling activity within the Republic of South Africa



SOOG 3: Optimise organisational excellence	
Goal statement	<ul style="list-style-type: none"> Strategically partner to provide support services to the NGB Continuously improve best practice governance and organisational excellence
Impact/Outcome	<ul style="list-style-type: none"> Efficient and effective financial management
Outcome measure	<ul style="list-style-type: none"> Clean audit opinion

Risks identified

- Lack of organisational effectiveness and efficiency resulting in failure of the NGB to perform its mandate

Mitigation

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

SOOG 4: Enforce gaming technical compliance	
Goal statement	<ul style="list-style-type: none"> Strengthened regulatory oversight on all provincial gambling activities Provide for national functional registers
Impact/Outcome	<ul style="list-style-type: none"> Account for and identify all legal gambling machines and devices and owners Account for and identify all licensed juristic and natural persons in the industry Efficient and effective use of the self-exclusion process Listing of identified illegal gambling operators to prevent them from being licensed
Outcome measure	<ul style="list-style-type: none"> Number of legal gambling machines and devices registered within the Republic of South Africa Number of licensed juristic and natural persons registered Number of illegal gambling operators identified

Risks identified

- Non-compliance with the NGA by regulators and licensees
- Reluctance by stakeholders to submit information in terms of statutory prescripts

Mitigation

- Continuously advising the NGPC and the Minister on matters of non-compliance
- Ensure continuous, coordinated and integrated efforts for compliance are implemented with PLAs

STRATEGIC OUTCOME ORIENTED GOALS (SOOGs) OF THE NGB CONTINUED

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.

Strategic Outcome Oriented Goals and programme description

PROGRAMME 1			COMPLIANCE
SOOG	1	Strategic Outcome Oriented Goal	Enforce compliance
SO	1.1	Strategic Objective	Monitor compliance of all provinces with gambling legislation
SO	1.2	Strategic Objective	Monitor PLA compliance in terms of legislation on anti-money laundering and financing of terrorism
SO	1.3	Strategic Objective	Provide research-based authoritative advice on gambling
SO	1.4	Strategic Objective	Monitor prohibited gambling and restricted activities
SO	1.5	Strategic Objective	Monitor enforcement activities conducted by PLAs
PROGRAMME 2			ADVISORY AND SUPPORT SERVICES
SOOG	2	Strategic Outcome Oriented Goal	Enhance advisory and support services
SO	2.1	Strategic Objective	Provide a broad-based public education programme about the risks and socio-economic impact of gambling
SO	2.2	Strategic Objective	Monitor and report on patterns of gambling activity within the Republic of South Africa
SO	2.3	Strategic Objective	Monitor and report on market share and market conduct in the gambling industry
PROGRAMME 3			FINANCE AND PROCUREMENT SERVICES
SOOG	3	Strategic Outcome Oriented Goal	Optimise organisational excellence
SO	3.1	Strategic Objective	Ensure financial efficiency
PROGRAMME 4			TECHNICAL COMPLIANCE
SOOG	4	Strategic Outcome Oriented Goal	Enforce gaming technical compliance
SO	4.1	Strategic Objective	Functional national registers
SO	4.2	Strategic Objective	Effective NCMS
SO	4.3	Strategic Objective	Maintain operational technical efficiency

5. SUMMARY OF FUNCTIONAL PROGRAMMES OF THE NGB



As outlined in the NGB programme structure, the NGB is constituted of four divisions or programmes which are set out and described in much more detail within this section.

5.1 Programme 1: Compliance

Purpose: Provides mandated operational core functions in terms of the NGA, 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.

The Compliance Division oversees the coordination of concurrent national and provincial legislative competence over matters relating to casinos, bingo, LPMs and betting; and to provide for the continued regulation of these matters. Further to this, the division also monitors PLA compliance with uniform norms and standards applicable to national and provincial regulation and licensing of gambling activities.

The issue of illegal gambling continues to be a challenge in the country and the intensity of unlicensed gambling varies from province to province. The Enforcement unit within the Compliance Division will continue to assist the PLAs to ensure that unlicensed gambling activities are detected and dealt with and perpetrators are prosecuted in terms of the law.

Objectives/Performance outcomes

The performance outcomes of this function include:

- (a) Monitor compliance of all PLAs with gambling legislation
- (b) Monitor and investigate the issuance of national licences with gambling legislation
- (c) Monitor prohibited gambling and restricted activities
- (d) Assist PLAs to ensure that unlicensed gambling activities are detected
- (e) Provide research-based authoritative advice on gambling policy, statutory matters, legislation and reforms

SOOG 1: Enforce compliance	
SO 1.1: Compliance monitoring of all provinces with gambling legislation	
Objective statement	<ul style="list-style-type: none">Evaluate the compliance monitoring of licensees by PLAsEvaluate the issuance of national licences by PLAs
Baseline	<ul style="list-style-type: none">Nine three-tier compliance evaluation assessment reports and one annual consolidated evaluation assessment report were presented to the Accounting Authority
Justification	<ul style="list-style-type: none">To evaluate and report on the performance of the PLAs in relation to compliance monitoring of licensees and the issuance of national licences by PLAs
Links	<ul style="list-style-type: none">Improved regulatory environment
Output	<ul style="list-style-type: none">Compliance evaluation assessment of nine provinces on economic and social development mattersPLA compliance monitoring of licenseesCompliance evaluation of the issuance of national licences by PLAsCompliance of PLAs with legislation
Performance indicator/measure	<ul style="list-style-type: none">Number of three-tier compliance evaluation assessments conducted

SUMMARY OF FUNCTIONAL PROGRAMMES OF THE NGB CONTINUED

Strategic initiatives/activities

In order for the Compliance Division to deliver on the NGB mandate and to achieve the objectives and indicators identified, the following strategic initiatives and activities will be prioritised:

- Development of a Compliance Barometer
- NGB to conduct onsite visits and audits of the PLAs
- Monitor implementation of B-BBEE legislative requirements
- Issue uniform compliance directives to PLAs
- Development of a framework for LPMs in excess of five

Risk management

Risk

- Lack of cooperation and compliance by the PLAs
- Gaps in compliance due to concurrent competencies

Mitigation

- Prepare deficiency reports and set timelines for rectification
- Report matters of non-compliance to the NGPC

Objective(s)/Performance outcomes

- Evaluate and report on compliance monitoring of licensees, the issuance of national licences and the performance of the PLAs
- Industry conformance to uniform norms and standards
- Transformed gambling industry

SOOG 1: Enforce compliance	
SO 1.2: Monitor PLA compliance in terms of legislation on anti-money laundering and financing of terrorism	
Objective statement	<ul style="list-style-type: none">• Evaluate compliance by PLAs in terms of legislation on anti-money laundering and financing of terrorism
Baseline	<ul style="list-style-type: none">• New strategic objective based on prior year performance of similar indicators
Justification	<ul style="list-style-type: none">• To evaluate and report on the compliance of the PLAs on legislation relating to anti-money laundering and financing of terrorism
Links	<ul style="list-style-type: none">• Improved regulatory environment
Output	<ul style="list-style-type: none">• Submit annual report to Financial Intelligence Centre (FIC) on PLA compliance with FICA
Performance indicator/measure	<ul style="list-style-type: none">• Number of reports submitted to FIC on PLA compliance with FICA

Strategic initiatives/activities

In order for the Compliance Division to deliver on the NGB mandate and to achieve the objectives and indicators identified, the following strategic initiatives and activities will be prioritised:

- Plan and implement research and training programmes relating to the combatting of money laundering and terrorism financing
- Conduct onsite compliance visits and inspections
- Conclude MOU between the NGB and FIC on matters of mutual interest

Risk management

Risk

- Money laundering not detected and/or reported

Mitigation

- Onsite inspections conducted
- Collaboration with FIC and PLAs



Objective(s)/Performance outcome

- Report on compliance with legislation on anti-money laundering and terrorism financing

SOOG: Enforce compliance	
SO 1.3: Provide research-based authoritative advice on gambling	
Objective statement	<ul style="list-style-type: none">• Provide advice to the NGPC on gambling related matters and the review of gambling policy and legislation
Baseline	<ul style="list-style-type: none">• S65 advisory reports were presented to the Accounting Authority
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
Links	<ul style="list-style-type: none">• Improved regulatory environment
Output	<ul style="list-style-type: none">• Authoritative advice on, <i>inter alia</i>, policy, statutory matters, legislation and reforms provided
Performance indicator/measure	<ul style="list-style-type: none">• Number of reports on advice in terms of S65 of the NGA presented to the Accounting Authority

Strategic initiatives/activities

In order for the Compliance Division to deliver on the NGB mandate and to achieve the objectives and indicators identified, the following strategic initiatives and activities will be prioritised:

- Ensure implementation of the National Gambling Policy
- Ensure compliance with the NGA
- Inform policy development
- Ensure uniformity of implementation of gambling legislation
- Develop regulations on bingo
- Develop norms and standards

Risk management

Risks

- Failure to provide advice to the NGPC
- Lack of cooperation and compliance by the PLAs
- Gaps in compliance due to concurrent competencies

Mitigation

- Signed Shareholder Compact
- Continuous dialogue on the advice provided

Objective(s)/Performance outcomes

- Consistent regulatory advice pertaining to the gambling legislative regime
- Regulatory certainty
- Informed regulators
- Uniform norms and standards

SUMMARY OF FUNCTIONAL PROGRAMMES OF THE NGB CONTINUED

SOOG 1: Enforce compliance	
SO 1.4: Monitor prohibited gambling and restricted 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 unlawful winnings • Conduct investigations to ensure unlawful winnings are forfeited • Provide mechanisms to assist regulators and law enforcement agencies in detecting and suppressing unlicensed (illegal) gambling
Baseline	<ul style="list-style-type: none"> • Four reports and one annual report on prohibited gambling restricted activities were presented to the Accounting Authority
Justification	<ul style="list-style-type: none"> • To ensure that unlawful winnings are investigated and forfeited • Collaboration with law enforcement agencies and PLAs to gather intelligence for the investigation and prosecution of unlicensed (illegal) gambling activities
Links	<ul style="list-style-type: none"> • Improved regulatory environment
Output	<ul style="list-style-type: none"> • Prohibited gambling and restricted activities detected and reported to the relevant law enforcement authorities • Ensure that unlawful winnings are investigated and forfeited
Performance indicator/measure	<ul style="list-style-type: none"> • Number of reports on prohibited gambling and restricted activities presented to the Accounting Authority and number of days to finalise investigations

Strategic initiatives/activities

In order for the Compliance Division to deliver on the NGB mandate and to achieve the objectives and indicators identified, the following strategic initiatives and activities will be prioritised:

- Steer a task team that consists of law enforcement agencies and any other relevant stakeholders
- Conduct investigations in relation to unlawful winnings
- Liaise with enforcement agencies to ensure that unlicensed gambling activities are reported and investigated

Risk management

Risks

- Confiscated winnings are not investigated and not forfeited to the State
- Uncontrolled expansion of unlicensed gambling activities, unprotected citizens and loss of revenue
- Failure of licensees to surrender unlawful winnings
- Proliferation of unlicensed gambling activities and loss of revenue to the fiscus

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

Objective(s)/Performance outcomes:

- Ensure the investigation, forfeiture and prosecution of all cases related to illegal gambling activities
- Ensure the implementation of the multi-law enforcement agency strategy



SOOG 1: Enforce compliance	
SO 1.5: Monitor enforcement activities conducted by PLAs	
Objective statement	<ul style="list-style-type: none"> Reduction of punter exposure to illegal gambling activities
Baseline	<ul style="list-style-type: none"> New strategic objective based on prior year performance of similar indicators
Justification	<ul style="list-style-type: none"> To evaluate and report on the enforcement initiatives/mechanisms of PLAs in relation to illegal gambling activities
Links	<ul style="list-style-type: none"> Improved regulatory environment
Output	<ul style="list-style-type: none"> Evaluation assessment of nine provinces on enforcement action undertaken Monitoring management of self-exclusions and responsible gambling by PLAs
Performance indicator/measure	<ul style="list-style-type: none"> Number of enforcement evaluation assessments conducted and reported on

Strategic initiatives/activities

In order for the Compliance Division to deliver on the NGB mandate and to achieve the objectives and indicators identified, the following strategic initiatives and activities will be prioritised:

- The NGB to conduct onsite visits and assessments of the PLAs
- Issue uniform enforcement directives to PLAs

Risk management

Risk

- Gaps in compliance due to concurrent competencies
- Increase in punter exposure to illegal gambling activities

Mitigation

- Prepare deficiency reports and set timelines for rectification
- Report matters of non-compliance to the NGPC

Objective(s)/Performance outcomes

- Evaluate and report on the enforcement initiatives/mechanisms of PLAs in relation to illegal gambling activities
- Industry conformance to uniform norms and standards

5.2 Programme 2: Advisory and Support Services

Purpose: This programme consists of Stakeholder Liaison, Research and Information, Legal Services, Human Capital Optimisation (HCO) and Records Management.

Stakeholder Liaison

The Stakeholder Liaison Division provides strategic coordination and communication, as well as secretariat services to inter-governmental forums. This includes, but is not limited to, embarking on public awareness campaigns and educational programmes to inform stakeholders and the public on the socio-economic impact of gambling, illegal forms of gambling, as well as participating in any unregulated gambling modes and consequences of overstimulation of gambling.

Research and information

The Research and Information Division conducts research to monitor and report on gambling sector performance in the South African gambling industry (specifically market conduct, market share, B-BBEE contributor levels and employment based on national gambling statistics (turnover, GGR and taxes/levies)). Research includes, but is not limited to, projects to determine the socio-economic impact of gambling in South Africa, as well as to benchmark South Africa with other countries in terms of the prevalence of gambling, problem gambling, legal versus illegal gambling modes, tax rates, and regulations in terms of advertising, amongst others. Other research includes economic analysis and insights in terms of market share from economic and institutional perspectives, as well as reports on illegal gambling. Research might include any topic as identified or required at a specific time.

SUMMARY OF FUNCTIONAL PROGRAMMES OF THE NGB CONTINUED

Human Capital Optimisation

The function of the Human Capital Optimisation Division is to provide 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 division ensures that there is compliance with labour laws and that there is a performance management system in place.

Records Management

The function of the Records Management Division is to ensure that there is proper maintenance and access to records.

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.

Objective(s)/Performance outcomes

The performance outcomes of this function include:

- Public dialogue with stakeholders
- Informed and educated public and stakeholders through awareness campaigns and education programmes
- Socio-economic impact of gambling research
- Gambling sector performance outlook
- Efficient and effective skilled workforce
- Efficient and effective document management system
- Efficient and effective provision of legal services
- Efficient and effective governance structures

SOOG 2: Enhance advisory and support services

SO 2.1: Provide a broad-based public education programme about the risks and socio-economic impact of gambling

Objective statement	<ul style="list-style-type: none">• Educate stakeholders about gambling related matters (i.e. impact, risks, policy, strategy, procedures, compliance, norms and standards, and legislation)
Baseline	<ul style="list-style-type: none">• Four reports and one annual report on facilitated broad-based stakeholder participation through targeted intervention was presented to the Accounting Authority
Justification	<ul style="list-style-type: none">• To inform and educate stakeholders about the risks and socio-economic impact of gambling
Links	<ul style="list-style-type: none">• Improved regulatory environment
Output	<ul style="list-style-type: none">• Better informed and educated stakeholders
Performance indicator/measure	<ul style="list-style-type: none">• Number of broad-based public educational interventions about the risks and socio-economic impact of gambling conducted

Strategic initiatives/activities

In order for the Advisory and Support Services Division to deliver on the NGB mandate and to achieve the objectives and indicators identified, the following strategic initiatives and activities will be prioritised:

- Educate stakeholders about the risks and socio-economic impact of gambling by means of a broad-based education programme
- Facilitate and coordinate educational awareness campaigns on the socio-economic impact of gambling

Risk management

Risks

- Uninformed stakeholders and non-compliance to regulatory requirements
- Increased participation in illegal forms of gambling
- Increase in the incidence of problem gambling
- Underage gambling



Mitigation

- Collaboration with **the dti** on national roadshows

Objectives/Performance outcomes

- Targeted education of stakeholders on socio-economic consequences of gambling

SOOG 2: Enhance Advisory and Support Services	
SO 2.2: Monitor and report on patterns of gambling activity within the Republic of South Africa	
Objective statement	<ul style="list-style-type: none"> • Conduct research to monitor and determine socio-economic patterns of gambling activity within the Republic of South Africa
Baseline	<ul style="list-style-type: none"> • Four reports and one annual report on research conducted on the impact of gambling were presented to the Accounting Authority
Justification	<ul style="list-style-type: none"> • To advise the Minister and the dti, as well as the NGPC with specialist advice based on empirical research for consideration of possible developments for gambling policy and legislation
Links	<ul style="list-style-type: none"> • Improved regulatory environment
Output	<ul style="list-style-type: none"> • Research reports on the socio-economic patterns of gambling activity within the Republic of South Africa
Performance indicator/measure	<ul style="list-style-type: none"> • Number of reports on research conducted on the impact of gambling presented to the Accounting Authority

Strategic initiatives/activities

In order for the Advisory and Support Services Division to deliver on the NGB mandate and to achieve the objectives and indicators identified, the following strategic initiatives and activities will be prioritised:

- Conduct/commission research on the (socio-economic) impact of gambling

Risk management

Risks

- Uninformed decision making on gambling related matters
- Failure to provide authoritative research-based advice
- Inability to identify patterns, causes and consequences of the socio-economic impact of gambling

Mitigation

- Coordination of research projects amongst stakeholders in the gambling industry
- Consult alternative relevant sources for research

Objectives/Performance outcomes

- Informed policy development
- Repository/custodian of research-based gambling information

SOOG 2: Enhance Advisory and Support Services	
SO 2.3: Monitor and report on market share and market conduct in the gambling industry	
Objective statement	<ul style="list-style-type: none"> • To determine gambling sector performance
Baseline	<ul style="list-style-type: none"> • Four reports (based on unaudited data) and one annual report (based on audited data) on gambling sector performance presented to the Accounting Authority
Justification	<ul style="list-style-type: none"> • To advise the Minister (and the dti), as well as the NGPC with specialist advice based on collected and audited information for consideration of possible developments for gambling policy and legislation
Links	<ul style="list-style-type: none"> • Improved regulatory environment
Output	<ul style="list-style-type: none"> • Gambling sector performance reports about market share and market conduct in the gambling industry
Performance indicator/measure	<ul style="list-style-type: none"> • Number of reports on gambling sector performance presented to the Accounting Authority

SUMMARY OF FUNCTIONAL PROGRAMMES OF THE NGB CONTINUED

Strategic initiatives/activities

In order for the Advisory and Support Services Division to deliver on the NGB mandate and to achieve the objectives and indicators identified, the following strategic initiatives and activities will be prioritised:

- Monitor gambling sector performance (market share, market conduct, transformation and employment) and report on findings
- Published audited national gambling statistics

Risk management

Risks

- Incorrect and omitted gambling statistics presented to the NGB by PLAs
- Undetected unfair competition due to failure to monitor market share and market conduct

Mitigation

- Ongoing communication with PLAs
- Audit of gambling statistical information
- Trend analysis pertaining to growth in gambling sectors, licensing and ownership

Objective(s)/Performance outcomes

- Monitored gambling sector performance (market share, market conduct, transformation and employment) to contribute to the effective regulation of the industry through policy and knowledge services
- Identified uncompetitive practices within the gambling industry

5.3 Programme 3: Finance and Procurement Services

Purpose: This programme provides strategic financial and Supply Chain Management (SCM) support to the organisation.

Finance

The core function of the Finance Division is to provide overall management of the financial affairs of the NGB. This division provides for the financial planning and reporting for both internal and external users of the financial information.

Supply Chain Management

The core objective of SCM 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.

Objective/Performance outcomes

The performance outcomes of this function are the effective support, utilisation and management of financial resources.

