

# NGB STRATEGIC PLAN 2022-2027 FY



National Gambling Board  
*South Africa*

a member of **the dtic** group



## Abbreviations and Acronyms

AFS	–	Annual Financial Statements
AI	–	Accountable Institutions
APP	–	Annual Performance Plan
B-BBEE	–	Broad-Based Black Economic Empowerment
CCO	–	Chief Compliance Officer
CEO	–	Chief Executive Officer
CFO	–	Chief Financial Officer
COTII	–	Council for Trade and Industry Institutions
DPP	–	Department of Public Prosecution
DPSA	–	Department of Public Service and Administration
EA	–	Executive Authority
EBT	–	Electronic Bingo Terminal
FATF	–	Financial Action Task Force
FIC	–	Financial Intelligence Centre
FICA	–	Financial Intelligence Centre Act
FY	–	Financial Year
GDP	–	Gross Domestic Product
GGR	–	Gross Gambling Revenue
GRAF	–	Gambling Regulators for African Forum
GRC	–	Gambling Review Commission
HCO	–	Human Capital Optimisation
HDI	–	Historically Disadvantaged Individuals
HOD	–	Head of Department
HRBF	–	Horse Racing and Betting Forum
ICT	–	Information Communications Technology
IG	–	Interactive Gambling
IT	–	Information Technology
LPMs	–	Limited Payout Machines
MOU	–	Memorandum of Understanding
MSP	–	Master Systems Plan
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
NGRF	–	National Gambling Regulators Foundation
NPA	–	National Prosecuting Authority
NLA	–	National Lotteries Act
NRGP	–	National Responsible Gambling Programme

NT	–	National Treasury
PFMA	–	Public Financial Management Act
PLAs	–	Provincial Licensing Authorities
POCA	–	Prevention of Organised Crime Act
SARGF	–	South African Responsible Gambling Foundation
SAPS	–	South African Police Services
SCM	–	Supply Chain Management
SMME	–	Small medium and micro-sized enterprises
SOOG	–	Strategic Outcome Orientated Goal
SWOT	–	Strengths, Weaknesses, Opportunities and Threats
<b>the dtic</b>	–	The Department of Trade, Industry and Competition
TOWS	–	Threats, Opportunities, Weaknesses and Strengths
YoY	–	Year on Year

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## Executive Authority Statement

The Annual Performance Plan (APP) identifies the outputs, output indicators and targets that an entity aims to achieve in the new financial year, and is guided by the five year vision of the Strategic Plan. The Executive Authority is responsible for providing direction on the development and implementation of policies and strategic priorities of entities in line with their respective mandates, and to ensure the Strategic Plan and APP are aligned to government's priorities.

The environment in which the APPs of the Department of Trade, Industry and Competition (the dtic) and our entities have been formulated remains challenging, given the impact of the COVID-19 pandemic, the July 2021 unrest and more recently the Russia/Ukraine war. At the same time, determined efforts by the Administration has seen signs of economic recovery and greater investor confidence in economic prospects. In this light, Government's priority focus continues to be the recovery of growth, investment and employment, guided by the Economic Recovery and Reconstruction Plan adopted in 2020, and the tasks outlined by President Ramaphosa in the 2022 State of the Nation Address.

This Strategic Plan is expected to take forward the strategic shift initiated in 2021/2022 toward strengthened implementation and impact of dtic's work, through greater integration of efforts within the department and our entities, guided by shared, crosscutting outcomes and joint performance indicators. In this regard, the

work of the dtic and the entities will be evaluated in relation to three over-arching Outcomes (which incorporate the previous "Joint-KPIs") namely Industrialisation; Transformation; and Capable State (Implementation/ Effective Delivery). In this way these Outcomes more deliberately and directly inform respective outputs and KPIs of the department and entities.

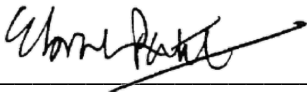
In turn, the scope of the outputs collectively still encompass the identified dtic's priorities, which include among others, the work of sector masterplans, initiatives to boost levels of investment and localisation in the economy, expanding trade within the continent, enabling better local economic development, supporting the growth of new industries (in the green economy and through beneficiation) and building a capable state, in particular addressing red tape as prioritised by the President in the 2022 State of the Nation Address.

Every entity in the dtic has been requested to align their Strategic Plans and APPs to the three outputs, it being recognised that a particular entity's core business links more clearly and strongly to one or the other of the overarching Outcomes, than to others.

This Strategic Plan represents the outcome of the work done by the National Gambling Board. Following the tabling of the APP by the dtic itself, each entity of the Department will be expected to consider such additional refinement and additions to be made and following completion of the review, such an addendum to this Strategic Plan may be submitted in due course after the tabling.

This Strategic Plan is therefore not about many new objectives but rather on a new way of implementation, with the focus on integration, to enhance the development impact of the work.

I accordingly table the Strategic Plan for 2022 – 2027 in accordance with the request by the Speaker.



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**Mr Ebrahim Patel**

**Minister of Trade, Industry and Competition**

I wish to thank the management for the work done and wish them well in executing the Strategic Plan and aligning their work to government's overall programmes and priorities.



## Accounting Authority Statement

As the National Gambling Board (NGB) embarks on its long-term commitment of protecting punters from the over-stimulation of the latent need to gamble, by promoting gambling activities in a legal, safe and crime-free environment, it has reflected on the significant and ongoing effects of the unprecedented health and safety and economic challenges faced by South Africa arising from the coronavirus (COVID-19) pandemic. Enacting our vision becomes increasingly critical and will require an agile approach to the way gambling is regulated in order to meet expectations and support the industry on its economic recovery journey.

This document gives expression to the NGB's strategic priorities for the next five (5) years (2022-2027) as guided by Government's MTSF priorities 1 (Economic transformation and job creation) and 7 (A better Africa and world) as well as the South African Economic Reconstruction and Recovery Plan following the effects of the COVID-19 pandemic. These priorities form part of government's overarching aim to boost economic growth and enable deeper levels of economic inclusion and transformation. NGB's strategy is also based on the provisions provided in the NGA, in order to control, regulate and monitor gambling whilst preventing and minimising its harm.

During FY2020/21, the COVID-19 pandemic reached South Africa and created a nation-wide public health and economic crisis. The impact of the pandemic has no doubt had a negative effect on the gambling industry. However, the effects of the pandemic further

corroborate the need for the NGB to continue on its oversight role of the gambling industry to ensure that it pursues interventions to restore the economy while controlling the health risks and participating in building a sustainable, resilient and inclusive economy.

Through scanning of the external environment from a political, economic, social, technological, environmental and legal perspective, the NGB has identified opportunities as well as threats to the execution of its mandate. These opportunities and threats to the regulation of gambling have been linked to the internal elements of the organisation to develop lasting solutions that impact the regulated gambling industry in such a way that balances the economic gains and punter protection.

The NGB identified strategic outcomes as its focus areas for the next five (5) years (2022-2027) bearing in mind their contribution towards the achievement of the NDP Five-Year Implementation Plan and monitoring framework. The outcomes are broad-based public education, effectively monitored socio-economic patterns of gambling activity in the Republic, uniformity of legislation in the gambling industry, account for and identification of all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons, and economic transformation and increased participation of Historically Disadvantaged Individuals (HDIs) in the mainstream gambling industry. The contribution of such outcomes to the overall impact of the gambling industry is dependent on key enablers to achieve the desired impact.

**Through broad-based public education,** the NGB endeavours to create a responsible gambler who is aware and educated on the risks associated with gambling as well as the socio-economic impact thereof.

To support improved industrial performance, dynamism and competitiveness of local companies, which is a priority of **the dtic** portfolio, the NGB aims to **effectively monitor socio-economic patterns of gambling activity in the Republic** by leveraging off of its access to national gambling information as well as authority to monitor gambling sector performance with respect to market share and market conduct. The NGB intends to work on competition and market structure issues that result in concentration and monopolies in order to report such practices to the relevant authorities for appropriate action to be taken as well as for consideration in the drafting of new legislation, policy and regulations.

**Uniformity of legislation in the gambling industry** is vital through the development of norms and standards to ensure that gambling laws and practices in South Africa are aligned and harmonized. This has a direct contribution towards creating an enabling environment in which investment in the industry can be accelerated and the ease of doing business enhanced, improving the levels of fixed investment in the economy.

**Accounting for and identifying all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons** has a direct bearing on improving the capability of the state. The NGBs capability to

maintain National Registers allows for the promulgation of regulations for excluded persons. The NGB also has the ability to effectively monitor the LPM industry in real time and further has the opportunity of increasing monitoring capacity through the extension of the National Central Electronic Monitoring System (NCEMS) to all legal modes of gambling thereby improving competitiveness through the use of ICT. The ability to accurately capture gambling revenue through the NCEMS, allows for accurate determination of gambling taxes and levies used as government revenue for the provision of governments fiscal mandate.

The governments' growth reform of economic transformation and job creation will be addressed through NGB's outcome of **economic transformation and increased participation of Historically Disadvantaged Individuals (HDIs) in the mainstream gambling industry**. The organisation was committed to the development of an economic transformation agenda to increase HDI participation in the mainstream gambling industry. The transformation agenda will influence a gambling licensing regime that addresses distorted patterns of ownership in the gambling industry through SMME development and growth. Furthermore, the economic inclusion imperative can be addressed through imposition of local content requirements on services that are core gambling activities, for example the supply of gambling related services such as gambling machines and devices, and other associated services sourced from local suppliers. The localisation of procurement by the state is critical for purchase of goods and services manufactured locally. Encouraging and

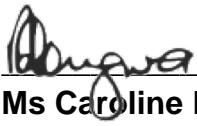


investing in the local manufacturing of gambling machines and devices will help grow the local industry, and position it as a gateway to other African markets that will source their gambling machines and devices, and associated components from the South African market.

In this regard, commitment by all gambling industry role players, from national and provincial regulators to the gambling operators across all legal modes, is critical

towards enabling the gambling industry to play a role in achieving government's agenda to boost economic growth and enable deeper levels of economic inclusion and transformation.

The NGB's five-year Strategic Plan (2022-2027) 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**

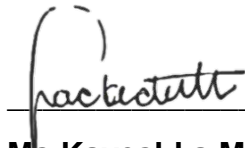
## OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the management of the National Gambling Board under the guidance of the Executive Authority
- Takes into account all the relevant policies, legislation and other mandates for which the NGB adheres to.
- Accurately reflects the Impacts, Outcomes and Outputs, which the NGB will endeavour to achieve over the period 2022 – 2027.



**Ms Yandisa Ngesi**  
**Acting Chief Compliance Officer**

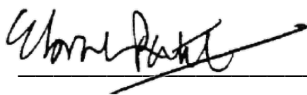


**Ms Kaveshka Mackerduth**  
**Chief Financial Officer**



**Ms. Caroline Kongwa**  
**Accounting Authority**

**Approved by:**



**Mr Ebrahim Patel**  
**Minister of Trade, Industry and Competition**

## PART A: THE NATIONAL GAMBLING BOARD MANDATE






### 1. CONSTITUTIONAL MANDATE

The Constitution of the Republic of South Africa, 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.

In the Republic, the government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated. All spheres of government must observe and adhere to the principles of co-operative government and intergovernmental relations and must conduct their activities within the said principles.

### 2. LEGISLATIVE AND POLICY MANDATES

The NGB is established in terms of the NGA. The NGB is 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, 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
  - 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 and 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 legislator prescribed registers
-  Investigate alleged unlawful winnings that emanate from unlawful gambling activities. If such winnings are found to be unlawful,

an application to the High Court for an order to declare the winnings forfeited to the State is made. Where winnings are deemed to be derived from legal gambling activities, funds are returned to the punter.

- ✚ Advising and providing recommendations to the NGPC on, amongst others, matters of national policy and legislative changes relating to gambling regulation.

### Other mandates

The implementation of the NGB's mandate is also indirectly governed by the following legislation:

- ✚ Constitution of the Republic of South Africa, 1996
- ✚ Broad-Based Black Economic Empowerment Act (B-BBEE), 2003 (Act 53 of 2003)
- ✚ The Financial Intelligence Centre Act (FICA), 2001 (Act 38 of 2001)
- ✚ Cyber Crimes Act, 2020 (Act 19 of 2020)
- ✚ Protection of Personal Information Act, 2013 (Act 4 of 2013)
- ✚ Intergovernmental Relations Framework Act (IGRFA), 2005 (Act 13 of 2005)
- ✚ Competition Act, 1998 (Act 89 of 1998)
- ✚ Prevention of Organised Crime Act, 1998 (Act 121 of 1998)
- ✚ Public Finance Management Act (PFMA), 1999 (Act 1 of 1999)
- ✚ Criminal Procedure Act, 1977 (Act 51 of 1977)
- ✚ Films and Publications Act, 1996 (Act 65 of 1996)

- ✚ South African Police Service Act, 1995 (Act 68 of 1995)
- ✚ Standards Act, 2008 (Act 8 of 2008)
- ✚ Legal Metrology Act, 2014 (Act 9 of 2014)
- ✚ National Regulator for Compulsory Specifications Act, 2008 (Act 5 of 2008)
- ✚ Consumer Protection Act (CPA), 2008 (Act 68 of 2008)

### Policy mandates

The NGA is premised on the National Gambling Policy, 2016 which informs the key performance outcomes of the NGB. These outcomes manifest through advice and recommendations to the NGPC on, amongst others, matters of national policy and legislative changes relating to gambling.

## 3. INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD

There are various Government policies and plans which continue to inform the NGB's strategic direction and implementation of its mandate in order to achieve its intended outcomes. The NGB has aligned its strategy with the following:

- ✚ The National Development Plan (NDP), 2030
- ✚ The Medium-Term Strategic Framework 2019-2024
- ✚ The National Gambling Policy, 2016
- ✚ The South African Economic Reconstruction and Recovery Plan, 2020

**Table 1**


NDP	Reimagined Industrial Policy	Government's MTSP Priorities	Government outcome	NGB Outcomes	Comment
Decent jobs and sustainable livelihoods	Interventions to ease the cost of doing business	Priority 2 Economic transformation and job creation	More decent jobs created and sustained with youth, women, and persons with disabilities prioritised	Economic transformation and increased participation of HDIs in the mainstream gambling industry	Achieved by ensuring HDI participation in the gambling industry
Inclusive social and economic development			Investing for accelerated inclusive growth	Uniformity of legislation in the gambling industry	This outcome will be achieved by creating an enabling environment in which investments can be accelerated and the ease of doing business is enhanced.
				Economic transformation and increased participation of HDIs in the mainstream gambling industry	
Expanding opportunities			Industrialisation, localisation and exports	Economic transformation and increased participation of HDIs in the mainstream gambling industry	
Sustainable investment and growth	Macro-economic reform and increased competition	Priority 7 A better Africa and world	Increased foreign direct investment and increased exports contributed in economic growth	Account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons	This outcome allows for the ability to accurately capture FDI flows as most of the manufacturing of gambling machines and devices is currently undertaken outside the domestic economy
				Effectively monitored socio economic patterns of gambling activity within the Republic	
Capable developmental state			Increased and diversified exports resulted / contributed to an export-oriented economy	Economic transformation and increased participation of HDIs in the mainstream gambling industry	Imposition of local content requirements will create gambling export markets
			Increased intra-Africa trade	Economic transformation and increased participation of HDIs in the mainstream gambling industry	The NGB will encourage investment in local manufacturing of gambling machines and devices which will help grow the local industry and position SA as a gateway to other African markets.

#### **4. RELEVANT COURT RULINGS**

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



## PART B: THE NGB STRATEGIC FOCUS



### VISION

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



### MISSION

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



### VALUES

Professionalism; Moral integrity; Transparency; Commitment and consistency; Effective implementation of resolutions; Responsive communication; Teamwork; Respect and tolerance.

## 5. SITUATIONAL ANALYSIS

The task of the NGB in regulating the industry remains complex with a changing gambling landscape. The financial year FY2020/21 saw the gambling industry in South Africa come to its knees following the outbreak of a global pandemic that led to a complete halt of the industry in the first quarter as well as subsequent re-opening of the gambling facilities at reduced capacity due to extensive COVID-19 health and safety guidelines adopted by the industry and adverse impact on revenue generation. The effects of the COVID-19 pandemic were clearly visible in the first quarter of FY2020/21, when the land-based industry was completely shut down for the first time in the history of its regulation which resulted in the negative performance of the industry during this period. Gambling revenues were down more than 50% owing to a nationwide lockdown being instituted.

FY2020/21 as a whole saw the gambling industry lose more than R10 billion in gambling revenue generating R23.3 billion in comparison to the previous year, with casino GGR declining the most by 50% from FY2019/20 owing to the effects of the COVID-19 pandemic. The share of casino revenue in total revenue declined below the 50% mark in terms of market share for the first time in ten (10) years. This was because the growth rate in casino operational positions was negative for three (3) consecutive years, the largest drop being in FY2020/21 due to COVID-19.

The COVID-19 pandemic, particularly took betting in South Africa to ground breaking levels due mainly to its continued accessibility even during the lockdown.

The betting sector overtook the casino market and became the biggest market share holder in terms of GGR.

Just three (3) years ago, gambling revenue was primarily drawn from the casino sector a land-based sector which generated 61% of total gambling revenue, as online gambling is prohibited in South Africa.

The effects of the COVID-19 lockdown however propelled changes to the gambling landscape as seen in the shift in market share towards the betting industry, an industry cutting across both the land-based fraternity and online. Betting revenue instantly made up 99% of revenue once the land-based landscape was completely shutdown as punters turned to betting as the only form of gambling available and accessible online. As at the end of the 2020/21 financial year it accounted for 45% of gambling revenue.

However, as the FY2021/22 commenced, the period depicted signs of recovery in some modes of gambling in the third wave of the pandemic and under eased lockdown. Money wagered in the betting industry in Q1 (R38.5 billion) was about double the amount wagered in the same period last year and even surpassed money wagered in Q1 FY2019/20 (R19.6 billion), before the COVID-19 pandemic existed. Betting GGR increased to R12.0 billion, more than seven-fold from the last financial year levels as well as pre-COVID-19 levels of R1.8 billion. In fact, Q1 alone of FY2021/22 managed to amass more betting GGR than that generated in the entire FY2020/21. Betting GGR in Q1 FY2021/22 was a record 71.8% of total

GGR with the Gauteng province generating the most betting GGR. GGR from casinos likewise increased in Q1 of the new financial year (R3.5 billion) compared with Q1 of the previous year but the revenues were still less than the pre-COVID-19 level of FY2019/20 Q1 (R4.6 billion).

The NGB will continuously monitor gambling sector performance despite the pandemic and national lockdown with the intention of keeping abreast of developments in the gambling industry in relation to the effects of the COVID-19 pandemic.

Regulators therefore have a great task of regulating gambling in this changing environment as well as making tough decisions concerning the combatting of online gambling. Informing the general public about the addictive potential of gambling is paramount, but more targeted awareness campaigns should be undertaken given each province's unique gambling landscape. These responsible gambling measures need to be undertaken by multiple stakeholders including gambling operators.

The gambling environment is continuously changing due to new technology with a host of new products coming into the market. This presents a challenge for a gambling regulator, as the NGB, and requires the regulator to be innovative and agile in achieving its objectives. To support improved industrial performance, dynamism and competitiveness of local companies, the NGB currently monitors the LPM sector through a technologically driven National Central Electronic Monitoring System (NCEMS) ensuring that

gambling revenues are accurately captured and allocated to the relevant stakeholders.

From a political perspective, the NGB has been involved in continuous deliberations on the National Gambling Amendment Bill, 2018. The purpose of the bill is to provide for the reconfiguration of the NGB to become the National Gambling Regulator (NGR) led by a Chief Executive Officer (CEO) without a board structure; the automatic forfeiture of unlawful winnings to the NGR; the extension of the NCEMS to other modes of gambling; and the enhancement of the powers of the national inspectorate to curb illegal gambling activities; amongst others.

The economic imperative to promote economic inclusion continues to be an opportunity for the NGB to contribute to the economic emancipation of Historically Disadvantaged Individuals by facilitating their participation in the mainstream gambling industry. As such, the NGB researches key gambling issues to inform the legislative and policy environment.

Economic and social challenges are key focus areas to be addressed by the NGB and the gambling industry. The current regulations attempt to address the economic challenges; however, work still needs to be done to ensure the proper application of these regulations.

Enhanced regulation from an enforcement perspective is required to enable mass monitoring of online traffic to identify gambling-related activities and gambling by minors, as well as prohibiting the offering of illegal online gambling services to the South African public. Improved

provisions in the legislation will enable enforcement officers to gather and consolidate intelligence about illegal gambling and to eventually blacklist illegal operators.

As part of its efforts, the NGB considers a need to strengthen relations with the PLAs and all stakeholders including the law enforcement agencies. Through collaborative efforts, appropriate dispute resolution mechanisms and the identification of illegal operators, an action plan to curb illegal gambling and focused awareness programmes can be designed to avoid inter-governmental disputes, overwhelming illegality in the gambling industry and promotion of responsible gambling respectively. The development of national enforcement strategies by multi-disciplinary law enforcement agencies and continuous collaboration is key to ensuring that detected illegal gambling activities receive the necessary attention.

The NGB will increase its efforts to provide education in terms of the risks and the socio-economic impact of gambling and to educate the public in the reporting of illegal gambling activities. The NGB will also increase its efforts to assist in the prosecution of operators who are found to be offering illegal gambling activities and the forfeiture of unlawful winnings to the State. It is a priority that there is the successful prosecution of illegal operators and that the public is informed about the consequences of participation in illegal gambling activities.

## **5.1 External Environmental Analysis**

The NGB regularly scans the gambling environment 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) Economic analysis of gambling in RSA
- d) Foster harmonisation and uniformity in the gambling industry
- e) Gaming control and regulation
- f) Position the NGB as a pre-eminent national regulator
- g) National repository for gambling-related information
- h) Engaging in opportunities which create platforms for the benefit of the country with reference to gambling law enforcement
- i) Enhance national enforcement capabilities to lead detection and combatting of illegal gambling in South Africa
- j) Leveraging from the mandates of other law enforcement agencies to advance gambling law enforcement
- k) Create an enabling environment that fosters foreign direct investment in this industry
- l) 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
- m) Facilitate and monitor transformation of the industry in line with the B-BBEE Act and Codes of Good Practice
- n) Informing and educating the public and stakeholders about the socio-economic impact and risks of gambling



- o) Increased monitoring capacity of the NGB by extending NCEMS to all legal modes of gambling
- p) Conceptualisation on the best approaches to regulation of betting
- q) Regulate technologically advanced forms of gambling
- r) Promulgation of regulations for excluded persons
- s) Provision of alternative dispute resolution mechanisms to punters
- t) Increase of revenue base towards becoming a self-sustaining entity
- u) Conduct research on the socio-economic patterns and consequences of gambling
- v) Conceptualisation of cost-effective resolution of unlawful winnings
- w) Legislative reforms to effectively regulate gambling

The NGB has developed a strategy that is outcome-focused, considering gambling regulation expertise, leadership and regulatory certainty. The NGB has created a 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.

Bilateral and multilateral agreements to permit enforcement across the South African borders would require regulators to work together to strengthen the capacity to prohibit and combat illegal gambling.

The successful prosecution of illegal operators is vital and the public should be informed of the consequences of

participation in illegal gambling activities. The aim is to provide education in terms of the risks and socio-economic impact of gambling. In addition, the public should be educated on their role in assisting the NGB in the identification and reporting of illegal gambling activities.

The legal industry is affected by the mushrooming of illegal gambling which creates direct unregulated competition and this scenario is of huge concern to regulators. For example, illegal gambling operators offer illegal online gambling to South Africans in such a way that the participation is perceived as legal. They provide step by step instructions to deposit money in Rand currency and advertise their business by referring to South Africans who won huge amounts of money thus encouraging (potential) gamblers to participate. In some instances, they publish the NGB logo and that of the South African Responsible Gambling Foundation, which gives a false impression that unregulated online gambling is legal in South Africa.

In the event illegal gambling operators are not pursued they are able to use their gambling offerings to mislead the public, and where there is a lack of knowledge regarding licensed and unlicensed forms of gambling by a punter the resultant effect would be participation in illegal gambling.

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. Gambling-related crimes are not regarded as a high priority offence by South African law enforcement agencies, thus creating a challenge to

manage the problem. Increased collaboration with the South African Justice System and joint monitoring and implementation of the national enforcement strategies by multi-disciplinary law enforcement agencies is key to ensuring that detected illegal gambling activities are alleviated.

South African financial institutions are frequently utilised as mediums of exchange between an online gambler and illegal online operators. Although banks play a huge role in detecting unlawful winnings, the scope of financial transactions that they deal with is extensive, hence, it becomes a challenge for banks to report financial transactions that specifically relate to illegal gambling winnings, which emanate from illegal gambling.

## **5.2 Internal Environment Analysis**

The NGB, as the implementing agent of **the dtic**, is dependent on a financial grant from **the dtic**. However, the NGB raises additional revenue to deliver on all key performance areas as per the NGB's mandate.

The NGB has distinguished itself, based on effective systems, processes, resources and organisational culture, as an efficient, effective and well-recognised gambling regulator that maximises its potential for the benefit of stakeholders, staff and management. The following strategic human capital pillars have been identified for the next five (5) years in order to ensure that human capital issues are effectively addressed:

- a) Create a high-performance organisational culture, recognising teamwork and spirit
- b) Create a learning and development organisational culture
- c) Strategic talent acquisition and retention for organisational effectiveness
- d) An overhaul of the organisational reward strategy
- e) An integrated information management system
- f) Legislative compliance and diversity

The NGB is required to comply with the prescripts of the B-BBEE Act, 2003. As such, an assessment was conducted by a B-BBEE verification agency against the requirements contained in the B-BBEE generic scorecard applicable to government enterprises. The NGB was rated with a B-BBEE compliance Level 8 status i.e. a non-compliant entity. Notwithstanding this, the NGB will continue to implement measures to improve its compliance level and adhere to the letter and spirit of the B-BBEE Act, 2003.

ICT systems and processes are in place within the NGB. The ICT infrastructure is adequate and is positioned to enable the organisation to perform its functions effectively and efficiently thus ensuring that the NGB is able to deliver on its mandate.

### **Description of NGB strategic planning process**

The NGB is committed to an ongoing, inclusive process of strategy development, 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 considered the NDP as the overarching program that guides Government priorities of the current administration as well as the current MTSF 2019-2024. This is depicted in Table 1 which reflects the alignment of the NGB objectives, MTSF 2019-2024 and the objectives and vision of the NDP. Secondly, the priorities of **the dtic** were taken into account, to ensure that there is alignment between the NGB objectives and **the dtic** priority areas. In thus implementing its Strategic Plan, the NGB will work towards fulfilling the industry policy objectives as directed by the Minister of Trade, Industry and Competition.

