

STRATEGIC PLAN FY2020 – 2025



National Gambling Board
South Africa

a member of **the dti** group





CONTENTS

Executive Authority Statement	2
Accounting Authority Statement	3
Official sign-off	6
Abbreviations and acronyms	7
PART A: THE NATIONAL GAMBLING BOARD MANDATE	
1. Constitutional mandate	9
2. Legislative and policy mandates	9
3. Institutional policies and strategies over the five year planning period	10
4. Relevant court rulings	11
PART B: THE NGB STRATEGIC FOCUS	
5. Vision, Mission and Values	14
6. Situational analysis	15
PART C: MEASURING THE NGB PERFORMANCE	
7. Institutional performance information	23
8. Key risks	28
9. Financial plan	29
PART D: TECHNICAL INDICATOR DESCRIPTION (TID)	



EXECUTIVE AUTHORITY STATEMENT

Mr Ebrahim Patel

The Public Finance Management Act requires that every public entity prepares a Strategic Plan setting out the overall strategy for the 5 year period covering the state's Medium-term Strategic Framework (MTSF). Every year, an Annual Performance Plan (APP) is prepared, which converts the overall strategy to key annual targets. These documents are then provided for approval to the Executive Authority and budgets are aligned to these plans.

The **National Gambling Board of South Africa (NGB)** has prepared its **Strategic Plan 2020 – 2025**, which I now submit to Parliament, as required by the legislation.

This is the first **Strategic Plan** prepared in the 6th Administration by the NGB. I have requested that all entity Strategic Plans and Annual Performance Plans be aligned to the MTSF, which incorporates the work to develop and implement National Sector Masterplans, as well as the trade reforms, investment and transformation work of the Department.

Once the revised MTSF has been signed off, we will review the Strategic Plan and Annual Performance Plan of the entity and align it accordingly. The Strategic Plan and Annual Performance Plan may further need to be aligned to Government's response to the COVID-19 pandemic, both during the period of the national disaster declared by President Ramaphosa, and thereafter as we adapt to the new economic reality. Should adjustments be made, a revised Plan will be submitted to Parliament.

A handwritten signature in black ink, appearing to read 'Ebrahim Patel', with a long horizontal stroke extending to the right.

Mr Ebrahim Patel

Minister responsible for Trade, Industry and Competition



ACCOUNTING AUTHORITY STATEMENT

Ms Caroline Kongwa

NGB's strategy is also based on the provisions provided in the NGA, in order to control, regulate and monitor gambling whilst preventing and minimising its harm.

The National Gambling Board (NGB) has a long-term commitment of protecting punters from over-stimulation of the latent need to gamble by promoting gambling activities in a legal, safe and crime-free environment. This document gives expression to the NGB's strategic priorities for the next five (5) years (2020 – 2025) as guided by Government's MTSF priorities 1 (Economic transformation and job creation) and 7 (A better Africa and world). These priorities form part of government overarching aim to boost economic growth and enable deeper levels of economic inclusion and transformation. NGB's strategy is also based on the provisions provided in the NGA, in order to control, regulate and monitor gambling whilst preventing and minimising its harm.

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

The NGB identified strategic outcomes as its focus areas for the next five (5) years (2020 – 2025) bearing in mind their contribution towards the achievement of the NDP Five-Year Implementation plan and monitoring framework. The outcomes are broad-based public education, effectively monitored socio-economic patterns of gambling activity in the Republic, uniformity of legislation in the gambling industry, account for and identification of all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons and economic transformation and increased participation of Historically Disadvantaged Individuals (HDIs) in the

ACCOUNTING AUTHORITY STATEMENT CONTINUED

mainstream gambling industry. The contribution of such outcomes to the overall impact of the gambling industry is dependent on key enablers to achieve the desired impact.

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

Uniformity of legislation in the gambling industry is vital through the development of norms and standards to ensure that gambling laws and practices in South Africa are aligned and harmonized. This has a direct contribution towards creating an enabling environment in which investment in the industry can be accelerated and the ease of doing business enhanced, improving the levels of fixed investment in the economy. Accounting for and identifying all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons has a direct bearing on improving

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

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



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

In this regard, commitment by all gambling industry role players, from national and provincial regulators to the gambling operators across all legal modes, is critical towards enabling the gambling industry to play a role in achieving government's agenda to boost economic growth and enable deeper levels of economic inclusion and transformation.

The NGB's five-year Strategic Plan (2020 – 2025) will ensure the strengthening and execution of its mandate and embracing the fourth industrial revolution in relation to the regulation of gambling in South Africa.

Ms Caroline Kongwa
Accounting Authority

OFFICIAL SIGN-OFF

It is hereby certified that the revised Strategic Plan:

- Was developed by the management of the National Gambling Board under the guidance of Mr Ebrahim Patel.
- Takes into account all the relevant policies, legislation and other mandates for which the NGB is responsible.
- Accurately reflects the Impacts, Outcomes and Outputs, which the NGB will endeavour to achieve over the period 2020 – 2025.



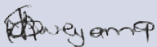
Mr Bryan Arumugam
Acting Chief Compliance Officer



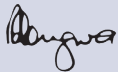
Mr Shelton Pagiwa
Acting Chief Strategic Advisor



Ms Kaveshka Mackerduth
Chief Financial Officer

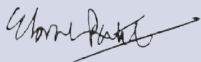


Ms Poppy Kweyama
Chief Operations Officer



Ms Caroline Kongwa
Accounting Authority

Approved by:



Mr Ebrahim Patel
Minister of Trade, Industry and Competition

ABBREVIATIONS AND ACRONYMS

AFS	Annual Financial Statements	IT	Information Technology
AI	Accountable Institutions	LPMS	Limited Payout Machines
APP	Annual Performance Plan	MOU	Memorandum of Understanding
B-BBEE	Broad-Based Black Economic Empowerment	MTEF	Medium Term Expenditure Framework
CCO	Chief Compliance Officer	MTSF	Medium Term Strategic Framework
CEO	Chief Executive Officer	NCEMS	National Central Electronic Monitoring System
CFO	Chief Financial Officer	NDP	National Development Plan
COO	Chief Operations Officer	NGA	National Gambling Act
CSA	Chief Strategic Adviser	NGB	National Gambling Board
dtic	Department of Trade, Industry and Competition	NGPC	National Gambling Policy Council
EA	Executive Authority	NGR	National Gambling Regulator
EBT	Electronic Bingo Terminal	NLA	National Lotteries Act
FIC	Financial Intelligence Centre	PFMA	Public Finance Management Act
FICA	Financial Intelligence Centre Act	PLAs	Provincial Licensing Authorities
FY	Financial Year	POCA	Prevention of Organised Crime Act
GDP	Gross Domestic Product	RSA	Republic of South Africa
GGR	Gross Gambling Revenue	SARGF	South African Responsible Gambling Foundation
GRC	Gambling Review Commission	SAPS	South African Police Services
HCO	Human Capital Optimisation	SCM	Supply Chain Management
HDI	Historically Disadvantaged Individuals	SMME	Small medium and micro sized enterprises
ICT	Information Communications Technology		

PART A: THE NATIONAL GAMBLING BOARD MANDATE



THE NATIONAL GAMBLING BOARD MANDATE

STRATEGIC OVERVIEW

The National Gambling Board (the NGB) is established in terms of the National Gambling Act, 2004 (Act 7 of 2004) (the NGA) under the Executive Authority (EA) of the Minister of Trade, Industry and Competition, in an effort to enable the Department of Trade, Industry and Competition (**the dtic**) to achieve its objectives and 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. CONSTITUTIONAL MANDATE

In the Republic of South Africa, government is constituted as quasi-federal comprising of national, provincial and local spheres of government. The Constitution of the Republic of South Africa, 1996, Schedule 4, Part A sets out gambling as a functional area of concurrent national and provincial legislative competence and lists casinos, racing, gambling and wagering (excluding lotteries and sports pools) as functional areas for both national and provincial government. Section 146 of the Constitution applies to a conflict between national legislation and provincial legislation falling within a functional area listed in Schedule 4.