SOOG 3: Optimise organisational excellence	
SO 3.1: Financial efficiency	
Objective statement	• Implement financial systems and processes that enable the organisation to function optimally
Baseline	• Four reports and one annual report on financial systems, processes and PFMA compliance were presented to the Accounting Authority
Justification	• To ensure efficient systems and processes will instil public confidence that state resources are utilised for the intended purpose
Links	• Efficient effective service delivery
Output	• Compliance with PFMA requirements • Effective control, support, utilisation, maintenance, and management of resources
Performance indicator/measure	• Number of reports on financial systems, processes and PFMA compliance presented to the Accounting Authority



Strategic initiatives/activities

In order for the Finance and Procurement Services Division to deliver on the NGB mandate and to achieve the objectives and indicators identified, the following strategic initiatives and activities will be prioritised:

- Implement financial and policy controls to maintain favourable audit opinion
- Develop accurate goods and services costing model
- Develop and implement a performance-based budgeting system
- Implement improved efficient SCM processes
- Ensure compliance with B-BBEE and preferential procurement policies and guidelines
- Perform comprehensive risk and internal audit assessments and develop action plans to address issues identified

Risk management

Risks

- Inefficient and ineffective management of funds
- Exposure to litigious matters due to absence of contract management
- Delays in the procurement of goods and services, causing delays in the achievement of objectives
- Non-compliance with new and revised SCM prescripts
- Occurrence of fraudulent and/or corrupt activities

Mitigation

- Enhance early warnings on expenditure overruns/abuse of funds
- Effectively control, utilise, and maintain financial resources
- Implement contract management
- Maintain procurement plans
- Keep abreast of newly issued/revised SCM prescripts
- Annually review policies and procedures to ensure compliance with relevant prescripts

Objectives/Performance outcomes

- Improved financial system of reporting and monitoring
- Optimal utilisation of allocated resources
- Improved financial processes, procedures, policies and compliance
- Improved financial reporting
- Improved participation of HDIs in the NGB procurement processes
- Contract management

5.4 Programme 4: Technical Compliance

Purpose: This division provides mandated operational core functions in terms of the National Gambling Act, 2004 (Act 7 of 2004). The Technical Compliance Division provides technical analysis of the modes of gambling, system audits and enforcement in line with statutory imperatives as provided for in gambling legislation. It provides reliable information through national centralised databases and contributes towards providing accessible, transparent and sufficient access for economic citizens in order to ensure economic growth.

Functional national registers

The NGB is the custodian of national registers in terms of the NGA. The Act requires that the NGB must establish and maintain national registers, in the prescribed manner and form, with the aim to provide a national repository of gambling sector specific information. The NGB is required to provide the information in its registry to PLAs in the prescribed manner and form to ensure information sharing and compliance as contemplated in the Act.

National Central Electronic Monitoring System

The NGB is obliged by section 27 of the NGA read with regulation 14 of the National Gambling Regulations to supply, install, commission, operate, manage and maintain a NCEMS which is capable of detecting and monitoring significant events, associated with any LPM that is made available for play in the Republic of South Africa and analysing and reporting data according to the requirements of sections 21 to 26 of the NGA.

SUMMARY OF FUNCTIONAL PROGRAMMES OF THE NGB CONTINUED

The NCEMS enables the NGB to fulfil its oversight responsibility over the PLAs in terms of section 65 of the Act, maintain the national register in terms of section 21 of the NGA, monitor and evaluate PLA compliance with the NGA, and enables the NGB to assist the PLAs to detect and suppress unlawful gambling and unlicensed gambling activities.

The NCEMS is essentially a system to track each LPM operated by a Route Operator (RO) or Independent Site Operator (ISO) in terms of location and status; record and validate every transaction on the LPM in real time; and periodically reports collected data.

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 4.1, 4.2 and 4.3 and the mission statement of the NGB. ICT is geared at supporting and enhancing the overall organisational performance through the provision of assistive technologies.

SOOG 4: Enforce gaming technical compliance	
SO 4.1: Functional national registers	
Objective statement	<ul style="list-style-type: none">• Integrated information portal to access gambling related information
Baseline	<ul style="list-style-type: none">• 90% uptime of functional national registers (estimated performance)
Justification	<ul style="list-style-type: none">• Central repository of gambling information• Monitor movement of gambling machines and devices• Provide access to national integrated information• Compliance monitoring tool• Data analysis and decision making tool• Track trends in the gambling industry
Links	<ul style="list-style-type: none">• Improved regulatory environment

SOOG 4: Enforce gaming technical compliance

SO 4.1: Functional national registers

Output	<ul style="list-style-type: none">• Track movement of gambling machines and devices• Promote the protection and commercial exploitation of licensed gambling machines and devices• Protect the integrity of the industry• Promote responsible gambling• Promote policy development
Performance indicator/measure	<ul style="list-style-type: none">• Percentage uptime on functional national registers

Strategic initiatives/activities

In order for the Technical Compliance Division to deliver on the NGB mandate and to achieve the objectives and indicators identified, the following strategic initiatives and activities will be prioritised:

- Generate reports for compliance evaluation
- Input to policy formulation
- Monitor and analyse trends in gambling activities within the Republic of South Africa
- Promote compliance and accountability within the gambling industry
- Detection of illegal gambling machines and devices
- Training for PLAs and stakeholders on utilisation of registers
- Conduct system integrity audits of registers in the gambling industry



Risk management

Risks

- No centralised gambling related information accessible to stakeholders
- Inability to place reliance on third party related gambling information
- Integrity of compliance oversight compromised
- Vulnerability of national registers to cyberattacks
- Integrity of data to make informed decisions
- Inability to access credible gambling related data

Mitigation

- Registers are hosted in high availability data centre
- Continuous back up of data on registers
- Approved disaster recovery plan
- Verification of captured data

Objective(s)/Performance outcomes

- Promote a compliant and well regulated gambling industry
- Efficient and effective integrated gambling information portal

SOOG 4: Enforce gaming technical compliance

SO 4.2: Effective NCEMS

Objective statement	<ul style="list-style-type: none"> • Monitor compliance of LPMs • Monitor number of machines per province and total (both LPM active and inactive); percentage change of both active and inactive LPMs; total number of sites (active and inactive) per province, technical challenges experienced by the NCEMS operator; and revenue generated from total number of LPMs per province (GGR and levies per province)
Baseline	<ul style="list-style-type: none"> • 90% uptime of NCEMS, analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic of South Africa (estimated performance)

SOOG 4: Enforce gaming technical compliance

SO 4.2: Effective NCEMS

Justification	<ul style="list-style-type: none"> • To adhere to statutory requirement in terms of section 65 of the National Gambling Act, 2004 (Act 7 of 2004)
Links	<ul style="list-style-type: none"> • Improved regulatory environment
Output	<ul style="list-style-type: none"> • Fully operational NCEMS • Facilitates the collection of valid, accurate and complete taxes and levies
Performance indicator/measure	<ul style="list-style-type: none"> • Percentage uptime of a fully operational NCEMS

Strategic initiatives/activities

In order for the Technical Compliance Division to deliver on the NGB mandate and to achieve the objectives and indicators identified, the following strategic initiatives and activities will be prioritised:

- Generate reports for compliance evaluation
- Input to policy formulation
- Monitor and analyse trends in the LPM industry
- Promote compliance and accountability in the LPM industry
- Detection of illegal gambling machines and devices

Risk management

Risks

- Absence of a functional operational NCEMS will result in non-effective or non-efficient regulation of the LPM industry
- Inoperable LPM industry
- Loss of revenue to the fiscus

Mitigation

- Back-up systems available

SUMMARY OF FUNCTIONAL PROGRAMMES OF THE NGB CONTINUED

Objective(s)/Performance outcome

- Promote sustainable revenue collection
- Compliance with the statutory requirements
- Ensure that socio-economic goals are achieved

SOOG 4: Enforce gaming technical compliance	
SO 4.3: Maintain operational technical efficiency	
Objective statement	<ul style="list-style-type: none">• Technologically enabled business environment
Baseline	<ul style="list-style-type: none">• Four reports and one consolidated annual report on 98% uptime or above of all IT systems were presented to the Accounting Authority
Justification	<ul style="list-style-type: none">• To ensure business continuity• To adhere to the Department of Public Service and Administration (DPSA) Corporate Governance ICT Policy Framework of 2012
Links	<ul style="list-style-type: none">• Efficient and effective service delivery
Output	<ul style="list-style-type: none">• Efficient and effective ICT operations
Performance indicator/measure	<ul style="list-style-type: none">• Percentage uptime of all ICT systems

Strategic initiatives/activities

In order for the Technical Compliance Division to deliver on the NGB mandate and to achieve the objectives and indicators identified, the following strategic initiatives and activities will be prioritised:

- Review current ICT infrastructure, ICT Plan and ICT Governance Framework
- Develop and maintain ICT continuity plans
- Develop a system to capture gambling sector performance statistics and unlawful winnings

Risk management

Risk

- Disruption of business due to system failure
- Misalignment of ICT strategy to organisational strategy

Mitigation

- Approved Disaster Recovery and Business Continuity Plan
- Continually update the ICT Strategy

Objective(s)/Performance outcomes

- Business continuity
- Technologically enabled workforce

6. FINANCIAL PLAN



The NGB's Strategic Plan and the SOOGs provide a roadmap for what the organisation seeks to achieve, based on determined outcomes and outputs. Four SOOGs are supported by a range of Strategic Objectives. The APP 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 NGB derives its revenue from transfers from **the dti**. It is further estimated that over and above the grant received, the NGB will receive additional revenue from the NCEMS operator of R179,9 million, R189,8 million and R199,2 million during FY2019/20, FY2020/21 and FY2021/22 respectively. The forecast NCEMS revenue is based on a funding model which is premised on 6% of GGR which is the monitoring fee collected from LPMs installed.

The strategic focus over the medium term will be on evaluating the issuance of national licences by PLAs to strengthen regulatory compliance oversight over the provinces; research on the socio-economic impact of gambling; and the eradication of illegal gambling operations. The NGB will monitor market share and conduct in the gambling sector and issue reports on the trends in the market and

gambling behaviour patterns. These reports will be used as a guide to inform policy on gambling related matters affecting the country.

Expenditure over the medium term is thus expected to increase to R211,6 million from FY2019/20 and onwards, driven by costs associated with the operations of the NCEMS. The NGB will also conduct educational and public awareness campaigns over the medium term with a view to inform and educate the public about the dangers of excessive gambling and encourage responsible gambling. Ongoing awareness, information and education of stakeholders remain one of the key responsibilities of the NGB.

The NGB is to be established as a trading entity as proposed by the National Gambling Policy 2016 as it will transition to become the National Gambling Regulator (NGR).

The NGB's medium-term forecast is guided by **the dti** and National Treasury (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.

FINANCIAL PLAN CONTINUED

R thousand	Audited outcome			Budget estimate					
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Revenue									
Entity revenue	8 743	19 156	70 915	181 211	200 862	208 971	214 936	221 080	230 466
Entity revenue other than sales	8 743	19 156	70 915	181 211	200 862	208 971	214 936	221 080	230 466
Interest	1 324	2 473	2 884	3 193	3 150	5 088	5 088	5 088	5 342
Unclassified revenue	7 419	16 683	68 031	178 018	197 712	203 883	209 848	215 992	225 124
Realisation of deferred income (other than transfers)	–	–	–	–	–	–	–	–	–
National Central Electronic Monitoring System	5 301	10 000	63 694	173 735	193 051	198 843	204 808	210 952	219 672
Other income	2 118	6 683	4 337	4 283	4 661	5 040	5 040	5 040	5 452
Transfers received	31 983	30 121	31 627	32 624	34 452	36 346	38 345	38 345	40 262
National government	31 983	30 121	31 627	32 624	34 452	36 346	38 345	38 345	
Total revenue	40 726	49 277	102 542	213 835	235 314	245 317	253 281	259 425	270 728
Expenditure									
Current payments	25 493	36 683	86 524	208 499	231 046	233 940	242 890	252 317	264 233
Compensation of employees	8 933	15 799	16 190	26 399	36 303	39 173	42 274	45 622	52 092
Salaries and wages	8 606	15 230	16 669	25 480	35 179	37 979	41 007	44 274	50 657
Social contributions	327	569	568	919	1 124	1 194	1 267	1 348	1 435
Goods and services	16 560	20 884	70 334	182 100	194 743	194 767	200 616	206 695	212 141
Agency and support/outsourced services									
Communication	666	1 279	751	6 396	4 060	3 878	3 878	3 878	3 878
Computer services	431	681	292	307	338	372	372	372	372
Consultants	2 969	5 724	53 432	149 852	165 668	170 280	175 251	179 371	187 637
Inventory	54	55	67	128	120	120	120	120	120
Lease payments	7 883	6 137	8 187	8 201	8 901	9 705	10 582	11 542	12 591
Repairs and maintenance	32	59	141	70	142	82	82	82	82
Research and development	706	1 789	1 698	3 000	6 000	3 000	3 000	3 000	3 000
Training and staff development		87	93	3 000	1 800	1 292	1 292	1 292	1 292
Travel	411	907	1 239	5 205	4 782	2 898	2 898	2 898	2 898
Other	3 408	4 166	4 434	5 941	2 932	3 140	3 141	4 140	271
Depreciation	2 150	2 183	2 336	2 587	2 672	2 672	2 671	2 672	2 672
Total expenditure	27 643	38 866	88 860	211 086	233 718	236 612	245 561	254 989	266 905
Surplus/(deficit)	13 083	10 411	13 682	2 749	1 596	8 705	7 720	4 436	3 823



6.2 Asset and liability management

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.

6.3 Cash flow projections

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

Cash flow description	Budget estimate			Budget estimate					
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
R thousand									
Cash receipts from stakeholders	40 517	49 080	82 417	213 835	235 314	245 316	253 280	259 377	270 426
Tax receipts	–	–	–	–	–	–	–	–	–
Sales of goods and services other than capital assets	1 324	2 036	2 214	4 283	4 661	5 040	5 040	5 040	5 040
Transfers received	31 983	30 121	31 627	32 624	34 452	36 346	38 345	38 345	40 262
Fines, penalties and forfeits	–	–	–	–	–	–	–	–	–
Interest and rent on land	1 893	2 473	2 862	3 193	3 150	5 088	5 087	5 040	5 452
Rent on land	–	–	–	–	–	–	–	–	–
Unclassified revenue	5 317	14 450	45 714	173 735	193 051	198 842	204 808	210 952	219 672
Cash paid to stakeholders	22 879	40 444	80 731	211 086	233 718	236 612	245 561	254 989	266 905
Current payments	22 879	40 444	80 731	211 086	233 718	236 612	245 561	254 989	266 905
Compensation of employees	10 971	18 226	19 407	26 399	36 303	39 173	42 274	45 622	49 222
Goods and services	11 908	22 218	61 324	184 687	197 415	197 439	203 287	209 367	217 683
Cash flow from operating activities	17 638	8 636	1 686	2 749	1 596	8 704	7 719	4 388	3 521
Cash flow from investing activities	(968)	(1 033)	(4 336)	(890)	(890)	(890)	(890)	(890)	(890)
Cash flow from financing activities	553	505	(893)	(943)	(996)	(1 051)	(1 108)	(1 108)	(1 169)
Net increase/(decrease) in cash and cash equivalents	17 223	8 108	(3 543)	916	(290)	6 763	5 721	2 390	1 462

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.

FINANCIAL PLAN CONTINUED

6.4 Capital expenditure programmes

The NGB is in the process of rolling out newly developed national registers during the 2018/19 financial period. Other capital expenditure projects for the medium term will be limited to the replacement of computers as they reach the end of their useful lives.

6.5 Dividend policies

The NGB is a Schedule 3A 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.

The National Gambling Board is committed to proper, fair and effective regulation of the gambling industry.



PART B LINKAGES TO OTHER PLANS

LINKAGES TO OTHER PLANS

Annual Performance Plan

The NGB's APP sets out what the entity plans to deliver 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 APP 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 Assetware 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, 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 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 at improving the following:

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



Annexure A: Alignment of the NGB Strategy to the Government

Government's MTSF priorities	Government outcome	the dti SOOGs	NGB SOOGs	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	Enhance Advisory and Support Services	Programme 2
		Create a fair regulatory environment that enables investment, trade and enterprise development, in an equitable and socially responsible manner	Enforce Compliance and enforce Gaming Technical Compliance	Programme 1
		Facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth		
8 Pursuing African development and enhanced international cooperation	11 Create a better South Africa, a better Africa and a better world	Build mutually-beneficial regional and global relations, advance South Africa's trade, industrial policy and economic development objectives	Enhance Advisory and Support Services	Programme 2
10 Building a developmental state, including improvement of public services and strengthening of democratic institutions	12 An efficient, effective and development-orientated public service and empowered, fair and inclusive citizenship	Promote a professional, competitive and customer-focused working environment that ensures effective and efficient service delivery	Optimise Organisational Excellence and enforce Gaming Technical Compliance	Programmes 3 and 4

ABBREVIATIONS AND ACRONYMS

APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
DPSA	Department of Public Service and Administration
EA	Executive Authority
EBT	Electronic Bingo Terminal
FIC	Financial Intelligence Centre
FICA	Financial Intelligence Centre Act
FY	Financial Year
GDP	Gross Domestic Product
GGR	Gross Gambling Revenue
HCO	Human Capital Optimisation
ICT	Information Communications Technology
IGOR	Illegal Gambling Operatives Register
IGRFA	Intergovernmental Relations Framework Act
IT	Information Technology
LPM	Limited Payout Machine
MOU	Memorandum of Understanding
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NCEMS	National Central Electronic Monitoring System
NDP	National Development Plan
NGA	National Gambling Act
NGB	National Gambling Board
NGPC	National Gambling Policy Council
NGR	National Gambling Regulator
NT	National Treasury

PFMA	Public Financial Management Act
PLA	Provincial Licensing Authority
POCA	Prevention of Organised Crime Act
SCM	Supply Chain Management
SOOG	Strategic Outcome Oriented Goal
the dti	The Department of Trade and Industry

ANNUAL PERFORMANCE PLAN FY2019 – 2022



National Gambling Board
South Africa
a member of the dti group



Do not participate in illegal forms of gambling.

*Winning from illegal forms of gambling should
not be paid out to the punter.*



CONTENTS

1. Functional structure	44
2. Official sign-off	45
3. Foreword by the Minister of Trade and Industry	46
4. Overview by the Accounting Authority	48
5. Executive summary	51
PART A: STRATEGIC OVERVIEW	
6. Vision, mission and values	55
7. Legislative and other mandates	56
8. Strategic Outcome Oriented Goals and goal objectives	57
9. Alignment of the entity's Strategic Objectives or Goals to the dti's key strategic focus areas	58
10. Recent court matters	58
11. Updated situational analysis	59
12. Description of the planning process	63
13. Financial Plan	64
PART B: PROGRAMME PERFORMANCE	
14. Programme 1: Compliance	68
15. Programme 2: Advisory and Support Services	73
16. Programme 3: Finance and Procurement Services	77
17. Programme 4: Technical Compliance	79
PART C: LINKS TO OTHER PLANS	
18. Asset Management Plan	83
19. Information Technology Plan	83
20. Risk Management and Fraud Prevention Plan	83
21. Risk Management Process	83
22. Risk Strategy (risk register)	83
23. Profile of Performance Indicators	83
24. Materiality and Significance Framework	83
25. Service Delivery Standards	83

1. FUNCTIONAL STRUCTURE

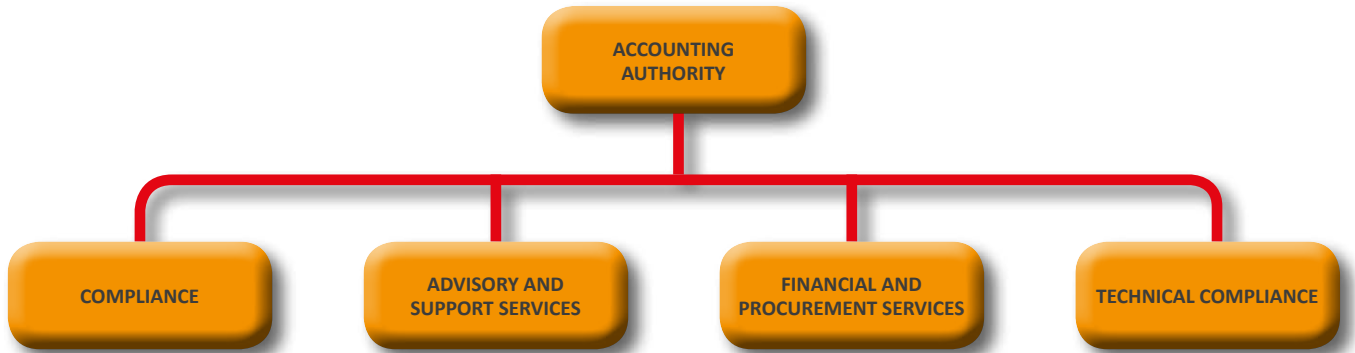


Figure 1: Functional structure

Legalised forms of gambling are regulated in terms of the law.



2. 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;
- takes into account all the relevant policies, legislation and other mandates for which the NGB is responsible; and
- accurately reflects the Strategic Outcome Oriented Goals and objectives which the NGB will endeavour to achieve over the five-year period of the plan.

Recommended for approval by:

Ms Caroline Kongwa
Accounting Authority

Approved by the Executive Authority

Dr Rob Davies, MP
Minister of Trade and Industry



3. Foreword by the Minister of Trade and Industry Dr Rob Davies, MP



“The casino industry still accounted for the most GGR generated, and Gauteng Province was still noted as the leading gambling revenue generator.”