A situational analysis was conducted to identify and evaluate the existing internal and external elements or environment that may impact on the NGB's ability to achieve its strategic objectives. This was performed through the use of a SWOT, PESTEL and TOWS analysis. The TOWS analysis was ultimately utilised to derive the NGB's outcomes.

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 programs of the NGB are underpinned by a budget that is based on the ability of the NGB to receive grant funding from **the dtic**, as well as the entity being in a position to generate its own revenue over the outer

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.

### **Political**

The strategic plan for FY2022-27 aligns with the vision of the administration that came into effect in 2019. The regulation of the gambling industry is influenced by policy, and new policy changes, such as possibly legalising online gambling, or a review of the concurrent legislative competency model, would logically impact how gambling is regulated in the country.

The National Gambling Policy, 2016 necessitated the amendment of the NGA. The National Gambling Amendment Bill of 2018, if passed, will provide an opportunity to bring about necessary amendments to the NGA, to address existing challenges and to introduce new approaches to enforcement against illegal gambling and better regulation of legal gambling.

Urgent attention should be given to the prescription of certain dates in terms of transitional provisions contained in the Schedule to the National Gambling Act, 2004, matters of excluded persons and national registers, re-certification of gambling machines and devices, the remittance of unlawful winnings to the NGB in terms of section 16 and Form NGB2.

Certainty is required to urgently and expeditiously deal with disputes between the NGB and PLAs regarding interpretation and implementation of the NGA; implementation of the B-BBEE Act, 2003; and alignment of laws to give effect to the

underlying spirit of co-operative governance. The existing challenges that hinder the effectiveness of the National Gambling Policy Council (NGPC) continue to impede the NGB achieving its mandate.

## **Economic**

The introduction and legalisation of gambling in terms of the NGA ensures that revenue is generated for the country in a manner that fulfils the objects of the NGA. The economic contribution that the industry makes to the economy creates an enabling environment that will further facilitate job creation. Indeed, one of the economic benefits derived from the gambling industry in South Africa is its ability to generate revenue for the government, which supports the administration of fiscal policy in the form of government expenditure towards economic development, infrastructure improvement, building schools, and enhanced service delivery amongst others. Pre-COVID-19 era, the gambling industry has enjoyed year-on-year growth in GGR, which was a positive contribution to GDP. Gambling revenues reached R32 billion in FY2019/20. Taxes and levies derived from the industry amounted to R3.2 billion growing from previous financial years, displaying the need for continued and effective regulation of the industry and dialogue between stakeholders to lead to an economically sustainable gambling industry.

However, slow economic growth and recession due to the impact of the COVID-19 pandemic saw a reduction in gambling revenue to R23.3 billion and tax collection to R2.0 billion, which in turn, eroded revenue generation for government, and resulted in retrenchments in the industry.

Domestically, a high unemployment rate is a contributing factor to people choosing to gamble, especially through illegal gambling offerings. Such punters are driven by the desire to achieve economic freedom as a result of economic desperation. At the same time, other punters may well be aware of the legislation governing legal modes, but continue to participate in illegal modes of gambling, commonly unregulated online gambling, regardless of possessing the knowledge that it is illegal. In most cases, such punters are found to be the more affluent group driven to participate in illegal gambling mainly for entertainment and leisure purposes. Generally, a steady increase in disposable household income could increase the propensity to gamble as discretionary income increases. This practice is usually high during the festive season.

From an industry perspective, the NGB has also been observing slow industry transformation regarding B-BBEE. While licensed operators may be B-BBEE compliant due to such compliance being part of licence application requirements, there is a distinction to be made between black empowerment through control, and black empowerment through equity. Transformation in the form of equity transfer remains a challenge. The gambling industry is also encouraged to provide opportunities to new entrants, particularly the historically disadvantaged individuals, women and youth.

The gambling industry has also been transforming through a growing trend of mergers between operators, and this space needs to be monitored. On the one hand, mergers may be positive to the industry as the combining of skills,

resources and access can create new opportunities and provide longer-term stability. On the other hand, mergers between large role players can create monopolies that would stifle existing smaller competitors and create barriers to entry for prospective entrants that may be the very target of the transformation efforts of the government. However, there is regulatory uncertainty whether such mergers are anti-competitive or not, as no determination regarding this issue has been made. The NGB is of the view that this should be explored and resolved.

## **Social**

The NGB is required to coordinate and ensure that society is protected against the over-stimulation of the latent need for gambling. This implies that as part of its strategic plan, the NGB should monitor the likely impact and negative effects of gambling on the community to ensure that there is increased awareness and education.

Persistent poverty and inequality contribute to gambling being perceived as an income-generating activity as opposed to a recreational activity, leading to more punters becoming involved in illegal gambling. Compulsive and addictive gambling is a huge social problem, as it affects not only the individual that is addicted, but also their families and society at large.

One social factor that can affect the gambling industry is the risk of a public health pandemic on citizens (potential punters and employees of gambling establishments) as well as gambling businesses following the nationwide

lockdowns and shutdowns of the industry for long periods, which may also result in punters seeking to partake in unregulated gambling activities. In addition, social distancing measures and curfews to mitigate the spread of such pandemics have the risk of decreasing the number of patrons in a gambling establishment and consequently affecting revenue generation going forward.

Another factor that can lead to over-stimulation is the accessibility of gambling through mobile devices, and in particular, to young people that favour the use of technology rather than traditional methods of gambling. As more young people gain access and are likely to use technology in various ways in their lives, it is important for the NGB to be vigilant of the growing population of a technologically literate generation and to identify strategies that will guide and assist this group with the awareness of the dangers of gambling.

Research has identified that the profile of the punter is changing – younger people (18-35 years) are engaging in gambling due to the evolution of gambling offerings. The use of mobile devices may further allow players to bet on the outcome of various contingencies simultaneously from the convenience of their location and may be encouraging new types of players and new styles of play. For example, the developers of games have identified that millennials find games of chance unappealing, and prefer games that incorporate the element of skill, and have adapted their offerings to target this market segment.

Advertising of gambling is also a factor, as it is not illegal to advertise, and licensed

operators also sponsor events and TV shows, which are aimed at having a wider reach into society to draw more punters to their offerings. This is also supported by the influence of social media platforms.

The NGB will continue to monitor the negative effects of gambling and has planned to increase its efforts to raise public awareness and provide targeted education interventions. This will include the use of technology such as social media to counter the risks of ignorance and misinformation and advocate responsible gambling.

### **Technology**

Technology has always played a role in the development of gambling practices and continues to provide new market opportunities and simultaneously challenges for regulators. Specifically, technological advancement has a bearing on social interaction and communication (social networking), where new technologies skirt the gambling regulatory aspects.

The fourth industrial revolution (known as 4IR) is already upon us, and the regulatory environment is impacted by rapidly changing technology. New products and offerings are continuously developed through technology. We are already in a world of artificial intelligence, virtual reality and “the Internet of Things” (IoT), and the rate of change in itself is increasing. Faster internet connectivity (5G) will make NGB systems such as NCMS and the national registers more easily accessible, accelerate the collection of data and improve the efficiency of business processes. The result will be that through technology, the NGB will be able to fulfil its

mandate more efficiently. This also creates opportunities for new research to be conducted.

However, new ways of offering and accessing gambling as a result of technological advancement affect both regulation and enforcement. It opens the door to increased illegal gambling such as online gambling by minors due to access on mobile devices and gamblification. The use of mobile devices to partake in gambling will be a growing challenge to gambling regulators. The ease of access to gambling products as a result of mobile devices can potentially lead to over-stimulation and problem gambling.

At the same time, the constant arrival of inventions and innovation, such as virtual sports and Electronic Bingo Terminals (EBTs) place a strain on the effectiveness of existing regulations, which may be deficient as such technology did not exist at the time that such regulations were developed.

As gambling becomes diverse and embraces new technologies, it raises the question of whether the existing regulatory framework is agile and able to withstand the disruption that technology presents. The NGB has to consider whether it is necessary to develop a legal framework to regulate gambling products and services as opposed to the existing legal framework remaining technologically neutral.

Although technological advancements enable more gambling services to be offered online, the South African regulatory model favours the destination approach, as this requires some effort to gain entry to licensed gambling premises. These brick-

and-mortar establishments are now under threat as a result of the impact of technology, and this has had an impact on their profitability.

The NGB will continue to monitor the impact of technology through conducting research to build a knowledge base for advice to its stakeholders.

## Environment

The imposition of smoking bans through the enactment of legislation is expected to further erode the profits of such operators, as they have to either invest in costly infrastructure development to be able to cater for both smoking and non-smoking areas or accept the risk of patrons that want to smoke abandoning them and thus forfeiting revenue. The NGB will monitor this risk through its oversight of compliance by operators.

The global issue of climate change continues to have a bearing on the global economy as well as the gambling industry. This is because the industry attracts tourists from all over the world who may be deterred from visiting the country by changes in climate conditions. From an operational point, the industry is a high user of electricity due to its nature of operations which usually constitutes a huge display of lavish bright lights, water sprays and air conditioning as well as servers that operate for 24 hours a day- all of which consume a lot of electricity. The NGB therefore will closely monitor opportunities to move towards a greener gambling industry through the use of renewable energy.

## Legal

The law regarding the legalised modes of gambling is clear. However, the application of the NGA has identified various challenges. There is also a need to address the misalignment between the application of national and provincial legislation. Currently, there is an expectation that all provincial legislation is drafted to ensure alignment with the NGA. However, it is within the nature of legislation that while there may be agreement on what law states, there can often be disagreement on how to interpret what the law says. As a result, this can lead to inconsistency in the application of gambling laws, in the absence of clear norms and standards to ensure uniformity in approach from province to province.

Intervention from the NGPC will be required to resolve such matters.

### 5.2.1 SWOT analysis

#### Strengths

The NGB is empowered by the NGA to carry out its mandate. The NGA is the national legislation governing the regulation of the gambling industry, and it dictates how licensing is to be conducted by provinces. Provincial legislation thus exists only to support the NGA, but cannot conflict with it. This authority to evaluate the issuance of national licences and compliance monitoring of licensees by PLAs, by conducting oversight over PLAs for compliance with the NGA and provincial legislation is a key strength of the NGB.

The NGB has the authority and ability to monitor Gambling Sector Performance and



analyse trends in market share and market conduct and access international gambling information. This information is vital for the government to be constantly aware of the status of the industry, and to be able to make informed projections for future planning of governmental priorities. It is also critical for the assessment of the state and progress of transformation in the industry.

Gambling is a legal activity in South Africa. To ensure that the public is made aware of the risks and socio-economic impact of gambling, as well as what is legal and what is not, the NGB can conduct informed broad-based public education and awareness campaigns, both on its own and in collaboration with external stakeholders. The NGB can maximise its success through relationships with key stakeholders, and in various instances, the NGB has entered into Memoranda of Understanding, which enable the NGB to collaborate with other entities on matters of common interest.

The NGB is the only entity in the country that has a legal mandate to establish and maintain National Registers, including the NCEMS, which is a revenue generator.

### **Weaknesses**

Despite the existence of empowering legislation, the NGA has limitations that hinder the conducting of enforcement activities.

The NGB has also identified that while it does provide broad-based public education and awareness campaigns, these do not reach a sufficient percentage of the intended target market, and the

consequence of this is that the mandate of the NGB is not communicated effectively to the public.

### **Opportunities**

The NGB has also identified various opportunities. If the NGB can develop, implement and enforce national gambling industry norms and standards, this would bring about much-needed uniformity in the application of applicable legislative prescripts and would ensure the implementation of industry-related best practice.

Repositioning of the NGB and a substantive review of the NGA would enable the conceptualisation of better approaches to the regulation of new modes of gambling and more cost-effective resolution of unlawful winnings. This also provides an opportunity for the establishment of an ad-hoc National Gambling Tribunal to speedily resolve complaints that may arise between the punters and gambling operators.

The NGB is also able to leverage the legislative authority of other regulators and collaborate on matters of common interest to maximise achievement of the objectives of the NGB.

The NGB has the opportunity to address the needs of every involved stakeholder in the gambling industry efficiently and effectively through a broad-based national programme on the risks and socio-economic impact of gambling.

There is also the opportunity for the NGB to embrace rapid changes in technology to better regulate technologically advanced



forms of gambling. Technology can also be used by the NGB through the extension of NCEMS to all legal modes of gambling, thereby increasing its monitoring capability, improved regulation and government accountability for taxes and levies collected.

### **Threats**

There is a lack of uniformity in the implementation of the NGA by PLAs due to concurrent legislative competence, which brings about anomalies.

Due to delays in amending the national regulatory framework, lacunae in the law are being exploited due to regulatory uncertainty, i.e. betting on the outcomes of lotteries.

Combating illegal gambling is also a challenge for the NGB due to the mushrooming of illegal gambling activities across the country. A further challenge is the lack of prosecution of illegal gambling operators due to illegal gambling not having been viewed as a high priority crime by law enforcement agencies.

Climate change poses a threat to the sustainability of the global economy and the gambling industry itself due to the industry's high-energy consumption.

#### **5.2.2 TOWS analysis**

The NGB can combine its strengths with its opportunities in various ways. Through its relationships with PLAs, it seeks to implement compliance measures for PLAs to achieve effective regulation.

In execution of its mandate, the NGB will leverage off the legislative authority of

stakeholders through collaborative initiatives to embark on broad-based public education and awareness campaigns in provinces. Ability to conduct informed broad-based public education and awareness campaigns through various modes of engagement will enable the NGB to address the needs of every involved stakeholder in the gambling industry efficiently and effectively through a broad-based national programme on the risks and socio-economic impact of gambling

The NGB will also undertake broad-based education and awareness initiatives to ensure the dissemination of research information to the public on local and international platforms. The NGB will research key gambling issues and priorities to inform policy development as well as to assist the NGB with fulfilling its mandate.

The NGB plans to improve its monitoring capability by extending NCEMS to other modes of gambling.

The NGB plans to advise the NGPC about developments in the gambling industry which may inform legislative and policy development. The NGB will monitor Gambling Sector Performance and undertake national and international benchmarks with other jurisdictions to inform the future landscape of the gambling industry in South Africa.

The NGB has identified the improvement of data collection regarding the national registers, by including data import functionality on the registers.

Finally, the NGB will use its mandate to influence the reduction of barriers to transformation in the gambling industry by

pursuing an industry transformation agenda.

## PART C: MEASURING THE NGB PERFORMANCE

### 6. INSTITUTIONAL PERFORMANCE INFORMATION

*“A regulated gambling industry that balances economic gains and punter protection”*

#### Alignment to the dtic strategic plan

The Strategic Plan for the NGB covers the period 2022 – 2027, as well as the APP for FY2022 – 2025. To implement these plans, the NGB developed an impact statement which is aligned to **the dtic** strategic plan for FY2022 – 2027 and would be measured through various outcomes. These outcomes are aligned to the 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 an MTSF cycle.

The Consumer and Corporate Regulation Branch (CCRB) is the division of **the dtic** that develops the policy and legislative direction for the NGB mandate.

CCRB has as its impact statement: *“improved regulatory environment that promotes competitive, fair and efficient markets as well as providing access to redress for economic citizens”*.

The NGB has aligned its strategy through the following impact statement for FY2022–2027:

This impact will be made through functional programmes within the NGB.

The Gaming Control and Compliance Division’s (GCCD) strategic priority is gaming control, compliance and enforcement, and it will have the impact of a compliant and transformed gambling industry where there is strengthened regulatory oversight over gambling activities and the gambling industry, functional national registers are maintained and strengthen enforcement over prohibited gambling and restricted activities . Further, the GCCD’s strategic priority is to enhance compliance with the NGA, and it will have the impact of ensuring that PLAs and their licences are evaluated in line with sections 33 and 34, read with section 66, of the NGA.

The Corporate Services and Research Division’s (CRSD) strategic priority is to conduct research on socio-economic impact of gambling and enhance stakeholder engagement and corporate services. It will have the impact of ensuring an educated, aware and responsible gambler on the risks associated with gambling as well as the socio-economic impact thereof as a result of effective broad-based education interventions and public awareness initiatives.

The division also provides support services to the NGB and will have the impact of enhanced operational efficiency and excellence through the infusion of technology and other means.

Lastly, the Finance and Procurement Division's (FPD) strategic priority is to optimise financial and supply chain management, and its impact will be efficient and effective financial and procurement systems and processes that enable the organisation to comply with the PFMA, and relevant legislation and function optimally.

## Measuring the Impact

Impact Statement	A regulated gambling industry that balances economic gains and punter protection
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## Measuring Outcomes

#	Outcome	Outcome Indicator	Baseline	Five-year target
1	Account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons	Percentage variance of up-time on the systems	There was a zero % variance on the uptime on the systems in FY2019/2020 and FY2020/2021	Within 5% variance of uptime on the systems
2	Economic transformation and increased participation of Historically Disadvantaged Individuals in the mainstream gambling industry	Development of an Industry wide transformation agenda Monitored PLA's on the increase in number of Historically Disadvantaged Individuals licenced in the gambling industry	A draft industry-wide transformation agenda was developed in FY2020/2021	Development of an industry-wide transformation framework
3	Effectively monitored PLA compliance with gambling legislation	Number of oversight evaluations conducted for PLAs compliance with gambling legislation	New	Twenty-seven (27) compliance oversight evaluations conducted for PLAs compliance with gambling legislation
4	Facilitated S16 confiscation of proceeds from illegal gambling activities	Reduction in the balance of proceeds from illegal gambling activities	New	100% reduction in the balance of proceeds from illegal gambling activities
5	Effectively monitored socio-economic patterns of gambling activity within the Republic	Publish and disseminate national integrated data and trend analysis to the gambling industry and regulators	Two (2) annual publications on national integrated data and trend analysis on the gambling industry in FY2019/2020 and FY2020/2021	Five (5) annual publications
6	Uniformity of legislation in the gambling industry	Authoritative advice on policy, statutory matters and legislation is provided to <b>the dtic</b>	Three (3) S65 advisory reports were submitted to <b>the dtic</b> on: <ul style="list-style-type: none"> <li>• Norms and Standards – 2019/2020</li> <li>• Future regulation of the gambling industry – 2020/2021</li> <li>• The economic recovery and reconstruction plan for the gambling industry – 2020/2021</li> </ul>	Five (5) Advisory reports presented to <b>the dtic</b>
7	Broad-based public education	Percentage implementation of the broad-based public education programme	44% implementation of the broad-based public education programme	100% implementation of the broad-based public education programme

### Explanation of Planned Performance over the Five (5) Year Planning Period

The contribution of outcomes towards the achievement of the NDP Five-Year

Implementation Plan, the Monitoring Framework for the NDP Five Year Implementation Plan, the mandate of the institution and priorities of women, children and people with disabilities, provincial priorities (where applicable).

The planned performance of the NGB over the five (5) year planning period intends to contribute towards the NDP Five-Year Implementation Plan, the Monitoring Framework for the NDP Five Year Implementation Plan, the mandate of the institution and priorities of women, children and people with disabilities, provincial priorities by leveraging our strategic internal factors to address external strategic factors. Through access to national gambling information as well as the authority to monitor gambling sector performance for market share and market conduct, the NGB intends to contribute towards identifying competition and market structure issues for consideration in the drafting of new legislation, policies and regulations. Enhanced competition can be a catalyst for inclusive growth and economic transformation by encouraging participation and entry of SMMEs in the gambling industry. Research that is planned, intends to address key gambling socio-economic issues to protect punters against the overstimulation of the latent need to gamble and inform the gambling legislative and policy environment. Competition and market structure issues in the gambling industry are also important considerations in socio-economic assessments when reviewing existing or drafting new legislation and policy.

The NGB's capability to maintain National Registers allows for the promulgation of regulations for excluded persons. The NGB also can effectively monitor the LPM industry in real-time and further has the opportunity of increasing monitoring capacity of all legal modes of gambling through extending the NCMS thereby

improving competitiveness through the use of ICT.

Through targeted public education and awareness interventions and programmes, the broader spectrum of society, which includes women, children and people with disabilities, would be reached. These interventions and programmes will contribute to the reduction of poverty through responsible gambling whereby punters will gamble for entertainment as opposed to seeing gambling as a form of income generation. Targeted interventions and programmes will empower punters to gamble responsibly and make informed financial decisions regarding gambling.

Uniformity of legislation in the gambling industry is channelled to harmonising norms and standards within the industry to create an enabling environment in which investment in the industry can be accelerated and the ease of business be improved.

The current structure of the gambling industry is not reflective of an industry that is representative of the government transformation agenda. Changing the structure of the industry would result in it being more inclusive, sustainable, achieving appropriate sectoral balance with opportunities for all, integrated value-chains and fewer barriers to entry. To promote economic transformation and job creation as one of the government's growth reforms, a fundamental building block for sustainable long-run growth as outlined by the National Treasury in its Economic Transformation, Inclusive Growth and Competitiveness Paper is lowering barriers to entry and addressing distorted patterns

of ownership through increased competition and SMME growth.

The NGB has developed a draft transformation agenda as an intervention for lowering barriers to entry for HDIs in the mainstream gambling industry. This can be facilitated through a review of the gambling licensing regime to ensure that more HDIs can be granted licences to operate and the cost of compliance by smaller businesses is reduced. The transformation imperatives are addressed through the economic benefit derived from the gambling industry such as employment, infrastructure development, and enhancement of service delivery through government revenue collection.

Fair, equitable, transparent, cost-effective and competitive supply chain management processes create opportunities for previously disadvantaged people to participate in the economy of the country will be implemented. The NGB will continue to engage the services of B-BBEE compliant businesses in South Africa to advance the development of black-owned small businesses.

To this end, the NGB will contract with small businesses to further enterprise and supplier development initiatives. The NGB strives to adhere to the letter and spirit of the government's procurement policy with the ultimate goal of strengthened governance and compliance to address the imbalances of the past. Consequently, the NGB has set out to do business with companies that are at least 51% black-owned.

Efficient financial controls translate to savings within the organisation, enabling

the NGB to contribute towards the national revenue fund.

### **The rationale for the choice of the outcome indicators relevant to the respective outcomes**

The rationale for the choice of the outcome indicators is in line with addressing ministerial priorities, to support improved industrial performance, dynamism and competitiveness of local companies and promote economic inclusion. The NGB seeks to achieve a functioning NCEMS that efficiently and effectively regulates the number of limited pay-out machines and devices registered; up to date knowledge on new and updated gaming technology as well as reporting on the number of compliant gambling machines and devices and excluded persons registered.

It will also be essential to ensure that national integrated data and information, as well as thought leadership papers, are developed, published and disseminated to the industry and regulators to effectively monitor socio-economic patterns of gambling activity within the republic to create a capable state that bases its policy decisions on evidence-based research.

Through the harmonisation and uniformity of norms and standards and legislation in the gambling industry, the NGB intends to improve the levels of fixed investment in the economy and this will be shown through authoritative advice on policy, statutory matters and legislation provided to the Minister.

Broad-based public education aims to have a responsible gambler who is aware and educated on the risks associated with



gambling as well as the socio-economic impact thereof. The outcome indicator will be measured at the beginning of the period under review to set a scientific baseline through surveys/research to measure the level of punter understanding of the risks and socio-economic impact of gambling.

The rationale for the choice of the outcome indicators relevant to the respective outcomes is to ensure optimal utilisation of financial resources and assets, avoid deficits, signal compliance with relevant legislation, avoid irregular, fruitless and wasteful expenditure and to achieve unqualified audit opinions. This will place the entity in good stead to contribute towards the entity's desired impact.

The pursuit of a transformation agenda allows the NGB to shift focus from growth in and of itself but towards the form and nature of such growth insofar as creating an inclusive, fair, equitable and transparent gambling industry. Consideration of ownership by HDIs will be a priority.

#### **Explanation of enablers to achieve the five-year targets**

The key enablers to achieve the five (5) year targets will be adequate financial resources, technology, and a skilled and capable workforce that has up-to-date capabilities aligned to the gambling industry.

A functional NCEMS will ensure the effective monitoring of gambling machines and devices, in the LPM sector. Functional national registers will ensure the effective monitoring of gambling machine and devices imported into South Africa, information sharing, probity reports and

register of excluded persons. Continued allocation of financial resources towards research will also enable the organisation to achieve five (5) year targets of publications on gambling.

Adequate financial resources will enable the wide reach of stakeholders across the country through various modes of communication tools and platforms.

#### **Explanation of the outcome's contribution to the achievement of the impact**

Through monitored socio-economic patterns of gambling activity within the republic and informed policy and legislative development, the outcomes will establish trends regarding addictive and compulsive gambling behaviour to recommend appropriate mitigation strategies aimed at protecting punters from over-stimulation.

The gambling sector performance trend analysis enables the NGB to monitor the viability and economic value derived from the gambling industry, which translates into government revenue, job creation and investment in infrastructure. Strengthened regulatory oversight over technological advancements in gambling products and devices and maintaining the functional national registers will ensure that new complex gaming products and technologies do not serve as catalysts for overstimulation, compulsive and addictive gambling behaviour whilst ensuring that adequate economic value is derived from the gambling industry value chain.

The economic transformation agenda seeks to impact on the increased economic participation and ownership of HDIs in the

gambling industry. The barriers to entry would have been minimised to enable ease of access.

Economic and social challenges are key focus areas to be addressed by the NGB and the gambling industry. The current regulations attempt to address the economic challenges, however, work still needs to be done to ensure proper application of these regulations. The NGB will ensure that, in the gambling industry, transformation takes priority. The inclusion of HDIs is critical in the issuance of licenses to ensure fair distribution of economic and employment opportunities. The evaluation of the performance of the PLAs with legislation will result in a crime-free and compliant gambling industry.

Effective oversight of PLA compliance with gambling legislation will ensure a balancing act between economic gains and punter protection.

Also, the contribution of the outcomes will be measured through a research study to assess the effect of punter protection through the demonstration of an educated, aware and responsible gambler.

Implementing actions directed at combating illegal gambling will ensure the protection of the locally generated economy and punter protection against adverse effects of illegal gambling.

Sharing of information about illegal gambling activities and the development of capacity among stakeholders and the public will contribute to the NGB achieving its objectives.

## **Alignment of outcomes to the Economic Reconstruction and Recovery Plan**

The South African Economic Reconstruction and Recovery Plan has three phases: Engage and Preserve - which includes a comprehensive health response to save lives and curb the spread of the pandemic; Recovery and Reform - which includes interventions to restore the economy while controlling the health risks; and lastly, Reconstruct and Transform - which entails building a sustainable, resilient and inclusive economy.