All spheres of government must observe and adhere to the principles of co-operative government and intergovernmental relations and must conduct their activities within the said principles.

2. LEGISLATIVE AND POLICY MANDATES

Legislative mandate

The NGB is established as a Schedule 3A public entity in terms of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999). The mandate of the NGB is set out in sections 33 and 34, read with section 65 of the NGA, and these are:

- Oversight of gambling in the Republic of South Africa by:
 - Evaluating the issuing of national licences by the Provincial Licensing Authorities (PLAs)
 - Evaluating the compliance monitoring of licensees by PLAs
 - Conducting oversight evaluation of the performance of PLAs so as to ensure that the national norms and standards established by the NGA are applied uniformly and consistently throughout the Republic
 - Assisting PLAs to ensure that the unlicensed gambling activities are detected

- Monitoring of market conduct and market share
- Monitoring socio-economic patterns of gambling activity and research and identify patterns of the socio-economic impact of gambling and addictive or compulsive gambling
- Establishing and maintaining a national registry of every gambling machine or gambling device manufactured within or imported into the Republic, as well as maintaining all other legislative prescribed registers
- Investigating the circumstances of any gambling activity that relates to unlawful winnings that the NGB has held in trust, to either deliver 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
- Advising and providing recommendations to the National Gambling Policy Council (NGPC) on, amongst others, matters of national policy and legislative changes relating to gambling

Other mandates

The work of the NGB is also enabled by other legislation, including but not limited to the following:

- Constitution of the Republic of South Africa, 1996
- Public Finance Management Act (PFMA), 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 (CPA), 2008 (Act 68 of 2008)
- Competition Act, 1998 (Act 89 of 1998) as amended
- Intergovernmental Relations Framework Act (IGRFA), 2005 (Act 13 of 2005)

Policy mandate

The NGB's key priorities are premised on the National Gambling Policy (2016), through which the outcomes of the NGB's performance manifests through the impact and quality of its advice and recommendations to the Minister, **the dtic** and the NGPC on, amongst others, matters of national policy and legislation relating to gambling.

THE NATIONAL GAMBLING BOARD MANDATE CONTINUED

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

National Development Plan, 2030

The National Development Plan (NDP), Vision 2030, adopted by Cabinet in 2012, is the visionary blueprint of government, with business and society as collaborative partners. Seeking to eliminate poverty and sharply reduce inequality by 2030, the five key elements of the NDP are:

- 1) Inclusive social and economic development;
- 2) Sustainable investment and growth;
- 3) Decent jobs and sustainable livelihoods;
- 4) A capable development state; and
- 5) Expanding opportunities.

This long-term plan for the country, which cuts across all sectors of society, identifies the critical trade-offs and challenges to be addressed by the country over the period to 2030. The NDP aims to integrate planning and ensure greater policy coherence in government, thus building a common vision of what South Africa could look like in 2030.

The NGB is a regulatory entity that does not directly create jobs but through its policies and legislative frameworks, needs to foster compliance that leads to job creation from the issuance of gambling licences by Provincial Gambling Boards to its licensees in the gambling regulated environment.

Medium-Term Strategic Framework 2019 – 2024

Aligned to the NDP, the MTSF 2019 – 2024 seeks to ensure that the medium-term and short-term planning of government. The MTSF identifies the critical actions to be undertaken during 2019 – 2024 to put the country on a positive trajectory towards the achievement of the 2030 vision. It further identifies indicators and targets to be achieved in the period.

The MTSF 2019-2024 has identified Seven (7) Priorities. Of the Seven Priorities, two (2) relate to **the dtic** and the NGB. Priority Two (2) is “Economic Transformation and Job Creation” while Priority Seven (7) relates to “A Better Africa and World”.

Reimagined Industrial Policy

The industrial policy sets out objectives for the economic growth strategy, and the NGB identifies with Pillars 3 and 5: namely Interventions to ease the cost of doing business and Macro economic reform and increased competition. To this end, successful industrial policy works with a combination of levers, one of which is to develop sector or value chain capabilities, and the NGB intends to follow this through for the gambling industry.

Within the NGB, there are adequate institutional policies, and this strategy will enable the NGB to support the implementation of the governmental priorities over the next five (5) years.

THE NATIONAL GAMBLING BOARD MANDATE CONTINUED

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

THE NATIONAL GAMBLING BOARD MANDATE CONTINUED

4. RELEVANT COURT RULINGS

Casino Enterprises (Pty) Ltd Vs Gauteng Gambling Board and Others (SCA) [2011] ZASCA 155

Cause of action

This was an appeal against a judgment of the North Gauteng High Court. The appellant was Casino Enterprises (Pty) Ltd, a company registered and incorporated in Swaziland. It owned and operated a land-based casino and an online casino in Swaziland, both of which were licensed under the name Piggs Peak. It held no licence in South Africa.

The cause of action was whether the activities of the online casino contravene the laws of South Africa, specifically the National Gambling Act, 2004 (Act 7 of 2004) (the NGA) and the Gauteng Gambling Act, 1995 (Act 4 of 1995) (the GGA) when gamblers in South Africa gamble online.

Court ruling

The Appeal Court upheld the decision of the North Gauteng High Court that persons in South Africa who gamble with the appellant as well as the appellant in its interactive participation contravene the provisions of sections 8 and 11 of the NGA and section 76(2) of the GGA.

This judgment reinforces the provisions of the NGA and informs the strategic direction that the NGB is taking with regard to illegal online gambling.

Akani Egoli (Pty) Ltd and Others Vs Chairperson of the Gauteng Gambling Board and Others [2008] ZAGPHC 262

Cause of action

The applicants, who held casino licences in terms of the Gauteng Gambling Act, 1995 (Act 4 of 1995) (the GGA), sought to have the Gauteng Gambling Board's decisions to approve the Real Touch Bingo (RTB) devices for use in bingo premises reviewed and set aside on various grounds. In essence, they contended that the RTB was none other than an ordinary slot machine commonly found in casinos and that the game played on it was not bingo. In the alternative, if the game played on the device was bingo, then the applicants contended that the game was not played in accordance with the bingo rules promulgated by the Board. Finally, the applicants contended that the game failed to yield a minimum return to players that the Gauteng Act and its Regulations prescribed in respect of bingo. For any of these reasons, the applicants contended, the CEO in effect approved an unlawful activity.

