



National Gambling Board
South Africa

a member of the dti group



STRATEGIC PLAN

2018/23



OFFICIAL SIGN-OFF

It is hereby certified that the revised Strategic Plan:

- Was developed by the management of the NGB under the guidance of **the dti**;
- That it takes into account all the relevant policies, legislation and other mandates for which the NGB is responsible, and
- Accurately reflects the Strategic Outcome-Oriented Goals (SOOGs) and objectives which the NGB will endeavour to achieve over the five-year period of the plan.

Recommended for approval by:

Ms Caroline Kongwa
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Approved by the Executive Authority

Dr Rob Davies, MP
Minister of Trade and Industry

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FOREWORD BY THE MINISTER OF TRADE AND INDUSTRY

Dr Rob Davies, MP

The 21st Century has seen the gambling environment in South Africa evolve as gambling revenues have continuously increased whilst at the same time structural shifts in market share are also evident across all forms of legal gambling. Over time, illegal gambling activities have mushroomed impacting negatively on the gambling industry as a whole. Inevitably, problem gambling has also emerged as a significant social and health issue whose social and economic costs can be huge.

The National Gambling Act (NGA), 2004 (Act 7 of 2004), includes considerable provisions to regulate and monitor gambling in a manner that seeks to control the growth of gambling whilst preventing and minimising its harm. The ongoing efficient regulation of gambling in a continuously changing, integrated, automated and user-friendly technological environment (due to the nature of gambling and the possibility to offer new games on a variety of electronic platforms), however, remains a challenge. This requires that the industry move at a quicker pace and further in order to keep up. Increased illegal gambling activities make a case for the need to ensure legislation is up to date, close possible loopholes, and allow efficient combatting thereof nationally.

Effective gambling regulation exists to protect punters and the wider public by ensuring that gambling takes place in a fair and safe environment. In order to do this, a balance is required

between the offering of gambling as a recreational activity, revenue generation and the risks/harm that gambling can create.

The National Gambling Board (NGB) plays a leading role in its jurisdiction and mandate to regulate the gambling industry in South Africa. Supplementary to this, programmes to assist problem gamblers are functional and effective. The entity has continued 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.

In line with its vision, mission and the NGA, the NGB is obliged to align its strategies to address new challenges and execute the mandate as governed by **the dti**. The NGB also continues to be committed to carrying out the objectives and developmental outputs of the National Development Plan 2030 (NDP) to encourage job creation in the gambling industry. The NGB's contribution to the economy is evident through the new revenue and self-sustainability model implemented by means of the National Central Electronic Monitoring System (NCEMS). The introduction of the new NCEMS operator paves way for increased employment opportunities.

The execution of the NGB's mandate is outlined in this revised five-year strategic plan. Ongoing challenges in an ever-changing dynamic gambling environment give rise to a critical focus area for the NGB which is to combat illegal gambling activities within

“The ongoing efficient regulation of gambling in a continuously changing, integrated, automated and user-friendly technological environment”

South Africa. The development of a national framework to combat prohibited gambling and restricted activities needs to be considered, as well as ways to implement such a strategy through consolidated efforts with a number of stakeholders. The entity continues to play a leading role in the confiscation of illegal online gambling winnings.

Ensuring functional registers and NCEMS, as well as the conducting of continuous oversight over all Provincial Licensing Authorities (PLAs) remains a key performance area. Scientific and sound research to determine the socio-economic impact of gambling, trends and the latest developments in the gambling industry is necessary to provide input into legislation, policy or any strategy. It is critical to continue with broad-based public education and awareness campaigns to keep various stakeholders and the public informed about illegal and compulsive gambling.

The five-year strategic plan (2018-2023) will ensure that the NGB continues to strengthen its regulatory mandate in an efficient and effective manner.



Dr Rob Davies, MP
Minister of Trade and Industry



OVERVIEW BY THE ACCOUNTING AUTHORITY

Ms Caroline Kongwa

The regulation of gambling is taking place in a dynamic environment characterised by advanced technology that many legal and illegal gambling operators capitalise on. This is evident in upgraded gambling equipment, interactive and modernised games offered to punters, and the use of advanced electronic software to enable punters to place bets online and participate in server-based and interactive on-line gambling. The public is often not adequately informed about the illegality of some gambling modes, platforms and games offered.

Disruptive technologies, such as big data analytics, the interconnectedness of electronic devices, the use of artificial intelligence, virtual reality, crypto currencies and biometrics, also referred to as the “fourth industrial revolution”, have an impact on how punters and the public view and participate in legal and illegal gambling activities. In this regard, research has shown that illegal gambling has become the second highest mode that punters increasingly participate in besides the National Lottery. The mushrooming of illegal forms of gambling i.e. so-called internet cafes offering server based or Interactive Gambling (IG) to the public, countless online gambling sites making various gambling games accessible to (potential) punters, as well as the increased access to e-Gaming or betting on virtual forms of horse racing, sports and other contingencies online, are identified as some of the major challenges the NGB has to deal with. Therefore,

the combatting of illegal gambling and ongoing education of the public about unlawful gambling modes and platforms are crucial areas the NGB endeavours to focus on.

The NGB’s strategy over a five year period is mainly based on the provisions provided in the NGA, in order to control, regulate and monitor gambling whilst preventing and minimising its harm. Key performance areas are guided by four SOOGs referred to as follows:

- SOOG 1: Enforce compliance.
- SOOG 2: Enhance Stakeholder Liaison and Statutory Advisory Service.
- SOOG 3: Optimise organisational excellence.
- SOOG 4: Enforce gaming technical compliance .

The NGB will focus on its main mandate namely to conduct continuous oversight over PLAs on their compliance with the NGA and provincial legislation, as well as the maintenance of national registers. In addition, the NGB will continue with the monitoring and reporting on gambling sector performance (national gambling statistics, market conduct and market share).

Specific emphasis needs to be placed on the combatting of illegal gambling by means of strengthening assistance to PLAs and

“Disruptive technologies, such as big data analytics, the inter-connectedness of electronic devices, the use of artificial intelligence, virtual reality, crypto currencies and biometrics, also referred to as the “fourth industrial revolution”, have an impact on how punters and the public view and participate in legal and illegal gambling activities.”

law enforcement agencies in combatting illegal gambling, both physical (illegal outlets) and electronically (online). The NGB will continue with its efforts to confiscate unlawful winnings.

The strategic issue that the NGB has to deal with is how to address the technological advances in contributing to the fourth industrial revolution through job creation and economic growth. In this regard, the NGB has appointed a new NCEMS operator that enables the NGB to use the latest technology-driven monitoring system to monitor the Limited Payout Machine (LPM) industry and contribute to the economy. The self-sustainability model derived from NCEMS will result in increased revenue for the NGB to conduct a variety of specific projects as reflected over the five year Medium Term Strategic Framework (MTSF) period. In addition, it will also enable the NGB to increase its reach to the public to inform and educate various stakeholders and target audiences on illegal forms of gambling, as well as responsible gambling and where to get assistance with problem gambling.

The conducting of authentic and scientific research is one of the ways in which the NGB bases advice to the Minister. In this regard, research reports in relation to transformation and growth in the gambling industry, the impact of Electronic Bingo Terminals

(EBTs) on other modes of gambling, as well as the impact of the fourth industrial revolution on the current and future regulation of gambling will provide insight into important and ongoing current debates in terms of future legislation of the South African gambling industry, as well as ongoing job creation.

The NGB's five-year Strategic Plan (2018-2023) 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



EXECUTIVE SUMMARY

The South African gambling industry is well-regulated and contributed R2,7 billion in FY2017 in taxes/levies to the national fiscus, besides the fact that this industry is acknowledged as a relatively important component of the local entertainment and recreation sector. Tax contributions are also beneficial to growth and development in the country, as espoused in the NDP for South Africa. Therefore, a need exists for the NGB, together with Government, to protect and prioritise gambling as one national agenda. The objectives for the regulation of gambling include:

- Protection of society from over-stimulation of latent gambling through the limitation of gambling opportunities;
- Protection of players and integrity and fairness of the industry through strict control and supervision of the industry;
- Uniformity and harmonisation of policy and legislation at all levels of government across provinces through minimum norms and standards, cooperation and coordination;
- Generation of revenue and taxes for provincial governments and for good causes;
- Economic empowerment of the historically disadvantaged; and
- Promotion of economic growth, development and employment.

The NGB Annual Performance Plan (APP) for FY2018/19 contains the operational information and budgetary provisions to support performance targets. The organisation remains committed to its vision and value system, and will ensure that performance measures to demonstrate excellence, institutional accountability and on-going transformation are priorities for the entity. To achieve its mandate, this plan requires increasing levels of financial support for the operational and regulatory work of the NGB. The NGB will continue to explore ways in which it can implement alternative revenue streams whilst maintaining compliance with its legislative mandate.

MEDIUM TERM EXPENDITURE FRAMEWORK (MTEF) PERIOD 2018-2023 WORK PROGRAMME

The NGB has assessed its performance in relation to the targets set, the budget allocation received and the demand of the industry together with government imperatives. As a result, the priorities of the NGB have been revisited in line with the NDP.

The medium term Key Outcomes, Outputs and Activities that support the SOOGs and Strategic Objectives (SO) are summarised in the APP (Annexure B).

ENHANCING ECONOMIC PARTICIPATION

Gambling stimulates the local economy and contributes to government revenues (taxes/levies), Gross Domestic Product (GDP), investment and employment. This is evidenced by the increase of Gross Gambling Revenue (GGR) by 9.6% from R21,8 billion in FY2014 to R 23,9 billion in FY2015, by 8.8% to R26,0 billion in FY2016, and by 3.8% to R27,0 billion in FY2017. The collection of taxes/levies increased by 10.7% from R2,2 billion to R2,5 billion in FY2015, by 11.9% to R2,8 billion in FY2016. However, it decreased by 1,0% to R2,7 billion in FY2017. Gauteng and the casino sector accounted for the highest amount of GGR generated and taxes/levies paid. The regulated gambling sector contributed 0.81% to the South African economy in 2016.

Gambling encourages private-sector investment. The economic empowerment of Historically Disadvantaged Individuals (HDI) is promoted through unlocking of potential of Small Medium and Micro Enterprises (SMMEs), cooperatives, townships and rural enterprises (i.e. corporate social investment programmes & gambling licenses to individuals/consortiums, small and medium businesses).

BROADER ECONOMIC CHALLENGES

Gambling regulation needs to create a balance between revenue generation and protection of the public, particularly vulnerable persons, while taking cognisance of Government's developmental priorities.

The contribution of the formal gambling industry to the South African economy, is currently threatened by factors and influences such as changing consumer preferences with regard to participation in gambling modes as a result of the influence of advanced technology and accessibility of certain modes of gambling (i.e. betting on sport via electronic means has become popular as a result of the ease of gambling and easy access versus visiting a land-based gambling outlet). In this regard, a shift has been noted towards increased popularity of betting on specifically sport, LPM and bingo modes of gambling. Increases have been noted in the number of active LPMs across all provinces, as well as bingo positions in specifically the Eastern Cape. In terms of GGR generated, negative growth has been noted in the casino sector from FY2016 to FY2017, however the impact of the opening of Time Square casino at Menlyn Maine (Pretoria) on 1 April 2017 might result in a slight increase in casino market share.

The legal landscape of gambling remains a fundamental challenge as illegal online gambling threatens to erode the regulatory environment. The most important factor however, that hangs over the formal industry is that of illegal gambling activities operated by unlicensed operators, primarily through online and server-based platforms. These illegal operators offer games that compete with legal modes, which may have a considerable impact on the GGR generated by licensed gambling modes. This ultimately also has a tremendous impact on tax revenue for government, while further consequences include loss of employment opportunities and participation in local economic activities, as well as an erosion of consumer rights and protection. The illegal online gambling industry in particular has gained momentum over the last few years, as reflected in various recent NGB studies, and is now prominent throughout both urban and township communities.

The rising regulatory pressures on bingo, specifically EBTs, and horse racing, as well as the urgent need to find cooperative ways with relevant stakeholders to combat illegal gambling by means of joint activities, still preoccupy the regulatory global agenda. Therefore the implementation of the amended legislation has become a precondition for the execution of the NGB's strategic thrust.

LEGISLATIVE REFORM

Prior to 1994 gambling was prohibited in South Africa and only took place in the nominally independent homelands (Transkei, Bophuthatswana, Venda and Ciskei). Betting in the then South Africa was only allowed in horse racing, as the only legal form of gambling during the said period. The absence of a proper regulatory framework, coupled with poor policing of the gambling industry led to the proliferation of an illegal industry. This led to the loss of revenue in the economy and little or no protection against the negative socio-economic impact of the unregulated industry.

Government constituted the Wiehahn Commission to conduct the feasibility study of having a national policy on gambling in South Africa post democracy, and it made recommendations for strict regulation of gambling. In 1995 the Wiehahn Commission produced a report, which informed the 1996 Gambling Policy. Pursuant to the Wiehahn Commission Report, the NGA, 1996 (Act 33 of 1996) and the National Lotteries Act (NLA), 1997 were promulgated.

The NGA, 1996 made provisions for the regulation of gambling activities and the promotion of uniform norms and standards in relation to gambling throughout the country. It also established the NGB as an organisation responsible for the supervision and regulation of the gambling industry. This change in legislation saw the establishment of legal casinos, a national lottery and other forms of regulated gambling.



In 2002 a review of gambling policy was undertaken and the following were factors informing the review:

- Disputes between PLAs and the NGB.
- Negative socio-economic effect of gambling.
- New forms of gambling (interactive gambling).

In 2004 the review led to the following important introductions:

- Institutionalisation of cooperative governance through the National Gambling Policy Council (NGPC).
- NGB as an oversight body.
- Mechanisms to mitigate the increasing social harms of gambling.

In 2008 the National Gambling Amendment Act 10 of 2008 was promulgated to regulate IG. Regulations were finalised and tabled in Parliament in 2009 and Parliament raised concerns about proliferation. These Regulations have not been brought into operation.

The Minister appointed the Gambling Review Commission (GRC) in 2009 who submitted their report in September 2010.

The National Gambling Policy was approved by Cabinet in February 2016, a process which set in motion the amendments of the NGA, with the intention to have it approved by Parliament in FY2018.



PART A STRATEGIC OVERVIEW



PART A: STRATEGIC OVERVIEW

The NGB is established in terms of the NGA, 2004 (Act 7 of 2004) under the Executive Authority (EA) of the Minister for Trade and Industry, in an effort to enable **the dti** to achieve its objectives and ultimately its mandate. The NGB's mandate is to promote

gambling activities in a legal, safe and crime-free environment and protect punters from the over stimulation of the latent need to gamble.

1. 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 (NGA), 2004 (Act 7 of 2004), through an effectively regulated and supervised gambling industry that upholds domestic, continental and internationally recognised standards of compliance.



VALUES

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

STRATEGIC PRIORITIES FOR 2018-2023

- Enforce Compliance;
- Enhance Stakeholder Liaison and Statutory Advisory Services;
- Optimise Organisational Excellence; and
- Enforce Gaming Technical Compliance.

2. LEGISLATIVE AND OTHER MANDATES

LEGISLATIVE MANDATE

The NGB is established in terms of the NGA, 2004 (Act 7 of 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; 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.
 - Assist PLAs to ensure that the unlicensed gambling activities are detected.
- Research and 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;
- The NGB must also establish and maintain 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;
- 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; and

- The NGB must advise and provide recommendation to the NGPC on, amongst others, matters of national policy and legislative changes relating to gambling.

OTHER MANDATES

The work of the NGB is also directly governed by the legislative framework, including but not limited to the following legislation:

- Constitution of the Republic of South Africa, 1996.
- Public Finance Management Act, 1999 (Act 1 of 1999).
- The Prevention of Organised Crime Act (POCA), 1998 (Act 121 of 1998).
- The Financial Intelligence Centre Act (FICA), 2001 (Act 38 of 2001).
- Broad Based Black Economic Empowerment Act (B-BBEE), 2003 (Act 53 of 2003).
- Consumer Protection Act, 2008 (Act 68 of 2008).
- Competition Act, 1998 (Act 89 of 1998).

POLICY MANDATES

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



RELEVANT COURT RULINGS

MAXIME HOTEL V EGOLI GAMBLING (PTY) LTD AND THE CHAIRPERSON OF THE NATIONAL GAMBLING BOARD, THE ADMINISTRATOR: GAUTENG GAMBLING BOARD N.O. AND THE MINISTER OF TRADE AND INDUSTRY

Cause of action: Applicants sought to appeal against the judgment granted against them on 18 March 2014, when the application had been dismissed with costs. The appellants sought an order declaring that, in their view, the formulation of Regulation 3(2) of the Regulations of Limited Payout Machines by the Honourable Minister of Trade and Industry was ultra vires in terms of his authority, and that the powers, functions, and duties of the National Gambling Board infringe upon the exclusive powers of the Gauteng Gambling Board. The appeal was argued on 6 May 2016, and judgment had been reserved.

Court ruling: Judgment was handed down on 2 June 2017. The appeal brought against the Minister and others was dismissed with costs.

THABONG MONITORING SOLUTIONS (PTY) LTD V THE NATIONAL GAMBLING BOARD, CAROLINE KONGWA N.O., THE MINISTER OF TRADE AND INDUSTRY, ROUTE MONITORING SOLUTIONS (PTY) LTD, AND PAYTRONIX SYSTEMS (PTY) LTD

Cause of action: The above matter was an application brought in two parts.

Part A: The applicant sought an interdict, operating as an interim relief pending the outcome of Part B of its application (the applicant subsequently abandoned Part B of its application), in terms of which inter alia, the respondents would be prohibited

and prevented from implementing the award of tender issued by the first and/or second respondent under RFP NGB 004/2016 for the supply, installation, commissioning, operation, management and Maintenance of the NCMS for limited payout machines in the Republic of South Africa and subsequent collection of related monitoring fees for eight (8) years to the fourth. The effect of the sought interdict would have been to further prevent and prohibit the effecting of the handover of the NCMS from the then incumbent operator to the fourth respondent (Route Monitoring Solutions (Pty) Ltd) on 15 December. The matter was heard on 13 December 2017.

Court Ruling: Judgment was handed down on 19 December 2017. The application for an interdict was dismissed with costs.

3. SITUATIONAL ANALYSIS

3.1 STATUS QUO OF THE GAMBLING INDUSTRY

GAMBLING SECTOR PERFORMANCE

As the industry grows over time, the oversight role is becoming more complex and the NGB's capabilities to ensure compliance needs to be strengthened. Gambling activities have a significant redistribution effect. On average, a significant number of punters spend small amounts of money on gambling while only a small percentage receives large amounts of prize money and gambling winnings.

The NGB will continue to monitor market conduct, market share and national gambling statistics and compare future information and statistics with existing data, where applicable. Based on the audited gambling statistics submitted by the nine (9) PLAs for the FY2017 in relation to GGR generated and gambling taxes levied and collected, certain conclusions are construed.

GROSS GAMBLING REVENUE GENERATED

The generation of GGR was monitored and tracked over time. Analysis of the increase in GGR and gambling positions per gambling mode during the period FY2010 to FY2017 reflected the following growth and trends:

- Since FY2013, the highest increase in GGR generated in the casino industry was recorded from FY2015 to FY2016. GGR increased by 4.5% from FY2014 to FY2015, by 5.8% to FY2016, however decreased by 1.8% to FY2017. The number of operational casinos positions increased by 4.7% from 31 860 (FY2014) to 33 360 (FY2015), 0.8% to 33 618 (FY2016), however decreased by 1.1% to 33 249 in FY2017, mainly as a result of slight decreases in all provinces except KwaZulu-Natal and North West from FY2016 to FY2017.
- Compared to FY2015, the growth in GGR generated in the LPM industry for FY2016 has dropped slightly. An increase by 19.6% from FY2014 to FY2015 was recorded, followed by an 13.7% increase from FY2015 to FY2016, and by 14.1% to FY2017. The number of licensed active LPMs increased by 10.7% from 9 288 in FY2014 to 10 279 in FY2015, by 6.4% from FY2015 to FY2016 (10 934) and by 5.2% (11 502) to FY2017, mainly as a result of increases noted in all provinces from FY2016 to FY2017.
- Betting on the horse racing and sport industry recorded growth in GGR generated i.e. by 22.2% from FY2014 to FY2015, by 28.5% from FY2015 to FY2016, followed by an increase by 14.3% recorded from FY2016 to FY2017. This is mainly as a result of major increases in the generation of GGR by bookmakers offering betting on sport. GGR generated by bookmakers offering betting on sport increased by 59.9% from FY2014 to FY2015, by 50.9% to FY2016, and by 22.0% to FY2017. Bookmakers offering betting on sport generated the highest income, whereas much less taxes/levies were collected from this industry compared to other operators/modes. Limited growth was recorded by totalisators offering betting on horse racing and sport from FY2016 to FY2017.
- The bingo industry showed the highest growth (in percentage) in the generation of GGR from FY2014 to FY2015, being reflected by an increase of 67.7% from FY2013 to FY2014, by 52.5% from FY2014 to FY2015, followed by a decrease of 16.2% from FY2015 to FY2016. However, it increased substantially by 36.6% from FY2016 to FY2017. The growth in GGR is probably as a result of growth in the number of bingo positions, and specifically EBTs.



3.2 PERFORMANCE DELIVERY ENVIRONMENT

NGB regularly scans the gambling environment and identifies challenges that might have an impact on the execution of NGB's key mandate. One of the entity's key priority's is to perform gambling regulatory oversight over PLAs as indicated in mandated legislative powers and functions. The following areas have been identified which have an impact:

- a) To position NGB strategically and advocate delivery in accordance with national gambling legislation;
- b) Taking full advantage of GRC outcomes;
- c) Taking note of amended legislation;
- d) Willingness for gambling stakeholders to recognise NGB as a national resource;
- e) Repository of gambling related research conducted with specific focus on the (socio-economic) impact of gambling in the country;
- f) Engaging in opportunities which create platforms for the benefit of the country with reference to gambling law enforcement;
- g) Take opportunity to lead banning and suppression of online gaming/gambling in the sub-Sahara Africa;
- h) Lead foreign direct investment in this industry;
- i) Implement national policy perspective in advancing NGB role in the industry;
- j) Oversight of all complexities of the industry;
- k) 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;
- l) Generate online skills working with institutions in the country;
- m) Facilitate and monitor transformation of the industry in line with the Broad-Based Black Economic Empowerment Act (B-BBEE) and Codes of Good Practice;

- n) Physical location to enhance the NGB functions broadly including Information Communication Technology (ICT) infrastructure;
- o) Informing and educating the public and stakeholders about the socio-economic impact and risks of gambling.

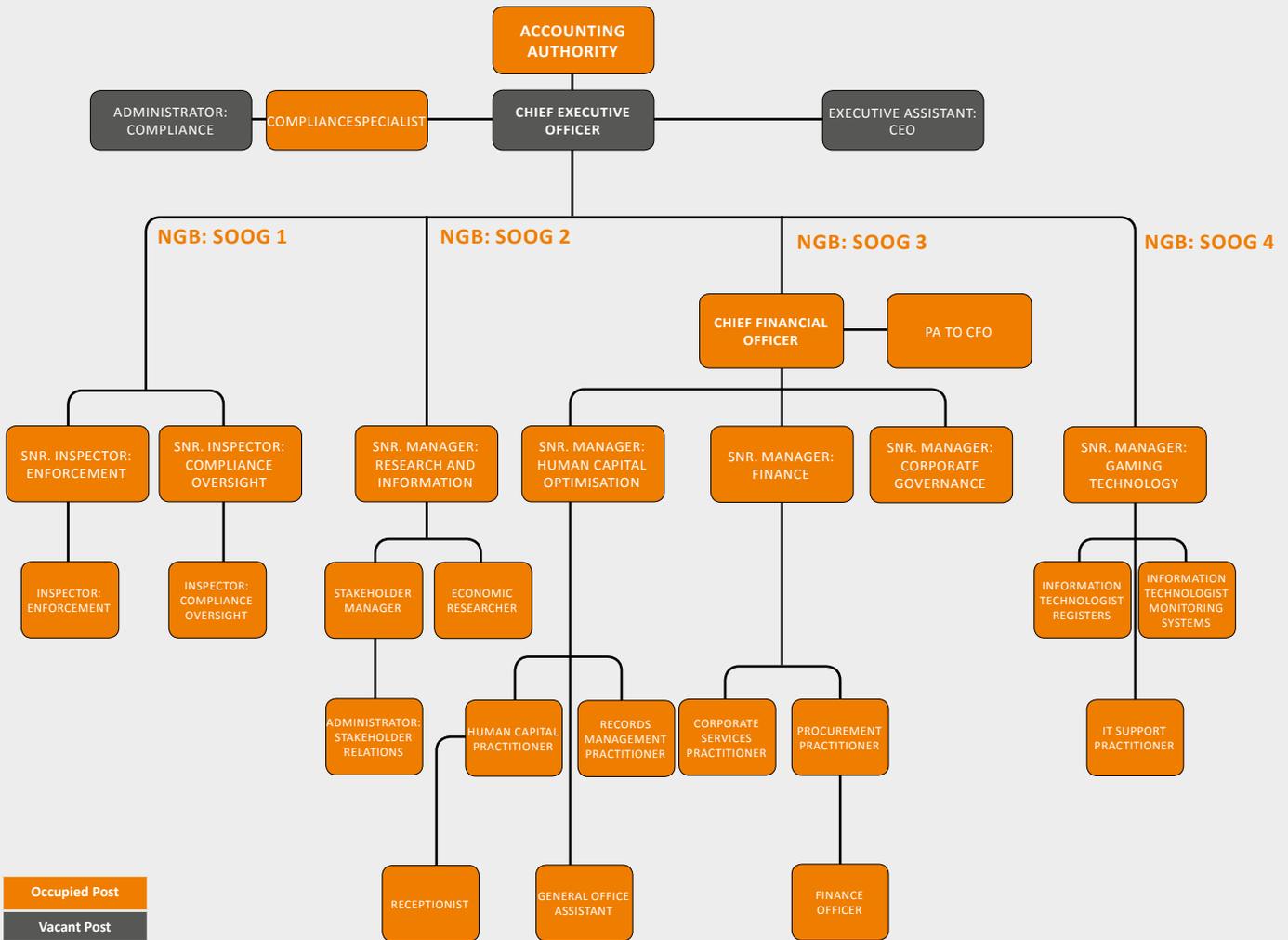
NGB has constructed a strategy that is performance focused, taking into account gambling regulation expertise, leadership and regulatory certainty.

The NGB has created social dialogue with various stakeholders in the gambling industry locally, on the African continent and internationally. The rationale for the creation of such broad fora is for conversations on gambling issues amongst all stakeholders and specifically regulators to enhance the NGB's capability to regulate the South African gambling industry.

3.3 INSTITUTIONAL ARRANGEMENTS

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

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



Occupied Post
 Vacant Post



The NGB is dependent on a financial grant from **the dti**. In terms of the NGA, 2004, monitoring fees accrue to the NGB. Section 74 of the NGA allows for the entity to derive revenue from any other source and as such revenue in the form of monitoring fees within the LPM industry is collected and paid over to the entity.

3.4 OPERATIONAL DELIVERY ENVIRONMENT

The NGB, as the implementing agent of **the dti**, is mandated among other functions in the NGA, to co-ordinate activities relating to the exercise of concurrent legislative competence for matters regulated within the national and provincial spheres of government and to establish certain uniform norms and standards. These provisions apply throughout the Republic with regard to casinos, horse racing, gambling and wagering, so that gambling activities are effectively regulated, licensed, controlled and policed.

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

The gambling sector is segmented into the following regulatory areas: casinos; LPMs; machine operators; gaming equipment manufacturers and distributors; gambling certification and testing laboratories; licensing of employees and key employees in the sector; bingo; and horseracing betting and wagering. It can be summarised that the NGB is the “overseer of gambling regulation”.

3.4.1 POLICY

The policy decision by government to legalise gambling is aimed at ensuring that all gambling takes place lawfully and that all

games played are legitimate; that the model of gambling and the destination type model contributes to the country’s development and job creation, and is aligned with the developmental agenda of government. The National Treasury (NT) has indicated intent to introduce a national gambling tax on all gambling establishments in the country. The introduction of this new tax may have a knock-on effect on the entire revenue generating model of a PLA and gambling licencees and will require further consultation.

The Bill on gambling tax was shared with **the dti** by Treasury and **the dti** shared it with the NGB.

3.4.2 ECONOMIC

The regulation and legalisation of certain modes of gambling ensure that revenue is generated for the country in a manner that fulfils the objects of the NGA. The economic contribution that the gambling industry makes to the South African economy should create an enabling environment that will further facilitate job creation and business opportunities in the gambling industry.

Recent NGB research studies have indicated that the South African gambling industry is currently seriously threatened by an increase in illegal gambling (various modes). This is, amongst others, as a result of the absence of proper and updated regulations, as well as poor policing and insufficient cooperative action between law enforcers and regulators to act against illegal gambling operators in the fight to combat illegal gambling. Besides the loss in revenue, the illegal gambling industry leaves the economy unprotected against the negative socio-economic impact of gambling. Research was conducted in FY2017 to determine the socio-economic impact of illegal gambling, specifically illegal online gambling.

Key findings indicated that the total value added impact of online gambling in South Africa is an estimated R586 million compared to an estimated R 1,3 billion lost GDP due to land based illegal

gambling modes such as fafi, dice and LPMs. Recommendations in terms of the combating of illegal gambling were forwarded for consideration in reviewing of relevant policy, strategy and the recent amendment of legislation.

Based on audited national gambling statistics collected from all PLAs, the collection of taxes/levies increased by 10.7% from R2,2 billion to R2,5 billion in FY2015, by 11.9% to R2,8 billion in FY2016, but decreased by 1,0% to R2,7 billion in FY2017. A total amount of R 2 743 112 930 in taxes/levies was collected during FY2017. During FY2017, at 66.5%, casinos contributed the highest amount of taxes/levies paid by comparison with other gambling modes. At 36.6% Gauteng accounted for the highest amount of taxes/levies paid compared to all other provinces. A recent research study to determine the socio-economic impact of gambling in South Africa showed that the gambling sector's contribution to the economy stood at close to 0.81% in 2016.

INTERVENTION

The future of the South African gambling sector is currently rather uncertain. Although the NGB's gambling sector performance reports provide some insights in terms of trends and future forecasts (i.e. substantial growth in the betting, LPM and bingo sectors; evidence of negative growth in the casino sector, and Gauteng and casino sector still dominating the generation of GGR and the collection of taxes/levies compared to other modes and provinces), it is still difficult to influence policy decisions and determine future scenarios on this limited information. In this regard, NGB has embarked on various research studies to assess the status of growth and transformation in the gambling sector, the socio-economic impact of the bingo industry with specific reference to EBTs on the LPM and casino sectors in terms of market share; and well as the socio-economic impact of gambling

in South Africa. These findings will, amongst others, be used to influence comprehensive frameworks across all sectors of the industry as they pertain to growth within the current licensed environment, as well as the availability and promotion of business and employment opportunities in the gambling industry.

Given the scope of revenue created by illegal gambling modes (as already reported on earlier) and increased participation in these modes based on recent research, it is crucial that NGB liaises with relevant stakeholders to establish joint frameworks and implement control mechanisms to assist with the combating of illegal gambling in South Africa.

3.4.3 SOCIAL

The NGB is required to coordinate and ensure that society and the economy are protected against over-stimulation of the latent demand for gambling. This implies that as part of the strategic review, the likely impact and negative effects of gambling on the communities are continuously monitored. The Census in Brief (Census 2011) report (published in 2012) indicated that South Africa still has a young population, with slightly more than 38 million people of the nearly 52 million population 39 years of age and younger¹.

The recent socio-economic impact of gambling study cited that the percentage of problem gamblers is calculated at 5.8% of the gambling population. Problem gambling is biased towards the poorer segment of the gambling population. Their main involvement is buying of national lottery tickets (70.4%) and participation in illegal gambling modes (59.2%). The following modes regulated by the NGB featured the most prominently amongst problem gamblers: casinos (26.8%), horse/sports betting (22.5%) and bingo (14.1% of gamblers).

1 Census Report 2012 Republic of South Africa



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 technology literate generation and to identify strategies that will guide and assist this group with awareness of the dangers of gambling. In this regard, trends in the gambling sector performance report and recent research studies conducted have provided evidence of rising popularity of betting on sport as offered by bookmakers based on the fact that this is the only gambling mode whereby punters can, besides visiting a betting outlet, place bets via electronic means i.e. electronic devices and online.

INTERVENTION

The NGB sees the solution to develop intervention and preventative strategies to mitigate future social problems that may be propagated by technological advancements. The pace of play on some gambling machines and devices is rapid and this may potentially speed up the potential level of addiction.

Public awareness campaigns and programmes to educate stakeholders and specific segments of the community about the socio-economic impact of gambling, responsible gambling, legal and illegal gambling and consequences when participating in unregulated modes of gambling will remain key focus areas of NGB. In this regard, NGB will capitalise on any opportunity to embark on joint ventures with other stakeholders to reach out and interact with stakeholders and the public.

3.4.4 TECHNOLOGY

Technology has always played a role in the development of gambling practices and continues to provide new market opportunities for licensees, whilst simultaneously presenting challenges for the regulators. Technological advancement also

has a bearing on social interaction and communication (social networking) particularly where new technologies border on the gambling regulatory aspects. The rise in online gambling is one factor that is fuelled by social media.

The South African regulatory system has benefitted a great deal from the provisions of the Third Industrial Revolution. In particular, the NGB is able to monitor LPMs at each and every licensed site in the country, collate gambling activity information and hence computation of GGR resulting from gambling activities in all licensed gambling devices in the LPM industry. The new version of the NCEMS will be rolled out in the first half of FY2018/19. The system, Evolution, will enable improved monitoring of the LPM industry with real-time communication with each LPM.

The Fourth Industrial Revolution stems from the Third. This is not all good news for the regulatory system. The Fourth Industrial Revolution brings with it “The Internet of Things”. This means massive interconnectivity amongst all regular household devices; bulk data communication at lightning speeds; controlled fusion between bio-technology, physical devices and digital technology. This raises questions like what are the gambling devices of the future? How viable will traditional casinos and their destination approach model be? Who is the punter of the future and how will we identify them? Will there be clear separation between Gambling and Gaming as is today? These and other factors make it plausible to begin to think of new regulatory systems that will meet the challenges of the future.

National and concurrent legislative competence of gambling regulators may be at threat due to future challenges that technological advancements may pose to the gambling industry where geographical boundaries become irrelevant in the way gambling games are presented, and how punters interact with them through the use of technological devices. This is enabled by the rapid advance in Bio, Physical, and Digital Technologies. The NGB recognises the challenges that await not only the regulatory regime but also the gambling industry as a whole.

Illegal online gambling is one of the fastest growing areas that is of concern. The effect of such technologies should not be accepted uncritically, particularly as there may be areas of potential concern based on what is known about problems associated with land based gambling.

The use of mobile devices to partake in gambling is presenting challenges to the gambling regulators. The ubiquitous influence with which devices could be used for gambling continues to pose challenges coupled with the concerns regarding minors participating in gambling.

The use of mobile devices may further allow players to bet on the outcome of various games and may be encouraging new types of players as well as new styles of play. The strategic issue that the NGB has to deal with is how to address the technological advancements that widen the appeal to a younger generation prone to the use of technologically advanced devices. This widening appeal may have harmful consequences in terms of problem gambling.

INTERVENTION

The NGB's strategic positioning is to spend more time and effort in shaping the future adult population's acceptance of regulated gambling based on the following considerations:

- a) Technology is becoming increasingly user-friendly;
- b) Technology is becoming increasingly integrated. For example, a single compact, portable piece of hardware functioning as a personal computer, mobile phone and interactive television combined, becomes widely available;
- c) These systems have automated and convenient electronic billing systems which make financial transactions increasingly easy;
- d) An adult population in the years to come will increasingly consist of people who have grown up being familiar

with playing and or using electronic games and utilising computers in their every-day lives, and

- e) The ingenuity of existing and emerging technology companies and remote operators are ensuring that more and more games and other vehicles for gambling are available through these new technologies.

The NGB will continue to monitor the various potential topical issues through conducting research and build a knowledge base for advice to its stakeholders. The research outputs will inform the NGB about issues that could shape policy consideration and development.

Illegal online gambling activities significantly undermine national policy, legislation and threaten licensed gambling operations by creating an unregulated and untaxed competition. The unregulated gambling lacks consumer protection to ensure that individuals who choose to gamble are actually paid their winnings. Banking details of gamblers such as credit cards are not protected.

