

# **COMMITTEE REPORT OF THE PORTFOLIO COMMITTEE ON PREMIERS' OFFICE; FINANCE; ECONOMIC DEVELOPMENT AND TOURISM IN RELATION TO THE 4<sup>TH</sup> QUARTER PERFORMANCE REPORT FOR 2014/15 FINANCIAL YEAR – MPUMALANGA GAMBLING BOARD**

## **1. INTRODUCTION**

The Portfolio Committee on Premiers Office; Finance; Economic Development and Tourism has a Constitutional mandate, in terms of Section 114(2) (b) of the Constitution of the Republic of South Africa (Act 108 of 1996) read with Rule 218 and Rule 131 of the Rules and Orders of the Mpumalanga Provincial Legislature (the Rules) to oversee the performance of the Mpumalanga Gambling Board (the Entity) and hold it accountable through various measures.

## **2. METHOD OF WORK**

The Speaker referred the department's forth (4<sup>th</sup>) quarterly report to the Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism for consideration and report back to the Legislature, as contemplated in rule 218 (4) of the Rules and Orders of Mpumalanga Provincial Legislature (the Rules).

The Committee met with the Department on 04 August 2015 to deliberate and scrutinize in detail the aforementioned document. The Committee then met on 18 August 2015, to consider the draft Committee report.

## **3. GENERAL OBSERVATIONS**

The Committee observed that the entity had improved in its overall performance with a few challenges, i.e.: over spending on it quarterly budget but achieving all its planned targets.

Following the meeting with DEDT, the committee enquired about two cases relating to MGB reported by the department. The CEO clarified that the cases relate to the Tsogo Sun Case as well as the Sophyline case. The Tsogo Sun case was about the transformation of the licencing conditions in the gambling industry in terms of BBEE

and the entity wanted Tsogo Sun to achieve level 2. Tsogo Sun is disputing and challenging the entity in court. The Sophyline case relates to the 4<sup>th</sup> Casino where the company had submitted a proposal for the 4<sup>th</sup> casino. The entity cancelled the processed and Sophyline id challenging the cancelations in court.

### **DELIBERATIONS ON THE 4<sup>th</sup> QUARTERLY REPORT**

The CEO briefed the Committee on the progress made on the implementation of the APP's strategic objectives of the 4<sup>th</sup> quarter. Thereafter; the Committee interacted with the entity on its performance for each programme.

#### **3.1. PROGRAMME 1: CHIEF EXECUTIVE OFFICE**

Programme had a budget allocation of R 532 090 and has spent R 596 511 which indicates an expenditure of 112%. An over-expenditure of R64 421.00 or 12% during the fourth quarter was noted.

The entity reported that spending against the budget in the 4<sup>th</sup> quarter was for Goods and Services and due to day-to-day work demands for the Chief Executive Officer, which is unpredictable in nature.

#### **3.2. PROGRAMME 2: INVESTIGATIONS AND LICENCING**

The entity over achieved on its planned targets; as the quarterly targets were 25 investigations and 50 reviews. The programme had a budget allocation of R1 052 670 and spent R1 104 932 (or 95.3%) in the 4<sup>th</sup> quarter. This indicates a variance of (R52 262.00).

The Committee was satisfied that the programme had planned to produce one (1) compliance inspection report and one (1) law enforcement inspection report. The programme achieved both targets as planned.

#### **3.3. PROGRAMME 3: GAMBLING CONTROL**

The programme had a budget allocation of R1 495 456 and has spent R1 574 497 (an expenditure of 105.3%) in the 4<sup>th</sup> quarter. This indicates a variance of R79 041.

### **3.4. PROGRAMME 4: GAMBLING AUDIT**

Programme 4 planned to compile three (3) monthly verifications reports and to conduct five (5) annual audits per operational licensee. The two (2) targets have been achieved. The Committee noted that the programme had a budget allocation of R1 146 879 and has spent R 1 440 679 which indicates an expenditure of 125.6 % in the fourth quarter. This indicates an over expenditure of R293 800.