Court ruling

The Court upheld the application that the decisions of the Gauteng Gambling Board to approve the RTB devices for use in bingo premises be reviewed and set aside, as approval purported to sanction unlawful conduct.

Whilst traditional Bingo is provided for in national and provincial legislation Electronic Bingo Terminals (EBTs) formerly known as Real Touch Bingo (RTB) were subsequently licensed by PLA's. The judgment informs the strategic direction of the NGB to develop policy, norms and standards and legislation in order to address the lacunae in the law pertaining to the regulation of Bingo and its electronic form.

Vukani Gaming Gauteng (Pty) Ltd and Others Vs KKK Properties CC and Others [2016] ZAGPPHC 482

Cause of action

The applicants, representing licensed route and site operators for limited payout machines (LPMs), sought to interdict the first respondent, the owner of business premises in Northdale, from permitting the use of its premises by the second respondent, an internet café offering internet services, for the purpose of unlawful gambling activities. Similarly, an order was sought interdicting the second respondent from conducting, permitting or allowing the unlawful gambling activities on the premises. The basis of the application was that the gambling was offered at the said premises through the use of the internet, and no licence was issued for the offering of such gambling service.

Court ruling

The Court granted the application, interdicting and restraining the first respondent from permitting the use of its premises for the purpose of restricted gambling activities and unlawful gambling as prohibited by the National Gambling Act 7 of 2004 (NGA) and the Gauteng Gambling Act 4 of 1995 (GGA), and interdicting and restraining the second respondent from conducting any restricted gambling activity, unlawful gambling activity and engaging in any other conduct connected with unlawful gambling activity prohibited by the NGA and the GGA or permitting or allowing gambling as defined in section 1 of the NGA and the GGA on and from the premises.

The judgment has provided legal precedent recognising that the fact that it is not only regulators who bear locus standi to combat illegal gambling but licensed operators also have a recognised legal interest to challenge the conducting of illegal gambling activities.

PART B: THE NGB STRATEGIC FOCUS



5. OUR 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 (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.



6. SITUATIONAL ANALYSIS

The gambling industry continues to grow with revenue reaching over R30 billion in the FY2018/19. Positive growth in gross gambling revenue (GGR) between FY2017/18 and FY2018/19 was witnessed in all modes of gambling with the highest growth being in the bingo sector (26.6%) followed by the betting sector (17.8%), Limited Payout Machines (LPMs) sector (13.2%) and Casino (1.2%) sector. The taxes or levies collected from the industry as source of revenue for the government amounted to R3.1 billion in FY2018/19, a 6.8% increase from the previous financial year. The casino sector continues to dominate the market space generating the greater proportion of gambling revenues. However, this share in the total market has been declining over the years as there was an upward surge in revenues generated in other modes of gambling i.e. betting on horse racing and sport, LPMs and bingo.

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

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

The economic imperative to promote economic inclusion by enhancing economic participation of historically disadvantaged individuals

continues to be an opportunity for the NGB to leverage its internal strategic factors. The NGB undertakes research on key gambling issues in order to inform the legislative and policy environment.

Economic and social challenges are key focus areas to be addressed by the NGB and the gambling industry. The current regulations attempt to address the economic challenges; however, work still needs to be done to ensure proper application of these regulations. The legal industry is affected by the mushrooming of illegal gambling which creates a direct unregulated competition and this scenario is of huge concern to regulators.

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

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

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

6. SITUATIONAL ANALYSIS CONTINUED

6.1 External Environmental Analysis

The NGB regularly scans the gambling environment in order to identify opportunities to execute the NGB's mandate. The following key priorities have been identified which inform the implementation of the entity's strategy:

- a) To position the NGB strategically and advocate delivery in accordance with national gambling legislation
- b) Substantive review of the NGA
- c) Economic analysis of gambling in RSA
- d) Foster harmonisation and uniformity in the gambling industry
- e) Gaming control and regulation
- f) Position the NGB as a pre-eminent national regulator
- g) National repository for gambling related information
- h) Engaging in opportunities which create platforms for the benefit of the country with reference to gambling law enforcement
- i) Enhance national enforcement capabilities to lead banning and suppression of illegal gambling in the South Africa
- j) Lead foreign direct investment in this 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) Facilitate and monitor transformation of the industry in line with the B-BBEE Act and Codes of Good Practice
- m) Informing and educating the public and stakeholders about the socio-economic impact and risks of gambling
- n) Increased monitoring capacity of all legal modes of gambling through extending NCEMS
- o) Conceptualisation on the best approaches to regulation of betting
- p) Regulate technologically advanced forms of gambling
- q) Promulgation of regulations for excluded persons
- r) Provision of alternative dispute resolution mechanisms to punters
- s) Increase of revenue base towards becoming a self-sustaining entity
- t) Conduct research on the socio economic patterns and consequences of gambling
- u) Conceptualisation of cost effective resolution of unlawful winnings

- v) Legislative reforms in order to effectively regulate gambling

The NGB has developed 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 a broad forum is for conversations on gambling issues amongst all stakeholders and specifically regulators to enhance the NGB's capability to regulate the South African gambling industry.

6.2 Internal Environment Analysis

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

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

The NGB is further required to ensure that members of the public who participate in any licensed gambling activity are protected; society are protected against over-stimulation of the latent need 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 NGB strategy is premised on the institution continuing its active role in regulating the gambling industry. A multidimensional regulatory approach involving supervision, cooperation and enforcement is a consideration for successful execution of the NGB's mandate.

The key strategic issues are as follows:

- Ensure harmonisation with gambling and other legislation in order to better regulate gambling in RSA

6. SITUATIONAL ANALYSIS CONTINUED

- Economic analysis of gambling in RSA
- Gaming control and regulation
- Monitoring of new developments and modes offered by gambling operators and assess the impact thereof
- Monitoring the socio economic impact of gambling and problem gambling
- Extension of NCMS to monitor all modes of gambling in RSA
- Continuously exercising oversight of PLAs to ensure compliance with the NGA and applicable laws and regulations
- Enhanced cooperation with law enforcement agencies and PLAs to combat illegal gambling in RSA
- Continue to provide an advisory role with regard to regulatory issues in the RSA gambling industry
- Improving awareness about the socio-economic impact of gambling, legal and illegal modes of gambling, and the promotion of responsible gambling amongst the public and stakeholders

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 (5) 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
- f) Legislative, compliance and diversity

Description of NGB 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 as well as the current MTSF. This is captured in the link between the NGB objectives, MTSF and the objectives and vision of the NDP.

Secondly, the priorities of **the dtic** were taken into account, to ensure that there is alignment between the NGB objectives and **the dtic** priority areas. In thus implementing its Strategic Plan, the NGB will work towards fulfilling the industry policy objectives as directed by the Minister of Trade, Industry and Competition, including the development and implementation of National Sector Masterplans and the African Continental Free Trade Area.

A situational analysis was conducted in order to identify and evaluate the existing internal and external elements or environment that may impact on the NGB's ability to achieve its strategic objectives. A SWOT analysis which is an assessment of the NGBs strengths, weaknesses, opportunities and threats as well as PESTEL which assesses the external elements or environment relating to political, economic, social, technology, environment, and legal were used in order to understand the NGB's capabilities, customers, and business environment. TOWS (threats, opportunities, weaknesses, strengths) analysis was also used as a guiding tool to identify the extent to which the NGB's strengths and weaknesses are relevant to or capable of dealing with the changes taking place in the gambling environment. The TOWS is the methodology used to derive the NGB's outcomes.