Perpetrators of such illegal gambling activities, whether operating an illegal establishment or participating as an individual are liable to a fine of up to R10 million and / or 10 years in jail. It is the responsibility of the national and provincial gambling regulators to ensure that these illegal and unregulated gambling activities are exposed and the necessary prosecutorial actions instituted.

3.4.5 LEGAL

The law regarding the legalised modes of gambling is clear. The challenge, however, relates to other forms of gambling that certain members of society partake in which are illegal; for example, fafi, and illegal online gambling.

Governments are often advised to explore the option of prohibition from a regulatory perspective. The underlying problem for any jurisdiction contemplating prohibition of new forms of gambling is whether or not there is sufficient predisposition to enforce prohibition, or will the cost of regulation outweigh the objective.



The gambling sector is an inherently litigious environment, as there are a number of competing interests. Parties may want to maintain the status quo entrenching its dominant competitive advantage or the opposite could be parties seeking to lobby policy makers to alter the status quo. Sometimes, the cause and the citation of the NGB may be remotely connected to the issues in dispute; the NGB may be cited because of its position as the national entity with oversight over provinces. This therefore requires the NGB to be constantly vigilant and develop strategies to deal with potential litigious matters before the matter ends in the courts. The Constitution of the Republic of South Africa, 1996, provides for concurrent powers and dispute resolution mechanisms. The NGB has developed strategic objectives to deal with these issues as contemplated in the Constitution of the Republic of South Africa, 1996.

INTERVENTION

The increasing speed and release of new communication devices that can be used to gamble online requires the NGB to develop mechanisms for providing regulatory foresight by anticipating the legislative development direction. Developing policy based on long-range scenarios by paying greater attention to emerging issues, and drawing from a range of information sources, policies are more likely to prove durable and enduring. This could be done through research in the focus areas.

NGB strategy is premised on the institution to continue its active engagement with **the dti** and the NGPC as the key levers of policy advice and consensus bodies. A multidimensional regulatory approach involving supervision, cooperation and enforcement is a consideration to inform policy decision making such as:

- Amending of current laws to ensure interactive, internet and other terminology used can be substituted for online in legal proceedings.
- Adjusting other laws so that the focus shifts to enforcement of illegal gambling to assign more resources for enforcement, legal procedures, etc.
- Changing law to rather outline uniform criteria for processes/duties so that PLAs can concentrate on enforcement to ensure that standards are met.
- Improving the inspectorate and enforcement capacity.
- Improving the volume of enforcers in each province and ensure they have the tools needed to combat illegal online gambling effectively.
- Assigning all enforcers peace officer powers.
- Assigning enforcers legal authority to conduct raids without warrants or to compile necessary legal documents for raids;
- Collaborating with major banking institutes to stop illegal online gambling transaction processes.
- Collaborating with domain regulators to restrict domestic access to illegal online gambling sites.
- Keeping a register of perpetual offenders and such offenders must be banned from applying for a license until after five years from the date of banning.
- Forming forums including representatives from different and relevant regulators/agencies/institutions that support the enforcement of illegal gambling.
- Setting advertising standards to ensure that exposure to illegal online gambling is limited and penalties are adequate to discourage illegal advertisements.
- Ongoing awareness campaigns to educate gamblers (and the public) about illegal online gambling legislation and its penalties for obstruction, as well as problem gambling (consequences and treatment options).
- Establishing and managing a treatment programme for problem and compulsive gamblers.
- Establishing a tribunal dealing specifically with gambling related matters.

4. DESCRIPTION OF THE STRATEGIC PLANNING PROCESS

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

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

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

A strategic session between NGB officials and the Accounting Authority (AA), was held on 05 October 2017, where the current vision and mission of the NGB was revisited and confirmed. The Strategic Objectives and measurements were reviewed and this will guide the projects and programs to be implemented by the NGB within the next five years. This further allowed NGB to take stock of the external operational environment to help the entity to better position itself to address the current and impending challenges that are lurking on the horizon. This process has enabled the NGB to develop performance indicators and set targets in line with the SMART principles.

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

An updated risk register has been developed as part of the risk assessment of the new corporate strategy. The different programs of the NGB are underpinned by a budget which is based on the ability of the NGB to receive grant funding from **the dti**, as well as the entity being in a position to generate its own revenue over the 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.

The NGB submitted the 1st and 2nd draft Strategic Plan to **the dti** on 31 August 2017 and 31 October 2017 respectively.

Pursuant to the review of the draft strategic plan by **the dti**, the updated Strategic Plan, which incorporated comments of **the dti**, was recommended by the Audit and Risk Committee on 29 January 2018 for approved by the AA which was subsequently obtained on 31 January 2018.

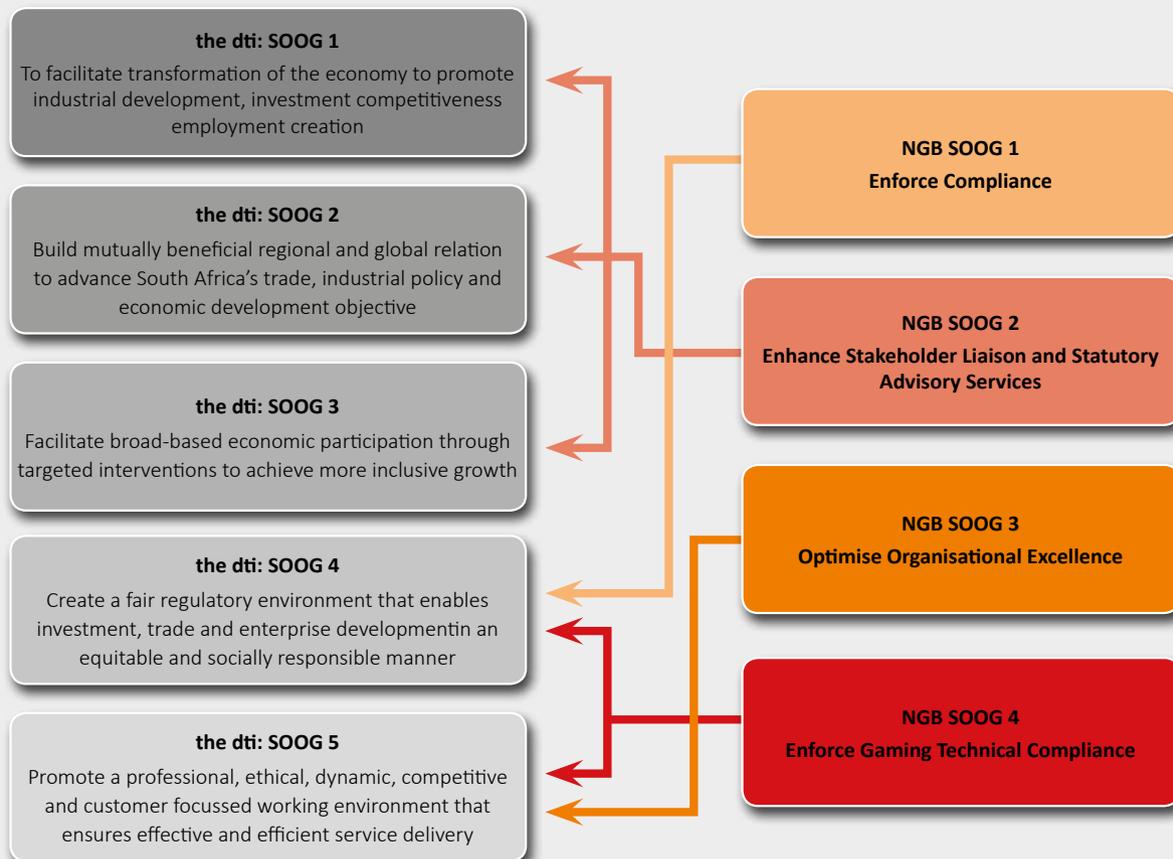


5. STRATEGIC OUTCOME-ORIENTED GOALS (SOOGs) OF THE NGB

The NGB's response to **the dti's** strategic plans is illustrated in the mapping of **the dti** to the SOOG's of the NGB. The linkages of the SOOG's are depicted in the schematic below.

KEY PROGRAMMES ALIGNED TO the dti SOOGs

The NGB's Strategic Plan and Performance Outcomes are anchored on the outcomes approach of the Government Programme of Action; they are informed by the Medium Term Strategic Framework, and are directed by **the dti's** Service



Delivery Agreement – specifically **the dti** Outcome 4: ‘Decent employment through inclusive economic growth’ which stipulates the need to up-skill workers; create jobs in the industry; reduce concentration and allow for competition in various sectors as well as procurement of services from previously disadvantaged groups.

The NGB has revised the Strategic Plan covering the period 2018 to 2023, as well as the APP for 2018/19 FY. The revised plans took into account the government priorities. The NGB also considered the document called Outcome 4, which is an extract from the MTSF for 2014-2019 approved during the Cabinet Lekgotla. The aim of the document is to assist the public entities including the NGB to realign its SOOGs to the identified government MTSF priorities.

The NGB is a regulatory entity that does not directly create jobs but through its policies and legislative frameworks it needs to foster compliance that leads to job creation by licensees in the gambling industry in its regulated environment. The sub outcomes listed below have been identified for inclusion in the strategic objectives of the NGB and have been allocated to the appropriate strategic objectives in the annual performance plan:

- 5.1 Sub outcome one: Productive investment is effectively crowded in through the infrastructure build programme.
 - a. *Increase the levels of local procurement by moving towards increasing local production of all goods and services procured by the State.*

- 5.2 Sub outcome three: The elimination of unnecessary regulatory burdens and lower price increases for key inputs and wage goods fosters business confidence, reduces costs for working people and producers, and sustains investment and economic growth.

- b. *Improve and streamline regulation to reduce the burden of importing core and critical skills needed for the economy.*

- 5.3 Sub outcome four: Worker’s education and skills increasingly meet economic needs.

- c. *This sub outcome supplements Outcome 5 by identifying key skills required for the economy.*

- 5.4 Sub outcome eight: Economic opportunities for historically excluded and vulnerable groups are expanded and the growth and development in small business and cooperatives is improved markedly.

- 5.5 Sub outcome ten: Investment in research, development and innovation supports inclusive growth by enhancing productivity of existing and emerging enterprises and supporting the development of new industries.²

The SOOGs identify areas of institutional performance that are critical to the achievement of the mission of the NGB. These are intended to stretch and challenge the NGB, but simultaneously must be realistic and achievable over a strategic MTEF cycle. They focus on a range of outputs that vary from impacts to outcomes.

2 Extract from the MTSF Strategic Framework 2014; Outcome 4 Government Priorities. The sub outcomes have been allocated to the appropriate strategic objectives in the Annual Performance Plan 2017/18FY.

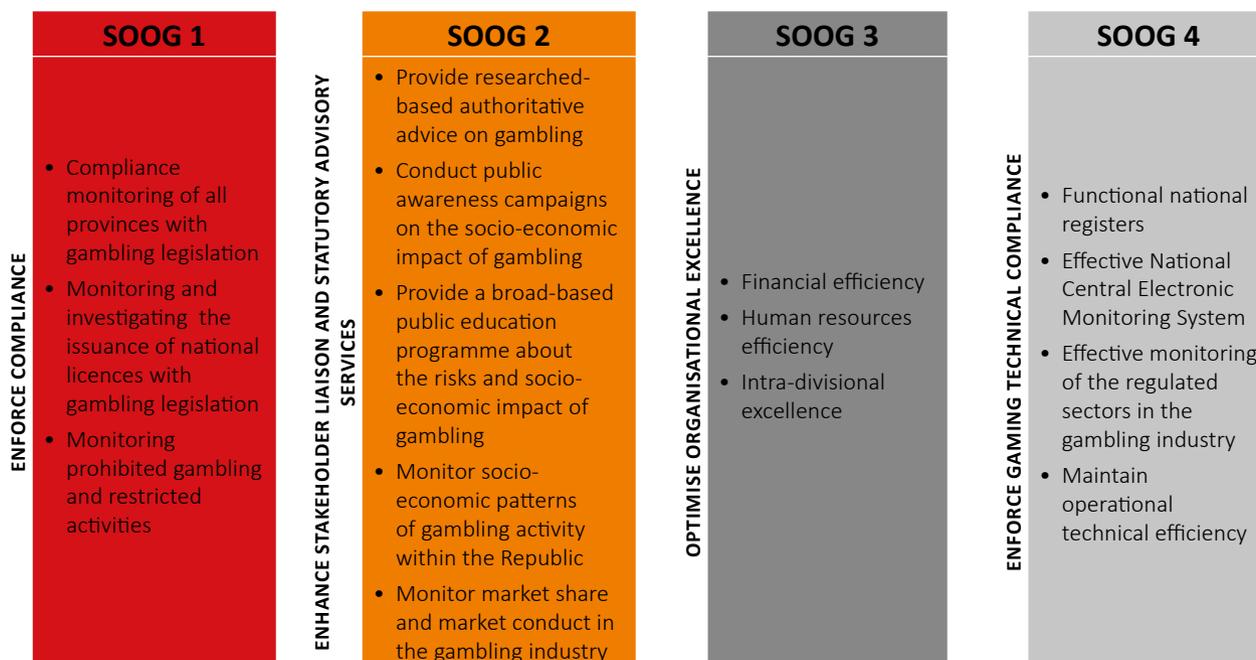


Figure 1: Strategic Outcome-Oriented Goals of the NGB

SOOG 1: ENFORCE COMPLIANCE	
Goal statement	<ul style="list-style-type: none"> • Strengthened regulatory oversight on all provincial gambling activities. • Detecting, preventing and eradicating illegal gambling activities.
Impact / Outcome	<ul style="list-style-type: none"> • Through the portion of GGR which is contributed by the State, Transformation of Gambling industry through B-BBEE codes, SED/CSR that are made to community through gambling • Contributing to employment • Reduce illegal gambling outlets in the country • Prosecute the syndicate and punters in these gambling outlets • Reduce the social ills that come with illegal gambling activities • Stopping the money that is moved out of country illegally through on-line gambling • Assist the PLAs protecting their own operators
Outcome measure	<ul style="list-style-type: none"> • Percentage revenue increase for licensed gambling operators • Number of new job opportunities created within the gambling industry

RISKS IDENTIFIED

RISKS

- Non-compliance with NGA by regulators and licensees.
- Reluctance by some external stakeholders to contribute to the submission of the information according to the statutory prescripts.

MITIGATION

- The NGB to explore options of reporting the issues at the NGPC and advise the Ministry about the challenges.
- Develop Memorandum of Understanding (MoU) addressing provision of a mechanism to address matters of non-compliance or non-co-operation.
- **the dti** has started with a comprehensive legislative review of the NGA.

SOOG 2 ENHANCE STAKEHOLDER LIAISON AND STATUTORY ADVISORY SERVICES	
Goal statement	<ul style="list-style-type: none">• Comprehensive and researched advisory services provided to the Minister, the dti and NGPC to ensure inter-governmental governance information and research within the gambling sector informs policy and regulatory development inputs.
Impact / Outcome	<ul style="list-style-type: none">• Change in policy (regulation) that recipients of grants should not be permitted to gamble to ensure alleviation of poverty .• Change in policy to make provision for a gambling sector code in the gambling industry to ensure transformation and thereby address equality (B-BBEE).
Outcome measure	<ul style="list-style-type: none">• Number of policy submissions to the dti.• Percentage of gambling regulators achieving a B-BBEE level 2 status.

RISK IDENTIFIED

RISKS

- Uninformed stakeholders.
- Non-compliance to regulatory requirements and incorrect information submitted by PLAs.
- No socio-economic impact of gambling research conducted, market conduct and market share monitored and reported on.

MITIGATION

- Implement Communication and Stakeholder Management Strategy and Plan.
- Ensure coordinated and integrated research projects.
- Ensure the collecting of relevant information from all PLAs to monitor and report on market conduct and market share.



SOOG 3 OPTIMISE ORGANISATIONAL EXCELLENCE

Goal statement	<ul style="list-style-type: none"> Strategically partnered to provide strategic support services to the NGB. Continually improved to ensure best practice governance and organisational excellence.
Impact / Outcome	<ul style="list-style-type: none"> Efficient and effective financial management. Skilled, productive and effective workforce. Well governed and regulated entity.
Outcome measure	<ul style="list-style-type: none"> Clean audit opinion. Percentage achievement of performance objectives.

RISK IDENTIFIED

RISK

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

MITIGATION

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

SOOG 4 ENFORCE GAMING TECHNICAL COMPLIANCE

Goal statement	<ul style="list-style-type: none"> Strengthened regulatory oversight on all provincial gambling activities. Provided for coordinated maintenance of national registers contemplated in the legislation.
Impact / Outcome	<ul style="list-style-type: none"> Immediate account and identification of all legal gambling machines & devices and owners. Immediate account and identification of all licensed legal and natural persons in the industry. Reducing negative impact of irresponsible gambling. Prevention of identified illegal gambling operators from entering the gambling regulated space.
Outcome measure	<ul style="list-style-type: none"> Percentage of legal gambling machines within the Republic of South Africa registered. Percentage of licenced legal and natural persons registered. Percentage reduction in the number of illegal gambling operators.

RISK IDENTIFIED

RISKS

- Non-compliance with NGA by regulators and licensees.
- Reluctance by some external stakeholders to contribute to the submission of the information according to the statutory prescripts.

MITIGATION

- The NGB to explore options of reporting the issues at the NGPC and advise the Ministry about the challenges.
- Intensify compliance with statutory prescripts with respect to the national functional registers.

STRATEGIC OBJECTIVES

These strategic goals are supported by a range of strategic objectives that provides information on what the NGB intends doing or achieving on its SOOGs.

The strategic objectives provide information contextualised as output statements. Objective statements support the strategic objectives, which is the information that indicates what the NGB seeks to achieve by means of strategic objectives. This information is corroborated by the baseline information, which in short is the current level of performance that the NGB aims to improve.

STRATEGIC OUTCOME-ORIENTED GOALS AND PROGRAMME DESCRIPTION

PROGRAMME 1: COMPLIANCE			
SOOG	1	STRATEGIC OUTCOME-ORIENTED GOAL	ENFORCE COMPLIANCE
SO	1.1	Strategic objective	Monitor compliance of all provinces with gambling legislation.
SO	1.2	Strategic objective	Monitor and investigate the issuance of national licences with gambling legislation.
SO	1.3	Strategic objective	Monitor prohibited gambling and restricted activities.

PROGRAMME 2: STAKEHOLDER LIAISON AND ADVISORY SERVICES			
SOOG	2	STRATEGIC OUTCOME-ORIENTED GOAL	ENHANCE STAKEHOLDER LIAISON AND STATUTORY ADVISORY SERVICES
SO	2.1	Strategic objective	Provide research-based authoritative advice on gambling.
SO	2.2	Strategic objective	Conduct public awareness on the socio-economic impact of gambling.
SO	2.3	Strategic objective	Provide a broad-based public education programme about the risks and socio-economic impact of gambling.
SO	2.4	Strategic objective	Monitor socio-economic patterns of gambling activity within the Republic.
SO	2.5	Strategic objective	Monitor market share and market conduct in the gambling industry.

PROGRAMME 3: CORPORATE SERVICES			
SOOG	3	STRATEGIC OUTCOME-ORIENTED GOAL	OPTIMISE ORGANISATIONAL EXCELLENCE
SO	3.1	Strategic objective	Ensure financial efficiency.
SO	3.2	Strategic objective	Ensure human resources efficiency.
SO	3.3	Strategic objective	Ensure intra-divisional excellence.



PROGRAMME 4: TECHNICAL COMPLIANCE			
SOOG	4	STRATEGIC OUTCOME-ORIENTED GOAL	ENFORCE GAMING TECHNICAL COMPLIANCE
SO	4.1	Strategic objective	Ensure functional National Registers.
SO	4.2	Strategic objective	Ensure an effective National Central Electronic Monitoring System.
SO	4.3	Strategic objective	Ensure effective monitoring of the regulated sectors in the gambling industry.
SO	4.4	Strategic objective	Maintain operational technical efficiency.

NGB PROGRAMME STRUCTURE



6. SUMMARY OF FUNCTIONAL PROGRAMMES OF THE NGB

Shown in the diagram on the previous page it is clearly indicated that the NGB comprises four divisions or programmes which are set out and described in much more detail within this section. During the strategic review process of FY2017/18, the NGB has extensively reviewed the set of indicators and has included these reviewed indicators within the section. No baseline information is provided as these new indicators will be unpacked and described within Annexure C: Profile of Performance Indicators.

6.1 PROGRAMME 1: COMPLIANCE

PURPOSE

Provides mandated operational core functions in terms of the NGA, 2004 (Act 7 of 2004).

The Compliance Division provides enforcement in line with statutory imperatives as provided for in gambling legislation that pertains to enforcement of gambling related requirements.

The Compliance Division oversees the co-ordination of concurrent national and provincial legislative competence over matters relating to casinos, racing, gambling and wagering; and to provide

for the continued regulation of those matters. Further to this, the division also monitors PLA compliance with uniform norms and standards applicable to national and provincial regulation and licensing of certain gambling activities.

The issue of illegal gambling continues to be a challenge in the country and the intensity of unlicensed gambling varies from province to province. The Compliance Division will continue to assist the PLAs to ensure that unlicensed gambling activities are detected and dealt with and perpetrators are brought to book with the full might of the law.

OBJECTIVES / PERFORMANCE OUTCOMES

The performance outcomes of this function include:

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

SOOG 1 ENFORCE COMPLIANCE	
SO 1.1 COMPLIANCE MONITORING OF ALL PROVINCES WITH GAMBLING LEGISLATION	
Objective Statement	<ul style="list-style-type: none"> Evaluate the compliance monitoring of licensees by PLAs.
Baseline	<ul style="list-style-type: none"> Estimated performance - nine (9) three-tier compliance evaluation assessment reports and one (1) annual consolidated compliance evaluation assessment report presented to the Accounting Authority.
Justification	<ul style="list-style-type: none"> This objective seeks to evaluate and report on the performance of the PLAs in relation to compliance monitoring of licensees and the performance of the PLAs.
Links	<ul style="list-style-type: none"> Improved regulatory environment.
Output	<ul style="list-style-type: none"> Compliance evaluation assessment of nine provinces on economic and social development matters. PLAs' compliance monitoring of licensees. PLAs' technical compliance.
Performance Indicator/Measure	<ul style="list-style-type: none"> Number of three-tier compliance evaluation assessments conducted.



STRATEGIC INITIATIVES / ACTIVITIES

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

- Development of a Compliance Barometer that will guide NGB and PLAs towards determining the compliance achieved by the PLA's against legislative requirements.
- The main activities whereby the NGB conducts continuous oversight visits and audits with the PLAs will continue, with the aim of attaining a higher level of PLA compliance.

RISK MANAGEMENT

RISK

- Lack of cooperation and compliance by the PLAs due to interdependence and concurrent competencies will lead to non-compliance with the NGA.

MITIGATION

- Prepare deficiency reports and set timelines for rectification.

OBJECTIVE(S) / PERFORMANCE OUTCOMES

- Evaluate and report on compliance monitoring of licensees and the performance of the PLAs.

SOOG 1 ENFORCE COMPLIANCE	
SO 1.2 MONITORING AND INVESTIGATING THE ISSUANCE OF NATIONAL LICENCES WITH GAMBLING LEGISLATION	
Objective Statement	<ul style="list-style-type: none"> • Evaluate the issuance of national licences by PLAs.
Baseline	<ul style="list-style-type: none"> • Estimated performance- nine (9) provincial compliance evaluation assessment reports on the issuance of national licences by PLAs and one (1) annual consolidated compliance evaluation assessment report on the issuance of national licences by PLAs presented to the Accounting Authority.
Justification	<ul style="list-style-type: none"> • This objective seeks to evaluate and report on the performance of the PLAs in relation to the issuance of national licences by PLAs.
Links	<ul style="list-style-type: none"> • Improved regulatory environment.
Output	<ul style="list-style-type: none"> • Compliance evaluation of the issuance of national licences by PLAs.
Performance Indicator/Measure	<ul style="list-style-type: none"> • Number of compliance evaluation assessments on the issuance of national licences by PLAs conducted.

STRATEGIC INITIATIVES / ACTIVITIES

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

- Development and implementation of a customer relationship management system to monitor and manage any complaints received.
- Capacity building of staff members to deal with emotional gambling calls / providing counselling to people phoning in for help.
- Liaise with B-BBEE Commission on providing assistance on implementation of the codes.
- Develop and distribute uniform guidelines for processing of applications (Excess of Five LPMs).

RISK MANAGEMENT

RISK

- Lack of cooperation and compliance by the PLAs due to interdependence and concurrent competencies will lead to non-compliance with the NGA.

MITIGATION

- Prepare deficiency reports and set timelines for rectification.

OBJECTIVE(S) / PERFORMANCE OUTCOME

- Evaluate and report on the performance of the PLAs in relation to the issuance of national licences.

SOOG 1 ENFORCE COMPLIANCE	
SO 1.3 MONITORING PROHIBITED GAMBLING AND RESTRICTED ACTIVITIES	
Objective Statement	<ul style="list-style-type: none"> • Provide mechanisms and structures to assist banks, licensees and law enforcement agencies in the confiscation of unlawful winnings. • Conduct investigations to ensure unlawful winnings are forfeited. • Provide mechanisms to assist regulators and law enforcement agencies in detecting and suppressing unlicensed (illegal) gambling.
Baseline	<ul style="list-style-type: none"> • New indicator.
Justification	<ul style="list-style-type: none"> • This objective seeks to ensure that: <ul style="list-style-type: none"> • All unlawful winnings that were confiscated are investigated. • The NGB liaises with law enforcement agencies to ensure that offenders who partake in illegal gambling activities face prosecution. • The NGB works with law enforcement agencies and PLAs to ensure that tried and tested methods of suppressing unlicensed (illegal) gambling are employed, resulting in the elimination of such activities.
Links	<ul style="list-style-type: none"> • Improved regulatory environment.
Output	<ul style="list-style-type: none"> • Prohibited gambling and restricted activities detected and reported to the relevant law enforcement authorities. • Ensure that unlawful winnings are forfeited.
Performance Indicator/Measure	<ul style="list-style-type: none"> • Framework to combat prohibited gambling and restricted activities.



STRATEGIC INITIATIVES / ACTIVITIES

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

- Establish a task team force that will consist of enforcement inspectors, South African Police Services (SAPS)/HAWKS, National Prosecuting Authority (NPA) and any other relevant stakeholders.
- To identify, conduct investigation, raids and prosecution of syndicates, punters and close down illegal gambling activities.
- Organise/coordinate forum to discuss challenges experienced with illegal gambling.
- Implementation of multi-agency law enforcement agency.
- Increase capacity of resources.

RISK MANAGEMENT

RISKS

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

MITIGATION

- Enhanced identification, reporting and providing support to the banks, licensees and other related parties.
- Ongoing investigation, forfeiture and prosecution of all cases related to illegal gambling activities, where illegal winnings are in the custody of the NGB.

OBJECTIVE(S)/PERFORMANCE OUTCOMES

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

6.2 PROGRAMME 2: STAKEHOLDER LIAISON AND ADVISORY SERVICES

PURPOSE

This programme consists of two divisions, namely Stakeholder Liaison, and Research. Interaction with various stakeholders in the gambling/law enforcement/banking industries serve to promote understanding of gambling legislation, support in the combating of illegal gambling, as well as to inform stakeholders about the socio-economic impact of gambling. Research is conducted to monitor the impact of gambling and provide input to advise in terms of gambling policy, strategy and frameworks.

STAKEHOLDER AND LIAISON

The Stakeholder and Liaison Division provides strategic coordination and communication, as well as secretariat services to the various internal and external stakeholders of the NGB such as PLAs, the gambling, law enforcement and/or the banking industry as required. This includes, but is not limited to, embarking on public awareness campaigns and educational programmes to inform stakeholders and the public on the socio-economic impact of gambling, illegal forms of gambling and the consequences of participation in any unregulated gambling modes. The division is also responsible for strategic planning and support.

RESEARCH AND INFORMATION

The Research Division conducts research to monitor and report on gambling sector performance in the South African gambling industry (specifically market conduct, market share, B-BBEE contributor levels and employment based on national gambling statistics (turnover, GGR and taxes/levies)) based on information collected from PLAs. Commissioned research includes, but is not limited to, projects to determine the socio-economic impact of gambling in South Africa, as well as to benchmark South Africa with other countries in terms of the prevalence of gambling, problem gambling, legal gambling modes, online gambling, illegal online websites and content, tax rates, and regulations in terms of advertising, amongst others. Other desk research includes economic analysis and insights in terms of market share from economic and institutional perspectives, as well as reports on illegal gambling with specific reference to illegal online gambling.

OBJECTIVE(S) / PERFORMANCE OUTCOMES

The performance outcomes of this function include:

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

SOOG 2 ENHANCE STAKEHOLDER LIAISON AND STATUTORY ADVISORY SERVICES	
SO 2.1 PROVIDE RESEARCH-BASED AUTHORITATIVE ADVICE ON GAMBLING	
Objective Statement	<ul style="list-style-type: none"> Provide advice to the NGPC on gambling related matters and the review of gambling policy and legislation.
Baseline	<ul style="list-style-type: none"> A section 65 Annual Advisory Report on the implementation of the NGA was prepared and presented to the Accounting Authority.
Justification	<ul style="list-style-type: none"> To advise the Minister and NGPC, assist the dti with specialist advice for considerations of possible developments for gambling policy and legislation. To serve as an input document when advising the dti on the review of gambling legislation.
Links	<ul style="list-style-type: none"> Improved regulatory environment. Facilitate transformation of the economy to promote industrial development, investment competitiveness and employment creation. Build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives. Create a fair regulatory environment that enables investment, trade and enterprise development in a socially responsible manner.
Output	<ul style="list-style-type: none"> Authoritative advice on, inter alia, policy, statutory matters, legislation and reforms provided.
Performance Indicator/Measure	<ul style="list-style-type: none"> Number of reports on advice in terms of S65 of the NGA presented to the Accounting Authority.



STRATEGIC INITIATIVES / ACTIVITIES

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

- Ensure implementation of the National Gambling Policy.
- Inform the public about legal and illegal forms of gambling, promote responsible gambling and assist with problem gambling through public awareness campaigns.
- Development of a knowledge base system (implement Gambling Information Portal).
- NGB's education and training role to regulators (implementation of training programme).

RISK MANAGEMENT

RISKS

- Non-acceptance and/or implementing advice provided to the Minister.
- Incorrect information to map the gambling sector performance and performance of the gambling industry.

MITIGATION

- Continuous dialogue on the advice provided.
- Establish procedures to gather information and validate information through audited information.

OBJECTIVE(S)/PERFORMANCE OUTCOMES

- Ensure regulatory certainty.
- Ensure uniform norms and standards of the regulatory compliance oversight.
- Ensure consistent regulatory advice pertaining to the gambling legislative regime.

SOOG 2 ENHANCE STAKEHOLDER LIAISON AND STATUTORY ADVISORY SERVICES

SO 2.2 CONDUCT PUBLIC AWARENESS CAMPAIGNS ON THE SOCIO-ECONOMIC IMPACT OF GAMBLING

Objective Statement	<ul style="list-style-type: none"> • Implement the Stakeholder Management and Communication Strategy and Plan.
Baseline	<ul style="list-style-type: none"> • Estimated performance- four (4) reports and one annual report on facilitated broad-based public awareness campaigns presented to the Accounting Authority.
Justification	<ul style="list-style-type: none"> • To inform the public and stakeholders about the socio-economic impact of gambling. • To build and maintain co-operation and sustainable collaborative relationships and partnerships.
Links	<ul style="list-style-type: none"> • Facilitate broad-based economic participation through targeted interventions to achieve more inclusive economic growth. • Create a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner. • Improved regulatory environment.
Output	<ul style="list-style-type: none"> • Facilitated social dialogue with stakeholders (relationships built with stakeholders).
Performance Indicator/Measure	<ul style="list-style-type: none"> • Number of broad-based public awareness campaigns conducted.

STRATEGIC INITIATIVES / ACTIVITIES

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

- Facilitate and coordinate public educational and responsible awareness campaigns.
- Communication and stakeholder management strategy (review, approval & implementation).
- Established process to update and maintain the website.
- Subscription to a news monitoring service and monitoring news to identify communication opportunities.

RISK MANAGEMENT

RISKS

- Limited awareness by punters to obtain assistance as a result of problem and compulsive gambling.
- Public engaging in illegal gambling activities.
- Uninformed stakeholders and non-compliance with regulatory requirements.

MITIGATION

- Develop a coherent strategy on stakeholder liaison and communication including public awareness campaigns and educational programmes.

OBJECTIVE(S)/PERFORMANCE OUTCOMES:

- Ensure public awareness campaigns and educational programmes to inform and educate the public and stakeholders are in place to inform and education the public and stakeholders.
- Continually assess market behaviour in the gambling industry.
- Build relations and raise awareness with stakeholders.

SOOG 2 ENHANCE STAKEHOLDER LIAISON AND STATUTORY ADVISORY SERVICES

SO 2.3 PROVIDE A BROAD-BASED PUBLIC EDUCATION PROGRAMME ABOUT THE RISKS AND SOCIO-ECONOMIC IMPACT OF GAMBLING

Objective Statement	<ul style="list-style-type: none"> • Educate stakeholders about gambling related matters (i.e. impact, risks, policy, strategy, procedures, compliance and audits, norms and standards, legislation, etc.).
Baseline	<ul style="list-style-type: none"> • Estimated performance- four (4) reports and one (1) annual report on facilitated broad-based stakeholder participation through targeted intervention presented to the Accounting Authority.
Justification	<ul style="list-style-type: none"> • To inform and educate stakeholders about gambling related matters.
Links	<ul style="list-style-type: none"> • Facilitate broad-based economic participation through targeted interventions to achieve more inclusive economic growth. • Create a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner. • Improved regulatory environment.
Output	<ul style="list-style-type: none"> • Better informed stakeholders.
Performance Indicator/Measure	<ul style="list-style-type: none"> • Number of broad-based public educational programmes through targeted interventions conducted.



STRATEGIC INITIATIVES / ACTIVITIES

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

- Build relationships with “gatekeepers” in the industry (test labs & NRCS) and other stakeholders such as banks, law enforcement agencies and prosecutors in terms of compliance with the NGA.
- Educate stakeholders about the risks and socio-economic impact of gambling by means of a broad-based education programme.

RISK MANAGEMENT

RISKS

- Uninformed stakeholders and non-compliance with regulatory requirements.
- Reluctance by stakeholders to participate.
- Lack of, incorrect and/or insufficient content or material available to educate stakeholders.

MITIGATION

- Targeted, well-motivated and ongoing personal and written communication.
- Action on feedback received by stakeholders.
- Update of NGB programme or manual and/or corporate brochure.

OBJECTIVE(S)/PERFORMANCE OUTCOMES

- Ensure targeted education of stakeholders to improve awareness and compliance amongst stakeholders.

SOOG 2 ENHANCE STAKEHOLDER LIAISON AND STATUTORY ADVISORY SERVICES

SO 2.4 MONITOR SOCIO-ECONOMIC PATTERNS OF GAMBLING ACTIVITY WITHIN THE REPUBLIC

Objective Statement	<ul style="list-style-type: none"> • Conduct research to monitor and determine socio-economic patterns of gambling activity within the Republic.
Baseline	<ul style="list-style-type: none"> • Four (4) reports and one (1) annual report on research conducted on the impact of gambling presented to the Accounting Authority.
Justification	<ul style="list-style-type: none"> • To advise the Minister and the dti, as well as the NGPC with specialist advice based on scientific research for consideration of possible developments for gambling policy and legislation.
Links	<ul style="list-style-type: none"> • Improved regulatory environment. • Facilitate transformation of the economy to promote industrial development, investment competitiveness and employment creation. • Build mutually beneficial regional and global relations to advance South Africa’s trade, industrial policy and economic development objectives. • Create a fair regulatory environment that enables investment, trade and enterprise development in a socially responsible manner.
Output	<ul style="list-style-type: none"> • Research reports on the socio-economic patterns of gambling activity within the Republic.
Performance Indicator/Measure	<ul style="list-style-type: none"> • Number of reports on research conducted on the impact of gambling presented to the Accounting Authority.

STRATEGIC INITIATIVES / ACTIVITIES

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

- Conduct/commission research on the (socio-economic) impact of gambling to inform policy, strategy, procedures, regulations, legislation, awareness campaigns, education programmes and interacting with stakeholders and the public.
- Audited national gambling statistics published quarterly and annually on NGB website.