The NGB is mandated by the National Gambling Act, 2004 (Act 7 of 2004) (“the NGA”), and in particular sections 33 and 65, to monitor and investigate the issuing of national licences by Provincial Licensing Authorities (PLAs), investigate compliance with the Act by PLAs, establish and maintain national functional registers, monitor socio-economic patterns of gambling activity within the Republic, and to assist PLAs to ensure that unlicensed gambling activities are detected. In addition, the NGB may advise the National Gambling Policy Council (NGPC) on matters of national policy related to the regulated modes of gambling, monitor market share and market conduct in the gambling industry, as well as provide a broad-based public education programme about the risks and socio-economic impact of gambling.

The updated Annual Performance Plan (APP) guides the NGB with regard to specific programmes and projects that need to be achieved quarterly and annually in order to achieve its mandate. This will guide the NGB’s focus over the Medium-Term Expenditure Framework (MTEF) period.

The NGB’s key priorities are driven by three (3) Strategic Outcome Oriented Goals (SOOGs), namely Enforcing Compliance, Enhance Advisory and Support Services and Technical Compliance. The performance indicators entail all the governmental expectations articulated in the Shareholder’s Compact entered into between the Ministry of Trade and Industry and the Accounting Authority (AA) of the NGB, as well as linking to the Department of Trade and Industry’s (the dti’s) SOOGs.

Key to the NGB’s strategies, and specifically the revised APP, will be to ensure that members of the public who participate in licensed gambling activities shall be protected; society and the economy shall be protected against the over-stimulation of the latent demand for gambling; gambling activities shall be effectively regulated; and strengthened and collaborative efforts to combat illegal gambling and confiscate unlawful winnings will be prioritised.



To ensure efficient regulation of gambling in South Africa, the NGB continuously ensures the development, enhancement and strengthening of its current enforcement and oversight proficiency to effectively interact with, monitor and regulate gambling activities within a very dynamic and changing environment. Over time, fast developing technological developments have resulted in changes in the preferred modes of gambling; for instance the highest increases in Gross Gambling Revenue (GGR) during FY2017/18 was noted in the betting on sport sectors offered by bookmakers. The increase of illegal gambling sites and activities, as well as increased participation in unregulated modes of gambling, remains one of the main challenges for the NGB.

Continuous intervention with various stakeholders (such as law enforcement, regulators and financial institutions) remains a key focus in the combatting of illegal gambling and the confiscation of unlawful winnings.

The NGB will continue to inform and educate various stakeholders about the nature and odds of gambling and responsible gambling, illegal forms of gambling and consequences of participation in these unregulated modes by means of national multimedia campaigns. The NGB will also continue to collaborate with **the dti** and other agencies to embark on extensive gambling awareness and education campaigns to distribute key messages.

The NGB will continue to monitor gambling sector performance (specifically market share and market conduct) to track trends and shifts in the industry.

The NGB acknowledges that strong partnerships and cooperation with relevant stakeholders are key to ensuring the ongoing effective regulation of gambling within the Republic of South Africa.

Dr Rob Davies, MP
Minister of Trade and Industry



4. Overview by the Accounting Authority

Ms Caroline Kongwa



“Much has been achieved across the organisation in the last year as the NGB continues its journey in building an effectively regulated and supervised gambling industry.”

As the NGB continues in its quest to position South Africa as the pre-eminent jurisdiction with an exemplary and effectively regulated gambling industry in the implementation of the National Gambling Act, 2004 (Act 7 of 2004) (the NGA), the impact of technological advancements on the current gambling industry continues to bring new challenges to the regulation of gambling in South Africa. The NGB has also noticed a shift within the gambling industry with the highest increases in GGR noted in the betting on sports as offered by bookmakers, while negative growth was recorded in the generation of GGR in the bingo industry, despite the fact that the highest increase in the number of gambling positions was noted in the bingo industry (compared to casinos and Limited Payout Machines (LPMs)) during FY2017/18.

The NGB exercises oversight over the gambling industry in South Africa. Its mandate based on the NGA comprises research, monitoring of market conduct and market share, monitoring socio-economic patterns of gambling activity, the establishment and maintenance of national registers (every gambling machine or gambling device manufactured within or imported into the Republic of South Africa, probity, information sharing and exclusions) and investigation of illegal gambling activities. This is further illustrated in the mapping and alignment of the NGB's SOOGs to the objectives of **the dti**.

As a regulator, the NGB's concern continues to be consumer and punter protection. This is an aspect which underpins responsible gambling policy reform, as the responsibility in various jurisdictions is placed either on the national regulator, or the licensee, or both. As the punter profile has evolved, some of the main factors that have influenced this are economic modelling and the ease of doing business, technology and innovation and generational, as well as demographic changes. This means that the NGB envisages a number of future trends that will be impacted upon by changes to the punter profile such as technological advancements, regulatory landscape and a shift in gambling modes participated in over time.



Socio-economic impact of gambling

The outcome of various research projects will form the basis of advice to the Minister in terms of policy, strategy and considerations to amend legislation (if required).

Awareness campaigns on illegal gambling and the potential risk of addictive gambling will be a focus area.

A shift within the gambling industry is evident by mode as the share of the bingo industry in the total generation of GGR declined in FY2017/18. On the contrary, the share of GGR generated in the betting on sports as offered by bookmakers, and to a lesser extent the LPM and casino sectors, showed upward trends.

GGR increased by 8.8% from R23,9 billion in FY2014/15 to R26,0 billion in FY2015/16, by 3.8% to R27,0 billion in FY2016/17, and by 6.7% to R28,8 billion in FY2017/18. Taxes/levies increased by 11.9% from R2,5 billion in FY2014/15 to R2,8 billion in FY2015/16; however, decreased by 1.0% to R2,7 billion in FY2016/17, but increased by 5.7% to R2,9 billion in FY2017/18.

Revenue and expenditure

Over and above the grant received from the National Treasury (NT), the NGB will receive additional revenue from the National Central Electronic Monitoring System (NCEMS) operator of R6,4 million, R89,3 million and R119 million during FY2017/18, FY2018/19 and FY2019/20 respectively. Revenue to be collected will be based on a new funding model, which is premised on 6% of the monitoring fees collected from LPMs installed. There are currently approximately 12 000 active LPMs in the country.

The key cost drivers of the NGB will be influenced by mandatory functions prescribed by the NGA. These cost drivers are:

- **Personnel costs:** Except for inflation related salary adjustments, no increase in the number of staff is projected;
- **Research** to monitor the socio-economic patterns of gambling activity within the Republic of South Africa, and monitor market share and market conduct in the gambling industry;
- **Public awareness campaigns** on the socio-economic impact of gambling about the risks and socio-economic impact of gambling;
- **Broad-based public education programme** is aimed at targeted interventions to educate specific stakeholders on legal and illegal forms of gambling and assistance regarding problem gambling;
- **Oversight** over PLAs;
- **Monitoring** prohibited gambling and restricted activities; and
- **Effective monitoring** of regulated sectors in the gambling industry.

The NGB is committed to implementing efficiency measures, especially in areas of controllable costs where focused monitoring of such expenses could be used to curb excessive spending. Efficiency measures implemented include:

- Stringent controls over budgeted expenditure;
- Incorporation of NT Practice Note 1 of January 2014 and NT Instruction Note 2 on Cost Containment Measures issued in September 2016 into the policies of the NGB; and
- The use of transversal contracts.

OVERVIEW BY THE ACCOUNTING AUTHORITY CONTINUED

Risk associated with strategic objectives

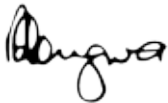
The AA has cascaded the statutory mandate of the NGB into three SOOGs outlined on page 57 of this plan and has designed activities to achieve same.

The associated risks were taken into account by continuously identifying new risks and providing for mechanisms to mitigate them.

The SOOGs and the underlying strategic objectives are discussed in detail to provide more information on the execution by the NGB of its mandate.

Ongoing policy review aims to reduce the risks. In this regard, contingency plans are in place, as well as a Fraud Prevention Plan (FPP).

This APP is NGB's commitment to effectively address all the strategic issues in the gambling industry for its sustainability with stakeholders, in both the public and private sectors, to contribute towards job creation, the objectives of the National Development Plan (NDP) and other government developmental initiatives.



Ms Caroline Kongwa
Accounting Authority, NGB

5. EXECUTIVE SUMMARY



Regulatory landscape

Since 1997, the South African gambling industry has moved rapidly from a developing market to a fairly matured industry with its scope expanding over the last few years. Major structural changes have impacted substantially on the coverage of gambling facilities, affordability, as well as the cost of gambling to participants. The gambling industry is a legitimate industry that contributes significantly to the economy of the country. However, gambling by its very nature is potentially addictive, and must be treated with caution. Society must be protected against the harmful effects of gambling and regulating the industry serves to control and monitor the balance between the negative impacts of gambling against the socio-economic benefits of gambling. Apart from the overwhelming negative aspects often associated with gambling, the NGB does not lose sight of the fact that the gambling industry contributes significantly to the growth of the economy in the form of revenue generation, as well as employment creation.

The preamble of the National Gambling Act, 2004 (Act 7 of 2004) places the protection of members of the public who participate in gambling and the protection of the society and the economy against the latent demand for gambling as central points for focus of gambling regulation. One of the main roles of the National Gambling Board (NGB) is compliance oversight, regulation and enforcement through curbing and monitoring prohibited and/or unlawful gambling activities, as well as ensuring that unlicensed gambling activities are detected.

South African gambling regulators need to stay alert and aware of the current and potential changes in gambling behaviour and the impact of advanced and new technology on the punter, as well as the way in which various gambling modes are offered to its respective punters. The impact of different gambling modes on each other is also cause for concern.

The mandate of the NGB is to exercise oversight and investigate reported violations of gaming legislation, criminal allegations and public complaints; conduct enquiries relating to gambling disputes; liaise with other law enforcement agencies; gather intelligence information of the gambling industry; promote the elimination of illegal gambling; monitor transactions for money laundering; provide assistance (knowledge management) to other law enforcement

agencies and their working partners; and monitor movement of machines (gaming devices) in and out of the South Africa.

Fourth industrial revolution

The global gambling market is experiencing influential growth from a significant digital and data revolution which has trickled down to the South African domestic gambling market. This digital age is changing gambling with respect to format and access and requires response from regulators, researchers and addictive gambling treatment providers. Our current work and government interest is focused on the issues this raises for consumers and gambling regulation.

The fourth industrial revolution brings challenges and opportunities for the NGB and the industry in general. The opportunities include high-tech opportunities and job creation, but this also brings the challenge of upskilling and reskilling employees who will be impacted by the changes brought by advances in technology.

The fourth industrial revolution fits in with the evolving profile of the punter. The punter is becoming techno savvy and very demanding in terms of what product piques their interest, and where and how they access that product. The punter behaviour, demands and the disruptive changes brought about by the fourth industrial revolution are challenges that the NGB has to address and regulate in a manner that does not discourage innovation and investment in new technologies whilst at the same time never losing sight of the need to protect society from the overstimulation and latent effects of gambling.

The gambling population in the years to come will increasingly consist of people who are familiar with playing and/or utilising electronic games and computers in their every-day lives and this has an impact on the current model of gambling in the Republic of South Africa. Technological advancement also has a bearing on social interaction and communication (social networking) particularly where new technologies skirt the gambling regulatory aspects.

To date one of the fastest growing areas is that of online/internet or interactive gambling. The ingenuity of existing and emerging technology companies and remote operators is ensuring that more and more games and gambling devices are available through these new technologies. The effect of such technologies should not be accepted uncritically, particularly as there may be areas of

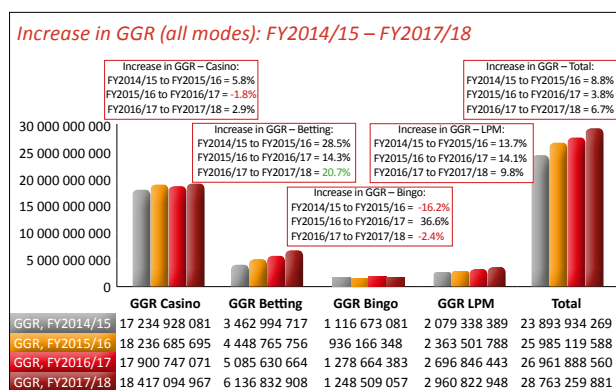
EXECUTIVE SUMMARY CONTINUED

potential concern based on what is known about problem gambling (compulsive and addictive gambling).

Technological advances have also seen the growth and unimaginable reach of social media which brings challenges of advertising of gambling products to minors and problem gamblers. The NGB embraces the fourth industrial revolution as an enabler to an efficiently and effectively regulated gambling industry.

Economic benefits of gambling

Gambling investment stimulates the local economy and contributes to government revenues (taxes/levies), Gross Domestic Product (GDP), investment and employment. Gross Gambling Revenue (GGR) increased by 8.8% from R23,9 billion (FY2014/15) to R26,0 billion (FY2015/16), by 3.8% from R26,0 billion (FY2015/16) to R27,0 billion (FY2016/17), and by 6.7% from R27,0 billion (FY2016/17) to R28,8 billion (FY2017/18). Casinos accounted for the highest proportion of total GGR generated, being 64.0% as compared to other regulated gambling modes. Compared to all other provinces, Gauteng at a 41.9% share, accounted for the highest amount of GGR generated. The gambling sector's contribution to the economy stood at approximately 0.81% in FY2016/17. The total tax/levies collected from the legal modes of gambling amounted to R2,9 billion in FY2017/18.



In 2016, the initial Gross Value Added (GVA) contribution of the four legal modes of gambling to the South African economy amounted to R19,7 million with an additional spill-over effect to other sectors of the economy of R12,4 million. This total value added impact of the gambling sector of R32,2 million represented 0.81% of the GDP of South Africa in 2016. In addition to this, for every 100 jobs created in the legal gambling industry, a further 360 were created indirectly in other sectors of the economy in 2016. Gambling further promotes investment (infrastructure) and creation of employment in terms of people employed, as well as those who acquire licences to become a licensed gambling operator in any of the regulated modes of gambling.

Enhancement of public services (taxes used for education, roads, healthcare, schools, infrastructure and development in communities, services to the public, etc.) are enabled through Corporate Social Initiatives (CSIs) by gambling licensees. Property value such as infrastructure around a casino establishment and economic empowerment of the historically disadvantaged are enhanced. Gambling attracts tourists and results in increased revenue for licensed gambling operators, and by implication an increase in the collection of taxes/levies and contribution to the fiscus.

Balancing negative impact of gambling

Gambling is a form of recreation and entertainment often in a safe environment when the destination approach is prioritised. The legal gambling industry is well-regulated and compliant in various respects to offer a safe environment to participate in gambling activities and offers the opportunity to become part of new social groups. Compliance oversight is a key priority for regulators to protect the interests of punters. The NGB ensures that there is access to education and information through awareness campaigns, free counselling, access to rehabilitation programmes and access to an exclusions register for those who need assistance with problem or addictive gambling.

The cost of gambling (legal and illegal)

Often society gambles in legalised gambling establishments; however, there are punters who spend money on illegal gambling activities which results in a loss to the economy and culminates in social challenges such as problem gambling and addiction which impact the family and society.



Illegal gamblers have, amongst others, the highest risk of becoming problem gamblers as shown in recent socio-economic impact of gambling research. Other negative factors are the high cost of counselling, treatment and rehabilitation, as well as the prevalence of under-aged gambling and minors participating in gambling. Crime-related activities such as money laundering exacerbate risks associated with problem gambling, including drugs, alcohol and sexual abuse.

Punters who partake in illegal gambling activities are not protected and develop social challenges as a result of problem and illegal gambling. Reports from the South African Responsible Gambling Foundation (SARGF), amongst others, indicate that gambling creates huge social challenges as a result of problem and illegal gambling.

Unlawful winnings associated with illegal gambling activities are confiscated and forfeited to the State. The consequences, if caught, of participating in illegal gambling modes, are dire and attract penalties such as a fine, a prison sentence and a criminal record. Many millions of rand in state resources are expended on the criminal justice system, i.e. investigation and prosecution as a cost to regulation.

Unfair competition created by illegal enterprises and operators reduced government revenue in the form of tax contributions. The estimated monetary outflows amount to R1,9 billion as a result of illegal gambling in South Africa and adversely impacts the economy.

Challenges affecting the balance

In certain instances, the public is unaware/unsure of the difference between legal and illegal modes of gambling, consequences of illegal gambling, gambling legislation, and how to get assistance with regards to problem gambling. In this regard, illegal operators offer online gambling to South Africans in such a way that participation is perceived as legal; step-by-step instructions to deposit money in Rand currency look authentic, false reference to South Africans who won huge amounts of money encourage (potential) gamblers to participate, and the publishing of the NGB logo and that of the SARGF on sites that offer gambling that is illegal in South Africa, gives a false image that online gambling is legal in South Africa.

The mushrooming of illegal gambling is of huge concern to regulators. South African financial institutions are frequently utilised as mediums of exchange between an online gambler and illegal online operator's

participation in illegal online gambling. Although banks play a huge role in detecting unlawful winnings, the scope of illegal transactions, to deal with the high volumes of cases, and prosecution of relevant cases is still challenging.

Illegal (and specifically online) gambling is also not regarded as a high priority offence and the environment is difficult to monitor as a result of limited prioritisation and collaboration between various role-players. Lack of uniform and effective national policy implementation of the licensing regime (licensing forms of gambling which are not envisaged from a national perspective), remains a challenge and is an ongoing debate.

Addressing the challenges

The NGB is being repositioned to become a national regulator. Enhanced regulation is required to enable mass monitoring of online traffic to identify gambling related activities and gambling by minors, as well as prohibiting illegal operators from offering online gambling services to the South African public. Improved provisions in legislation assist enforcement officers to gather and consolidate intelligence with regards to illegal gambling and to eventually blacklist illegal operators. Bilateral and multilateral agreements to permit enforcement across the South African borders would require regulators to work together in order to strengthen the capacity to prohibit and combat illegal gambling.

The NGB endeavours to adopt a national collaborative approach to combat and suppress illegal gambling, involve all gambling regulators to gather information, conduct inspections, investigate cases, cooperate with law enforcement agencies and act against illegal operators and efficient confiscation of unlawful winnings and forfeiture is required.

It is a priority that there is successful prosecution of illegal operators and the public is informed about the consequences of participation in illegal gambling activities. There is a need for efficient and effective implementation of National Gambling Policy; reducing the regulatory cost burden to implement the NGA; to improve enforcement measures to effectively deal with illegal gambling; keeping abreast of new technology, software, tools, type of games, profiling of new emerging (illegal) gamblers and conducting socio-economic impact studies on current legalised modes of gambling.



PART A STRATEGIC OVERVIEW



6. VISION, MISSION AND VALUES

The NGB is established in terms of the National Gambling Act, 2004 (Act 7 of 2004) (the NGA). 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 mission, vision 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 (Act 7 of 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.



7. LEGISLATIVE AND OTHER MANDATES

7.1 Legislative mandate

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

- 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 PLAs so as to ensure that the national norms and standards established by the NGA are applied uniformly and consistently throughout the Republic
 - Assisting PLAs to ensure that the unlicensed gambling activities are detected
- Monitoring of market conduct and market share
- Monitoring socio-economic patterns of gambling activity and research in order to identify patterns of the socio-economic impact of gambling and addictive or compulsive gambling
- Establishing and maintaining a national registry of every gambling machine or gambling device manufactured within or imported into the Republic, as well as maintaining all other legislative prescribed registers
- Investigating the circumstances of any gambling activity that relates to unlawful winnings that the NGB has held in trust, and if found to be illegal, applying to the High Court for an order to declare the winnings illegal, and forfeited to the State and if not, delivering the winnings to the person who won them.

7.2 Other mandates

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
- Public Finance Management Act (PFMA), 1999 (Act 1 of 1999)
- The Prevention of Organised Crime Act (POCA), 1998 (Act 121 of 1998)
- The Financial Intelligence Centre Act (FICA), 2001 (Act 38 of 2001)
- Broad-Based Black Economic Empowerment Act (B-BBEE), 2003 (Act 53 of 2003)
- Consumer Protection Act (CPA), 2008 (Act 68 of 2008)
- Competition Act, 1998 (Act 89 of 1998)
- Intergovernmental Relations Framework Act (IGRFA), 2005 (Act 13 of 2005)

7.3 Policy mandates

The NGB's key priorities are premised on the National Gambling Policy, 2016, through which the outcome of the work of the NGB manifests by the effect and quality of its advice and recommendation to the NGPC on, amongst others, matters of national policy and legislative changes relating to gambling.



8. STRATEGIC OUTCOME ORIENTED GOALS AND GOAL OBJECTIVES

The SOOGs identify 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 must simultaneously be realistic and achievable over a strategic MTEF cycle. These focus on a range of outputs that vary from impacts to outcomes.