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

An updated risk register has been developed as part of the risk assessment of the new corporate strategy. The different programs of the NGB are underpinned by a budget which is based on the ability of the NGB to receive grant funding from **the dtic**, as well as the entity being in a position to generate its own revenue over the outer lying years in the MTEF period. The overall financial plan takes into account the asset management plan to ensure the NGB has adequate levels of capital and liquidity to meet the regulatory and operational requirements on a sustainable basis.

6. SITUATIONAL ANALYSIS CONTINUED

Political

The strategic plan for 2020-25 aligns with the vision of the new administration that came into effect in 2019. A logical consequence of this reality is that governmental priority areas could change, and there is uncertainty as to how that could affect the regulation of the gambling industry, such as with regard to possibly legalising online gambling, or a review of the concurrent legislation competency model.

The National Gambling Policy, 2016 necessitated the amendment of the NGA. The National Gambling Amendment Bill of 2018, if passed, will provide an opportunity to bring about necessary amendments to the NGA, in order to address existing challenges and to introduce new approaches to enforcement against illegal gambling and better regulation of legal gambling. However, delays in enacting the Bill impacts the NGB's vision to be re-positioned as the National Gambling Regulator.

Urgent attention should be given to the prescribing of certain dates in terms of transitional provisions contained in the Schedule to the National Gambling Act, 2004, matters pertaining to Excluded persons and National Registers, Re-certification of Gambling machines and devices, Unlawful winnings remitted to the NGB by persons other than licensees in terms of section 16 and Form NGB2.

Greater regularity and certainty is required to urgently and expeditiously deal with disputes between the NGB and PLAs regarding interpretation and implementation of the National Gambling Act; implementation of the B-BBEE Act; alignment of laws and the underlying spirit of co-operative governance. The existing challenges that hinder the effectiveness of the National Gambling Policy Council (NGPC) continue to impede the NGB achieving its mandate.

Economic

The introduction and legalisation of gambling in terms of the NGA ensures that revenue is generated for the country in a manner that fulfils the objects of the NGA. The economic contribution that the industry makes to the economy creates an enabling environment that will further facilitate job creation. Indeed, one of the economic benefits derived from the gambling industry in South Africa is its ability to generate revenue for the government, which supports the administration of fiscal policy in the form of government expenditure

towards economic development, infrastructure improvement, building schools, enhanced service delivery amongst others. The gambling industry has enjoyed year-on-year growth in Gross Gambling Revenue (GGR), which is a positive contribution to GDP. Gambling revenues reached R30 billion in FY2018/19 and are forecast to increase to over R35 billion by 2021. Taxes and levies derived from the industry amounted to R3.1 billion growing from previous financial years, displaying the need for continued and effective regulation of the industry and dialogue between stakeholders to lead to an economically sustainable gambling industry.

Slow economic growth could see a reduction in gambling revenue and tax collection, which would in turn erode revenue generation for government, and could also result in retrenchments in the industry. This scenario can be further predicated upon international economies and trends, with the risk of recession of the global economy. This would no doubt reduce investment in the gambling industry.

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

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

6. SITUATIONAL ANALYSIS CONTINUED

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

Social

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

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

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

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

the element of skill, and have adapted their offerings to target this market segment.

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

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

Technology

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

The fourth industrial revolution (known as 4IR) is already upon us, and the regulatory environment is impacted by rapidly changing technology. New products and offerings are continuously developed through technology. We are already in a world of artificial intelligence, virtual reality and “the Internet of Things” (IoT), and the rate of change is itself increasing. Faster Internet Connectivity (5G) is also anticipated to be rolled out in South Africa by 2020, and this will make NGB systems such as NCeMs and the national registers more easily accessible, accelerate collection of data and improve efficiency of business processes. The result will be that through technology, the NGB will be able to fulfil its mandate more efficiently. This also creates opportunities for new research to be conducted.

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

6. SITUATIONAL ANALYSIS CONTINUED

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

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

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

Environment

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

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

The NGB will monitor this risk through its oversight of compliance by operators, as well as through constant analysis of gambling sector performance reports.

Legal

The law regarding the legalised modes of gambling is clear. However, the application of the NGA has identified various challenges. There is also a need to address misalignment between the application of national and provincial legislation. Currently, there is an expectation that all provincial legislation is drafted to ensure alignment with

the NGA. However, it is within the nature of legislation that while there may be agreement on what a law states, there can often be disagreement on how to interpret what the law says. As a result, this can lead to inconsistency in the application of gambling laws, in the absence of clear norms and standards to ensure uniformity in approach from province to province.

6.2.1 SWOT analysis

Strengths

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

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

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

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

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

6. SITUATIONAL ANALYSIS CONTINUED

Weaknesses

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

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

Opportunities

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

Repositioning of the NGB and a substantive review of the NGA would enable the conceptualisation of better approaches to regulation of betting and more cost-effective resolution of unlawful winnings, which could also result in the establishment of ad-hoc National Gambling Tribunal.

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

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

Threats

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

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

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

6.2.2 TOWS analysis

The NGB is able to combine its strengths with its opportunities in various ways. Through its relationships with PLAs, it seeks to implement compliance measures for PLAs in order to achieve effective regulation. In execution of its mandate, the NGB will leverage off the legislative authority of stakeholders through collaborative initiatives to embark on broad-based public education and awareness campaigns in provinces.

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

The NGB plans to advise the NGPC about developments in the gambling industry which may inform legislative and policy development. The NGB will monitor Gambling Sector Performance and undertake national and international benchmarks with other jurisdictions to inform the future landscape of the gambling industry in South Africa. The NGB will undertake broad-based education and awareness initiatives to ensure the dissemination of research information to the public on local and international platforms.

The NGB will commission research on key gambling issues and priorities to inform policy development as well as to assist the NGB with fulfilling its mandate.

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

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

PART C:
MEASURING THE NGB PERFORMANCE



7. INSTITUTIONAL PERFORMANCE INFORMATION

Alignment to the dtic strategic plan

The Strategic Plan for the NGB covers the period 2020 – 2025, as well as the APP for 2020 – 2023. In order to implement these plans, the NGB developed an impact statement which is aligned to **the dtic** strategic plan for 2020 – 2025 and would be measured through various outcomes. These outcomes are aligned to the areas of institutional performance that are critical to the achievement of the mission of the NGB. These are intended to stretch and challenge the NGB, but simultaneously must be realistic and achievable over an MTSF cycle.

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

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

The NGB has aligned its strategy through the following impact statement for 2020 – 2025: *“A regulated gambling industry that balances economic gains and punter protection”*.

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

The Gaming Control and Research Division’s strategic priority is gaming control, research and regulation, and it will have the impact of a compliant and transformed gambling industry where there is strengthened regulatory oversight over gambling activities and the gambling industry, functional national registers are maintained and research to inform gambling policy and legislative reform.