The strategic outcomes laid out by the NGB for FY2022-2027 were specifically set to complement contributions to the South African Economic Reconstruction and Recovery Plan. Through effectively monitored socio-economic patterns of gambling activity within the Republic, the organisation intends to pursue priority interventions as spelled out in the broad South African Economic Reconstruction and Recovery Plan by keeping abreast with the performance of the gambling industry in so far as its contribution to economic growth, jobs, infrastructure investment and from a social standpoint, the continued protection of punters against the negative consequences of problem and addictive gambling, are concerned.

To ensure the successful implementation of the South African Economic Reconstruction and Recovery Plan one of the key enablers to be put in place are regulatory changes - a supportive policy environment and enabling conditions for ease of doing business. This the NGB has endeavoured to address through its outcome to ensure uniformity of legislation in the gambling industry so as to create

harmony and a fair playing field for gambling businesses to thrive and consequently create sustainable employment opportunities. To ensure the promotion of employment orientated strategic localization, reindustrialization and export promotion, the NGB will also over the next five (5) years account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons whilst pushing forward the need for special economic zones to foster the local manufacturing of gambling devices and machines and graphic design to promote entrepreneurship as a job creation strategy.

Some of the structural reforms to support economic reconstruction and recovery including lowering barriers to entry to make it easier for businesses to start, grow, and compete and creating greater levels of economic inclusion, include addressing high levels of economic concentration.

The NGB intends to pursue this through its outcome to promote for the gambling industry, Economic transformation and increased participation of HDIs in the mainstream gambling industry, monitoring the number of HDIs licenced in the gambling industry. Lastly to boost education and skills development as part of supporting the economic reconstruction and recovery, the NGB will undertake broad-based public education to ensure the public is continuously informed on the negative social consequences of gambling.

## Key Risks and mitigations

Risk #	Outcome	Key Risk	Risk Mitigation
1	Account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons	<ul style="list-style-type: none"> <li>No centralised gambling-related information accessible to stakeholders</li> <li>Inability to place reliance on the third party related gambling information</li> <li>Vulnerability of national registers to cyber attacks</li> <li>Lack of integrity of data to make informed decisions</li> <li>Inability to access credible gambling-related data</li> </ul>	<ul style="list-style-type: none"> <li>Registers are hosted in a high availability data centre</li> <li>Continuous back up of data on registers</li> <li>Approved disaster recovery plan</li> <li>Verification of captured data</li> </ul>
2	Economic transformation and increased participation of Historically Disadvantaged Individuals in the mainstream gambling industry	<ul style="list-style-type: none"> <li>Failure of HDIs participating in the mainstream gambling industry due to existing high barriers to entry</li> <li>Failure of the gambling industry to meet economic development imperatives</li> <li>Failure by the industry to embrace the transformation agenda</li> </ul>	<ul style="list-style-type: none"> <li>Incorporate transformation agenda in the regulatory framework</li> <li>Set norms and standards</li> <li>Facilitate the expansion of economic opportunities for HDIs in the mainstream gambling industry</li> </ul>
3	Effectively monitored PLA compliance with gambling legislation	Lack of cooperation by PLAs	<ul style="list-style-type: none"> <li>Engaging PLAs during preplanning of engagements</li> <li>Regular and improved communication with PLAs</li> </ul>
4	Facilitated S16 confiscation of proceeds from illegal gambling activities	<ul style="list-style-type: none"> <li>Incomplete information received from reporting entities.</li> <li>Improper investigation process followed</li> </ul>	<ul style="list-style-type: none"> <li>Collaborations with banks, gambling operators and PLAs in detecting suspected unlawful gambling winning transactions</li> <li>Implementing unlawful gambling winnings standard operating procedures.</li> </ul>
5	Effectively monitored Socio economic patterns of gambling activity within the Republic	<ul style="list-style-type: none"> <li>Incorrect and omitted gambling statistics presented to the NGB by PLAs</li> <li>Undetected unfair competition due to failure to monitor market share and market conduct</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing communication with PLAs</li> <li>Audit of gambling statistical information</li> <li>Trend analysis about growth in gambling sectors, licensing and ownership</li> </ul>
6	Uniformity of legislation in the gambling industry	<ul style="list-style-type: none"> <li>Failure to implement the NGA due to misalignment in legislation as a result of concurrent competencies</li> <li>Gaps in compliance due to concurrent competencies</li> </ul>	<ul style="list-style-type: none"> <li>Table advice to the dtic and NGPC</li> </ul>
7	Broad-based public education	<ul style="list-style-type: none"> <li>Ineffective broad-based public education and awareness campaigns on the risks and socio-economic impact gambling</li> <li>Lack of financial resources to conduct research to identify patterns, causes and consequences of the socio-economic impact of gambling to inform broad-based public education programmes</li> </ul>	<ul style="list-style-type: none"> <li>Development and implementation of broad-based public education programme</li> <li>Continuous in-house research to inform and guide policy and practice on broad-based public education</li> </ul>

## 7. FINANCIAL PLAN

The NGB will rely on its two main sources of revenue [grant revenue and limited payout machine (LPM) monitoring fees] to execute the strategic plan and annual performance plan. It is projected LPM fees will account for approximately 80% of total revenue, while the grant revenue is expected to contribute an estimated 12% of total revenue. The balance of the revenue will be derived from interest earned on short-term investments. It must be noted that while the LPM monitoring fees will contribute a significant portion of the estimated revenue, a corresponding expenditure of

83.33% will be incurred to defray NCMS service fees.

### 7.1 Expenditure Trends

Expenditure on goods and services is set to increase from R232,3 million in 2021/22 to R273.3 million in 2026/27. Goods and services will account for a significant portion of expenditure, largely attributed to the operations of one of the national registers, the National Central Electronic Monitoring System.

**Table 1: Income and Expenditure**

R Thousand	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	AUDITED OUTCOME			BUDGET ESTIMATE					
R Thousand									
Revenue									
Grant from the dtic	32 624	33 797	31 027	35 928	36 477	36 836	38 641	40 573	42 602
NCEMS monitoring fees	202 034	220 338	146 064	200 500	212 500	216 000	219 105	223 487	227 957
Interest received	3 018	3 801	2 315	3 720	3 744	4 100	3 744	3 931	4 128
Rental income	4 423	4 408	2 237	0	0	0	0	0	0
Other miscellaneous income	-		0	0	0	0	0	0	0
Total Revenue	242 099	262 344	181 643	240 148	252 721	256 936	261 490	267 991	274 687
Expenditure									
Employee costs	25 390	33 774	38 005	41 324	43 663	46 143	48 771	51 697	54 799
Subsistence & travel	6 151	4 062	0	1 435	1 435	1 435	1 435	1 507	1 582
Administration costs	12 323	14 384	9 726	10 107	11 247	12 920	12 920	13 566	14 244
NCEMS service fees	168 362	183 615	121 720	167 083	177 083	182 588	182 588	186 240	189 965
Professional services	4 288	6 873	5 082	5 273	6 172	6 622	6 672	4 954	4 955
Depreciation	2 538	3 158	3 193	3 230	3 230	3 230	3 230	3 295	3 360
Other operating expenses	4 163	5 167	2 356	3 818	3 843	3 842	3 842	4 034	4 236
Total Expenditure	223 215	251 033	180 082	232 270	246 673	256 780	259 458	265 293	273 141
Surplus / (Deficit)	18 884	11 311	1 561	7 878	6 048	156	2 032	2 699	1 545

### 7.2 Asset and liability management

It is projected that the NGB's assets will be adequate to cover total liabilities throughout the entire MTEF period. All tangible assets have been insured with a reputable registered insurer.

### 7.3 Cash flow projections

The cash flow projections below reflect a decline in cash receipts from the LPM industry as the economy is expected to continue to be on a downward trajectory, owing to the impact of COVID-19.

**Table 2: Cash flow projections**

Cash Flow Description	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	AUDITED OUTCOME			BUDGET ESTIMATE					
R Thousand									
Cash receipts from stakeholders	241 644	269 614	178 794	240 148	252 721	253 436	261 490	267 991	274 686
Tax receipts	-	-	-	-					
Rent received	2 277	8 000	3 709	-	-	-	-	-	-
Transfers received	32 624	33 797	31 027	35 928	36 477	36 836	38 641	40 573	42 602
Fines, penalties and forfeits	-	-	-	-	-		-	-	-
Interest	2 993	3 779	2 306	3 720	3 744	4 100	3 744	3 931	4 128
Rent on land	-	-	-	-	-		-	-	-
Limited payout machine monitoring fees	203 750	224 038	141 752	200 500	212 500	212 500	219 105	223 487	227 957
Cash paid to stakeholders	236 289	253 445	177 502	229 040	243 443	253 550	256 228	261 998	269 781
Current payments	236 289	253 445	177 502	229 040	243 443	253 550	256 228	261 998	269 781
Compensation of employees	31 882	33 824	38 145	41 324	43 663	46 143	48 771	51 697	54 799
Goods and services	204 407	219 621	139 357	187 716	199 780	207 407	207 457	210 301	214 982
Cash flow from operating activities	5 355	16 169	1 292	11 108	9 278	-114	5 262	5 993	4 905
Cash flow from investing activities	-2 826	-458	-1 637	-400	-420	-441	-463	-486	-511
Cash flow from financing activities	405	294	253	267	267	400	267	267	282
Net increase / (decrease) in cash and cash equivalents	2 934	16 005	-92	10 975	9 125	-155	5 066	5 774	4 677

## 7.4 Capital expenditure programmes

Capital expenditure projects for the medium term will be limited to the replacement of computers as they reach the end of their useful lives.

## 7.5 Dividend policies

The NGB is a Schedule 3A Public Entity established in terms of the National Gambling Act, 2004. The organisation is funded from grant allocations from the dtic. The dividend policy does not apply to the NGB.



## **PART D: TECHNICAL INDICATOR DESCRIPTION (TID)**

The NGB has developed a set of Technical Indicator Description (TID) in line with the identified outcomes and outcome indicator. The purpose of the TID is to track ongoing 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 that define the data collection processes, gathering of portfolios of evidence and acceptable level of performance at the beginning of the planning cycle. TID are reliable, well defined, verifiable, cost-effective, appropriate and relevant. Indicators developed meet the SMART criteria (specific, measurable, accurate, relevant and timely).

#	Indicator title	TID 1
		Percentage variance of uptime on the systems
1	Definition	<ul style="list-style-type: none"> <li>Integrated information portal to access gambling-related information</li> </ul>
2	Source of data	<ul style="list-style-type: none"> <li>PLAs, manufacturers and licensees</li> </ul>
3	Method of calculation/assessment	<ul style="list-style-type: none"> <li>Simple count</li> <li>Analysis of data about gambling machines and devices, probity, and excluded persons.</li> <li>Percentage variance to remain within a 5% uptime on the systems.</li> <li>Cumulative</li> </ul>
4	Assumptions	<ul style="list-style-type: none"> <li>Availability of valid, accurate and complete data uploaded for licenced gambling machines and devices or excluded persons as and when required by the NGB for purposes of monitoring, evaluation and reporting</li> </ul>
5	Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
6	Spatial transformation (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
7	Reporting cycle	<ul style="list-style-type: none"> <li>Annually</li> </ul>
8	Desired performance	<ul style="list-style-type: none"> <li>Fully compliant with targeted performance</li> </ul>
9	Indicator responsibility	<ul style="list-style-type: none"> <li>Chief Compliance Officer</li> </ul>

<b>TID 2.1</b>		
<b>#</b>	<b>Indicator title</b>	<b>Development of an industry-wide transformation agenda</b>
<b>1</b>	Definition	<ul style="list-style-type: none"> <li>Research reports on transformation</li> </ul>
<b>2</b>	Source of data	<ul style="list-style-type: none"> <li>Government policy, legislation, research empirical evidence</li> </ul>
<b>3</b>	Method of calculation/assessment	<ul style="list-style-type: none"> <li>One (1) report per year , [five (5) reports over the five (5) year reporting period] on industry-wide transformation agenda</li> </ul>
<b>4</b>	Assumptions	<ul style="list-style-type: none"> <li>Implementation of the transformation agenda will create an enabling environment for the gambling industry to grow</li> <li>Implementation of the transformation agenda will expand the small business sector</li> <li>Equitable and inclusive gambling industry</li> </ul>
<b>5</b>	Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>6</b>	Spatial transformation (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>7</b>	Reporting cycle	<ul style="list-style-type: none"> <li>Annually</li> </ul>
<b>8</b>	Desired performance	<ul style="list-style-type: none"> <li>Fully compliant with targeted performance</li> </ul>
<b>9</b>	Indicator responsibility	<ul style="list-style-type: none"> <li>Chief Compliance Officer</li> </ul>

TID 2.2		
#	Indicator title	Monitored PLAs on the increase in number of Historically Disadvantaged Individuals licenced in the gambling industry
1	Definition	<ul style="list-style-type: none"> <li>Analysis of the number of HDIs that have been granted access to economic opportunity through the issuance of gambling licences</li> </ul>
2	Source of data	<ul style="list-style-type: none"> <li>Government policy, legislation, research empirical evidence, PLAs data</li> </ul>
3	Method of calculation/assessment	<ul style="list-style-type: none"> <li>One (1) report per year, [five (5) reports over the five (5) year reporting period] on HDIs licenced in the gambling industry</li> </ul>
4	Assumptions	<ul style="list-style-type: none"> <li>Implementation of the transformation agenda will create an enabling environment for the gambling industry to grow</li> <li>Implementation of the transformation agenda will facilitate the expansion of the small business sector</li> <li>Equitable and inclusive gambling industry</li> <li>Implementation of the identification of possible features that stifle competition will create an enabling environment for the gambling industry to grow</li> </ul>
5	Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
6	Spatial transformation (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
7	Reporting cycle	<ul style="list-style-type: none"> <li>Annually</li> </ul>
8	Desired performance	<ul style="list-style-type: none"> <li>Fully compliant with targeted performance</li> </ul>
9	Indicator responsibility	<ul style="list-style-type: none"> <li>Chief Compliance Officer</li> </ul>

TID 3		
#	Indicator title	Number of oversight evaluations conducted for PLAs compliance with gambling legislation
1	Definition	<ul style="list-style-type: none"> <li>Evaluation of compliance of PLAs with gambling and applicable legislation conducted</li> </ul>
2	Source of data	<ul style="list-style-type: none"> <li>PLAs records, legislation</li> </ul>
3	Method of calculation/assessment	<ul style="list-style-type: none"> <li>Compliance per province with applicable legislation [Nine (9) PLAs / provinces annually and (9*3) twenty-seven (27) over the three-year period – balance of the MTSF cycle]]</li> </ul>
4	Assumptions	<ul style="list-style-type: none"> <li>Co-operation from PLAs i.e. submission of all requested information required to conduct oversight</li> </ul>
5	Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
6	Spatial transformation (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
7	Reporting cycle	<ul style="list-style-type: none"> <li>Annually</li> </ul>
8	Desired performance	<ul style="list-style-type: none"> <li>Fully compliant with targeted performance</li> </ul>
9	Indicator responsibility	<ul style="list-style-type: none"> <li>Chief Compliance Officer</li> </ul>

TID 4		
#	Indicator title	Reduction in the balance of proceeds from illegal gambling activities
1	Definition	<ul style="list-style-type: none"> <li>The investigation of confiscated unlawful gambling winnings cases that are reported to the NGB. Undertaking applications to the High Court for forfeiture of unlawful gambling winnings. Remittance of unlawful winnings to the State.</li> </ul>
2	Source of data	<ul style="list-style-type: none"> <li>Banks, PLAs, gambling operators, NGB2 forms</li> </ul>
3	Method of calculation/assessment	<ul style="list-style-type: none"> <li>Simple count</li> <li>Rand values: (Opening balance less closing balance) divided by opening balance</li> <li>Increase in the number of cases investigated within the relevant financial year</li> <li>All cases take 30 days to investigate (Cases received between 1<sup>st</sup> of March to 31<sup>st</sup> of March of each financial year will be excluded from the calculation. These cases will be included in the subsequent month of the next financial year)</li> </ul>
4	Assumptions	<ul style="list-style-type: none"> <li>All required, complete and accurate documentation from banks and other third parties submitted to the NGB for investigation</li> </ul>
5	Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
6	Spatial transformation (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
7	Reporting cycle	<ul style="list-style-type: none"> <li>Annually</li> </ul>
8	Desired performance	<ul style="list-style-type: none"> <li>Fully compliant with targeted performance</li> </ul>
9	Indicator responsibility	<ul style="list-style-type: none"> <li>Chief Compliance Officer</li> </ul>



<b>TID 5</b>		
<b>#</b>	<b>Indicator title</b>	<b>Publish and disseminate national integrated data and trend analysis to the gambling industry and regulators</b>
<b>1</b>	Definition	<ul style="list-style-type: none"> <li>Gambling sector performance reports about market share and market conduct in the gambling industry</li> </ul>
<b>2</b>	Source of data	<ul style="list-style-type: none"> <li>Information submitted by PLAs as required quarterly and annually</li> </ul>
<b>3</b>	Method of calculation/assessment	<ul style="list-style-type: none"> <li>One (1) publication per year [five (5) publications over the five (5) year reporting period]</li> </ul>
<b>4</b>	Assumptions	<ul style="list-style-type: none"> <li>PLAs submit valid, accurate and complete data timeously as and when required by the NGB for purposes of reporting</li> </ul>
<b>5</b>	Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>6</b>	Spatial transformation (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
<b>7</b>	Reporting cycle	<ul style="list-style-type: none"> <li>Annually</li> </ul>
<b>8</b>	Desired performance	<ul style="list-style-type: none"> <li>Fully compliant with targeted performance</li> </ul>
<b>9</b>	Indicator responsibility	<ul style="list-style-type: none"> <li>Chief Strategic Adviser</li> </ul>

TID 6		
#	Indicator title	Authoritative advice on policy, statutory matters and legislation is provided to the dtic
1	Definition	<ul style="list-style-type: none"> <li>• Authoritative advice on, <i>inter alia</i>, policy, statutory matters, legislation and reforms provided in terms of S65(2) of the NGA</li> </ul>
2	Source of data	<ul style="list-style-type: none"> <li>• 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</li> </ul>
3	Method of calculation/assessment	<ul style="list-style-type: none"> <li>• One (1) advisory report per year [five (5) reports over the five (5) year reporting period)</li> </ul>
4	Assumptions	<ul style="list-style-type: none"> <li>• Advice provided will be implemented and legislation and policies will be reviewed</li> </ul>
5	Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
6	Spatial transformation (where applicable)	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
7	Reporting cycle	<ul style="list-style-type: none"> <li>• Annually</li> </ul>
8	Desired performance	<ul style="list-style-type: none"> <li>• Advice to be fit for use and to add value</li> </ul>
9	Indicator responsibility	<ul style="list-style-type: none"> <li>• Chief Strategic Adviser</li> </ul>

TID 7		
#	Indicator title	Percentage implementation of the broad-based public education programme
1	Definition	<ul style="list-style-type: none"> <li>Report on the percentage implementation of broad-based public educational interventions about the risks and socio-economic impact of gambling conducted</li> </ul>
2	Source of data	<ul style="list-style-type: none"> <li>Research, public awareness, education and responsible gambling campaigns, broad-based public education and targeted interventions</li> </ul>
3	Method of calculation/assessment	<ul style="list-style-type: none"> <li>Percentage implementation of the broad-based public educational interventions about the risks and socio-economic impact of gambling conducted over the 5 years. (Year 1 – 20%; Year 2 – 20%; Year 3 – 20%; Year 4 – 20%; Year 5 – 20% which totals 100% over 5 years)</li> </ul>
4	Assumptions	<ul style="list-style-type: none"> <li>All stakeholders will participate in the scheduled interventions</li> </ul>
5	Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
6	Spatial transformation (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
7	Reporting cycle	<ul style="list-style-type: none"> <li>Annually</li> </ul>
8	Desired performance	<ul style="list-style-type: none"> <li>Stakeholders that are well informed and educated through targeted interventions</li> </ul>
9	Indicator responsibility	<ul style="list-style-type: none"> <li>Chief Strategic Adviser</li> </ul>



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# NGB ANNUAL PERFORMANCE PLAN FY2022/25



National Gambling Board  
*South Africa*

a member of **the dtic** group



## Acronyms and Abbreviations

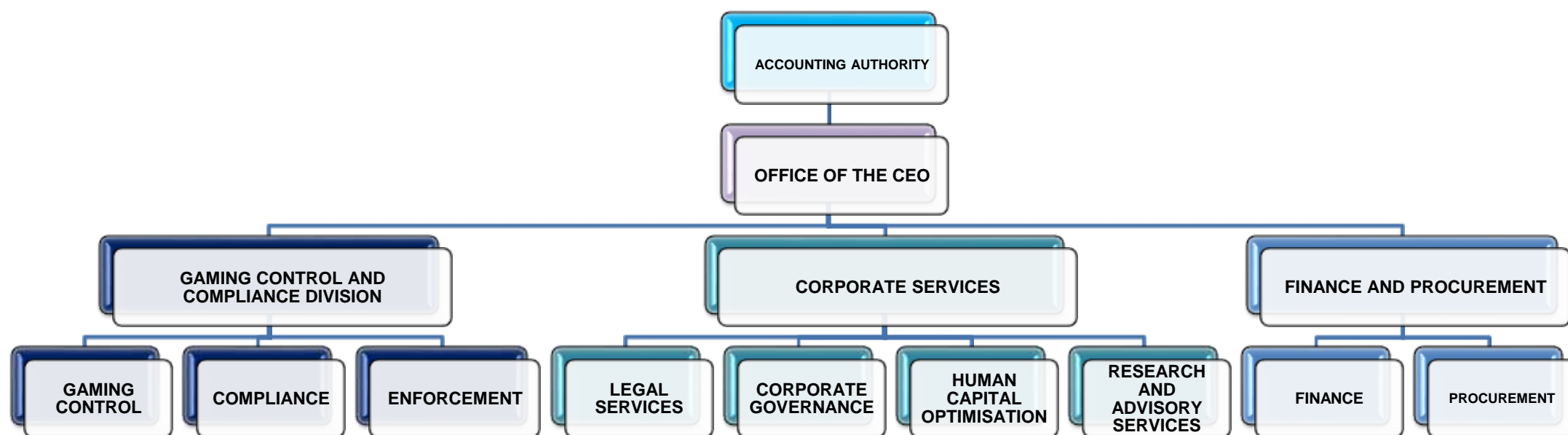
AA	–	Accounting Authority
AI	–	Accountable Institutions
APP	–	Annual Performance Plan
B-BBEE	–	Broad-Based Black Economic Empowerment
CCO	–	Chief Compliance Officer
CEO	–	Chief Executive Officer
CFO	–	Chief Financial Officer
COTII	–	Council for Trade and Industry Institutions
DPP	–	Department of Public Prosecution
EA	–	Executive Authority
EBT	–	Electronic Bingo Terminal
FATF	–	Financial Action Task Force
FIC	–	Financial Intelligence Centre
FICA	–	Financial Intelligence Centre Act
FPP	–	Fraud Prevention Plan
FY	–	Financial Year
GDP	–	Gross Domestic Product
GGR	–	Gross Gambling Revenue
GRC	–	Gambling Review Commission
HOD	–	Head of Department
ICT	–	Information Communications Technology
IG	–	Interactive Gambling
LPMs	–	Limited Payout Machines
MoU	–	Memorandum of Understanding
MTEF	–	Medium-Term Expenditure Framework
MTSF	–	Medium-Term Strategic Framework
NCEMS	–	National Central Electronic Monitoring System
NDP	–	National Development Plan
NGA	–	National Gambling Act
NGB	–	National Gambling Board
NGPC	–	National Gambling Policy Council
NGR	–	National Gambling Regulator
NGRF	–	National Gambling Regulators Foundation
NPA	–	National Prosecuting Authority
NRGP	–	National Responsible Gambling Programme
NT	–	National Treasury
PFMA	–	Public Financial Management Act
PLAs	–	Provincial Licensing Authorities
SAPS	–	South African Police Services
SARGF	–	South African Responsible Gambling Foundation
SCM	–	Supply Chain Management
SDS	–	Service Delivery Standards
SONA	–	State of Nation Address
SWOT	–	Strengths, Weaknesses, Opportunities and Threats
TOWS	–	Threats, Opportunities, Weaknesses and Strengths
<b>the dtic</b>	–	The Department of Trade, Industry and Competition
YoY	–	Year-on-Year



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## 1. ORGANOGRAM



## EXECUTIVE STATEMENT

## AUTHORITY

The Annual Performance Plan (APP) identifies the outputs, output indicators and targets that an entity aims to achieve in the new financial year. The Executive Authority is responsible for providing direction on the development and implementation of policies and strategic priorities of entities in line with their respective mandates, and to ensure the APP is aligned to government's priorities.

The environment in which the APPs of the Department of Trade, Industry and Competition (**the dtic**) and our entities have been formulated remains challenging, given the impact of the COVID-19 pandemic, the July 2021 unrest and more recently the Russia/Ukraine war. At the same time, determined efforts by the Administration has seen signs of economic recovery and greater investor confidence in economic prospects. In this light, Government's priority focus continues to be the recovery of growth, investment and employment, guided by the Economic Recovery and Reconstruction Plan adopted in 2020, and the tasks outlined by President Ramaphosa in the 2022 State of the Nation Address.

This APP is expected to take forward the strategic shift initiated in 2021/2022 toward strengthened implementation and impact of **dtic's** work, through greater integration of efforts within the department and our entities, guided by shared, crosscutting outcomes and joint performance indicators. In this regard, the work of **the dtic** and the entities will be evaluated in relation to three over-arching Outcomes (which incorporate the previous "Joint-KPIs") namely **Industrialisation; Transformation;** and **Capable State** (Implementation/ Effective Delivery). In this

way these Outcomes more deliberately and directly inform respective outputs and KPIs of the department and entities.

In turn, the scope of the outputs collectively still encompass the identified **dtic's** priorities, which include among others, the work of sector masterplans, initiatives to boost levels of investment and localisation in the economy, expanding trade within the continent, enabling better local economic development, supporting the growth of new industries (in the green economy and through beneficiation) and building a capable state, in particular addressing red tape as prioritised by the President in the 2022 State of the Nation Address.

Every entity in the **dtic** has been requested to align their APPs to the three outputs, it being recognised that a particular entity's core business links more clearly and strongly to one or the other of the overarching Outcomes, than to others.

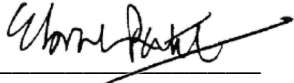
This APP represents the outcome of the work done by the National Gambling Board. Following the tabling of the APP by **the dtic** itself, each entity of the Department will be expected to consider such additional refinement and additions to be made and following completion of the review, such an addendum to this APP may be submitted in due course after the tabling.

This APP is therefore not about many new objectives but rather on a new way of implementation, with the focus on integration, to enhance the development impact of the work.

I accordingly table the APP for 2022/23 in accordance with the request by the Speaker.