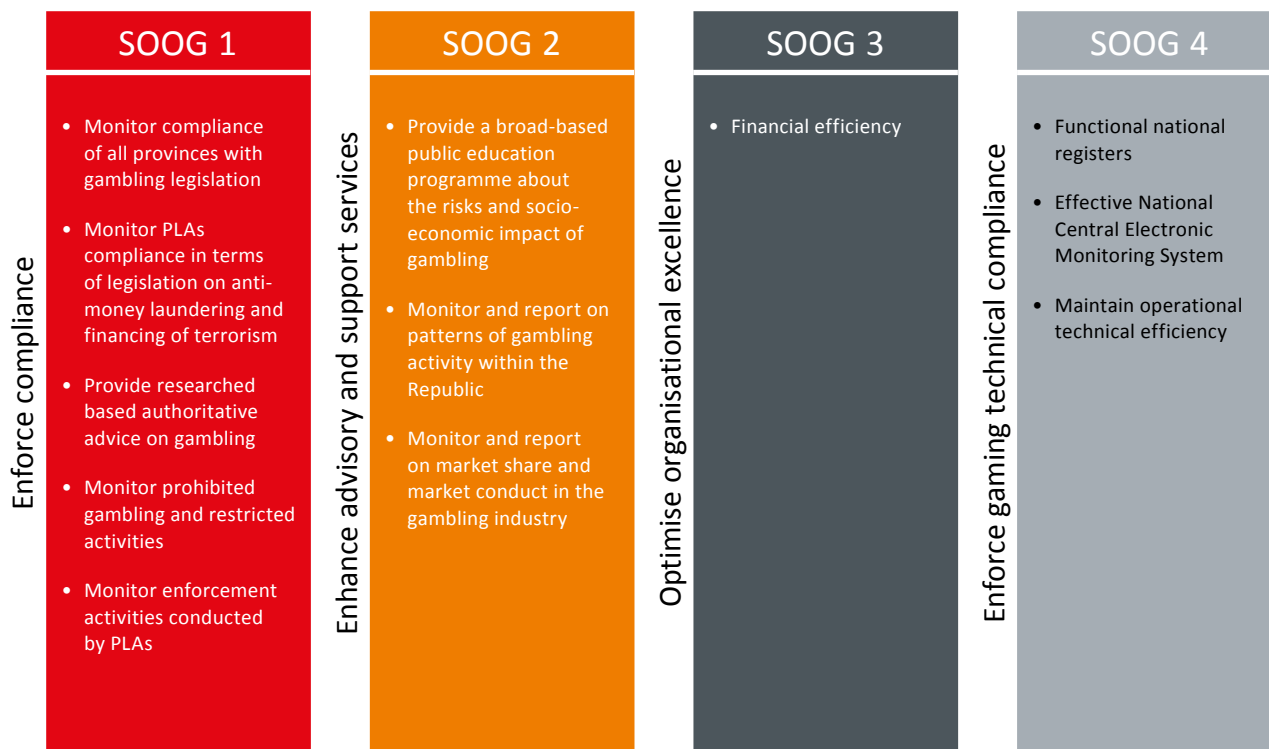


Figure 2: Strategic Outcome Oriented Goals (SOOGs) of the NGB

9. ALIGNMENT OF THE ENTITY'S STRATEGIC OBJECTIVES OR GOALS TO the dti's KEY STRATEGIC FOCUS AREAS

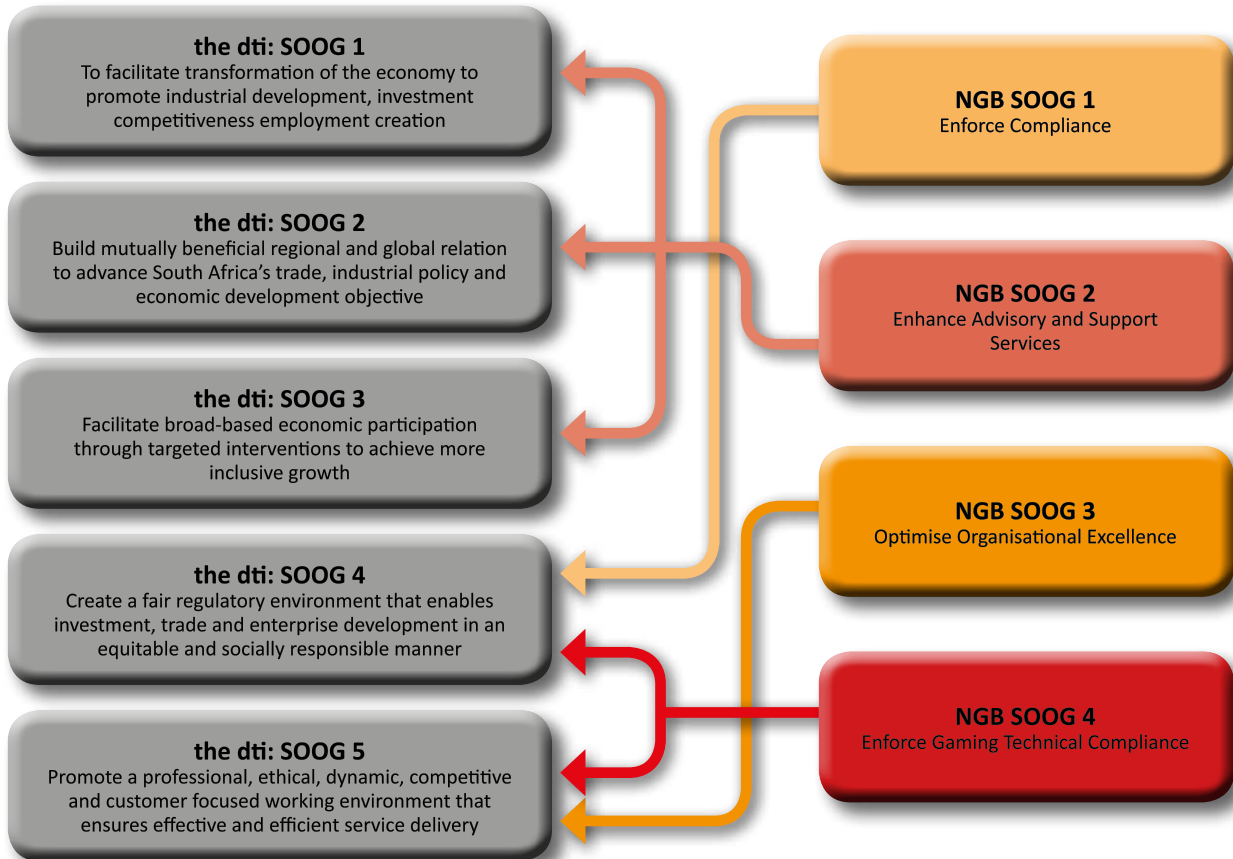


Figure 3: Alignment of the entity's strategic objectives or goals to the dti's key strategic focus areas.

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 upon.

10. RECENT COURT MATTERS

There are no relevant court rulings that have a significant, ongoing impact on operations or service delivery obligations.

11. UPDATED SITUATIONAL ANALYSIS



11.1 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:

To position the 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 NCEMS, the National Registry, the National Inspectorate, its oversight functions, objectives and relationship with the PLAs.

Other areas identified, are as follows:

- (a) Taking full advantage of Gambling Review Commission (GRC) outcomes
- (b) Taking note of amended legislation
- (c) Willingness for gambling stakeholders to recognise the NGB as a national resource
- (d) Repository of gambling related research conducted with specific focus on the (socio-economic) impact of gambling in the country
- (e) Engaging in opportunities which create platforms for the benefit of the country with reference to gambling law enforcement
- (f) Taking the opportunity to lead banning and suppression of online gaming/gambling in South Africa
- (g) Lead foreign direct investment in this industry
- (h) Implementing national policy perspective in advancing the NGB's role in the industry
- (i) Oversight of all complexities of the industry
- (j) Determine the size and shape of the industry as reflected in the monitoring of market conduct and market share and reporting on gambling sector performance by the NGB

- (k) Generate online skills working with institutions in the country
- (l) Facilitate and monitor transformation of the industry in line with the B-BBEE and Codes of Good Practice
- (m) Physical location to enhance the NGB functions broadly, including ICT infrastructure
- (n) Informing and educating the public and stakeholders about the socio-economic impact and risks of gambling
- (o) Increase of illegal gambling in the country and creative ways to combat participation in unregulated gambling modes

11.2 Revision of Legislative and Other Mandates (Key Policy and Legislative Developments)

The National Gambling Amendment Bill, 2018

The National Gambling Amendment Bill is currently in the legislative review process.

The Bill seeks to, *inter alia*:

- Amend the National Gambling Act, 2004
- Provide for the repositioning of the NGB as the National Gambling Regulator (NGR)
- Strengthen enforcement powers of the NGR
- Strengthen the regulation of casinos, betting and bingo by extending the NCEMS to all modes
- Provide for forfeiture of unlawful winnings to the NGR without application to the High Court
- Amend the quorum for the NGPC

UPDATED SITUATIONAL ANALYSIS CONTINUED

Cybercrimes and Cybersecurity Bill, 2017

The Cybercrimes and Cybersecurity Bill was gazetted in Government Gazette No. 39161, Notice No. 878 on 2 September 2015.

The Bill seeks to:

- Create offences which have a bearing on cybercrime and to prescribe penalties
- Criminalise the distribution of data messages which is harmful and to provide for interim protection orders
- Further regulate jurisdiction in respect of cybercrimes
- Further regulate the powers to investigate cybercrimes
- Further regulate aspects relating to mutual assistance in respect of the investigation of cybercrime
- Provide for the establishment of a 24/7 point of contact
- Further provide for the proof of certain facts by affidavit
- Impose obligation on electronic communications service providers and financial institutions to assist in the investigation of cybercrimes and to report cybercrimes
- Provide for the establishment of structures to promote cybersecurity and capacity building
- Regulate the identification and declaration of critical information infrastructures and measures to protect critical information infrastructures
- Provide that the executive may enter into agreements with foreign states to promote cybersecurity
- Delete and amend provisions of certain laws
- Provide for matters connected therewith

Draft Control of Tobacco Products and Electronic Delivery Systems Bill ("Tobacco Bill")

The Draft Control of Tobacco Products and Electronic Delivery Systems Bill was published in the Government Gazette by the Department of Health on 9 May 2018 for public comments.

The key areas that the Bill will regulate are:

- the restrictions on public smoking;
- the sale and advertising of tobacco products and electronic delivery systems;
- the prohibition on financial or other support;
- the prohibition of vending machines;
- the standardisation of the packaging and appearance of tobacco products and electronic delivery systems; and
- restriction on the sale of products.

It is foreseeable that this Bill will have an impact on the operations of licensees such as casinos, in that if passed, smoking will be prohibited in enclosed public spaces and enclosed workplaces. There will no longer be designated smoking areas in enclosed public places, and in some instances, smoking will be prohibited in outdoor areas.



11.3 Organisational delivery environment

The NGB implements the NGA 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
- LPMs
- Gambling equipment manufacturers and distributors

- South African National Accreditation System (SANAS) accredited gambling test and inspection laboratories
- Licensing of employees and key employees in the sector
- Bingo
- Betting on horse racing and sports

11.4 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 Oriented Goals and programme description

PROGRAMME 1			COMPLIANCE
SOOG 1	Strategic Outcome Oriented Goal		Enforce compliance
SO	1.1	Strategic Objective	Monitor compliance of all provinces with gambling legislation
SO	1.2	Strategic Objective	Monitor PLA compliance in terms of legislation on anti-money laundering and financing of terrorism
SO	1.3	Strategic Objective	Provide research-based authoritative advice on gambling
SO	1.4	Strategic Objective	Monitor prohibited gambling and restricted activities
SO	1.5	Strategic Objective	Monitor enforcement activities conducted by PLAs
PROGRAMME 2			ADVISORY AND SUPPORT SERVICES
SOOG 2	Strategic Outcome Oriented Goal		Enhance Advisory and Support Services
SO	2.1	Strategic Objective	Provide a broad-based public education programme about the risks and socio-economic impact of gambling
SO	2.2	Strategic Objective	Monitor and report on patterns of gambling activity within the Republic of South Africa
SO	2.3	Strategic Objective	Monitor and report on market share and market conduct in the gambling industry

UPDATED SITUATIONAL ANALYSIS CONTINUED

PROGRAMME 3			FINANCE AND PROCUREMENT SERVICES
SOOG 3	Strategic Outcome Oriented Goal		Optimise organisational excellence
SO	3.1	Strategic Objective	Ensure financial efficiency
PROGRAMME 4			TECHNICAL COMPLIANCE
SOOG 4	Strategic Outcome Oriented Goal		Enforce gaming technical compliance
SO	4.1	Strategic Objective	Functional national registers
SO	4.2	Strategic Objective	Effective NCMS
SO	4.3	Strategic Objective	Maintain operational technical efficiency

Ministerial priorities

The NGB is expected to:

- Ensure harmonisation with gambling and other legislation in order to better regulate gambling in South Africa
- Provide assistance to PLAs and law enforcement agencies in combatting illegal gambling operations
- Monitoring of new developments and modes offered by gambling operators and assess the impact thereof
- Educate the public on the risks and socio-economic impact of gambling
- Conduct research to determine the impact of gambling

The NGB's Strategic Plan and Performance Outcomes are anchored on the outcomes approach of the Government Programme of Action and informed by the Medium Term Strategic Framework (MTSF) and 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 and reduce concentration to allow for competition in various sectors, as well as procurement of services from previously disadvantaged groups.

The SOOG 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 must simultaneously be realistic and achievable over a strategic cycle as guided by the Medium Term Expenditure Framework (MTEF). These focus on a range of outputs that vary from impacts to outcomes.

12. 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 for a strategic planning session 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 2019/20 financial year (FY).

13. FINANCIAL PLAN

(i) Projection of revenue, expenditure and borrowings

	Audited outcome			Budget estimate			
R thousand	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Revenue							
Entity revenue	8 743	19 156	70 915	181 211	200 862	208 971	214 936
Entity revenue other than sales	8 743	19 156	70 915	181 211	200 862	208 971	214 936
Interest	1 324	2 473	2 884	3 193	3 150	5 088	5 088
Unclassified revenue	7 419	16 683	68 031	178 018	197 712	203 883	209 848
Realisation of deferred income (other than transfers)	–	–	–	–	–	–	–
National Central Electronic Monitoring System	5 301	10 000	63 694	173 735	193 051	198 843	204 808
Other income	2 118	6 683	4 337	4 283	4 661	5 040	5 040
Transfers received	31 983	30 121	31 627	32 624	34 452	36 346	38 345
National government	31 983	30 121	31 627	32 624	34 452	36 346	38 345
Total revenue	40 726	49 277	102 542	213 835	235 314	245 317	253 281
Expenditure							
Current payments	25 493	36 683	86 524	208 499	231 046	233 940	242 890
Compensation of employees	8 933	15 799	16 190	26 399	36 303	39 173	42 274
Salaries and wages	8 606	15 230	16 669	25 480	35 179	37 979	41 007
Social contributions	327	569	568	919	1 124	1 194	1 267
Goods and services	16 560	20 884	70 334	182 100	194 743	194 767	200 616
Agency and support/outsourced services							
Communication	666	1 279	751	6 396	4 060	3 878	3 878
Computer services	431	681	292	307	338	372	372
Consultants	2 969	5 724	53 432	149 852	165 668	170 280	175 251
Inventory	54	55	67	128	120	120	120
Lease payments	7 883	6 137	8 187	8 201	8 901	9 705	10 582
Repairs and maintenance	32	59	141	70	142	82	82
Research and development	706	1 789	1 698	3 000	6 000	3 000	3 000
Training and staff development		87	93	3 000	1 800	1 292	1 292
Travel and subsistence	411	907	1 239	5 205	4 782	2 898	2 898
Other	3 408	4 166	4 434	5 941	2 932	3 140	3 141
Depreciation	2 150	2 183	2 336	2 587	2 672	2 672	2 671
Total expenditure	27 643	38 866	88 860	211 086	233 718	236 612	245 561
Surplus/(deficit)	13 083	10 411	13 682	2 749	1 596	8 705	7 720



The NGB is responsible for regulatory functions and promotes job creation within the South African gambling industry. As such, the NGB contributes to the NDP'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 licences by PLAs to strengthen the oversight over provinces; research on the socio-economic impact of gambling and the eradication of illegal gambling operations. The NGB will also conduct educational and public awareness campaigns over the medium term to inform and educate the public about the dangers of excessive gambling and promote responsible gambling, the difference between legal and illegal gambling, where and how to report fraudulent gambling activities. Therefore, information and education campaigns and programmes to inform stakeholders remain one of the key responsibilities of the NGB. The NGB will continue to closely collaborate with the relevant stakeholders to promote responsible gambling and widen each's reach to the public.

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 NGB will also monitor market share and conduct in the sector and issue reports on the trends in the gambling industry and punters' 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 an annual figure of more than R200 million driven by goods and services which account for 84.6% of the total expenditure for the operations of the NCEMS.

The NCEMS is connected to all LPMs through a private secure network which enables the NGB to collect data on the revenue made by the LPMs. Based on the 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 FY2016/17 was R2,7 billion in terms of the NGB's FY2016/17 annual report.

Additionally, the entity has developed an illegal gambling operative's 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.

The entity derives an average of 62.1% of revenue from transfers from **the dti**, and other sources include revenue from the NCEMS. With the introduction of a new NCEMS model which was implemented during the third quarter of FY2017/28, the grant received from **the dti** will constitute 15.4% of the entity's total revenue, whilst NCEMS fees will account for 80.4% over the medium term.

(ii) Asset and liability management

Assets are managed through internal policies which are approved by the AA and applied to protect the assets and ensure that 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 increase in cash receipts 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 NCEMS.

FINANCIAL PLAN CONTINUED

Cash flow description

	Budget estimate			Budget estimate			
R thousand	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Cash receipts from stakeholders	40 517	49 080	82 417	213 835	235 314	245 316	253 280
Tax receipts	–	–	–	–	–	–	–
Sales of goods and services other than capital assets	1 324	2 036	2 214	4 283	4 661	5 040	5 040
Transfers received	31 983	30 121	31 627	32 624	34 452	36 346	38 345
Fines, penalties and forfeits	–	–	–	–	–	–	–
Interest and rent on land	1 893	2 473	2 862	3 193	3 150	5 088	5 087
Rent on land	–	–	–	–	–	–	–
Unclassified revenue	5 317	14 450	45 714	173 735	193 051	198 842	204 808
Cash paid to stakeholders	22 879	40 444	80 731	211 086	233 718	236 612	245 561
Current payments	22 879	40 444	80 731	211 086	233 718	236 612	245 561
Compensation of employees	10 971	18 226	19 407	26 399	36 303	39 173	42 274
Goods and services	11 908	22 218	61 324	184 687	197 415	197 439	203 287
Cash flow from operating activities	17 638	8 636	1 686	2 749	1 596	8 704	7 719
Cash flow from investing activities	(968)	(1 033)	(4 336)	(890)	(890)	(890)	(890)
Cash flow from financing activities	553	505	(893)	(943)	(996)	(1 051)	(1 108)
Net increase/(decrease) in cash and cash equivalents	17 223	8 108	(3 543)	916	(290)	6 763	5 721

(iv) Capital expenditure projects

The NGB is in the process of rolling out newly developed national registers during the 2018/19 financial period. Other capital expenditure projects for the medium term will be limited to the replacement of computers as they reach the end of their useful lives.



PART B PROGRAMME PERFORMANCE

14. PROGRAMME 1

COMPLIANCE

14.1 Purpose of the programme

Purpose: Provides 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.

The Compliance Division oversees the coordination of concurrent national and provincial legislative competence over matters relating to casinos, bingo, LPMs and betting; and to provide for the continued regulation of these matters. Further to this, the division also monitors PLA compliance with uniform norms and standards applicable to national and provincial regulation and licensing of gambling activities.

The issue of illegal gambling continues to be a challenge in the country and the intensity of unlicensed gambling varies from province to province. The Enforcement unit within the Compliance Division will continue to assist the PLAs to ensure that unlicensed gambling activities are detected and dealt with and perpetrators are prosecuted in terms of the law.

14.2 Description of the programme

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

- (a) Monitor compliance of all PLAs with gambling legislation;
- (b) Monitor and investigate the issuance of national licences with gambling legislation;
- (c) Monitor prohibited gambling and restricted activities; and
- (d) Assist PLAs to ensure that unlicensed gambling activities are detected.

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

- Casinos;
- LPMs;
- Gambling equipment manufacturers and distributors;
- Bingo; and
- Betting on horse racing and sports.

It is unlawful to permit a minor or excluded person to participate in any gambling activity.