The Corporate and Stakeholder Engagement Division’s strategic priority is to enhance stakeholder engagement and corporate services, and it will have the impact of ensuring an educated, aware and responsible gambler on the risks associated with gambling as well as the socio-economic impact thereof as a result of effective broad-based education interventions and public awareness initiatives. The division also provides support services to the NGB, and will have the impact of enhanced operational efficiency and excellence through the infusion of technology and other means.

Lastly, the Finance and Procurement Division’s strategic priority is to optimise organisational excellence, and its impact will be efficient and effective financial systems and processes that enable the organisation to function optimally.

7. INSTITUTIONAL PERFORMANCE INFORMATION CONTINUED

MEASURING THE IMPACT STATEMENT

Impact Statement	A regulated gambling industry that balances economic gains and punter protection
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MEASURING OUTCOMES

	Outcome	Outcome Indicator	Baseline	Five year target
1.	Broad-based public education	Percentage implementation of the broad-based public education programme	New outcome	100% implementation of the broad-based public education programme
2.	Effectively monitored socio economic patterns of gambling activity within the Republic	Publish and disseminate national integrated data and trend analysis to the gambling industry and regulators	New outcome	Five (5) annual publications
3.	Uniformity of legislation in the gambling industry	Authoritative advice on policy, statutory matters and legislation is provided to the dtic	New outcome	Five (5) Advisory reports presented to the dtic
4.	Account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons	Percentage variance of up-time on the systems	New outcome	Within 5% variance of uptime on the systems
5.	Economic transformation and increased participation of Historically Disadvantaged Individuals in the mainstream gambling industry	Development of an industry-wide transformation agenda	New outcome	Industry-wide transformation agenda
6.	Increased competition in the mainstream gambling industry	Development of a business case for a market inquiry	New outcome	Identification of possible features that stifle competition

EXPLANATION OF PLANNED PERFORMANCE OVER THE FIVE (5) YEAR PLANNING PERIOD

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

The planned performance of the NGB over the five (5) year planning period intends to contribute towards the NDP Five-Year Implementation Plan, the Monitoring Framework for the NDP

Five Year Implementation Plan, the mandate of the institution and priorities of women, children and people with disabilities, provincial priorities by leveraging our strategic internal factors to address external strategic factors. Through access to national gambling information as well as authority to monitor gambling sector performance with respect to market share and market conduct, the NGB intends to contribute towards identifying competition and market structure issues for consideration in the drafting of new legislation, policies and regulations. Enhanced competition can be a catalyst for inclusive growth and economic transformation by encouraging participation and entry of SMMEs in the gambling industry. Research that is planned intends to address key gambling

7. INSTITUTIONAL PERFORMANCE INFORMATION CONTINUED

socio-economic issues with the aim of protecting punters against the overstimulation of the latent need to gamble and inform the gambling legislative and policy environment. Competition and market structure issues in the gambling industry are also important considerations in socio-economic assessments when reviewing existing or drafting new legislation and policy.

The NGBs capability to maintain National Registers allows for the promulgation of regulations for excluded persons. The NGB also has the ability to effectively monitor the LPM industry in real time and further has the opportunity of increasing monitoring capacity of all legal modes of gambling through extending the NCMS thereby improving competitiveness through the use of ICT.

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

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

The current structure of the gambling industry is not reflective of an industry that is representative of the governmental transformation agenda. Changing the structure of the industry would result in it being more inclusive, sustainable, achieving appropriate sectoral balance with opportunities for all, integrated value-chains and less barriers to entry. To promote the economic transformation and job creation as one of government's growth reforms, a fundamental building block for sustainable long run growth as outlined by the National Treasury in its Economic Transformation, Inclusive Growth and Competitiveness Paper is lowering barriers to entry and addressing distorted patterns of ownership through increased competition and SMME growth. The NGB intends to develop a transformation agenda as an intervention to lowering barriers to entry for HDIs in the mainstream gambling industry. This can be facilitated through a review of the gambling licensing regime in order to ensure that more HDIs can be granted licences to operate and the cost of compliance by smaller businesses

is reduced. The transformation imperatives are addressed through the economic benefit derived from the gambling industry such as employment, infrastructure development, enhancement of service delivery through government revenue collection.

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

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

Efficient financial controls translate to savings within the organisation, enabling the NGB to contribute towards the national revenue fund.

Through the development of proposals towards conducting a market inquiry, the NGB intends to create an enabling environment that will increase competitiveness in the mainstream gambling industry.

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

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

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

7. INSTITUTIONAL PERFORMANCE INFORMATION CONTINUED

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

Broad-based public education aims to have a responsible gambler who is aware and educated on the risks associated with gambling as well as the socio-economic impact thereof. The outcome indicator will be measured at the beginning of the period under review to set a scientific baseline through surveys/research to measure the level of punter understanding of the risks and socio-economic impact of gambling.

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

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

Explanation of enablers to achieve the five-year targets

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

A functional NCMS will ensure the effective monitoring of gambling machines and devices, registered and excluded persons. Continued allocation of financial resources towards research will also enable the organisation to achieve five (5) year targets of publications on gambling.

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

The adoption of the NGB's proposals towards the institution of a market inquiry into the gambling industry by the Competition Commission will enable the NGB to achieve its five (5) year target of identification of possible features that stifle competition.

Explanation of the outcomes contribution to the achievement of the impact

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

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

The economic transformation agenda seeks to impact on the increased economic participation and ownership of HDIs in the gambling industry. The barriers to entry would have been minimised to enable ease of access.

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

7. INSTITUTIONAL PERFORMANCE INFORMATION CONTINUED

Outcome	Key Risk	Risk Mitigation
Broad-based public education	<ul style="list-style-type: none"> Ineffective punter protection that leads to problem gambling Emergence of problem gambling as a health issue 	<ul style="list-style-type: none"> Provide continuous education and awareness interventions
Effectively monitored Socio economic patterns of gambling activity within the Republic	<ul style="list-style-type: none"> Incorrect and omitted gambling statistics presented to the NGB by PLAs Undetected unfair competition due to failure to monitor market share and market conduct 	<ul style="list-style-type: none"> Ongoing communication with PLAs Audit of gambling statistical information Trend analysis pertaining to growth in gambling sectors, licensing and ownership
Uniformity of legislation in the gambling industry	<ul style="list-style-type: none"> Failure to provide advice to the Minister. Lack of cooperation and compliance by the PLAs Gaps in compliance due to concurrent competencies 	<ul style="list-style-type: none"> Continuous advice provided to the dtic
Account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons	<ul style="list-style-type: none"> No centralised gambling related information accessible to stakeholders Inability to place reliance on third party related gambling information Integrity of compliance oversight compromised Vulnerability of national registers to cyber attacks Integrity of data to make informed decisions Inability to access credible gambling related data 	<ul style="list-style-type: none"> Registers are hosted in high availability data centre Continuous back up of data on registers Approved disaster recovery plan Verification of captured data
Economic transformation and increased participation of HDIs in the mainstream gambling industry	<ul style="list-style-type: none"> Failure of HDIs participating in the mainstream gambling industry due to existing high barriers to entry Failure of the gambling industry to meet economic development imperatives Failure by the industry to embrace the transformation agenda 	<ul style="list-style-type: none"> Incorporate transformation agenda in the regulatory framework Set norms and standards Expand economic opportunities for HDIs in the mainstream gambling industry
Increased competition in the mainstream gambling industry	<ul style="list-style-type: none"> Competition Commission not approving proposal to conduct market inquiry 	<ul style="list-style-type: none"> Referral of the proposal to the Minister

8. KEY RISKS

The NGB is required by the PFMA to, amongst others:

- Maintain an **effective, efficient and transparent systems of financial and risk management and internal control** [(section 38(1)(a)(i));
- Maintain a **system of internal audit** under the control and direction of an audit committee [(section 38(1)(a)(ii));
- Maintain an **appropriate procurement system** [(section 38(1)(a)(iii));
- **Keep full and proper records** of the financial affairs of the entity [section 40(1)(a)];
- **Prepare financial statements** for each financial year in accordance with generally recognised accounting practice (GRAP) [section 40(1)(b)];
- **Submit annual financial statements** within two months after the end of the financial year to the Auditor-General for auditing and to the National Treasury for enable them to prepare consolidated financial statements.