I wish to thank the management for the work done and wish them well in executing the

APP and aligning their work to government's overall programmes and priorities.



**EBRAHIM PATEL**  
**MINISTER OF TRADE, INDUSTRY AND COMPETITION**

Date: 31 March 2022.....

## ACCOUNTING STATEMENT

## AUTHORITY

The vision of the NGB is to position South Africa as the pre-eminent jurisdiction with an exemplary and effectively regulated gambling industry. To achieve this, the organisation is tasked with priority delivery areas within the context of the FY2022-2027 Strategic Plan for the NGB, but most importantly taking into account broader economic strategies for the South African economy as enshrined in the National Development Plan (NDP) Five- Year Implementation Plan and the Monitoring Framework for the NDP Five-Year Implementation Plan. In addition to this, the recent global COVID-19 pandemic, which has shaken the world over and resulted in a response by the South African government by way of an Economic Reconstruction and Recovery Plan, requires the organisation to design its APP in a way that entails building a sustainable, resilient and inclusive economy.

The previous financial year (FY2021/22) presented the organisation with many challenges in trying to deal with the shock of the COVID-19 pandemic and navigating through the effects it presented for the gambling industry. For the first time in history, the gambling industry gross gambling revenues plummeted by close to 100%, leaving the industry on its knees and threatened by gambling establishment closures and consequently job losses. However, notwithstanding the difficult environment, the NGB was still able to achieve its objectives of ensuring that it monitored market share and market conduct in the gambling industry, conducted economic analysis and research on the impact of gambling, provided authoritative advice policy, statutory matters and legislative reform in the gambling industry,

conducted technical analysis on gaming control and regulation, maintained functional national registers and an operational National Central Electronic Monitoring System, monitored economic transformation opportunities for HDIs in the mainstream gambling industry and better informed and educated stakeholders.

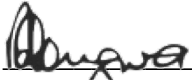
Moving forward, in FY2022/23, the NGB continues on its quest to enhance broad based public education, effectively monitor socio-economic patterns of gambling activity within the Republic, ensure uniformity of legislation in the gambling industry, account for and identified all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons and promote economic transformation and increased participation of HDIs in the mainstream gambling industry. Additionally, the NGB will effectively monitor PLA level of compliance with gambling legislation, effectively monitor prohibited gambling and restricted activities and efficiently and effectively investigate proceeds of unlawful gambling winnings. This will be done with a strategic focus of responding to emerging risks in a way that continues to balance consumer choice and enjoyment against the risks associated with gambling and the wider potential economic and social impacts.

The NGB endeavours to align its plan with the South African Economic Reconstruction and Recovery Plan by ensuring the successful implementation of the Plan through complementing its key enablers as well as instituting structural reforms to support the Plan. The NGB will target its resources more effectively to meet the regulatory challenges of an evolving gambling industry coming out of the pandemic while at the same time

holding the industry to account for the responsible conduct of gambling.

This APP reflects the NGB's commitment to effectively address all the strategic issues in

the gambling industry for its sustainability with stakeholders, both in the public and private sectors to contribute towards job creation, the objectives of the NDP and other government developmental initiatives.



**Ms Caroline Kongwa**  
**Accounting Authority**



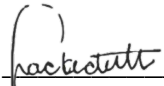
## OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

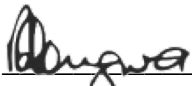
- Was developed by the management of the NGB under the guidance of **Ms Caroline Kongwa** in her capacity as the Administrator and Accounting Authority of the NGB
- Takes into account all relevant policies, legislation and other mandates for which the NGB is responsible
- Accurately reflects the outcomes and outputs which the NGB will endeavour to achieve over the period 2022-2025.



**Ms Yandisa Ngesi**  
**Acting Chief Compliance Officer**

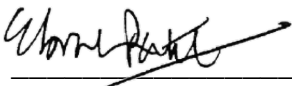


**Ms Kaveshka Mackerduth**  
**Chief Financial Officer**



**Ms. Caroline Kongwa**  
**Accounting Authority**

Approved by:



**Mr Ebrahim Patel**  
**Minister of Trade, Industry and Competition**

## PART A: THE NATIONAL GAMBLING BOARD MANDATE

### STRATEGIC OVERVIEW

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 for Trade, Industry and Competition, to enable Department of Trade, Industry and Competition **(the dtic)** to achieve its objectives and ultimately its mandate. The NGB’s mandate is to promote gambling activities in a legal, safe and crime-free environment and protect punters from the over-stimulation of the latent need to gamble.

## 2. LEGISLATIVE AND POLICY MANDATES

### 2.1. Constitutional mandate

The Constitution of the Republic of South Africa, 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.





In the Republic, the government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated.

All spheres of government must observe and adhere to the principles of co-operative government and intergovernmental relations

and must conduct their activities within the said principles.

### 2.2. Legislative and Policy Mandates

The NGB is established in terms of the NGA. The NGB is established 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, 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
  - 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 and 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 legislator prescribed registers

- ✚ Investigate alleged unlawful winnings that emanate from unlawful gambling activities. If such winnings are found to be unlawful, an application to the High Court for an order to declare the winnings forfeited to the State is made. Where winnings are deemed to be derived from legal gambling activities, funds are returned to the punter.
- ✚ Advising and providing recommendations to the NGPC on, amongst others, matters of national policy and legislative changes relating to gambling

### 2.3. Other mandates

The implementation of the of the NGB's mandate is also indirectly governed by the following legislation:

- ✚ Constitution of the Republic of South Africa, 1996
- ✚ Broad Based Black Economic Empowerment, 2003 (Act 53 of 2003)
- ✚ Financial Intelligence Centre Act, 2001 (Act 38 of 2001)
- ✚ Cyber Crimes Act, 2020 (Act 19 of 2020)
- ✚ Protection of Personal Information Act, 2013 (Act 4 of 2013)
- ✚ Inter-governmental Relations Framework Act, 2005 (Act 13 of 2005)
- ✚ Competition Act, 1998 (Act 89 of 1998)
- ✚ Prevention of Organised Crime Act, 1998 (Act 121 of 1998)
- ✚ Public Finance Management Act, 1999 (Act 1 of 1999)
- ✚ Criminal Procedure Act, 1977 (Act 51 of 1977)

- ✚ Films and Publications Act, 1996 (Act 65 of 1996)
- ✚ South African Police Service Act, 1995 (Act 68 of 1995)
- ✚ Standards Act, 2008 (Act 8 of 2008)
- ✚ Legal Metrology Act, 2014 (Act 09 of 2014)
- ✚ National Regulator for Compulsory Specifications Act, 2008 (Act 5 of 2008)
- ✚ Consumer Protection Act, 2008 (Act 68 of 2008)

### 2.4. Policy mandates

The NGA is premised on the National Gambling Policy, 2016 which informs the key performance outcomes of the NGB. These outcomes manifests through advice and recommendations to the NGPC on, amongst others, matters of national policy and legislative changes relating to gambling.

## 3. INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE YEAR PLANNING PERIOD

There are various Government policies and plans which continue to inform the NGB's strategic direction and implementation of its mandate in order to achieve its intended outcomes. The NGB has aligned its strategy with the following:

- ✚ The National Development Plan (NDP), 2030
- ✚ The Medium Term Strategic Framework 2019-2024
- ✚ The National Gambling Policy, 2016
- ✚ The South African Economic Reconstruction and Recovery Plan, 2020
- ✚ African Continental Free Trade Agreement

In his **State of the Nation Address** on 10 February 2022, his Excellency the President of the Republic of South Africa focused strongly on the Economic Reconstruction and Recovery Plan, laying out four (4) priority interventions to be focused on, namely:

- ✚ A massive rollout of infrastructure throughout the country
- ✚ A massive increase in local production
- ✚ An employment stimulus to create jobs and support livelihoods
- ✚ The rapid expansion of our energy generation capacity

The strategic outcomes and interventions laid out by the NGB for FY2021-2026 were specifically set to complement this plan.

#### **4. ALIGNMENT WITH the dtic APP**

The National Gambling Board will also support the Economic Reconstruction and

Recovery Plan, 2020, and the seven new joint indicators which are the implementation plans aligned to the NDP. The National Gambling Board objectives are set out in the National Gambling Act, 2004. As a regulatory body it can determine the outcomes of these objectives by aligning its regulatory mandate to meet the objectives of the NDP and the dtic. The three (3) new consolidated joint indicators are:

- ✚ Joint Indicator 1: Industrialisation;
- ✚ Joint Indicator 2: Transformation;
- ✚ Joint Indicator 3: Delivery/Capable State.

The performance progress with regards to all seven new joint indicators will be reported quarterly to **the dtic**.

#### **5. RELEVANT COURT RULINGS**

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

## PART B: THE NGB STRATEGIC FOCUS

### 6. OUR VISION, MISSION AND VALUES



### 7. SITUATIONAL ANALYSIS

The task of the NGB in regulating the industry remains complex with a changing gambling landscape. The financial year FY2020/21 saw the gambling industry in South Africa come to its knees following the outbreak of a global pandemic that led to a complete halt of the

industry in the first quarter as well as subsequent re-opening of the gambling facilities at reduced capacity due to extensive COVID-19 health and safety guidelines adopted by the industry and adverse impact on revenue generation. The effects of the



COVID-19 pandemic were clearly visible in the first quarter of FY2020/21, when the land-based industry was completely shut down for the first time in the history of its regulation which resulted in the negative performance of the industry during this period. Gambling revenues were down more than 50% owing to a nationwide lockdown being instituted.

FY2020/21 as a whole saw the gambling industry lose more than R10 billion in gambling revenue generating R23.3 billion in comparison to the previous year, with casino GGR declining the most by 50% from FY2019/20 owing to the effects of the COVID-19 pandemic. The share of casino revenue in total revenue declined below the 50% mark in terms of market share for the first time in ten (10) years. This was because the growth rate in casino operational positions was negative for three (3) consecutive years, the largest drop being in FY2020/21 due to COVID-19.

The COVID-19 pandemic, particularly took betting in South Africa to ground breaking levels due mainly to its continued accessibility even during the lockdown. The betting sector overtook the casino market to become the biggest market share holder in terms of GGR.

Just three (3) years ago, gambling revenue was primarily drawn from the casino sector a land-based sector which generated 61% of total gambling revenue, as online gambling is prohibited in South Africa.

The effects of the COVID-19 lockdown however propelled changes to the gambling landscape as seen in the shift in market share towards the betting industry, an industry cutting across both the land-based fraternity and online. Betting revenue instantly made up 99% of revenue once the land-based

landscape was completely shutdown as punters turned to betting as the only form of gambling available and accessible online. As at the end of the 2020/21 financial year it accounted for 45% of gambling revenue.

However, as the FY2021/22 commenced, the period depicted signs of recovery in some modes of gambling in the third wave of the pandemic and under eased lockdown. Money wagered in the betting industry in Q1 (R38.5 billion) was about double the amount wagered in the same period last year and even surpassed money wagered in Q1 FY2019/20 (R19.6 billion), before the COVID-19 pandemic existed. Betting GGR increased to R12.0 billion, more than seven-fold from the last financial year levels as well as pre-COVID-19 levels of R1.8 billion. In fact, Q1 alone of FY2021/22 managed to amass more betting GGR than that generated in the entire FY2020/21. Betting GGR in Q1 FY2021/22 was a record 71.8% of total GGR with the Gauteng province generating the most betting GGR. GGR from casinos likewise increased in Q1 of the new financial year (R3.5 billion) compared with Q1 of the previous year but the revenues were still less than the pre-COVID-19 level of FY2019/20Q1 (R4.6 billion).

The NGB will continuously monitor gambling sector performance despite the pandemic and national lockdown with the intention of keeping abreast of developments in the gambling industry in relation to the effects of the COVID-19 pandemic.

Regulators therefore have a great task of regulating gambling in this changing environment as well as making tough decisions concerning the combatting of online gambling. Informing the general public about the addictive potential of gambling is paramount, but more targeted awareness



campaigns should be undertaken given each province's unique gambling landscape. These responsible gambling measures need to be undertaken by multiple stakeholders including gambling operators.

The gambling environment is continuously changing due to new technology with a host of new products coming into the market. This presents a challenge for a gambling regulator, as the NGB, and requires the regulator to be innovative and agile in achieving its objectives. To support improved industrial performance, dynamism and competitiveness of local companies, the NGB currently monitors the LPM sector through a technologically driven National Central Electronic Monitoring System (NCEMS) ensuring that gambling revenues are accurately captured and allocated to the relevant stakeholders.

From a political perspective, the NGB has been involved in continuous deliberations on the National Gambling Amendment Bill, 2018. The purpose of the bill is to provide for the reconfiguration of the NGB to become the National Gambling Regulator (NGR) led by a Chief Executive Officer (CEO) without a board structure; the automatic forfeiture of unlawful winnings to the NGR; the extension of the NCEMS to other modes of gambling; and the enhancement of the powers of the national inspectorate to curb illegal gambling activities; amongst others.

The economic imperative to promote economic inclusion continues to be an opportunity for the NGB to contribute to the economic emancipation of Historically Disadvantaged Individuals by facilitating their participation in the mainstream gambling industry. As such, the NGB researches key gambling issues to inform the legislative and policy environment.

Economic and social challenges are key focus areas to be addressed by the NGB and the gambling industry. The current regulations attempt to address the economic challenges; however, work still needs to be done to ensure the proper application of these regulations.

Enhanced regulation from an enforcement perspective is required to enable mass monitoring of online traffic to identify gambling-related activities and gambling by minors, as well as prohibiting the offering of illegal online gambling services to the South African public. Improved provisions in the legislation will enable enforcement officers to gather and consolidate intelligence about illegal gambling and to eventually blacklist illegal operators.

As part of its efforts, the NGB considers a need to strengthen relations with the PLAs and all stakeholders including the law enforcement agencies. Through collaborative efforts, appropriate dispute resolution mechanisms and the identification of illegal operators, an action plan to curb illegal gambling and focused awareness programmes can be designed to avoid inter-governmental disputes, overwhelming illegality in the gambling industry and promotion of responsible gambling respectively.

The development of national enforcement strategies by multi-disciplinary law enforcement agencies and continuous collaboration is key to ensuring that detected illegal gambling activities receive the necessary attention.

The NGB will increase its efforts to provide education in terms of the risks and the socio-economic impact of gambling and to educate the public in the reporting of illegal gambling

activities. The NGB will also increase its efforts to assist in the prosecution of operators who are found to be offering illegal gambling activities and the forfeiture of unlawful winnings to the State. It is a priority that there is the successful prosecution of illegal operators and that the public is informed about the consequences of participation in illegal gambling activities.

### **7.1. External environmental analysis**

The NGB regularly scans the gambling environment 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) Economic analysis of gambling in RSA
- d) Foster harmonisation and uniformity in the gambling industry
- e) Gaming control and regulation
- f) Position the NGB as a pre-eminent national regulator
- g) National repository for gambling-related information
- h) Engaging in opportunities which create platforms for the benefit of the country with reference to gambling law enforcement
- i) Enhance national enforcement capabilities to lead detection and combatting of illegal gambling in South Africa
- j) Leveraging from the mandates of other law enforcement agencies to advance gambling law enforcement.
- k) Create an enabling environment that fosters foreign direct investment in this industry
- l) 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

- m) Facilitate and monitor the transformation of the industry in line with the B-BBEE Act and Codes of Good Practice
- n) Informing and educating the public and stakeholders about the socio-economic impact and risks of gambling
- o) Increased monitoring capacity of the NGB by extending NCEMS to all legal modes of gambling
- p) Conceptualisation on the best approaches to the regulation of betting
- q) Regulate technologically advanced forms of gambling
- r) Promulgation of regulations for excluded persons
- s) Provision of alternative dispute resolution mechanisms to punters
- t) Increase of revenue base towards becoming a self-sustaining entity
- u) Conduct research on the socio-economic patterns and consequences of gambling
- v) Conceptualisation of cost-effective resolution of unlawful winnings
- w) Legislative reforms in order to effectively regulate gambling.

The NGB has developed a strategy that is outcome-focused, considering gambling regulation expertise, leadership and regulatory certainty. The NGB has created a 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.

Bilateral and multilateral agreements to permit enforcement across the South African borders would require regulators to work together to strengthen the capacity to prohibit and combat illegal gambling.

The successful prosecution of illegal operators is vital and the public should be informed of the consequences of participation in illegal gambling activities. The aim is to provide education in terms of the risks and socio-economic impact of gambling. In addition the public should be educated on their role to assist the NGB in the identification and reporting of illegal gambling activities.

The legal industry is affected by the mushrooming of illegal gambling which creates direct unregulated competition and this scenario is of huge concern to regulators. For example illegal gambling operators offer illegal online gambling to South Africans in such a way that participation is perceived as legal. They provide step by step instructions to deposit money in Rand currency and advertise their business by referring to South Africans who won huge amounts of money thus encouraging (potential) gamblers to participate. In some instances, they publish the NGB logo and that of the South African Responsible Gambling Foundation, which gives a false impression that unregulated online gambling is legal in South Africa.

In event Illegal gambling operators are not pursued they are able to use their gambling offerings to mislead the public, and where there is a lack of knowledge regarding licensed and unlicensed forms of gambling by a punter the resultant effect would be participation in illegal gambling.

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. Gambling-related crimes are not regarded as a high priority offence by South African law enforcement agencies, thus creating a challenge to manage the problem. Increased collaboration with the South African Justice System and joints monitoring and implementation of the national enforcement strategies by multi-disciplinary law enforcement agencies is key to ensuring that detected illegal gambling activities are alleviated.

South African financial institutions are frequently utilised as mediums of exchange between an online gambler and illegal online operator's. Although banks play a huge role in detecting unlawful winnings, the scope of financial transactions that they deal with is extensive hence it becomes a challenge for banks to report financial transactions that specifically relate to winnings which emanate from illegal gambling.

## 7.2. Internal Environmental analysis

The NGB, as the implementing agent of **the dtic**, is dependent on a financial grant from **the dtic**. However, the NGB raises additional revenue to deliver on all key performance areas as per the NGB's mandate.

The NGB has distinguished itself, based on effective systems, processes, resources and organisational culture, as an efficient, effective and well-recognised gambling regulator that maximises its potential for the benefit of stakeholders, staff and management. The following strategic human capital pillars have been identified for the next five (5) years in order to ensure that human capital issues are effectively addressed:

 Create a high-performance

organisational culture, recognising teamwork and spirit

- ✚ Create a learning and development organisational culture
- ✚ Strategic talent acquisition and retention for organisational effectiveness
- ✚ Overhaul of the organisational reward strategy
- ✚ An integrated information management system
- ✚ Legislative compliance and diversity

The NGB is required to comply with the prescripts of the B-BBEE Act, 2003. As such, an assessment was conducted by a B-BBEE verification agency against the requirements contained in the B-BBEE generic scorecard applicable to government enterprises. The NGB was rated with a B-BBEE compliance Level 8 status i.e. a non-compliant entity. Notwithstanding this, the NGB will continue to implement measures to improve its compliance level and adhere to the letter and spirit of the B-BBEE Act, 2003.

ICT systems and processes are in place within the NGB. The ICT infrastructure is adequate and is positioned to enable the organisation to perform its functions effectively and efficiently thus ensuring that the NGB is able to deliver on its mandate.

### 7.3. Description of NGB strategic planning process

The NGB is committed to an ongoing, inclusive process of strategy development, 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 considered the NDP as the overarching

program that guides Government priorities of the current administration as well as the current MTSF 2019-2024. This is depicted in Table 1 of the Strategic Plan 2022/2027 which reflects the alignment of the NGB objectives, MTSF 2019-2024 and the objectives and vision of the NDP.

Secondly, the priorities of **the dtic** were taken into account, to ensure that there is alignment between the NGB objectives and **the dtic** priority areas. In thus implementing its Strategic Plan, the NGB will work towards fulfilling the industry policy objectives as directed by the Minister of Trade, Industry and Competition as well as the Portfolio Committee for Trade and Industry.

A situational analysis was conducted to identify and evaluate the existing internal and external elements or environment that may impact on the NGB's ability to achieve its strategic objectives. This was performed through the use of a SWOT, PESTEL and TOWS analysis. The TOWS analysis was ultimately utilised to derive the NGB's outcomes.

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 programs of the NGB are underpinned by a budget that is based on the ability of the NGB to receive grant funding from **the dtic**, as well as the entity being in a position to generate its own revenue over the outer 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.

## **Political**

The strategic plan for FY2022-27 aligns with the vision of the administration that came into effect in 2019. The regulation of the gambling industry is influenced by policy, and new policy changes, such as possibly legalising online gambling, or a review of the concurrent legislative competency model, would logically impact how gambling is regulated in the country.

The National Gambling Policy, 2016 necessitated the amendment of the NGA. The National Gambling Amendment Bill of 2018, if passed, will provide an opportunity to bring about necessary amendments to the NGA, to address existing challenges and to introduce new approaches to enforcement against illegal gambling and better regulation of legal gambling.

Urgent attention should be given to the prescription of certain dates in terms of transitional provisions contained in the Schedule to the National Gambling Act, 2004, matters about excluded persons and National Registers, Re-certification of Gambling machines and devices, the remittance of unlawful winnings to the NGB in terms of section 16 and Form NGB2.

Certainty is required to urgently and expeditiously deal with disputes between the NGB and PLAs regarding interpretation and implementation of the NGA; implementation of the B-BBEE Act, 2003; and alignment of laws to give effect the underlying spirit of co-

operative governance. The existing challenges that hinder the effectiveness of the National Gambling Policy Council (NGPC) continue to impede the NGB achieving its mandate.

## **Economic**

The introduction and legalisation of gambling in terms of the NGA ensures that revenue is generated for the country in a manner that fulfils the objects of the NGA. The economic contribution that the industry makes to the economy creates an enabling environment that will further facilitate job creation. Indeed, one of the economic benefits derived from the gambling industry in South Africa is its ability to generate revenue for the government, which supports the administration of fiscal policy in the form of government expenditure towards economic development, infrastructure improvement, building schools, and enhanced service delivery amongst others. Pre-COVID-19 the gambling industry has enjoyed year-on-year growth in GGR, which was a positive contribution to GDP.

Gambling revenues reached R32 billion in FY2019/20. Taxes and levies derived from the industry amounted to R3.2 billion growing from previous financial years, displaying the need for continued and effective regulation of the industry and dialogue between stakeholders to lead to an economically sustainable gambling industry.

However, slow economic growth and recession due to the impact of the COVID-19 pandemic saw a reduction in gambling revenue to R23.3 billion and tax collection to R2.0 billion, which in turn, eroded revenue generation for government, and resulted in retrenchments in the industry.



Domestically, a high unemployment rate is a contributing factor to people choosing to gamble, especially through illegal gambling offerings. Such punters are driven by the desire to achieve economic freedom as a result of economic desperation. At the same time, other punters may well be aware of the legislation governing legal modes, but continue to participate in illegal modes of gambling, commonly unregulated online gambling, regardless of possessing the knowledge that it is illegal. In most cases, such punters are found to be the more affluent group driven to participate in illegal gambling mainly for entertainment and leisure purposes. Generally, a steady increase in disposable household income could increase the propensity to gamble as discretionary income increases. This practice is usually high during the festive season.

From an industry perspective, the NGB has also been observing slow industry transformation regarding B-BBEE. While licensed operators may be B-BBEE compliant due to such compliance being part of licence application requirements, there is a distinction to be made between black empowerment through control, and black empowerment through equity. Transformation in the form of equity transfer remains a challenge. The gambling industry is also encouraged to provide opportunities to new entrants, particularly the historically disadvantaged individuals, women and youth.

The gambling industry has also been transforming through a growing trend of mergers between operators, and this space needs to be monitored. On the one hand, mergers may be positive to the industry as the combining of skills, resources and access can create new opportunities and provide longer-term stability. On the other hand,

mergers between large role players can create monopolies that would stifle existing smaller competitors and create barriers to entry for prospective entrants that may be the very target of the transformation efforts of the government. However, there is regulatory uncertainty whether such mergers are anti-competitive or not, as no determination regarding this issue has been made. The NGB is of the view that this should be explored and resolved.

## **Social**

The NGB is required to coordinate and ensure that society is protected against the over-stimulation of the latent need for gambling. This implies that as part of its strategic plan, the NGB should monitor the likely impact and negative effects of gambling on the community to ensure that there is increased awareness and education.

Persistent poverty and inequality contribute to gambling being perceived as an income-generating activity as opposed to a recreational activity, leading to more punters becoming involved in illegal gambling. Compulsive and addictive gambling is a huge social problem, as it affects not only the individual that is addicted, but also their families and society at large.

One social factor that can affect the gambling industry is the risk of a public health pandemic on citizens (potential punters and employees of gambling establishments) as well as gambling businesses following the nationwide lockdowns and shutdowns of the industry for long periods, which may also result in punters seeking to partake in unregulated gambling activities. In addition, social distancing measures and curfews to mitigate the spread of such pandemics have the risk of decreasing the number of patrons



in a gambling establishment and consequently affecting revenue generation going forward.

Another factor that can lead to over-stimulation is the accessibility of gambling through mobile devices, and in particular, to young people that favour the use of technology rather than traditional methods of gambling. As more young people gain access and are likely to use technology in various ways in their lives, it is important for the NGB to be vigilant of the growing population of a technologically literate generation and to identify strategies that will guide and assist this group with the awareness of the dangers of gambling.

Research has identified that the profile of the punter is changing – younger people (18-35 years) are engaging in gambling due to the evolution of gambling offerings. The use of mobile devices may further allow players to bet on the outcome of various contingencies simultaneously from the convenience of their location and may be encouraging new types of players and new styles of play. For example, the developers of games have identified that millennials find games of chance unappealing, and prefer games that incorporate the element of skill, and have adapted their offerings to target this market segment.

Advertising of gambling is also a factor, as it is not illegal to advertise, and licensed operators also sponsor events and TV shows, which are aimed at having a wider reach into society to draw more punters to their offerings. This is also supported by the influence of social media platforms.

The NGB will continue to monitor the negative effects of gambling and has planned to increase its efforts to raise public

awareness and provide targeted education interventions. This will include the use of technology such as social media to counter the risks of ignorance and misinformation and advocate responsible gambling.

## **Technology**

Technology has always played a role in the development of gambling practices and continues to provide new market opportunities and simultaneously challenges for regulators. Specifically, technological advancement has a bearing on social interaction and communication (social networking), where new technologies skirt the gambling regulatory aspects.

The fourth industrial revolution (known as 4IR) is already upon us, and the regulatory environment is impacted by rapidly changing technology. New products and offerings are continuously developed through technology. We are already in a world of artificial intelligence, virtual reality and “the Internet of Things” (IoT), and the rate of change in itself is increasing. Faster internet connectivity will make NGB systems such as NCEMs and the national registers more easily accessible, accelerate the collection of data and improve the efficiency of business processes. The result will be that through technology, the NGB will be able to fulfil its mandate more efficiently. This also creates opportunities for new research to be conducted.