14.3 Performance indicators and performance targets

Programme 1: Compliance									
SOOG 1: Enforce Compliance									
Strategic objectives	Output	Performance indicator/measure	Actual performance against target			Estimated performance		Medium-term targets	
			2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Compliance monitoring of all provinces with gambling legislation	Compliance evaluation assessment of nine provinces on economic and social development matters PLA compliance monitoring of licensees Compliance evaluation of the issuance of national licences by PLAs Compliance of PLAs with legislation	Number of three-tier compliance evaluation assessments conducted	Ten consolidated reports on the evaluation of the issuance of national licences, compliance monitoring of licensees and performance of PLAs	Ten consolidated reports on the evaluation of the issuance of national licences, compliance monitoring of licensees, and performance of PLAs	Nine three-tier compliance evaluation assessment reports and one annual consolidated compliance evaluation assessment report presented to the Accounting Authority	Nine three-tier compliance evaluation assessments conducted	Nine three-tier compliance evaluation assessment reports and one annual consolidated compliance evaluation assessment report presented to the Accounting Authority	Nine three-tier compliance evaluation assessment reports and one annual consolidated compliance evaluation assessment report presented to the Accounting Authority	Nine three-tier compliance evaluation assessment reports and one annual consolidated compliance evaluation assessment report presented to the Accounting Authority
Monitoring PLA compliance in terms of legislation on anti-money laundering and financing of terrorism	Submit annual report to Financial Intelligence Centre (FIC) on PLA compliance with FIC Act	Number of evaluations conducted Number of reports submitted to FIC on PLA compliance with FICA	N/A	N/A	N/A	N/A	Evaluate nine PLA compliance with FICA One consolidated report on PLA compliance with FICA submitted to FIC	Evaluate nine PLA compliance with FICA One consolidated report on PLA compliance with FICA submitted to FIC	Evaluate nine PLA compliance with FICA One consolidated report on PLA compliance with FICA submitted to FIC
Provide research-based authoritative advice on gambling	Authoritative advice on, <i>inter alia</i> , policy, statutory matters, legislation and reforms provided	Number of reports on advice in terms of S65 of the NGA presented to the Accounting Authority	S65 advisory reports presented to the Accounting Authority	S65 annual advisory report presented to the Accounting Authority	S65 advisory reports presented to the Accounting Authority	S65 advisory report presented to the Accounting Authority	S65 advisory report presented to the Accounting Authority	S65 advisory report presented to the Accounting Authority	S65 advisory report presented to the Accounting Authority

14. PROGRAMME 1

COMPLIANCE CONTINUED

Programme 1: Compliance									
SOOG 1: Enforce Compliance									
Strategic objectives	Output	Performance indicator/measure	Actual performance against target			Estimated performance	Medium-term targets		
			2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Monitor prohibited gambling and restricted activities	Prohibited gambling and restricted activities detected and reported to the relevant law enforcement authorities Ensure that unlawful winnings are investigated and forfeited	Number of reports on prohibited gambling and restricted activities presented to the Accounting Authority and number of days to finalise investigations	N/A	N/A	Four reports and one annual report on prohibited gambling and restricted activities presented to the Accounting Authority	Approved framework to combat prohibited gambling and restricted activities	Four reports on prohibited gambling and restricted activities presented to the Accounting Authority and 30-day turnaround time to finalise investigations	Four reports on prohibited gambling and restricted activities presented to the Accounting Authority and 30-day turnaround time to finalise investigations	Four reports on prohibited gambling and restricted activities presented to the Accounting Authority and 30-day turnaround time to finalise investigations
Monitor enforcement activities conducted by PLAs	Evaluation assessment of nine provinces on enforcement action undertaken Monitoring management of self-exclusions and responsible gambling by PLAs	Number of enforcement evaluation assessments conducted and reported on	N/A	N/A	N/A	N/A	Conduct nine enforcement evaluation assessments One consolidated evaluation assessment report submitted to the Accounting Authority	Conduct nine enforcement evaluation assessments One consolidated evaluation assessment report submitted to the Accounting Authority	Conduct nine enforcement evaluation assessments One consolidated evaluation assessment report submitted to the Accounting Authority



Quarterly milestones

Programme 1: Compliance								
SOOG 1: Enforce Compliance								
Strategic objectives	Output	Performance indicator/measure	Baseline	Annual target 2019/20	Quarterly Milestones			
					1st quarter	2nd quarter	3rd quarter	4th quarter
Compliance monitoring of all provinces with gambling legislation	Compliance evaluation assessment of nine provinces on economic and social development matters PLA compliance monitoring of licensees Compliance evaluation of the issuance of national licences by PLAs Compliance of PLAs with legislation	Number of three-tier compliance evaluation assessments conducted and reported on	Nine three-tier compliance evaluation assessments conducted	Conduct nine three-tier on-site evaluations Consolidated compliance evaluation assessment report	Conduct three-tier on-site evaluations of three PLAs Three compliance evaluation assessment reports	Conduct three-tier on-site evaluations of three PLAs Three compliance evaluation assessment reports	Conduct three-tier on-site evaluations of three PLAs Three compliance evaluation assessment reports	Consolidated compliance evaluation assessment report
Monitoring PLA compliance in terms of legislation on anti-money laundering and financing of terrorism	Submit annual report to FIC on PLA compliance with FICA	Number of evaluations conducted Number of reports submitted to FIC on PLA compliance with FICA	New strategic objective based on prior year performance of similar indicators	Evaluate nine PLA compliance with FICA One consolidated report on PLAs compliance with FICA submitted to FIC	Evaluate three PLA compliance with FICA	Evaluate three PLA compliance with FICA	Evaluate three PLA compliance with FICA	One consolidated report on PLA compliance with FICA submitted to FIC
Provide research-based authoritative advice on gambling	Authoritative advice on, <i>inter alia</i> , policy, statutory matters, legislation and reforms provided	Number of reports on advice in terms of S65 of the NGA presented to the Accounting Authority	S65 advisory reports were presented to the Accounting Authority	S65 advisory report presented to the Accounting Authority	S65 advisory report presented to the Accounting Authority	S65 advisory report presented to the Accounting Authority	S65 advisory report presented to the Accounting Authority	S65 advisory report presented to the Accounting Authority Consolidated S65 annual report presented to the Accounting Authority

14. PROGRAMME 1

COMPLIANCE CONTINUED

Programme 1: Compliance								
SOOG 1: Enforce Compliance								
Strategic objectives	Output	Performance indicator/ measure	Baseline	Annual target 2019/20	Quarterly Milestones			
					1st quarter	2nd quarter	3rd quarter	4th quarter
Monitor prohibited gambling and restricted activities	Prohibited gambling and restricted activities detected and reported to the relevant law enforcement authorities Ensure that unlawful winnings are investigated and forfeited	Number of reports on prohibited gambling and restricted activities presented to the Accounting Authority and number of days to finalise investigations	Four reports and one annual report on prohibited gambling restricted activities were presented to the Accounting Authority	Four reports on prohibited gambling and restricted activities presented to the Accounting Authority and 30-day turnaround time to finalise investigations	One report on prohibited gambling and restricted activities presented to the Accounting Authority Finalise investigations within 30 days	One report on prohibited gambling and restricted activities presented to the Accounting Authority Finalise investigations within 30 days	One report on prohibited gambling and restricted activities presented to the Accounting Authority Finalise investigations within 30 days	One report on prohibited gambling and restricted activities presented to the Accounting Authority Finalise investigations within 30 days
Monitor enforcement activities conducted by PLAs	Evaluation assessment of nine provinces on enforcement action undertaken Monitoring management of self-exclusions and responsible gambling by PLAs	Number of enforcement evaluation assessments conducted and reported on	New strategic objective based on prior year performance of similar indicators	Conduct nine enforcement evaluation assessments One consolidated evaluation assessment report submitted to the Accounting Authority	Conduct enforcement evaluation assessments of three PLAs Three enforcement evaluation assessment reports submitted to the Accounting Authority	Conduct enforcement evaluation assessments of three PLAs Three enforcement evaluation assessment reports submitted to the Accounting Authority	Conduct enforcement evaluation assessments of three PLAs Three enforcement evaluation assessment reports submitted to the Accounting Authority	One consolidated evaluation assessment report submitted to the Accounting Authority

Financial Plan

Programme 1: Compliance							
R thousand	Audited outcome		Budget estimate				
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2020/22
Economic classification							
Current payments	5 088	7 121	3 623	6 428	10 693	11 485	12 283
Compensation of employees	3 148	5 156	340	5 600	9 329	10 067	10 865
Goods and services	1 940	1 965	3 283	828	1 364	1 418	1 418



15. PROGRAMME 2

ADVISORY AND SUPPORT SERVICES

15.1 Purpose of the programme

Purpose: This programme consists of Stakeholder Liaison, Research and Information, Legal Services, Human Capital Optimisation and Records Management.

Stakeholder Liaison

The Stakeholder Liaison Division provides strategic coordination and communication, as well as secretariat services to inter-governmental forums. This includes, but is not limited to, embarking on public awareness campaigns and educational programmes to inform stakeholders and the public on the socio-economic impact of gambling, illegal forms of gambling, as well as participating in any unregulated gambling modes and consequences of overstimulation of gambling.

Research and Information

The Research and Information Division conducts research to monitor and report on gambling sector performance in the South African gambling industry (specifically market conduct, market share, B-BBEE contributor levels and employment based on national gambling statistics (turnover, GGR and taxes/levies)). Research includes, but is not limited to, projects to determine the socio-economic impact of gambling in South Africa, as well as to benchmark South Africa with other countries in terms of the prevalence of gambling, problem gambling, legal versus illegal gambling modes, tax rates, and regulations in terms of advertising, amongst others. Other research includes economic analysis and insights in terms of market share from economic and institutional perspectives, as well as reports on illegal gambling. Research might include any topic as identified or required at a specific time.

Human Capital Optimisation (HCO)

The function of the Human Capital Optimisation Division is to provide 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 division ensures that there is compliance with labour laws and that there is a performance management system in place.

Records Management

The function of the Records Management Division is to ensure that there is proper maintenance and access to records.

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.

15.2 Description of the programme

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

- Provide researched-based authoritative advice on gambling, amongst others, policy, statutory matters, legislation and reforms;
- Facilitate public dialogue with stakeholders;
- Conduct public awareness campaigns and education programmes to inform the public and stakeholders on the socio-economic impact of gambling and illegal forms of gambling;
- Conduct research to monitor the socio-economic patterns of gambling activity within the Republic of South Africa and provide authoritative advice on gambling; and
- Report on the gambling sector performance in South Africa by monitoring market share and market conduct in the gambling industry.

15. PROGRAMME 2

ADVISORY AND SUPPORT SERVICES CONTINUED

Performance indicators and performance targets

Programme 2: Advisory and Support Services									
SOOG 2: Enhance Advisory and Support Services									
Strategic objectives	Output	Performance indicator/measure	Audited actual performance			Estimated performance	Medium-term targets		
			2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Provide a broad-based public education programme about the risks and socio-economic impact of gambling	Better informed and educated stakeholders	Number of broad-based public educational interventions about the risks and socio-economic impact of gambling conducted	N/A	N/A	Four reports and one annual report on facilitated broad-based stakeholder participation through targeted intervention presented to the Accounting Authority	Four broad-based public educational programmes through targeted interventions	Eight broad-based public educational interventions about the risks and socio-economic impact of gambling	Eight broad-based public educational interventions about the risks and socio-economic impact of gambling	Eight broad-based public educational interventions about the risks and socio-economic impact of gambling
Monitor and report on patterns of gambling activity within the Republic of South Africa	Research reports on the socio-economic patterns of gambling activity within the Republic of South Africa	Number of reports on research conducted on the impact of gambling presented to the Accounting Authority	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	Four reports and one annual report on research conducted on the impact of gambling presented to the Accounting Authority	Four reports and one annual report on research conducted on the impact of gambling presented to the Accounting Authority	Four reports on research conducted on the impact of gambling presented to the Accounting Authority	Four reports on research conducted on the impact of gambling presented to the Accounting Authority	Four reports on research conducted on the impact of gambling presented to the Accounting Authority
Monitor and report on market share and market conduct in the gambling industry	Gambling sector performance reports about market share and market conduct in the gambling industry	Number of reports on gambling sector performance presented to the Accounting Authority	Audited gambling sector performance reports were produced	Annual audited gambling sector performance report	Four reports (based on unaudited data) and one annual report on audited gambling sector performance presented to the Accounting Authority	Four reports (based on unaudited data) and one annual report on audited gambling sector performance presented to the Accounting Authority	Four reports (based on unaudited data) and one annual report on audited gambling sector performance presented to the Accounting Authority	Four reports (based on unaudited data) and one annual report on audited gambling sector performance presented to the Accounting Authority	Four reports (based on unaudited data) and one annual report on audited gambling sector performance presented to the Accounting Authority



Quarterly milestones

Programme 1: Compliance								
SOOG 2: Enhance Advisory and Support Services								
Strategic objectives	Output	Performance indicator/measure	Baseline	Annual target 2019/20	Quarterly Milestones			
					1st quarter	2nd quarter	3rd quarter	4th quarter
Provide a broad-based public education programme about the risks and socio-economic impact of gambling	Better informed and educated stakeholders	Number of broad-based public educational interventions about the risks and socio-economic impact of gambling conducted	Four reports and one annual report on facilitated broad-based stakeholder participation through targeted intervention were presented to the Accounting Authority	Eight broad-based public educational interventions about the risks and socio-economic impact of gambling	Conduct two broad-based public education interventions about the risks and socio-economic impact of gambling	Conduct two broad-based public education interventions about the risks and socio-economic impact of gambling	Conduct two broad-based public education interventions about the risks and socio-economic impact of gambling	Conduct two broad-based public education interventions about the risks and socio-economic impact of gambling
Monitor and report on patterns of gambling activity within the Republic of South Africa	Research reports on the socio-economic patterns of gambling activity within the Republic of South Africa	Number of reports on research conducted on the impact of gambling presented to the Accounting Authority	Four reports and one annual report on research conducted on the impact of gambling presented to the Accounting Authority	Four reports on research conducted on the impact of gambling presented to the Accounting Authority	Report on the impact of gambling presented to the Accounting Authority	Report on the impact of gambling presented to the Accounting Authority	Report on the impact of gambling presented to the Accounting Authority	Report on the impact of gambling presented to the Accounting Authority
Monitor and report on market share and market conduct in the gambling industry	Gambling sector performance reports about market share and market conduct in the gambling industry	Number of reports on gambling sector performance presented to the Accounting Authority	Four reports (based on unaudited data) and one annual report (based on audited data) on gambling sector performance presented to the Accounting Authority	Four reports (based on unaudited data) and one annual report on audited gambling sector performance presented to the Accounting Authority	Report on gambling sector performance (4th quarter, FY2018/19) presented to the Accounting Authority	Report on gambling sector performance (1st quarter, FY2019/20) presented to the Accounting Authority Audited report on gambling sector performance (FY2018/19) on national gambling statistics (FY2018/19) presented to the Accounting Authority	Report on the gambling sector performance (2nd quarter, FY2019/20) presented to the Accounting Authority	Report on gambling sector performance (3rd quarter, FY2019/20) presented to the Accounting Authority

15. PROGRAMME 2

ADVISORY AND SUPPORT SERVICES CONTINUED

Financial Plan

Programme 2: Advisory and Support								
R thousand	Audited outcome			Budget estimate				
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Economic classification								
Current payments	6 128	3 437	10 868	8 807	21 932	32 528	29 194	30 520
Compensation of employees	3 111	1 731	4 920	3 852	7 622	15 525	16 752	18 078
Goods and services	3 017	1 706	5 948	4 955	14 310	17 003	12 442	12 442

*Problem gambling is treatable.
Gambling helpline: 0800 006 008*



16. PROGRAMME 3

FINANCE AND PROCUREMENT SERVICES

16.1 Purpose of the programme

This programme provides strategic financial and Supply Chain Management (SCM) support to the organisation.

Finance

The core function of the Finance Division is to provide overall management of the financial affairs of the NGB. This division provides for the financial planning and reporting for both internal and external users of the financial information.

Supply Chain Management

The core objective of SCM 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.

16.2 Description of the programme

The performance outcomes of this function include:

Financial efficiency

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

Performance indicators and performance targets

Programme 3: Finance and Procurement Services									
SOOG 3: Optimise Organisational Excellence									
Strategic objectives	Output	Performance indicator/measure	Audited actual performance			Estimated performance	Medium-term targets		
			2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Financial efficiency	Compliance with PFMA requirements at all times; effective control, support, utilisation, maintenance, and management of resources	Number of reports on financial systems, processes and PFMA compliance presented to the Accounting Authority	Unqualified audit report with one audit finding reported in the management report	Clean audit report	Four reports and one annual report on financial systems, processes and PFMA compliance presented to the Accounting Authority	Four reports and one annual report on financial systems, processes and PFMA compliance presented to the Accounting Authority	Four reports and one annual report on financial systems, processes, and PFMA compliance presented to the Accounting Authority	Four reports and one annual report on financial systems, processes, and PFMA compliance presented to the Accounting Authority	Four reports and one annual report on financial systems, processes, and PFMA compliance presented to the Accounting Authority

16. PROGRAMME 3

FINANCE AND PROCUREMENT SERVICES CONTINUED

Quarterly milestones

Programme 3: Finance and Procurement Services								
SOOG 3: Optimise Organisational Excellence								
Strategic objectives	Output	Performance indicator/measure	Baseline	Annual target 2019/20	Quarterly milestones			
					1st quarter	2nd quarter	3rd quarter	4th quarter
Financial efficiency	Compliance with PFMA requirements at all times; effective control, support, utilisation, maintenance, and management of resources	Number of reports on financial systems, processes and PFMA compliance presented to the Accounting Authority	Four reports and one annual report on financial systems, processes and PFMA compliance presented to the Accounting Authority	Four reports and one annual report on financial systems, processes and PFMA compliance presented to the Accounting Authority	Report on financial systems, processes and PFMA compliance presented to the Accounting Authority	Report on financial systems, processes, and PFMA compliance presented to the Accounting Authority	Report on financial systems, processes, and PFMA compliance presented to the Accounting Authority	Report on financial systems, processes and PFMA compliance presented to the Accounting Authority Consolidated annual report on financial systems, processes and PFMA compliance presented to the Accounting Authority

Financial Plan

Programme 3: Corporate Services								
R thousand	Audited outcome		Budget estimate					
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Economic classification								
Current payments	19 105	19 117	20 877	28 702	30 860	19 525	20 848	22 195
Compensation of employees	5 497	4 054	5 732	7 019	9 665	5 495	5 930	6 399
Goods and services	13 608	15 063	15 145	21 683	21 195	14 030	14 918	15 796



17. PROGRAMME 4

TECHNICAL COMPLIANCE

17.1 Purpose of the programme

This division provides mandated operational core functions in terms of the National Gambling Act, 2004 (Act 7 of 2004). The Technical Compliance Division provides technical analysis of the modes of gambling, systems audits and enforcement in line with statutory imperatives as provided for in gambling legislation. It provides reliable information through national centralised databases and contributes towards providing accessible, transparent and sufficient access for economic citizens in order to ensure economic growth.

Functional national registers

The NGB is the custodian of national registers in terms of the NGA. The Act requires that the NGB must establish and maintain, in the prescribed manner and form, national registers with the aim to provide a national repository of gambling sector specific information. The NGB is required to provide the information in its registry to PLAs in the prescribed manner and form to ensure information sharing and compliance as contemplated in the Act.

National Central Electronic Monitoring System

The NGB is obliged by section 27 of the NGA read with regulation 14 of the National Gambling Regulations to supply, install, commission, operate, manage and maintain a NCEMS which is capable of detecting and monitoring significant events, associated with any LPM that is made available for play in the Republic of South Africa and analysing and reporting data according to the requirements of sections 21 to 26 of the NGA.

The NCEMS enables the NGB to fulfil its oversight responsibility over the PLAs in terms of section 65 of the Act, maintain the national register in terms of section 21 of the NGA, monitor and evaluate PLA compliance with the NGA, and enables the NGB to assist the PLAs to detect and suppress unlawful gambling and unlicensed gambling activities.

The NCEMS is essentially a system to track each LPM operated by a Route Operator (RO) or Independent Site Operator (ISO) in terms of location and status; record and validate every transaction on the LPM in real time; and periodically reports collected data.

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 4.1, 4.2 and 4.3 and the mission statement of the NGB. ICT is geared at supporting and enhancing the overall organisational performance through the provision of assistive technologies.

17.2 Description of the programme

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

- Functional national registers;
- Effective NCEMS;
- Effective monitoring of regulated sectors in the gambling industry; and
- Maintain operational technical efficiency.

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

- Casinos;
- LPMs;
- Gambling equipment manufacturers and distributors;
- Bingo; and
- Betting on horse racing and sports.