RISK MANAGEMENT

RISK

- No impact of gambling research and trend analysis conducted.

MITIGATION

- Co-ordination of research projects amongst stakeholders in the gambling industry.

OBJECTIVE(S)/PERFORMANCE OUTCOMES

- Ensure cost-effective and targeted impact of gambling research to contribute to the effective regulation of the industry through policy and knowledge services.

SOOG 2 ENHANCE STAKEHOLDER LIAISON AND STATUTORY ADVISORY SERVICES

SO 2.5 MONITOR MARKET SHARE AND MARKET CONDUCT IN THE GAMBLING INDUSTRY

Objective Statement	<ul style="list-style-type: none"> • To monitor market share and market conduct in the gambling industry.
Baseline	<ul style="list-style-type: none"> • Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance presented to the Accounting Authority.
Justification	<ul style="list-style-type: none"> • To advise the Minister (and the dti), as well as the NGPC with specialist advice based on collected and audited information for consideration of possible developments for gambling policy and legislation.
Links	<ul style="list-style-type: none"> • Improved regulatory environment. • Facilitate transformation of the economy to promote industrial development, investment competitiveness and employment creation. • Build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives. • Create a fair regulatory environment that enables investment, trade and enterprise development in a socially responsible manner.
Output	<ul style="list-style-type: none"> • Gambling sector performance reports about market share and market conduct in the gambling industry.
Performance Indicator/Measure	<ul style="list-style-type: none"> • Number of reports on gambling sector performance presented to the Accounting Authority.



STRATEGIC INITIATIVES / ACTIVITIES

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

- Monitor gambling sector performance (market share, market conduct, transformation and employment) by gathering specific information from PLAs and report on findings.
- Update and management of gambling industry statistical database.
- Ongoing interaction and communication (written and verbal) with all PLAs.

RISK MANAGEMENT

RISKS

- Incorrect and omitted information presented to the NGB by PLAs.
- Failure / or lack thereof to monitor market share and market conduct may result in uncompetitive practices remaining undetected resulting in unfair competition in the gambling industry.
- New entrants to the gambling industry may experience high barriers to entry due to a lack of specific intervention.

MITIGATION

- Verification and audited information.
- Continued trend analysis pertaining to licensing and ownership of gambling operators or licensees.

OBJECTIVE(S)/PERFORMANCE OUTCOMES

- Ensure monitored gambling sector performance (market share, market conduct, transformation and employment) to contribute to the effective regulation of the industry through policy and knowledge services.

6.3 PROGRAMME 3: CORPORATE SERVICES

PURPOSE

This programme provides strategic financial management functions, human resources, records management and facilities management services to support the organisation.

Corporate services facilitate the overall management of the NGB and provide strategic financial management functions, human resources and IT infrastructure support to the organisation. It is the custodian of human and financial resources. The division has four units that provide specialised services to the NGB.

FINANCE

The core functions of the Finance Unit are to provide overall management of the financial affairs of the NGB. This unit provides for the financial planning and reporting for both internal and external users of the financial information.

SUPPLY CHAIN MANAGEMENT (SCM)

The core objective of SCM is to ensure that the procurement processes of the NGB are in line with the government prescripts and guidelines. This unit manages the achievement of contractual obligations of the outsourced services related to procured services.

HUMAN CAPITAL OPTIMISATION (HCO)

The Human Capital Optimisation Unit is a strategic business solutions enabler through the deployment of human capital with the responsibility to ensure that the organisation is able to achieve its vision.

The function of Human Capital Optimisation Unit is to provide support to the human resources systems and processes that support the operations and determination of performance levels as provided in the business and operational documents of the NGB. This unit ensures sufficient up-to-date processes and

compliant implementation with the existing labour laws, and manages the performance agreements with personnel.

The unit pays closer attention to the quality of services, as this may compromise the quest to achieve set targets. Recruitment efforts also pay particular attention to ensuring that NGB appoints the right people, not just in terms of competencies, but also with regard to their personality fit with the focal areas:

- Improving the quality of service.
- Further reduction of turnaround times.
- Enhancing employee engagement.

RECORDS MANAGEMENT

The function of the Records Management Unit is to ensure that there is proper maintenance and access to records as and when required.

LEGAL SERVICES

Legal Services researches and provides authoritative advice for the NGB, to **the dti** on regulatory strategies and inputs on legislation and policy development. Legal services further provides legal advice.

OBJECTIVE / PERFORMANCE OUTCOMES

The performance outcomes of this function include:

FINANCIAL EFFICIENCY

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

HUMAN RESOURCES EFFICIENCY

- Efficient and effective skilled workforce.

RECORDS MANAGEMENT

- Efficient and effective document management system.

GOOD CORPORATE GOVERNANCE

- Efficient and effective provision of legal services.
- Efficient and effective governance structures.

SOOG 3 OPTIMISE ORGANISATIONAL EXCELLENCE	
SO 3.1 ENSURE FINANCIAL EFFICIENCY	
Objective Statement	<ul style="list-style-type: none"> • Implement financial systems and processes that enables the organisation to function optimally.
Baseline	<ul style="list-style-type: none"> • Estimated performance- four (4) reports and one (1) annual report on financial systems, processes and PFMA compliance presented to the Accounting Authority.
Justification	<ul style="list-style-type: none"> • To ensure efficient systems and processes will instil public confidence that resources are utilised for the intended purpose.
Links	<ul style="list-style-type: none"> • Efficient effective service delivery.
Output	<ul style="list-style-type: none"> • Compliance with PFMA requirements at all times. • Effective control, support, utilisation, maintenance, management of resources.
Performance Indicator/Measure	<ul style="list-style-type: none"> • Number of reports on financial systems, processes and PFMA compliance presented to the Accounting Authority.



STRATEGIC INITIATIVES / ACTIVITIES

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

- Implement financial and policy controls to improve and maintain audit opinions.
- Develop accurate goods and services costing model.
- Develop and implement a performance based budgeting system.
- Implement improved efficient supply chain processes.
- Ensure compliance to B-BBEE and preferential procurement policies and guidelines.
- Perform comprehensive risk and internal audit assessments and develop action plans to address issues identified.
- Comply with Protection of Personal Information Act (POPIA), Prevention of Organised Crime Act (POA) and access to information policies and processes.
- Implementation of SCM Policy, Contract Management. Divisions to initiate activities in terms of approved business plans and procurement plans.

RISK MANAGEMENT

RISKS

- Inability to manage funds efficiently and effectively.
- Exposure to litigious matters due to absence of contract management.

- Delays in the procurement of goods and services, causing delays in the achievement of objectives.
- Non-compliance with new and revised SCM prescripts.
- Occurrence of fraudulent and or corrupt activities.

MITIGATION

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

OBJECTIVES/PERFORMANCE OUTCOMES

- Improve financial system of reporting and monitoring;
- Optimal utilisation of allocated resources.
- Improve financial processes, procedures, policies and compliance.
- Improve financial reporting.
- Improve participation of HDI in the NGB's procurement processes.
- Obtain support from **the dti** and NT to address funding shortfalls for infrastructural support.
- Implement contract management.

SOOG 3 OPTIMISE ORGANISATIONAL EXCELLENCE

SO 3.2 ENSURE HUMAN RESOURCES EFFICIENCY

Objective Statement	<ul style="list-style-type: none"> Efficient, effective and skilled workforce. To provide effective and efficient Human Capital support to the NGB Divisions through implementation of the Human Capital Strategy.
Baseline	<ul style="list-style-type: none"> Estimated performance- four (4) reports and one (1) annual report on % implementation of the five-year human capital strategy and plan (Year 4) presented to the Accounting Authority.
Justification	<ul style="list-style-type: none"> To reach a wider pool of candidates by using additional or different media and retain a capable and skilled workforce. To ensure a suitably capacitated organisation in order to achieve its mandate.
Links	<ul style="list-style-type: none"> Efficient effective service delivery.
Output	<ul style="list-style-type: none"> Efficient, effective and skilled workforce.
Performance Indicator/Measure	<ul style="list-style-type: none"> Percentage implementation of the five (5) year human capital strategy and plan.

STRATEGIC INITIATIVES/ACTIVITIES

In order for the Human Capital Optimisation Unit to deliver on the NGB mandate and to achieve the objectives and indicators identified, the following strategic initiatives and activities will be prioritised:

- Implement talent management strategies to retain talent.
- Review organisational HR processes and/or conduct work-study to determine the level of effort required to deliver organisational objective and therefore compensate staff accordingly.
- Implement an integrated and automated performance management system.
- Operationalise the document management system.
- Implement HR on-line and establish the HR division as a HR Strategic Partner within the NGB.

RISK MANAGEMENT

RISK

- Failure to deliver on the mandate of the NGB.

MITIGATION

- Implementation of retention strategies.
- Fill critical posts.

OBJECTIVE(S)/PERFORMANCE OUTCOMES

The management of employees is a core line responsibility focused on enhancing motivation and performance. Competent skilled employees are an important asset and remain key to the successful execution of the NGB's business objectives and strategy during the planning period. To achieve this, the programme's objectives are as follows:

- Improved governance systems.
- Improved skills and leadership capabilities.
- Transformation of remuneration practices.
- Sound employee relations practices for the establishment of a disciplined and harmonious workplace.
- An entrenched culture of performance.
- Talent attraction and retention.
- Ensure the development of a Knowledge Management Framework and Strategy.



SOOG 3 OPTIMISE ORGANISATIONAL EXCELLENCE

SO 3.3 ENSURE INTRA-DIVISIONAL EXCELLENCE

Objective Statement	<ul style="list-style-type: none"> • Ensure value adding business resource management that enhances efficiency. • Effective internal organisational performance management and enhanced reporting. • Ensure and oversee implementation, monitoring and reporting of all compliance activities at the governance structures of the organisation.
Baseline	<ul style="list-style-type: none"> • Estimated performance- four (4) organisational performance reports presented to the Accounting Authority. • Estimated performance- four (4) annual organisational strategic reports presented to the Accounting Authority
Justification	<ul style="list-style-type: none"> • To ensure service delivery and business continuity.
Links	<ul style="list-style-type: none"> • Efficient effective service delivery.
Output	<ul style="list-style-type: none"> • Annual and quarterly organisational operational performance reports. • Review divisional strategies annually. • Ensure performance against the deliverables set out in the Shareholder Compact Agreement.
Performance Indicator/Measure	<ul style="list-style-type: none"> • Number of organisational performance reports presented to the Accounting Authority. • Number of organisational strategic reports presented to the Accounting Authority

STRATEGIC INITIATIVES/ACTIVITIES

In order for the Governance Unit to deliver on the NGB mandate and to achieve the objectives and indicators identified, the following strategic initiatives and activities will be prioritised.

- Explore partnerships with e.g. CASA, operators, to fund wider, costly awareness campaigns.
- Development of electronic databases/programs for information sharing and storage.
- Implement contract management system.

RISK MANAGEMENT

RISKS

- Failure of business continuity and information reliability.
- Business processes fragmented, not modern and partially automated.
- Non-compliance to legislation, policies and procedures.
- Lack of dedicated human resources for business continuity management.

MITIGATION

- Implementation of the performance information policy.
- Implementation of the organisational Service Delivery Standards (SDSs).
- Conducted and facilitated integrated divisional planning.

OBJECTIVES/PERFORMANCE OUTCOMES

- Promote a professional, ethical, dynamic, competitive, customer and stakeholder focused working environment that ensures effective and efficient services delivery.
- Attend to request for information from external stakeholders.
- Effective risk management.
- Draft Corporate Governance Framework.
- Effective resolution of internal and external audit findings.
- Draft divisional strategies.
- Resolve external stakeholder queries efficiently.
- Provide training on organisational policies, legislation and procedures.

6.4 PROGRAMME 4: TECHNICAL COMPLIANCE

PURPOSE

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

FUNCTIONAL NATIONAL REGISTERS

The aim of this goal is for the NGB to be the repository of determined registers stipulated in the Act. The Act requires that the NGB must establish and maintain, in the prescribed manner and form, national registers with this realisation that the NGB aims to be the repository of gambling sector specific information. The NGB is required to provide the information in its registry under this section to all the 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 for play in the Republic and analysing and reporting data according to the requirements of the standards determined in respect of the NCEMS, in terms of the Standards Act, 2008 as well as requirements of sections 21 to 26 of the NGA.

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

NCEMS is essentially a system to:

- Keep track of 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.
- Report periodically collected data to NGB and PLAs.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The function of the ICT unit is to support the NGB in matters of ICT strategic development and maintenance of the communication and management systems, thereby safeguarding the assets of the NGB. The unit ensures that the ICT support functions are carried out in a manner that supports the strategic objectives 4.1, 4.2 and 4.3 and the mission statement of the NGB. ICT is geared at supporting and enhancing the overall organisational performance through the provision of assistive technologies.



SOOG 4 ENFORCE GAMING TECHNICAL COMPLIANCE

SO 4.1 ENSURE FUNCTIONAL NATIONAL REGISTERS

Objective Statement	<ul style="list-style-type: none"> Maintain functional national registers and compile reports in the prescribed manner and form.
Baseline	<ul style="list-style-type: none"> New indicator.
Justification	<ul style="list-style-type: none"> To ensure functional national registers which are maintained to identify all the role players within the legalised gambling environment.
Links	<ul style="list-style-type: none"> Improved regulatory environment.
Output	<ul style="list-style-type: none"> Compliant and functional register for gambling machines and devices to ensure all machines and devices are assigned a permanent unique number. Accessible information sharing and probity registers for probity reports and licensee registrations. Exclusions and illegal operatives register.
Performance Indicator/Measure	<ul style="list-style-type: none"> Percentage uptime on national functional registers.

STRATEGIC INITIATIVES/ACTIVITIES

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

- Automation of the national registers.
- Training for PLA's on utilisation of register.
- Conduct annual auditing of system integrity.

RISK MANAGEMENT

RISKS

- Stakeholders will not have access to centralised gambling related information as required by the NGA, resulting in loss of information.
- Audited data for external stakeholder use will be unavailable.
- The incapability of the current registers to provide reliable data.

MITIGATION

- Consultation with the stakeholders in terms of the benefits of the national functional registers.
- Explore measures to ensure that the maintenance of quality registers is automated.

OBJECTIVES/PERFORMANCE OUTCOMES

- Maintain and update national functional registers.
- Enables the NGB to identify, approve and register all gambling machines and devices in the Republic, as required by legislation.
- Enables NGB to uniquely identify the number of both gambling machines and gambling devices in the country.
- Ensure information shared with the PLAs promotes the maintenance of uniform norms and standards in the gambling industry.
- Enable NGB to facilitate the collation of information and have control over all licensed gambling machines and gambling devices, and be able to identify illegal gambling machines and gambling devices.

SOOG 4 ENFORCE GAMING TECHNICAL COMPLIANCE

SO 4.2 ENSURE EFFECTIVE NCEMS

Objective Statement	<ul style="list-style-type: none">• Monitor compliance of the LPMs.• Monitor number of machines per province and total (both LPM active and inactive); percentage change of both active and inactive LPMs; total number of sites (active and inactive) per province, technical challenges experienced by the NCEMS operator; and revenue generated from total number of LPMs per province (GGR and levies per province).
Baseline	<ul style="list-style-type: none">• Estimated performance- Four (4) reports and one (1) annual report on a fully operational NCEMS presented to the Accounting Authority.
Justification	<ul style="list-style-type: none">• To adhere to statutory requirement in terms section 65 of the NGA, 2004 (Act 7 of 2004).
Links	<ul style="list-style-type: none">• Improved regulatory environment.
Output	<ul style="list-style-type: none">• Fully operational NCEMS in the LPM industry.
Performance Indicator/Measure	<ul style="list-style-type: none">• Percentage uptime of a fully operational NCEMS.

STRATEGIC INITIATIVES / ACTIVITIES

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

- Maintenance of national registers (provide and monitor norms and standards that PLAs must adhere to).

RISK MANAGEMENT

RISK

- Absence of a functional operational NCEMS will result in non-effective or inefficient regulation of performance of the LPMs.

MITIGATION

- Provide a functional system that meets the requirements of the legislation to monitor licensed gambling activities.
- Prepare deficiency reports and set timelines for rectification.
- Escalation of unresolved disputes to the NGPC.

OBJECTIVES/PERFORMANCE OUTCOMES

- Ensure that the LPMs are linked to the NCEMS.
- Compliance with the statutory requirements.
- To ensure that Governments socio-economic goals are achieved.



SOOG 4 ENFORCE GAMING TECHNICAL COMPLIANCE

SO 4.3 ENSURE EFFECTIVE MONITORING OF THE REGULATED SECTORS IN THE GAMBLING INDUSTRY

Objective Statement	<ul style="list-style-type: none"> Monitor compliance of all regulated modes of gambling within the gambling industry.
Baseline	<ul style="list-style-type: none"> Estimated performance- four (4) reports and one (1) annual report on compliance monitoring of the casino industry; bingo industry; betting and wagering industry; and LPM industry presented to the Accounting Authority.
Justification	<ul style="list-style-type: none"> To ensure statutory requirement in terms section 65 of the NGA, 2004 (Act 7 of 2004).
Links	<ul style="list-style-type: none"> Improved regulatory environment.
Output	<ul style="list-style-type: none"> Economically viable and compliant casino industry. Economically viable and compliant LPM industry. Economically viable and compliant bingo industry. Economically viable and compliant betting and wagering industry.
Performance Indicator/Measure	<ul style="list-style-type: none"> Number of reports on monitoring of the casino industry; bingo industry; betting and wagering industry and LPM industry presented to the Accounting Authority.

STRATEGIC INITIATIVES / ACTIVITIES

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

- Continuous engagements with PLA to ensure compliance and build positive business relationship.

RISK MANAGEMENT

RISK

- Lack of compliance by the PLAs with the NGA and national gambling policy will result in strained inter-governmental relations and disputes arising in the exercise of concurrent competency over the gambling industry by both national and provincial spheres of government.

MITIGATION

- Prepare deficiency reports and set timelines for rectification.
- Escalation of unresolved disputes to the NGPC.

OBJECTIVES/PERFORMANCE OUTCOMES

- Compliance with the statutory requirements to ensure that Government's socio-economic goals are achieved.

SOOG 4 ENFORCE GAMING TECHNICAL COMPLIANCE

SO 4.4 MAINTAIN OPERATIONAL TECHNICAL EFFICIENCY

Objective Statement	<ul style="list-style-type: none"> Review current Information Communications Technology (ICT) infrastructure, Master Systems Plan (MSP) and procedures. Obtain approval of ICT Strategy.
Baseline	<ul style="list-style-type: none"> Estimated performance- four (4) reports and one (1) annual report on 98% uptime or above of all IT systems presented to the Accounting Authority.
Justification	<ul style="list-style-type: none"> To ensure business continuity. To adhere to the Department of Public Service and Administration (DPSA) Corporate Governance ICT Policy Framework of 2012.
Links	<ul style="list-style-type: none"> Efficient effective service delivery.
Output	<ul style="list-style-type: none"> Efficient and effective ICT operations.
Performance Indicator/Measure	<ul style="list-style-type: none"> Percentage uptime of all IT systems.

STRATEGIC INITIATIVES / ACTIVITIES

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

- Review current ICT infrastructure, ICT Plan and ICT Governance Framework.
- Compatibility of NCEMS (research & recommendations).
- Develop and maintain ICT continuity plans.
- Implement Human Resources Systems.
- Implement Electronic Document Management System.

RISK MANAGEMENT

RISK

- Failure of business continuity and information reliability.

MITIGATION

- Continually update the ICT Strategy.

OBJECTIVES/PERFORMANCE OUTCOMES

- Introduce latest technical architecture and key systems to reduce potential failures and security risks and leverage IT performance benefits.
- Ensure research and development to ensure that NCEMS is compatible with suitable systems.
- Research a Customer Relationship Management System to facilitate the complaints management process. This will allow the public to log their complaints on the NGB website and also allow service providers to view and manage complaints addressed for their attention.
- Implement Human Resources Systems to manage internal resources. This would be inclusive of induction, skills development and performance management.
- Implementation of the Electronic Document Management System and the Gambling Information Portal are essential.



7. FINANCIAL PLAN

The NGB's strategic plan and the SOOGs provide a roadmap for what the organisation seeks to achieve, based on determined outcomes and outputs. Four (4) SOOGs are supported by a range of strategic objectives. The APP provides an outline of the planned deliverables over the medium term and quarterly milestones and targets over the MTEF period.

7.1 EXPENDITURE TRENDS

The NGB derives its revenue from transfers from the Department of Trade and Industry. Over and above the grant received, the NGB will receive additional revenue from the NCEMS operator of R137.1 million, R141.6 million and R150.9 million during FY2018/19, FY2019/20 and FY2020/21 respectively. Revenue to be collected will be based on a new funding model which is premised on 6% of the monitoring fees collected from LPMs installed. There are currently approximately eleven thousand (11,000) LPMs that are installed in the country.

The strategic focus over the medium term will be on evaluating the issuance of national licenses by PLAs to strengthen regulatory compliance oversight over the provinces; research on the socio-economic impact of gambling; and the eradication of illegal gambling operations. The NGB will monitor market share, as well as market conduct in the gambling sector and issue reports on the trends in the market and gambling behaviour patterns. These reports will be used as a guide to inform policy on gambling-related matters affecting the country.

Expenditure over the medium term is thus expected to increase significantly to R167.9 million from FY2018/19 and onwards, driven by costs associated with the operations of the NCEMS.

The NGB will also conduct educational and public awareness campaigns over the medium term with a view to inform and educate the public about the dangers of excessive gambling and encourage responsible gambling. Ongoing awareness, information and education of stakeholders remain one of the key responsibilities of the NGB.

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

The NGB's Medium Term forecast is guided by **the dti** and NT guidelines and is representative of the funding required for the strategic objectives. The budget preparation is guided by the required work to be completed in terms of the mandate of the NGB as prescribed in the NGA.

This is illustrated in the table on the following page.

7.2 ASSET AND LIABILITY MANAGEMENT

Assets are managed through internal policies, which are approved by the Accounting Authority and applied to protect the assets and ensure procedural processes are applied when assets are acquired, disposed of, or donated. All tangible assets have been insured with a reputable registered insurer.

R Thousand	AUDITED OUTCOME			BUDGET ESTIMATE					
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
REVENUE									
Entity revenue	2 698	8 743	19 156	52 568	146 025	155 651	165 905	171 500	182 664
Entity revenue other than sales	2 698	8 743	19 156	52 568	146 025	155 651	165 905	171 500	182 664
Interest	375	1 324	2 473	3 146	4 562	4 822	5 088	5 368	5 663
Unclassified revenue	2 323	7 419	16 683	49 422	141 463	150 829	160 817	166 133	177 001
Realisation of deferred income (other than transfers)	-	-	-	-	-	-	-	-	-
National Central Electronic Monitoring System	258	5 301	10 000	45 733	137 151	146 168	155 777	160 815	171 391
Other income	2 065	2 118	6 683	3 689	4 312	4 661	5 040	5 317	5 610
Transfers received	29 797	31 983	30 121	31 627	32 624	34 452	36 346	38 345	40 454
National government	29 797	31 983	30 121	31 627	32 624	34 452	36 346	38 345	40 454
Total revenue	32 495	40 726	49 277	84 195	178 649	190 103	202 251	209 845	223 118
EXPENDITURE									
Current payments	27 255	25 493	36 683	76 226	166 985	177 899	187 851	198 911	210 637
Compensation of employees	9 161	8 933	15 799	17 161	25 274	27 058	29 120	31 450	33 966
Salaries and wages	8 796	8 606	15 230	16 669	24 419	26 311	28 318	30 583	33 030
Social contributions	365	327	569	492	855	747	802	866	935
Goods and services	18 094	16 560	20 884	59 065	141 711	150 841	158 731	167 461	176 672
Agency and support/outsourced services	461								
Communication	697	666	1 279	2 340	3 878	3 878	3 878	4 091	4 316
Computer services	252	431	681	529	307	338	372	392	414
Consultants	3 776	2 969	5 724	34 443	118 763	127 299	134 392	141 784	149 582
Inventory	59	54	55	96	120	120	120	127	134
Lease payments	7 441	7 883	6 137	7 653	8 166	8 901	9 704	10 238	10 801
Repairs and maintenance	12	32	59	80	82	82	82	87	91
Research and development	117	706	1 789	5 000	3 000	3 000	3 000	3 165	3 339
Training and staff development	20		87	1 292	1 184	1 184	1 292	1 363	1 438
Travel and subsistence	564	411	907	2 899	3 264	2 898	2 898	3 057	3 226
Other	4 695	3 408	4 166	4 733	2 947	3 141	2 993	3 158	3 331
Depreciation	1 940	2 150	2 183	2 288	2 672	2 672	2 819	2 974	3 138
Total Expenditure	29 195	27 643	38 866	78 514	169 657	180 571	190 670	201 885	213 775
Surplus / (Deficit)	3 300	13 083	10 411	5 681	8 992	9 532	11 581	7 961	9 343



7.3 CASH FLOW PROJECTIONS

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

The NGB has made a conservative cash projection based on the budget allocation. These projections have factored in potential revenue that is anticipated to be realised from the NCEMS project. This has resulted in the NGB having sufficient cash resources to sustain itself over the MTEF period.

7.4 CAPITAL EXPENDITURE PROGRAMMES

The NGB also intends to invest in the development of functional national registers during the 2017/18 financial period. Other capital expenditure projects for the medium term will be limited to the replacement of computers as they reach the end of their useful lives.

7.5 DIVIDEND POLICIES

The NGB is a Schedule 3A public entity established in terms of the NGA, 2004 (Act 7 of 2004). The organisation is funded from grant allocations from **the dti**. The dividend policy does not apply to the NGB.

CASH FLOW DESCRIPTION R Thousand	AUDITED OUTCOME			BUDGET ESTIMATE					
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Cash receipts from stakeholders	31 709	40 517	49 080	84 195	178 649	190 103	202 251	213 375	225 110
Tax receipts	-	-	-	-	-	-	-	-	-
Sales of goods and services other than capital assets	-	1 324	2 036	3 689	4 312	4 661	5 040	5 317	5 610
Transfers received	29 797	31 983	30 121	31 627	32 624	34 452	36 346	38 345	40 454
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-
Interest and rent on land	375	1 893	2 473	3 146	4 562	4 822	5 088	5 368	5 663
Rent on land	-	-	-	-	-	-	-	-	-
Unclassified revenue	1 537	5 317	14 450	45 733	137 151	146 168	155 777	164 345	173 384
Cash paid to stakeholders	26 806	22 879	40 444	70 909	163 901	175 251	185 352	189 625	200 841
Current payments	26 806	22 879	40 444	70 909	163 901	175 251	185 352	189 625	200 841
Compensation of employees	12 513	10 971	18 226	17 601	25 070	27 058	29 120	31 450	33 966
Goods and services	14 293	11 908	22 218	53 308	138 831	148 193	156 232	158 175	166 875
Cash flow from operating activities	4 903	17 638	8 636	13 286	14 748	14 852	16 899	23 750	24 270
Cash flow from investing activities	137	-968	-1 033	-2 302	-890	-890	-890	-890	-890
Cash flow from financing activities	-	553	505	-	-	-	-	-	-
Net increase/(decrease) in cash and cash equivalents	5 040	17 223	8 108	10 984	13 858	13 962	16 009	22 860	23 380



PART B

LINKAGES TO OTHER PLANS



ANNUAL PERFORMANCE PLAN

The NGB's APP sets out what the entity plans to deliver over the upcoming financial years and over the MTEF to implement this strategic plan. This will facilitate the NGB in realising its goals and objectives set out in the Strategic Plan. The APP is attached as an Annexure to this document.

ASSET MANAGEMENT PLAN

The NGB's major assets are in the form of Leasehold Improvements which are attached to a leased building. These assets form part of the NGB's Property, Plant and Equipment and will be phased out of the NGB's records over the duration of the lease such that when the lease expires, the Leasehold Improvements will be fully depreciated. All the NGB's assets are managed in accordance with the Generally Recognised Accounting Practices and an assets register is maintained on the Asset ware System.

INFORMATION TECHNOLOGY PLAN

The NGB's ICT infrastructure will be optimised by acquiring new ICT servers to replace the servers which have been in existence for the past five years. This will include, among others, infrastructure and a robust ICT service continuity plan as well as enhanced ICT security and support infrastructure.

The rest of the NGB's ICT infrastructure was recently purchased and is considered to be in line with current technology. The NGB ICT is in the process of revising the ICT Governance policies and procedures to bring this in line with existing applications.

ICT GOVERNANCE

The establishment of the ICT Governance Committee is aimed at guiding the NGB in ICT infrastructure investment to improve the effectiveness of the current support structure. This is aimed improving the following:

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



ANNEXURE A

ALIGNMENT OF THE NGB STRATEGY TO THE GOVERNMENT



ALIGNMENT OF THE NGB STRATEGY TO THE GOVERNMENT

GOVERNMENT'S MTSF PRIORITIES	GOVERNMENT OUTCOME	the dti STRATEGIC OUTCOME-ORIENTED GOALS	NGB STRATEGIC OUTCOME-ORIENTED GOALS	RESPONSIBLE NGB PROGRAMME
1. Speeding up growth and transforming the economy to create decent work and sustainable livelihoods	4. Decent employment, through inclusive economic growth	Facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation)	Enhance Stakeholder Liaison and Statutory Advisory Services	Programme 2
		Create a fair regulatory environment that enables investment, trade and enterprise development, in an equitable and socially responsible manner	Enforce Compliance Enforce Gaming Technical Compliance	Programme 1 Programme 4
		Facilitate broad-based economic participation, through targeted interventions to achieve more inclusive growth		
8. Pursuing African development and enhanced international co-operation	11. Create a better South Africa, a better Africa and a better world	Build mutually-beneficial regional and global relations, advance South Africa's trade, industrial policy and economic development objectives	Enhance Stakeholder Liaison and Statutory Advisory Services	Programme 2
10. Building a developmental state, including improvement of public services and strengthening democratic institutions	12. An efficient, effective and development-orientated public service and an empowered, fair and inclusive citizenship	Promote a professional, competitive and customer-focused working environment that ensures effective and efficient service delivery	Optimise Organisational Excellence	Programme 3
			Enforce Gaming Technical Compliance	Programme 4

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
DPSA	Department of Public Service and Administration
EA	Executive Authority
EBT	Electronic Bingo Terminal
FIC	Financial Intelligence Centre
FICA	Financial Intelligence Centre Act
FY	Financial Year
GDP	Gross Domestic Product
GGR	Gross Gambling Revenue
GRC	Gambling Review Commission
HCO	Human Capital Optimisation
HDI	Historically Disadvantaged Individuals
HRBF	Horse Racing and Betting Forum
ICT	Information Communications Technology
IG	Interactive Gambling
IT	Information Technology
LPM	Limited Payout Machine
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
NPA	National Prosecuting Authority
NLA	National Lotteries Act
NT	National Treasury
PAIA	Promotion of Access to Information Act
PFMA	Public Finance Management Act
PLAs	Provincial Licensing Authorities
POCA	Prevention of Organised Crime Act
POPIA	Protection of Personal Information Act
SAPS	South African Police Services
SCM	Supply Chain Management
SMME	Small Medium and Micro Enterprise
SOOG	Strategic Outcome-Oriented Goal
the dti	The Department of Trade and Industry



ANNUAL PERFORMANCE PLAN FY 2018/21

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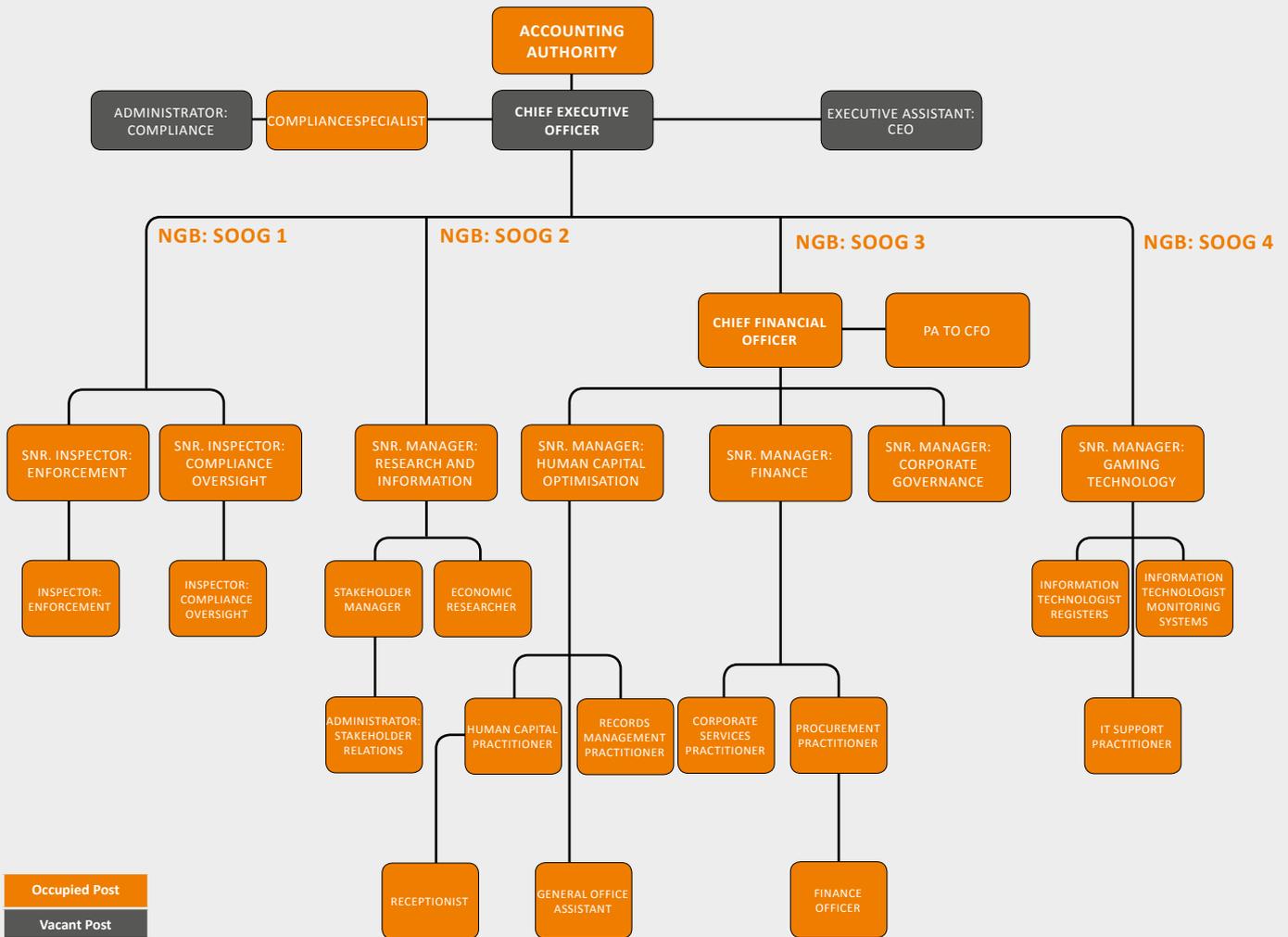
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1. ORGANOGRAM





2. OFFICIAL SIGN-OFF

It is hereby certified that the Annual Performance Plan:

Was developed by the management of the NGB under the guidance of Ms Caroline Kongwa.

Was prepared in line with the current Strategic Plan of the NGB.

Accurately reflects the performance targets which the NGB will endeavour to achieve given the resources made available in the budget for 2018/2021.

Recommended for Approval by:

Ms Kaveshka Mackerduth

Chief Financial Officer

Ms Caroline Kongwa

Accounting Authority



FOREWORD BY THE MINISTER OF TRADE AND INDUSTRY

Dr Rob Davies, MP

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

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

The NGB's key priorities are driven by four (4) Strategic Outcome-Oriented Goals (SOOGs) namely Enforce Compliance, Enhancing Stakeholder Liaison and Statutory Advisory Services, Optimise Organisational Excellence, and Technical Compliance. The performance indicators entail all the government expectations

articulated in the Shareholder's Compact entered into by, and between the Ministry of Trade and Industry and the Accounting Authority (AA), as well as link to **the dti's** SOOGs.

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

To ensure efficient regulation of gambling in South Africa, the NGB continuously ensures the development, enhancement and strengthening of its current enforcement and oversight proficiency to effectively interact with, monitor and regulate gambling activities within a very dynamic and changing environment. Over time, fast developing technological developments and enhancement have resulted in changes in the punters profile and preferred or popular modes of gambling.