However, new ways of offering and accessing gambling as a result of technological advancement affect both regulation and enforcement. It opens the door to increased illegal gambling such as online gambling by minors due to access on mobile devices and gamblification. The use of mobile devices to partake in gambling will be a growing challenge to gambling regulators.

The ease of access to gambling products as a result of mobile devices can potentially lead to over-stimulation and problem gambling.

At the same time, the constant arrival of inventions and innovation, such as virtual sports and Electronic Bingo Terminals (EBTs) place a strain on the effectiveness of existing regulations, which may be deficient as such technology did not exist at the time that such regulations were developed.

As gambling becomes diverse and embraces new technologies, it raises the question of whether the existing regulatory framework is agile and able to withstand the disruption that technology presents. The NGB has to consider whether it is necessary to develop a legal framework to regulate gambling products and services as opposed to the existing legal framework remaining technologically neutral.

Although technological advancements enable more gambling services to be offered online, the South African regulatory model favours the destination approach, as this requires some effort to gain entry to licensed gambling premises. These brick-and-mortar establishments are now under threat as a result of the impact of technology, and this has had an impact on their profitability.

The NGB will continue to monitor the impact of technology through conducting research to build a knowledge base for advice to its stakeholders.

## **Environment**

The imposition of smoking bans through the enactment of legislation is expected to further erode the profits of such operators, as they have to either invest in costly infrastructure development to be able to cater for both

smoking and non-smoking areas or accept the risk of patrons that want to smoke abandoning them and thus forfeiting revenue. The NGB will monitor this risk through its oversight of compliance by operators.

The global issue of climate change continues to have a bearing on the global economy as well as the gambling industry. This is because the industry attracts tourists from all over the world who may be deterred from visiting the country by changes in climate conditions. From an operational point, the industry is a high user of electricity due to its nature of operations which usually constitutes a huge display of lavish bright lights, water sprays and air conditioning as well as servers that operate for 24 hours a day- all of which consume a lot of electricity. The NGB therefore will closely monitor opportunities to move towards a greener gambling industry through the use of renewable energy.

## **Legal**

The law regarding the legalised modes of gambling is clear. However, the application of the NGA has identified various challenges. There is also a need to address the misalignment between the application of national and provincial legislation. Currently, there is an expectation that all provincial legislation is drafted to ensure alignment with the NGA. However, it is within the nature of legislation that while there may be agreement on what law states, there can often be disagreement on how to interpret what the law says. As a result, this can lead to inconsistency in the application of gambling laws, in the absence of clear norms and standards to ensure uniformity in approach from province to province.

## 7.4. SWOT analysis

### Strengths

The NGB is empowered by the NGA to carry out its mandate. The NGA is the national legislation governing the regulation of the gambling industry, and it dictates how licensing is to be conducted by provinces. Provincial legislation thus exists only to support the NGA, but cannot conflict with it. This authority to evaluate the issuance of national licences and compliance monitoring of licensees by PLAs, by conducting oversight over PLAs for compliance with the NGA and provincial legislation is a key strength of the NGB.

The NGB has the authority and ability to monitor Gambling Sector Performance and analyse trends in market share and market conduct and access international gambling information. This information is vital for the government to be constantly aware of the status of the industry, and to be able to make informed projections for future planning of governmental priorities. It is also critical for the assessment of the state and progress of transformation in the industry.

Gambling is a legal activity in South Africa. To ensure that the public is made aware of the risks and socio-economic impact of gambling, as well as what is legal and what is not, the NGB can conduct informed broad-based public education and awareness campaigns, both on its own and in collaboration with external stakeholders.

The NGB is able to maximise its success through relationships with key stakeholders, and in various instances, the NGB has entered into Memoranda of Understanding, which enable the NGB to collaborate with other entities on matters of common interest.

The NGB is the only entity in the country that has a legal mandate to establish and maintain National Registers, including the NCEMS, which is a revenue generator.

### Weaknesses

Despite the existence of empowering legislation, the NGA has limitations that hinder the conducting of enforcement activities.

The NGB has also identified that while it does provide broad-based public education and awareness campaigns, these do not reach a sufficient percentage of the intended target market, and the consequence of this is that the mandate of the NGB is not communicated effectively to the public.

### Opportunities

The NGB has also identified various opportunities. If the NGB can develop, implement and enforce national gambling industry norms and standards, this would bring about much-needed uniformity in the application of applicable legislative prescripts and would ensure the implementation of industry-related best practice.

Repositioning of the NGB and a substantive review of the NGA would enable the conceptualisation of better approaches to the regulation of new modes of gambling and more cost-effective resolution of unlawful winnings. This also provides an opportunity for the establishment of an ad-hoc National Gambling Tribunal to speedily resolve complaints that may arise between the punters and gambling operators.

The NGB is also able to leverage the legislative authority of other regulators and collaborate on matters of common interest to

maximise achievement of the objectives of the NGB.

The NGB has the opportunity to address the needs of every involved stakeholder in the gambling industry efficiently and effectively through a broad-based national programme on the risks and socio-economic impact of gambling.

There is also the opportunity for the NGB to embrace rapid changes in technology to better regulate technologically advanced forms of gambling. Technology can also be used by the NGB through the extension of NCEMS to all legal modes of gambling, thereby increasing its monitoring capability, improved regulation and government accountability for taxes and levies collected.

### **Threats**

There is a lack of uniformity in the implementation of the NGA by PLAs due to concurrent legislative competence, which brings about anomalies.

Due to delays in amending the national regulatory framework, lacunae in the law are being exploited due to regulatory uncertainty, i.e. betting on the outcomes of lotteries.

Combating illegal gambling is also a challenge for the NGB due to the mushrooming of illegal gambling activities across the country. A further challenge is the lack of prosecution of illegal gambling operators due to illegal gambling not having been viewed as a high priority crime by law enforcement agencies.

Climate change poses a threat to the sustainability of the global economy and the gambling industry itself due to the industry's high-energy consumption.

### **7.5. TOWS analysis**

The NGB can combine its strengths with its opportunities in various ways. Through its relationships with PLAs, it seeks to implement compliance measures for PLAs to achieve effective regulation.

In execution of its mandate, the NGB will leverage off the legislative authority of stakeholders through collaborative initiatives to embark on broad-based public education and awareness campaigns in provinces. Ability to conduct informed broad-based public education and awareness campaigns through various modes of engagement will enable the NGB to address the needs of every involved stakeholder in the gambling industry efficiently and effectively through a broad-based national programme on the risks and socio-economic impact of gambling.

The NGB also will undertake broad-based education and awareness initiatives to ensure the dissemination of research information to the public on local and international platforms. The NGB will research key gambling issues and priorities to inform policy development as well as to assist the NGB with fulfilling its mandate.

The NGB plans to improve its monitoring capability by extending NCEMS to other modes of gambling.

The NGB plans to advise the NGPC about developments in the gambling industry which may inform legislative and policy development. The NGB will monitor Gambling Sector Performance and undertake national and international benchmarks with other jurisdictions to inform the future landscape of the gambling industry in South Africa.

The NGB has identified the improvement of data collection regarding the national registers, by including data import functionality on the registers.

Finally, the NGB will use its mandate to influence the reduction of barriers to transformation in the gambling industry by pursuing an industry transformation agenda.

## PART C: MEASURING THE NGB PERFORMANCE

### 8. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

#### 8.1. Financial Plan

The National Gambling Board will derive 14.5 per cent (R112.0 million) of its revenue over the medium term from transfers from the department, while 85.5 percent (R659.2 million) is derived from other revenue sources, which mainly includes the National Central Electronic Monitoring System and interest revenue. Total revenue is expected to increase from R240.5 in 2021/22 to R257.0 million in 2023/24, representing an increase of 7.0 per cent.

#### 8.2. Expenditure Trends

Expenditure on goods and services is set to increase at an annual average rate of 4.9 per cent, from R232.3 million in 2021/22 to R256.8 million in 2023/24. Goods and services will account for 80.6 per cent of total expenditure over the medium term, largely attributed to the operations of one of the national registers, the National Central Electronic Monitoring System.

**Table 1: Income and Expenditure**

R Thousand	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	AUDITED OUTCOME			BUDGET ESTIMATE			
<b>Revenue</b>							
Grant from the dtic	32 624	33 797	31 027	35 928	36 477	36 836	38 641
NCEMS monitoring fees	202 034	220 338	146 064	200 500	212 500	216 000	219 105
Interest received	3 018	3 801	2 315	3 720	3 744	4 100	3 744
Rental income	4 423	4 408	2 237	0	0	0	0
Other miscellaneous income	-		0	0	0	0	0
<b>Total Revenue</b>	<b>242 099</b>	<b>262 344</b>	<b>181 643</b>	<b>240 148</b>	<b>252 721</b>	<b>256 936</b>	<b>261 490</b>
<b>Expenditure</b>							
Employee costs	25 390	33 774	38 005	41 324	43 663	46 143	48 771
Subsistence & travel	6 151	4 062	0	1 435	1 435	1 435	1 435
Administration costs	12 323	14 384	9 726	10 107	11 247	12 920	12 920
NCEMS service fees	168 362	183 615	121 720	167 083	177 083	182 588	182 588
Professional services	4 288	6 873	5 082	5 273	6 172	6 622	6 672
Depreciation	2 538	3 158	3 193	3 230	3 230	3 230	3 230
Other operating expenses	4 163	5 167	2 356	3 818	3 843	3 842	3 842
<b>Total Expenditure</b>	<b>223 215</b>	<b>251 033</b>	<b>180 082</b>	<b>232 270</b>	<b>246 673</b>	<b>256 780</b>	<b>259 458</b>
<b>Surplus / (Deficit)</b>	<b>18 884</b>	<b>11 311</b>	<b>1 561</b>	<b>7 878</b>	<b>6 048</b>	<b>156</b>	<b>2 032</b>

#### 8.3. Asset and liability management

It is projected that the NGB's assets will be adequate to cover total liabilities throughout the entire MTEF period. All tangible assets have been insured with

a reputable registered insurer.

#### 8.4. Cash flow projections

The cash flow projections below reflect a decline in cash receipts from the LPM

industry as the economy is expected to continue to be on a downward trajectory, owing to the impact of COVID-19.

**Table 2: Cash flow projections**

Cash Flow Description	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	AUDITED OUTCOME			BUDGET ESTIMATE			
R Thousand							
Cash receipts from stakeholders	241 644	269 614	178 794	240 148	252 721	253 436	261 490
Tax receipts	-	-	-	-			
Rent received	2 277	8 000	3 709	0	0	0	0
Transfers received	32 624	33 797	31 027	35 928	36 477	36 836	38 641
Fines, penalties and forfeits	-	-	-	-	-		-
Interest	2 993	3 779	2 306	3 720	3 744	4 100	3 744
Rent on land	-	-	-	-	-		-
Limited payout machine monitoring fees	203 750	224 038	141 752	200 500	212 500	212 500	219 105
Cash paid to stakeholders	236 289	253 445	177 502	229 040	243 443	253 550	256 228
Current payments	236 289	253 445	177 502	229 040	243 443	253 550	256 228
Compensation of employees	31 882	33 824	38 145	41 324	43 663	46 143	48 771
Goods and services	204 407	219 621	139 357	187 716	199 780	207 407	207 457
Cash flow from operating activities	5 355	16 169	1 292	11 108	9 278	-114	5 262
Cash flow from investing activities	-2 826	-458	-1 637	-400	-420	-441	-463
Cash flow from financing activities	405	294	253	267	267	400	267
Net increase / (decrease) in cash and cash equivalents	2 934	16 005	-92	10 975	9 125	-155	5 066

### 8.5. Capital expenditure programmes

Capital expenditure projects for the medium term will be limited to the replacement of computers as they reach the end of their useful lives.

### 8.6. 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 dtic**. The dividend policy does not apply to the NGB.



## 9. PROGRAMME PERFORMANCE

The NGB is mandated, amongst other functions in the NGA, to co-ordinate activities relating to the exercise of concurrent competence within the national and provincial spheres of government to establish certain uniform norms and standards. These provisions apply throughout the Republic about casinos, bingo, LPM and betting, so that gambling activities are effectively regulated, licensed, and controlled.

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 the successful execution of the NGB's mandate. This will be implemented through various key outputs as follows:

- a) Monitored market share and market conduct in the gambling industry
- b) Conducted economic Analysis and research on the impact of gambling
- c) Provided authoritative advice policy, statutory matters and legislative reform in the Gambling Industry
- d) Conducted technical analysis on gaming control and regulation
- e) Maintained functional national registers
- f) Maintained operational National Central Electronic Monitoring System
- g) Monitored economic transformation opportunities for HDIs in the mainstream gambling industry
- h) Evaluation of PLAs compliance with gambling legislation
- i) Evaluation of compliance monitoring of licensees by PLAs
- j) Co-operative activities undertaken to prevent and suppress illegal gambling activities
- k) Suspected cases of unlawful gambling

activities investigated

The outputs will be delivered through the programmes Gaming Control and Compliance and Corporate Services and Research in the respective divisions.

## 10. PROGRAMME 1: GAMING CONTROL AND COMPLIANCE

### Purpose

The Gaming Control and Compliance Division (GCCD) provides mandated operational core functions in terms of the National Gambling Act, 2004, (Act 7 of 2004). The GCCD 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 to ensure the ease of doing business.

The sub programmes of the GCCD are set out as follows:

### 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 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 National Central Electronic Monitoring System ("NCEMS") which is capable of detecting and monitoring significant events, associated with any LPM that is made available for play in the Republic and analysing and reporting data according to the requirements of sections 21 to 26 of the NGA.

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 report collected data.

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 the PLAs compliance with the NGA and enables the NGB to assist the PLAs to detect and suppress unlawful gambling and unlicensed gambling activities.

## **Gaming Control**

The NGB will monitor and analyse technological developments that affect gambling regulation and provide advice on the compliance of gambling machines and devices in terms of the NGA.

The NGB will review and analyse the certification of gambling products, new gambling products, and the adoption of technology in the gambling industry in accordance with the technical standards

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(SANS1718) developed by the South African Bureau of Standards in accordance with the Standards Act.

## **Compliance**

The NGB will ensure compliance with section 33 of NGA which requires the NGB to evaluate the issuing of national licences by PLAs and the compliance monitoring of licensees by PLAs. The section further requires the NGB to conduct oversight evaluations of the performance of PLAs, in a manner stipulated in section 34 of the NGA so as to ensure that norms and standards are applied uniformly and consistently by all PLAs.

## **Enforcement**

Through collaborated efforts with law enforcement agencies and other stakeholders the enforcement division, mandated by section 33(c) of the NGA will assist PLAs to ensure that unlicensed gambling activities are detected in compliance with section 66(2) and (3) of the NGA.

The division will further ensure, in complying with section 16(4) of the NGA, that the circumstances of the gambling activity of any winnings withheld and remitted to the NGB are investigated and if found to be illegally obtained, such funds will be forfeited to the State.

## Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output indicators	Audited performance			Estimated performance and baseline	MTEF targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons</b>	Maintained functional national registers	Percentage uptime on functional national registers	N/A	100% uptime of national functional registers	100% uptime of national functional registers	95% uptime of functional national registers	95% uptime and system analysis on functionality, effectiveness and maintenance of national registers	95% uptime and system analysis on functionality, effectiveness and maintenance of national registers	95% uptime and system analysis on functionality, effectiveness and maintenance of national registers
	Maintained operational National Central Electronic Monitoring System	Percentage uptime of a fully operational National Central Electronic Monitoring System (NCEMS)	N/A	99.95% uptime on a fully operational NCEMS	99.95% uptime on a fully operational NCEMS	95% uptime of National Central Electronic Monitoring System (NCEMS)	95% uptime on a fully operational NCEMS and system analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic	95% uptime on a fully operational NCEMS and system analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic	95% uptime on a fully operational NCEMS and system analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic
<b>Economic transformation and increased participation of Historically Disadvantaged Individuals in the mainstream gambling industry</b>	Monitored economic transformation commitments for HDIs in the mainstream gambling industry	Number of S53 economic transformation reports in the mainstream gambling industry produced	N/A	N/A	Four (4) reports on economic transformation and participation of HDIs in the mainstream gambling industry submitted to the Accounting Authority	Four (4) reports on economic transformation in the mainstream gambling industry submitted to the Accounting Authority	One (1) consolidated report on S53 economic transformation in the mainstream gambling industry produced	One (1) consolidated report on S53 economic transformation in the mainstream gambling industry produced	One (1) consolidated report on S53 economic transformation in the mainstream gambling industry produced
<b>Effectively monitored PLA compliance with gambling legislation</b>	Evaluation of PLAs compliance with gambling legislation	Number of reports on nine (9) PLAs compliance with gambling legislation produced	N/A	N/A	N/A	New indicator	One (1) consolidated report on PLA compliance evaluation with gambling legislation produced	One (1) consolidated report on PLA compliance evaluation with gambling legislation produced	One (1) consolidated report on PLA compliance evaluation with gambling legislation produced
	Conducted technical analysis of gambling games,	Number of reports on technical analysis conducted	N/A	N/A	Four (4) advisory Reports on gaming control and one (1)	Four (4) advisory reports on gaming control and regulation and	One (1) consolidated report on technical analysis of gambling games, machines and devices produced	One (1) consolidated report on technical analysis of gambling games, machines and devices produced	One (1) consolidated report on technical analysis of gambling games, machines and devices produced

Outcome	Outputs	Output indicators	Audited performance			Estimated performance and baseline	MTEF targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	machines and devices				consolidated report on regulation were Submitted to the Accounting Authority	one (1) consolidated report on gaming control and regulation submitted to the Accounting Authority			
<b>Facilitated S16 confiscation of proceeds from illegal gambling activities</b>	Targeted investigations completed on the circumstances of the illegal gambling activity	Percentage of targeted investigations completed on the circumstances of the illegal gambling activity	N/A	N/A	N/A	New indicator	100% of the total number of cases targeted for investigation completed	10% variance of the number of total cases received	10% variance of the number of total cases received

**Indicators, Annual and Quarterly Targets**

<b>Output indicators</b>	<b>Annual targets 2021/2022</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Percentage uptime on functional national registers	95% uptime and system analysis on functionality, effectiveness and maintenance of national registers	95% uptime and system analysis on functionality, effectiveness and maintenance of national registers	95% uptime and system analysis on functionality, effectiveness and maintenance of national registers	95% uptime and system analysis on functionality, effectiveness and maintenance of national registers	95% uptime and system analysis on functionality, effectiveness and maintenance of national registers
Percentage uptime of a fully operational National Central Electronic Monitoring System (NCEMS)	95% uptime of National Central Electronic Monitoring System (NCEMS)	95% uptime on a fully operational NCEMS and system analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic	95% uptime on a fully operational NCEMS and system analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic	95% uptime on a fully operational NCEMS and system analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic	95% uptime on a fully operational NCEMS and system analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic
Number of S53 economic transformation reports in the mainstream gambling industry produced	One (1) consolidated report on S53 economic transformation in the mainstream gambling industry produced	One (1) report on S53 economic transformation in the mainstream gambling industry produced	One (1) report on S53 economic transformation in the mainstream gambling industry produced	One (1) report on S53 economic transformation in the mainstream gambling industry produced	One (1) consolidated report on S53 economic transformation in the mainstream gambling industry produced
Number of reports on the evaluation of compliance with gambling legislation by nine (9) PLAs produced	One (1) consolidated report on PLA compliance evaluation with gambling legislation produced	One (1) report on compliance evaluation of PLAs produced	One (1) report on compliance evaluation of PLAs produced	One (1) report on compliance evaluation of PLAs produced	One (1) consolidated report on PLA compliance evaluation with gambling legislation produced
Number of reports on technical analysis conducted	One (1) consolidated report on technical analysis of gambling games, machines and devices produced	One (1) report on technical analysis of gambling games, machines and devices produced	One (1) report on technical analysis of gambling games, machines and devices produced	One (1) report on technical analysis of gambling games, machines and devices produced	One (1) consolidated report on technical analysis of gambling games, machines and devices produced
Percentage of targeted investigations completed on the circumstances of the illegal gambling activity	100% of the total number of cases outstanding investigation completed	25% of the total number of cases outstanding investigation completed	50% of the total number of cases outstanding investigation completed	75% of the total number of cases outstanding investigation completed	100% of the total number of cases outstanding investigation completed

## Key Risks

<b>Risk #</b>	<b>Key risks</b>	<b>Outcomes</b>	<b>Outputs</b>	<b>Risk mitigations</b>
1	<ul style="list-style-type: none"> <li>No centralised gambling-related information accessible to stakeholders</li> <li>Inability to place reliance on the third party related gambling information</li> <li>Vulnerability of national registers to cyber attacks</li> <li>Integrity of data to make informed decisions</li> <li>Inability to access credible gambling-related data</li> <li>Absence of a functional operational NCEMS will result in non-effective or efficient regulation of the LPM industry</li> <li>Inoperable LPM industry</li> <li>Loss of revenue to the fiscus</li> </ul>	Account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons	Maintained functional national registers  Maintained operational National Central Electronic Monitoring System	<ul style="list-style-type: none"> <li>Registers are hosted in a high availability data centre</li> <li>Continuous back up of data on registers</li> <li>Approved disaster recovery plan</li> <li>Verification of captured data</li> <li>Back-up systems available</li> </ul>
2	<ul style="list-style-type: none"> <li>Failure of HDIs participating in the mainstream gambling industry due to existing high barriers to entry</li> <li>Failure of the gambling industry to meet economic development imperatives</li> <li>Failure by the industry to embrace the transformation agenda</li> </ul>	Economic transformation and increased participation of Historically Disadvantaged Individuals in the mainstream gambling industry	Monitored economic transformation opportunities for HDIs in the mainstream gambling industry	<ul style="list-style-type: none"> <li>Incorporate transformation agenda in the regulatory framework</li> <li>Set norms and standards</li> <li>Facilitate the expansion of economic opportunities for HDIs in the mainstream gambling industry</li> </ul>
3	Lack of cooperation by PLAs	Effectively monitored PLA compliance with gambling legislation	Evaluation of PLAs compliance with gambling legislation	<ul style="list-style-type: none"> <li>Engaging PLAs during compliance monitoring pre-planning stage</li> <li>Regular and improved communication with PLAs</li> </ul>
4	<ul style="list-style-type: none"> <li>Gambling products and services offered that do not meet the technical standards</li> <li>PLAs allow products that are non-compliant to the NGA and other applicable legislation</li> </ul>		Conducted technical analysis of gambling games, machines and devices	<ul style="list-style-type: none"> <li>Build technical expertise through continuous training</li> <li>Continuous engagement with NRCS, SABS and PLAs</li> </ul>
5	<ul style="list-style-type: none"> <li>Incomplete information from reporting entities.</li> <li>Improper investigation process followed</li> </ul>	Facilitated S16 confiscation of proceeds from illegal gambling activities	Targeted investigations completed on the circumstances of the illegal gambling activity	<ul style="list-style-type: none"> <li>Collaboration with banks, gambling operators and PLAs in detecting suspected unlawful winning transactions</li> <li>Implement unlawful winnings standard operating procedures.</li> </ul>



## **EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM EXPENDITURE FRAMEWORK PERIOD**

**The contribution of the outputs to achieving the intended outcomes and impact in the Strategic Plan and the institution's mandate including, where applicable, priorities in relation to women, youth and people with disabilities.**

Maintaining functional national registers and an operational National Central Electronic Monitoring System is intended to account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons. This is to continuously and effectively capture those persons who are excluded and accurately monitor the LPM industry in real-time to derive the intended economic benefits by way of revenue collection.

To prioritise the women, youth and people with disabilities in terms of the broader economic agenda, the NGB intends, to monitor economic transformation commitments for HDIs in the mainstream gambling industry. This will be done by ensuring that the industry is reflective of an industry that is representative of the government transformation agenda. This should be informed by the industry being more inclusive, sustainable, bearing an appropriate sectoral balance with opportunities for all coupled with integrated value-chains and fewer barriers to entry.

Evaluations will be conducted on the performance of PLAs with a view to detect and report deficiencies in respect of the issuance of national and provincial licensees. The NGA makes it a requirement

for every license holder to comply with both the provisions of the national and provincial legislations. It further gives jurisdictions to the PLA to enforce the NGA within the jurisdiction within which it operates. It is thus necessary to conduct evaluations with an intent to ensure compliance with applicable legislations by PLAs and its licensees.

Illegal gambling does not only deter revenues that would ordinarily be collected from the licensed gambling institutions, it also negatively impacts society's financial and social wellbeing. Gamblers stands a chance to lose their winnings as these are, in terms of section 16(3) of the NGA, remitted to the NGB. If found to be proceeds of unlawful winnings, through the investigation by the NGB, the funds will be recommended for forfeiture to the State.

### **A description of planned performance in relation to the programme's outputs.**

The plan around maintaining functional national registers and an operational National Central Electronic Monitoring System is to ensure that a 95% uptime of all systems is maintained every quarter and reporting on any deficiencies is conducted.

To monitor economic transformation opportunities for HDIs in the mainstream gambling industry the NGB plans to report quarterly on aspects of transformation within the industry that would shift focus from growth in and of itself to the form and nature of such growth insofar as creating an inclusive, fair, equitable and transparent gambling industry that minimises barriers to entry and has consideration HDIs, women, youth and people with disabilities.



To evaluate PLA compliance with gambling legislation, the NGB will conduct PLA oversight in the first three quarters of the financial year and report on the level of compliance.

The NGB will assist PLAs and enforcement agencies, through quarterly reporting on co-operative activities undertaken, to detect, prevent and suppress illegal gambling activities.

Suspected cases of unlawful gambling activities will be investigated and reported quarterly in order to determine the circumstances under which the gambling activity was undertaken and recommend for refund to the person who won, if the NGB is satisfied that the gambling activity was lawful, or forfeited to the State.

## **11. PROGRAMME 2: CORPORATE SERVICES AND RESEARCH**

### **Purpose**

The Corporate Services and Research Division (CSRD) provides mandated operational core functions in terms of the National Gambling Act, 2004, (Act 7 of 2004). The division specifically provides a broad based public education and awareness programme as well as an economic analysis of gambling sector performance of the industry.

The CSRD provides support services to the NGB to ensure satisfactory internal and external stakeholder engagement, and seeks to attain a conducive work environment, which enhances business efficiency.

CSRD comprises of the following sub-divisions, Human Capital Optimisation (HCO), Legal Services, Research, IT, and Corporate Governance.