Maintain operational technical efficiency

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

17. PROGRAMME 4

TECHNICAL COMPLIANCE CONTINUED

Performance indicators and performance targets

Programme 4: Technical Compliance									
SOOG 4: Enforce Gaming Technical Compliance									
Strategic objectives	Output	Performance indicator/measure	Audited actual performance			Estimated performance	Medium-term targets		
			2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Functional national registers	Track movement of gambling machines and devices Promotion of the protection and commercial exploitation of licensed gambling machines and devices Protect the integrity of the industry Promote responsible gambling Promote policy development	Percentage uptime on functional national registers	Status report on the establishment and updates of national registers	Report on the establishment and updates of national registers	Four analytical reports and one annual audit consolidated report on national functional registers presented to the Accounting Authority	90% uptime of functional national registers	Analysis of functionality, effectiveness and maintenance of 95% uptime of national registers	Analysis of functionality, effectiveness and maintenance of 98% uptime of national registers	Analysis of functionality, effectiveness and maintenance of 98% uptime of national registers
Effective NCEMS	Fully operational NCEMS Facilitates the collection of valid, accurate and complete taxes and levies	Percentage uptime of a fully operational NCEMS	N/A	N/A	Four reports and one annual report on a fully operational NCEMS presented to the Accounting Authority	90% uptime of NCEMS, analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic of South Africa	95% uptime of NCEMS, analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic of South Africa	98% uptime of NCEMS, analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic of South Africa	98% uptime of NCEMS, analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic of South Africa
Maintain operational technical efficiency	Efficient and effective ICT operations	Percentage uptime of all ICT systems	100% uptime	Maintain uptime on all IT systems at 98% or above	Four reports and one annual report on 98% uptime or above of all IT systems presented to the Accounting Authority	98% uptime of all ICT systems	98% uptime of all ICT systems	98% uptime of all ICT systems	98% uptime of all ICT systems



Quarterly milestones

Programme 4: Technical Compliance								
SOOG 4: Enforce Gaming Technical Compliance								
Strategic objectives	Output	Performance indicator/measure	Baseline	Annual target 2019/20	Quarterly milestones			
					1st quarter	2nd quarter	3rd quarter	4th quarter
Functional national registers	Track movement of gambling machines and devices Promotion of the protection and commercial exploitation of licensed gambling machines and devices Protect the integrity of the industry Promote responsible gambling Promote policy development	Percentage uptime of national registers	90% uptime of functional national registers	Analysis of functionality, effectiveness and maintenance of 95% uptime of national registers	System analysis on 95% uptime on functional national registers	System analysis on 95% uptime on functional national registers	System analysis on 95% uptime on functional national registers	System analysis on 95% uptime on functional national registers
Effective NCEMS	Fully operational NCEMS Facilitates the collection of valid, accurate and complete taxes and levies	Percentage uptime of a fully operational NCEMS	90% uptime of NCEMS, analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic of South Africa	95% uptime of NCEMS, analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic of South Africa	System analysis on 95% uptime on a fully operational NCEMS	System analysis on 95% uptime on a fully operational NCEMS	System analysis on 95% uptime on a fully operational NCEMS	System analysis on 95% uptime on a fully operational NCEMS
Maintain operational technical efficiency	Efficient and effective ICT operations	Percentage uptime of all ICT systems	98% uptime of all ICT systems	98% uptime of all ICT systems	98% uptime of all ICT systems	98% uptime of all ICT systems	98% uptime of all ICT systems	98% uptime of all ICT systems

Financial Plan

Programme 4: Technical Compliance								
R thousand	Audited outcome			Budget estimate				
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Economic classification								
Current payments	–	–	–	47 728	151 866	170 972	175 085	180 563
Compensation of employees	–	–	–	2 036	3 512	5 953	6 425	6 932
Goods and services	–	–	–	45 692	148 354	165 019	168 660	173 631



PART C

LINKS TO OTHER PLANS



18. 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 (GRAP) and an asset register is maintained on the Assetware System.

19. 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 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.

20. Risk Management and Fraud Prevention Plan

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

21. Risk Management Process

The NGB has identified a risk champion that coordinates and facilitates the risk identification and assessment process.

Progress reports against the action plan are reported to the Risk Management Committee and 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 conduct risk-based audits to evaluate the effectiveness of internal controls put in place to mitigate risk.

22. 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 (refer to attached Annexure B).

23. Profile of Performance Indicators

The NGB has revised the profile of performance indicators during the 2018/19 financial year (refer to attached Annexure C).

24. Materiality and Significance Framework

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

25. Service Delivery Standards (SDS)

This document outlines the acceptable turnaround times that have been approved by the Accounting Authority and agreed upon with the relevant Executive Authority with respect to service delivery targets (refer to attached Annexure E).

ABBREVIATIONS AND ACRONYMS

AA	Accounting Authority
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
CPA	Consumer Protection Act
CSI	Corporate Social Initiatives
EA	Executive Authority
FIC	Financial Intelligence Centre
FICA	Financial Intelligence Centre Act
FPP	Fraud Prevention Plan
FY	Financial Year
GDP	Gross Domestic Product
GGR	Gross Gambling Revenue
GRAP	Generally Recognised Accounting Practices
GRC	Gambling Review Commission
GVA	Gross Value Added
HCO	Human Capital Optimisation
ICT	Information Communications Technology
IGRFA	Intergovernmental Relations Framework Act
ISO	Independent Site Operator
LPMs	Limited Payout Machines
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NCEMS	National Central Electronic Monitoring System
NDP	National Development Plan
NGA	National Gambling Act
NGB	National Gambling Board

NGPC	National Gambling Policy Council
NGR	National Gambling Regulator
NT	National Treasury
PFMA	Public Financial Management Act
PLAs	Provincial Licensing Authorities
POCA	Prevention of Organised Crime Act
RO	Route Operator
SANAS	South African National Accreditation System
SARGF	South African Responsible Gambling Foundation
SCM	Supply Chain Management
SDS	Service Delivery Standards
SOOG	Strategic Outcome Oriented Goal
the dti	The Department of Trade and Industry



ANNEXURE A RISK REGISTER

STRATEGIC RISKS

Risk number	Risk description	Root cause	Inherent risk exposure	Current business controls in place	Residual risk exposure	Actions to further improve risk management	Action owner	Due date
1	Proliferation of illegal forms of gambling and loss of revenue to fiscus.	Uncontrolled expansion of unlicensed gambling activities, unprotected citizens and loss of revenue.	High 16 (I – 4 L – 4)	Fora and other collaborative structures in place. Enhanced identification, reporting and provision of support to the PLAs.	High 16 (I – 4 L – 4)	Continue collaboration with law enforcement agencies and PLAs.	Divisional heads of Stakeholder and Legal Advisory and Compliance.	March 2020
2	Failure by PLAs to comply with the NGA.	Lack of cooperation with the NGB by PLAs in exercising concurrent jurisdiction powers.	High 16 (I – 4 L – 4)	Ongoing communication with PLAs and conducting compliance oversight inspections.	Medium 12 (I – 4 L – 3)	Increased communication with targeted PLAs Communicating possible approaches of resolving matter with PLAs. Prepare deficiency reports and set timelines for rectification.	Divisional Head: Compliance	March 2020
3	National registers not reliable.	Populating incomplete/ incorrect information into registers. Registers not fully functional currently.	High 16 (I – 4 L – 4)	Registers in place. Dedicated resource to specially manage existing and new registers.	Medium 12 (I – 4 L – 3)	New registers to be put in place.	Gaming Technologist	March 2020



OPERATIONAL RISKS

Risk number	Risk description	Root cause	Inherent risk exposure	Current business controls in place	Residual risk exposure	Actions to further improve risk management	Action owner	Due date
SOOG 1: ENFORCE COMPLIANCE								
1	Unlawful winnings not forfeited to the State.	Confiscated winnings are not investigated. Failure of licensees to surrender unlawful winnings.	12 (I – 3 L – 4)	Unlawful Winnings Committee established. Relationships established with banks.	9 (I – 3 L – 3)	Enhanced identification, reporting and providing support to the banks, licensees and other related parties.	Senior Manager: Enforcement	March 2020
SOOG 2: ENHANCE ADVISORY AND SUPPORT SERVICES								
2	Failure by punters to obtain assistance as a result of problem and compulsive gambling.	Uninformed stakeholders and non-compliance to regulatory requirements.	12 (I – 3 L – 4)	Relationship with the dti and other stakeholders to partner on awareness campaigns.	9 (I – 3 L – 3)	Implement Communication and Stakeholder Strategy and Plan.	Senior Manager: Research and Information	March 2020
3	Inability to monitor market share and market conduct.	Incorrect and omitted information provided by PLAs.	12 (I – 3 L – 4)	PLAs are requested to provide audited information after the 4th quarter.	9 (I – 3 L – 3)	PLAs to confirm corrections of information through sign-off by CEOs of PLAs before submission to the NGB.	Senior Manager: Research and Information	March 2020
4	Uniformed policy decision making.	No trend analysis and feasibility study conducted of the gambling industry.	12 (I – 3 L – 4)	Coordination of research projects amongst stakeholders in the gambling industry.	9 (I – 3 L – 3)	Develop a business model that provides for coordinated and integrated research strategy.	Senior Manager: Research and Information	March 2020
SOOG 3: OPTIMISE ORGANISATIONAL EXCELLENCE								
5	Inability to manage funds efficiently and effectively.	Non-compliance with policies and procedures.	16 (I – 4 L – 4)	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.	12 (I – 3 L – 4)	Budget and variances to be monitored on a monthly basis. variance analysis reports produced and discussed with management.	Senior Manager: Finance	March 2020

Risk number	Risk description	Root cause	Inherent risk exposure	Current business controls in place	Residual risk exposure	Actions to further improve risk management	Action owner	Due date
6	Failure to deliver on the mandate of the NGB due to lack of adequate human resources.	Ineffective recruitment processes. Non-implementation of Retention Strategy and Policy.	16 (I – 4 L – 4)	Recruitment and Selection Policy. Retention Strategy and Policy.	12 (I – 3 L – 4)	Implementation of the Human Capital Strategy.	Senior Manager: HCO	March 2020
7	Incurring of fruitless, irregular or wasteful expenditure.	Non-compliance with SCM related prescripts and NGB policies.	12 (I – 3 L – 4)	SCM policy, procedure manuals, and checklists are in place.	9 (I – 3 L – 3)	Compliance thereof with the process/ documents to be monitored for every procurement initiated. Deviations reported on a monthly basis to the dti.	Senior Manager: Finance	March 2020
8	Occurrence of fraudulent and/or corrupt activities.	Non-compliance with policies and procedures.	9 (I – 3 L – 3)	Finance Policies and Procedures. Approved Fraud Prevention Plan in place.	6 (I – 3 L – 2)	Implementation of the plan is monitored by the Risk Management Committee. Implementation of fraud prevention hotline and email address has been provided for fraudulent and corrupt activities on the NGB's website.	Senior Manager: Corporate Governance	March 2020
SOOG 4: ENFORCE GAMING TECHNICAL COMPLIANCE								
9	Non-effective or efficient regulation of performance of Limited Payout Machines.	Non-functional operational NCEMS.	16 (I – 4 L – 4)	Contract management of the NCEMS.	12 (I – 3 L – 4)	Prepare deficiency reports and set a timeline for rectification.	Senior Manager: Gaming Technology	March 2020



Risk number	Risk description	Root cause	Inherent risk exposure	Current business controls in place	Residual risk exposure	Actions to further improve risk management	Action owner	Due date
10	Inability to utilise registers due to unreliability of information.	National registers not timeously updated by PLAs.	16 (I – 4 L – 4)	Manual updating of registers.	12 (I – 3 L – 4)	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.	Senior Manager: Gaming Technology	March 2020
11	Inability to derive accurate statistics on illegal operators.	National registers not timeously updated by PLAs.	12 (I – 3 L – 4)	Manual updating of registers.	9 (I – 3 L – 3)	Provide training to end-users.	Senior Manager: Gambling Technology	March 2020
12	Failure to ensure business continuity and information reliability.	Non-adherence to business continuity plan.	12 (I – 3 L – 4)	Approved Business Continuity Plan and Disaster Recovery Plan in place.	9 (I – 3 L – 3)	Implementation of the ICT Strategy.	Senior Manager: Gambling Technology	March 2020

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 (I)				

NOTES

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ANNEXURE B FRAUD PREVENTION PLAN (FPP)

CONTENTS

1. Background and Legal Framework	93
2. Vision and Mission of the NGB	94
3. Purpose of the Fraud Prevention Plan (FPP)	94
4. Key Concepts and Definition	94
5. Action (Conduct)	96
6. Components of the FPP	96
7. Details relating to each component of the FPP	97
8. Organisation’s policies, procedures, rules, regulations and other prescripts	98
9. Implementation Matrix	99

ABBREVIATIONS

AA	Accounting Authority
FPP	Fraud Prevention Plan
LPMs	Limited Payout Machines (LPMs)
NGA	National Gambling Act
NGB	National Gambling Board
PFMA	Public Finance Management Act
PRECCA	Prevention and Combating of Corrupt Activities Act
NT	Treasury Regulations



1. BACKGROUND AND LEGAL FRAMEWORK

- 1.1 The National Gambling Board (NGB) is established in terms of the National Gambling Act (NGA), 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 sections 51(1)(a)(i) and (ii) of the PFMA, the Accounting Authority for a public entity must ensure that the 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, sections 51(1)(e)(i), (ii), and (iii) of the PFMA stipulate 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 (AA) 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 place 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 the 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 the 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 (FPP).

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 NGA 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 (LPMs), bingo, and betting and wagering industry in South Africa on the nature, manifestations and consequences of fraud and corruption; and
 - 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 DEFINITION

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 the 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 the 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 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

4.3.1 In terms of the PRECCA, gratification includes:

4.3.2 Money, whether in cash or otherwise;

4.3.3 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;

4.3.4 Avoiding a loss, liability, penalty, forfeiture, punishment or other disadvantage;

- 4.3.5 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;
- 4.3.6 Any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part; and
- 4.3.7 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 is 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 against 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 FPP 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;
- 6.4.5 An effective internal audit function;
- 6.4.6 Ongoing risk assessment;
- 6.4.7 A Code of Ethics (the 'Code') containing a set of values in which management believes, and requires their employees to subscribe to;
- 6.4.8 An anti-fraud and corruption hotline for confidentially reporting fraud and corruption;
- 6.4.9 Physical and information security management; and
- 6.4.10 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

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 An FPP Awareness programme would typically include 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 communication 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/or email 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 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'S POLICIES, PROCEDURES, RULES, REGULATIONS AND OTHER PRESCRIPTS

8.1 The 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 Procedures

8.4.1 The NGB is committed to implement appropriate disciplinary action for non-conformance to policies and procedures, and non-adherence to internal control procedures by employees.

8.5 The NGB will realise its commitment by continuously reviewing the Disciplinary Code and Procedures to ensure that they cover contraventions of:

8.5.1 The Code of 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 alive to 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 FPP

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 required.

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 FY2019/20 of the National Gambling Board.

FPP component and area	Action required	Responsibility	Completion date
Creating awareness			
Education	<ul style="list-style-type: none"> Provide an educational presentation to officials every year on anti-fraud and corruption awareness 	Senior Manager: Corporate Governance	Annually (31 March 2020)
Communication	<ul style="list-style-type: none"> Communicate to officials salient aspects of the Code, FPP and Anti-fraud and Corruption Policy Communicate to staff via email on any news, scams trends or changes to law etc. to raise awareness on fraud and corruption 	Senior Manager: Corporate Governance	Annually (31 March 2020)
Organisation's policies and procedures, rules and prescripts			
The 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 re: the PFMA and Treasury Regulations are taking place 	CFO	Ongoing
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 2020)

FPP component and area	Action required	Responsibility	Completion date
Accountability in terms of adherence to policies and processes	Enforce policies and procedures by: <ul style="list-style-type: none"> • Making management responsible for 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	Ongoing
Disciplinary Code and Procedures	Ensure that the Disciplinary Code and Procedures include contraventions of: <ul style="list-style-type: none"> • The empty 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 2020)
Internal controls to prevent and detect fraud and corruption	Hold management accountable to enforce internal controls and discipline non-adherence and non-conformance: <ul style="list-style-type: none"> • Hold employees accountable for their actions/transgressions • Review inherent control of Information Systems to ensure that they provide adequate protection, include profiling of all suppliers contracts/consultants/ service providers 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	Ongoing
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 evaluation, design, implementation and maintenance of controls during programme implementation • Hold management accountable to take corrective action 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	Ongoing



FPP component and area	Action required	Responsibility	Completion date
Physical and information security	Delegate responsibility for security: <ul style="list-style-type: none"> • Ensure that the responsible persons appointed improve security measures by: <ul style="list-style-type: none"> – Identifying vulnerable areas and performance gaps – Revising security measures to ensure that vulnerabilities and performance gaps are effectively addressed – Documenting security measures 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 deals 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 2020)
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 to all stakeholders 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	Ongoing
Ongoing 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 profiles updated • Conduct annual organisation wide assessment 	Senior Manager: Corporate Governance	Ongoing
Management structures	<ul style="list-style-type: none"> • A committee should meet and initiate implementation of the FPP 	RMC	Ongoing
Ethics and business conduct	<ul style="list-style-type: none"> • Update Code of Conduct • Have employees acknowledge that they are aware of what is expected of them by signing an acknowledge of receipt 	Senior Manager: Human Capital Optimisation	Annually (31 March 2020)
Vetting of staff	Ensure that all staff members have applied for security clearance certificates issued by the State Security Agency	Senior Manager: Human Capital Optimisation	Annually (31 March 2020)
Anti-fraud and Corruption Policy	Review and implement the Anti-fraud and Corruption Policy	Senior Manager: Corporate Governance	31 March 2020
Ongoing maintenance and review	Ensure ongoing maintenance and review of policies	Senior Manager: Corporate Governance	Annually (31 March 2020)

NOTES

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on its right side, suggesting it's resting on a surface.



ANNEXURE C PROFILE OF PERFORMANCE INDICATORS

CONTENTS

STRATEGIC OUTCOME ORIENTED PERFORMANCE INDICATORS	
Baselines and targets	106
Strategic Outcome Oriented Goals	106
PROGRAMME PERFORMANCE INDICATORS	
Baselines and targets	107
Composition of the organisational programmes	107
CHAPTER 1: COMPLIANCE PROGRAMME	
1.1 SOOG 1: Enforce compliance	108
1.1.1 Indicator: Number of three-tier compliance evaluation assessments conducted	108
1.1.2 Indicator: Number of evaluations conducted and number of reports submitted to FIC on PLA compliance with FICA	109
1.1.3 Indicator: Number of reports on advice in terms of S65 of the NGA presented to the Accounting Authority	110
1.1.4 Number of reports on prohibited gambling and restricted activities presented to the Accounting Authority and number of days to finalise investigations	111
1.1.5 Number of enforcement evaluation assessments conducted and reported on	112
CHAPTER 2: ADVISORY AND SUPPORT SERVICES PROGRAMME	
2.1 SOOG 2: Enhance advisory and support services	114
2.1.1 Indicator: Number of broad-based public educational interventions about the risks and socio-economic impact of gambling conducted	114
2.1.2 Indicator: Number of reports on research conducted on the impact of gambling and presented to the Accounting Authority	115
2.1.3 Indicator: Number of reports on gambling sector performance presented to the Accounting Authority	116
CHAPTER 3: FINANCIAL AND PROCUREMENT SERVICES PROGRAMME	
3.1 SOOG 3: Optimise organisational excellence	117
3.1.1 Indicator: Number of reports on financial systems, processes and PFMA compliance presented to the Accounting Authority	117
CHAPTER 4: TECHNICAL COMPLIANCE PROGRAMME	
4.1 SOOG 4: Enforce gaming technical compliance	119
4.1.1 Indicator: Percentage uptime on national functional registers	119
4.1.2 Indicator: Percentage uptime of a fully operational National Central Electronic Monitoring System (NCEMS)	120
4.1.3 Indicator: Percentage uptime of all ICT systems	121

ABBREVIATIONS



APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
FICA	Financial Intelligence Centre Act
GGR	Gross Gambling Revenue
HCO	Human Capital Optimisation
ICT	Information Communications Technology
ISO	Independent Site Operator
LPMs	Limited Payout Machines
NCEMS	National Central Electronic Monitoring System
NGA	National Gambling Act
NGB	National Gambling Board
PFMA	Public Finance Management Act
PLA	Provincial Licensing Authority
RO	Route Operator
SCM	Supply Chain Management
SOOG	Strategic Outcome Oriented Goal

STRATEGIC OUTCOME ORIENTED PERFORMANCE INDICATORS

The National Gambling Board (NGB) has developed a set of Performance Indicators in line with the identified strategic outcomes (goals) and objectives statements. The purpose of the Strategic Outcome Oriented Goals (SOOGs) Performance Indicators is to track industry performance and changes over the five-year strategic planning cycle of the NGB. 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 impacts and outcome.

Baselines and targets

SOOG Performance Indicators are reliable, well-defined, verifiable, cost-effective, appropriate and relevant. Due to the fact that these indicators are new and at impact and outcome level will require that

proper baselines are established and that SMART criteria (specific, measurable, accurate, relevant and timely) are used in the setting of targets.

The institution must have the management processes in place to collect the 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.