The increase of illegal gambling sites and activities, as well as increased participation in unregulated modes of gambling has become one of the main challenges for the NGB. The effective combatting of illegal gambling will require a national collaborative and focussed approach by means of interaction with a variety



“The increase of illegal gambling sites and activities, as well as increased participation in unregulated modes of gambling has become one of the main challenges for the NGB.”

of stakeholders (i.e. financial, law enforcement and provincial regulators). NGB will continue with the successful confiscation of unlawful winnings.

Ongoing research to determine the impact of gambling in the country and specifically the monitoring of growth and transformation in the South African gambling industry and the impact of certain modes of gambling on other sectors will provide insight into the current and future status of gambling in the country. The outcome of this research will assist to inform policy and strategy development. Campaigns to inform and educate various stakeholders about the nature and odds of gambling and responsible gambling, illegal forms of gambling and consequences of participation in these unregulated modes need to remain key focus areas. In this regard, NGB will continue to collaborate with **the dti** and other agencies to embark on extensive gambling-awareness and education campaigns to distribute key messages.

During the FY2017, a negative growth in GGR generated by casinos was recorded, whereas substantial growth was noted in other sectors. A slowdown in the growth of the economy in the FY2017 also culminated in a slight fall in the overall growth of

gambling revenues relevant to the same period. NGB will pursue the continuous monitoring of gambling sector performance (specifically market share and market conduct) to track trends and identify possible movements and shifts in the industry.

The challenges facing gambling policy and regulation cannot be overcome by the NGB alone. NGB needs to ensure that its APP is successfully executed and strong partnerships with relevant stakeholders are built to ensure the ongoing effective regulation of gambling within the Republic of South Africa.

Dr Rob Davies, MP
Minister of Trade and Industry



OVERVIEW BY THE ACCOUNTING AUTHORITY

Ms Caroline Kongwa

As the NGB continues on its quest to position South Africa as the pre-eminent jurisdiction with an exemplary and effectively regulated gambling industry in the fulfilment of the NGA, 2004 (Act 7 of 2004), the impact of technological advancements in the gambling industry continue to bring new challenges to the regulation of gambling in South Africa. NGB has also noticed structural changes within the gambling industry evident by mode and in terms of the profile of punters.

The NGB adheres to the oversight of gambling in South Africa in execution of the mandate based on the NGA, 2004 (Act 7 of 2004), research and monitoring of market conduct and market share, monitoring socio-economic patterns of gambling activity, the establishment and maintenance of national registers for every gambling machine or gambling device manufactured within or imported into the Republic, probity, information sharing and exclusions) and investigation of gambling activities that relates to unlawful winnings. This is further illustrated in the mapping and alignment of the NGB's SOOGs to the objectives of **the dti**.

The NDP Vision for 2030, rightly identifies poverty, inequality and unemployment as significant obstacles to development. As such the NGB's policies in the gambling industry contribute significantly to encourage job creation whilst reinforcing Ministerial priorities

by aligning its focus to that of government imperatives. In this regard, the implementation of the new technologically-advanced NCMS by the NGB paves the way for the Limited Pay-out Machine (LPM) industry to generate more revenue and create more job opportunities.

As a regulator, the NGB's concern continues to be consumer and punter protection. This is an aspect which underpins responsible gambling policy reform as the responsibility in various jurisdictions is placed either on the national regulator, or the licensee or both. In South Africa the responsibility is placed on both the regulator and the licensee.

An educated and informed punter is important in driving the regulation strategy, as having responsible punters and consumers contribute towards the regulation of a responsible gambling industry. As the punter profile has evolved, some of the main factors that have influenced this are economic modelling and the ease of doing business, technology and innovation and generational, as well as demographic changes. This means that the NGB envisages a number of future trends that will be impacted upon by changes to the punter profile, such as technological advancements, regulatory landscape and a shift in gambling modes participated in over time.



SOCIO-ECONOMIC IMPACT OF GAMBLING

The NGB commissioned research to determine the socio-economic impact of specifically legal gambling in South Africa. Research findings from the study showed that the incidence of gambling by South Africans has declined substantially from 56.8% in 2002 to 30.6% in 2017. The percentage of household expenditure allocated to licensed gambling (i.e. the propensity to gamble) also declined from 1.7% in 2005 to 1.34% in 2009. However, this figure seems to stabilise at 0.97% of household expenditure in both 2012 and 2017. South Africans allocated 0.97% of their cash income to gambling in 2016. The majority (62.9%) of gambling money was allocated to casino gambling. The gambling sector's contribution to the economy stood at close to 0.81% in 2016. Although relatively small, it attracted the participation of almost a third of the adult population of South Africa. The gambling sector provided 0.97% of formal employment opportunities in South Africa.

Of great concern, however, is the fact that 27.0% of gamblers participated in unlicensed gambling activities of which fafi and illegal card games (outside casinos) are the most prevalent. Online gambling also showed a strong upward trend. The research affirmed that some prominent socio economic issues will remain on the agenda of gambling regulators namely support and counselling of the youth in gambling, the impact of gambling on the less affluent, counselling support to problem/ compulsive gamblers and curbing of unlicensed gambling. Awareness campaigns on the illegality of unlicensed gambling and the potential risk of addictive gambling will be a focus area. Structural changes within the gambling industry are evident by mode as the share of the casino industry in total GGR declined substantially between 2008 and 2016. In contrast, the share of especially bingo gambling as well as LPMs and horse and sports betting showed a strong upward trend.

Between FY2016 and FY2017, casino GGR growth has slowed from a previous year of positive growth whilst GGR growth in the betting, LPM and bingo sectors has grown. The collection of taxes/

levies increased by 11.9% to R2,8 billion in FY2016 but decreased by 1.0% to R2,7 billion in FY2017 mainly as a result of less taxes/ collected from the casino sector compared to previous years.

REVENUE AND EXPENDITURE

Over and above the grant received from the NT, the NGB will receive additional revenue from the NCEMS operator of R6,4 million, R89,3 million and R119 million during financial years 2017/2018, 2018/2019 and 2019/2020 respectively. Revenue to be collected will be based on a new funding model, which is premised on 6% of the monitoring fees collected from LPMs installed. There are currently approximately 11,000 LPMs in the country.

The key cost drivers of the NGB will be influenced by mandatory functions prescribed in the NGA, 2004 (Act 7 of 2004). These cost drivers are:

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

“As a regulator, the NGB’s concern continues to be consumer and punter protection.”

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

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

RISK ASSOCIATED WITH STRATEGIC OBJECTIVES

The AA has cascaded the statutory mandate of the NGB into four (4) SOOGs outlined on page 25 of this plan and has designed activities to achieve same.

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

The SOOGs and the underlying strategic objectives are discussed in detail to provide more information.

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

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



Ms Caroline Kongwa
Accounting Authority, NGB



5. EXECUTIVE SUMMARY

SOCIO-ECONOMIC IMPACT OF GAMBLING IN SOUTH AFRICA

The NGB commissioned research to determine the socio-economic impact of specifically legal gambling in South Africa. The study focused mainly on the incidence and prevalence of gambling, profile of gamblers, awareness of legal and illegal modes of gambling, attitudes and perceptions about gambling, impact of gambling modes on each other, impact of loyalty programmes and advertising, extent of problem gambling, perceptions regarding regulation of the South African gambling industry, as well as the impact on household welfare levels and the size and role of gambling in the South African economy.

Research findings from the study showed that the incidence of gambling by South Africans has declined substantially from 56.8% in 2002 to 30.6% in 2017. Over a quarter of the population under study were engaged in unlicensed gambling activities of which fafi and illegal card games (outside casinos) were the most prevalent whilst online gambling showed a strong upward trend.

The study also found that structural changes within the gambling industry are also evident by mode. The share of the casino industry in GGR declined substantially between 2008 and 2016. In contrast, the share of especially bingo gambling as well as LPMs and horse and sports betting showed a strong upward trend. South Africans allocated 0.97% of their cash income to gambling in 2016. The majority (62.9%) of gambling money was allocated to casino gambling. The gambling sector's contribution to the economy was on average 0.81% in 2016 whilst it provided 0.97% of formal employment opportunities in South Africa.

The research findings affirmed some prominent socio-economic issues that will remain on the agenda of gambling regulators namely:

- Support and counselling of the youth in gambling,
- The impact of gambling on the less affluent,

- Counselling support to problem/ compulsive gamblers, and
- Curbing of unlicensed gambling.

ECONOMIC IMPACT OF GAMBLING

Figure 1 below illustrates the real growth rate in GGR per gambling mode over the last five financial years. Over the years, casino GGR growth has on average been negative compared to other modes of gambling whose growth has been positive although at a decreasing rate. Between FY2016 and FY2017 particularly, casino GGR growth took a dip from a previous year of growth whilst GGR growth in the betting, LPM and bingo sectors grew positively. Overall, total GGR growth from FY2016 to FY2017 was negative whilst Gross Domestic Product (GDP) growth over the same period also slowed down.

The NGB also monitors the movement of the real GGR (GGR at market prices) from all modes of gambling against the real GDP (which takes into account inflation) as reflected in figure 2 below. The growth rate in real GGR followed an increasing trend in FY2015/16 whilst real GDP declined from the previous financial year. However, during FY2016/17 a decline in the growth of real GGR from all modes of gambling is observed, in line with lagging economic growth. Statistics South Africa reported two consecutive negative growth rates in real GDP for the first and second quarters of FY2017 (-0.3% and -0.7% respectively) which took the South African economy into a recession.

MARKET SHARE

The legal gambling industry of South Africa is mainly made up of the casino, betting (including totalisator and bookmakers), LPM and bingo sectors. Market share of the gambling industry is assessed in terms of ownership, GGR, taxes and levies contributed.

REAL GROWTH IN GGR ALL MODES (FY2012 – FY2017)

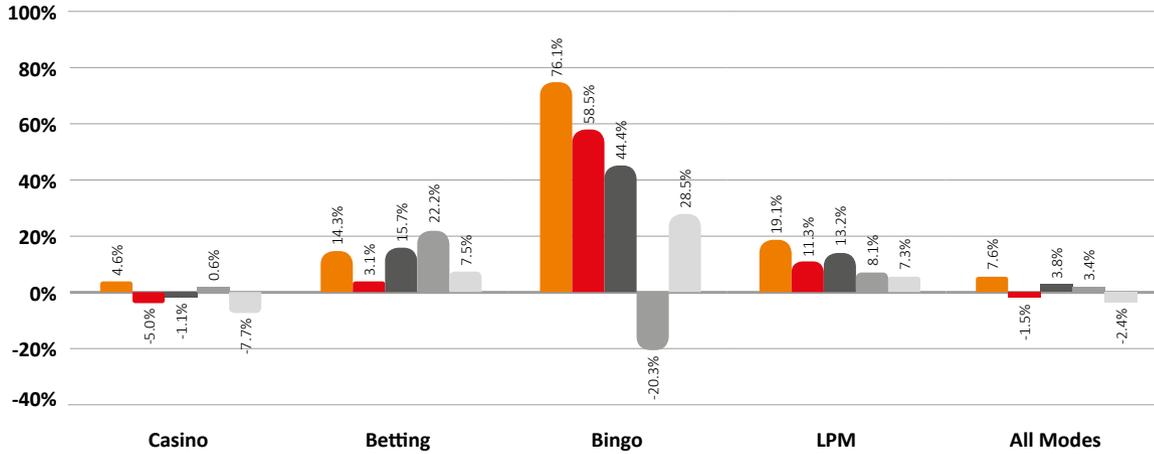
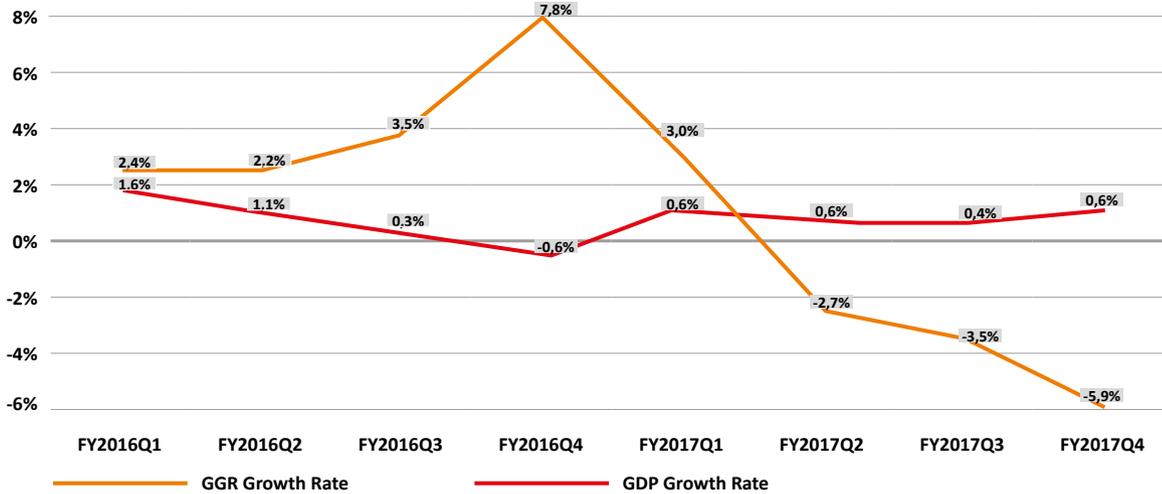


Figure 1 Real growth in GGR all modes (FY2012 – FY2017)

GGR GROWTH RATE AND GDP GROWTH RATE FY2016 TO FY2017



Real figures based on 2012 and 2016 consumer price indices

Figure 2: GGR growth rate and GDP growth rate FY2016 to FY2017



MARKET SHARE OF OWNERSHIP OF CASINOS AS AT FY2017

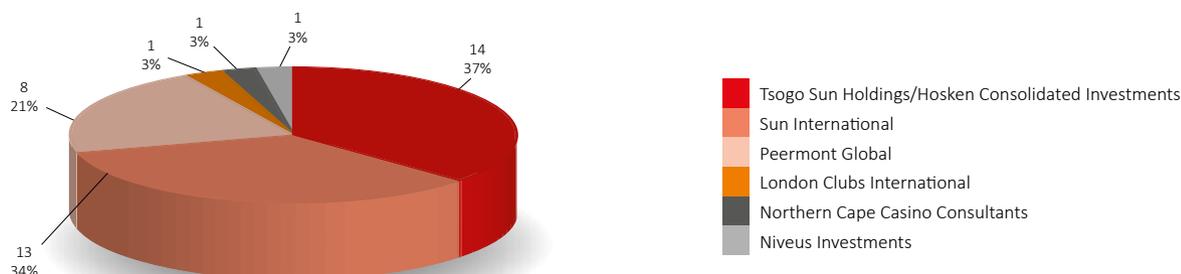


Figure 3: Market share of ownership of casinos as at FY2017

As at 31 March 2017, a total number of 38 casinos were operational in South Africa (a maximum of 41 licenses is provided for in the national legislation). The controlling shareholders of operational casinos are Sun International (13 casinos), Tsogo Sun Holdings/Hosken Consolidated Investments (14 casinos), Peermont Resorts (8 casinos), London Clubs International (1 casino), Northern Cape Casino Consultants (1 casino) and Niveus Investments (1 casino). Two (2) casino licences still need to be finalised.

The controlling shareholders for the 38 operational casinos are reflected by name, as well as the names of each shareholder's casinos and the respective number of casinos per shareholder in Figure 3 above.

Gold Circle is the totalisator operator in KwaZulu-Natal, and Phumelela in Gauteng, Mpumalanga, Limpopo, North West, Northern Cape, Eastern Cape and the Free State. Kenilworth Racing (totalisator) is operating in Western Cape. However, Phumelela currently manages the Western Cape racing operations on behalf of the Kenilworth Racing Trust. In essence, Phumelela has expanded its operations to include the Western Cape and has presence in eight provinces with the exception of KwaZulu-Natal. Trotco (Pty) Ltd t/a Ithotho is also licensed in KwaZulu-Natal as a totalisator and a race course operator. Telebet call centres are located in Gauteng and Eastern Cape. PowerBet Gaming is a totalisator operating in Mpumalanga. Licensed

bookmakers are located in all the provinces throughout the Republic. Bets can be placed on horse racing and sport (on and off course), as well as on any other legal contingency.

The main role players in the LPM sector can be defined in three specific categories, namely route operators, site operators and the NCEMS. Route operators are companies that are licensed to own, manage and operate LPMs throughout the country. Site operators are privately-owned hotels, pubs or eating establishments, totalisator or bookmaker outlets which may be situated throughout the country. NCEMS is a centralised LPM monitoring and evaluation system operating on a long-term contract basis by Zonke Monitoring Systems. Seven operators are operational in KwaZulu-Natal; five in Gauteng; four in North West, three in Mpumalanga, two each in Western Cape, Limpopo, Northern Cape, Eastern Cape and Free State. Vukani Gaming is operating in all provinces, whereas Gold Rush Gaming is operating in six provinces as illustrated in Figure 4.

Bingo is licensed and rolled out in five out of the nine provinces namely Gauteng, North West, Mpumalanga, KwaZulu-Natal and Eastern Cape. The bingo operators are Galaxy Bingo operating in four (4) provinces; Viva Bingo and Gold Rush operating in two (2) provinces each; Boss Gaming and Great Bingo operating in one (1) province each as illustrated in Figure 5.

OWNERSHIP OF THE LPM (ROUTE AND INDEPENDENT) OPERATORS BY NUMBER OF PROVINCES OCCUPIED AS AT 31 MARCH 2017

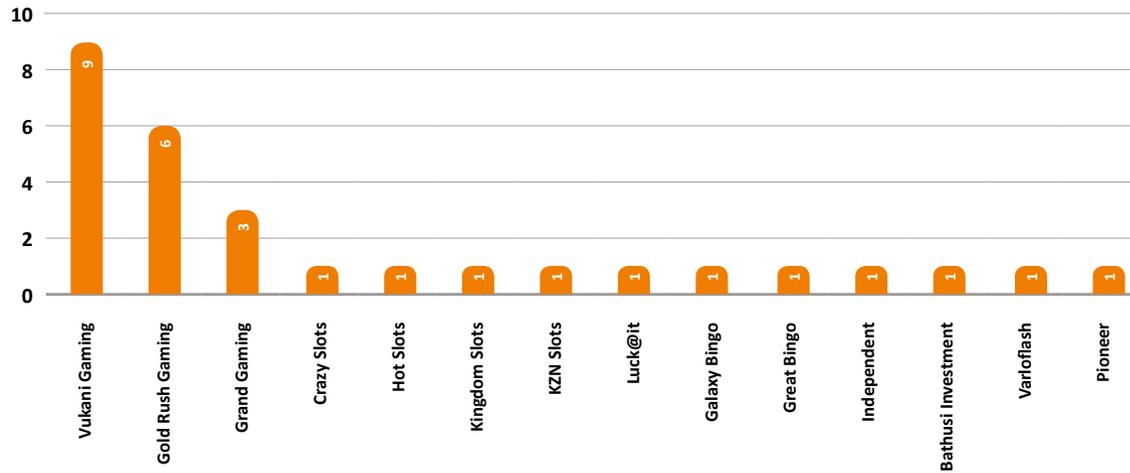


Figure 4: Ownership of the LPM (route and independent) operators by number of provinces occupied as at 31 March 2017

OWNERSHIP OF BINGO OPERATORS BY NUMBER OF PROVINCES OCCUPIED AS AT 31 MARCH 2017

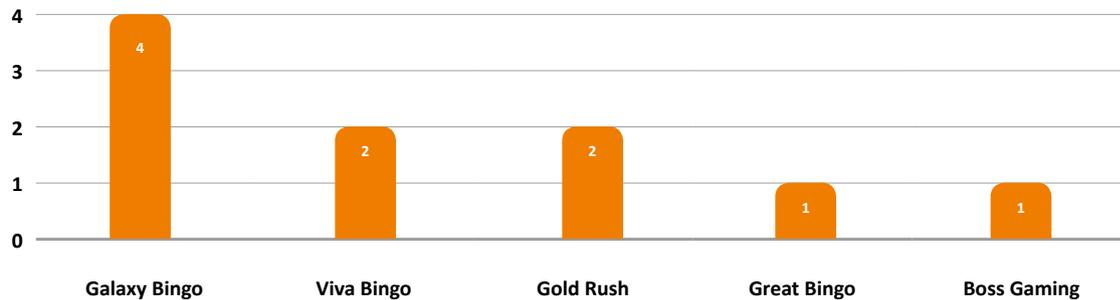


Figure 5: Ownership of bingo operators by number of provinces occupied as at 31 March 2017



TRANSFORMATION (B-BBEE CONTRIBUTOR LEVELS)

Broad-based black economic empowerment (B-BBEE) is an economic and political imperative in South Africa. Empowerment in the South African gambling industry is measured in terms of the Codes of Good practice published by the Department of Trade & Industry. The gambling industry, to date, does not have its own transformation charter. Thus gambling enterprises are measured in terms of the generic score card and more specifically, the following: Ownership, Management Control, Employment Equity, Skills Development, Preferential Procurement, Enterprise Development and Socio-Economic Development. However, on 11 October 2013, the Department of Trade and Industry released the revised B-BBEE Codes of Good Practice. NGB has monitored the contributor level for each operator per gambling mode since FY2010 to FY2016. The old and the new codes have been merged to monitor contributor levels applicable to FY2016, and are as follows: Ownership, management control, employment equity, skills development, preferential procurement, enterprise (supplier) development and socio-economic development.

Based on the information submitted by PLAs, the average B-BBEE status or contributor level of the South African gambling industry as at 31 March 2017 per gambling mode and operator, was as follows:

- i. Average B-BBEE level for casino operators: Level 2.5
- ii. Average B-BBEE level for totalisators: Level 4.6
- iii. Average B-BBEE level for LPM operators: Level 3.4
- iv. Average B-BBEE level for bingo operators: Level 3.4 (currently only operational in Gauteng, Mpumalanga, North West, Eastern Cape and KwaZulu-Natal).

EMPLOYMENT

Direct employment in the gambling sector has been monitored since 2011. The information below is based on information provided for the various positions, both permanent (key and non-key) and outsourced employment based on the template used for FY2011, 2012 and 2013. The 2014 template was revised to make provision for the collection information relevant to direct permanent and temporary employment only. NGB monitors direct employment numbers in the gambling sector (industry and regulators). A total number of 27 973 people (direct employment) were employed in the gambling industry (including regulators) as at 31 March 2017. In general, the casino sector, and Gauteng province, followed by Western Cape and KwaZulu-Natal accounted for the highest numbers in terms of direct employment in the gambling industry as reflected in Table 1.

GAMBLING SECTOR PERFORMANCE

As the industry grows over time, the oversight role is becoming more complex and NGB's capabilities to ensure compliance needs to be strengthened. Gambling activities have a significant redistribution effect. On average, a significant number of punters spend small amounts on gambling while only a small percentage receive large amounts of prize money and gambling winnings.

The NGB will continue to monitor market conduct, market share and national gambling statistics and compare future information and statistics with existing data, where applicable. Based on the audited gambling statistics submitted by the nine (9) PLAs for the FY2017 in relation to GGR generated and gambling taxes levied and collected certain conclusions are construed.

DIRECT EMPLOYMENT PER PROVINCE AND MODE, FY2017

GAMBLING MODE	GAUTENG	WESTERN CAPE	KWAZULU-NATAL	MPUMALANGA	LIMPOPO	NORTH WEST	NORTHERN CAPE	EASTERN CAPE	FREE STATE	TOTAL
Casinos	6 241	3 139	2 677	655	228	797	248	863	740	15 588
Totalisators	316	20	60	63	35	123	13	75	77	782
Bookmakers	539	237	2 076	770	547	470	56	29	118	4 842
LPMs	243	3 733	106	139	510	48	23	218	131	5 151
Bingo	61	N/A	386	61	28	106	N/A	379	N/A	1 021
Regulators										
NGB	21	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	21
PLAs	94	72	72	49	55	83	19	48	76	568
TOTAL	7 515	7 201	5 377	1 737	1 403	1 627	359	1 612	1 142	27 973

Table 1: Direct employment per province and mode, FY2017

GROSS GAMBLING REVENUE GENERATED

The generation of GGR was monitored and tracked over time. Analysis of the increase in GGR and gambling positions per gambling mode during the period FY2010 to FY2017 reflected the following growth and trends as shown in Figures 6 and 7 below:

- i. Since FY2013, the highest increase in GGR generated in the casino industry was recorded from FY2015 to FY2016. GGR increased by 4.5% from FY2014 to FY2015, by 5.8% to FY2016, but decreased by 1.8% to FY2017. The number of operational casinos positions increased by 4.7% from 31 860 (FY2014) to 33 360 (FY2015), 0.8% to 33 618 (FY2016), but decreased by 1.1% to 33 249 in FY2017, mainly as a result of slight decreases in all provinces except KwaZulu-Natal and North West from FY2016 to FY2017.
- ii. Compared to FY2015, the growth in GGR generated in the LPM industry for FY2016 has dropped slightly. An increase by 19.6% from FY2014 to FY2015 was recorded, followed by an 13.7% increase from FY2015 to FY2016, and by 14.1% to FY2017. The number of licensed active LPMs increased by 10.7% from 9 288 in FY2014 to 10 279 in FY2015, by 6.4% from FY2015 to FY2016 (10 934) and by 5.2% (11 502) to FY2017 mainly as a result of increases noted in all provinces from FY2016 to FY2017.
- iii. The betting on horse racing and sport industry recorded growth in GGR generated. An increase by 22.2% from FY2014 to FY2015, by 28.5% from FY2015 to FY2016, followed by an increase by 14.3% were recorded from FY2016 to FY2017. This is mainly as a result of major increases in the generation of GGR by bookmakers offering betting on sport. GGR generated by bookmakers



offering betting on sport increased by 59.9% from FY2014 to FY2015, by 50.9% to FY2016, and by 22.0% to FY2017. Bookmakers offering betting on sport generated the highest income, whereas much less taxes/levies were collected from this industry compared to other operators/modes. Limited growth was recorded by totalisators offering betting on horse racing and sport from FY2016 to FY2017.

- iv. The bingo industry showed the highest growth (in percentage) in the generation of GGR from FY2014 to FY2015, being reflected by an increase of 67.7% from FY2013 to FY2014, by 52.5% from FY2014 to FY2015, followed by a decrease of 16.2% from FY2015 to FY2016, but increased substantially by 36.6% from FY2016 to FY2017. The growth in GGR is probably as a result of growth in the number of bingo positions, and specifically EBTs.

Figure 7 illustrates the decline in GGR market share of casinos from FY2010 to FY2017, compared to the steady increase of market share in the betting, LPM and the bingo industries. Casinos accounted for 84.4% of GGR generated in the gambling industry in FY2010, and declined to 66.4% in FY2017.

Overall, GGR increased by 9.6% from R21,8 billion in FY2014 to R 23,9 billion in FY2015, by 8.8% to R 26.0 billion in FY2016, and by 3.8% to R 27.0 billion in FY2017. A total amount of R 26 961 888 560 in GGR was generated during FY2017. During FY2017 casinos accounted for the highest GGR generated, being 66.4% as compared to other gambling modes. Compared to all other provinces, Gauteng at a 41.1% share, accounted for the highest amount of GGR generated as illustrated in Figures 8, 9 and 10.

INCREASE IN GGR, ALL MODES (FY2014-FY2017)

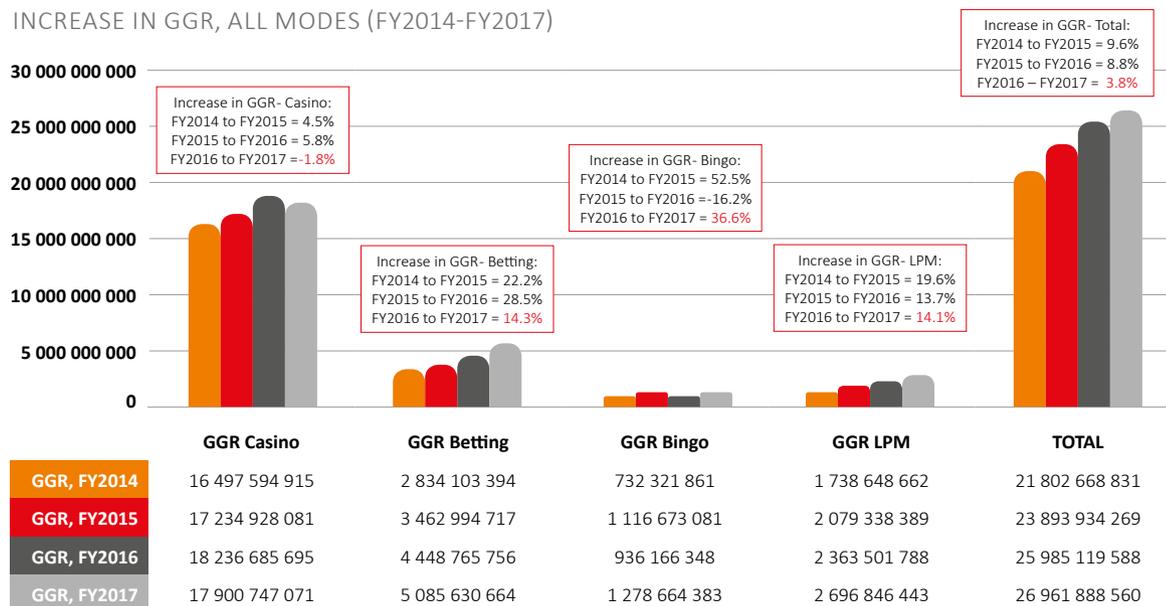


Figure 6: Increase in GGR, all modes (FY2014-FY2017)

TREND IN SHARE OF TOTAL GGR, COMPARISON ALL MODES (FY2010 – FY2017)

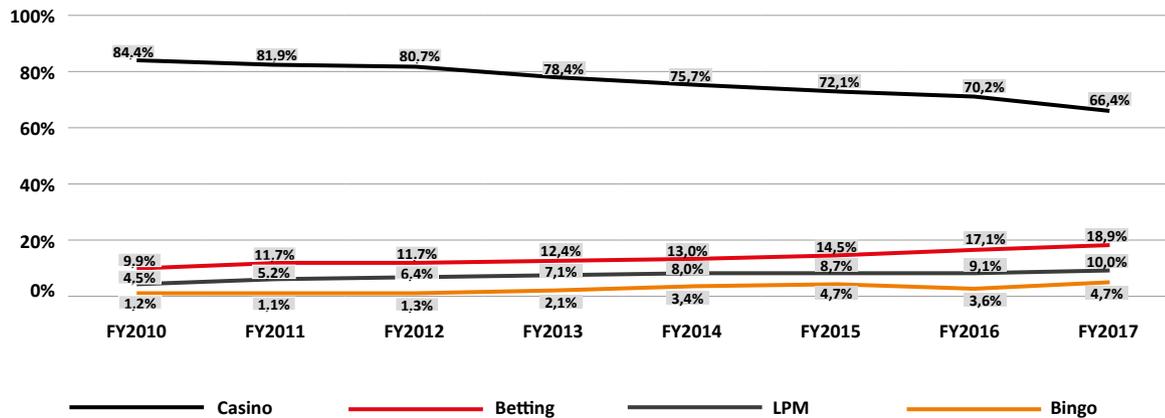


Figure 7: Trend in share of total GGR, comparison all modes (FY2010 – FY2017)

GGR PER GAMBLING MODE, ALL PROVINCES, FY2017, QUARTERS 1, 2, 3 & 4

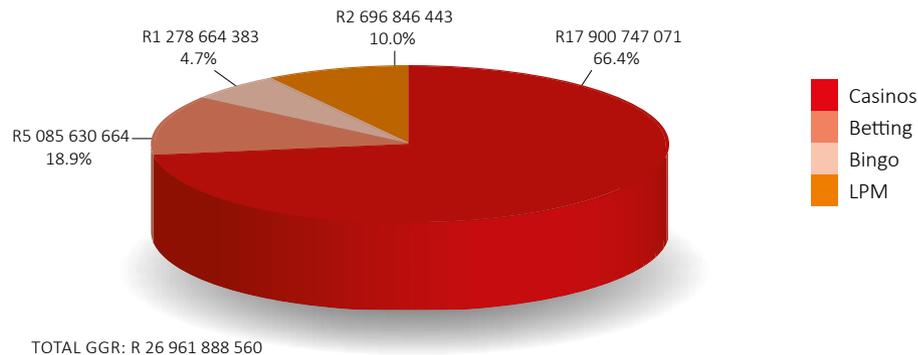
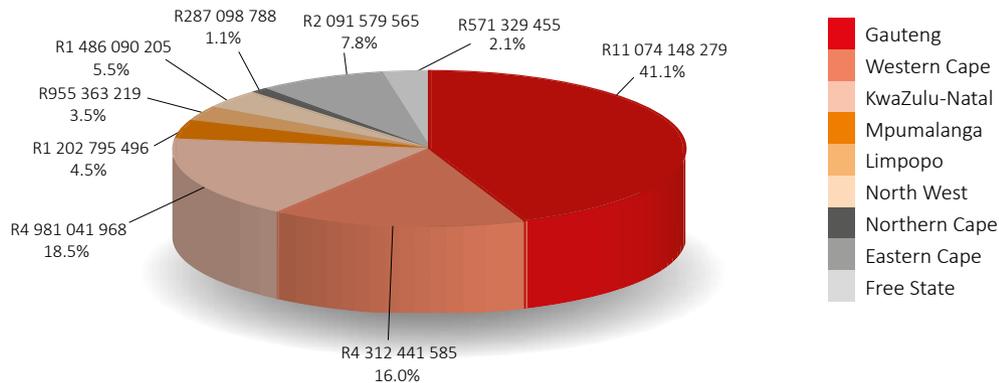


Figure 8: GGR per gambling mode, all provinces, FY2017, Quarters 1, 2, 3 & 4



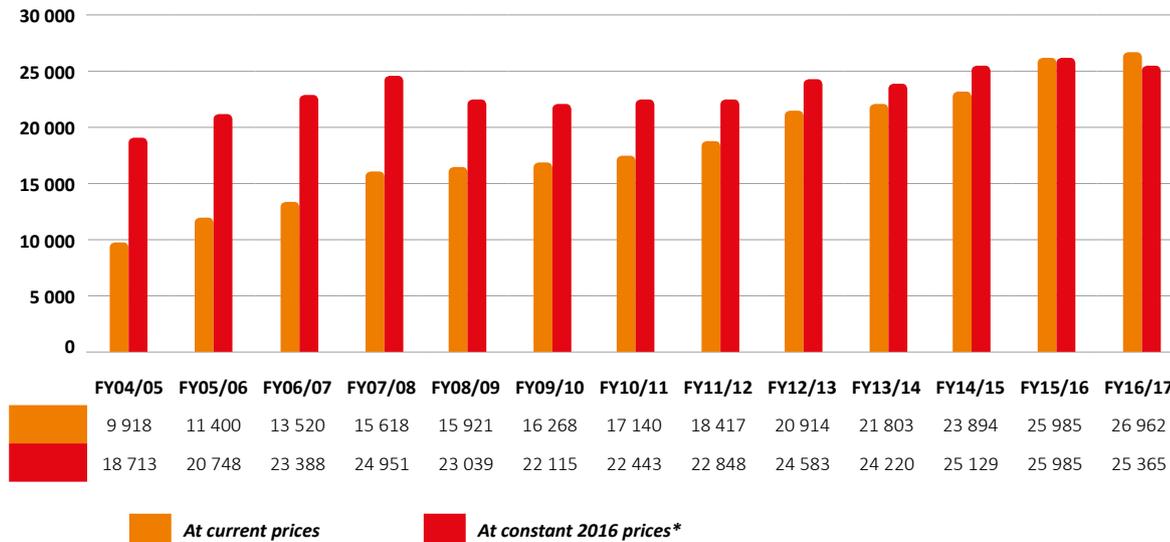
GGR PER PROVINCE, ALL MODES, FY2017, QUARTERS 1, 2, 3 & 4



TOTAL GGR: R 26 961 888 560

Figure 9: GGR per province, all modes, FY2017, Quarters 1, 2, 3 & 4

TREND IN GGR (ALL MODES), FY2005 – FY2017



* Consumer Price Index for calculation of constant figures sourced from South African Reserve Bank (2017)

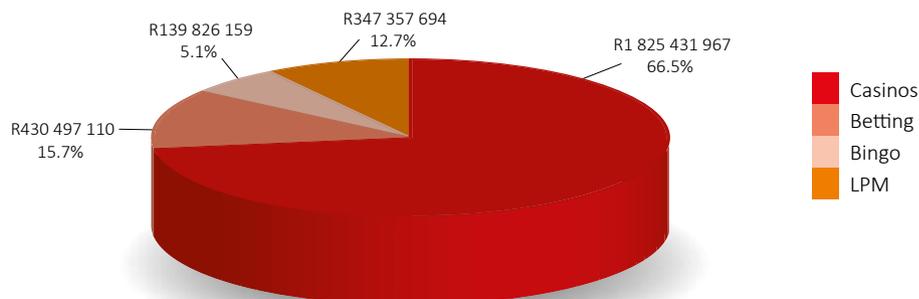
Figure 10: Trend in GGR (all modes), FY2005 – FY2017

TAXES/LEVIES COLLECTED

The collection of taxes/levies increased by 10.7% from R2,2 billion to R2,5 billion in FY2015, by 11.9% to R2,8 billion in FY2016 and decreased by 1.0% to R2,7 billion in FY2017 mainly as a result of less taxes/collected from the casino sector compared to previous years. A total amount of R 2 743 112 930 in taxes/levies was collected during FY2017. During FY2017, at 66.5%, casinos contributed the highest amount of taxes/levies paid in comparison with other

gambling modes – refer to Figure 11, 12 and 13. At 36.6% Gauteng accounted for the highest amount of taxes/levies paid compared to all other provinces as illustrated in Figure 12. The share of taxes/levies collected from the casino sector has decreased from FY2013 (75%) to FY2017 (67%). Contrary to casinos, the share of taxes/levies collected from other industries such as betting on sport and horse racing (from 14% to 16%), LPM (from 9% to 13%) and bingo (from 2% to 5%) reflected steady increases from FY2012 to FY2017 as reflected in Figure 13.