### **3.5. PROGRAMME 5: LEGAL SERVICES**

**The purpose of the programme is to ensure that the operations of MGB are in line with all relevant legislation and the common law and also to ensure effective and efficient gambling legislation.** The programme had two (2) targets planned for the quarter namely: reviewing of Mpumalanga Gambling Rules and producing one (1) corporate governance report. The Committee noted that the Mpumalanga gambling rules were reviewed and the corporate governance report was compiled.

The programme had a budget allocation of R466 772 and has spent R477 567 which indicates an expenditure of 102% (over-expenditure of 2%) in the fourth quarter.

### **3.6. PROGRAMME 6: CORPORATE SERVICES**

**The purpose of the programme is to implement efficient and effective financial and asset management, and also to ensure efficient and effective human resources and related environment.** The programme planned to produce one (1) corporate services performance report during the fourth quarter and the target has been achieved target planned.

The programme had a budget allocation of R4 696 465 and has spent R8 457 863 which indicates an expenditure of 180% (an over expenditure of 80%) in the 4<sup>th</sup> quarter.

The entity reported that the overspending of the programme was due to maintenance projects such as repainting of the building and construction of a Clear view fence, as well as the Socio-economic impact study. These projects were supposed to take place in the earlier periods of the financial year; however; they only materialized during the 4th quarter.

### **3.7. PROGRAMME 7: COMMUNICATIONS**

The purpose of the programme is to ensure that all relevant information is disseminated timeously to all the relevant stakeholders and also to enhance Public Relations and Corporate identity of the MGB. The entity planned to produce one (1) communications report and one (1) IT management report. The targets have been achieved as planned.

The programme had a budget allocation of R1 194 289, and has spent R1 191 648 which indicates a variance of R2 641 in the fourth quarter.

### **3.8. PROGRAMME 8: TRANSFORMATION AND SUSTAINABILITY**

The purpose of the programme is to ensure growth and transformation of the industry responsibly and also to facilitate market research and industry studies. The programme planned to produce one (1) industry expansion report and one (1) socio-economic impact study report. It was reported that the industry expansion report has been compiled as planned.

The programme had a budget allocation of R 278 330 and has spent R219 769 which indicates an expenditure of 78.96% in the fourth quarter. This indicates an under-expenditure of 21.04% or R58 561.

## **4. COMMITTEE FINDINGS FROM THE INTERACTION WITH THE DEPARTMENT**

After the interaction with the department, the Committee made the following findings:

4.1. The entity had an over expenditure of R4 625 760 on its budget for the fourth quarter.

4.2. The entity utilised the 4<sup>th</sup> quarter's budget to achieve targets of the 1<sup>st</sup> and 2<sup>nd</sup> quarter.

## **5. RECOMMENDATIONS**

The Committee recommends that the entity must:


- 5.1. Consult with Provincial Treasury to ensure that the entity does not overspend on its budget.
- 5.2. Ensure that planned targets are achieved on the quarter in which they are planned for implementation; as aligned in the entity's APP; and that the budget is spent for the planned targets, within the specified and set timeframe.

## 6. CONCLUSION

The Chairperson wishes to express his gratitude to the MEC SE Kholwane in absentia; the Board; the CEO and the senior officials of the Mpumalanga Gambling Board for their active involvement during the deliberations with the Entity.

The Chairperson further wishes to thank the Hon. Members of the Committee for their sterling participation and input during the deliberations on the 4<sup>th</sup> quarter report of the Mpumalanga Gambling Board and also thanked the Legislature staff for their support and contribution towards the production of this report.

Lastly, the Chairperson requests the august House to adopt the report with its recommendations and provide a progress report by **30 September 2015**.



**HON. P.S. NGOMANA**

19.08.2015  
**DATE**

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