Strategic Outcome Oriented Goals

The NGB has developed four SOOGs as part of the approved Strategic Plan as set out in the main programmes listed below:

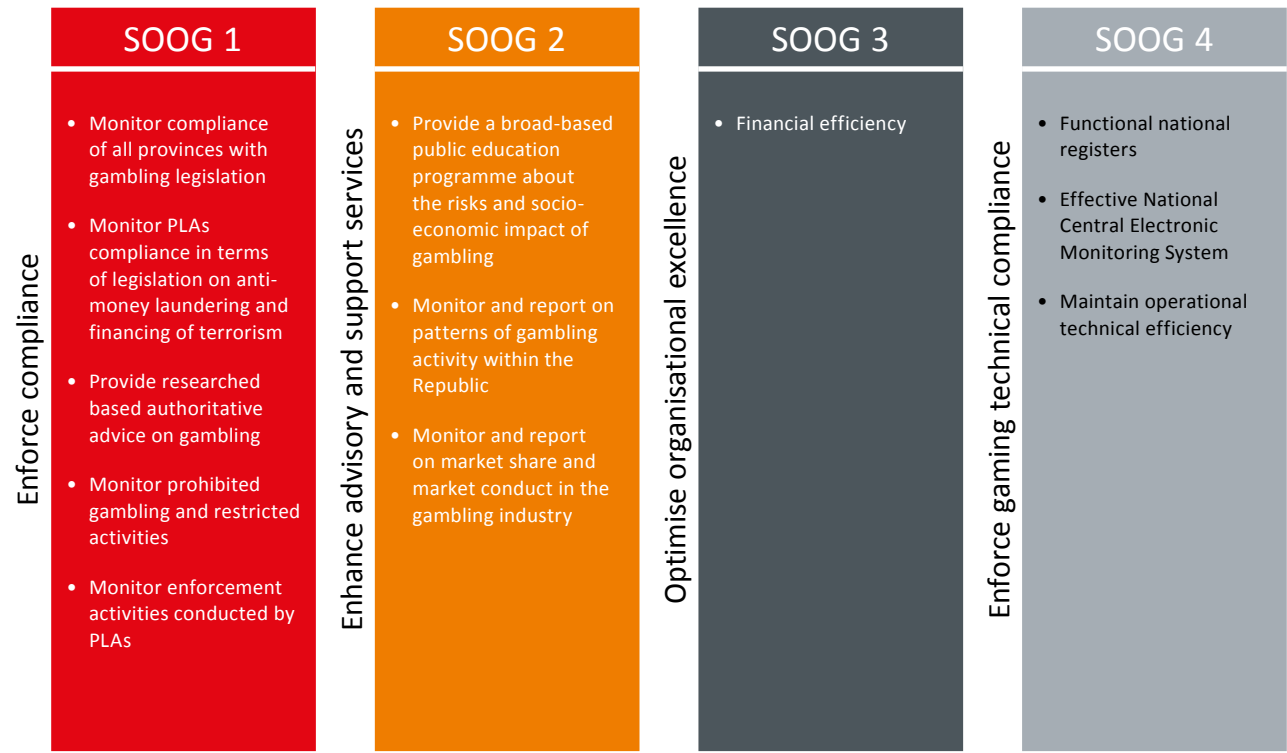


Figure 1: Strategic Outcome Oriented Goals (SOOGs) of the NGB

PROGRAMME PERFORMANCE INDICATORS



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 (APP). 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 SOOGs).

Baselines and targets

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

The institution must have the management processes in place to collect the 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 programmes

The NGB is constituted of four main programmes as listed below:

- Compliance;
- Advisory and Support Services;
- Financial and Procurement Services; and
- Technical Compliance.

Diagram of NGB programme structure

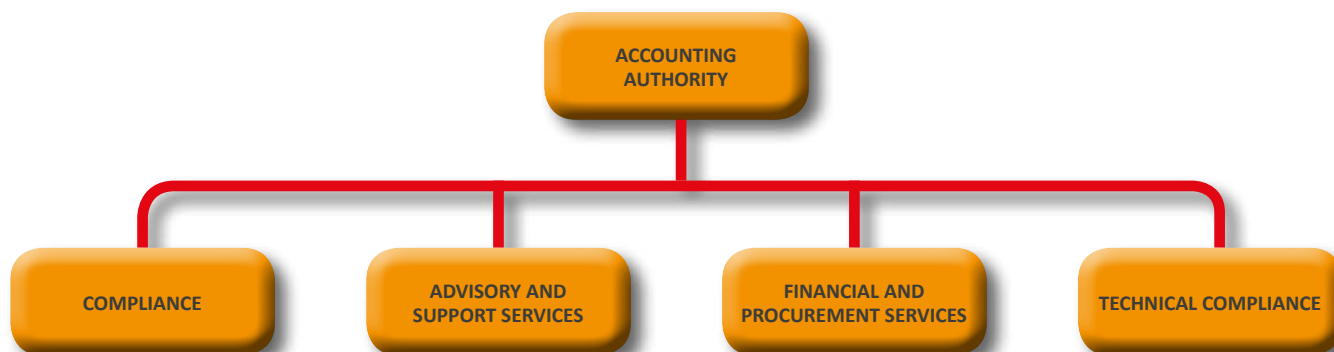


Figure 2: Functional structure

CHAPTER 1: COMPLIANCE PROGRAMME

1. Purpose

Provides mandated operational core functions in terms of the National Gambling Act (NGA), 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.

The Compliance Division oversees the coordination of concurrent national and provincial legislative competence over matters relating to casinos, bingo, Limited Payout Machines (LPMs) and betting; and to provide for the continued regulation of these matters. Further to this, the division also monitors PLA compliance with uniform norms and standards applicable to national and provincial regulation and licensing of gambling activities.

The issue of illegal gambling continues to be a challenge in the country and the intensity of unlicensed gambling varies from province to province. The Enforcement unit within the Compliance Division will continue to assist the Provincial Licensing Authority (PLAs) to ensure that unlicensed gambling

activities are detected and dealt with and perpetrators are prosecuted in terms of the law.

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 regards to gambling legislation;
- (b) Monitoring and investigating the issuance of national licences with gambling legislation; and
- (c) Monitoring prohibited gambling and restricted activities.

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

- Casinos;
- LPMs;
- Gambling equipment manufacturers and distributors;
- Bingo; and
- Horse racing and betting.

1.1 SOOG 1: ENFORCE COMPLIANCE

1.1.1 Indicator: Number of three-tier compliance evaluation assessments conducted

Indicator title	Number of three-tier compliance evaluation assessments conducted
1. Short definition	Compliance evaluation assessment of nine provinces on economic and social development matters and PLA compliance monitoring of licensees
2. Purpose/importance	This indicator is dictated to by the NGA and plays a fundamental role of the NGB in exercising oversight pertaining to the performance of PLAs
3. Source/collection of data	Desktop analysis of registers, on-site evaluation and assessment of PLA licensing and monitoring records
4. Method of calculation	Nine three-tier compliance evaluation assessments conducted
5. Data limitation	The authenticity of NGB's findings due to unreliable data from PLAs Unreliable and/or incomplete data at the time of the evaluation from PLAs
6. Type of indicator	Outcomes



Indicator title	Number of three-tier compliance evaluation assessments conducted
7. Calculation type	Quantitative: Nine three-tier compliance evaluation assessments conducted Qualitative: Evidence and responses are assessed for compliance to legislation, best practices or applicable policies. The evaluation covers analysis of PLA periodic reviews and renewal of all types of licences The annual assessment of effectiveness of evaluations conducted includes deficiency analysis and recommendations to the NGPC Cumulative
8. New indicator	Continues without change from previous year
9. Reporting cycle	Quarterly and annually
10. Desired performance	Fully compliant with targeted performance
11. Indicator responsibility	Chief Compliance Officer

1.1.2 Indicator: Number of evaluations conducted and number of reports submitted to FIC on PLAs compliance with FICA

Indicator title	Number of evaluations conducted and number of reports submitted to FIC on PLAs compliance with Financial Intelligence Centre Act (FICA)
1. Short definition	Compliance by PLAs with FICA
2. Purpose/importance	Reporting on anti-money laundering and terrorist financing
3. Source/collection of data	Desktop analysis of registers, on-site evaluation, and assessment of PLA licensing and monitoring records
4. Method of calculation	Nine PLA compliance evaluation assessments conducted on FICA compliance by PLAs
5. Data limitations	The authenticity of NGB's findings due to unreliable data from PLAs
6. Type of indicator	Outcomes
7. Calculation type	Quantitative: Nine PLA compliance evaluation assessments conducted on FICA compliance by PLAs Qualitative: Evidence and responses are assessed for compliance with legislation, best practices or applicable policies Cumulative
8. New indicator	New indicator
9. Reporting cycle	Quarterly and annually
10. Desired performance	Fully compliant with targeted performance
11. Indicator responsibility	Chief Compliance Officer

1.1.3 Indicator: Number of reports on advice in terms of S65 of the NGA presented to the Accounting Authority

Indicator profile	Number of reports on advice in terms of S65 of the NGA presented to the Accounting Authority
1. Short definition	Authoritative advice on, <i>inter alia</i> , policy, statutory matters, legislation and reforms provided in terms of S65(2) of the NGA
2. Purpose/importance	To ensure the NGB acts on the basis of sound knowledge of the gambling industry and 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 data	Legislation in the Republic of South Africa, the Constitution, the NGA and Regulations, requests for advice, proactive advice, King IV on governance and provincial legislation
4. Method of calculation	Quantitative: One report per quarter and one annual report (five per annum) Qualitative: Nature and content, and whether objectives have been met Cumulative
5. Data limitations	Data not timeously received
6. Type of indicator	Outcomes
7. Calculation type	Cumulative
8. New indicator	Continues without change from previous year
9. Reporting cycle	Quarterly and annually
10. Desired performance	Advice to be fit for use and to add value
11. Indicator responsibility	Chief Compliance Officer



1.1.4 Indicator: Number of reports on prohibited gambling and restricted activities presented to the Accounting Authority and number of days to finalise investigations

Indicator title	Number of reports on prohibited gambling and restricted activities presented to the Accounting Authority and number of days to finalise investigations
1. Short definition	Monitor unlicensed activities and conduct intelligence gathering with PLAs and law enforcement agencies
2. Purpose/importance	<p>This indicator is dictated by the NGA and plays a fundamental role for the NGB to enforce compliance</p> <p>This indicator allows the NGB to detect unlicensed gambling activities, investigate unlawful winnings and ensure such winnings are forfeited.</p>
3. Source/collection of data	Complaints from the stakeholders; intelligence gathering; confiscators of unlawful winnings; and law enforcement agencies
4. Method of calculation	<p>Quantitative: Number of reports on investigations conducted. Number of days to finalise investigations</p> <p>Qualitative: Analysis of the information (desktop analysis, statistics, etc.) obtained in relation to unlawful and unlicensed gambling activities. Consultations with stakeholders</p>
5. Data limitations	<p>Not all unlawful and unlicensed gambling activities are reported</p> <p>Challenges with incomplete documentation submitted by persons reporting unlawful winnings</p>
6. Type of indicator	Outcomes
7. New indicator	New indicator
8. Calculation type	<p>Prohibited gambling and restricted activities detected and reported to the relevant law enforcement authorities. Ensure that unlawful winnings are investigated</p> <p>Cumulative</p>
9. Reporting cycle	Quarterly and annually
10. Desired performance	Fully compliant with targeted performance
11. Indicator responsibility	Chief Compliance Officer

1.1.5 Indicator: Number of enforcement evaluation assessments conducted and reported on

Indicator title		Number of enforcement evaluation assessments conducted and reported on
1.	Short definition	Evaluation and reporting on enforcement mechanisms of PLAs in relation to illegal gambling activities
2.	Purpose/importance	This indicator is dictated to by the NGA and plays a fundamental role of the NGB in exercising enforcement functions pertaining to the performance of PLAs
3.	Source/collection of data	Desktop analysis of registers, on-site evaluation and assessment of PLA enforcement mechanisms
4.	Method of calculation	Nine enforcement evaluations conducted
5.	Data limitations	The authenticity of NGB's findings due to unreliable data from PLAs
6.	Type of indicator	Outcomes
7.	Calculation type	Quantitative: Nine enforcement evaluations conducted Qualitative: Evidence and responses are assessed for compliance with legislation, best practices or applicable policies. The valuation covers mechanisms PLAs have put in place to reduce punter exposure to illegal gambling activities Annual consolidated evaluation conducted includes mechanisms PLAs have put in place to reduce punter exposure to illegal gambling activities Cumulative
8.	New indicator	New indicator
9.	Reporting cycle	Quarterly and annually
10.	Desired performance	Fully compliant with targeted performance
11.	Indicator responsibility	Chief Compliance Officer

CHAPTER 2: ADVISORY AND SUPPORT SERVICES PROGRAMME



2. Purpose

This programme consists of Stakeholder Liaison, Research and Information, Legal Services, Human Capital Optimisation (HCO) and Records Management.

Stakeholder Liaison

The Stakeholder Liaison Division provides strategic coordination and communication, as well as secretariat services to inter-governmental forums. This includes, but is not limited to, embarking on public awareness campaigns and educational programmes to inform stakeholders and the public on the socio-economic impact of gambling, illegal forms of gambling, as well as participating in any unregulated gambling modes and consequences of overstimulation of gambling.

Research and information

The Research and Information Division conducts research to monitor and report on gambling sector performance in the South African gambling industry (specifically market conduct, market share, Broad-Based Black Economic Empowerment (B-BBEE) contributor levels and employment based on national gambling statistics (turnover, (Gross Gambling Revenue (GGR) and taxes/levies)). Research includes, but is not limited to, projects to determine the socio-economic impact of gambling in South Africa, as well as to benchmark South Africa with other countries in terms of the prevalence of gambling, problem gambling, legal versus illegal gambling modes, tax rates, and regulations in terms of advertising, amongst others. Other research includes economic analysis and insights in terms of market share from economic and institutional perspectives, as well as reports on illegal gambling. Research might include any topic as identified or required at a specific time.

Human Capital Optimisation

The function of the Human Capital Optimisation Division is to provide 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 division ensures that there is compliance with labour laws and that there is a performance management system in place.

Records Management

The function of the Records Management Division is to ensure that there is proper maintenance and access to records.

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.

Description of the programme

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

- (a) Provide researched-based authoritative advice on gambling amongst other policy, statutory matters, legislation and reforms
- (b) Develop an approach to concurrent gambling regulation
- (c) Facilitate public dialogue with stakeholders
- (d) Conduct public awareness campaigns on the socio-economic impact of gambling
- (e) Conduct research on the impact of gambling
- (f) Monitor socio-economic patterns of gambling activity within the Republic of South Africa
- (g) Update information on the performance of the regulated gambling sectors
- (h) Monitor market share and market conduct in the gambling industry

2.1 SOOG 2: ADVISORY AND SUPPORT SERVICES

2.1.1 Indicator: Number of broad-based public educational interventions about the risks and socio-economic impact of gambling conducted

Indicator title		Number of broad-based public educational interventions about the risks and socio-economic impact of gambling conducted
1.	Short definition	Report on the number of broad-based public educational interventions about the risks and socio-economic impact of gambling conducted
2.	Purpose/importance	To interact and educate various stakeholders (i.e. banks, law enforcement, prosecutors, roleplayers in the gambling industry, the public) and identify communication opportunities
3.	Source/collection of data	Research, public awareness, education and responsible gambling campaigns, broad-based public education and targeted interventions
4.	Method of calculation	Number of broad-based public educational interventions conducted with stakeholders and two educational interventions per quarter (eight per annum)
5.	Data limitations	Limited funding to reach, educate and inform all stakeholders nationally
6.	Type of indicator	Output
7.	Calculation type	Quantitative: Number of broad-based public education interventions conducted (two per quarter, eight annually) Qualitative: Nature and content, and whether objectives have been met Cumulative
8.	New indicator	Continuous without change from previous year
9.	Reporting cycle	Quarterly
10.	Desired performance	Stakeholders are well-informed and educated through the implementation of quarterly interventions
11.	Indicator responsibility	Chief Operations Officer



2.1.2 Indicator: Number of reports on research conducted on the impact of gambling and presented to the Accounting Authority

Indicator title	Number of reports on research conducted on the impact of gambling and presented to the Accounting Authority
1. Short definition	Research reports on socio-economic impact of gambling
2. Purpose/importance	To achieve the mandate as stated in the National Gambling Act, 2004 (Act 7 of 2004) in terms of research To identify research projects in line with feedback from the Accounting Authority To provide/lead research projects, analyse, provide advise and support on gambling related matters
3. Source/collection of data	Conducting research as required, e.g. desktop research, interviews/focus groups with stakeholders and/or the public
4. Method of calculation	One research report per quarter (four per annum)
5. Data limitations	Unavailability of resources, limited information, and reluctance by sources to provide information and sampling deficiencies
6. Type of indicator	Outcomes
7. Calculation type	Quantitative: Number of reports on research conducted on the impact of gambling (one per quarter, four per annum) Qualitative: Nature and content, and whether objectives have been met Cumulative
8. New indicator	Continuous without change from previous year
9. Reporting cycle	Quarterly
10. Desired performance	Fully compliant with targeted performance
11. Indicator responsibility	Chief Operations Officer

2.1.3 Indicator: Number of reports on gambling sector performance presented to the Accounting Authority

Indicator title		Number of reports on gambling sector performance presented to the Accounting Authority
1.	Short definition	Gambling sector performance reports about market share and market conduct in the gambling industry
2.	Purpose/importance	To achieve the mandate as stated in the NGA, 2004 (Act 4 of 2007) (i.e. the monitoring of market conduct and market share), and keep internal and external stakeholders informed about continuously updated gambling sector performance
3.	Source/collection of data	PLAs to submit information as required quarterly and annually
4.	Method of calculation	One report per quarter and one annual report (five per annum)
5.	Data limitations	Reluctance by PLAs to provide all relevant information timeously and the submission of incorrect and/or omitted information
6.	Type of indicator	Outcomes
7.	Calculation type	Quantitative: Number of reports on gambling sector performance (one per quarter and one per annum) Qualitative: Nature and content, and whether objectives have been met Cumulative
8.	New indicator	Continues without change from previous year
9.	Reporting cycle	Quarterly and annual reports
10.	Desired performance	Fully compliant with targeted performance
11.	Indicator responsibility	Chief Operations Officer

CHAPTER 3: FINANCIAL AND PROCUREMENT SERVICES PROGRAMME



3. Purpose

This programme provides strategic financial and Supply Chain Management (SCM) support to the organisation.

Finance

The core function of the Finance Division is to provide overall management of the financial affairs of the NGB. This division provides for the financial planning and reporting for both internal and external users of the financial information.

Supply Chain Management

The core objective of SCM 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.

Description of the programme

The performance outcomes of this function include maintenance and management of financial resources.

3.1 SOOG 3: OPTIMISE ORGANISATIONAL EXCELLENCE

3.1.1 Indicator: Number of reports on financial systems, processes and Public Finance Management Act (PFMA) compliance presented to the Accounting Authority

Indicator title	Number of reports on financial systems, processes and PFMA compliance presented to the Accounting Authority
1. Short definition	Compliance with PFMA requirements at all times Effective control, support, utilisation, maintenance and management of resources
2. Purpose/importance	To ensure that the entity utilises its resources in a manner which complies with relevant statutes in an effective, efficient and economical manner
3. Source/collection of data	Accounting records, electronic records, payroll records, performance information, policies and procedures
4. Method of calculation	One report per quarter and one annual report (five per annum)
5. Data limitations	Capturing of data incorrectly and non-compliance with policies and procedures that are not detected will result in incorrect financial reporting
6. Type of indicator	Output
7. Calculation type	Quantitative: One report per quarter and one annual report (five per annum) Qualitative: Nature and content, and whether compliance have been adhered to Cumulative
8. New indicator	Continues without change from previous year
9. Reporting cycle	Quarterly and annually
10. Desired performance	Compliant financial reporting and adherence to the Public Finance Management Act, 1999 (Act 1 of 1999)
11. Indicator responsibility	Chief Financial Officer

CHAPTER 4: TECHNICAL COMPLIANCE PROGRAMME

4. Purpose

This division provides mandated operational core functions in terms of the National Gambling Act, 2004 (Act 7 of 2004). The Technical Compliance Division provides technical analysis of the modes of gambling, systems audits and enforcement in line with statutory imperatives as provided for in gambling legislation. It provides reliable information through national centralised databases and contributes towards providing accessible, transparent and sufficient access for economic citizens in order to ensure economic growth.

Functional national registers

The NGB is the custodian of national registers in terms of the NGA. The Act requires that the NGB must establish and maintain, in the prescribed manner and form, national registers with the aim to provide a national repository of gambling sector specific information. The NGB is required to provide the information in its registry to PLAs in the prescribed manner and form to ensure information sharing and compliance as contemplated in the Act.

National Central Electronic Monitoring System (NCEMS)

The NGB is obliged by section 27 of the NGA read with Regulation 14 of the National Gambling Regulations to supply, install, commission, operate, manage and maintain a NCEMS which is capable of detecting and monitoring significant events, associated with any LPM that is made available for play in the Republic of South Africa and analysing and reporting data according to the requirements of sections 21 to 26 of the NGA.