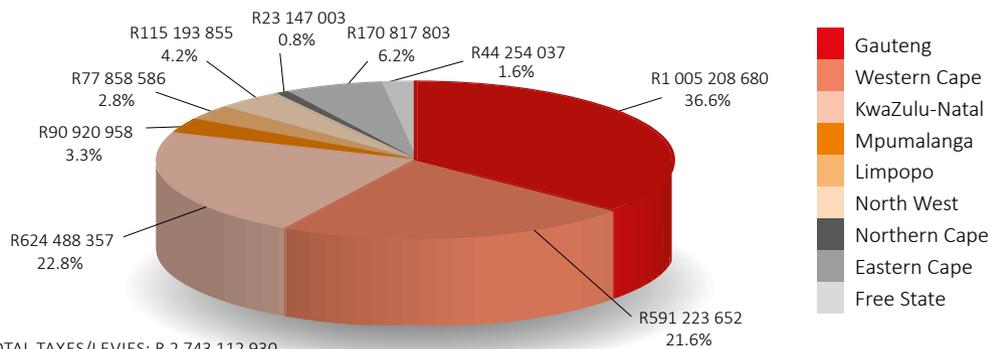
TAXES/LEVIES PER GAMBLING MODE, ALL PROVINCES, FY2017, QUARTERS 1, 2, 3 & 4



TOTAL TAXES/LEVIES: R 2 743 112 930

Figure 11: Taxes/levies per gambling mode, all provinces, FY2017, Quarters 1, 2, 3 & 4

TAXES/LEVIES PER PROVINCE, ALL MODES, FY2017, QUARTERS 1, 2, 3 & 4



TOTAL TAXES/LEVIES: R 2 743 112 930

Figure 12: Taxes/levies per province, all modes, FY2017, Quarters 1, 2, 3 & 4



MARKET SHARE OF GAMBLING INDUSTRY SECTORS BY TAXES/LEVIES COLLECTED FROM FY2013 TO FY2017

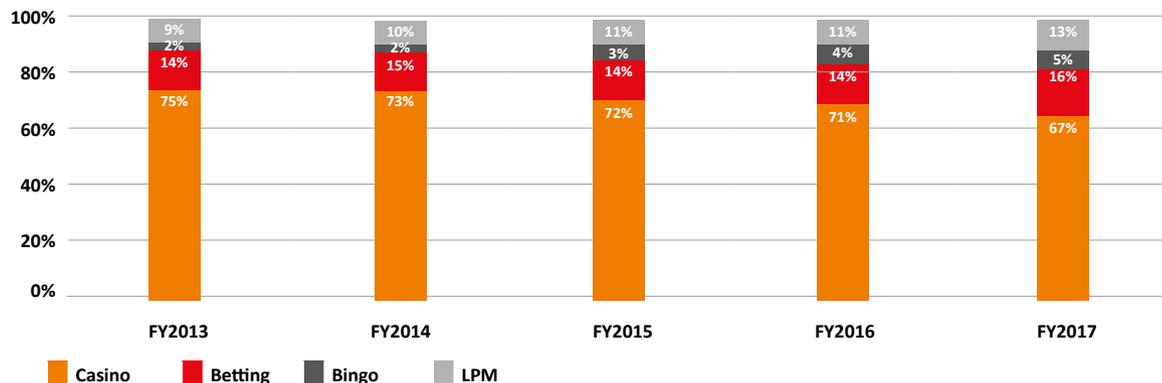


Figure 13: Market share of gambling industry sectors by Taxes/Levies collected (FY2013-FY2017)

TREND IN TAXES/LEVIES PER PROVINCE (ALL MODES), FY2005 – FY2017

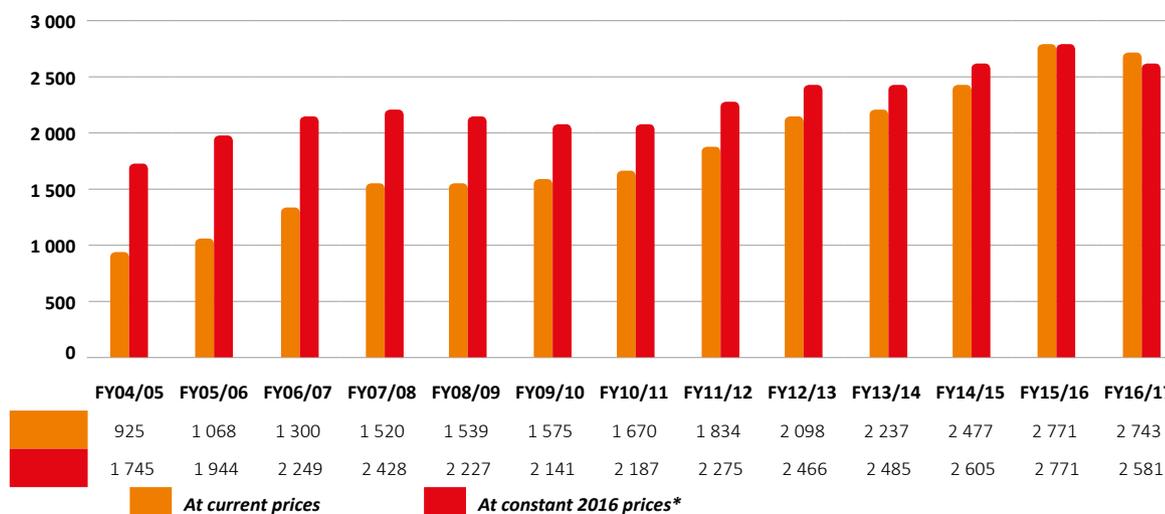


Figure 14: Trend in taxes/levies per province (all modes), FY2005 – FY2017



PART A STRATEGIC OVERVIEW



PART A: STRATEGIC OVERVIEW

6. VISION, MISSION AND VALUES

NGB is established in terms of the NGA, 2004 (Act 7 of 2004). It is also registered as a Schedule 3A Public Entity in terms of the PFMA, 1999 (Act 1 of 1999).

The mission, vision and values of NGB are as follows:



VISION

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



MISSION

Lead the regulation of the gambling industry in the fulfillment of the National Gambling Act (NGA), 2004 (Act 7 of 2004), through an effectively regulated and supervised gambling industry that upholds domestic, continental and internationally recognised standards of compliance.



VALUES

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

7. LEGISLATIVE AND OTHER MANDATES

7.1 LEGISLATIVE MANDATE

The NGB is established in terms of the National Gambling Act, 2004. The NGB is registered as a Schedule 3A Public Entity in terms of the 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. 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; and
 - Assist PLAs to ensure that the unlicensed gambling activities are detected.
- Research and 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;
- The NGB must also establish and maintain a national registry of every gambling machine or gambling device manufactured within or imported into the Republic, as well as maintain all other legislator-prescribed registers; and
- 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.

7.2 OTHER MANDATES

The work of the NGB is also directly governed by the legislative framework, including but not limited to, the following legislation:

- Constitution of the Republic of South Africa, 1996 (Act 108 of 1996);
- Public Finance Management Act (PFMA), 1999 (Act 1 of 1999);
- The POCA, 1998 (Act 121 of 1998);
- The Financial Intelligence Centre Act (FICA), 2001 (Act 38 of 2001);
- The Broad-Based Black Economic Empowerment Act (B-BBEE), 2003 (Act 53 of 2003);
- The Consumer Protection Act, 2008 (Act 68 of 2008); and
- The Competition Act, 1998 (Act 89 of 1998).

7.3 POLICY MANDATES

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



8. STRATEGIC OUTCOME-ORIENTED GOALS AND GOAL OBJECTIVES

The SOOGs identify areas of institutional performance that are critical to the achievement of the mission of the NGB. These are intended to stretch and challenge the NGB, but must

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

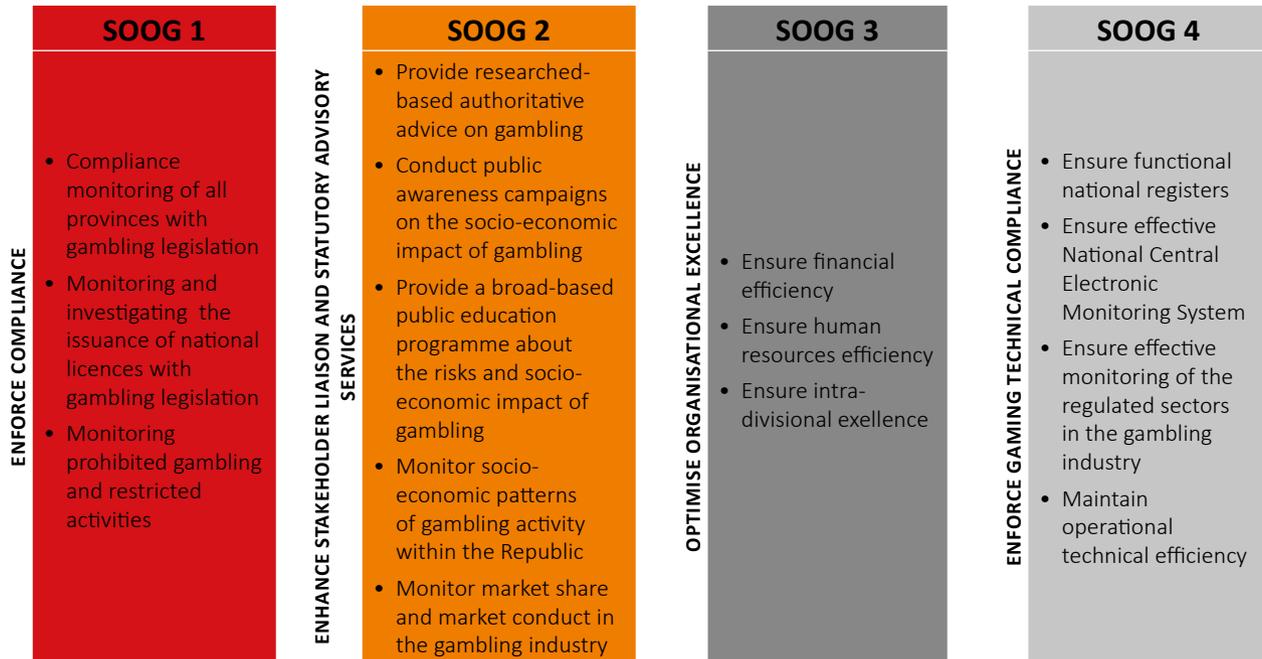


Figure 15: Strategic Outcome-Oriented Goals of the NGB

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

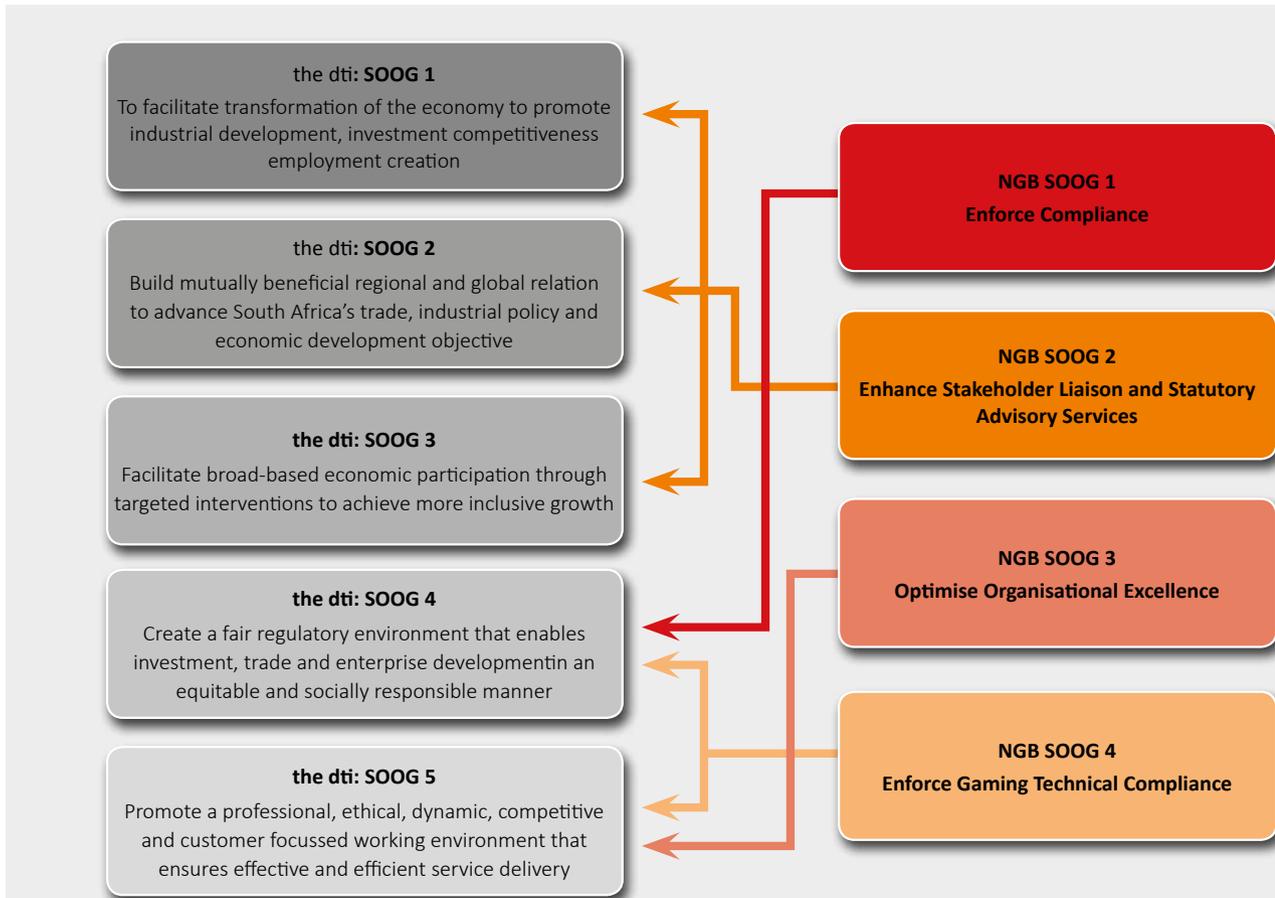


Figure 16: Alignment of the entity's strategic objectives or goals to the dti's key strategic focus areas

The strategic objectives provide information contextualised as output statements. Objective statements support the strategic objectives, which is the information that indicates what the NGB

seeks to achieve by means of strategic objectives. This information is corroborated by the baseline information, which in short is the current level of performance that the NGB aims to improve.



10. RECENT COURT MATTERS

10.1 MAXIME HOTEL V EGOLI GAMBLING (PTY) LTD AND THE CHAIRPERSON OF THE NATIONAL GAMBLING BOARD, THE ADMINISTRATOR: GAUTENG GAMBLING BOARD N.O. AND THE MINISTER OF TRADE AND INDUSTRY

Cause of action: Applicants sought to appeal against the judgment granted against them on 18 March 2014, when the application had been dismissed with costs. The appellants sought an order declaring that, in their view, the formulation of Regulation 3(2) of the Regulations of Limited Payout Machines by the Honourable Minister of Trade and Industry was ultra vires in terms of his authority, and that the powers, functions, and duties of the National Gambling Board infringe upon the exclusive powers of the Gauteng Gambling Board. The appeal was argued on 6 May 2016, and judgment had been reserved.

Court ruling: Judgment was handed down on 2 June 2017. The appeal brought against the Minister and others was dismissed with costs.

10.2 THABONG MONITORING SOLUTIONS (PTY) LTD V THE NATIONAL GAMBLING BOARD, CAROLINE KONGWA N.O., THE MINISTER OF TRADE AND INDUSTRY, ROUTE MONITORING SOLUTIONS (PTY) LTD, AND PAYTRONIX SYSTEMS (PTY) LTD

Cause of action: The above matter was an application brought in two parts.

Part A: The applicant sought an interdict, operating as an interim relief pending the outcome of Part B of its application (the applicant subsequently abandoned Part B of its application), in

terms of which inter alia, the respondents would be prohibited and prevented from implementing the award of tender issued by the first and/or second respondent under RFP NGB 004/2016 for the supply, installation, commissioning, operation, management and Maintenance of the NCEMS for limited payout machines in the Republic of South Africa and subsequent collection of related monitoring fees for eight (8) years to the fourth. The effect of the sought interdict would have been to further prevent and prohibit the effecting of the handover of the NCEMS from the then incumbent operator to the fourth respondent (Route Monitoring Solutions (Pty) Ltd) on 15 December. The matter was heard on 13 December 2017.

Court Ruling: Judgment was handed down on 19 December 2017. The application for an interdict was dismissed with costs.

11. UPDATED SITUATIONAL ANALYSIS

11.1 PERFORMANCE DELIVERY ENVIRONMENT

The environmental scanning looks at the factors inherent in the NGB's business environment that may have some impact thereon. The NGB's oversight role over compliance by PLAs is exercised within concurrent national and provincial legislative competence over matters relating to casinos, horse racing, gambling and wagering.

The following areas have been identified which have an impact:

- To position NGB strategically and advocate delivery in accordance with national gambling legislation, in particular, Sections 27, 33, 34, 65, 66, 70 and 72. These sections highlight the NGB's responsibility regarding establishment and maintenance of, inter alia, the National Electronic Monitoring System, the National Registry, the National Inspectorate, its oversight functions, objectives and relationship with the PLAs.
- Other areas identified, are as follows:
 - a) Taking full advantage of Gambling Review Commission (GRC) outcomes.
 - b) Taking note of amended legislation.
 - c) Willingness for gambling stakeholders to recognise NGB as a national resource.
 - d) Repository of gambling related research conducted with specific focus on the (socio-economic) impact of gambling in the country.
 - e) Engaging in opportunities which create platforms for the benefit of the country with reference to gambling law enforcement.
 - f) Taking the opportunity to lead banning and suppression of online gaming/gambling in sub-Saharan Africa.

- g) Lead foreign direct investment in this industry.
- h) Implementing national policy perspective in advancing NGB's role in the industry.
- i) Oversight of all complexities of the industry.
- j) Determine the size and shape of the industry as reflected in the monitoring of market conduct and market share and reporting on gambling sector performance by the NGB.
- k) Generate online skills working with institutions in the country.
- l) Facilitate and monitor transformation of the industry in line with the B-BBEE and Codes of Good Practice.
- m) Physical location to enhance the NGB functions broadly including ICT infrastructure.
- n) Informing and educating the public and stakeholders about the socio-economic impact and risks of gambling.
- o) Increase of illegal gambling in the country and creative ways to combat participation in unregulated gambling modes.

11.2 REVISION TO LEGISLATIVE AND OTHER MANDATES (KEY POLICY AND LEGISLATIVE DEVELOPMENTS)

THE NATIONAL GAMBLING POLICY, 2015

The National Gambling Policy was approved by Cabinet on 17 February 2016 and was gazetted on 01 April 2016 in Government Gazette No. 39887, Notice No. 389. The Policy objectives are set out as follows:



- Protection of society from over-stimulation of latent gambling through the limitation of gambling opportunities;
- Protection of players and integrity and fairness of the industry through strict control and supervision of the industry;
- Uniformity and harmonisation of policy and legislation at all levels of government across provinces through minimum norms and standards, cooperation and coordination;
- Generation of revenue and taxes for provincial governments and for good causes;
- Economic empowerment of the historically disadvantaged; and
- Promotion of economic growth, development and employment.

The policy review proposed that no new forms of gambling should be allowed and that the focus must be on enhancing the regulation of the existing modes. With regards to economic and employment benefits within the gambling sector, there should be continuous balance on the value that new forms of gambling potentially bring into the country's economy against the value and contributions derived from existing forms of gambling.

THE NATIONAL GAMBLING AMENDMENT BILL, 2016

The National Gambling Amendment Bill was approved by Cabinet in September 2016 for the invitation of public comments and was gazetted on the 30th September 2016 in Government Gazette No. 40320, Notice No. 615.

The NGB provided detailed inputs to **the dti** in respect of the Bill, and further assisted by drafting its inputs into a legislative format for **the dti**. The process to conclude the amendment to the NGA will continue during the FY2018/19 period, and in the meantime,

the NGB will continue to forge ahead with its strategic plan as it is committed to fulfilling its important mandate.

The Bill seeks to:

- Amend the National Gambling Act, 2004.
- Provide for the repositioning of the NGB as a regulator.
- Provide for the recognition of a self-regulating body in the horse racing industry.
- Provide for the electronic form of bingo.
- Strengthen the regulation of casinos, LPMs and bingo.
- Provide for automatic forfeiture of unlawful winnings to the NGR.
- Provide for the restriction of gambling advertisements, unsolicited advertisements and promotions.
- Provide for certain new offences.

CYBERCRIMES AND CYBERSECURITY BILL, 2017

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

The Bill seeks to:

- Create offences which have a bearing on cybercrime and to prescribe penalties.
- Criminalise the distribution of data messages which are harmful and to provide for interim protection orders.
- Further regulate jurisdiction in respect of cybercrimes.
- Further regulate the powers to investigate cybercrimes.
- Further regulate aspects relating to mutual assistance in respect of the investigation of cybercrime.
- Provide for the establishment of a 24/7 point of contact.

- Further provide for the proof of certain facts by affidavit.
- Impose obligation on electronic communications service providers and financial institutions to assist in the investigation of cybercrimes and to report cybercrimes.
- Provide for the establishment of structures to promote cybersecurity and capacity building.
- Regulate the identification and declaration of critical information infrastructures and measures to protect critical information infrastructures.
- Provide that the executive may enter into agreements with foreign states to promote cybersecurity.
- Delete and amend provisions of certain laws.
- Provide for matters connected therewith.
- Provide for access to information on suspicious and unusual transactions to specified supervisory bodies during inspections.
- Provide for Risk Management and Compliance Programmes, governance and training relating to anti-money laundering and counter terrorist financing.
- Provide for a warrant to conduct certain inspections.
- Provide for a financial penalty to be paid into the National Revenue Fund.
- Provide for further procedural issues in respect of appeals;
- Make further provision for offences.
- Provide that certain types of non-compliance are subject to administrative sanctions.
- Adjust the regulation-making powers for general matters;
- Provide for public comment before instruments are issued under the Act and arrangements on consultation with stakeholders on matters of mutual interest.
- Increase the maximum penalties that may be imposed by the regulations.

FINANCIAL INTELLIGENCE CENTRE ACT (FICA) AMENDMENT BILL, 2015

FICA Amendment Bill, 2015 was gazetted in Government Gazette No. 38748, Notice No. 366 on 29 April 2015.

The Bill, amongst others, seeks to:

- Amend the Financial Intelligence Centre Act, 2001.
- So as to define or further define certain expressions.
- Extend the objectives of the Centre so as to provide for the additional sharing of information and for the Centre to assist in the implementation of financial sanctions and to administer measures pursuant to resolutions adopted by the Security Council of the United Nations.
- Extend the functions of the Centre so as to provide for the additional sharing of information and to provide guidance to accountable institutions in respect of the freezing of property and transactions pursuant to resolutions adopted by the Security Council of the United Nations.
- Abolish the Counter Money Laundering Advisory Council.
- Provide for a risk-based approach to client identification and verification.

The FIC Amendment Act was signed into law by the President on 26 April 2017 and gazetted on 2 May 2017 (Annexure A), but the determination of the commencement date was left to the Minister of Finance.

The Minister of Finance signed and gazetted the coming into operation of various provisions of the Financial Intelligence Centre Amendment Act, 2017 (Act 1 of 2017) (FIC Amendment Act) in June 2017.

The key objective of this law is to improve the protection of the integrity of South Africa's financial system and strengthen its ability to prevent and punish financial crimes like money laundering, illicit capital flows, tax evasion, corruption and bribery, and financing of terrorism. This Act will have a direct impact on the combatting of illegal gambling.



11.3 ORGANISATIONAL DELIVERY ENVIRONMENT

The NGB implements the National Gambling Act 7 of 2004 on behalf of the Minister of Trade and Industry. Its functions fall within the broader objectives of **the dti**. The government priorities relevant to the NGB's role are outlined in the shareholder's compact, which is signed by the Minister and the NGB on an annual basis.

The gambling sector is segmented into the following regulatory areas:

- Casinos.
- LPMs.

- Gambling equipment manufacturers and distributors.
- SANAS accredited gambling test and inspection laboratories.
- Licensing of employees and key employees in the sector.
- Bingo.
- Betting on horse racing and sport.

11.4 ALIGNMENT TO THE OBJECTIVES OF the dti

The NGB's response to its strategic plan is illustrated in the mapping of the NGB's SOOGs to the strategic objectives and programmes of the NGB. The linkages are depicted in Table 2.

STRATEGIC OUTCOME-ORIENTED GOALS AND PROGRAMME DESCRIPTION

PROGRAMME 1: COMPLIANCE			
SOOG	1	STRATEGIC OUTCOME-ORIENTED GOAL	ENFORCE COMPLIANCE
SO	1.1	Strategic objective	Monitor compliance of all provinces with gambling legislation
SO	1.2	Strategic objective	Monitor and investigate the issuance of national licences with gambling legislation
SO	1.3	Strategic objective	Monitor prohibited gambling and restricted activities
PROGRAMME 2: STAKEHOLDER LIAISON AND ADVISORY SERVICES			
SOOG	2	STRATEGIC OUTCOME-ORIENTED GOAL	ENHANCE STAKEHOLDER LIAISON AND STATUTORY ADVISORY SERVICES
SO	2.1	Strategic objective	Provide research-based authoritative advice on gambling
SO	2.2	Strategic objective	Conduct public awareness on the socio-economic impact of gambling
SO	2.3	Strategic objective	Provide a broad-based public education programme about the risks and socio-economic impact of gambling
SO	2.4	Strategic objective	Monitor socio-economic patterns of gambling activity within the Republic
SO	2.5	Strategic objective	Monitor market share and market conduct in the gambling industry

Table 2: Strategic Outcome-Oriented Goals and Programme Description

PROGRAMME 3: CORPORATE SERVICES			
SOOG	3	STRATEGIC OUTCOME-ORIENTED GOAL	OPTIMISE ORGANISATIONAL EXCELLENCE
SO	3.1	Strategic objective	Ensure financial efficiency
SO	3.2	Strategic objective	Ensure human resources efficiency
SO	3.3	Strategic objective	Ensure intra-divisional excellence
PROGRAMME 4: TECHNICAL COMPLIANCE			
SOOG	4	STRATEGIC OUTCOME-ORIENTED GOAL	ENFORCE GAMING TECHNICAL COMPLIANCE
SO	4.1	Strategic objective	Ensure functional National Registers
SO	4.2	Strategic objective	Ensure an effective National Central Electronic Monitoring System
SO	4.3	Strategic objective	Ensure effective monitoring of the regulated sectors in the gambling industry
SO	4.4	Strategic objective	Maintain operational technical efficiency

Table 2 (continued): Strategic Outcome-Oriented Goals and Programme Description



2018 STATE OF PRESIDENT – STATE OF NATION ADDRESS (SONA) (EXTRACTS RELEVANT TO NGB)

UNITED NATION

“We have been given the responsibility to build a new nation, to confront the injustices of the past and the inequalities of the present.”

BATHO PELE AND SERVICE DELIVERY

“We want our public servants to adhere to the principle of Batho Pele, of putting our people first.”

“We are determined that everyone in public service should undertake their responsibilities with efficient, diligence and integrity.”

“We want to instil a new discipline, to do things correctly, to do them completely and to do them timeously.”

“We call on all public servants to become agents for change.”

JOB CREATION AND TRANSFORMATION

“At the centre of our national agenda in 2018 is the creation of jobs, especially for the youth.”

“We will seek to re-industrialise on a scale and at a pace that draws millions of job seekers into the economy.”

“The process of industrialisation must be underpinned by transformation.”

“Through measures like preferential procurement and the black industrialists programme, we are developing a new generation of black and women producers that are able to build enterprises of significant scale and capability.”

“Radical economic transformation requires that we fundamentally improve the position of black women and communities in the economy, ensuring that they are owners, managers, producers and financiers.”

“Government will honour its undertaking to set aside at least 30 percent of public procurement to SMMEs, cooperatives and township and rural enterprise.”

GROWTH OF ECONOMY

“Infrastructure investment is key to our efforts to grow the economy, create jobs, empower small businesses and provide services to our people. “

“We are going to promote greater investment in key manufacturing sectors through the strategic use of incentives and other measures.”

“Ultimately, the growth of our economy will be sustained by small businesses, as is the case in many countries.”

EMBRACE ADVANCED TECHNOLOGY

“Our prosperity as a nation depends on our ability to take full advantage rapid technological change.”

MINISTERIAL PRIORITIES

The NGB is expected to:

- Inform the public about legal and illegal forms of gambling and assistance regarding problem gambling through public awareness campaigns.
- Conduct research to determine the prevalence and impact of gambling.
- Provide ongoing monitoring of gambling sector performance (turnover, GGR, taxes/levies, market conduct & market share).
- Conduct continuous oversight over the PLAs on their compliance with the NGA and provincial legislation.
- Provide assistance to PLAs and law enforcement agencies in combating illegal gambling operations.
- Establish and maintain national registers in accordance with the NGA.
- Ensure functional and operational NCEMS.

The NGB's Strategic Plan and Performance Outcomes are anchored on the outcomes approach of the Government Programme of Action and informed by the MTSF and directed by **the dti's** Service Delivery Agreement – specifically **the dti** Outcome 4:

'Decent employment through inclusive economic growth' which stipulates the need to up-skill workers, create jobs in the industry and reduce concentration to allow for competition in various sectors, as well as procurement of services from previously disadvantaged groups.

The SOOGs identify areas of institutional performance that are critical to the achievement of the mission of the NGB. These are intended to stretch and challenge the NGB, but must simultaneously be realistic and achievable over a strategic cycle as guided by the MTEF. These focus on a range of outputs that vary from impacts to outcomes.



12. DESCRIPTION OF THE PLANNING PROCESS

The NGB embarked on a process to review the existing Strategic Plan of the organisation. The Accounting Authority, executives and members of the management committee convened in October 2017 for a strategic planning session to review

existing documents, strategic intent and strategies of the NGB. Subsequently, management aligned the strategic mandate to the budget, APP and the business plan for the 2018/2019 financial year.

13. FINANCIAL PLAN

(I) PROJECTION OF REVENUE, EXPENDITURE AND BORROWINGS

R Thousand	AUDITED OUTCOME			BUDGET ESTIMATE					
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
REVENUE	-	-	-	-	-	-	-	-	-
Entity revenue	2 698	8 743	19 156	52 568	146 025	155 651	165 905	168,137	179,115
Entity revenue other than sales	2 698	8 743	19 156	52 568	146 025	155 651	165 905	168,137	179,115
Interest	375	1 324	2 473	3 146	4 562	4 822	5 088	4,701	4,960
Unclassified revenue	2 323	7 419	16 683	49 422	141 463	150 829	160 817	163,435	174,155
Realisation of deferred income (other than transfers)	-	-	-	-	-	-	-	-	-
National Central Electronic Monitoring System	258	5 301	10 000	45 733	137 151	146 168	155 777	160,815	171,391
Other income	2 065	2 118	6 683	3 689	4 312	4 661	5 040	2,620	2,764
Transfers received	29 797	31 983	30 121	31 627	32 624	34 452	36 346	39,329	41,492
National government	29 797	31 983	30 121	31 627	32 624	34 452	36 346	39,329	41,492
Total revenue	32 495	40 726	49 277	84 195	178 649	190 103	202 251	207,465	220,607
EXPENDITURE									
Current payments	27 255	25 493	36 683	76 226	166 985	177 899	187 851	187,881	198,214
Compensation of employees	9 161	8 933	15 799	17 161	25 274	27 058	29 120	29,706	31,340
Salaries and wages	8 796	8 606	15 230	16 669	24 419	26 311	28 318	28,701	30,280
Social contributions	365	327	569	492	855	747	802	1,005	1,060
Goods and services	18 094	16 560	20 884	59 065	141 711	150 841	158 731	158,175	166,875
Agency and support/outsourced services	461	-	-	-	-	-	-	-	-
Communication	697	666	1 279	2 340	3 878	3 878	3 878	3,908	4,123
Computer services	252	431	681	529	307	338	372	474	500
Consultants	3 776	2 969	5 724	34 443	118 763	127 299	134 392	132,662	139,958
Inventory	59	54	55	96	120	120	120	141	149
Lease payments	7 441	7 883	6 137	7 653	8 166	8 901	9 704	10,114	10,670
Repairs and maintenance	12	32	59	80	82	82	82	79	83
Research and development	117	706	1 789	5 000	3 000	3 000	3 000	3,526	3,720
Training and staff development	20	-	87	1 292	1 184	1 184	1 292	423	446
Travel and subsistence	564	411	907	2 899	3 264	2 898	2 898	2,596	2,739
Other	4 695	3 408	4 166	4 733	2 947	3 141	2 993	4,252	4,486
Depreciation	1 940	2 150	2 183	2 288	2 672	2 672	2 819	2,614	2,758
Total Expenditure	29 195	27 643	38 866	78 514	169 657	180 571	190 670	190,495	200,972
Surplus / (Deficit)	3 300	13 083	10 411	5 681	8 992	9 532	11 581	16,970	19,635



The NGB is responsible for regulatory functions and promotes job creation within the South African gambling industry. As such, the NGB contributes to the NDP's vision of a falling unemployment rate.

The focus over the medium term will be towards strengthening the core function of the entity with emphasis on evaluating the issuance of national licenses by PLAs to strengthen the oversight over provinces; research on the socio-economic impact of gambling and the eradication of illegal gambling operations. The NGB will also conduct educational and public awareness campaigns over the medium term to inform and educate the public about the dangers of excessive gambling and promote responsible gambling. Therefore, information and education campaigns and programmes to inform stakeholders remain one of the key responsibilities of the NGB.

Its further focus is to acquire a holistic overview of the South African gambling sector in terms of market conduct and national gambling data. The NGB will also monitor market share and conduct in the sector and issue reports on the trends in the gambling industry and punters behaviour patterns. This will be used to guide and inform policy on gambling-related matters affecting South Africa in order to ensure delivery of the entity's mandate and a broader impact in communities.

Expenditure over the medium term is thus expected to increase significantly to R112 million driven by goods and services which account for 69.8% of the total expenditure for the operations of the NCEMS.

The NCEMS is connected to all LPMs through a private secure network which enables the NGB to collect data on the revenue made by the LPMs. Based on the GGR made from the LPMs, the NGB is entitled to a monitoring fee which ranges from 3% to 6% depending on the number of machines installed. The GGR generated by the LPMs industry during the FY 2016 was R2.4 billion in terms of the NGB's FY 2015/2016 annual report.