The sub programmes of the CSRD are set out as follows:

### **Legal Services**

Legal Services provides corporate legal services to the NGB in form of legal opinions, legal advice, legislative drafting, litigation, and drafting and vetting of contracts.

Legal Services ensures that NGB's interests are promoted and protected in its business operations and further ensures that the NGB operates within the ambit of the law.

### **Corporate Governance**

Corporate Governance focuses on Risk Management and governance matters relating to Information Communication Technology (ICT) and Records Management.

Risk Management will focus on the identification, assessment and mitigation of strategic, operational and reputational risks that may hinder the NGB from achieving its objectives.

Records Management ensures that there is proper maintenance of records, access to and protection of information.

ICT will ensure that assistive technologies are provided to support and enhance the overall organisational performance and efficiency.

### **Human Capital Optimisation (HCO)**

HCO focuses on integrated management of the work environment in order to optimise and nurture human capital to ensure business efficiency is obtained and ensure that there is a conducive environment wherein balanced labour relations are maintained.

### **Research Services**

Mandated in terms of S65(1) and S65(2) of the NGA, the NGB monitors socio-economic patterns of gambling activity within the Republic; monitors gambling sector performance, market share and market conduct in the gambling industry. An economic analysis into the insights of market share and market conduct from economic and institutional perspectives is undertaken.

A broad-based public education programme about the risks and socio-economic impact of gambling will be facilitated through educational campaigns and programmes. The aim is to maintain social dialogue with industry stakeholders on the consequences of the overstimulation of gambling, compulsive and addictive gambling, and the negative impact of participating in any unregulated gambling activity.

The NGB will carry out a benchmarking analysis of various legal issues that are pertinent across provinces to foster harmonisation and uniformity in the gambling industry and inform the setting of norms and standards in the industry that ultimately create a conducive environment for the gambling industry.

## Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output indicators	Audited performance			Estimated performance and baseline	MTEF targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Effectively monitored socio-economic patterns of gambling activity within the Republic</b>	Monitored market share and market conduct in the gambling industry	Number of reports on gambling sector performance produced	N/A	Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance presented to the Accounting Authority	Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance submitted to the Accounting Authority	Three (3) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance submitted to the Accounting Authority	Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance produced	Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance produced	Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance produced
	Conducted economic analysis and research on the impact of gambling	Number of reports on Economic Analysis and research conducted on the impact of gambling produced	N/A	N/A	Four (4) reports on economic analysis and research conducted on the impact of gambling submitted to the Accounting Authority	Three (3) reports on economic analysis and research conducted on the impact of gambling submitted to the Accounting Authority	One (1) annual consolidated economic analysis and research report on the impact of gambling produced	One (1) annual consolidated economic analysis and research report on the impact of gambling produced	One (1) annual consolidated economic analysis and research report on the impact of gambling produced
<b>Uniformity of legislation in the gambling industry</b>	Provided authoritative advice on policy, statutory matters and legislative reform in the Gambling Industry	Number of reports on advice provided in terms of S65 of the NGA produced	N/A	S65 advisory report was presented to the Accounting Authority	S65 advisory report was presented to the Accounting Authority	Four (4) S65 advisory reports on gambling regulation and one (1) consolidated S65 report submitted to the Accounting Authority	One (1) annual consolidated S65 advisory report on gambling regulation produced	One (1) annual consolidated S65 advisory report on gambling regulation produced	One (1) annual consolidated S65 advisory report on gambling regulation produced

Outcome	Outputs	Output indicators	Audited performance			Estimated performance and baseline	MTEF targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Broad-based public education</b>	Better informed and educated stakeholders	Number of broad-based public educational interventions about the risks of and socio-economic impact of gambling conducted	Four (4) broad-based public educational programmes through interventions	Eight (8) broad-based public educational interventions about the risks and socio-economic impact of gambling	Conducted thirteen (13) broad-based public education interventions about the risks and socioeconomic impact of gambling	Conduct ten (10) broad-based public educational interventions about the risks and socio-economic impact of gambling	Conduct ten (10) broad-based public educational interventions about the risks and socio-economic impact of gambling	Conduct ten (10) broad-based public educational interventions about the risks and socio-economic impact of gambling	Conduct ten (10) broad-based public educational interventions about the risks and socio-economic impact of gambling

**Indicators, Annual and Quarterly Targets**

<b>Output indicators</b>	<b>Annual targets 2022/23</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Number of reports on gambling sector performance produced	Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance produced	One (1) report on gambling sector performance (4 <sup>th</sup> quarter, FY2021/22) produced	One (1) report on gambling sector performance (1st quarter, FY2022/23) produced  One (1) audited report on gambling sector performance (FY2021/22) produced	One (1) report on the gambling sector performance (2nd quarter, FY2022/23) produced	One (1) report on gambling sector performance (3rd quarter, FY2022/23) produced
Number of reports on economic analysis and research conducted on the impact of gambling produced	One (1) annual consolidated economic analysis and research report on the impact of gambling produced	One (1) economic analysis and research report on the impact of gambling produced	One (1) economic analysis and research report on the impact of gambling produced	One (1) economic analysis and research report on the impact of gambling produced	One (1) consolidated economic analysis and research report on the impact of gambling produced
Number of reports on advice provided in terms of S65 of the NGA produced	One (1) annual consolidated S65 advisory report on gambling regulation produced	One (1) S65 advisory report on gambling regulation produced	One (1) S65 advisory report on gambling regulation produced	One (1) S65 advisory report on gambling regulation produced	One (1) annual consolidated S65 advisory report on gambling regulation produced
Number of broad-based public educational interventions about the risks and socio-economic impact of gambling conducted	Conduct ten (10) broad-based public educational interventions about the risks and socio-economic impact of gambling	Conduct two (2) broad-based public education interventions about the risks and socio-economic impact of gambling	Conduct three (3) broad-based public education interventions about the risks and socio-economic impact of gambling	Conduct three (3) broad-based public education interventions about the risks and socio-economic impact of gambling	Conduct two (2) broad-based public education interventions about the risks and socio-economic impact of gambling

## Key Risks

The following key issues must be covered in each programme's narrative:

No	Outcomes	Outputs	Key risks	Risk mitigation
1	Effectively monitored Socio economic patterns of gambling activity within the Republic	Monitored market share and market conduct in the gambling industry	<ul style="list-style-type: none"><li>Gaps in compliance due to concurrent competencies</li><li>Lack of financial resources to conduct research projects</li><li>Limited human capital resources to conduct research</li><li>Incorrect or omitted gambling statistics will result in the inability to report on market conduct and market share resulting in failure to detect unfair competition</li></ul>	<ul style="list-style-type: none"><li>Advise the dtic and NGPC</li><li>Conduct In-house research</li><li>Outsource research project</li><li>Undertake audit of gambling statistics annually</li></ul>
2		Conducted economic Analysis and research on the impact of gambling		
2	Uniformity of legislation in the gambling industry	Provided authoritative advice policy, statutory matters and legislative reform in the Gambling Industry		
3	Broad-based public education	Better informed and educated stakeholders	<ul style="list-style-type: none"><li>Inability to reach the targeted audience on interventions conducted</li><li>Lack of financial resources to conduct research to identify patterns, causes and consequences of the socio-economic impact of gambling to inform broad based public education</li><li>Lack of financial resources to conduct public education and awareness campaigns</li></ul>	<ul style="list-style-type: none"><li>Development and implementation of broad-based public education programme</li><li>Continuous in-house research to inform and guide policy and practice on broad-based public education</li><li>Innovative methods to conduct public education and awareness campaigns (namely, utilising in-house human capital and other non-financial mechanisms)</li></ul>



## **EXPLANATION OF PLANNED PERFORMANCE OVER THE MEDIUM-TERM PERIOD**

**The contribution of its outputs to achieving the intended outcomes and impact in the Strategic Plan and the institution's mandate including, where applicable, priorities in relation to women, youth and people with disabilities.**

Through the monitoring of gambling sector performance, market share and market conduct, as well as conducting economic analysis and research on the impact of gambling, the NGB intends to ensure the effective monitoring of socio-economic patterns of gambling activity within the Republic with the aim of ensuring that a balance of the economic gains derived from the gambling industry such as revenue, job creation and infrastructure development is maintained against the negative social consequences such as problem gambling and addiction.

By providing authoritative advice on policy, statutory matters and legislative reform in the gambling industry the intention is to create an enabling environment for the industry directed towards harmonising norms and standards within the industry through which uniformity of legislation can be achieved.

Broad-based public educational intervention about the risks and socio-economic impact of gambling conducted is mandated by the NGA. However, the Act is not prescriptive on how the educational interventions should be implemented. As such, it is deemed prudent to conduct numerous repetitive education and awareness

initiatives to identified target groups. The broad-based public educational interventions are also aimed at educating and raising awareness on illegal forms of gambling, as well as participating in any unregulated gambling modes and consequences of overstimulation of gambling. Gambling challenges are not restricted to a particular demographic group, they cut across all income levels and affect youth, women and people with disabilities. Women, youth and people living with disabilities are considered vulnerable groups so there will be specific education and awareness programs tailor-made for them.

### **A description of planned performance in relation to the programme's outputs.**

The planned performance in relation to monitoring market share and market conduct, as well as research on the impact of gambling is to undertake gambling sector performance analysis of trends, economic market structure and research on a quarterly basis and report on this by way of published articles disseminated to various stakeholders in the industry.

From an economic analysis perspective, an assessment will be made on the global outlook, micro and macroeconomic factors and economic growth in certain gambling jurisdictions in relation to the gambling industry, and calculating the value of the impact of the gambling industry in the economy.

It is prudent to undertake a forecast of the gambling industry against economic performance at national and global levels, to inform the level of investment and better

allocation of resources and provide an overall assessment of market conditions in order to induce investment in the gambling industry.

This further involves establishing and quantifying the cost and benefits of the gambling industry informed by the regulatory cost of investing in the industry based on an assessment of the value of the gambling industry.

To provide authoritative advice on policy, statutory matters and legislative reform in the gambling industry, the NGB plans to report on matters within its authority as per section 65 of the NGA with the intention of bringing them to the attention of the Minister for possible deliberation at the NGPC.

The NGB plans to have education and awareness campaigns/interventions about the risks and socio-economic impact of gambling aimed at encouraging responsible gambling as gambling should be viewed as a recreational as opposed to an income-generating activity.

## PART D: TECHNICAL INDICATOR DESCRIPTION

### 12. GCCD TECHNICAL INDICATOR DESCRIPTION

The National Gambling Board (NGB) has developed a set of Technical Indicator Description (TID) in line with the identified outputs. These include desired performance for the Annual Performance Plan (APP). The purpose of the TID is to track on-going performance.

The GCCD TID also reflect equity concerns and value for money in the use of resources. In developing the TID, specific attention was given to developing a TID related to economy, efficiency and equity considering that effectiveness is assessed in relation to the achievement of the NGB's outputs, baselines and targeted performance.

Programme performance TID 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 in order to ensure that the management processes are in place to collect the information required to track performance against each indicator and that each output meets the SMART criteria (specific, measurable, accurate, relevant and timely).

## 12.1 Technical Indicator Description (TID): Percentage uptime on Functional National Registers

Indicator title	TID 1 Percentage uptime on functional national registers
Definition	<ul style="list-style-type: none"> <li>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</li> </ul>
Source of data	<ul style="list-style-type: none"> <li>PLAs, manufacturers and licensees</li> </ul>
Method of calculation/assessment	<ul style="list-style-type: none"> <li>Analysis of functionality, effectiveness and maintenance of 95% uptime of functional national registers</li> <li>Total number of hours (within reporting period) that registers were online and available/total number of hours within the reporting period multiplied by one hundred (100).</li> <li>Cumulative</li> </ul>
Means of verification	<ul style="list-style-type: none"> <li>Availability of valid, accurate and complete data uploaded as and when required by the NGB for purposes of monitoring, evaluation and reporting</li> </ul>
Assumptions	<ul style="list-style-type: none"> <li>Availability of valid, accurate and complete data uploaded for licenced gambling machines and devices or excluded persons as and when required by the NGB for purposes of monitoring, evaluation and reporting</li> </ul>
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Spatial transformation (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Calculation type	<ul style="list-style-type: none"> <li><b>Quantitative:</b> Total number of hours (within reporting period) that registers were online and available/total number of hours within the reporting period multiplied by one hundred (100).</li> <li><b>Qualitative:</b> Analysis of data in relation to gambling machines and devices, probity, and excluded persons</li> <li>Cumulative</li> </ul>
Reporting cycle	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>
Desired performance	<ul style="list-style-type: none"> <li>Fully compliant with targeted performance</li> </ul>
Indicator responsibility	<ul style="list-style-type: none"> <li>Senior Manager: Gaming Technology</li> </ul>

## 12.2 Technical Indicator Description (TID): Percentage uptime of a fully operational National Central Electronic Monitoring System

Indicator title	TID 2 Percentage uptime of a fully operational National Central Electronic Monitoring System (NCEMS)
Definition	<ul style="list-style-type: none"> <li>Fully operational NCEMS and system analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic</li> </ul>
Source of data	<ul style="list-style-type: none"> <li>National Central Electronic Monitoring System</li> </ul>
Method of calculation/assessment	<ul style="list-style-type: none"> <li>Analysis of fully operational NCEMS 95% uptime</li> <li>Total number of hours (within the reporting period) that the NCEMS was online and available/total number of hours within the reporting period multiplied by one hundred (100)</li> <li>Cumulative</li> </ul>
Means of verification	<ul style="list-style-type: none"> <li>Availability of valid, accurate and complete data uploaded as and when required by the NGB for purposes of monitoring, evaluation and reporting</li> </ul>
Assumptions	<ul style="list-style-type: none"> <li>Availability of valid, accurate and complete data uploaded for licenced LPMs and devices as and when required by the NGB for purposes of monitoring, evaluation and reporting</li> </ul>
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Spatial transformation (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Calculation type	<ul style="list-style-type: none"> <li><b>Quantitative:</b> Total number of hours (within the reporting period) that the NCEMS was online and available/total number of hours within the reporting period multiplied by one hundred (100)</li> <li><b>Qualitative:</b> Analysis of data and significant events associated with LPMs, as well as analysis and recommendations</li> <li>Lack of access to testing data limits understanding of some data irregularities and system downtime</li> </ul>
Reporting cycle	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>
Desired performance	<ul style="list-style-type: none"> <li>Fully compliant with targeted performance</li> </ul>
Indicator responsibility	<ul style="list-style-type: none"> <li>Senior Manager: Gaming Technology</li> </ul>

**12.3 Technical Indicator Description (TID): Number of S53 economic transformation reports in the mainstream gambling industry produced**

Indicator title	TID 3 Number of S53 economic transformation reports in the mainstream gambling industry produced
Definition	<ul style="list-style-type: none"> <li>This indicator is dictated by the NGA and plays a role in the application, issuance or transfer of a non-employment gambling licence and the imposition of reasonable and justifiable conditions to the extent necessary to achieve governments' transformation agenda.</li> </ul>
Source of data	<ul style="list-style-type: none"> <li>Government policy, legislation, research empirical evidence, PLAs</li> </ul>
Method of calculation/assessment	<ul style="list-style-type: none"> <li>Three (3) quarterly reports and one (1) annual consolidated report on S53 economic transformation in the mainstream gambling industry submitted to the Accounting Authority</li> <li>Cumulative</li> </ul>
Means of verification	<ul style="list-style-type: none"> <li>National Development Plan, New Growth Path publications and research reports</li> </ul>
Assumptions	<ul style="list-style-type: none"> <li>Implementation of the transformation agenda will create an enabling environment for the gambling industry to grow</li> <li>Implementation of the transformation economic opportunities will expand the small business sector</li> <li>Equitable and inclusive gambling industry</li> <li>Implementation of the identification of possible features that stifle competition will create an enabling environment for the gambling industry to grow</li> </ul>
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Spatial transformation (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Calculation type	<ul style="list-style-type: none"> <li><b>Quantitative:</b> Number of S53 economic transformation reports in the mainstream gambling industry submitted to the Accounting Authority [one (1) per quarter for quarter one (1), two (2) and three (3) and one (1) annual consolidated report for quarter four (4)]</li> <li><b>Qualitative:</b> Nature and content and whether objectives have been met</li> </ul>
Reporting cycle	<ul style="list-style-type: none"> <li>Annually</li> </ul>
Desired performance	<ul style="list-style-type: none"> <li>Fully compliant with targeted performance</li> </ul>
Indicator responsibility	Manager: Gaming Compliance



#### 12.4 Technical Indicator Description (TID): Number of reports on nine (9) PLAs compliance with gambling legislation produced

Indicator title	TID 4 Number of reports on nine (9) PLAs compliance with gambling legislation produced
Definition	<ul style="list-style-type: none"> <li>• Oversight evaluations conducted of PLAs compliance with gambling legislation and compliance monitoring of licencees by PLAs</li> </ul>
Source of data	<ul style="list-style-type: none"> <li>• Interviews with PLAs, Licensing conditions imposed, gambling legislation, evaluation reports per PLA</li> </ul>
Method of calculation/assessment	<ul style="list-style-type: none"> <li>• Three (3) quarterly reports and one (1) annual consolidated report on nine (9) PLAs compliance with gambling legislation gambling industry submitted to the Accounting Authority</li> <li>• Cumulative</li> </ul>
Means of verification	<ul style="list-style-type: none"> <li>• Compliance checklist, evaluation reports per PLA</li> </ul>
Assumptions	<ul style="list-style-type: none"> <li>• Co-operation from PLAs</li> <li>• Submission of all requested information required to conduct oversight</li> </ul>
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
Spatial transformation (where applicable)	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
Calculation type	<p><b>Quantitative:</b> Number of reports on nine (9) PLAs compliance with gambling legislation submitted to the Accounting Authority [one (1) per quarter for quarter one (1), two (2) and three (3) and one (1) annual consolidated report for quarter four (4)]</p> <p><b>Qualitative:</b> Nature and content and whether objectives have been met</p>
Reporting cycle	<ul style="list-style-type: none"> <li>• Annually</li> </ul>
Desired performance	<ul style="list-style-type: none"> <li>• Fully compliant with targeted performance</li> </ul>
Indicator responsibility	<ul style="list-style-type: none"> <li>• Senior Inspector: Enforcement</li> </ul>

## 12.5 Technical Indicator Description (TID): Number of reports on technical analysis conducted

Indicator title	TID 5 Number of reports on technical analysis conducted
Definition	<ul style="list-style-type: none"> <li>Monitor and analyse technological developments in the gambling industry. Technical analysis of gambling games, machines and devices and compliance thereof with technical standards (SANAS 1718) and licence conditions.</li> </ul>
Source of data	<ul style="list-style-type: none"> <li>National registers, LOCs, gaming laboratories, PLAs, gaming manufacturers, NRCS, SABS and NCEMS</li> </ul>
Method of calculation/assessment	<ul style="list-style-type: none"> <li>Three (3) quarterly reports and one (1) annual consolidated report on technical analysis submitted to the Accounting Authority</li> <li>Cumulative</li> </ul>
Means of verification	<ul style="list-style-type: none"> <li>Data from national registers, LOCs, gaming laboratories, gaming manufacturers, PLAs, NRCS, SABS and NCEMS</li> </ul>
Assumptions	<ul style="list-style-type: none"> <li>Availability of valid, accurate and complete data as and when required by the NGB for purposes of monitoring, evaluation and reporting</li> </ul>
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Spatial transformation (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Calculation type	<ul style="list-style-type: none"> <li><b>Quantitative:</b> Number of reports on technical analysis submitted to the Accounting Authority [one (1) per quarter for quarter one (1), two (2) and three (3) and one (1) annual consolidated report for quarter four (4)]</li> <li><b>Qualitative:</b> Nature and content of analysis provided informed by technological advancements submitted to the Accounting Authority</li> <li>Cumulative</li> </ul>
Reporting cycle	<ul style="list-style-type: none"> <li>Annually</li> </ul>
Desired performance	<ul style="list-style-type: none"> <li>Advice to be fit for use and to add value</li> </ul>
Indicator responsibility	<ul style="list-style-type: none"> <li>Senior Manager: Gaming Technology</li> </ul>

## 12.6 Technical Indicator Description (TID): Percentage of targeted investigations completed on the circumstances of the illegal gambling activity

Indicator title	<b>TID 6</b> <b>Percentage of targeted investigations completed on the circumstances of the illegal gambling activity</b>
Definition	<ul style="list-style-type: none"> <li>Report on suspected cases of unlawful gambling activities investigated as required by section 16 (4) of the NGA</li> </ul>
Source of data	<ul style="list-style-type: none"> <li>NGB 2 forms and other relevant information submitted by banks, gambling operators and PLAs</li> <li>Proof of remittances of funds to NGB bank account.</li> <li>Information from punters</li> </ul>
Method of calculation/assessment	<ul style="list-style-type: none"> <li><b>New matters:</b> <ul style="list-style-type: none"> <li>5 investigations targeted per quarter = 20 per annum</li> <li>(actual number of investigations conducted) divided by number of targeted investigations * 100%</li> <li><math>[(\text{Actual investigations conducted} / 20)] * 100\% = 100\%</math></li> </ul> </li> <li><b>Old matters</b> <ul style="list-style-type: none"> <li>Total number of targeted investigations for old matters = 173</li> <li>(actual number of investigations conducted) divided by number of targeted investigations * 100%</li> <li><math>[(\text{Actual investigations conducted} / 173)] * 100\% = 100\%</math></li> </ul> </li> <li>Total percentage of investigations completed = (The sum of the percentage of old matters investigated plus the percentage of new matters investigated) divided by 2</li> <li>All cases take 30 days to investigate (Cases received between 1st of March to 31st of March of each financial year will be excluded from the calculation. These cases will be included in the subsequent month of the next financial year)</li> <li>Cumulative</li> </ul>
Means of verification	<ul style="list-style-type: none"> <li>Investigation report with supporting documents (including the investigation diary)</li> <li>Inspection of gambling website</li> </ul>
Assumptions	<ul style="list-style-type: none"> <li>Co-operation from PLAs, banks and operators</li> <li>Co-operation from punter</li> <li>Submission of all relevant information</li> </ul>
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>

Indicator title	TID 6 Percentage of targeted investigations completed on the circumstances of the illegal gambling activity
Spatial transformation (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Calculation type	<p><b>Quantitative:</b></p> <ul style="list-style-type: none"> <li><b>New matters:</b> <ul style="list-style-type: none"> <li>5 investigations targeted per quarter = 20 per annum</li> <li>(actual number of investigations conducted) divided by number of targeted investigations * 100%</li> <li><math>[(\text{Actual investigations conducted} / 20)] * 100\% = 100\%</math></li> </ul> </li> <li><b>Old matters</b> <ul style="list-style-type: none"> <li>Total number of targeted investigations for old matters = 173</li> <li>(actual number of investigations conducted) divided by number of targeted investigations * 100%</li> <li><math>[(\text{Actual investigations conducted} / 173)] * 100\% = 100\%</math></li> </ul> </li> <li>Total percentage of investigations completed = (The sum of the percentage of old matters investigated plus the percentage of new matters investigated) divided by 2</li> <li>All cases take 30 days to investigate (Cases received between 1st of March to 31st of March of each financial year will be excluded from the calculation. These cases will be included in the subsequent month of the next financial year)</li> <li>Cumulative</li> </ul>
Reporting cycle	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>
Desired performance	<ul style="list-style-type: none"> <li>Fully compliant with targeted performance</li> </ul>
Indicator responsibility	<ul style="list-style-type: none"> <li>Senior Inspector: Enforcement</li> </ul>

### 13. CSRD TECHNICAL INDICATOR DESCRIPTION

The National Gambling Board (NGB) has developed a set of Technical Indicator Description (TID) in line with the identified outputs. These include desired performance for the Annual Performance Plan (APP). The purpose of the TID is to track on-going performance.

The TID also reflect equity concerns and value for money in the use of resources. In developing the TID, specific attention was given to developing a TID related to economy, efficiency and equity considering

that effectiveness is assessed in relation to the achievement of the NGB's outputs, baselines and targeted performance.

Programme performance TID 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 in order to ensure that the management processes are in place to collect the information required to track performance against each indicator and that each output meets the SMART criteria (specific, measurable, accurate, relevant and timely).

