

# **REPORT OF THE PORTFOLIO COMMITTEE ON PREMIER'S OFFICE, FINANCE; ECONOMIC DEVELOPMENT AND TOURISM**

## **2016/17 FIRST QUARTER REPORT OF THE MPUMALANGA GAMBLING BOARD**

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### **1. INTRODUCTION**

The Portfolio Committee on Premier's Office, Finance; Economic Development and Tourism (the Committee) has a Constitutional mandate, in terms of Section 114(2) (b) of the Constitution of the Republic of South Africa (Act 108 of 1996) read with Rule 124(b) and Rule 131 of the Mpumalanga Provincial Legislature to oversee the performance of the Mpumalanga Gambling Board (the entity) and hold it accountable through various measures.

The consideration and scrutiny of the First Quarterly Performance Report for 2016/2017 of the entity is the tool the Committee uses to determine whether the entity has proper plans and programmes to realise its strategic objectives and ultimately to deliver services to the citizens of Mpumalanga. Furthermore, the Committee seeks to determine how the entity has utilised its allocated capital resources and how it has performed in terms of achieving planned targets for the 1<sup>st</sup> quarter of the 2016/17 financial year.

The Committee tables this report, in accordance with the provisions of the Rules and Orders of the Mpumalanga Provincial Legislature, as an account of its oversight work done for consideration and adoption in order to monitor the performance of the entity for the 2016/2017 1<sup>st</sup> quarter.

### **2. METHOD OF WORK**

The Honourable Speaker of the Legislature referred the 2016/17 1<sup>st</sup> Quarter Performance Report for 2016/2017 to the Committee for deliberations and report back to the House, in accordance with Rule 190 (4) and Rule 131 of the Rules and Orders of the Mpumalanga Provincial Legislature.

The Committee raised questions to which written responses were to be submitted by 7 September 2016. The entity submitted the written responses as requested. The committee met on 27 September 2016 to consider the draft report.

### 3. Expenditure analysis

**Table 1: Programme Expenditure**

Programme	Main appropriation budget	Grant Received for	Actual Expenditure as	% Spent as at 30	Variance
	Year 2016/17	Q1	at 30 June 2016	June 2016	
Chief Executive office	3071951	768488	721233	23	2303463
Board	1474862	172500	106365	7	1302362
Investigations and Licensing	5 752 388	1438597	1422548	25	1092653
Gambling Control	7264497	1816624	1852592	26	5447873
Gambling Audit	6 917 261	1758458	1778819	26	20172531
Legal Services	2 531 250	633313	620326	25	5119075
Corporate Services	21930989	5151819	5036292	23	2112678
Communications	5438802	1360201	1359796	25	5557060
<b>Total</b>	<b>54382000</b>	<b>13100000</b>	<b>12897971</b>	<b>24</b>	<b>41282000</b>

During the 2016/17 financial year, the entity had a budget allocation of **R54 382 000.00**. An amount of **R13 100 000.00** was allocated for the first quarter and the entity spent **R12 897 971.00** which is 98% of the budget allocation for the quarter. Overall, the entity spent 24% of the budget allocated in the quarter. This means that the entity remained with **R41 282 000.00** as of the end of June 2016. In terms of revenue collection, the entity collected an amount of **R 23 333 840.00**, which is 3% more than the targeted revenue collection of **R 22 719 382.00**.

### 4. Programme analysis

#### 4.1. Programme 1: Chief Executive Office

The programme is responsible for administration and management of the organisation to ensure that MGB operates in accordance with National and International Gambling policies and standards.

**The Committee made the following observation on Programme 1:**

The programme had one (1) target planned for the quarter namely: approval of the fourth (4<sup>th</sup>) quarter performance report and one annual report. The target has been achieved as planned.

**Expenditure report**

The programme has a budget allocation of **R3 071 951.00** and has spent **R721 233.00** as at the end of the 1<sup>st</sup> quarter. Overall the programme spent 23% of the budget allocated for the financial year.

**4.2. Programme 2: Investigations and Licencing**

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

**The Committee made the following observation on Programme 2:**

The programme had five (5) planned targets for the quarter and has achieved all the targets as planned.