Additionally, the entity has developed an illegal gambling operative's register. This will enable the provinces to collect and input data

on illegal gambling operators. Through the register, the entity will become a central repository of all gambling operations, which will assist in collaborating with law enforcement agencies and provide them with the information required to eradicate illegal gambling activities.

Responsible gambling and education remain one of the key responsibilities of the entity, thus over the medium term, the NGB will conduct educational public awareness campaigns to educate the public about the dangers of excessive gambling. It is crucial for the entity to closely collaborate with the relevant stakeholders to promote responsible gambling.

The entity derives an average of 61.1% of revenue from transfers from **the dti**, and other sources include revenue from the NCEMS. With the introduction of a new NCEMS model, the grant received from **the dti** will constitute 19% of the entity's total revenue, while NCEMS fees will account for 77.5% over the medium term.

(II) ASSET AND LIABILITY MANAGEMENT

Assets are managed through internal policies which are approved by the AA and applied to protect the assets and ensure that procedural processes are applied when assets are acquired, disposed of or donated. All tangible assets have been insured with a reputable registered insurer.

(III) CASH FLOW PROJECTIONS

The cash flow projections below reflect the projected income and expenditure to be received and incurred over the MTEF period. An analysis of the information presented in the table below reflects an increase in cash receipts over the medium term. This is aligned to the measures in place to ensure that the entity is sustainable and continues to operate as a going concern. This is also as a result of the anticipated increase in revenue received for the monitoring of the LPM industry through the NCEMS.

CASH FLOW DESCRIPTION R Thousand	AUDITED OUTCOME			BUDGET ESTIMATE					
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Cash receipts from stakeholders	31,709	40,517	49,080	84,195	178,649	190,103	202,251	213,375	225,110
Tax receipts	-	-	-	-	-	-	-	-	-
Sales of goods and services other than capital assets	-	1,324	2,036	3,689	4,312	4,661	5,040	5,317	5,610
Transfers received	29,797	31,983	30,121	31,627	32,624	34,452	36,346	38,345	40,454
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-
Interest and rent on land	375	1,893	2,473	3,146	4,562	4,822	5,088	5,368	5,663
Rent on land	-	-	-	-	-	-	-	-	-
Unclassified revenue	1,537	5,317	14,450	45,733	137,151	146,168	155,777	164,345	173,384
Cash paid to stakeholders	26,806	22,879	40,444	70,909	163,901	175,251	185,352	189,625	200,841
Current payments	26,806	22,879	40,444	70,909	163,901	175,251	185,352	189,625	200,841
Compensation of employees	12,513	10,971	18,226	17,601	25,070	27,058	29,120	31,450	33,966
Goods and services	14,293	11,908	22,218	53,308	138,831	148,193	156,232	158,175	166,875
Cash flow from operating activities	4,903	17,638	8,636	13,286	14,748	14,852	16,899	23,750	24,270
Cash flow from investing activities	137	-968	-1,033	-2,302	-890	-890	-890	-890	-890
Cash flow from financing activities	-	553	505	-	-	-	-	-	-
Net increase/(decrease) in cash and cash equivalents	5,040	17,223	8,108	10,984	13,858	13,962	16,009	22,860	23,380

(IV) CAPITAL EXPENDITURE PROJECTS

The NGB also intends to conduct research and embark on public awareness campaigns and programmes, invest in the

development and maintenance of functional national registers during the 2018/2019 financial period. Other capital expenditure projects for the medium term will be limited to the replacement of computers as they reach the end of their useful lives.



PART B PROGRAMME PERFORMANCE

PART B: PROGRAMME PERFORMANCE

14. PROGRAMME 1: COMPLIANCE

14.1 PURPOSE OF THE PROGRAMME

Provides mandated operational core functions in terms of the National Gambling Act, 2004, (Act 7 of 2004). The Compliance Division provides enforcement in line with statutory imperatives as provided for in gambling legislation that pertains to enforcement of gambling related requirements.

The Compliance Division oversees the co-ordination of concurrent national and provincial legislative competence over matters relating to casinos, racing, gambling and wagering; and to provide for the continued regulation of those matters. Further to this, the division also monitors PLA compliance with uniform norms and standards applicable to national and provincial regulation and licensing of certain gambling activities.

The issue of illegal gambling continues to be a challenge in the country. The intensity of unlicensed gambling varies from province to province. The Compliance Division will continue to assist the PLAs to ensure that unlicensed gambling activities are detected and dealt with and perpetrators are brought to book with the full might of the law.

14.2 DESCRIPTION OF THE PROGRAMME

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

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

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

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



14.3 PERFORMANCE INDICATORS AND PERFORMANCE TARGETS

PROGRAMME 1: COMPLIANCE									
SOOG 1: ENFORCE COMPLIANCE									
STRATEGIC OBJECTIVE	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Compliance monitoring of all provinces with gambling legislation	Compliance evaluation assessment of nine provinces on economic and social development matters; PLAs' compliance monitoring of licensees; and PLAs' technical compliance	Number of three-tier compliance evaluation assessments conducted	Target was not achieved due to: 1. Lack of staff and existing vacancies; and 2. Lack of response by PLAs in submitting self-evaluations	Ten (10) consolidated reports on the evaluation of the issuance of national licenses, compliance monitoring of licensees and performance of PLAs	Ten (10) consolidated reports on the evaluation of the issuance of national licenses, compliance monitoring of licensees, and performance of PLAs	Nine (9) three-tier compliance evaluation assessment reports and one (1) annual consolidated compliance evaluation assessment report presented to the Accounting Authority	Nine (9) three-tier compliance evaluation assessments conducted	Nine (9) three-tier compliance evaluation assessments conducted	Nine (9) three-tier compliance evaluation assessments conducted
Monitoring and investigating the issuance of national licences with gambling legislation	Compliance evaluation of the issuance of national licences by PLAs conducted	Number of Compliance evaluation assessments on the issuance of national licences by PLAs conducted	N/A	N/A	N/A	Nine (9) provincial compliance evaluation assessment reports on the issuance of national licences by PLAs and one (1) annual consolidated compliance evaluation assessment report on the issuance of national licences by PLAs presented to the Accounting Authority	Nine (9) provincial compliance evaluation assessments conducted on the issuance of national licences by PLAs	Nine (9) provincial compliance evaluation assessments conducted on the issuance of national licences by PLAs	Nine (9) provincial compliance evaluation assessments conducted on the issuance of national licences by PLAs
Monitoring prohibited gambling and restricted activities	Prohibited gambling and restricted activities detected	Framework to combat prohibited gambling and restricted activities approved by the Accounting Authority	N/A	N/A	N/A	Four (4) reports and one (1) annual report on prohibited gambling and restricted activities presented to the Accounting Authority	Approved framework to combat prohibited gambling and restricted activities	100 % implementation of framework to combat prohibited gambling and restricted activities	Assessment of the effectiveness of the implementation of the framework to combat prohibited gambling and restricted activities

14.4 QUARTERLY MILESTONES

PROGRAMME 1: COMPLIANCE								
SOOG 1: ENFORCE COMPLIANCE								
STRATEGIC OBJECTIVE	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	BASELINE	2018/19 ANNUAL TARGET	QUARTERLY MILESTONES			
					1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
Monitor compliance of all provinces with gambling legislation	Compliance evaluation assessment of nine (9) provinces on economic and social development matters; PLAs' compliance monitoring of licensees; and PLAs' technical compliance	Number of three (3) tier compliance evaluation assessments conducted	Estimated performance - nine (9) three-tier compliance evaluation assessment reports and one (1) annual consolidated compliance evaluation assessment report presented to the Accounting Authority.	Nine (9) three-tier compliance assessments conducted	Conduct three (3) tier on-site evaluations of three (3) PLAs	Conduct three (3) tier on-site evaluations of three (3) PLAs	Conduct three (3) tier on-site evaluations of three (3) PLAs	Assessment of the effectiveness of the three (3) tier compliance evaluation assessment conducted in the nine (9) PLA jurisdictions
Monitoring and Investigate the issuance of national licences with gambling legislation	Compliance evaluation of the issuance of national licences by PLAs	Number of compliance evaluation assessments on the issuance of national licences by PLAs conducted	Estimated performance - nine (9) provincial compliance evaluation assessment reports on the issuance of national licences by PLAs and one (1) annual consolidated compliance evaluation assessment report on the issuance of national licences by PLAs presented to the Accounting Authority.	Nine (9) provincial compliance evaluation assessments conducted on the issuance of national licences by PLAs	Conduct three (3) on-site compliance evaluation assessments of three (3) PLAs on the issuance of national licences	Conduct three (3) on-site compliance evaluation assessments of three (3) PLAs on the issuance of national licences	Conduct three (3) on-site compliance evaluation assessments of three (3) PLAs on the issuance of national licences	Assessment of the effectiveness of the annual compliance evaluation assessment on the issuance of national licences in the nine (9) PLA jurisdictions
Monitor prohibited gambling and restricted activities	Prohibited gambling and restricted activities detected	Framework to combat prohibited gambling and restricted activities approved by the Accounting Authority	New indicator.	Approved framework to combat prohibited gambling and restricted activities	Draft framework to combat prohibited gambling and restricted activities	Workshop on draft framework to combat prohibited gambling and restricted activities conducted	Present draft framework to combat prohibited gambling and restricted activities to gambling intergovernmental fora	Final framework to combat prohibited gambling and restricted activities approved by the Accounting Authority

14.5 FINANCIAL PLAN

PROGRAMME 1: COMPLIANCE							
RAND THOUSAND	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	Audited Outcome	Audited Outcome	Audited Outcome	Budget Estimate	Budget Estimate	Budget Estimate	Budget Estimate
Economic classification							
Current payments	3 962	5 088	7 121	4 185	6 383	6 777	7 202
Compensation of employees	3 474	3 148	5 156	3 190	4 965	5 358	5 784
Goods and services	488	1 940	1 965	995	1 418	1 419	1 418



15. PROGRAMME 2: STAKEHOLDER LIAISON AND ADVISORY SERVICES

15.1 PURPOSE OF THE PROGRAMME

This programme consists of two divisions namely Stakeholder Liaison, as well as research. Interaction with various stakeholders in the gambling/law enforcement/banking industries serves to promote understanding of gambling legislation, support in the combating of illegal gambling, as well as to inform stakeholders about the socio-economic impact of gambling. Research is conducted to monitor the impact of gambling and provide input to advise in terms of gambling policy, strategy and frameworks.

15.2 STAKEHOLDER AND LIAISON

The Stakeholder and Liaison Division provides strategic coordination and communication, as well as secretariat services to the various internal and external stakeholders of the NGB such as PLAs, the gambling, law enforcement and/or the banking industry as required. This includes, but is not limited to, embarking on public awareness campaigns and educational programmes to inform stakeholders and the public on the socio-economic impact of gambling, illegal forms of gambling and the consequences of participation in any unregulated gambling modes. The division is also responsible for strategic planning and support.

RESEARCH

The Research Division conducts research to monitor gambling sector performance in the South African gambling industry

(market conduct, market share, employment, B-BBEE as well as by means of the gathering and analysis of national gambling statistics in terms of turnover, GGR and collection of taxes/levies. Commissioned research includes projects to determine the socio-economic impact of gambling in South Africa, as well as to benchmark South Africa with other countries in terms of the prevalence of gambling, problem gambling, legal gambling modes, online gambling, illegal online websites and content, tax rates, regulations in terms of advertising, amongst others.

15.3 DESCRIPTION OF THE PROGRAMME

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

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

15.4 PERFORMANCE INDICATORS AND PERFORMANCE TARGETS

PROGRAMME 2: STAKEHOLDER LIAISON AND ADVISORY SERVICES									
SOOG 2: ENHANCE STAKEHOLDER LIAISON AND STATUTORY SERVICE									
STRATEGIC OBJECTIVE	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Provide research-based authoritative advice on gambling	Authoritative advice on, inter alia, policy, statutory matters, legislation and reforms provided	Number of reports on advice in terms of S65 of the NGA presented to the Accounting Authority	Reported on inputs to legislation amendments	S65 advisory reports presented to the Accounting Authority	S65 annual advisory report presented to the Accounting Authority	S65 annual advisory report presented to the Accounting Authority	S65 annual advisory report presented to the Accounting Authority	S65 annual advisory report presented to the Accounting Authority	S65 annual advisory report presented to the Accounting Authority
Conduct public awareness campaigns on the socio-economic impact of gambling	Facilitated social dialogue with stakeholders (relationships built with stakeholders)	Number of broad-based public awareness campaigns conducted	Communication strategy and plan was reviewed and approved Stakeholder strategy and plan was approved	Approval of communication and stakeholder strategy by the Accounting Authority	Responsible gambling advocacy campaign and public events conducted and information published	Four (4) reports and one (1) annual report on facilitated broad-based public awareness campaigns presented to the Accounting Authority	Four (4) broad-based public awareness campaigns conducted	Four (4) broad-based public awareness campaigns conducted	Four (4) broad-based public awareness campaigns conducted
Provide a broad-based public education programme about the risks and socio-economic impact of gambling	Better informed stakeholders	Number of broad-based public educational programmes through targeted interventions conducted	N/A	N/A	N/A	Four (4) reports and one (1) annual report on facilitated broad-based stakeholder participation through targeted intervention presented to the Accounting Authority	Four (4) broad-based public educational programmes through targeted interventions conducted	Four (4) broad-based public educational programmes through targeted interventions conducted	Four (4) broad-based public educational programmes through targeted interventions conducted
Monitor socio-economic patterns of gambling activity within the Republic	Research reports on the socio-economic patterns of gambling activity within the Republic	Number of reports on research conducted on the impact of gambling presented to the Accounting Authority	Target was not achieved	Research on the impact of gambling conducted and a report presented to the Accounting Authority	Research on the socio-economic impact of gambling conducted and a report presented to the Accounting Authority	Four (4) reports and one (1) annual report on research conducted on the impact of gambling presented to the Accounting Authority	Four (4) reports and one (1) annual report on research conducted on the impact of gambling presented to the Accounting Authority	Four (4) reports and one (1) annual report on research conducted on the impact of gambling presented to the Accounting Authority	Four (4) reports and one (1) annual report on research conducted on the impact of gambling presented to the Accounting Authority
Monitor market share and market conduct in the gambling industry	Gambling sector performance reports about market share and market conduct in the gambling industry	Number of reports on gambling sector performance presented to the Accounting Authority	Report on the tracking of gambling patterns was produced	Audited gambling sector performance reports were produced	Annual audited gambling sector performance report	Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance presented to the Accounting	Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance presented to the Accounting	Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance presented to the Accounting	Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance presented to the Accounting



15.5 QUARTERLY MILESTONES

PROGRAMME 2: STAKEHOLDER LIAISON AND ADVISORY SERVICES								
SOOG 2: ENHANCE STAKEHOLDER LIAISON AND STATUTORY SERVICE								
STRATEGIC OBJECTIVE	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	BASELINE	2018/19 ANNUAL TARGET	QUARTERLY MILESTONES			
					1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
Provide researched-based authoritative advice on gambling	Authoritative advice on, inter alia, policy, statutory matters, legislation and reforms provided	Number of reports on advice in terms of S65 of the NGA presented to the Accounting Authority	A section 65 Annual Advisory Report on the implementation of the NGA was prepared and presented to the Accounting Authority	S65 advisory report presented to the Accounting Authority	S65 advisory report presented to the Accounting Authority	S65 advisory report presented to the Accounting Authority	S65 advisory report presented to the Accounting Authority	S65 advisory report presented to the Accounting Authority Consolidated S65 annual report presented to the Accounting Authority
Conduct public awareness campaigns on the socio-economic impact of gambling	Facilitated social dialogue with stakeholders (relationships built with stakeholders)	Number of broad-based public awareness campaigns conducted	Estimated performance- four (4) reports and one annual report on facilitated broad-based public awareness campaigns presented to the Accounting Authority	Four (4) broad-based public awareness campaigns conducted	Conduct one (1) broad-based public awareness campaign			
Provide a broad-based public education programme about the risks and socio-economic impact of gambling	Better informed stakeholders	Number of broad-based public educational programmes through targeted interventions conducted	Estimated performance- four (4) reports and one (1) annual report on facilitated broad-based stakeholder participation through targeted intervention presented to the Accounting Authority	Four (4) broad-based public educational programmes through targeted interventions conducted	Conduct one (1) broad based public education programme about the risks and socio-economic impact of gambling	Conduct one (1) broad based public education programme about the risks and socio-economic impact of gambling	Conduct one (1) broad based public education programme about the risks and socio-economic impact of gambling	Conduct one (1) broad based public education programme about the risks and socio-economic impact of gambling
Monitor socio-economic patterns of gambling activity within the Republic	Research reports on the socio-economic patterns of gambling activity within the Republic	Number of reports on research conducted on the impact of gambling presented to the Accounting Authority	Four (4) reports and one (1) annual report on research conducted on the impact of gambling presented to the Accounting Authority	Four (4) reports and one (1) annual report on research conducted on the impact of gambling presented to the Accounting Authority	Report on the impact of gambling presented to the Accounting Authority	Report on the impact of gambling presented to the Accounting Authority	Report on the impact of gambling presented to the Accounting Authority	Report on the impact of gambling presented to the Accounting Authority One (1) annual report on the impact of gambling presented to the Accounting Authority

PROGRAMME 2: STAKEHOLDER LIAISON AND ADVISORY SERVICES								
SOOG 2: ENHANCE STAKEHOLDER LIAISON AND STATUTORY SERVICE								
STRATEGIC OBJECTIVE	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	BASELINE	2018/19 ANNUAL TARGET	QUARTERLY MILESTONES			
					1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
Monitor market share and market conduct in the gambling industry	Gambling sector performance reports about market share and market conduct in the gambling industry	Number of reports on gambling sector performance presented to the Accounting Authority	Four (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 presented to the Accounting Authority	Report and presentation on gambling sector performance (4th quarter, 2017/18) presented to the Accounting Authority	Report and presentation on gambling sector performance (1st quarter, 2018/19) presented to the Accounting Authority Audited report on gambling sector performance (2017/18) and presentation on national gambling statistics (2017/18) presented to the Accounting Authority	Report and presentation on the gambling sector performance (2nd quarter, 2018/19) presented to the Accounting Authority	Report and presentation on gambling sector performance (3rd quarter, 2018/19) presented to the Accounting Authority

15.6 FINANCIAL PLAN

PROGRAMME 2: STAKEHOLDER LIAISON AND ADVISORY SERVICES							
RAND THOUSAND	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	Audited Outcome	Audited Outcome	Audited Outcome	Budget Estimate	Budget Estimate	Budget Estimate	Budget Estimate
Economic classification							
Current payments	6 128	3 437	10 868	14 217	14 317	14 867	15 460
Compensation of employees	3 111	1 731	4 920	3 905	6 929	7 478	8 072
Goods and services	3 017	1 706	5 948	10 312	7 388	7 389	7 388



16. PROGRAMME 3: CORPORATE SERVICES

16.1 PURPOSE OF THE PROGRAMME

This programme seeks to optimise organisational excellence and provides strategic financial management functions, human resources and IT infrastructure support to the organisation.

Corporate services facilitate the overall management of the NGB and provide strategic financial management functions, human resources and IT infrastructure support to the organisation. It is the custodian of human and financial resources. The division has four (4) units that provide specialised services to the NGB.

FINANCE

The core functions of the finance unit are to provide overall management of the financial affairs of the NGB. This unit provides for the financial planning and reporting for both internal and external users of the financial information.

SUPPLY CHAIN MANAGEMENT (SCM)

The core objective of SCM is to ensure that the procurement processes of the NGB are in line with the government prescripts and guidelines. This unit manages the achievement of contractual obligations of the outsourced services related to procured services. SCM further ensures that the procurement of goods and services is done in a manner which is fair, equitable, transparent, competitive and cost-effective as prescribed by Section 38(i)(a)(iii) of the PFMA of 1999. This unit contributes to the achievement of the NGB's objectives through the procurement of goods and services for all the NGB's business divisions.

HUMAN CAPITAL OPTIMISATION (HUMAN RESOURCES)

The function of Human Capital Optimisation is to provide support to the human resources systems and processes that support the operations and determination of performance levels as provided for in the business and operational documents of the NGB. This unit

ensures that there are sufficient up-to-date processes and compliant implementation of the existing labour laws. The unit also manages the performance agreements with personnel.

RECORDS MANAGEMENT

The function of the Records Management Unit is to ensure that there is proper maintenance and access to records as and when required.

LEGAL SERVICES

Legal Services researches and provides authoritative advice for the NGB, to **the dti** on regulatory strategies and inputs on legislation and policy development. Legal services further provide legal services as legal advice.

16.2 DESCRIPTION OF THE PROGRAMME

The performance outcomes of this function include:

FINANCIAL EFFICIENCY

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

HUMAN RESOURCES EFFICIENCY

- Efficient and effective-skilled workforce.

RECORDS MANAGEMENT

- Efficient and effective document-management system.

LEGAL SERVICES

- Efficient and effective provision of legal services.

16.3 PERFORMANCE INDICATORS AND PERFORMANCE TARGETS

PROGRAMME 3: CORPORATE SERVICES									
SOOG 3: OPTIMISE ORGANISATIONAL EXCELLENCE									
STRATEGIC OBJECTIVE	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Ensure financial efficiency	Compliance with PFMA requirements at all times; effective control, utilisation, maintenance and management of resources	Number of reports on financial systems, processes and PFMA compliance, presented to the Accounting Authority	Unqualified audit report with no findings was not achieved for the 2013/14 financial year	Unqualified audit report with 34 findings was achieved for the 2014/15 financial year	Clean Audit achieved with one (1) audit finding in the 2015/2016 financial year	Four (4) reports and one (1) annual report on financial systems, processes and PFMA-compliance presented to the Accounting Authority	Four (4) reports and one (1) annual report on financial systems, processes and PFMA-compliance presented to the Accounting Authority	Four (4) reports and one (1) annual report on financial systems, processes and PFMA-compliance presented to the Accounting Authority	Four (4) reports and one (1) annual report on financial systems, processes and PFMA-compliance presented to the Accounting Authority
Ensure human Resources Efficiency	Efficient and effective skilled workforce	Percentage implementation of the 5-year human capital strategy and plan	Reported on the implementation of the human capital strategy and plan	Reported on 60% implementation of the human capital plan (Year 2)	Reported on 100% implementation of the human capital strategy and plan (Year 3)	Four (4) reports and one (1) annual report on % implementation of the 5-year human capital strategy and plan (Year 4) presented to the Accounting Authority	100% annual implementation of the human capital strategy and plan (Year 5)	Review human capital strategy and plan for next 5 year implementation	100% annual implementation of the human capital strategy and plan
Ensure intra-divisional excellence	Annual and quarterly organisational operational performance reports; review divisional strategies annually; ensure performance against the deliverables set out in the Shareholder Compact	Number of organisational performance reports presented to the Accounting Authority	N/A	N/A	N/A	Four (4) organisational performance reports presented to the Accounting Authority	Four (4) organisational performance reports presented to the Accounting Authority	Four (4) organisational performance reports presented to the Accounting Authority	Four (4) organisational performance reports presented to the Accounting Authority
		Number of organisational strategic reports presented to the Accounting Authority	N/A	N/A	N/A	Four (4) organisational strategic reports presented to the Accounting Authority	Four (4) organisational strategic reports presented to the Accounting Authority	Four (4) organisational strategic reports presented to the Accounting Authority	Four (4) organisational strategic reports presented to the Accounting Authority



16.4 QUARTERLY MILESTONE

PROGRAMME 3: CORPORATE SERVICES								
SOOG 3: OPTIMISE ORGANISATIONAL EXCELLENCE								
STRATEGIC OBJECTIVE	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	BASELINE	2018/19 ANNUAL TARGET	QUARTERLY MILESTONES			
					1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
Ensure financial efficiency	Compliance with PFMA requirements at all times; effective control, support, utilisation, maintenance, and management of resources	Number of reports on financial systems, processes and PFMA-compliance presented to the Accounting Authority	Estimated performance- four (4) reports and one (1) annual report on financial systems, processes and PFMA compliance presented to the Accounting Authority	Four (4) reports and one (1) annual report on financial systems, processes and PFMA-compliance presented to the Accounting Authority	Report on financial systems, processes and PFMA-compliance presented to the Accounting Authority	Report on financial systems, processes, and PFMA-compliance presented to the Accounting Authority	Report on financial systems, processes, and PFMA-compliance presented to the Accounting Authority	Report on financial systems, processes and PFMA-compliance presented to the Accounting Authority Consolidated annual report on financial systems, processes and PFMA-compliance presented to the Accounting Authority
Ensure human Resources Efficiency	Efficient and effective skilled workforce	Percentage implementation of the 5-year human capital strategy and plan	Estimated performance- four (4) reports and one (1) annual report on % implementation of the five-year human capital strategy and plan (Year 4) presented to the Accounting Authority	Report on 100% annual implementation of the human capital strategy and plan (Year 5)	25% implementation of the human capital strategy and plan (Year 5)	50% implementation of the human capital strategy and plan (Year 5)	75% implementation of the human capital strategy and plan (Year 5)	100% implementation of the human capital strategy and plan (Year 5)
Ensure intra-divisional excellence	Annual and quarterly organisational operational performance reports; review divisional strategies annually; ensure performance against the deliverables set out in the Shareholder Compact	Number of organisational performance reports presented to the Accounting Authority	Estimated performance- four (4) organisational performance reports presented to the Accounting Authority	Four (4) organisational performance reports presented to the Accounting Authority	Organisational performance report presented to the Accounting Authority	Organisational performance report presented to the Accounting Authority	Organisational performance report presented to the Accounting Authority	Organisational performance report presented to the Accounting Authority
		Number of organisational strategic reports presented to the Accounting Authority	Estimated performance - four (4) annual organisational strategic reports presented to the Accounting Authority	Four (4) annual organisational strategic reports presented to the Accounting Authority	Annual report presented to the Accounting Authority	No activity	No activity	Strategic Plan, Annual Performance Plan and Business Plan presented to the Accounting Authority

16.5 FINANCIAL PLAN

PROGRAMME 3: CORPORATE SERVICES							
RAND THOUSAND	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	Audited Outcome	Audited Outcome	Audited Outcome	Budget Estimate	Budget Estimate	Budget Estimate	Budget Estimate
Economic classification							
Current payments	19 105	19 117	20 877	27 139	28 253	30 400	31 137
Compensation of employees	5 497	4 054	5 732	7 903	9 658	10 424	11 165
Goods and services	13 608	15 063	15 145	19 236	18 595	19 976	19 972



17. PROGRAMME 4: TECHNICAL COMPLIANCE

17.1 PURPOSE OF THE PROGRAMME

This programme seeks to provide mandated operational core functions in terms of the National Gambling Act, 2004, (Act 7 of 2004) and specifically related to technical analysis of the modes of gambling, systems audits and enforcement in line with statutory imperatives as provided for in gambling legislation pertaining to gambling-related requirements. It further provides reliable information through central information national databases and contributes towards providing accessible, transparent and sufficient access for economic citizens in order to ensure economic growth.

FUNCTIONAL NATIONAL REGISTERS

Functional (established and maintained) registers serve as a repository of gambling-sector specific information as stipulated in the NGA. The NGB is required to provide the information in its registry under this section to all the 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 for play in the Republic. Data needs to be analysed and reported on according to the requirements of the standards determined in respect of the NCEMS, in terms of the Standards Act, 2008, as well as requirements of sections 21 to 26 of the NGA.

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

NCEMS is essentially a system to:

- Keep track of 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.
- Report periodically collected data to the NGB and PLAs.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The function of the ICT unit is to support the NGB in matters of ICT strategic development and maintenance of the communication and management systems, thereby safeguarding the assets of the NGB. The unit ensures that the ICT support functions are carried out in a manner that supports the strategic objectives 4.1, 4.2 and 4.3 and the mission statement of the NGB. ICT is geared to support and enhance the overall organisational performance through the provision of assistive technologies.

17.2 DESCRIPTION OF THE PROGRAMME

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

- a) Functional national registers.
- b) Effective NCEMS.

- c) Effective monitoring of regulated sectors in the gambling industry.
 - Gambling equipment manufacturers and distributors.
 - Bingo.
- d) Maintain operational technical efficiency.
 - Betting on horse racing and sport.

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

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

MAINTAIN OPERATIONAL TECHNICAL EFFICIENCY

17.3 PERFORMANCE INDICATORS AND PERFORMANCE TARGETS

PROGRAMME 4: TECHNICAL COMPLIANCE									
SOOG 4: ENFORCE GAMING TECHNICAL COMPLIANCE									
STRATEGIC OBJECTIVE	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Ensure functional national registers	Compliant and functional register for gambling machines and devices to ensure all machines and devices are assigned a permanent unique number Accessible information sharing and probity registers for probity reports and licensee registration; and exclusions and illegal operatives registers	Percentage uptime on national functional registers	Reported on the integration of the information on the status of the gambling industry	Status report on the establishment and updates of national registers	Report on the establishment and updates of national registers	Four (4) analytical reports and one (1) annual audit consolidated report on national functional registers presented to the Accounting Authority	90% uptime of national functional registers	Analysis of functionality, effectiveness and maintenance of 95% uptime of national registers	Analysis of functionality, effectiveness and maintenance of 98% uptime of national registers
Ensure effective NCEMS	Fully operational NCEMS in the LPM Industry	Percentage uptime of a fully operational NCEMS	N/A	N/A	N/A	Four (4) reports and one (1) annual report on a fully operational NCEMS presented to the Accounting Authority	90% uptime of NCEMS, analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic	95% uptime of NCEMS, analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic	98% uptime of NCEMS, analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic



PROGRAMME 4: TECHNICAL COMPLIANCE									
SOOG 4: ENFORCE GAMING TECHNICAL COMPLIANCE									
STRATEGIC OBJECTIVE	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	AUDITED ACTUAL PERFORMANCE			ESTIMATED PERFORMANCE	MEDIUM TERM TARGETS		
			2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Ensure effective monitoring of the regulated sectors in the gambling industry	Economically viable and compliant casino, bingo, betting and wagering, and LPM industry	Number of reports on monitoring of the casino industry; bingo industry; betting and wagering industry and LPM industry presented to the Accounting Authority	N/A	N/A	N/A	Four (4) reports and one (1) annual report on compliance monitoring of the casino industry; bingo industry; betting and wagering industry; and LPM industry presented to the Accounting Authority	Four (4) reports and one (1) annual report on monitoring of the casino industry; bingo industry; betting and wagering industry; and LPM industry presented to the Accounting Authority	Four (4) reports and one (1) annual report on monitoring of the casino industry; bingo industry; betting and wagering industry; and LPM industry presented to the Accounting Authority	Four (4) reports and one (1) annual report on monitoring of the casino industry; bingo industry; betting and wagering industry; and LPM industry presented to the Accounting Authority
Maintain operational technical efficiency	Efficient and effective ICT operations	Percentage uptime of all IT systems	99.85% uptime on servers was maintained	100% uptime maintained	100% uptime maintained	Four (4) reports and one (1) annual report on 98 % uptime or above of all IT systems presented to the Accounting Authority	98% uptime of all IT systems	98% uptime of all IT systems	98% uptime of all IT systems

17.4 QUARTERLY MILESTONES

PROGRAMME 4: TECHNICAL COMPLIANCE									
SOOG 4: ENFORCE GAMING TECHNICAL COMPLIANCE									
STRATEGIC OBJECTIVE	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	BASELINE	2018/19 ANNUAL TARGET	QUARTERLY MILESTONES				
					1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER	
Ensure functional national registers	Compliant and functional register for gambling machines and devices to ensure all machines and devices are assigned a permanent unique number Accessible information-sharing and probity registers for probity reports and licensee registration; and exclusions and illegal operatives registers	Percentage uptime on national functional registers	New indicator	90% uptime of national functional registers	System analysis on 90% uptime on functional national registers	System analysis on 90% uptime on functional national registers	System analysis on 90% uptime on functional national registers	System analysis on 90% uptime on functional national registers	System analysis on 90% uptime on functional national registers

SOG 4: ENFORCE GAMING TECHNICAL COMPLIANCE								
STRATEGIC OBJECTIVE	OUTPUT	PERFORMANCE INDICATOR/ MEASURE	BASELINE	2018/19 ANNUAL TARGET	QUARTERLY MILESTONES			
					1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
Ensure effective NCEMS	Fully operational NCEMS in the LPM Industry	Percentage uptime of a fully operational NCEMS	Estimated performance - Four (4) reports and one (1) annual report on a fully operational NCEMS presented to the Accounting Authority	90% uptime of NCEMS, analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic	System analysis on 90% uptime on a fully operational NCEMS	System analysis on 90% uptime on a fully operational NCEMS	System analysis on 90% uptime on a fully operational NCEMS	System analysis on 90% uptime on a fully operational NCEMS
Ensure effective monitoring of the regulated sectors in the gambling industry	Economically viable and compliant casino, bingo, betting and wagering and LPM industry	Number of reports on monitoring of the casino industry; bingo industry; betting and wagering industry and LPM industry presented to the Accounting Authority	Estimated performance- four (4) reports and one (1) annual report on compliance monitoring of the casino industry; bingo industry; betting and waging industry; and LPM industry presented to the Accounting Authority	Four (4) reports and one (1) Annual report on monitoring of the casino industry; bingo industry; betting and wagering industry and LPM industry presented to the Accounting Authority	Report on monitoring of the casino, bingo, betting and wagering and LPM industry presented to the Accounting Authority	Report on monitoring of the casino, bingo, betting and wagering and LPM industry presented to the Accounting Authority	Report on monitoring of the casino, bingo, betting and wagering and LPM industry presented to the Accounting Authority	Report on monitoring of the casino, bingo, betting and wagering and LPM industry presented to the Accounting Authority Consolidated annual report on monitoring of the casino, bingo, betting and wagering and LPM industry presented to the Accounting Authority
Maintain operational technical efficiency	Efficient and Effective ICT operations	Percentage uptime of all IT systems	Estimated performance- four (4) reports and one (1) annual report on 98% uptime or above of all IT systems presented to the Accounting Authority	98% uptime of all IT systems	System analysis on 98% uptime of all IT systems	System analysis on 98% uptime of all IT systems	System analysis on 98% uptime of all IT systems	System analysis on 98% uptime of all IT systems

16.5 FINANCIAL PLAN

PROGRAMME 4: TECHNICAL COMPLIANCE							
RAND THOUSAND	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	Audited Outcome	Audited Outcome	Audited Outcome	Budget Estimate	Budget Estimate	Budget Estimate	Budget Estimate
Economic classification							
Current payments	0	0	0	32 973	120 704	128 528	136 871
Compensation of employees	0	0	0	2 163	3 519	3 798	4 099
Goods and services	0	0	0	30 810	117 185	124 730	132 772



PART C

LINKS TO OTHER PLANS

ASSET MANAGEMENT PLAN

Assets are managed through internal policies, which are approved by the Accounting Authority and applied to protect the assets and ensure procedural processes are applied when assets are acquired, disposed of, or donated. All assets are insured (within treasury-approved limit), with a reputable registered insurer.

The NGB's major assets are in the form of leasehold improvements, which are attached to a leased building. These assets form part of the NGB's property, plant and equipment and will be phased out of the NGB's records over the duration of the lease such that when the lease expires, the leasehold improvements will be fully depreciated. All the NGB's assets are managed in accordance with the Generally Recognised Accounting Practices (GRAP) and an asset register is maintained on the Asset Ware System.

INFORMATION TECHNOLOGY PLAN

The NGB's ICT infrastructure will be optimised by acquiring new ICT servers to replace the servers which have been in existence for the past seven years. This will include, amongst others, infrastructure and a robust ICT service continuity plan, as well as enhanced ICT security and support infrastructure.

The rest of the NGB's ICT infrastructure, such as software upgrades, were recently purchased and are considered to be in line with current technology. The NGB's ICT division is in the process of revising the ICT governance policies and procedures to bring this in line with existing applications.

RISK MANAGEMENT AND FRAUD PREVENTION PLAN (FPP)

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

RISK MANAGEMENT PROCESS

The NGB has identified a risk champion that co-ordinates and facilitates the risk identification and assessment process.

Progress reports against the action plan are reported to the Audit and Risk Committee on a quarterly basis for monitoring purposes.

In addition, the NGB has engaged the services of the internal auditors to review the risk management process of the entity.

RISK STRATEGY (RISK REGISTER)

The NGB reviews organisational potential risks annually and ensures that mitigating measures are put in place to address the identified risks (refer to attached Annexure B).