### 13.1 Technical Indicator Description (TID): Number of reports on gambling sector performance produced

Indicator title	TID 1 Number of reports on gambling sector performance produced
Definition	<ul style="list-style-type: none"> <li>• Monitor statistical socio-economic patterns to determine trends of gambling activity within the gambling industry</li> </ul>
Source of data	<ul style="list-style-type: none"> <li>• Information submitted by PLAs as required quarterly and annually</li> </ul>
Method of calculation/assessment	<p>Five (5) reports per annum submitted to the Accounting Authority:</p> <ul style="list-style-type: none"> <li>• One (1) report per quarter</li> <li>• One (1) annual audited report in quarter two (2)</li> </ul>
Means of verification	<ul style="list-style-type: none"> <li>• Excel spreadsheets submitted by PLAs, NCEMS</li> </ul>
Assumptions	<ul style="list-style-type: none"> <li>• PLAs submit valid, accurate and complete data timeously as and when required by the NGB for purposes of reporting</li> </ul>
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
Spatial transformation (where applicable)	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
Calculation type	<ul style="list-style-type: none"> <li>• <b>Quantitative:</b> Number of reports on gambling sector performance produced. [Five (5) reports per annum submitted to the Accounting Authority: <ul style="list-style-type: none"> <li>• One (1) report per quarter</li> <li>• One (1) annual audited report in quarter two (2)]</li> </ul> </li> <li>• <b>Qualitative:</b> Nature and content, and whether objectives have been met</li> <li>• <b>Cumulative</b></li> </ul>
Reporting cycle	<ul style="list-style-type: none"> <li>• Quarterly and annually</li> </ul>
Desired performance	<ul style="list-style-type: none"> <li>• Fully compliant with targeted performance</li> </ul>
Indicator responsibility	<ul style="list-style-type: none"> <li>• Economic Researcher</li> </ul>



13.2 Technical Indicator Description (TID): Number of reports on Economic Analysis and Research conducted on the impact of Gambling produced

Indicator title	TID 2 Number of reports on economic analysis and research conducted on the impact of gambling produced
Definition	<ul style="list-style-type: none"> <li>Monitor and determine the socio-economic impact of gambling</li> </ul>
Source of data	<ul style="list-style-type: none"> <li>Desktop research, interviews/focus groups with stakeholders and/or the public</li> </ul>
Method of calculation/assessment	Three (3) quarterly reports and one (1) annual consolidated report submitted to the Accounting Authority
Means of verification	<ul style="list-style-type: none"> <li>Excel spreadsheets submitted by PLAs; Reports from Stats SA; Statistics from the South African Reserve Bank, Word Bank, International Monetary; and any other credible source of statistical information</li> </ul>
Assumptions	<ul style="list-style-type: none"> <li>Co-operation from research participants</li> <li>Availability of historical evidence to inform the subject matter of the analysis and research</li> </ul>
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Spatial transformation (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Calculation type	<ul style="list-style-type: none"> <li><b>Quantitative:</b> Number of economic analysis and research reports conducted on the impact of gambling submitted to the Accounting Authority [one (1) per quarter for quarter one (1), two (2) and three (3) and one (1) annual consolidated report for quarter four (4)]</li> <li><b>Cumulative</b></li> </ul>
Reporting cycle	<ul style="list-style-type: none"> <li>Annually</li> </ul>
Desired performance	<ul style="list-style-type: none"> <li>Fully compliant with targeted performance</li> </ul>
Indicator responsibility	<ul style="list-style-type: none"> <li>Economic Researcher</li> </ul>

**13.3** Technical Indicator Description (TID) 3: Number of reports on advice provided in terms of section 65 of the NGA produced

Indicator title	TID 3 Number of reports on advice provided in terms of section 65 of the NGA produced
Definition	<ul style="list-style-type: none"> <li>• Authoritative advice on, <i>inter alia</i>, policy, statutory matters, legislation and reforms provided in terms of S65(2) of the NGA</li> </ul>
Source of data	<ul style="list-style-type: none"> <li>• 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</li> </ul>
Method of calculation/assessment	<ul style="list-style-type: none"> <li>• Three (3) reports per quarter and one (1) annual consolidated report submitted to the Accounting Authority.</li> </ul>
Means of verification	<ul style="list-style-type: none"> <li>• Case law, statutes, precedents, policy</li> </ul>
Assumptions	<ul style="list-style-type: none"> <li>• Advice provided will be implemented and legislation and policies will be reviewed</li> </ul>
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
Spatial transformation (where applicable)	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
Calculation type	<ul style="list-style-type: none"> <li>• <b>Quantitative:</b> Number of reports on S65 advice submitted to the Accounting Authority [one (1) per quarter for quarter one (1), two (2) and three (3) and one (1) annual consolidated report for quarter four (4)]</li> <li>• <b>Cumulative</b></li> </ul>
Reporting cycle	<ul style="list-style-type: none"> <li>• Annually</li> </ul>
Desired performance	<ul style="list-style-type: none"> <li>• Advice to be fit for use and to add value</li> </ul>
Indicator responsibility	<ul style="list-style-type: none"> <li>• Economic Researcher</li> </ul>

### 13.4 Technical Indicator Description (TIDs): Number of Broad-Based Public Educational interventions about the risks of and Socio-Economic Impact of gambling

Indicator title	TID 4 Number of broad-based public educational interventions about the risks and socio-economic impact of gambling
Definition	Events/campaigns programmes, as well as other initiatives as stated in the Broad Based Public Education and Awareness Programme.
Source of data	<ul style="list-style-type: none"> <li>Publications, public awareness campaigns / programs / interventions</li> </ul>
Method of calculation/assessment	<ul style="list-style-type: none"> <li>Number of broad-based public educational interventions about the risks and socio-economic impact of gambling conducted – ten (10) per annum:               <ul style="list-style-type: none"> <li>Two (2) interventions in quarter one (1)</li> <li>Three (3) interventions in quarter two (2)</li> <li>Three (3) interventions in quarter three (3)</li> <li>Two (2) interventions in quarter four (4)</li> </ul> </li> </ul>
Means of verification	<ul style="list-style-type: none"> <li>Articles; media releases; audio clips; video clips; photos; invitations; email confirmations; attendance registers; number of hits on NGB website; social media number of likes, sharing of social media content, and/or comments; number of TV viewership for specific programme, number of listenership on radio</li> </ul>
Assumptions	<ul style="list-style-type: none"> <li>It is assumed that all education and awareness campaigns/programs/interventions will take place as planned</li> <li>Targeted audience has been impacted through the targeted intervention</li> </ul>
Disaggregation of beneficiaries (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Spatial transformation (where applicable)	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Calculation type	<ul style="list-style-type: none"> <li><b>Quantitative:</b> Number of broad-based public educational interventions about the risks and socio-economic impact of gambling conducted. Ten (10) per annum:               <ul style="list-style-type: none"> <li>Two (2) interventions in quarter one (1)</li> <li>Three (3) interventions in quarter two (2)</li> <li>Three (3) interventions in quarter three (3)</li> <li>Two (2) interventions in quarter four (4)</li> </ul> </li> <li><b>Qualitative:</b> Nature and content of messages disseminated</li> <li><b>Cumulative</b></li> </ul>
Reporting cycle	<ul style="list-style-type: none"> <li>Annually</li> </ul>
Desired performance	<ul style="list-style-type: none"> <li>To have an educated punter who is a responsible gambler; empowered by the education and awareness initiatives conducted on the risks associated with problem gambling and the socio-economic impact thereof</li> </ul>
Indicator responsibility	<ul style="list-style-type: none"> <li>Economic Researcher</li> </ul>

## 14. THE DTIC'S JOINT KEY PERFORMANCE INDICATORS

The financial year 2020-21 saw the conclusion of the functional merger of the former departments of Economic Development, and Trade and Industry into the Department of Trade, Industry and Competition (**the dtic**). In the 2021/22 financial year, **the dtic** will begin a process of much closer integration across branches, its entities and other spheres of government and has resolved a New Way of Working.

**the dtic** is responsible for 17 entities and 45 pieces of legislation, covering a substantial part of South Africa's economic policy landscape. In order to ensure that the department achieves its apex priorities, the following interventions will become a core part of **the dtic's** modus operandi:

- Develop joint KPIs that will require integrated planning, implementation and reporting across multiple branches and Departmental entities (e.g. Industrialisation, Transformation, and the District Development Model).
- Create flexible and quick-response capacity that can be rapidly deployed to areas requiring urgent policy or programme support.
- Shift financing to the priority areas identified.
- Use non-financial capacities to complement the financial allocations to industry (e.g. Competition measures such as market inquiries and merger conditions, and trade measures).
- Refocus, where possible, off-balance sheet financial resources to pursue the strategic priorities (e.g. the Equity Equivalent Investment Programme, competition funds and equity funds).

### Joint Key Performance Indicators ("J-KPIs")

The NGB will continue to implement **the dtic's** three (3) consolidated joint indicators in financial year 2022/23 covering:

- **Industrialisation:** building dynamic firms through a combination of efforts in partnership with the private sector, focusing on opportunities to grow in the domestic market (through localisation-promotion policies, sector partnerships, beneficiation, promoting the green economy and fostering higher levels of investment); fostering higher levels of African economic integration through the African Continental Free Trade Area (AfCFTA) and building a wider export market for SA-products; with supply-side reforms to build competitiveness.
- **Transformation:** Building economic inclusion through transformation programmes in three broad areas: first addressing structural challenges to growth through active competition policies, particularly where the concentration levels in markets limit new entrants and small

and medium businesses; second, policies that promote spatial transformation, enabling more balanced growth between rural and urban and between provinces; and third, strengthening the inclusive/transformation in the quality of growth, including broadening ownership and more inclusive corporate governance models.

- **Delivery/Capable State:** Building a new culture of partnership in the economy, characterised by greater responsiveness and nimbleness by **the dtic** and entities, which includes reviewing internal processes and legislation/regulations that make it harder for small businesses and investors to grow their businesses (and replacing these with smart regulation that achieves key public policies in the least bureaucratic manner possible).

•

The following Joint Indicators set out areas of focus that the National Gambling Board will report to on a quarterly basis to the Executive Authority. The areas of focus represent key priorities of government that are set out in more detail in the Annual Performance Plan for 2022/23 for **the dtic**. The National Gambling Board will contribute to achievement of the Joint indicators and the output required is a report to the Executive Authority that sets out the actions taken by the National Gambling Board highlighting the contributions to achievement of **the dtic** outcomes.

## JOINT INDICATOR 1 – Industrialisation

<b>Outcome:</b>	Increased industrialisation and localisation opportunities implemented			<b>Performance period</b>	2022/2023
<b>Output /s:</b>	Report documenting the integrated support to drive industrialisation through master plans in national priority sectors; increased and diversified localisation through government and private sector procurement; and promotion of beneficiation				
<b>Indicator title:</b>	Report on integrated support across <b>the dtic</b> to drive industrialisation that supports economic recovery; covering industry Master Plans, localisation initiatives across the economy, COVID-Industrial Interventions and beneficiation				
<b>Indicator definition</b>	Integrated support across <b>the dtic</b> to drive industrialisation that supports economic recovery; covering industry Master Plans, localisation initiatives across the economy, COVID-Industrial Interventions and beneficiation.				
<b>Annual dtic Target/s</b>	<b>Contribution by NGB</b>		<b>Resourcing (MTEF Budget Allocation)</b>		
Integrated support to drive industrialisation that supports economic recovery; covering industry Master Plans, localisation initiatives across the economy, COVID-Industrial Interventions and beneficiation	Four (4) quarterly reports by the NGB on the analysis of South Africa and the potential to industrialise the gambling industry		This indicator will be resourced within current entity resources		
<b>NGB Quarterly Target/s</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	
	Analysis of the feasibility of manufacturing gambling products and services	Analysis of the African markets identified as potential markets for the export of locally manufactured gambling products and services	Consultation with the dtic on prospects for industrialisation in the gambling industry:	Analysis of South Africa and the potential to industrialise the gambling industry	



## JOINT INDICATOR 2 – Transformation

<b>Outcome:</b>	Promoting a growing and inclusive economy			<b>Performance period</b>	2022/2023
<b>Output /s:</b>	Report on actions to promote transformation through structural changes in the economy to enable greater inclusion and growth; and empowerment of designated groups, using the range of public tools such as procurement, incentives, technical support and enabling opportunities				
<b>Indicator title:</b>	Report on actions to promote transformation through structural changes in the economy to enable greater inclusion and growth; and empowerment of designated groups, using the range of public tools such as procurement, incentives, technical support and enabling opportunities				
<b>Indicator definition</b>	Actions to promote transformation through structural changes in the economy to enable greater inclusion and growth; and empowerment of designated groups, using the range of public tools such as procurement, incentives, technical support and enabling opportunities				
<b>Annual dtic Target/s</b>		<b>Contribution by NGB</b>		<b>Resourcing (MTEF Budget Allocation)</b>	
Actions to promote transformation through both structural changes in the economy to enable greater inclusion and growth; and empowerment of designated groups, using the range of public tools such as procurement, incentives, technical support and enabling opportunities		Four (4) quarterly reports by the NGB on structural challenges to the promotion of growth and inclusiveness in the gambling industry		This indicator will be resourced within the current entity resources	
<b>NGB Quarterly Target/s</b>		<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
		Report on structural challenges to the promotion of growth and inclusiveness in the gambling industry	Report on structural challenges to the promotion of growth and inclusiveness in the gambling industry	Report on structural challenges to the promotion of growth and inclusiveness in the gambling industry	Report on structural challenges to the promotion of growth and inclusiveness in the gambling industry

## JOINT INDICATOR 3 – Delivery/Capable State

<b>Outcome:</b>	Functional, efficient and integrated services within <b>the dtic</b> to improve economic development and ease of doing business			<b>Performance period</b>	2021/2022
<b>Output /s:</b>	Actions to promote functional, efficient and integrated government and measures to reduce red tape across <b>the dtic</b> and entities				
<b>Indicator title:</b>	Report on strengthening and building capabilities and agility in <b>the dtic</b> and its entities, to improve efficiencies in programmes and entities, to contribute to economic development and ease of doing business				
<b>Indicator definition</b>	Strengthening and building capabilities and agility in <b>the dtic</b> and its entities, to improve efficiencies in programmes and entities, to contribute to economic development and ease of doing business				
<b>Annual dtic Target/s</b>		<b>Contribution by the NGB</b>		<b>Resourcing (MTEF Budget Allocation)</b>	
Review of unnecessary red tape and compliance reporting requirements in DTIC entities and programmes; monitoring implementation times of DTIC services		Four (4) quarterly reports by the NGB on legislative review of the National Gambling Act and regulations		This indicator will be resourced within the current entity resources	
<b>NGB Quarterly Target/s</b>		<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
		Report on legislative review of the National Gambling Act and regulations	Report on legislative review of the National Gambling Act and regulations	Report on legislative review of the National Gambling Act and regulations	Report on legislative review of the National Gambling Act and regulations

## **PART E: LINKS TO OTHER PLANS**

### **15. FRAUD PREVENTION PLAN**

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

### **16. MATERIALITY AND SIGNIFICANCE FRAMEWORK**

This framework outlines the acceptable levels of materiality and significance that have been approved by the Accounting Authority. (Refer to attached Annexure C).

### **17. 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).

### **18. SERVICE DELIVERY STANDARDS**

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 D).



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National Gambling Board  
South Africa

a member of the dtic group



## Fraud Prevention Plan (FPP) FY 2022/2023



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## 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 3A of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA), is subject to, inter alia, the PFMA and the Treasury Regulations (TR) issued by the National Treasury in terms of section 76 (read with section 6) of the PFMA.
- 1.3 In terms of section 51(1)(a)(i) and (ii) of the PFMA, the accounting authority for a public entity must ensure that public entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control, as well as a system of internal audit under the control and direction of an audit committee complying with the PFMA and the TR. Section 51(1)(b)(ii) of the PFMA stipulates that the accounting authority for a public entity must take effective and appropriate steps to prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the public entity.
- 1.4 Furthermore, section 51(1) (e) (i), (ii), and (iii)) of the PFMA stipulates that the accounting authority for a public entity must take effective and appropriate disciplinary steps against any employee of the public entity who contravenes or fails to comply with a provision of the Act (PFMA), commits an act which undermines the financial management and internal control system of the public entity, or makes or permits an irregular expenditure or a fruitless and wasteful expenditure. The accounting authority for a public entity must also comply, and ensure compliance by the public entity, with the provisions of the PFMA and any other legislation applicable to the public entity.
- 1.5 In addition to the legal obligations placed on the NGB by the PFMA, the TR, also 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 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) 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.

1.6 The Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004) ("PRECCA") is the principle piece of legislation in South Africa dealing with corruption. It provides for the general offence of corruption and specific offences, and also provides for investigative measures, as well as preventative measures in combating corruption.

1.7 Section 34 of PRECCA requires all people in positions of authority in both the public and private sector to report corruption of R100 000 or more, to the police. Failure to report corruption is a criminal offence.

1.8 Section 26 of PRECCA imposes penalties if convicted of corrupt activities, the form of fines or imprisonment. If convicted in the High Court, the guilty party can receive up to life imprisonment. If convicted in a regional Magistrates' court, the guilty party can receive a sentence of up to 18 years in prison. If convicted in a district Magistrates' court, the guilty party can receive up to five years in prison.

1.9 The Prevention of Organised Crime Act, 1998 (Act 121 of 1998 as amended) ("PROCA") is another important piece of legislation that focuses on money-laundering and racketeering or illegal business activities.

1.10 In the event of a person being convicted of an offence in terms of PROCA, the Act permits



various recourse, such as confiscation orders, restraint orders, realization of property, and preservation orders.

- 1.11 PROCA also places an obligation to report if a person finds themselves involved in any business transaction that appears to be suspicious (an unlawful activity). Failure to report constitutes a crime.
- 1.12 PROCA also provides penalties for the various forms of unlawful activities, with fines and penalties being imposed, up to a maximum of fifteen (15) years imprisonment.
- 1.13 Lastly, successful fraud prevention is underpinned by an effective whistle-blower protection mechanism, and this is provided in terms of the Protected Disclosures Act, 2000 (Act 26 of 2000 as amended).
- 1.14 The Act makes provision for employees to report unlawful or irregular conduct by employers and fellow employees, while providing for the protection of employees who blow the whistle.
- 1.15 It can be noted that Section 9B(1) of the Protected Disclosures Amendment Act (Act 5 of 2017) provides that:

“9B. (1) An employee or worker who intentionally discloses false information—

- (a) knowing that information to be false or who ought reasonably to have known that the information is false; and
- (b) with the intention to cause harm to the affected party and where the affected party has suffered harm as a result of such disclosure,

is guilty of an offence and is liable on conviction to a fine or to imprisonment for a period not exceeding two years or to both a fine and such imprisonment.”

## **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 fulfillment 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 Fulfill 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 actions to detect and prevent incidents of fraud and corruption;
- 3.1.4 Educate NGB employees and those involved in the casino, limited payout machines, bingo, and betting and wagering industry in South Africa on the nature, manifestations and consequences of fraud and corruption;
- 3.1.5 This document details the NGB FPP. The FPP is a dynamic strategy that may evolve as the NGB strives to combat fraud, corruption, maladministration and other corrupt practices, to promote ethical conduct and a culture of accountability and integrity within its own ranks and across the industry.

### 4. KEY CONCEPTS AND 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 willful 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 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 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. etc.
- 4.3.7 Any valuable consideration or benefit of any kind, including any discount, commission, rebate, bonus, deduction or percentage.

#### **4.4 Action**

- 4.4.1 It is important to take note that action lends a very wide interpretation to prohibited conduct.
- 4.4.2 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.
- 4.4.3 Any reference to an action includes but not limited to 'giving, agreeing or offering to give' any gratification, to promise, lend, grant, confer or procure (purchase), or to agree or to offer to do any of the aforementioned.
- 4.4.4 A reference to any action includes an omission (not to act).

### **5. COMPONENTS OF THE FPP**

- 5.1 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. This change will be brought about by the creation of awareness of the FPP amongst all employees. This will be attained through awareness and education communication.
- 5.2 The principal component of the FPP 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.
- 5.3 All components of the fraud prevention plan are equally essential, individually and together, for the successful realisation of the FPP.
- 5.4 The FPP constitutes of the following critical pillars:

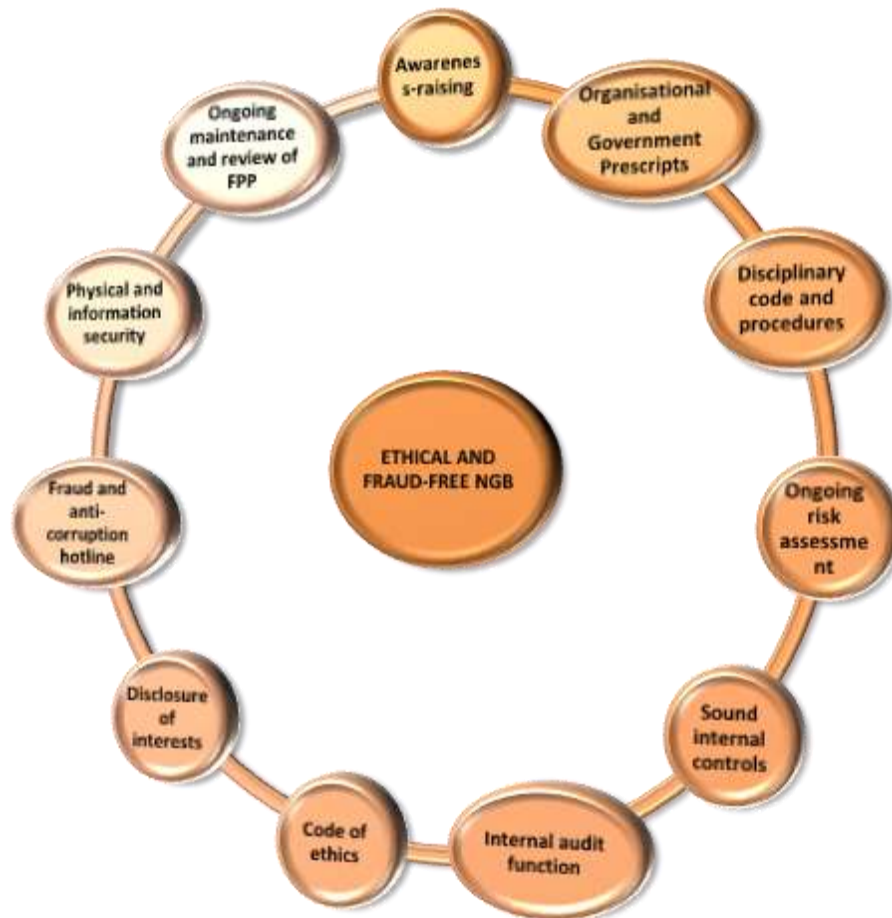


- 5.4.1 Creation of fraud and corruption awareness in general, and awareness of the FPP and its components in particular, amongst employees and other stakeholders through communication and education
- 5.4.2 The Organisation's policies, procedures, rules, regulations and other prescripts (including the PFMA and Treasury Regulations)
- 5.4.3 The disciplinary code and procedure
- 5.4.4 Ongoing risk assessment
- 5.4.5 Implementation of sound internal controls to prevent and detect fraud and corruption
- 5.4.6 An effective internal audit function
- 5.4.7 A Code of Ethics (the "Code") containing a set of values in which management believes, and requires their employees to subscribe to
- 5.4.8 Disclosure of interests
- 5.4.9 A fraud and anti-corruption hotline for confidentially reporting fraud and corruption;
- 5.4.10 Physical and information security management
- 5.4.11 Ongoing maintenance and review of the FPP.





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



## 6. DETAILS RELATING TO EACH COMPONENT OF THE FPP FOLLOW

### 6.1 Creating awareness:

6.1.1 This is the cornerstone of the FPP and is divided into two sub-divisions, namely Education and Communication.

6.1.2 An FPP Awareness program would typically include the following areas:

6.1.2.1 Facilitating a culture of good ethics

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

6.1.2.3 Creating awareness of the FPP through education of employees and a



communications campaign.

6.1.3 The following tools have been developed:

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

6.1.3.1.1 Monthly management meetings

6.1.3.1.2 Staff meetings

6.1.3.1.3 Induction and orientation training for new staff.

6.1.3.2 Communication Strategies: the following communication strategies have been developed:

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

6.1.3.2.2 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.

## 6.2 **Organisational policies, procedures, rules, regulations and other prescripts (including the PFMA and Treasury Regulations)**

6.2.1 PFMA, Treasury Regulations, NGB Policies and Procedures

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

6.2.1.2 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.

6.2.2 Human resources policies and practices

6.2.2.1 Employment procedures: the NGB will continuously assess risks in



this area as being the factors that affect Human Resources (these are elaborated in its separate Human Resources Policies).

- 6.2.2.2 Accountability in terms of adherence to policies and procedures: the NGB will continuously ensure that the organisational policies and procedures are adhered to and applied consistently.

### 6.3 **Disciplinary code and procedure**

- 6.3.1 The NGB is committed to implementing appropriate disciplinary action for non-conformance to policies and procedures, non-adherence to internal control procedures by employees.
- 6.3.2 The NGB will realise its commitment by continuously reviewing the Disciplinary Code and Procedure to ensure that they cover contraventions of:
  - 6.3.2.1 The Code of Conduct
  - 6.3.2.2 The Public Finance Management Act and Treasury Regulations
  - 6.3.2.3 Anti-Fraud and Corruption
- 6.3.3 The NGB will communicate the Disciplinary Code and Procedures to all staff and management.

### 6.4 **Ongoing risk assessment**

- 6.4.1 The NGB is alive to the continuous and diverse business risks from both internal and external sources.
- 6.4.2 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.
- 6.4.3 The NGB will ensure that:
  - 6.4.3.1 Risk assessments are conducted on a quarterly basis and the NGB's risk profile updated on an ongoing basis
  - 6.4.3.2 An annual organisation wide risk assessment is conducted to ensure pro-active actions to manage and mitigate risk is identified.



## **6.5 Implementation of sound internal controls to prevent and detect fraud and corruption**

- 6.5.1 Internal controls are often the first line of defence against fraud and corruption, and they are essential elements in the overall anti-fraud and corruption strategy. The NGB will ensure the maintenance of a strong internal control system and the promotion and monitoring of a robust internal control culture.
- 6.5.2 The NGB will promote an internal control culture through a process of:
  - 6.5.2.1 Example-setting by Management (“walking the talk”);
  - 6.5.2.2 Regular communication of the importance of internal controls;
  - 6.5.2.3 Including adherence to internal controls as part of the performance management framework;
  - 6.5.2.4 Once fraud risks are identified during risk assessments, appropriate control measures must then be determined and implemented;
  - 6.5.2.5 If circumstances change and specific risks are identified that cannot adequately be managed by means of ordinary controls, specific forensic controls to address such risk will be instituted.

## **6.6 An effective internal audit function**

- 6.6.1 The Internal Audit function ensures that the controls for prevention of fraud and corruption are adequate and effective for the maintenance of a “zero tolerance” to crime approach.
- 6.6.2 The Internal Audit will monitor and report to the Accounting Authority and Audit and Risk Committee on progress made by Management in the investigation of all cases that are related to fraud or corruption.

## **6.7 Code of Ethics**

- 6.7.1 The purpose of the NGB Code of Ethics is to establish an environment where all NGB officials conduct themselves in a manner that advances the NGB’s stature and professional standing, both nationally and internationally.
- 6.7.2 The basic premise of this code is simply that every employee of the NGB, when they assume duty at the same time assume a very special responsibility to their fellow employees and that this responsibility should be scrupulously carried out.



6.7.3 In terms of the Code, NGB employees shall at all times seek to:

- 6.7.3.1 observe the highest standards of propriety involving impartiality, integrity and objectivity in the carrying out of their duties and in stewardship of public funds and management of the NGB's work;
- 6.7.3.2 maximise value for money by ensuring that work is conducted in the most efficient and economical way, within available resources, and with independent validation of performance achieved wherever practicable;
- 6.7.3.3 be accountable for their contribution to the activities of the NGB, its stewardship of public funds and the extent to which key performance targets and objectives have been met; and
- 6.7.3.4 in accordance with Government policy on openness, comply with all reasonable requests for information in so far as that is consistent with the nature of its regulatory duties.

## **6.8 Disclosure of interests**

- 6.8.1 All NGB officials are required to disclose their financial interests on an annual basis as per the NGB Conflicts of Interest Policy.
- 6.8.2 It is the prerogative of the NGB to check the correctness of any information so disclosed as well as to assess if the official has disclosed an interest that may present a real or potential conflict of interest between the official's personal interest and their fiduciary duty to the NGB.
- 6.8.3 Failure to disclose fully all personal interests, or disclosing in such a manner as to mislead or misrepresent one's true interests, shall not be tolerated and will incur such disciplinary action as may be deemed appropriate.

## **6.9 An anti-fraud and corruption hotline for confidentially reporting fraud and corruption**

- 6.9.1 The NGB provides an anti-fraud hotline that is publicized on its website. The hotline is offered in the form of an email address: [fraudalert@ngb.org.za](mailto:fraudalert@ngb.org.za).
- 6.9.2 This anti-fraud reporting facility complements and underpins the commitment of the NGB to fighting fraud and corruption. The key benefits of the tip-off reporting facility are:



- 6.9.2.1 Independent oversight by a third party (Internal Audit)
- 6.9.2.2 Confidential reporting
- 6.9.2.3 Available at all times (email-based)
- 6.9.2.4 Promotes good governance
- 6.9.2.5 Promotes a culture of honesty and integrity.