**Expenditure report**

The programme has a budget allocation of **R5 752 388.00** and has spent **R1 422 548.00** as at the end of the first quarter. Overall the programme spent 25% of the budget allocated for the financial year.

**4.3. Programme 3: Gambling Control**

The purpose of the programme is to ensure that gambling equipment operates in compliance with legislation and the SABS technical standards and also to monitor all applications for distribution of gambling equipment for compliance with legislation.

### **The Committee made the following observation on Programme 3**

The programme had eight (8) targets planned for the quarter and it achieved seven (7) of the planned targets. The programme could not achieve the target of conducting 212 machine moves and conversions due to fewer applications received than planned.

The Committee requested the entity to explain what measures they are going to implement to ensure that all planned targets are achieved as planned. The entity reported that the submission of applications for machine moves and conversions by licences is outside the control of the board and depends entirely on the business needs of the operators. Plans are informed by baseline information on submission by the licensees, however, during the quarter under review, fewer applications were received from the licensees and 100% of the submissions were processed.

### **Expenditure report**

The programme has a budget allocation of **R7 264 497.00** and has spent **R1 852 592.00** as at the end of the 1<sup>st</sup> quarter. Overall the programme spent 26% of the budget allocated for the financial year.

### **4.4. Programme 4: Gambling Audit**

The purpose of the programme is to provide assurance that the gambling levies are complete, accurately calculated and paid by the licensees and also to provide assurance that the Computer Monitoring Systems (CMS) and peripheral gambling systems used by the licensees are reliable and functioning in accordance with gambling legislation.

### **The Committee made the following observation on Programme 1**

The programme had three (3) targets planned for the quarter and has achieved all the targets as planned.

### **Expenditure report**

The programme has a budget allocation of **R 6 917 261.00** and has spent **R1 778 819.00** as at the end of the first quarter. Overall the programme spent 26% of the budget allocated for the financial year.

#### **4.5. 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 Committee made the following observation on Programme 5**

The programme had four (4) targets planned for the quarter and it achieved all the targets as planned.

### **Expenditure report**

The programme has a budget allocation of **R2 531 250.00** and has spent **R 620 320.00** as at the end of the first quarter. Overall the programme spent 25% of the budget allocated for the financial year.

#### **4.6. 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 Committee made the following observation on Programme 6**

The programme had a total of 16 targets planned for the quarter and has achieved all the targets as planned.

## **Expenditure report**

The programme has a budget allocation of **R 21 930 989.00** and has spent **R 5 036 292.00** as at the end of the first quarter. Overall the programme spent 25% of the budget allocated for the financial year.

### **4.7. 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 Committee made the following observation on Programme 7**

The programme had seven (7) planned targets and has achieved all the targets as planned.

## **Expenditure report**

The programme has a budget allocation of **R5 438 802.00** and has spent **R1 359 796.00** as at the end of the first quarter. Overall the programme spent 25% of the budget allocated for the financial year.

## **5. FINDINGS**

- 5.1. The entity continued to perform as planned during the quarter and only deviated on programme: Gambling Control, where seven (7) out of eight (8) planned targets were achieved under the programme.
- 5.2. Overall, the entity spent 24% of the budget allocated in the quarter.
- 5.3. In terms of revenue collection, the entity collected an amount of **R 23 333 840.00**, which is 3% more than the targeted revenue collection of **R 22 719 382.00**.

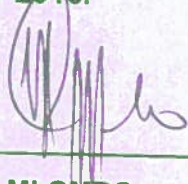
## 6. RECOMMENDATIONS

- 6.1. The entity must continue to meet all targets as planned and perform positively throughout the quarters.

## 7. CONCLUSION

The Chairperson takes this opportunity to thank the Members of the Portfolio Committee for their active participation and the Mpumalanga Gambling Board's First Quarter Performance Report for 2016/2017 financial year. In addition, the Chairperson also thanks the support staff for contributing to the production of this report.

Unless otherwise stated, a report detailing progress in the implementation of all recommendations in this report should be forwarded to the Committee by 14 **October 2016**.



**HON. FV MLOMBO**

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

28 ~~09~~ . 2016

**DATE**