PROFILE OF PERFORMANCE INDICATORS

The NGB has revised the profile of performance indicators during the 2015/16 financial year (refer to attached Annexure C).

MATERIALITY AND SIGNIFICANCE FRAMEWORK

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

SERVICE DELIVERY STANDARDS (SDSs)

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



ABBREVIATIONS

AA Accounting Authority

APP Annual Performance Plan

B-BBEE Broad-Based Black Economic Empowerment

CEO Chief Executive Officer

DPSA Department of Public Service and Administration

GGR Gross Gambling Revenue

HCO Human Capital Optimisation

ICT Information and Communication Technology

ISO Independent Site Operator

NCEMS National Central Electronic Monitoring System

NGA National Gambling Act, 2004 (Act 7 of 2004)

NGB National Gambling Board

NT National Treasury

PFMA Public Finance Management Act

PLA Provincial Licensing Authority

RO Route Operator

SCM Supply Chain Management

SOOG Strategic Outcome-Oriented Goal

the dti The Department of Trade and Industry



ATTACHMENT A
RISK REGISTER
FY 2018/19



STRATEGIC RISKS								
RISK #	RISK DESCRIPTION	ROOT CAUSE	INHERENT RISK EXPOSURE	CURRENT BUSINESS CONTROLS IN PLACE	RESIDUAL RISK EXPOSURE	ACTIONS TO FURTHER IMPROVE RISK MANAGEMENT	ACTION OWNER	DUE DATE
1	Proliferation of illegal forms of gambling and loss of revenue to the fiscus.	Uncontrolled expansion of unlicensed gambling activities, unprotected citizens and loss of revenue.	High 16 (I – 4 L – 4)	Fora and other collaborative structures in place. Enhanced identification, reporting and provision of support to the PLAs.	High 16 (I – 4 L – 4)	Continue collaboration with law enforcement agencies and PLAs.	Divisional heads of Stakeholder and Legal Advisory Services and Compliance.	March 2019
2	Failure by PLAs to comply with the NGA.	Lack of cooperation with NGB by PLAs in exercising concurrent jurisdiction powers.	High 16 (I – 4 L – 4)	Ongoing communication with PLAs and conducting compliance oversight inspections.	Medium 12 (I – 4 L – 3)	Increased communication with targeted PLAs. Communicating possible approaches of resolving matter with PLAs. Prepare deficiency reports and set timelines for rectification.	Divisional Head: Compliance	March 2019
3	National registers not reliable.	Populating incomplete / incorrect information into registers. Registers not fully functional currently.	High 16 (I – 4 L – 4)	Registers in place.	Medium 12 (I – 4 L – 3)	New registers to be put in place. Increase interaction with PLAs to minimise the risk of inaccuracies in information populated into registers. Dedicated resource to specifically manage existing and new registers.	Gaming Technologist	March 2019

OPERATIONAL RISKS								
SOOG 1: ENFORCE COMPLIANCE								
1	Unlawful winnings not forfeited to the State.	Confiscated winnings are not investigated. Failure of licensees to surrender unlawful winnings.	12 (I – 3 L – 4)	Unlawful Winnings Committee established. Relationships established with banks.	9 (I – 3 L – 3)	Enhanced identification, reporting and providing support to the banks, licensees and other related parties.	Senior Manager: Enforcement	March 2019
SOOG 2: ENHANCE STAKEHOLDER LIAISON AND STATUTORY ADVISORY SERVICES								
2	Failure by punters to obtain assistance as a result of problem and compulsive gambling.	Uninformed stakeholders and non-compliance to regulatory requirements.	12 (I – 3 L – 4)	Relationship with the dti and other stakeholders to partner on awareness campaigns.	9 (I – 3 L – 3)	Implement Communication and Stakeholder Strategy and Plan.	Senior Manager: Research and Information	March 2019
3	Inability to monitor market share and market conduct.	Incorrect and omitted information provided by PLAs.	12 (I – 3 L – 4)	PLAs are requested to provide audited information after the 4th quarter.	9 (I – 3 L – 3)	PLAs to confirm correctness of information through sign-off by CEOs of PLAs before submission to NGB.	Senior Manager: Research and Information	March 2019
4	Uninformed policy-decision making.	No trend analysis and feasibility study conducted of the gambling industry.	12 (I – 3 L – 4)	Co-ordination of research projects amongst stakeholders in the gambling industry.	9 (I – 3 L – 3)	Develop a business model that provides for co-ordinated and integrated research strategy.	Senior Manager: Research and Information	March 2019
5	Inability to manage funds efficiently and effectively.	Non-compliance with policies and procedures.	16 (I – 4 L – 4)	Approved budget in place. Ensuring budget availability prior to commitment to expenditure, disallowing expenditure for which a budget is not allocated. Monitoring of expenditure against the budget.	12 (I – 4 L – 3)	Budget and variances to be monitored on a monthly basis. Variance analysis reports produced and discussed with management.	Senior Manager: Finance	March 2019

RISK #	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
OPERATIONAL RISKS								
SOOG 2: ENHANCE STAKEHOLDER LIAISON AND STATUTORY ADVISORY SERVICES								
6	Failure to deliver on the mandate of the NGB due to lack of adequate human resources.	Ineffective recruitment processes. Non-implementation of Retention Strategy and Policy.	16 (I – 4 L – 4)	Recruitment and Selection Policy. Retention Strategy and Policy.	12 (I – 4 L – 3)	Implementation of the Human Capital Strategy.	Senior Manager: HCO	March 2019
7	Incurring of fruitless, irregular or wasteful expenditure.	Non-compliance with SCM-related prescripts and NGB policies.	12 (I – 3 L – 4)	SCM policy, procedure manuals, and checklists are in place.	9 (I – 3 L – 3)	Compliance thereof with the process / documents to be monitored for every procurement initiated. Deviations reported on a monthly basis to the dti .	Senior Manager: Finance	March 2019
8	Occurrence of fraudulent and or corrupt activities.	Non-compliance with policies and procedures.	9 (I – 3 L – 3)	Finance Policies and Procedures Approved FPP in place.	6 (I – 3 L – 2)	Implementation of the plan is monitored by the Risk Management Committee. Implementation of fraud prevention hotline and email address has been provided to report fraudulent and corrupt activities on the NGB's website.	Senior Manager: Corporate Governance	March 2019
9	Non-effective or efficient regulation of performance of LPMS.	Non-functional operational NCEMS.	16 (I – 4 L – 4)	Contract management of the NCEMS.	12 (I – 4 L – 3)	Prepare deficiency reports and set a timeline for rectification.	Senior Manager: Gaming Technology	March 2019
10	Inability to utilise registers due to unreliability of information.	National registers not timeously updated by PLAs.	16 (I – 4 L – 4)	Manual updating of registers.	12 (I – 4 L – 3)	Reliable and audited data sought from PLAs on continuous basis, research/survey conducted to identify gaps and to agree on automatic inter-linkages with PLA registers.	Senior Manager: Gaming Technology	March 2019
11	Inability to derive accurate statistics on illegal operators.	National registers not timeously updated by PLAs.	12 (I – 3 L – 4)	Manual updating of registers.	9 (I – 3 L – 3)	Provide training to end-users.	Senior Manager: Gaming Technology	March 2019
12	Failure to ensure business continuity and information reliability.	Non-adherence to business continuity plan.	12 (I – 3 L – 4)	Approved Business Continuity Plan and Disaster Recovery Plan in place.	9 (I – 3 L – 3)	Implementation of the ICT Strategy.	Senior Manager: Gaming Technology	March 2019

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 Impact (I)	Major	Catastrophic



ATTACHMENT B
**FRAUD PREVENTION PLAN
(FPP)
FY2018/19**



1. BACKGROUND AND LEGAL FRAMEWORK

- 1.1 The NGB is established in terms of the National Gambling Act (NGA), 2004 (Act 7 of 2004). The Act makes provision for the oversight of matters relating to casinos, gambling, betting and wagering, and promotes uniform norms and standards in relation to gambling throughout South Africa.
- 1.2 The NGB, being a national public entity listed in Schedule 3 of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA), is subject to, inter alia, the PFMA and the Treasury Regulations (TR) issued by the NT 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 places 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 FPP, 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 FPP.

2. VISION AND MISSION OF THE NGB

- 2.1 The vision of the NGB is to position South Africa as the pre-eminent jurisdiction with an exemplary and effectively regulated gambling industry.
- 2.2 Its mission is to lead the regulation of the gambling industry in South Africa in the fulfilment of the NGA through an effectively regulated and supervised gambling industry that upholds domestic, continental and internationally recognised standards of compliance.

3. PURPOSE OF THE FRAUD PREVENTION PLAN

- 3.1 The purpose of the NGB FPP is to –
 - 3.1.1 Fulfil the relevant legal obligations and requirements placed on the NGB in terms of its legal framework;
 - 3.1.2 Preserve, promote and function in accordance with the principles and values, as stipulated in section 195 of the Constitution of the Republic of South Africa, 1996, relating to a high standard of professional ethics; efficient, economic and effective use of resources; impartial, fair, equitable and unbiased service delivery, and accountability and transparency;
 - 3.1.3 Ensure adequate and effective internal controls, measures and action steps to detect and prevent incidents of fraud and corruption;
 - 3.1.4 Educate NGB employees and those involved

in the casino, LPMs, 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 wilful intention to defraud and to cause prejudice to another, does not constitute fraud. If, for example, someone falsifies a degree certificate in his name and boasts in front of a friend about his 'degree', thereafter putting it away in a drawer, a misrepresentation is made. However, the intent to defraud is absent, and fraud is not committed. If the person applied for a post, submitting a copy of the false degree certificate as 'proof' of his qualification in order to satisfy a requirement for the post, he now has the required intent and his conduct will amount to forgery, uttering and fraud (even though there may only be potential prejudice involved).

- 4.1.7 Actual or potential prejudice: the prejudice (injury or damage) may or may not be tangible and measurable. Actual prejudice usually takes the form of a tangible loss in money, goods and other valuables. Potential prejudice includes a potential loss of money or goods (the actual loss was prevented or the act did not succeed or was not completed as intended, for some or the other reason). Potential prejudice can also consist of lawful control of a party that is taken away or severed in some way (a person who intentionally presents a false gambling licence to an inspector, not only commits forgery and uttering, but also fraud, since his / her conduct causes potential injury to the legal control that needs to be exercised by the authorities over the industry i.e. it takes away the control of the authorities).

4.2 Corruption

- 4.2.1 The term 'corruption' is widely used to cover not only the specific types of conduct prohibited by 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

In terms of PRECCA, gratification includes:

- 4.3.1 Money, whether in cash or otherwise.
- 4.3.2 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.
- 4.3.3 Avoiding a loss, liability, penalty, forfeiture, punishment or other disadvantage.
- 4.3.4 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.
- 4.3.5 Any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part, etc.
- 4.3.6 Any valuable consideration or benefit of any kind, including any discount, commission, rebate, bonus, deduction or percentage.

5. ACTION (CONDUCT)

- 5.1 It is important to take note that action lends a very wide interpretation to prohibited conduct. Accepting, agreeing to accept, or offering to accept any gratification, includes to demand, ask for, seek, request, solicit, receive or obtain, or to agree to or offer to do any of the aforementioned. Any reference to an action includes but is not limited to 'giving, agreeing or offering to give' any gratification, to promise, lend, grant, confer or procure (purchase), or to agree to or offer to do any of the aforementioned. A reference to any action includes an omission (not to act).

6. COMPONENTS OF THE FPP

- 6.1 The primary objective of the FPP is to develop and reinforce, or bring about a change of culture in the minds of all employees regarding their attitude against fraud and corruption, and the prevention thereof. The strategy to bring about this change is the creation of awareness of the FPP amongst all employees. This must be attained through an awareness and education communication strategy.
- 6.2 The principal component of the strategy is to increase and enhance awareness. Awareness will ensure that all employees are inducted and immersed in the do's and don'ts of the organisation.
- 6.3 All components of the FPP are equally essential, individually and together, for the successful realisation of the FPP.
- 6.4 The strategy constitutes of the following critical pillars:
 - 6.4.1 Creation of fraud and corruption awareness in general, and awareness of the FPP and its components in particular, amongst employees and other stakeholders through communication and education.

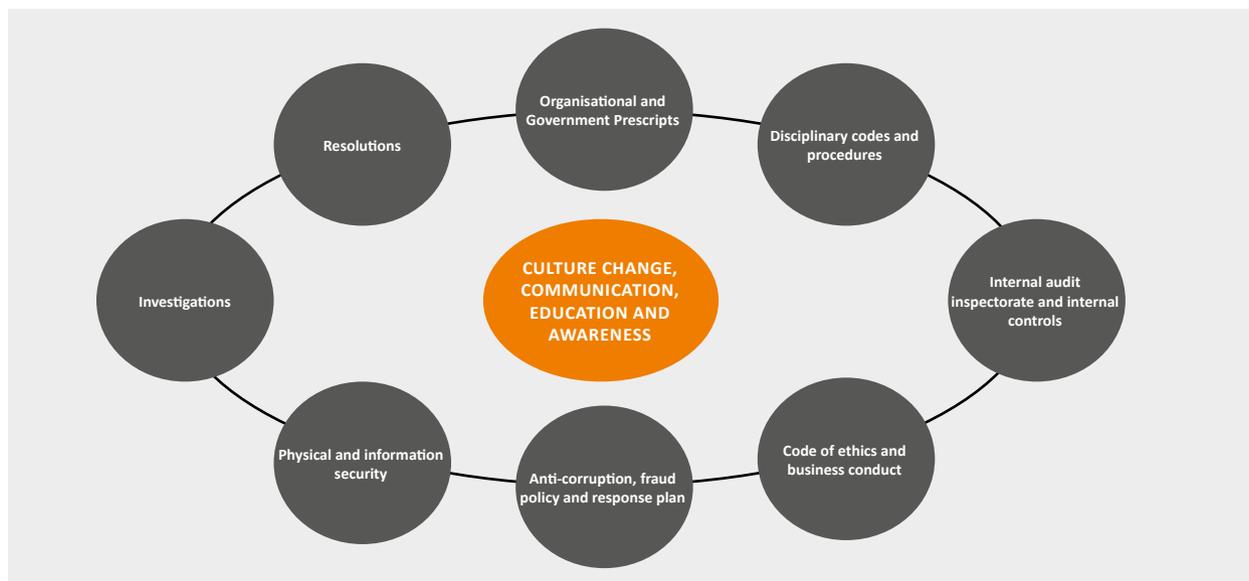


- 6.4.2 The Organisation’s policies, procedures, rules, regulations and other prescripts (including the PFMA and Treasury Regulations).
- 6.4.3 The disciplinary code and procedure.
- 6.4.4 Implementation of sound internal controls to prevent and detect fraud and corruption.
- 6.4.5 An effective internal audit function.
- 6.4.6 Ongoing risk assessment.
- 6.4.7 A Code of Ethics (the “Code”) containing a set of values in which management believes, and requires their employees to subscribe to.
- 6.4.8 An anti-fraud and corruption hotline for confidentially reporting fraud and corruption.
- 6.4.9 Physical and information security management.
- 6.4.10 Ongoing maintenance and review of the FPP.

7. DETAILS RELATING TO EACH COMPONENT OF THE FPP FOLLOW

- 7.1 Creating awareness:
 - This is the cornerstone of the FPP and is divided into two sub-divisions, namely:
 - 7.1.1 Education.
 - 7.1.2 Communication.
- 7.2 An FPP Awareness Programme would typically include the following areas:
 - 7.2.1 Facilitating a culture of good ethics.
 - 7.2.2 Training and education regarding good ethics on the NGB’s stance to prevention, combating, detection and investigation of fraud and corruption.
 - 7.2.3 Creating awareness of the FPP through education of employees and a communications campaign.

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



- 7.3 The following tools have been developed:
 - 7.3.1 Education and awareness manual for conducting awareness presentations using the following forums:
 - 7.3.1.1 Monthly management meetings.
 - 7.3.1.2 staff meetings.
 - 7.3.1.3 induction and orientation training for new staff.
 - 7.3.2 Communication Strategies

The following communication strategies have been developed:

 - 7.3.2.1 Organisational circulars or email communications.
 - 7.3.2.1.1 Organisational circulars and/or 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.
 - 7.3.2.1.2 Other strategies created by the Executive Management. Members of the Executive Management will continuously revise and adopt new methods and emerging tools as well as creative strategies to stimulate awareness.

8. ORGANISATION POLICIES, PROCEDURES, RULES, REGULATIONS AND OTHER PRESCRIPTS

- 8.1 PFMA and Treasury Regulations
 - 8.1.1 Fundamentally, all employees of the NGB must comply with the principles inherent in the PFMA and the Treasury Regulations.
- 8.2 Human resources policies and practices
 - 8.2.1 Employment procedures
 - 8.2.1.1 The NGB has identified fundamental risks in this area as being the factors that affect Human Resources (these are elaborated in its separate Human Resources Policies).
- 8.3 Accountability in terms of adherence to policies and procedures
 - 8.3.1 The NGB will continuously ensure that the organisational policies and procedures are adhered to and applied consistently.
- 8.4 Disciplinary code and procedure
 - 8.4.1 The NGB is committed to implement appropriate disciplinary action for non-conformance to policies and procedures, non-adherence to Internal control procedures by employees.
- 8.5 The NGB will realise its commitment by continuously reviewing the Disciplinary Code and Procedure to ensure that they cover contraventions of:
 - 8.5.1 The Code of Conduct.
 - 8.5.2 The Public Finance Management Act and Treasury Regulations.
 - 8.5.3 Anti-Fraud and Corruption.
 - 8.5.4 Communicating the Disciplinary Code and Procedures to all staff and management.
- 8.6 Ongoing risk assessment
 - 8.6.1 The NGB is alive to the continuous and diverse business risks from both internal and external sources.
- 8.1.2 All employees and other stakeholders of the NGB are expected to adhere to the applicable principles of the PFMA, the Organisational procedure manuals and all other Organisational and relevant government legislated prescripts.



8.6.2 As a result, it has put in place processes to review the risk assessment strategies and procedures to ensure that action is taken to manage and mitigate any fraud and corruption related activities when disclosed.

8.6.3 The NGB will ensure that:

8.6.3.1 Risk assessments are conducted on an ongoing basis and the NGB's risk profile is updated on an ongoing basis.

8.6.3.2 An annual organisation wide risk assessment is conducted to ensure proactive actions to manage and mitigate risk is identified.

8.7 Management structures for the FPP

8.7.1 The responsibility for steering the management of the FPP resides with the Audit and Risk Committee. Its objectives are the following:

8.7.1.1 To provide direction to the FPP.

8.7.1.2 To make decisions relating to the further development of the actions to enrich the FPP.

8.7.1.3 To monitor that the FPP is operational on an ongoing basis.

8.7.1.4 To ensure that the FPP is maintained and reviewed as and when required.

8.7.2 The responsibilities in terms of the FPP are addressed as an item on the agenda of the Audit and Risk Committee's regular meetings.

8.7.3 The responsibility to support the operational development, implementation and maintenance of the FPP, will be assumed by the Executive Management.

9. IMPLEMENTATION MATRIX

9.1 Tasks and Responsibilities Matrix for Implementation of the FPP of the NGB 2018-2019 financial year implementation.

Tasks and responsibilities matrix for implementation of the Fraud Prevention Plan (FPP) of the NGB FY2018/19 implementation

FPP COMPONENT AND AREA	ACTION REQUIRED	RESPONSIBILITY	COMPLETION DATE
CREATING AWARENESS			
Education	Provide an educational presentation to officials every year on anti-fraud and corruption awareness.	Senior Manager: Corporate Governance	Annually (31 March 2019)
Communication	<ul style="list-style-type: none"> Communicate to officials salient aspects of the Code, FPP and Anti-Fraud and Corruption Policy. Communicate to staff via email on any news, scams, trends, or changes to law etc. to raise awareness on fraud and corruption. 	Senior Manager: Corporate Governance	Annually (31 March 2019)
ORGANISATION'S POLICIES AND PROCEDURES, RULES AND PRESCRIPTS			
PFMA and Treasury Regulations	<ul style="list-style-type: none"> Ensure that operating procedures support the PFMA and Treasury Regulations. Monitor that communication and education re: the PFMA and Treasury Regulations are taking place. 	CFO	On-going

FPP COMPONENT AND AREA	ACTION REQUIRED	RESPONSIBILITY	COMPLETION DATE
ORGANISATION'S POLICIES AND PROCEDURES, RULES AND PRESCRIPTS			
HR Management – Employment procedures	Review employment strategy to include: <ul style="list-style-type: none"> • Induction programmes to include training and awareness of fraud prevention strategy and policies. 	Senior Manager: Human Capital Optimisation	Annually (31 March 2019)
Accountability in terms of adherence to policies and processes	Enforce policies and procedures by: <ul style="list-style-type: none"> • Making management responsible for communication and training of staff in relation to policies and procedures. • Making management accountable to discipline non-performance. • Holding employees accountable for their actions/transgressions; • Ensuring consistent and appropriate disciplinary actions. 	Divisional Managers	On-going
Disciplinary Code and Procedures	Ensure that the disciplinary code and procedures include contraventions of: <ul style="list-style-type: none"> • The employ rules and regulations. (Code of ethics and business Conduct). • The Public Finance management Act and Treasury regulations; • Communicate revised disciplinary code and procedures to all staff and managers. 	Senior Manager: Human Capital Optimisation	Annually (31 March 2019)
Internal controls to prevent and detect fraud and corruption	<ul style="list-style-type: none"> • Hold management accountable to enforce internal controls and discipline non-adherence and non-conformance. • Hold employees accountable for their actions / transgressions; • Review inherent controls of Information Systems to ensure that they provide adequate protection. • Conduct profiling of all suppliers / contractors / consultants / service providers to ensure legitimacy. • Include profiling as part of procurement process. • Monitor the implementation and improvement of internal controls in the areas identified to ensure that a noticeable improvement is achieved. 	Divisional Heads	On-going
Effective internal audit function	In order to provide an adequate, value-adding support service to the NGB, Internal Audit will: <ul style="list-style-type: none"> • Be actively involved with management in terms of the evaluation, design, implementation and maintenance of controls. • Work according to an internal audit strategy that includes a coverage plan. • Focus considerably on the programme operations in terms of their involvement in submissions, and the valuation, design, implementation and maintenance of controls during programme implementation. • Hold management accountable to take corrective actions in terms of audit reports submitted to them. • Monitor the level of support received from Internal Audit to ensure satisfactory standard and intensity. 	Internal Auditors	On-going



FPP COMPONENT AND AREA	ACTION REQUIRED	RESPONSIBILITY	COMPLETION DATE
ORGANISATION'S POLICIES AND PROCEDURES, RULES AND PRESCRIPTS			
Physical and Information Security	Delegate responsibility for security: <ul style="list-style-type: none"> • Ensure that the responsible persons appointed improve security measures by: <ul style="list-style-type: none"> • Identifying vulnerable areas and performance gaps. • Revising security measures to ensure that vulnerabilities and performance gaps are effectively addressed. • Documenting security procedures. • Communicating security measures to all stakeholders. • Evaluate the inherent information security controls of the IT System. • Develop and implement an information security policy and procedures that deals with control over physical documents containing confidential information. • Monitor the implementation of the actions detailed above to ensure that it has a positive impact on the security measures within the institution. 	IT Systems Support Officer	Annually (31 March 2019)
Investigations	Delegate responsibility and accountability effectively to Management by: <ul style="list-style-type: none"> • Developing a mandate that ensures clarity and adequate support for the accountable individual. • Communicating to all stakeholders to ensure everyone is aware of where to report relative incidents. • Develop a database for recording of incidents reported and/or investigated. • Monitor level and quality of service and support received from Internal Audit. 	Divisional Managers	On-going
On-going risk assessment	<ul style="list-style-type: none"> • Review latest risk assessment conducted to ensure that action is taken to manage and mitigate fraud and corruption risks disclosed therein. • Ensure regular risk assessments are conducted and risk profile updated. • Conduct annual organisation wide risk assessment. 	Senior Manager: Corporate Governance	On-going
Management structures	<ul style="list-style-type: none"> • A Committee should meet and initiate implementation of FPP. 	RMC	On-going
Ethics and Business Conduct	<ul style="list-style-type: none"> • Update Code of Conduct. • Have employees acknowledge that they are aware of what is expected of them by signing an acknowledgement of receipt. 	Senior Manager: Human Capital Optimisation	Annually (31 March 2019)
Vetting of staff	<ul style="list-style-type: none"> • Ensure that all staff members have applied for security clearance certificates issued by the State Security Agency. 	Senior Manager: Human Capital Optimisation	Annually (31 March 2019)
Anti-Fraud and Corruption Policy	<ul style="list-style-type: none"> • Review and implement Anti-Fraud and Corruption Policy. • Circulate Policy to all managers and staff. 	Senior Manager: Corporate Governance	31 March 2019
On-going maintenance and review	<ul style="list-style-type: none"> • Ensure on-going maintenance and review of policies. 	Senior Manager: Corporate Governance	Annually (31 March 2019)



ATTACHMENT C
**PROFILE OF PERFORMANCE
INDICATORS
FY2018/19**



STRATEGIC OUTCOME-ORIENTED PERFORMANCE INDICATORS

The NGB has developed a set of Performance Indicators in line with the identified strategic outcomes (goals) and objectives statements. The purpose of the SOOG Performance Indicators is to track industry performance and changes over the five year strategic planning cycle of the NGB. These indicators also reflect equity concerns and value for money in the use of resources. In developing the indicators, specific attention was given to developing indicators related to impacts and outcome.

(specific, measurable, accurate, relevant and timely) are used in the setting of targets.

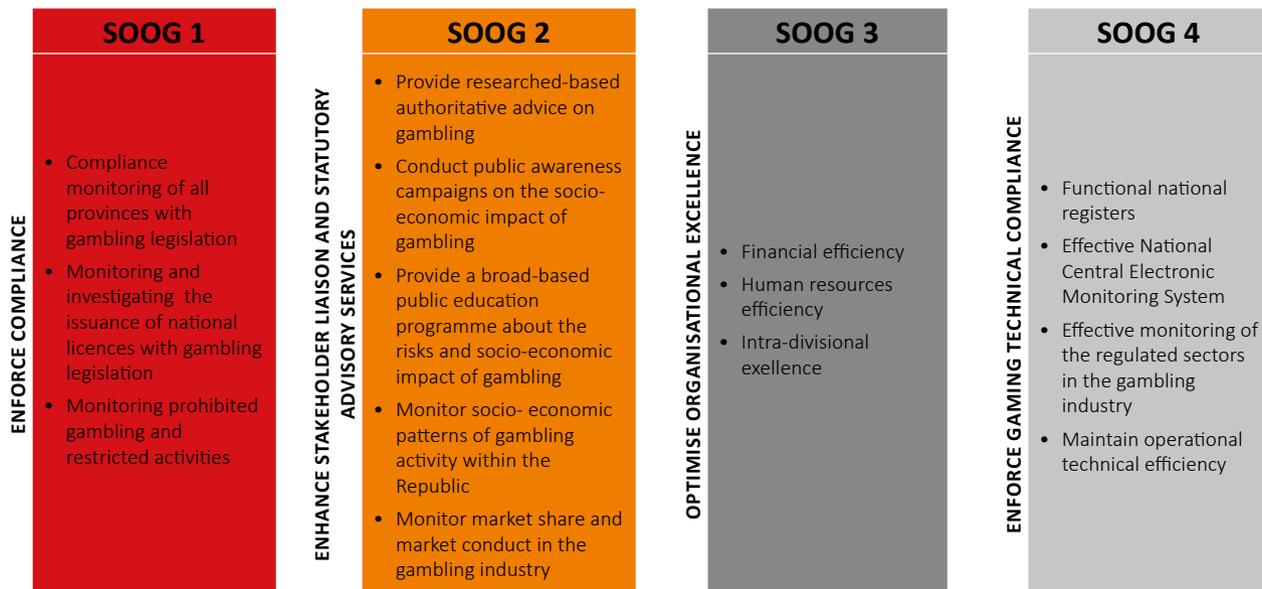
The institution must have the management processes in place to collect the information required to track performance against each indicator. The compendium contains a list of performance indicator profiles and the methods of calculation and determination of meeting performance objectives.

BASELINES AND TARGETS

SOOG performance indicators are reliable, well-defined, verifiable, cost-effective, appropriate and relevant. Due to the fact that these indicators are new and at impact an outcome level will require that proper baselines are established and that SMART criteria

STRATEGIC OUTCOME-ORIENTED GOALS

The NGB has developed four (4) SOOGs as part of the approved Strategic Plan as set out in the diagram and four main programmes listed below:



PROGRAMME PERFORMANCE INDICATORS

The NGB has developed a set of Performance Indicators in line with the identified strategic outcomes (goals) and objectives statements. These include targets for the APP. The purpose of the Performance Indicators is to track on-going performance. These indicators also reflect equity concerns and value for money in the use of resources. In developing the indicators, specific attention was given to developing indicators related to outputs; economy, efficiency and equity (note that effectiveness is assessed in relation to the achievement of the institution's SOOGs).

BASELINES AND TARGETS

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

The institution must have the management processes in place to collect the information required to track performance against each indicator. The compendium contains a list of performance indicator profiles and the methods of calculation and determination of meeting performance objectives.

COMPOSITION OF THE ORGANISATIONAL PROGRAMMES

The NGB is constituted of four (4) main programmes listed below:

1. Compliance;
2. Stakeholder liaison and advisory services;
3. Corporate services; and
4. Technical Compliance.

NGB PROGRAMME STRUCTURE





CHAPTER 1

COMPLIANCE PROGRAMME

1. PURPOSE:

Provide mandated operational core functions in terms of the National Gambling Act, 2004, (Act 7 of 2004). The Compliance Division provides enforcement in line with statutory imperatives as provided for in gambling legislation that pertains to enforcement of gambling related requirements.

COMPLIANCE OVERSIGHT

The Compliance Division oversees the co-ordination of concurrent national and provincial legislative competence over matters relating to casinos, racing, gambling and wagering; and provides for the continued regulation of those matters. Further to this, the division monitors PLAs' compliance with uniform norms and standards applicable to national and provincial regulation and licensing of certain gambling activities.

The issue of illegal gambling continues to be a challenge in the country. The intensity of unlicensed gambling varies from province to province. The Compliance Division will continue to assist the PLAs to ensure that unlicensed gambling activities are detected and dealt with and perpetrators are brought to book with the full might of the law.

ENFORCEMENT

The function of enforcement was regulated in line with the legislation with a two-fold approach, addressing alignment by licensed institutions and addressing illegal gambling activities and the suppression thereof. There is systemic growth in this arena which indirectly impacts on the business of licensed institutions. The focus area shift was directed to online gambling, which is illegal in South Africa (SA).

Description of the Programme:

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

- a) Compliance monitoring of all provinces with regards to gambling legislation;
- b) Monitoring and investigating the issuance of national licences with gambling legislation; and
- c) Monitoring prohibited gambling and restricted activities.

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

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

SOOG1 : ENFORCE COMPLIANCE

1.1.1 INDICATOR: NUMBER OF THREE-TIER COMPLIANCE EVALUATION ASSESSMENTS CONDUCTED

	INDICATOR TITLE	NUMBER OF THREE-TIER COMPLIANCE EVALUATION ASSESSMENTS CONDUCTED
1.	Short definition	Compliance evaluation assessment of nine provinces on economic and social development matters. PLAs' compliance monitoring of licensees. PLAs' technical compliance.
2.	Purpose/importance	This indicator is dictated to by the National Gambling Act and plays a fundamental role of the NGB in exercising oversight pertaining to the performance of PLAs.
3.	Source/collection of data	Desktop analysis of registers, on-site evaluation and assessment of PLAs' licensing and monitoring records.
4.	Method of calculation	Nine (9) three-tier compliance evaluation assessments conducted.
5.	Data limitations	The authenticity of NGB's findings due to unreliable data from PLAs. Unreliable and/or incomplete data at the time of the evaluation from PLAs.
6.	Type of indicator	Outcomes.
7.	Calculation type	Quantitative: Nine (9) three-tier compliance evaluation assessments conducted. Qualitative: Evidence and responses are assessed for compliance to legislation, best practices or applicable policies. The evaluation covers analysis of PLAs' periodic reviews and renewal of all types of licenses. The annual assessment of effectiveness of evaluations conducted includes deficiency analysis and recommendations to NGPC. Cumulative.
8.	New indicator	Indicator significantly changed.
9.	Reporting cycle	Quarterly and annually.
10.	Desired performance	Fully compliant with targeted performance.
11.	Indicator responsibility	Senior Inspector: Oversight and Manager: Oversight.

1.1.2 INDICATOR: NUMBER OF COMPLIANCE EVALUATION ASSESSMENTS ON THE ISSUANCE OF NATIONAL LICENCES BY PLAs CONDUCTED

	INDICATOR TITLE	NUMBER OF COMPLIANCE EVALUATION ASSESSMENTS ON THE ISSUANCE OF NATIONAL LICENCES CONDUCTED
1.	Short definition	A compliance evaluation of the issuance of national licences by PLAs.
2.	Purpose/importance	This indicator is dictated to by the National Gambling Act and plays a fundamental role of the NGB in exercising oversight pertaining to the issuance of national licences.
3.	Source/collection of data	Desktop analysis of registers, on-site evaluation, and assessment of PLAs' licensing and monitoring records.
4.	Method of calculation	Nine (9) PLA compliance evaluation assessments conducted on the issuance of national licences by PLAs.



	INDICATOR TITLE	NUMBER OF COMPLIANCE EVALUATION ASSESSMENTS ON THE ISSUANCE OF NATIONAL LICENCES CONDUCTED
5.	Data limitations	The authenticity of NGB's findings due to unreliable data from PLAs. Unreliable and/or incomplete data at the time of the evaluation from PLAs.
6.	Type of indicator	Outcomes.
7.	Calculation type	Quantitative: Nine (9) PLA compliance evaluation assessments conducted on the issuance of national licences by PLAs. Qualitative: Evidence and responses are assessed for compliance to legislation, best practices or applicable policies. The annual assessment of effectiveness of evaluations conducted includes an analysis of PLAs' periodic reviews and renewal of national licences and deficiency analysis and recommendations to NGPC. Cumulative.
8.	New indicator	Indicator significantly changed.
9.	Reporting cycle	Quarterly and annually.
10.	Desired performance	Fully compliant with targeted performance.
11.	Indicator responsibility	Senior Inspector: Oversight and Manager: Oversight.

1.1.3 INDICATOR: FRAMEWORK TO COMBAT PROHIBITED GAMBLING AND RESTRICTED ACTIVITIES APPROVED BY THE ACCOUNTING AUTHORITY

	INDICATOR TITLE	FRAMEWORK TO COMBAT PROHIBITED GAMBLING AND RESTRICTED ACTIVITIES APPROVED BY THE ACCOUNTING AUTHORITY
1.	Short definition	Monitor unlicensed activities and conduct intelligence gathering with PLAs and law enforcement agencies.
2.	Purpose/importance	This indicator is dictated by the National Gambling Act and plays a fundamental role for the NGB to enforce compliance. This indicator allows the NGB to detect unlicensed gambling activities, investigate unlawful winnings and ensure such winnings are forfeited.
3.	Source/collection of data	Complaints from the stakeholders; intelligence gathering; confiscators of unlawful winnings and law enforcement agencies.
4.	Method of calculation	Quantitative: Framework developed on prohibited gambling and restricted activities. Qualitative: Analysis of the information (desktop analysis, statistics etc.) obtained in relation to unlawful and unlicensed gambling activities. Consultations with stakeholders.

	INDICATOR TITLE	FRAMEWORK TO COMBAT PROHIBITED GAMBLING AND RESTRICTED ACTIVITIES APPROVED BY THE ACCOUNTING AUTHORITY
5.	Data limitations	Not all unlawful and unlicensed gambling activities are reported. Challenges with incomplete documentation submitted by persons reporting unlawful winnings.
6.	Type of indicator	Outcomes.
7.	Calculation type	Prohibited gambling and restricted activities detected and reported to the relevant law enforcement authorities. Ensure that unlawful winnings are forfeited. Cumulative.
8.	New indicator	New indicator.
9.	Reporting cycle	Quarterly and annually.
10.	Desired performance	Fully compliant with targeted performance.
11.	Indicator responsibility	Senior Inspector: Enforcement.



