

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

2015/16 SECOND QUARTER REPORT OF THE MPUMALANGA GAMBLING BOARD

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 Second Quarterly Performance Report for 2015/2016 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 2nd quarter of the 2015/16 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 2015/2016 second quarter.

2. METHOD OF WORK

The Honourable Speaker of the Legislature referred the 2015/16 Second Quarter Performance Report for 2015/2016 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 met with the entity on 03 December 2015 to deliberate on the entity's Second Quarter Performance. The Committee considered the draft Committee Report on the 17 February 2016.

3. ANALYSIS OF THE SECOND QUARTER REPORT

4.1. BUDGET ANALYSIS

The entity has received a total budget allocation of **R52 205 000** for the 2015/16 financial year. The budget allocated for the second quarter was **R13 550 000**, and the entity has spent **R14 339 666** as at 30 September 2015, which translates to 106% expenditure of the quarterly budget. Overall, the entity is at 54% expenditure of the total budget for the current financial year.

In terms of revenue collection, the entity generated **R21 781 291** during the second quarter which is less than the targeted revenue of **R22 187 247** by 2%.

Table 1 below indicates the spending of the department per programme.

Table 1: Spending per program

Programme	Grant received	Actual Expenditure as at 30 September 2015	% Spent as at 30 September 2015
Chief Executive Office	610 817	602 379	99%
Board	376 328	253 893	67%
Investigations and Licensing	1 318 621	1 351 993	103%
Gambling Control	1 706 855	1 660 224	97%
Gambling Audit	1 690 534	1 723 585	102%
Legal Services	586 701	580 712	99%
Corporate Services	5 525 867	6 351 747	115%
Communications	1 350 915	1 296 120	96%
Transformation & sustainability	383 362	519 013	135%
TOTAL	13 550 000	14 339 666	106%

4.2. PROGRAMMES AND SUB-PROGRAMMES

The Committee deliberated on the performance of the department for each programme as follows:

4.2.1. 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 observations on Programme 1:

a) Spending Pattern

The programme had a budget allocation of **R 610 817** and has spent **R 602 379** which indicates a variance of **R 8 438**. This indicates an expenditure of **99%**.

b) Programme Performance

This programme achieved 2 of its 3 targets (67%) in the 2nd quarter of the 2015/16 financial year. The entity reported that the 2016/17 organizational strategy has been deferred to the third quarter.

4.2.2. PROGRAMME 2: INVESTIGATIONS AND LICENCING

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

The Committee made the following observations on Programme 2:

a) Spending Pattern

The programme had a budget allocation of **R 1 318 621** and has spent **R 1 351 993** which indicates an over expenditure of **R 33 372**. The programme overspent by 3% during the quarter. The entity reported that the over expenditure was a timing difference, which will even out in the remaining two quarters and will not affect planned targets, as well as the overall expenditure at the end of the financial year.

b) Programme Performance

Programme 2 achieved 100% (5 out of 5) of its targets in the 2nd quarter of the 2015/16 financial year.

4.2.3. 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 to monitor all applications for distribution of gambling equipment for compliance with legislation.

The Committee made the following observations on Programme 3:

a) Spending Pattern

The programme had a budget allocation of **R 1 706 855** and has spent **R 1 660 224** which indicates an expenditure of 97% in the first quarter.

b) Programme Performance

Programme 3 has achieved 100% (8 out of 8) of its targets in the 2nd quarter of the 2015/16 financial year.

4.2.4. 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 observations on Programme 4:

a) Spending Pattern

The programme had a budget allocation of **R 1 690 534** and has spent **R1 723 585** which indicates an over expenditure of 2%.

b) Programme Performance

The programme achieved 100% (4 of the 4) planned targets in this quarter.

4.2.5. 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 to ensure effective and efficient gambling legislation.

The Committee made the following observations on Programme 5:

a) Spending Pattern

The programme had a budget allocation of **R586 701** and has spent (99%) **R580 712**.

b) Program Performance

The department managed to achieve 100% (4 of the 4) planned targets for the quarter.

4.2.6 PROGRAMME 6: CORPORATE SERVICES

The purpose of the programme is to implement efficient and effective financial and asset management, and to ensure efficient and effective human resources and related environment.

The Committee made the following observations on Programme 6:

a) Spending Pattern

The programme had a budget allocation of **R 5 525 867** and has spent **R 6 351 747** which indicates an over expenditure of 15% in the second quarter. The entity reported that the over expenditure was a compensation variance caused by a timing difference in the budgeting difference which will even out in the remaining two quarters and will not affect planned targets, as well as the overall expenditure at the end of the financial year.

b) Programme Performance

The programme achieved 100% (16 of the 16) planned targets.

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 observations on Programme 7:

a) Spending Pattern

The programme had a budget allocation of **R 1 350 915**, and has spent **R 1 296 120** which indicates an expenditure of 96%.

b) Programme Performance

The programme had 14 planned targets and has achieved 12 (86%) of the targets during the second quarter. The entity reported that the two targets that have not been achieved have been deferred to the third quarter.

4.2.7. PROGRAMME 8: TRANSFORMATION AND SUSTAINABILITY

The purpose of the programme is to ensure growth and transformation of the industry responsibly and to facilitate market research and industry studies.

The Committee made the following observations on Programme 8:

a) Spending Pattern

The programme had a budget allocation of **R 383 362** and has spent **R 519 013** which indicates an over expenditure of 35% in the second quarter. The entity reported that the over expenditure on this programme was caused by a timing difference in the budgeting process which will even out in the remaining two quarters and will not affect planned targets, as well as the overall expenditure at the end of the financial year.

b) Programme Performance

The programme had 2 planned targets for the quarter and has achieved one target (50%).

5. FINDINGS

After considering the 2015/16 Second Quarter Report of the entity, the Committee made the following finding:

5.1. The entity overspent by 4% during the second quarter. The entity attributed the over expenditure to a timing difference and that this will be corrected in the third quarter.

6. RECOMMENDATIONS

The Committee recommends that the entity must:

6.1. Properly monitor expenditure in all programmes throughout the financial year to ensure that the entity does not overspend on its budget.

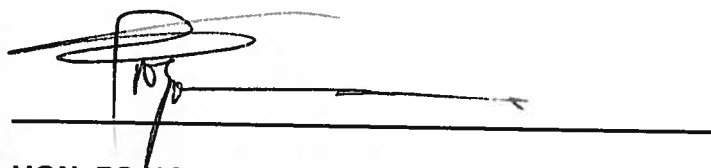
7. CONCLUSION

The Chairperson takes this opportunity to thank the Members of the Portfolio Committee for their active participation and constructive contributions during the deliberations on the Mpumalanga Gambling Board's' Second Quarter Performance Report for the 2015/16 financial year.

In addition, the Chairperson extends a word of thanks to senior management officials of the entity for availing themselves to deliberate on matters pertaining to the entity.

The Chairperson would also like to thank 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 **31 March 2016**.



HON. PS NGOMANA (MPL)

08/03/2016

DATE

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