9.1 Expenditure Trends

The NGB derives its revenue from transfers from **the dtic**. Over and above the grant received, the NGB has received additional revenue from the NCEMS operator of R202 million during the 2018/2019 financial period, and anticipates to receive R210 million, R220.5 million, R229 million and R240.8 million during the 2019/20, 2020/21, 2021/22 and 2022/2023 financial periods respectively.

Revenue to be collected is based on an eight (8) year contract entered into with the NCEMS operator during the 2017/18 financial period, and is premised on 6% of monitoring fees collected from limited pay-out machines (LPMs) installed. There are currently approximately 13 000 LPMs installed in the country.

The revenue model is based on a sliding scale; i.e. the percentage of Gross Gambling Revenue decreases as the number of limited pay-out machines (LPMs) increases. The tariffs as per the sliding scale are legislated in terms of Schedule 2 of the National Gambling Regulations, 2004, and are as follows:

NCEMS Monitoring Fees (based on Gross Gaming Revenue (GGR))	
Number of Machines	% GGR
Up to 15000 Installed Limited Pay-Out Machines	6%
Up to 20000 Installed Limited Pay-Out Machines	5.61%
Up to 25000 Installed Limited Pay-Out Machines	5.21%
Up to 35000 Installed Limited Pay-Out Machines	4.42%
Up to 42000 Installed Limited Pay-Out Machines	3.87%
More than 42000 Installed Limited Pay-Out Machines	3.24%

Expenditure over the medium term is thus expected to increase from R223 million in 2018/19 to R249 million, R263 million, R273 million and R288 million in 2019/20, 2020/21, 2021/22 and 2022/23 respectively, driven by costs associated with the operations of the NCEMS.

The NGB’s strategic focus over the next 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. NGB’s strategic priorities for 2020 – 2025 include:

- Enforce Compliance;
- Gaming Control and Research;
- Enhance Stakeholder Engagement Services; and
- Optimise Organisational Excellence.

The NGB will continue to focus on its mandate to, inter alia, conduct continuous oversight over PLAs on their compliance with the NGA and provincial legislation and provide a broad-based public education programme about the risks and socio-economic impact of gambling. Specific emphasis will be placed on the combatting of illegal gambling by means of strengthening collaboration with PLAs and law enforcement agencies in combatting all forms of illegal gambling. The NGB will also strive to ensure that there is strengthened regulatory oversight over gambling activities and the gambling industry, functional national registers are maintained and research to inform gambling policy and legislative reform is conducted. In addition, the NGB will continue with the monitoring and reporting on gambling sector performance (national gambling statistics, market conduct and market share). From an industry perspective, the NGB has also been observing slow industry transformation regarding compliance with Broad-Based Black Economic Empowerment (B-BBEE). While licensed operators may be B-BBEE compliant due to such compliance being part of license application requirements, there is a distinction to be made between black empowerment through control, and black empowerment through equity. Transformation in the form of equity transfer remains a challenge, and this is an area of specific focus for the NGB over the next five-year period.

9. FINANCIAL PLAN

	AUDITED OUTCOME			BUDGET ESTIMATE					
R Thousand	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Revenue									
Entity revenue	19 156	70 915	209 475	217 811	229 005	239 448	251 370	258 594	268 991
Entity revenue other than sales	19 156	70 915	209 475	217 811	229 005	239 448	251 370	258 594	268 991
Interest	2 473	2 884	3 018	3 150	3 465	5 088	5 342	5 342	5 609
Unclassified revenue	16 683	68 031	206 457	214 661	225 540	234 360	246 028	253 252	263 382
Realisation of deferred income (other than transfers)	–	–	–	–	–	–	–	–	–
National Central Electronic Monitoring System	10 000	63 694	202 034	210 000	220 500	229 320	240 786	248 010	257 930
Other income	6 683	4 337	4 423	4 661	5 040	5 040	5 242	5 242	5 452
Transfers received	30 121	31 627	32 624	33 797	35 639	37 599	39 404	41 295	43 277
National government	30 121	31 627	32 624	33 797	35 639	37 599	39 404	41 295	43 277
Total revenue	49 277	102 542	242 099	251 608	264 644	277 047	290 774	299 889	312 268
Expenditure									
Current payments	36 683	86 524	220 629	246 579	260 638	271 140	285 728	295 337	308 798
Compensation of employees	15 799	16 190	25 390	41 468	44 883	48 448	52 105	56 055	60 319
Salaries and wages	15 230	16 669	24 663	40 214	43 556	47 039	50 608	54 461	58 623
Social contributions	569	568	727	1 254	1 327	1 409	1 497	1 594	1 696
Goods and services	20 884	70 334	195 239	205 111	215 755	222 692	233 623	239 282	248 479
Agency and support/outsource services									
Communication	1 279	751	3 739	3 844	3 762	3 762	3 762	3 762	3 762
Computer services	681	292	680	710	286	287	287	287	287
Consultants	5 724	53 432	172 650	180 813	187 677	195 134	204 689	210 709	218 976
Inventory	55	67	132	180	180	180	180	180	180
Lease payments	6 137	8 187	7 564	8 400	9 240	10 164	11 180	11 180	12 074
Repairs and maintenance	59	141	207	137	137	137	137	137	137
Research and development	1 789	1 698	74	1 492	4 000	3 000	3 000	3 000	3 000
Training and staff development	87	93	3 000	1 200	1 010	810	810	810	810
Travel and subsistence	907	1 239	6 151	4 421	5 668	5 410	5 410	5 410	5 410
Other	4 166	4 434	1 042	3 914	3 795	3 808	4 168	3 807	3 843
Depreciation	2 183	2 336	2 587	2 672	2 672	2 671	2 672	2 672	2 672
Total Expenditure	38 866	88 860	223 216	249 251	263 310	273 811	288 400	298 009	311 470
Surplus/(Deficit)	10 411	13 682	18 883	2 357	1 334	3 236	2 374	1 880	798

9. FINANCIAL PLAN CONTINUED

9.2 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. Non-current assets have been insured with a reputable registered insurer.