CHAPTER 2

STAKEHOLDER LIAISON AND ADVISORY SERVICES PROGRAMME

2. PURPOSE:

This programme consists of two divisions namely Stakeholder Liaison, as well as research. Interaction with various stakeholders in the gambling/law enforcement/banking industries serve to promote understanding of gambling legislation, support in the combating of illegal gambling, as well as to inform stakeholders about the socio-economic impact of gambling. Research is conducted to monitor the impact of gambling and provide input to advise in terms of gambling policy, strategy and frameworks.

STAKEHOLDER AND LIAISON

The Stakeholder and Liaison Division provides strategic coordination and communication, as well as secretariat services to the various internal and external stakeholders of the NGB such as PLAs, the gambling, law enforcement and/or the banking industry as required. This includes, but is not limited to, embarking on public awareness campaigns and educational programmes to inform stakeholders and the public on the socio-economic impact of gambling, illegal forms of gambling and the consequences of participation in any unregulated gambling modes. The division is also responsible for strategic planning and support.

RESEARCH AND INFORMATION

The Research Division conducts research to monitor and report on gambling sector performance in the South African gambling industry (specifically market conduct, market share, B-BBEE contributor levels and employment based on national gambling

statistics (turnover, GGR and taxes/levies) and information collected from PLAs). Commissioned research includes, but is not limited to, projects to determine the socio-economic impact of gambling in South Africa, as well as to benchmark South Africa with other countries in terms of the prevalence of gambling, problem gambling, legal gambling modes, online gambling, illegal online websites and content, tax rates, and regulations in terms of advertising, amongst others. Other desk research includes economic analysis and insights in terms of market share from economic and institutional perspectives, as well as reports on illegal gambling with specific reference to illegal online gambling.

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

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

SOOG 2: ENHANCE STAKEHOLDER LIAISON AND STATUTORY ADVISORY SERVICES

2.1.1 INDICATOR: NUMBER OF REPORTS ON ADVICE IN TERMS OF S65 OF THE NGA PRESENTED TO THE ACCOUNTING AUTHORITY

	INDICATOR TITLE	NUMBER OF REPORTS ON ADVICE IN TERMS OF S65 OF THE NGA PRESENTED TO THE ACCOUNTING AUTHORITY
1.	Short definition	Authoritative advice on, inter alia policy, statutory matters, legislation and reforms provided in terms of S65(2) of the National Gambling Act.
2.	Purpose/importance	To ensure NGB acts on the basis of sound knowledge of the gambling industry and acts within its legal powers and mandate to enhance the implementation of gambling policy and within the parameters of the Shareholder's Compact.
3.	Source/collection of data	Legislation in the Republic of South Africa, the Constitution of the Republic of South Africa, 1996, The National Gambling Act and Regulations, requests for advice, proactive advice, King IV on governance, provincial legislation.
4.	Method of calculation	Quantitative: One report per quarter and one annual report (five (5) per annum). Qualitative: Nature and content, and whether objectives have been met. Cumulative.
5.	Data limitations	Data not timeously received.
6.	Type of indicator	Outcomes.
7.	Calculation type	Cumulative.
8.	New indicator	Continues without change from previous year.
9.	Reporting cycle	Quarterly and Annually.
10.	Desired performance	Advice to be fit for use and to add value.
11.	Indicator responsibility	Compliance Specialist.

2.1.2 INDICATOR: NUMBER OF BROAD-BASED PUBLIC AWARENESS CAMPAIGNS CONDUCTED

	INDICATOR TITLE	NUMBER OF BROAD-BASED PUBLIC AWARENESS CAMPAIGNS CONDUCTED
1.	Short definition	Events/campaigns programmes, as well as other initiatives as stated in the corporate communication and stakeholder management plan.
2.	Purpose/importance	Conduct advocacy campaigns in order to inform stakeholders about the advantages, disadvantages and socio-economic impact of gambling.
3.	Source/collection of data	Public awareness and responsible gambling campaigns and broad-based public education programmes.
4.	Method of calculation	Number of events/interaction programmes and one (1) report per quarter and one annual report (five (5) per annum).
5.	Data limitations	Limited funding to reach and inform all stakeholders nationally.



	INDICATOR TITLE	NUMBER OF BROAD-BASED PUBLIC AWARENESS CAMPAIGNS CONDUCTED
6.	Type of indicator	Output.
7.	Calculation type	Quantitative: Number of events/interaction programmes conducted per quarter. Qualitative: Nature and content, and whether objectives have been met. Cumulative.
8.	New indicator	Indicator significantly changed.
9.	Reporting cycle	Annual and quarterly.
10.	Desired performance	Stakeholders are well informed and educated as envisaged (per approved Communication Strategy and Stakeholder Management Plan). Collaboration and cooperation with all stakeholders, and outcomes or objectives achieved as planned or envisaged.
11.	Indicator responsibility	Stakeholder Manager.

2.1.3 INDICATOR: NUMBER OF BROAD BASED-PUBLIC EDUCATIONAL PROGRAMMES THROUGH TARGETED INTERVENTIONS CONDUCTED

	INDICATOR TITLE	NUMBER OF BROAD-BASED PUBLIC EDUCATIONAL PROGRAMMES THROUGH TARGETED INTERVENTIONS CONDUCTED
1.	Short definition	Report on the number of educational interventions aimed at targeted stakeholders. Interventions include ongoing interaction, education, training and building relationships with targeted stakeholders (banks, law enforcement, prosecutors, schools, pensioners, youth, etc.).
2.	Purpose/importance	Ongoing interaction and relationships built with various stakeholders (i.e. banks, law enforcement and prosecutors) to identify education opportunities.
3.	Source/collection of data	Research, public awareness, education and responsible gambling campaigns and broad-based public educational programmes.
4.	Method of calculation	Number of educational interventions aimed at targeted stakeholders - one (1) educational programme conducted per quarter (four educational programmes per annum).
5.	Data limitations	Limited funding to reach, educate and inform all stakeholders nationally.
6.	Type of indicator	Output.
7.	Calculation type	Quantitative: Number of educational interventions aimed at targeted stakeholders - one (1) educational programme per quarter. Qualitative: Nature and content, and whether objectives have been met. Cumulative.
8.	New indicator	Indicator significantly changed.
9.	Reporting cycle	Annual and quarterly.
10.	Desired performance	Targeted stakeholders are well informed and educated through the implementation of quarterly interventions.
11.	Indicator responsibility	Senior Manager: Research and Information.

2.1.4 INDICATOR: NUMBER OF REPORTS ON RESEARCH CONDUCTED ON THE IMPACT OF GAMBLING AND PRESENTED TO THE ACCOUNTING AUTHORITY

	INDICATOR TITLE	NUMBER OF REPORTS ON RESEARCH CONDUCTED ON THE IMPACT OF GAMBLING AND PRESENTED TO THE ACCOUNTING AUTHORITY
1.	Short definition	Research reports on socio-economic impact of gambling.
2.	Purpose/importance	To achieve the mandate as stated in the National Gambling Act in terms of research. To identify research projects in line with feedback from the Accounting Authority. To provide/lead research projects, analyse, provide advice and support on gambling-related matters.
3.	Source/collection of data	Conducting research as required, e.g. desktop research, interviews with stakeholders and focus groups.
4.	Method of calculation	One (1) status and research report per quarter and one (1) annual report (five (5) per annum).
5.	Data limitations	Unavailability of resources, limited information, and reluctance by sources to provide information and sampling deficiencies.
6.	Type of indicator	Outcomes.
7.	Calculation type	Quantitative: One (1) status and research report per quarter and one (1) annual report (five (5) per annum). Qualitative: Nature and content, and whether objectives have been met. Cumulative.
8.	New indicator	Continuous without change from previous year.
9.	Reporting cycle	Quarterly and annual reports.
10.	Desired performance	Fully compliant with targeted performance.
11.	Indicator responsibility	Senior Manager: Research and Information and Economic Researcher.



2.1.5 INDICATOR: NUMBER OF REPORTS ON GAMBLING SECTOR PERFORMANCE PRESENTED TO THE ACCOUNTING AUTHORITY

	INDICATOR TITLE	NUMBER OF REPORTS ON GAMBLING SECTOR PERFORMANCE PRESENTED TO THE ACCOUNTING AUTHORITY
1.	Short definition	Gambling sector performance reports about market share and market conduct in the gambling industry.
2.	Purpose/importance	To achieve the mandate as stated in the National Gambling Act (i.e. the monitoring of market conduct and market share), and keep internal and external stakeholders informed about continuously updated gambling sector performance.
3.	Source/collection of data	PLAs to submit information as required quarterly and annually.
4.	Method of calculation	One (1) report per quarter and one (1) annual report (five (5) per annum). Audited information refers to information obtained on or after 31 July of a specific financial year. Information provided by the PLAs are audited figures by the Auditor-General. Unaudited information refers to figures obtained during the course of the financial year prior to an audit conducted by the Auditor-General.
5.	Data limitations	Reluctance by PLAs to provide all relevant information timeously and the submission of incorrect and/or omitted. data information.
6.	Type of indicator	Outcomes.
7.	Calculation type	Quantitative: One (1) report per quarter and one (1) annual report (five (5) per annum). Qualitative: Nature and content, and whether objectives have been met. Cumulative.
8.	New indicator	Continues without change from previous year.
9.	Reporting cycle	Quarterly and annual reports and presentations.
10.	Desired performance	Fully compliant with targeted performance.
11.	Indicator responsibility	Senior Manager: Research and Information and Economic Researcher.

CHAPTER 3

CORPORATE SERVICES PROGRAMME

3. PURPOSE

Provides strategic financial management functions, human resources and IT infrastructure support to the organisation.

Corporate services facilitate the overall management of the NGB and provide strategic financial management functions, human resources and IT infrastructure support to the organisation. It is the custodian of human and financial resources. The division has five (5) units that provide specialised services to the NGB.

FINANCE

The core functions of the Finance Unit are to provide overall management of the financial affairs of the NGB. This unit provides for the financial planning and reporting for both internal and external users of the financial information.

SUPPLY CHAIN MANAGEMENT (SCM)

The core objective of SCM Unit is to ensure that the procurement processes of the NGB are in line with the government prescripts and guidelines. This unit manages the achievement of contractual obligations of the outsourced services related to procured services.

HUMAN CAPITAL OPTIMISATION (HCO)

The function of Human Capital Optimisation Unit is to provide support to the human resources systems and processes that support the operations and determination of performance levels as provided in the business and operational documents of the NGB. This unit ensures that there are sufficient up-to-date processes and compliant implementation of the existing labour laws, and manages the performance agreements with personnel.

The unit pays closer attention to the quality of services, as this may compromise the quest to achieve set targets. Recruitment

efforts also pay particular attention to ensuring that NGB appoints the right people not just in terms of competencies but also with regard to their personality fit with the focal areas:

- Improving the quality of service;
- Further reduction of turnaround times; and
- Enhancing employees engagement

RECORDS MANAGEMENT

The function of the Records Management Unit is to ensure that there is proper maintenance and access to records as and when required.

LEGAL SERVICES

The Legal Services Unit researches and provides authoritative advice for the NGB, to **the dti** on regulatory strategies and inputs on legislation and policy development. Legal services further provides legal advice as and when required.

Description of the Programme:

The performance outcomes of this function include:

- a) Financial Efficiency
Effective control, support, utilisation, maintenance and management of financial resources
- b) Human Resources Efficiency
Efficient and effective-skilled workforce
- c) Records Management
Efficient and effective document-management system
- d) Legal Services
Efficient and effective provision of legal services



SOOG 3: OPTIMISE ORGANISATIONAL EXCELLENCE

3.1.1 INDICATOR: NUMBER OF REPORTS ON FINANCIAL SYSTEMS, PROCESSES AND PFMA COMPLIANCE PRESENTED TO THE ACCOUNTING AUTHORITY

	INDICATOR TITLE	NUMBER OF REPORTS ON FINANCIAL SYSTEMS, PROCESSES AND PUBLIC FINANCE MANAGEMENT ACT (PFMA) COMPLIANCE PRESENTED TO THE ACCOUNTING AUTHORITY
1.	Short definition	Compliance with PFMA requirements at all times. Effective control, support, utilisation, maintenance and management of resources.
2.	Purpose/importance	To ensure that the entity utilises its resources in a manner which complies with relevant statutes in an effective, efficient and economical manner.
3.	Source/collection of data	Accounting records, electronic records, payroll records, performance information, policies and procedures.
4.	Method of calculation	One report per quarter and one annual report (five (5) per annum).
5.	Data limitations	Capturing of data incorrectly and non-compliance with policies and procedures that are not detected will result in incorrect financial reporting.
6.	Type of indicator	Output.
7.	Calculation type	Quantitative: One report per quarter and one annual report (five (5) per annum). Qualitative: Nature and content, and whether compliance has been adhered to. Cumulative.
8.	New indicator	Continues without change from previous year.
9.	Reporting cycle	Quarterly and annually.
10.	Desired performance	Compliant financial reporting and adherence to the Public Finance Management Act, 1999 (Act 1 of 1999).
11.	Indicator responsibility	Senior Manager: Finance.

3.1.2 INDICATOR: PERCENTAGE IMPLEMENTATION OF THE FIVE (5) YEAR HUMAN CAPITAL STRATEGY AND PLAN PRESENTED TO THE ACCOUNTING AUTHORITY

	INDICATOR TITLE	PERCENTAGE IMPLEMENTATION OF THE 5-YEAR HUMAN CAPITAL STRATEGY AND PLAN PRESENTED TO THE ACCOUNTING AUTHORITY
1.	Short definition	Efficient and effective skilled workforce through implementation of human capital strategy and plan.
2.	Purpose/importance	To provide a high level approach in dealing with organisational performance and maintenance of a skilled workforce, improved governance systems, improved skills and leadership capabilities, sound employee relations practices for the establishment of a disciplined and harmonious workplace, talent attraction and retention; enhance knowledge management and increase institutional memory and retain skills to ensure business continuity.

	INDICATOR TITLE	PERCENTAGE IMPLEMENTATION OF THE 5-YEAR HUMAN CAPITAL STRATEGY AND PLAN PRESENTED TO THE ACCOUNTING AUTHORITY
3.	Source/collection of data	Department of Public Service and Administration (DPSA) Human Resources Strategies and Guidelines documents, NT guidelines and Labour Relations Legislative Frameworks.
4.	Method of calculation	Quarterly reports on the progress with implementation of the annual plan. <ul style="list-style-type: none"> • % achieved will be based on the number of activities listed in the human capital plan for that specific financial year. • % achieved per quarter = (number of activities performed per quarter divided by the total number of activities listed on the plan for that specific financial year) x 100.
5.	Data limitations	Reluctance of the existing labour force to participate in Human Capital Optimisation Strategies.
6.	Type of indicator	Outcome.
7.	Calculation type	Quantitative: Quarterly report on the progress with implementation of the annual plan. Qualitative: Nature and content, and whether objectives, activities and milestones have been met as per schedule. Cumulative.
8.	New indicator	Continues without change from previous year.
9.	Reporting cycle	Quarterly and annual.
10.	Desired performance	Effective Human Capital Optimisation Management through annual implementation of the Human Capital Strategy and Plan.
11.	Indicator responsibility	Senior Manager: Human Capital Optimisation.

3.1.3 INDICATOR PROFILE: NUMBER OF ORGANISATIONAL PERFORMANCE REPORTS PRESENTED TO THE ACCOUNTING AUTHORITY

	INDICATOR TITLE	NUMBER OF ORGANISATIONAL PERFORMANCE REPORTS PRESENTED TO THE ACCOUNTING AUTHORITY
1.	Short definition	Annual and quarterly organisational operational performance reports. Review divisional strategies annually. Ensure performance against the deliverables set out in the Shareholder Compact Agreement.
2.	Purpose/importance	To support the organisation to maximise its proficiency to optimally achieve its business strategy through governance frameworks and strategies to continuously improve and enable business operations.



3.	Source/collection of data	King IV Report on Corporate Governance, International Benchmarking, Standards and NT Strategic Planning Framework.
4.	Method of calculation	Quantitative: Four (4) organisational performance reports. Qualitative: Nature and content, and whether objectives have been met. Cumulative.
	INDICATOR TITLE	NUMBER OF ORGANISATIONAL PERFORMANCE REPORTS PRESENTED TO THE ACCOUNTING AUTHORITY
5.	Data limitations	Failure of business continuity and information reliability. Non-compliance to legislation, policies and procedures.
6.	Type of indicator	Output and outcomes.
7.	Calculation type	Quantitative: One report per quarter- Four (4) reports per annum. Qualitative: Nature and content, and whether compliance has been adhered to. Cumulative.
8.	New indicator	New indicator.
9.	Reporting cycle	Quarterly and annual.
10.	Desired performance	100% achievement of predetermined objectives through inter-divisional excellence. Clean audit.
11.	Indicator responsibility	Senior Manager: Corporate Governance.

3.1.4 INDICATOR PROFILE: NUMBER OF ORGANISATIONAL STRATEGIC REPORTS PRESENTED TO THE ACCOUNTING AUTHORITY

	INDICATOR TITLE	NUMBER OF ORGANISATIONAL STRATEGIC REPORTS PRESENTED TO THE ACCOUNTING AUTHORITY
1.	Short definition	Annual strategic reports prepared. Review divisional strategies annually. Ensure performance against the deliverables set out in the Shareholder Compact Agreement.
2.	Purpose/importance	To support the organisation to maximise its proficiency to optimally achieve its business strategy through governance frameworks and strategies to continuously improve and enable business operations.
3.	Source/collection of data	King IV Report on Corporate Governance, International Benchmarking, Standards and NT Strategic Planning Framework.

4.	Method of calculation	Quantitative: Four (4) annual organisational strategic reports. Qualitative: Nature and content, and whether objectives have been met. Cumulative.
5.	Data limitations	Failure of business continuity and information reliability. Non-compliance with legislation, policies and procedures.
6.	Type of indicator	Output and outcomes.
	INDICATOR TITLE	NUMBER OF ORGANISATIONAL STRATEGIC REPORTS PRESENTED TO THE ACCOUNTING AUTHORITY
7.	Calculation type	Four (4) annual organisational strategic reports namely Annual Report, Strategic Plan, Annual Performance Plan and Business Plan. Cumulative.
8.	New indicator	New Indicator.
9.	Reporting cycle	Quarterly and annual.
10.	Desired performance	100% achievement of predetermined objectives through inter-divisional excellence. Clean Audit.
11.	Indicator responsibility	Senior Manager: Corporate Governance.



CHAPTER 4

TECHNICAL COMPLIANCE PROGRAMME

4. PURPOSE

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

FUNCTIONAL NATIONAL REGISTERS

The aim of this goal is for the NGB to be the repository of determined registers stipulated in the Act. The Act requires that the NGB must establish and maintain, in the prescribed manner and form national registers with this realisation that the NGB aims to be the repository of gambling sector specific information. The NGB is required to provide the information in its registry under this section to all the 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 for play in the Republic and analysing and reporting data according to the requirements of the standards determined in respect of the NCEMS, in terms of the Standards Act, 2008 as well as requirements of sections 21 to 26 of the NGA.

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

NCEMS is essentially a system to:

- Keep track of 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
- Report periodically collected data to National and Provincial Gambling Boards.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The function of the ICT unit is to support the NGB in matters of ICT strategic development and maintenance of the communication and management systems, thereby safeguarding the assets of the NGB. The unit ensures that the ICT support functions are carried out in a manner that supports the strategic objectives 4.1, 4.2 and 4.3 and the mission statement of the NGB. ICT is geared at supporting and enhancing the overall organisational performance through the provision of assistive technologies.

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

- a) Functional national registers.
- b) Effective NCEMS.
- c) Effective monitoring of regulated sectors in the gambling industry.
- d) Maintain operational technical efficiency.
- e) Efficient and effective ICT operations.
- f) Uninterrupted ICT infrastructure.

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

- Casinos.
- LPM’s (routes and sites).
- Gambling equipment manufacturers and distributors.
- Bingo.
- Horse racing and betting.

SOOG: ENFORCE GAMING TECHNICAL COMPLIANCE

4.1.1 INDICATOR: PERCENTAGE UPTIME ON NATIONAL FUNCTIONAL REGISTERS

	INDICATOR TITLE	PERCENTAGE UPTIME ON NATIONAL FUNCTIONAL REGISTERS
1.	Short definition	Compliant and functional register for gambling machines and devices to ensure all machines and devices are assigned permanent unique number. Accessible information sharing and probity registers for probity reports and licensee registrations. Exclusions and illegal gambling operatives register.
2.	Purpose/importance	This indicator is dictated by the National Gambling Act and plays a role in the registration of every gambling machine or gambling device manufactured within or imported into the Republic, licenses (provincial/national), excluded persons, probity, and illegal operators.
3.	Source/collection of data	PLAs, manufacturers and licensees.
4.	Method of calculation	Analysis of functionality, effectiveness and maintenance of 90% uptime of national functional registers. 90% is inclusive of weekends and public holidays.
5.	Data limitations	Unreliable data submitted by PLAs, manufacturers and/or licensees.
6.	Type of indicator	Outcomes.
7.	Calculation type	Quantitative: Total number of hours (within reporting period) that registers were online and available / Total number of hours within the reporting period multiplied by 100. Qualitative: Analysis of data in relation to gambling machines and devices, probity, excluded persons and illegal gambling operators. Non-Cumulative.
8.	New indicator	New indicator.
9.	Reporting cycle	Quarterly and annually.
10.	Desired performance	Fully compliant with targeted performance.
11.	Indicator responsibility	Senior Manager: Gaming Technology.



4.1.2 INDICATOR: PERCENTAGE UPTIME OF A FULLY OPERATIONAL NATIONAL CENTRAL ELECTRONIC MONITORING SYSTEM (NCEMS)

	INDICATOR TITLE	PERCENTAGE UPTIME OF A FULLY OPERATIONAL NCEMS
1.	Short definition	Fully operational NCEMS in the LPM Industry. Monitor compliance of LPMs. Monitor number of machines per province and total (both LPM active and inactive); percentage change of both active and inactive LPMs; total number of sites (active and inactive) per province; technical challenges experienced by the NCEMS operator; and revenue generated from total number of LPMs per province (GGR and levies per province).
2.	Purpose/importance	This indicator is dictated by the National Gambling Act and plays a fundamental role in monitoring compliance of the LPM, bingo, casino, betting and wagering sector in the gambling industry.
3.	Source/collection of data	Desktop analysis of NCEMS, on-site evaluation and assessment of PLAs licensing and monitoring records, Management Committee, CEO's Forum, Operations Changes Committee, NCEMS contract meeting, NCEMS annual audit, records and data from licensees.
4.	Method of calculation	Quantitative: Total number of hours (within reporting period) that NCEMS was available / Total number of hours within the reporting period multiplied by 100. Qualitative: Analysis of significant events associated with LPMs, as well as analysis of PLA applications in accordance with LPM Regulation 3(2) including deficiency analysis and recommendations.
5.	Data limitations	Lack of access to testing data limits understanding of some data irregularities and system downtime. Data integrity relies on NCEMS operator not contravening provisions of the SLC. Unreliable data from PLAs and licensees.
6.	Type of indicator	Outcomes.
7.	Calculation type	Snapshot and cumulative.
8.	New indicator	Indicator significantly changed.
9.	Reporting cycle	Quarterly and annually.
10.	Desired performance	Full compliance with targeted performance.
11.	Indicator responsibility	Senior Manager: Gaming Technology.

4.1.3 INDICATOR: NUMBER OF REPORTS ON MONITORING OF THE CASINO INDUSTRY; BINGO INDUSTRY; BETTING AND WAGERING INDUSTRY, AND LPM INDUSTRY PRESENTED TO THE ACCOUNTING AUTHORITY

	INDICATOR TITLE	NUMBER OF REPORTS ON MONITORING OF THE CASINO INDUSTRY; BINGO INDUSTRY; BETTING AND WAGERING INDUSTRY AND LPM INDUSTRY PRESENTED TO THE ACCOUNTING AUTHORITY
1.	Short definition	Economically viable and compliant casino industry. Economically viable and compliant LPM industry. Economically viable and compliant bingo industry. Economically viable and compliant betting and wagering industry.
2.	Purpose/importance	This indicator is dictated by the National Gambling Act and plays a fundamental role in monitoring compliance of the LPM, bingo, casino and betting and wagering sector in the gambling industry.
3.	Source/collection of data	Desktop analysis of NCEMS, on-site evaluation and assessment of PLAs licensing and monitoring records, Management Committee, Chief Executive Officer's (CEO's) Forum, Operations Changes Committee, NCEMS contract meeting, NCEMS annual audit, records and data from licensees.
4.	Method of calculation	Four (4) reports and one (1) annual report on monitoring activities with the casino industry; bingo industry; betting and wagering industry and LPM industry five (5) reports per annum.
5.	Data limitations	Lack of access to testing data limits understanding of some data irregularities and system downtime. Data integrity relies on NCEMS operator not contravening provisions of the SLC. Unreliable data from PLAs and licensees.
6.	Type of indicator	Outcomes
7.	Calculation type	Quantitative: Four (4) reports and one (1) annual report on monitoring activities with the casino industry; bingo industry; betting and wagering industry and LPM industry (five (5) report per annum). Qualitative: Report will include economic viability and compliance of the gambling sectors. Cumulative.
8.	New indicator	Continues without change from previous year.
9.	Reporting cycle	Quarterly and annually.
10.	Desired performance	Full compliance with targeted performance.
11.	Indicator responsibility	Compliance Specialist.



4.1.4 INDICATOR PROFILE: PERCENTAGE UPTIME OF ALL IT SYSTEMS

	INDICATOR TITLE	PERCENTAGE UPTIME OF ALL IT SYSTEMS
1.	Short definition	Efficient and effective ICT operations.
2.	Purpose/importance	To support the organisation to maximise its proficiency to optimally achieve its business strategy through Information Communication Technology (ICT) which continuously improves and enables business operations.
3.	Source/collection of data	King report on corporate governance, DPSA corporate governance ICT policy framework, international benchmarking standards and applicable treasury regulations.
4.	Method of calculation	Total number of hours (within reporting period) that ICT systems were online and available / Total number of hours within the reporting period. ICT systems referred to above are listed on the approved ICT strategy. The percentage calculated is a consolidation for all ICT systems.
5.	Data limitations	Budgetary constraints and interrupted power supply.
6.	Type of indicator	Outcome.
7.	Calculation type	Quantitative: Total number of hours (within reporting period) that ICT systems were online and available / Total number of hours within the reporting period multiplied by 100. Qualitative: Nature and content, and whether objectives have been met. Cumulative.
8.	New indicator	Indicator significantly changed.
9.	Reporting cycle	Quarterly and annual.
10.	Desired performance	Established and implemented MSP and ICT Strategy. 98% uptime of all IT systems.
11.	Indicator responsibility	ICT Systems Support Officer.



**ATTACHMENT D
MATERIALITY &
SIGNIFICANCE FRAMEWORK
FY2018/19**



1. DEFINITIONS

(A) ACCOUNTING AUTHORITY:

The Administrator of the NGB.

(B) EXECUTIVE AUTHORITY:

The Minister of Trade and Industry.

(C) PFMA:

The 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 EA in consultation with the external auditors. The NGB framework is outlined below.

3. FRAMEWORK		
PFMA SECTION	QUANTITATIVE (AMOUNT)	QUALITATIVE (NATURE)
PFMA S50(1) : FIDUCIARY DUTIES OF ACCOUNTING AUTHORITIES		
(1) The accounting authority for a public entity must:		
(c) on request, disclose to the Executive Authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the Executive Authority or that legislature;...	Any fact discovered of which the amount exceeds the planning materiality figure as calculated in section 4 below.	(i) Any item or event of which specific disclosure is required by law. (ii) Any fact discovered of which its omission or misstatement, in the NGB's opinion, could influence the decisions or actions of the Executive Authority or legislature.

PFMA SECTION	QUANTITATIVE (AMOUNT)	QUALITATIVE (NATURE)
PFMA S54: INFORMATION TO BE SUBMITTED BY ACCOUNTING AUTHORITIES		
(1) Before a public entity concludes any of the following transactions, the Accounting Authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its Executive Authority for approval of the transaction:		
(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.
(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 transactions to any value will be regarded as material.	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 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)
PFMA S55: ANNUAL REPORT AND FINANCIAL STATEMENTS		
(2) The annual report and financial statements referred to in subsection (1) (d) must:		
(a) fairly present the state of affairs of the public entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned;	Any amounts individually or accumulated which exceed the materiality amount as set out in section 4 below.	Any identified omission which would influence decision making of users of the financial information.
(b) Include particulars of: <ul style="list-style-type: none"> <li data-bbox="236 736 580 951">(i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year: <li data-bbox="236 968 580 1149">(ii) any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure; <li data-bbox="236 1166 580 1215">(iii) any losses recovered or written off; <li data-bbox="236 1232 580 1381">(iv) any financial assistance received from the state and commitments made by the state on its behalf; and <li data-bbox="236 1397 580 1457">(v) any other matters that may be prescribed; and ... 	<ul style="list-style-type: none"> <li data-bbox="592 736 1011 802">(i) Losses through criminal conduct or any loss identified. <li data-bbox="592 811 1011 868">(ii) Losses through fruitless and wasteful irregular, expenditure. <li data-bbox="592 877 1011 1067">(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. <li data-bbox="592 1075 1011 1133">(iv) Planning materiality is 1% of budgeted gross expenditure. 	Any identified loss through acts, omissions and/or criminal conduct.

PFMA SECTION	QUANTITATIVE (AMOUNT)	QUALITATIVE (NATURE)
S66: RESTRICTIONS ON BORROWING, GUARANTEES AND OTHER COMMITMENTS (PFMA)		
(1) An Institution to which this Act applies may not borrow money or issue a guarantee, indemnity or security or enter into any other transaction that binds or may bind that Institution or Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transaction:	Subject to section 66(2) of the PFMA, any transactions to any value will be regarded as material.	Any identified transaction or loss through acts, omissions and/or criminal conduct.
(a) is authorized by this Act;		
(b) in the case of public entities is also authorised by other legislation not in conflict with this Act; and...		

4. DETERMINATION OF MATERIALITY

Materiality is inherently a matter of professional judgement which can only be properly determined after due consideration is given to the entity's risk profile, size of budget and spending patterns. Materiality is calculated as follows:

Materiality = Base Amount multiplied by (*) a selected percentage

The base amount has been determined as the "total budgeted expenditure" for the relevant Financial Year (FY). This was selected on the basis that the NGB is expenditure driven. This base amount is then multiplied by a selected percentage (1%) to determine the materiality amount. One (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.

RAND THOUSAND	% USED	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
		R'000						
Estimated Gross Expenditure	100%	29,031	27,643	38,866	46,981	167,941	169,949	180,564
Materiality	1%	290	276	389	470	1,679	1,699	1,806



ATTACHMENT E
**SERVICE DELIVERY
STANDARDS (SDSS)
FY2018/19**



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 EA of the Minister of Trade and Industry, in an effort to enable **the dti** to achieve its objectives and ultimately its mandate. The NGB's mandate is to promote gambling activities in a legal, safe and crime-free environment and protect punters from the 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 of the Republic of South Africa, 1996, which states that "people's needs must be responded to, and the public must be encouraged to participate in policymaking".

SDSs 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:

Consultation	Citizens should be consulted about their needs
Standards	All citizens should know what service to expect
Redress	All citizens should be offered an apology and solution when standards are not met
Access	All citizens should have equal access to services
Courtesy	All citizens should be treated courteously
Information	All citizens are entitled to full, accurate information
Openness and transparency	All citizens should know how decisions are made and departments are run
Value for money	All services provided should offer value for money

SDSs facilitate both internal productivity and external service delivery expectations.

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



2. SERVICE DELIVERY STANDARDS (SDSs) OBJECTIVES

These SDSs provide the context for expected standards for NGB’s regulatory services and institutional management.

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

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

- Its mandate is clearly communicated to all stakeholders and is understood at all times.
- Exercise its mandate in an unbiased, fair and independent manner, free from undue influence and maintaining trust with all the stakeholders.
- Take accountability and undertake open and transparent decision-making.
- Maintain governing body structures which uphold integrity.

- Undertake to be accessible to all and free to engage with all the relevant stakeholders.
- Undertake to perform NGB’s mandate efficiently, effectively and economically, within available financial and human resources.
- Undertake to perform and execute its mandate in accordance with all the applicable legislation.

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

The NGB is expected to comply with SOOGs in order to discharge its mandate. NGB has also developed its Standard Operating Procedures in line with government imperatives, NGB’s Strategic Plan and APP.

The NGB’s SOOGs are set out as follows:



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 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 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 applies 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 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; PLAs' compliance monitoring of licensees; and PLAs' 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	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	NGPC Provincial Licencing Authority Stakeholders the dti	Stakeholders the dti Portfolio Committee for Trade and Industry PLAs The public	NT NGB Suppliers and creditors the dti Parliament	NT Prospective service providers the dti Parliament
Consultation	Gambling Regulatory fora Meetings	Gambling Regulatory fora Meetings, workshops public awareness campaigns	Gambling Regulatory fora Meetings	Gambling Regulatory fora NGPC Meeting, Meetings	Gambling Regulatory fora NGPC Meeting, Meetings	Governance/ oversight meetings	Governance/ oversight meetings Bidders briefing sessions
Service standards	Performance in terms of Strategic Plan and Annual Performance Plan 40 day turnaround time from date of receipt of all requisite documentation	Performance in terms of Strategic Plan and Annual Performance Plan 30 day turnaround time from date of receipt of all requisite documentation	Performance in terms of Strategic Plan and Annual Performance Plan 7 day turnaround time from date of request for all requisite documentation	Performance in terms of Strategic Plan and Annual Performance Plan Quarterly performance in terms of Strategic Plan and Annual Performance Plan	Performance in terms of Strategic Plan and Annual Performance Plan Quarterly performance in terms of Strategic Plan and Annual Performance Plan	Performance in terms of Strategic Plan and Annual Performance Plan 30 day turnaround time from date of receipt of invoice	Performance in terms of Strategic Plan and Annual Performance Plan Maximum bid validity period of 180 days
Access	NGB offices	NGB offices	Central registry at NGB offices	NGB offices, NGPC minutes	NGB offices, NGB website (www.ngb.org.za), the dti offices	NGB website (www.ngb.org.za), NGB offices	NGB tender box at NGB offices (420 Witch Hazel Avenue, Eco Glades 2, Block C, Eco Park, Centurion, 0144)
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; PLAs' compliance monitoring of licensees; and PLAs' 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	Research reports	Payment of invoices	Administration of bids
Information	Acknowledgement of receipt of notice Report on findings NGB LPMs criteria Criteria and guidance notes for the licencing of LPMs	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	NGPC 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	NT's e-Tender Publication Portal Government Gazette NGB website Media publication (where applicable)
Openness and transparency	Strategic Plan Annual report National Gambling Act NGB website (www.ngb.org.za)	Strategic Plan Annual report National Gambling Act NGB website (www.ngb.org.za)	Strategic Plan Annual report National Gambling Act NGB website (www.ngb.org.za)	Strategic Plan Annual report National Gambling Act NGB website (www.ngb.org.za)	Strategic Plan Annual report National Gambling Act NGB website (www.ngb.org.za)	Strategic Plan Annual report National Gambling Act Public Finance Management Act NGB website (www.ngb.org.za) NT	Strategic Plan Annual report National Gambling Act Public Finance Management Act NGB website (www.ngb.org.za) NT
Redress	Fraud hotline (email) fraudalert@ngb.org.za Or (Tel) 012 686-8800 ceo@ngb.org.za info@ngb.org.za	Fraud hotline (email) fraudalert@ngb.org.za Or (Tel) 012 686-8800 ceo@ngb.org.za info@ngb.org.za	Fraud hotline (email) fraudalert@ngb.org.za Or (Tel) 012 686-8800 ceo@ngb.org.za info@ngb.org.za	ceo@ngb.org.za info@ngb.org.za	ceo@ngb.org.za info@ngb.org.za	Fraud hotline (email) fraudalert@ngb.org.za Or (Tel) 012 686-8800 scm@ngb.org.za	Fraud hotline (email) fraudalert@ngb.org.za Or (Tel) 012 686-8800 scm@ngb.org.za NGB website (www.ngb.org.za)
Value for money	Services offered and documents provided are free of charge	Services offered and forms provided are free of charge. Forms can be downloaded from the NGB website at no cost with the exception of court processes in terms of S16(4) of the National Gambling Act	Forms are provided free of charge Services are free of charge with the exception of services listed in terms of National Gambling and Provincial Gambling 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



PROBLEM GAMBLING IS TREATABLE GAMBLE RESPONSIBLY

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