## **6.10 Physical and information security management**

- 6.10.1 Adequate physical protection and information security measures are addressed through:
  - 6.10.1.1 Identifying vulnerable areas and performance gaps
  - 6.10.1.2 Periodically reviewing security measures to ensure that vulnerabilities are effectively addressed
  - 6.10.1.3 Documenting security procedures
  - 6.10.1.4 Communicating the security procedures to all employees and stakeholders.
  - 6.10.1.5 Developing and implementing an information security policy manual that deals with the control over digital documents that contain confidential information.
  - 6.10.1.6 Developing and implementing a records management policy that deals with the control over physical documents that contain confidential information.

## **6.11 Ongoing maintenance and review of the FPP**

- 6.11.1 The Senior Manager: Corporate Governance will be responsible for the ongoing maintenance and review of the FPP. This will include:
  - 6.11.1.1 Reviewing and making appropriate amendments to the FPP
  - 6.11.1.2 Ensuring that fraud prevention activities as per the implementation matrix implemented.
  - 6.11.1.3 Presenting to the RMC and ARC on progress in implementing the FPP.



## 7. GOVERNANCE STRUCTURES FOR THE FRAUD PREVENTION PLAN

7.1 The responsibility for steering the management of the Fraud Prevention Plan resides with the Risk Management Committee. Its objectives are the following:

- 7.1.1 To provide direction to the FPP
- 7.1.2 To make decisions relating to the further development of the actions to enrich the FPP
- 7.1.3 To monitor that the FPP is operational on an ongoing basis
- 7.1.4 To ensure that the FPP is maintained and reviewed as and when required
- 7.1.5 The responsibilities in terms of the FPP are addressed as an item on the agenda of the Risk Management Committee's regular meetings
- 7.1.6 The responsibility to support the operational development, implementation and maintenance of the FPP will be assumed by the Executive Management of the NGB.

## 8. IMPLEMENTATION MATRIX

*Tasks and Responsibilities Matrix for Implementation of the Fraud Prevention Plan of the National Gambling Board 2022-2023 financial year implementation*

FPP Component and Area	Action required	Responsibility	Completion Date
<b>Creating awareness:</b>			
<b>Education</b>	<ul style="list-style-type: none"> <li>Provide an educational message to officials every year on anti-fraud and corruption awareness</li> </ul>	Senior Manager: Corporate Governance	Q2 and Q4
<b>Communication</b>	<ul style="list-style-type: none"> <li>Communicate to officials salient aspects of the Code, FPP and Anti-Fraud and Corruption Policy</li> <li>Communicate to staff via email on any news, scams, trends, or changes to law etc. to raise awareness on fraud and corruption.</li> </ul>	Senior Manager: Corporate Governance	Q1 and Q3





FPP Component and Area	Action required	Responsibility	Completion Date
	<ul style="list-style-type: none"> <li>Monitor that communication and education re: the PFMA and Treasury Regulations are taking place.</li> </ul>		
<b>Organisation's policies and procedures, rules and prescripts</b>			
<b>PFMA and Treasury Regulations</b>	<ul style="list-style-type: none"> <li>Ensure that operating procedures support the PFMA and Treasury Regulations.</li> <li>Monitor that communication and education re: the PFMA and Treasury Regulations are taking place.</li> </ul>	CFO	Monthly
<b>HR Management – Employment procedures</b>	Review HCO Strategy to include: <ul style="list-style-type: none"> <li>Induction programmes to include training and awareness of fraud prevention strategy and policies.</li> </ul>	Senior Manager: Human Capital Optimisation	Review HCO Strategy Annually
<b>Accountability in terms of adherence to policies and processes</b>	Enforce policies and procedures by: <ul style="list-style-type: none"> <li>Making management responsible for communication and training of staff in relation to policies and procedures</li> <li>Making management accountable to discipline non-performance</li> <li>Holding employees accountable for their actions / transgressions;</li> <li>Ensuring consistent and appropriate disciplinary actions.</li> </ul>	Divisional Managers	Monthly
<b>Disciplinary Code and Procedures</b>	Review the disciplinary code and procedures to ensure that they include contraventions of: <ul style="list-style-type: none"> <li>The employment rules and regulations (Code of ethics and business Conduct)</li> <li>The Public Finance Management Act and Treasury Regulations</li> </ul>	Senior Manager: Human Capital Optimisation	Review by 28 February 2023



FPP Component and Area	Action required	Responsibility	Completion Date
	<ul style="list-style-type: none"> <li>Communicate revised disciplinary code and procedures to all staff and managers</li> </ul>		
<b>Internal controls to prevent and detect fraud and corruption</b>	<p>Hold management accountable to enforce internal controls and discipline non-adherence and non-conformance:</p> <ul style="list-style-type: none"> <li>Hold employees accountable for their actions / transgressions</li> <li>Review inherent controls of Information Systems to ensure that they provide adequate protection. Include profiling of all suppliers / contractors / consultant / service providers as part of procurement process</li> <li>Monitor the implementation and improvement of internal controls in the areas identified to ensure that a noticeable improvement is achieved</li> </ul>	Divisional Heads	31 March 2023



FPP Component and Area	Action required	Responsibility	Completion Date
<b>Effective internal audit function</b>	<p>In order to provide an adequate, value-adding support service to the NGB, Internal Audit will:</p> <ul style="list-style-type: none"> <li>• Be actively involved with management in terms of the evaluation design, Implementation and maintenance of controls;</li> <li>• Work according to an internal audit coverage plan and in adherence to the Internal Audit Charter</li> <li>• 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</li> <li>• Hold management accountable to take corrective actions in terms of audit reports submitted to them</li> <li>• Monitor the level of support received from Internal Audit to ensure satisfactory standard and intensity</li> </ul>	Internal Auditors	<p>In accordance with timelines defined in IA coverage plan</p> <p>IA to attend RMC quarterly</p>



FPP Component and Area	Action required	Responsibility	Completion Date
Physical and Information Security	<p>Delegate responsibility for security:</p> <ul style="list-style-type: none"> <li>• Ensure that the responsible persons appointed improve security measures by: <ul style="list-style-type: none"> <li>• Identifying vulnerable areas and performance gaps</li> <li>• Revising security measures to ensure that vulnerabilities and performance gaps are effectively addressed</li> <li>• Documenting security procedures;</li> <li>• Communicating security measures to all stakeholders</li> <li>• Evaluate the inherent information security controls of the IT System</li> <li>• Develop and implement an information security policy and procedures that deals with control over physical documents containing confidential information</li> <li>• Monitor the implementation of the actions detailed above to ensure that it has a positive impact on the security measures within the institution</li> </ul> </li> </ul>	Senior Manager: Gaming Technology	Security assessed quarterly



FPP Component and Area	Action required	Responsibility	Completion Date
<b>Investigations</b>	<p>Delegate responsibility and accountability effectively to Management by:</p> <ul style="list-style-type: none"> <li>Developing a mandate that ensures clarity and adequate support for the accountable individual</li> <li>Communicating to all stakeholders to ensure everyone is aware of where to report incidents</li> <li>Develop a database for recording of incidents reported and/or investigated</li> <li>Monitor level and quality of service and support received from Internal Audit</li> </ul>	Divisional Managers	Monthly
<b>On-going risk assessment</b>	<ul style="list-style-type: none"> <li>Review latest risk assessment conducted to ensure that action is taken to manage and mitigate fraud and corruption risks disclosed therein</li> <li>Ensure regular risk assessments are conducted and risk profile updated</li> <li>Conduct annual organisation-wide risk assessment</li> </ul>	Senior Manager: Corporate Governance	Quarterly
<b>Governance structures</b>	<ul style="list-style-type: none"> <li>The committees should meet and report on implementation of the FPP</li> </ul>	RMC MANCO	Quarterly
	<ul style="list-style-type: none"> <li>The committees should review implementation of the FPP</li> </ul>	EXCO ARC	Quarterly
<b>Ethics and Business Conduct</b>	<ul style="list-style-type: none"> <li>Update Code of Conduct</li> <li>Have employees acknowledge that they are aware of what is expected of them by signing an acknowledgement of receipt.</li> </ul>	Senior Manager: Human Capital Optimisation	Conducted during recruitment of each new official



FPP Component and Area	Action required	Responsibility	Completion Date
Vetting of staff	<ul style="list-style-type: none"> <li>Ensure that all staff members have been vetted</li> </ul>	Senior Manager: Corporate Governance	Every 2 years (31 March 2024)
Anti-Fraud and Corruption Policy	<ul style="list-style-type: none"> <li>Review and implement Anti-Fraud and Corruption Policy</li> </ul>	Senior Manager: Corporate Governance	28 February 2023
On-going maintenance and review	<ul style="list-style-type: none"> <li>Ensure on-going maintenance and review of policies</li> </ul>	Senior Manager: Corporate Governance	Annually (28 February 2023)

# RISK REGISTER FY2022/2023



National Gambling Board  
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## 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	Status
1.	Participation in illegal gambling as a result of lack of knowledge regarding licensed and unlicensed forms of gambling	The mushrooming of illegal gambling creates direct unregulated competition to regulated modes of gambling  Illegal gambling operators offer illegal online gambling to South Africans in such a way that the participation is perceived as legal	High 16 (I – 4 L – 4)	Awareness and public education interventions	Medium 12 (I – 4 L – 3)	1. Conduct public education and targeted intervention activities on the risks and socio-economic impact of gambling	Chief Strategic Adviser	Quarterly	
2.	National registers not reliable	Populating incomplete / incorrect information into registers	High 16 (I – 4 L – 4)	Dedicated resource appointed to specifically manage existing and new registers  Automated management of uploaded information	Medium 12 (I – 4 L – 3)	1. Populate registers with clean data  2. Manual verification of data prior to populating data into registers to minimise the risk of inaccuracies	Chief Compliance Officer	Quarterly	
3.	Inability to perform oversight mandate due to disruptors	The COVID-19 disrupted planned activities that are necessary for the NGB to fulfil its oversight mandate	High 16 (I – 4 L – 4)	The NGB uses technology to mitigate the impact of disruptions	Medium 12 (I – 4 L – 3)	1. Effective use of IT platforms and systems to enable virtual presence to continue operations in the event of a disruption	Chief Compliance Officer	Quarterly	
4.	Loss of revenue	Adverse economic conditions  Reduction in grant funding	High 16 (I – 4)	Stringent budget management measures are in place, which include monitoring of actual	Medium 12 (I – 3)	1. Budgeted revenue revised at least once in a year to ensure alignment with the performance of the LPM sector	Chief Financial Officer	Quarterly	



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	Status
		Non-payment of monitoring fees	L – 4)	revenue against budgeted revenue Grant received from <b>the dtic</b> contributes towards the NGB's operating costs  Debt collection policy in place	L – 4)	2. Reprioritisation of planned expenditure and suspension of project/s which can be postponed in the event of a protracted decline in the NCEMS revenue, including freezing of vacant posts, use of in-house skills and outsourcing for the performance of critical services amongst others  3. Implement the debt recovery process			
5.	Business disruption and loss of productivity due to disruptions	<p>NGB operations being interrupted and/or not being able to meet certain predetermined objectives due to the spread of a contagious and lethal virus (and the attempts to mitigate its spread)</p> <p>Regulations regarding the national lockdown in terms of the State of Disaster</p>	<p>12</p> <p>(I – 4 L – 3)</p>	<p>Local and international business travel suspended</p> <p>Physical attendance of stakeholder public engagements have been suspended</p> <p>Enhanced Surface Cleaning</p> <p>Enhanced Hygiene Practices implemented</p> <p>Regular awareness and communication on prevention and control of Covid-19</p> <p>Staff working remotely and accessing the NGB</p>	<p>8</p> <p>(I – 4 L – 2)</p>	<p>1. Procurement of protective COVID-19 recommended equipment</p> <p>2. Adherence to the Government Guidelines and Protocols</p>	Chief Strategic Adviser	Quarterly	



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	Status
				office on rotational basis  Biometric readers with a card-reading system in place					

### 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 (L)	Insignificant	Minor	Moderate	Major	Catastrophic
	Impact (I)				



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# MATERIALITY & SIGNIFICANCE FRAMEWORK FY2022/23



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## ABBREVIATIONS

AA	Accounting Authority
EA	Executive Authority
FY	Financial Year
NGB	National Gambling Board
PFMA	Public Finance Management Act, 1999 (Act 1 of 1999)



## 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 PFMA as published in Government Gazette from time to time.

## 2. PURPOSE

For the purposes of materiality and significance, in terms of section 55(2) and 54(2) of the PFMA respectively, the Accounting Authority (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)
<b>PFMA S50(1) : Fiduciary duties of accounting authorities</b>		
(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.	<p>(i) Any item or event of which specific disclosure is required by law.</p> <p>(ii) Any fact discovered of which its omission or misstatement, in the NGB's opinion, could influence the decisions or actions of the Executive Authority or legislature.</p>



PFMA Section	Quantitative (Amount)	Qualitative (Nature)
<b>PFMA S54: Information to be submitted by Accounting Authorities</b>		
(2) Before a public entity concludes any of the following transaction, 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 approval of the transaction:	Any transactions to any value will be regarded as material.	
(a) Establishment or participation in the establishment of a company;	Not applicable.	Not applicable.
(b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;	Any transactions to any value will be regarded as material.	Any activity that would increase or decrease the overall operational functions of the NGB, outside of the approved strategic plan and/or budget.
(c) Acquisition or disposal of a significant shareholding in a company;	Not applicable.	Not applicable.



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 approved strategic plan and/or budget.



PFMA Section	Quantitative (Amount)	Qualitative (Nature)
<b>PFMA S55: Annual report and financial statements</b>		
(2) The annual report and financial statements referred to in subsection (1) (d) must:		
(a) fairly present the state of affairs of the public entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned;	Any amounts individually or accumulated which exceed the materiality amount as set out in section 4 below.	Any identified omission which would influence decision making of users of the financial information.
(b) Include particulars of:  (i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year:  (ii) any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure;  (iii) any losses recovered or written off;	(i) Losses through criminal conduct or any loss identified.  (ii) Losses through fruitless and wasteful irregular, expenditure-  (iii) If the combined total exceeds the planning materiality figure, applying the formula used by the external auditors, based on the figures of the approved budget for the year under review.	Any identified loss through acts, omissions and/or criminal conduct.



PFMA Section	Quantitative (Amount)	Qualitative (Nature)
<p>(iv) any financial assistance received from the state and commitments made by the state on its behalf; and</p> <p>(v) any other matters that may be prescribed; and</p> <p>...</p>	<p>(iv) Planning materiality is 1% of budgeted gross expenditure</p>	
<b>S66: Restrictions on borrowing, guarantees and other commitments (PFMA)</b>		
<p>(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:</p>	<p>Subject to section 66(2) of the PFMA, any transactions to any value will be regarded as material.</p>	<p>Any identified transaction or loss through acts, omissions and/or criminal conduct.</p>
<p>(a) is authorized by this Act;</p> <p>(b) in the case of public entities is also authorized by other legislation not in conflict with this Act; and...</p>		



## 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:

$$\text{Materiality} = \text{Base Amount multiplied by (*) a selected percentage}$$

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 (1) 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.

R Thousand	% USED	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Estimated gross expenditure	100%	223 215	251 033	180 082	232 270	246 673	256 780	259 458	265 292	273 141
<b>Materiality</b>	<b>1%</b>	<b>2 232</b>	<b>2 510</b>	<b>1 801</b>	<b>2 323</b>	<b>2 467</b>	<b>2 568</b>	<b>2 595</b>	<b>2 653</b>	<b>2 731</b>



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*Gamble Legally and Responsibly*







National Gambling Board  
South Africa

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## SERVICE DELIVERY STANDARDS (SDS) FY2022/23



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## ABBREVIATIONS

APP	Annual Performance Plan
EA	Executive Authority
NGA	National Gambling Act, 2004 (Act 7 of 2004)
NGB	National Gambling Board
NGPC	National Gambling Policy Council
PFMA	Public Finance Management Act
PLAs	Provincial Licensing Authorities
SDS	Service Delivery Standards
SOOGs	Strategic Outcome Oriented Goals



## 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, 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 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, Industry and Competition, in an effort to enable **the dti** to achieve its objectives and ultimately its mandate. The NGB's mandate is to promote gambling activities in a legal, safe and crime-free environment and protect punters from the over-stimulation of the latent need to gamble.

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 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 8 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 (SDS) OBJECTIVES

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

The SDS 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 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.

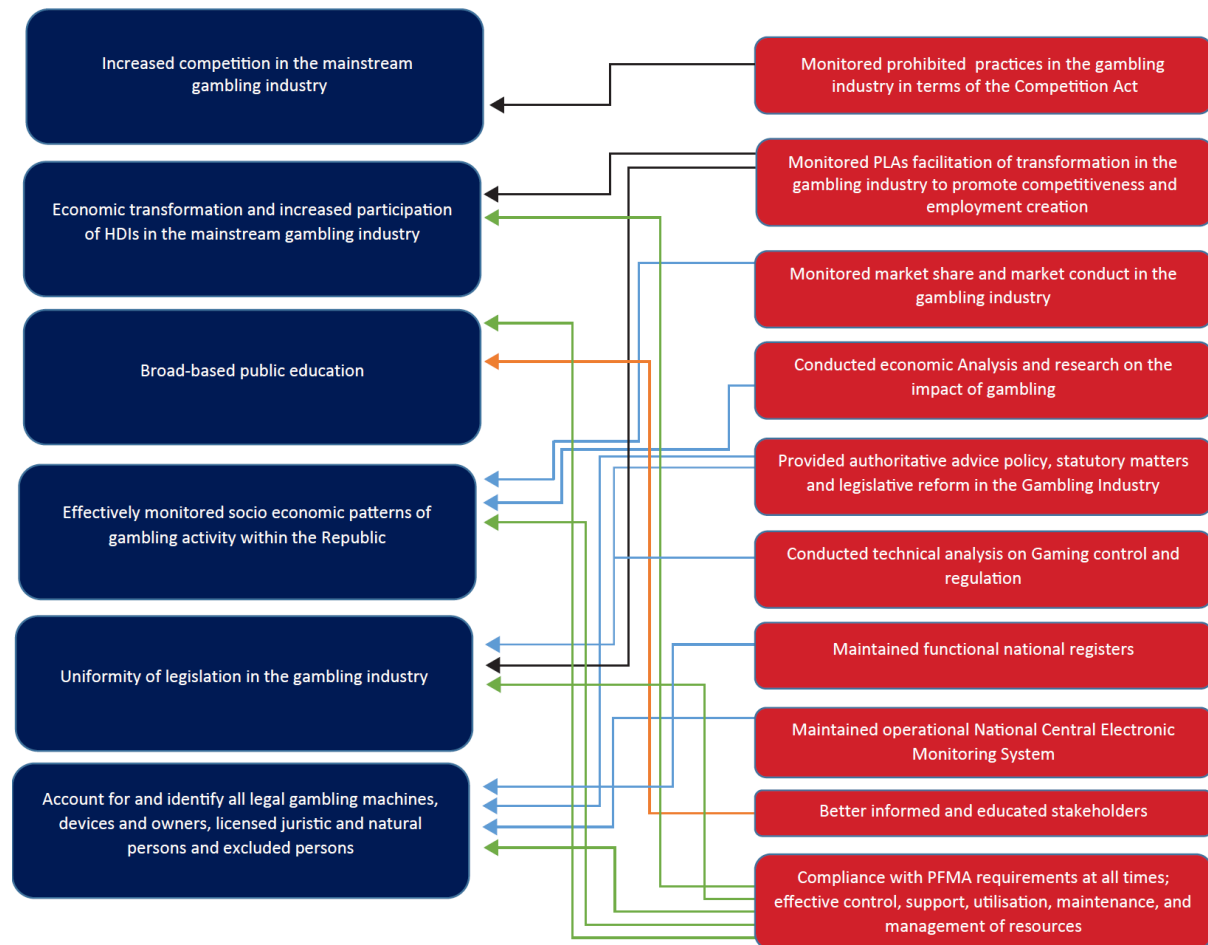
The NGB's obligation to comply with the SDS is conditional upon stakeholder cooperation and engagement.

In order to discharge its mandate, the NGB has developed an impact statement which is aligned to **the dtic** strategic plan, and would be measured through various outcomes. The NGB has also developed its Standard Operating Procedures in line with government imperatives, NGB's Strategic Plan and Annual Performance Plan (APP).





This alignment is indicated in the table below:



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
  - 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's compliance monitoring of licensees; and pla's 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, management of resources	Compliance with PFMA requirements at all times; effective control, support, utilisation, maintenance, 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 Licencing Authority Site Operators Route Operators	Provincial Licencing Authority Financial Service Providers (Banks) Punters Judiciary Law enforcement agencies	Provincial Licencing Authority Site Operators Route Operators Manufacturers	National Gambling Policy Council Provincial Licencing Authority Stakeholders the dtic	Stakeholders the dtic Portfolio Committee for Trade and Industry, Provincial Licensing Authority The public	National Treasury NGB Suppliers and creditors the dtic Parliament	National Treasury Prospective service providers the dtic Parliament
Consultation	Gambling Regulatory fora Meetings	Gambling Regulatory fora Meetings, workshops public awareness campaigns	Gambling Regulatory fora Meetings	Gambling Regulatory fora National Gambling Policy Council Meeting, Meetings	Gambling Regulatory fora National Gambling Policy Council Meeting, Meetings	Governance/ oversight meetings	Governance/ oversight meetings Bidders briefing sessions
Service standards	Performance in terms of Strategic	Performance in terms of Strategic	Performance in terms of Strategic	Performance in terms of Strategic	Performance in terms of Strategic	Performance in terms of Strategic	Performance in terms of Strategic



## SERVICE DELIVERY STANDARDS

Outputs	Compliance evaluation assessment of nine provinces on economic and social development matters; PLA's compliance monitoring of licensees; and pla's 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, management of resources	Compliance with PFMA requirements at all times; effective control, support, utilisation, maintenance, 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
	Plan and Annual Performance Plan 40 day turnaround time from date of receipt of all requisite documentation	Plan and Annual Performance Plan 30 day turnaround time from date of receipt of all requisite documentation	Plan and Annual Performance Plan 7 day turnaround time from date of request for all requisite documentation	Plan and Annual Performance Plan Quarterly performance in terms of Strategic Plan and Annual Performance Plan	Plan and Annual Performance Plan Quarterly performance in terms of Strategic Plan and Annual Performance Plan	Plan and Annual Performance Plan 30 day turnaround time from date of receipt of invoice	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 ( <a href="http://www.ngb.org.za">www.ngb.org.za</a> ), the dtic offices	NGB website ( <a href="http://www.ngb.org.za">www.ngb.org.za</a> ), 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 8 am and 4.30pm	NGB officials readily available between 8 am and 4.30pm	NGB officials readily available between 8 am and 4.30pm	NGB officials readily available between 8 am and 4.30pm	NGB officials readily available between 8 am and 4.30pm  NGB website is available 24 hours, 7 days a week	NGB officials readily available between 8 am and 4.30pm  NGB website is available 24 hours, 7 days a week	NGB officials readily available between 8 am and 4.30pm



## SERVICE DELIVERY STANDARDS

Outputs	Compliance evaluation assessment of nine provinces on economic and social development matters; PLA's compliance monitoring of licensees; and pla's 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, management of resources	Compliance with PFMA requirements at all times; effective control, support, utilisation, maintenance, 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
Information	Acknowledgement of receipt of notice, Report on findings,  NGB limited payout machines criteria,  Criteria and guidance notes for the licencing 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

Outputs	Compliance evaluation assessment of nine provinces on economic and social development matters; PLA's compliance monitoring of licensees; and pla's 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, management of resources	Compliance with PFMA requirements at all times; effective control, support, utilisation, maintenance, 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
Openness and transparency	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) NGB website ( <a href="http://www.ngb.org.za">www.ngb.org.za</a> )	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) NGB website ( <a href="http://www.ngb.org.za">www.ngb.org.za</a> )	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) NGB website ( <a href="http://www.ngb.org.za">www.ngb.org.za</a> )	Strategic Plan Annual report a National Gambling Act, 2004 (Act 7 of 2004) NGB website ( <a href="http://www.ngb.org.za">www.ngb.org.za</a> )	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) NGB website ( <a href="http://www.ngb.org.za">www.ngb.org.za</a> )	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) Public Finance Management Act NGB website ( <a href="http://www.ngb.org.za">www.ngb.org.za</a> ) National Treasury	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) Public Finance Management Act NGB website ( <a href="http://www.ngb.org.za">www.ngb.org.za</a> ) National Treasury
Redress	Fraud hotline (email) <a href="mailto:fraudalert@ngb.org.za">fraudalert@ngb.org.za</a> Or (Tel) 012 686-8800	Fraud hotline (email) <a href="mailto:fraudalert@ngb.org.za">fraudalert@ngb.org.za</a> Or (Tel) 012 686-8800	Fraud hotline (email) <a href="mailto:fraudalert@ngb.org.za">fraudalert@ngb.org.za</a> Or (Tel) 012 686-8800	<a href="mailto:ceo@ngb.org.za">ceo@ngb.org.za</a> <a href="mailto:info@ngb.org.za">info@ngb.org.za</a>	<a href="mailto:ceo@ngb.org.za">ceo@ngb.org.za</a> <a href="mailto:info@ngb.org.za">info@ngb.org.za</a>	Fraud hotline (email) <a href="mailto:fraudalert@ngb.org.za">fraudalert@ngb.org.za</a> Or (Tel) 012 686-8800	Fraud hotline (email) <a href="mailto:fraudalert@ngb.org.za">fraudalert@ngb.org.za</a> Or (Tel) 012 686-8800



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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
	<a href="mailto:ceo@ngb.org.za">ceo@ngb.org.za</a> <a href="mailto:info@ngb.org.za">info@ngb.org.za</a>	<a href="mailto:ceo@ngb.org.za">ceo@ngb.org.za</a> <a href="mailto:info@ngb.org.za">info@ngb.org.za</a>	<a href="mailto:ceo@ngb.org.za">ceo@ngb.org.za</a> <a href="mailto:info@ngb.org.za">info@ngb.org.za</a>			<a href="mailto:scm@ngb.org.za">scm@ngb.org.za</a>	<a href="mailto:scm@ngb.org.za">scm@ngb.org.za</a>  NGB website ( <a href="http://www.ngb.org.za">www.ngb.org.za</a> )
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 National Gambling and Provincial Gambling  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





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