9.3 Cash flow projections

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

	AUDITED OUTCOME			BUDGET ESTIMATE					
R Thousand	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Cash Flow Description									
Cash receipts from stakeholders	49 080	82 417	241 644	251 608	264 644	277 046	290 774	299 889	312 268
Tax receipts	–	–	–	–	–	–	–	–	–
Sales of goods and services other than capital assets	2 036	2 214	2 277	4 661	5 040	5 040	5 242	5 242	5 452
Transfers received	30 121	31 627	32 624	33 797	35 639	37 599	39 404	41 295	43 277
Fines, penalties and forfeits	–	–	–	–	–	–	–	–	–
Interest and rent on land	2 473	2 862	2 993	3 150	3 465	5 087	5 342	5 342	5 609
Rent on land	–	–	–	–	–	–	–	–	–
Unclassified revenue	14 450	45 714	203 750	210 000	220 500	229 320	240 786	248 010	257 930
Cash paid to stakeholders	40 444	80 731	236 289	249 251	263 310	273 811	288 039	298 009	311 470
Current payments	40 444	80 731	236 289	249 251	263 310	273 811	288 039	298 009	311 470
Compensation of employees	18 226	19 407	31 882	41 468	44 882	48 447	52 105	56 055	60 319
Goods and services	22 218	61 324	204 407	207 783	218 428	225 364	235 934	241 954	251 151
Cash flow from operating activities	8 636	1 686	5 355	2 357	1 334	3 235	2 735	1 880	798
Cash flow from investing activities	(1 033)	(4 336)	(2 826)	(1 410)	(360)	(360)	(360)	(360)	(360)
Cash flow from financing activities	505	(893)	405	428	451	476	476	476	502
Net increase/(decrease) in cash and cash equivalents	8 108	(3 543)	2 934	1 375	1 425	3 351	2 851	1 996	940

The NGB has made a conservative cash projection based on the budget allocation. These projections have factored in projected 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.

9.4 Capital expenditure programmes

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

9.5 Dividend policies

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

PART D: TECHNICAL INDICATOR DESCRIPTION (TID)



TECHNICAL INDICATOR DESCRIPTION (TID)

#	Indicator title	TID 1 Publish and disseminate national integrated data and trend analysis to the gambling industry and regulators
1.	Definition	Gambling sector performance reports about market share and market conduct in the gambling industry
2.	Source of data	Information submitted by PLAs as required quarterly and annually
3.	Method of calculation/assessment	One publication per year (five publications over the five year reporting period)
4.	Assumptions	PLAs submit valid, accurate and complete data timeously as and when required by the NGB for purposes of reporting
5.	Disaggregation of beneficiaries (where applicable)	N/A
6.	Spatial transformation (where applicable)	N/A
7.	Reporting cycle	Annually
8..	Desired performance	Fully compliant with targeted performance
9.	Indicator responsibility	Chief Strategic Adviser

#	Indicator title	TID 2 Authoritative advice on policy, statutory matters and legislation is provided to the Minister
1.	Definition	Authoritative advice on, inter alia, policy, statutory matters, legislation and reforms provided in terms of S65(2) of the NGA
2.	Source of data	Legislation in the Republic of South Africa, the Constitution, the NGA and Regulations, requests for advice, proactive advice, King IV on governance and provincial legislation
3.	Method of calculation/assessment	One advisory report per year (five reports over the five year reporting period)
4.	Assumptions	Advice provided will be implemented and legislation and policies will be reviewed
5.	Disaggregation of beneficiaries (where applicable)	N/A
6.	Spatial transformation (where applicable)	N/A
7.	Reporting cycle	Annually
8..	Desired performance	Advice to be fit for use and to add value
9.	Indicator responsibility	Chief Strategic Adviser

TECHNICAL INDICATOR DESCRIPTION (TID) CONTINUED

#	Indicator title	TID 3 Percentage variance of uptime on the systems
1.	Definition	Integrated information portal to access gambling related information
2.	Source of data	PLAs, manufacturers and licensees
3.	Method of calculation/assessment	Simple count Analysis of data in relation to gambling machines and devices, probity, and excluded persons. Percentage variance to remain within a 5% uptime on the systems. Cumulative
4.	Assumptions	Availability of valid, accurate and complete data uploaded for licenced gambling machines and devices or excluded persons as and when required by the NGB for purposes of monitoring, evaluation and reporting
5.	Disaggregation of beneficiaries (where applicable)	N/A
6.	Spatial transformation (where applicable)	N/A
7.	Reporting cycle	Annually
8..	Desired performance	Fully compliant with targeted performance
9.	Indicator responsibility	Chief Strategic Adviser

#	Indicator title	TID 4 Percentage implementation of the broad-based public education programme
1.	Definition	Report on the number of broad-based public educational interventions about the risks and socio-economic impact of gambling conducted
2.	Source of data	Research, public awareness, education and responsible gambling campaigns, broad-based public education and targeted interventions
3.	Method of calculation/assessment	Percentage implementation of the broad-based public educational interventions about the risks and socio-economic impact of gambling conducted over the 5 years. (Year 1 – 20%; Year 2 – 20%; Year 3 – 20%; Year 4 – 20%; Year 5 – 20% which totals 100% over 5 years)
4.	Assumptions	All stakeholders will participate in the scheduled interventions
5.	Disaggregation of beneficiaries (where applicable)	N/A
6.	Spatial transformation (where applicable)	N/A
7.	Reporting cycle	Annually
8..	Desired performance	Stakeholders that are well informed and educated through targeted interventions
9.	Indicator responsibility	Chief Operations Officer

TECHNICAL INDICATOR DESCRIPTION (TID)

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

#	Indicator title	TID 6 Development of a business case for a market inquiry
1.	Definition	Market inquiry business case developed
2.	Source of data	Government policy, legislation, research empirical evidence
3.	Method of calculation/assessment	One report per year (five reports over the five year reporting period) on identification of possible features that stifle competition
4.	Assumptions	<ul style="list-style-type: none"> Implementation of the identification of possible features that stifle competition will create an enabling environment for the gambling industry to grow Approval by Competition Commission of the proposal to conduct a market inquiry
5.	Disaggregation of beneficiaries (where applicable)	N/A
6.	Spatial transformation (where applicable)	N/A
7.	Reporting cycle	Annually
8..	Desired performance	Fully compliant with targeted performance
9.	Indicator responsibility	Chief Strategic Adviser