The NCEMS enables the NGB to fulfil its oversight responsibility over the PLAs in terms of section 65 of the Act, maintain the national register in terms of section 21 of the NGA, monitor and evaluate PLA compliance with the NGA, and enables the NGB to assist the PLAs to detect and suppress unlawful gambling and unlicensed gambling activities.

The NCEMS is essentially a system to track each LPM operated by a Route Operator (RO) or Independent Site Operator (ISO) in terms of location and status; record and validate every transaction on the LPM in real time; and periodically reports collected data.

Information Communications 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 4.1, 4.2 and 4.3 and the mission statement of the NGB. ICT is geared at supporting and enhancing the overall organisational performance through the provision of assistive technologies.

Description of the programme

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

- Functional national registers;
- Effective NCEMS;
- Effective monitoring of regulated sectors in the gambling industry;
- Maintain operational technical efficiency;
- Efficient and effective ICT operations; and
- Uninterrupted ICT infrastructure.

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

- Casinos;
- LPMs (routes and sites);
- Gambling equipment manufacturers and distributors;
- Bingo; and
- Horse racing and betting.



4.1 SOOG 4: ENFORCE GAMING TECHNICAL COMPLIANCE

4.1.1 Indicator: Percentage uptime on national functional registers

Indicator title		Percentage uptime on functional national registers
1.	Short definition	Functioning national registers
2.	Purpose/importance	This indicator is dictated by the NGA and plays a role in the registration of every gambling machine or gambling device manufactured within or imported into the Republic licences (provincial/national), excluded persons, probity, and illegal operators
3.	Source/collection of data	PLAs, manufacturers and licensees
4.	Method of calculation	Analysis of functionality, effectiveness and maintenance of 95% uptime of functional national registers
5.	Data limitations	Unreliable data submitted by PLAs, manufacturers and/or licensees
6.	Type of indicator	Outcomes
7.	Calculation type	Quantitative: Total number of hours (within reporting period) that registers were online and available/total number of hours within the reporting period multiplied by 100 Qualitative: Analysis of data in relation to gambling machines and devices, probity, excluded persons and illegal gambling operations Non-cumulative
8.	New indicator	Continues without change from previous year
9.	Reporting cycle	Quarterly
10.	Desired performance	Fully compliant with targeted performance
11.	Indicator responsibility	Senior Manager: Gaming Technology

4.1.2 Indicator: Percentage uptime of a fully operational National Central Electronic Monitoring System (NCEMS)

Indicator title		Percentage uptime of a fully operational NCEMS
1.	Short definition	Fully operational NCEMS in the LPM industry
2.	Purpose/importance	This indicator is dictated by the NGA and plays a fundamental role in monitoring compliance of the LPM industry
3.	Source/collection of data	NCEMS
4.	Method of calculation	Quantitative: Total number of hours (within reporting period) that the NCEMS was online and available/total number of hours within the reporting period multiplied by 100 Qualitative: Analysis of significant events associated with LPMs, as well as analysis and recommendations
5.	Data limitations	Lack of access to testing data limits understanding of some data irregularities and system downtime Unreliable data from LPMs
6.	Type of indicator	Outcomes
7.	Calculation type	Snapshot and cumulative
8.	New indicator	Continues without change from previous year
9.	Reporting cycle	Quarterly and annually
10.	Desired performance	Full compliance with targeted performance
11.	Indicator responsibility	Senior Manager: Gaming Technology



4.1.3 Indicator: Percentage uptime of all ICT systems

Indicator title		Percentage uptime of all ICT systems
1.	Short definition	Efficient and effective ICT operations
2.	Purpose/importance	To support the organisation to maximise its proficiency to optimally achieve its business strategy through ICT which continuously improves and enables business operations
3.	Source/collection of data	ICT systems
4.	Method of calculation	Total number of hours (within reporting period) that ICT systems were online and available/total number of hours within the reporting period
5.	Data limitations	Cybersecurity threats and interrupted power supply
6.	Type of indicator	Outcome
7.	Calculation type	Quantitative: Total number of hours (within reporting period) that ICT systems were online and available/total number of hours within the reporting period multiplied by 100 Qualitative: Nature and content, and whether objectives have been met Cumulative
8.	New indicator	Continues without change from previous year
9.	Reporting cycle	Quarterly
10.	Desired performance	Full compliance with targeted performance
11.	Indicator responsibility	Senior Manager: Gaming Technology

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ANNEXURE D MATERIALITY AND SIGNIFICANCE FRAMEWORK

CONTENTS

1. Definitions	125
2. Purpose	125
3. Framework	125
4. Determination of materiality	127

ABBREVIATIONS

AA	Accounting Authority
EA	Executive Authority
FY	Financial Year
NGB	National Gambling Board
PFMA	Public Finance Management Act



1. DEFINITIONS

(a) Accounting Authority:

The Administrator of the National Gambling Board (NGB)

(b) Executive Authority:

The Minister of Trade and Industry

(c) PFMA:

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

(d) Treasury Regulations:

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

2. PURPOSE

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

3. FRAMEWORK

PFMA section	Quantitative (amount)	Qualitative (nature)
PFMA 550(1) Fiduciary duties of Accounting Authorities		
(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 NGR's opinion, could have influence over the decisions or actions of the Executive Authority or legislature.
PFMA 554: Information to be submitted by Accounting Authorities		
(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 transaction and submit relevant particulars of the transaction to its Executive Authority for	Any transactions to any value will be regarded as material.	
(a) Establishment or participation in the establishment of a company;	Not applicable.	Not applicable.
(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 approval Strategic Plan and/or budget.
(c) Acquisition or disposal of a significant shareholding in a company;	Not applicable.	Not applicable.

PFMA section	Quantitative (amount)	Qualitative (nature)
(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 NGB, 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 approval 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:		Any identified loss through acts, omissions and/or criminal conduct.
(i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;	(i) Losses through criminal conduct or any loss identified	
(ii) any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure;	(ii) Losses through fruitless and wasteful irregular expenditure	
(iii) any losses recovered or written off;	(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) any financial assistance received from the State and commitments made by the State on its behalf; and	(iv) Planning materiality is 1% of budgeted gross expenditure	
(v) any other matter that may be prescribed.		



PFMA section	Quantitative (amount)	Qualitative (nature)
S66: Restrictions on borrowing, guarantee 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 authorised by this Act;		
(b) in the case of public entities is also authorised by other legislation not in conflict with the Act.		

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 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 (FY). 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 percent was selected as the NGB has taken a conservative approach to arrive at this percent. 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	2015/16 R'000	2016/17 R'000	2017/18 R'000	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000
Estimated gross expenditure	100%	27 643	38 866	88 860	209 294	211 603	222 255	233 611
Materiality	1%	276	389	889	2 093	2 116	2 223	2 336

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ANNEXURE E SERVICE DELIVERY STANDARDS (SDSs)

CONTENTS

Vision, mission and values	131
1. Preface	132
2. Service Delivery Standards (SDSs) objectives	133

ABBREVIATIONS

APP	Annual Performance Plan
EA	Executive Authority
NGA	National Gambling Act
NGB	National Gambling Board
NGPC	National Gambling Policy Council
PFMA	Public Finance Management Act
PLAs	Provincial Licensing Authorities
SDSs	Service Delivery Standards
SOOGs	Strategic Outcome Oriented Goals
the dti	The Department of Trade and Industry



VISION, MISSION AND VALUES

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 (Act 7 of 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.



1. PREFACE

The National Gambling Board (NGB) is established in terms of the National Gambling Act (NGA), 2004 (Act 7 of 2004) under the Executive Authority (EA) of the Minister of Trade and Industry, in an effort to enable the Department of Trade and Industry (**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 overstimulation of the latent need to gamble.

Public servants are at the forefront of service delivery. The success of government programmes and policies is dependent on service delivery.

Batho Pele is a belief set that is used to improve service delivery in the public administration and is an initiative that was introduced in 1997 to improve service delivery to ensure that developmental challenges facing government are addressed.

The importance of public participation is captured in section 195(1)(e) of the Constitution, which states that "people's needs must be responded to, and the public must be encouraged to participate in policymaking".

Service delivery standards are a mechanism for the NGB to communicate its commitment to serving its stakeholders and to find ways to improve service delivery. This approach also requires the involvement of the public in holding the NGB accountable for the quality of service provided. This approach will encourage innovation and will assist the NGB to be result-driven. In other words, instead of looking for reasons why the NGB cannot do something, they have to find better ways to deliver what people need.

The Batho Pele belief set has been summarised by this slogan: "We belong, we care, we serve." Batho Pele aims to ensure that all public servants put people first, and adhere to the following overarching framework:

- **We belong:** We are part of the Public Service and should work together and respect fellow colleagues
- **We care:** Caring for the public we serve – our customers

- We serve: All citizens will get good service from public servants

Batho Pele is based on the following eight principles:





Service delivery standards facilitate both internal productivity and external service delivery expectations.

The service delivery standards set out the maximum number of business days that the NGB anticipates to attend to its stakeholders and is calculated from the business day following the date on which a request from a stakeholder was received.

2. SERVICE DELIVERY STANDARDS (SDSs) OBJECTIVES

These Service Delivery Standards (SDSs) provide the context for expected standards for the NGB's regulatory services and institutional management.

The SDSs have been compiled taking into account the NGB's regulation, structures, vision, mission and strategic objectives.

The NGB is committed to the following guidelines for delivery of services to its stakeholders:

- Its mandate is clearly communicated to all stakeholders and is understood at all times.
- Exercise its mandate in an unbiased, fair and independent manner, free from undue influence and maintaining trust with all the stakeholders.

- Take accountability and undertake open and transparent decision making.
- Maintain governing body structures which uphold integrity.
- Undertake to be accessible to all and free to engage with all the relevant stakeholders.
- Undertake to perform the NGB's mandate efficiently, effectively and economically, within available financial and human resources.
- Undertake to perform and execute its mandate in accordance with all the applicable legislation.

The NGB's obligation to comply with the SDSs is conditional upon stakeholder cooperation and engagement.

The NGB is expected to comply with Strategic Outcome Oriented Goals (SOOGs) in order to discharge its mandate. The NGB has also developed its Standard Operating Procedures in line with government imperatives, the NGB's Strategic Plan and Annual Performance Plan (APP).

Proceeds from illegal gambling will be forfeited to the state.

The NGB’s SOOGs are set out as follows:

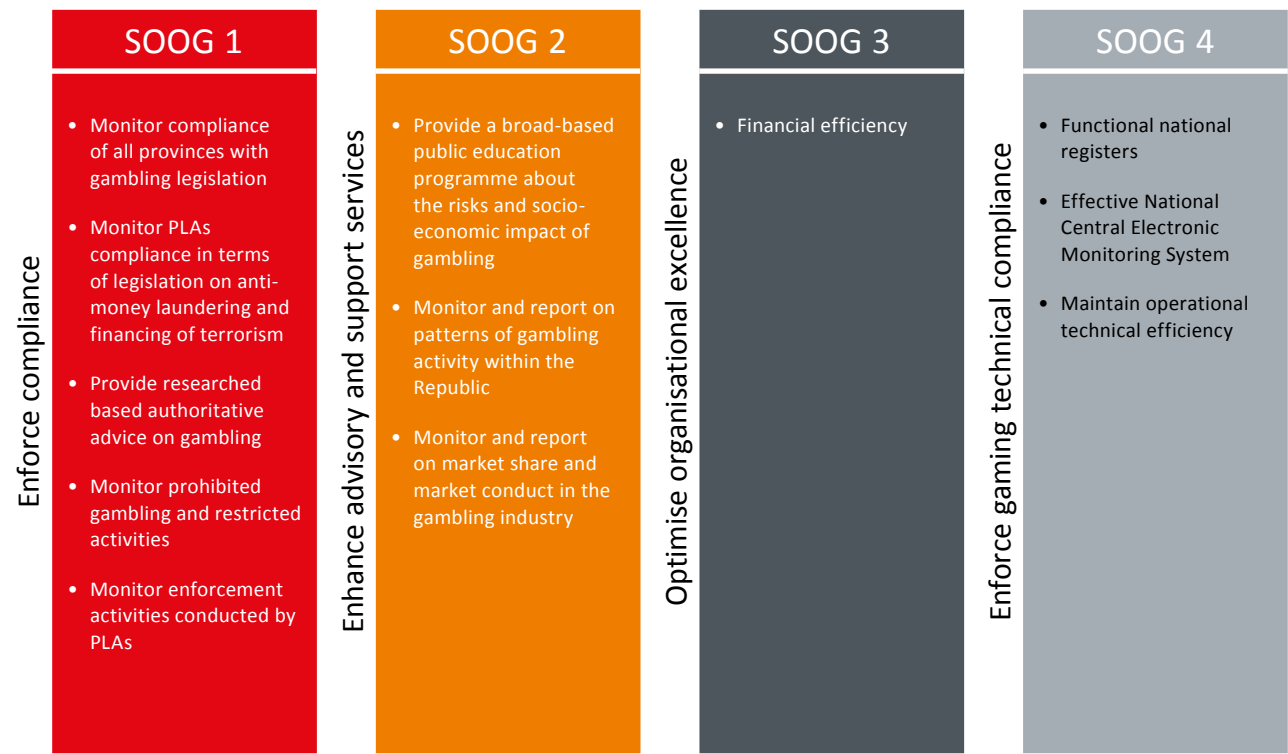


Figure 1: Strategic Outcome Oriented Goals (SOOGs) of the NGB



The NGB is established in terms of the National Gambling Act (NGA), 2004. The NGB is registered as a Schedule 3A Public Entity in terms of the Public Finance Management Act (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 NGA, as follows:

- Oversight of gambling in the Republic of South Africa by:
 - Evaluating the issuing of national licences by the Provincial Licensing Authorities (PLAs)
 - Evaluating the compliance monitoring of licensees by PLAs
 - Conducting oversight evaluation of the performance of PLAs so as to ensure that the national norms and standards established by the NGA are applied uniformly and consistently throughout the Republic of South Africa
 - Assist PLAs to ensure that unlicensed gambling activities are detected
- Research and monitoring of market conduct and market share
- Monitoring socio-economic patterns of gambling activity and research and identifying patterns of the socio-economic impact of gambling and addictive or compulsive gambling
- The NGB must also establish and maintain a national registry of every gambling machine or gambling device manufactured within, or imported to, the Republic, as well as maintaining all other legislative-prescribed registers
- The NGB must investigate the circumstances of the gambling activity that relates to any unlawful winnings that the NGB has held in trust and either delivers the winnings to the person who won them if not found to be illegal winnings, or apply to the High Court for an order to declare the winnings to be forfeited to the State, if found to be illegal
- The NGB must advise and provide recommendations to the National Gambling Policy Council (NGPC) on, amongst others, matters of national policy and legislative changes relating to gambling

SERVICE DELIVERY STANDARDS							
Outputs	Compliance evaluation assessment of nine provinces on economic and social development matters; PLA compliance monitoring of licensees; and PLA technical compliance	Prohibited gambling and restricted activities detected	Compliant and functional register for gambling machines and devices	Authoritative advice on, statutory matters legislation and reforms	Research reports on the socio-economic patterns of gambling activity within the Republic	Compliance with PFMA requirements at all times; effective control, support, utilisation, maintenance and management of resources	Compliance with PFMA requirements at all times; effective control, support, utilisation, maintenance and management of resources
Key service	Type B application	Unlawful winnings	National registers	Statutory advice in terms of S65 of the National Gambling Act, 2004 (Act 7 of 2004)	Research reports	Payment of invoices	Administration of bids
Service beneficiary	Provincial Licensing Authority Site operations Route operations	Provincial Licensing Authority Financial Services Providers (Banks) Punters Judiciary Law enforcement agencies	Provincial Licensing Authority Site operations Route operations Manufacturers	National Gambling Policy Council Provincial Licensing Authority Stakeholders the dti	Stakeholders the dti Portfolio Committee for Trade and Industry Provincial Licensing Authority The public	National Treasury NGB suppliers and creditors the dti Parliament	National Treasury Prospective service providers the dti Parliament

SERVICE DELIVERY STANDARDS							
Consultation	Gambling regulatory fora Meetings	Gambling regulatory fora Meetings, workshops and public awareness campaigns	Gambling regulatory fora Meetings	Gambling regulatory fora National Gambling Policy Council Meetings, Meetings	Gambling regulatory fora National Gambling Policy Council Meetings, Meetings	Governance/ oversight meetings	Governance/ oversight meetings Bidders briefing sessions
Service standards	Performance in terms of Strategic Plan and Annual Performance Plan 40-day turnaround time from date of receipt of all requisite documentation	Performance in terms of Strategic Plan and Annual Performance Plan 30-day turnaround from date of receipt of all requisite documentation	Performance in terms of Strategic Plan and Annual Performance Plan 7-day turnaround from date of receipt of all requisite documentation	Performance in terms of Strategic Plan and Annual Performance Plan Quarterly performance in terms of Strategic Plan and Annual Performance Plan	Performance in terms of Strategic Plan and Annual Performance Plan Quarterly performance in terms of Strategic Plan and Annual Performance Plan	Performance in terms of Strategic Plan and Annual Performance Plan 30-day turnaround from date of invoice	Performance in terms of Strategic Plan and Annual Performance Plan Maximum bid validity period of 180 days
Access	NGB offices	NGB offices	Central registry at NGB offices	NGB offices, National Gambling Policy Council minutes	NGB offices, NGB website (www.ngb.org.za) the dti offices	NGB website (www.ngb.org.za) the NGB offices	NGB tender box at NGB offices (420 Witch Hazel Avenue, Eco Park, Eco Glades, Block C, National Gambling Board)
Courtesy	NGB officials readily available between 08:00 and 16:30	NGB officials readily available between 08:00 and 16:30	NGB officials readily available between 08:00 and 16:30	NGB officials readily available between 08:00 and 16:30	NGB officials readily available between 08:00 and 16:30 NGB website is available 24 hours, 7 days a week	NGB officials readily available between 08:00 and 16:30 NGB website is available 24 hours, 7 days a week	NGB officials readily available between 08:00 and 16:30
Information	Acknowledgement of receipt of notice Report on findings NGB Limited Payout Machines criteria Criteria and guidance notes for the licensing of Limited Payout Machines	Receipt of notices Receipt of form NGB 2 Form NGB 2 – National Gambling Regulations 2004	Form NGB 1/1, Form NGB 1/2, Form NGB 2, Form NGB 3, Form NGB 4, Form NGB 5/1a, Form NGB 5/1b, Form NGB 6/1, Form NGB 6/2, Form NGB 7/1, Form NGB 7/2, Form NGB 8/2 in terms of National Gambling Regulations 2004	National Gambling Policy Council minutes	Yearly Annual Audited Gambling Sector Performance Report and Presentation Research report on the impact of gambling Information shared at conferences, seminars, workshops, meetings, forums, public events and exhibitions	Request for Quotations/Terms of Reference/ Requests for Proposals	National Treasury's e-Tender Publication Portal Government Gazette NGB website Media publication (where applicable)



SERVICE DELIVERY STANDARDS							
Openness and transparency	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) NGB website (www.ngb.org.za)	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) NGB website (www.ngb.org.za)	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) NGB website (www.ngb.org.za)	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) NGB website (www.ngb.org.za)	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) NGB website (www.ngb.org.za)	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) Public Finance Management Act NGB website (www.ngb.org.za) National Treasury	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) Public Finance Management Act NGB website (www.ngb.org.za) National Treasury
Redress	Fraud hotline (email) fraudulent@ngb.org.za or (Tel) 012 686 8800 ceo@ngb.org.za info@ngb.org.za	Fraud hotline (email) fraudulent@ngb.org.za or (Tel) 012 686 8800 ceo@ngb.org.za info@ngb.org.za	Fraud hotline (email) fraudulent@ngb.org.za or (Tel) 012 686 8800 ceo@ngb.org.za info@ngb.org.za	ceo@ngb.org.za info@ngb.org.za	ceo@ngb.org.za info@ngb.org.za	Fraud hotline (email) fraudulent@ngb.org.za or (Tel) 012 686 8800 scm@ngb.org.za	Fraud hotline (email) fraudulent@ngb.org.za or (Tel) 012 686 8800 scm@ngb.org.za NGB website (www.ngb.org.za)
Value for money	Services offered and documents provided are free of charge	Services offered and forms provided are free of charge. Forms can be downloaded from the NGB website at no cost with the exception of court processes in terms of S16(4) of the National Gambling Act	Forms are provided free of charge Services are free of charge with the exception of services listed in terms of National Gambling and Provincial Gambling legislation Forms can be downloaded from the NGB website at no cost	Services are provided free of charge	Services and reports are provided free of charge	Services are provided free of charge	Services are provided free of charge with exception of services listed in terms of the PFMA and as set out in the bid document

NOTES

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NOTES



NOTES

This image shows a single sheet of white paper with horizontal blue or grey 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.



PROBLEM GAMBLING IS TREATABLE GAMBLE RESPONSIBLY

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