ANNUAL PERFORMANCE PLAN FY2020 – 2023



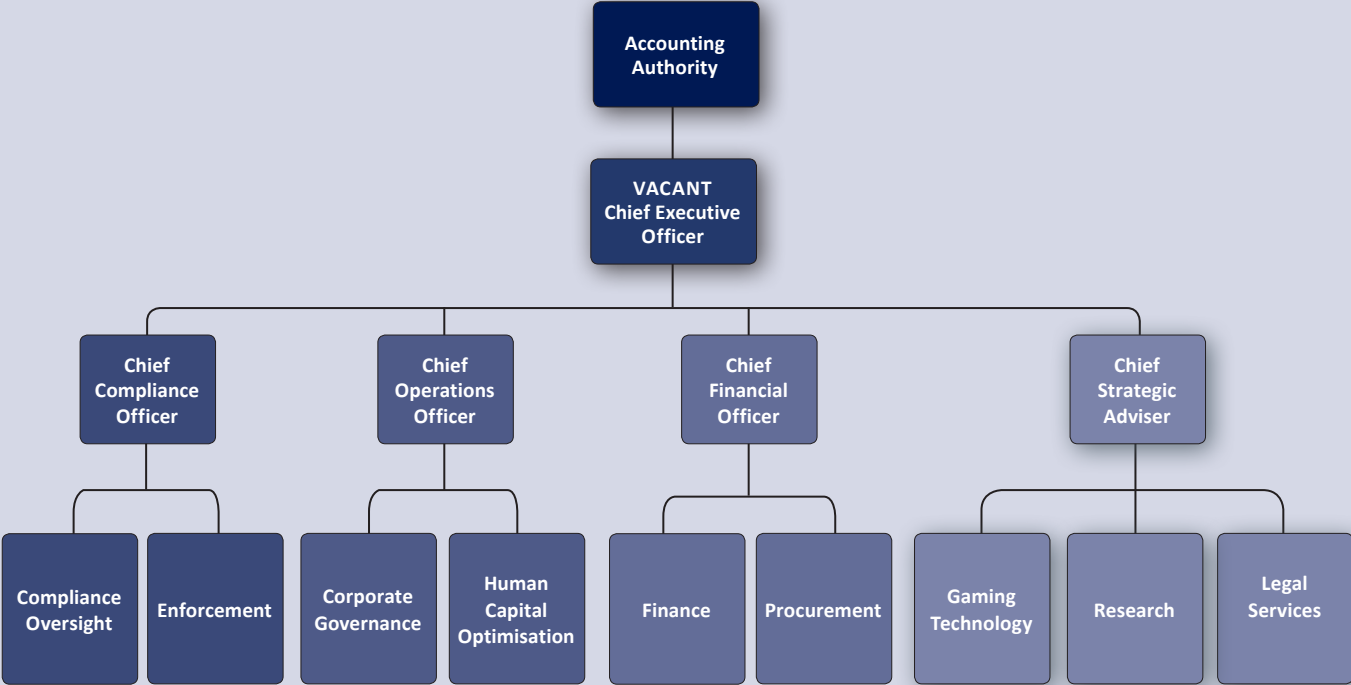
ABBREVIATIONS AND ACRONYMS

AFS	Annual Financial Statements	IT	Information Technology
AI	Accountable Institutions	LPMS	Limited Payout Machines
APP	Annual Performance Plan	MOU	Memorandum of Understanding
B-BBEE	Broad-Based Black Economic Empowerment	MTEF	Medium Term Expenditure Framework
CCO	Chief Compliance Officer	MTSF	Medium Term Strategic Framework
CEO	Chief Executive Officer	NCEMS	National Central Electronic Monitoring System
CFO	Chief Financial Officer	NDP	National Development Plan
COO	Chief Operations Officer	NGA	National Gambling Act
CSA	Chief Strategic Adviser	NGB	National Gambling Board
dtic	Department of Trade, Industry and Competition	NGPC	National Gambling Policy Council
EA	Executive Authority	NGR	National Gambling Regulator
EBT	Electronic Bingo Terminal	NLA	National Lotteries Act
FIC	Financial Intelligence Centre	PFMA	Public Finance Management Act
FICA	Financial Intelligence Centre Act	PLAs	Provincial Licensing Authorities
FY	Financial Year	POCA	Prevention of Organised Crime Act
GDP	Gross Domestic Product	RSA	Republic of South Africa
GGR	Gross Gambling Revenue	SARGF	South African Responsible Gambling Foundation
GRC	Gambling Review Commission	SAPS	South African Police Services
HCO	Human Capital Optimisation	SCM	Supply Chain Management
HDI	Historically Disadvantaged Individuals	SMME	Small medium and micro sized enterprises
ICT	Information Communications Technology		

CONTENTS

Acronyms and Abbreviations	36
Organogram	38
Official Sign-Off	39
Executive Authority Statement	40
Accounting Authority Statement	41
PART A: THE NATIONAL GAMBLING BOARD MANDATE	
1. Constitutional mandate	45
2. Legislative and policy mandates	45
3. Institutional policies and strategies over the five year planning period	46
4. Relevant court rulings	48
PART B: THE NGB STRATEGIC FOCUS	
5. Vision, Mission and Values	50
6. Situational analysis	51
PART C: MEASURING THE NGB PERFORMANCE	
7. Institutional programme performance information	59
7.1 Alignment through functional programmes of the NGB	59
7.2 Financial plan	60
7.3 Programme 1: Gaming Control and Research Division	63
7.4 Programme 2: Corporate and Stakeholder Engagement Division	69
7.5 Programme 3: Finance and Procurement Services Division	72
PART D: TECHNICAL INDICATOR DESCRIPTION (TID)	
PART E: LINKS TO OTHER PLANS	
9. Asset Management Plan	85
10. Information Technology Strategy	85
11. Risk Management Process	85
12. Risk Strategy (Risk Register)	85
13. Risk Management and Fraud Prevention Plan	85
14. Materiality and Significance Framework	85
15. Service Delivery Standards	85

ORGANOGRAM



OFFICIAL SIGN-OFF

It is hereby certified that the Annual Performance Plan of the NGB:

- Was developed by the management of the NGB under the guidance of **Mr Ebrahim Patel**.
- Takes into account all the relevant policies, legislation and other mandates for which the NGB is responsible.
- Accurately reflects the Impact, Outcomes and Outputs which the NGB will endeavour to achieve over the period 2020 – 2023.




Mr Bryan Arumugam
Acting Chief Compliance Officer



Mr Shelton Pagiwa
Acting Chief Strategic Advisor



Ms Kaveshka Mackerduth
Chief Financial Officer



Ms Poppy Kweyama
Chief Operations Officer



Ms Caroline Kongwa
Accounting Authority

Approved by:



Mr Ebrahim Patel
Minister of Trade, Industry and Competition



EXECUTIVE AUTHORITY STATEMENT

Mr Ebrahim Patel

The Public Finance Management Act requires that every public entity prepares a Strategic Plan setting out the overall strategy for the 5 year period covering the state's Medium-term Strategic Framework (MTSF). Every year, an Annual Performance Plan (APP) is prepared, which converts the overall strategy to key annual targets. These documents are then provided for approval to the Executive Authority and budgets are aligned to these plans.

The **National Gambling Board of South Africa (NGB)** has prepared its **Annual Performance Plan 2020 – 2023**, which I now submit to Parliament, as required by the legislation.

This is the first **Annual Performance Plan** prepared in the 6th Administration by the **NGB**. I have requested that all entity Strategic Plans and Annual Performance Plans be aligned to the MTSF, which incorporates the work to develop and implement National Sector Masterplans, as well as the trade reforms, investment and transformation work of the Department.

Once the revised MTSF has been signed off, we will review the Strategic Plan and Annual Performance Plan of the entity and align it accordingly. The Strategic Plan and Annual Performance Plan may further need to be aligned to Government's response to the COVID-19 pandemic, both during the period of the national disaster declared by President Ramaphosa, and thereafter as we adapt to the new economic reality. Should adjustments be made, a revised Plan will be submitted to Parliament.

A handwritten signature in black ink, appearing to read 'Ebrahim Patel', with a long horizontal stroke extending to the right.

Mr Ebrahim Patel

Minister responsible for Trade, Industry and Competition



ACCOUNTING AUTHORITY STATEMENT

Ms Caroline Kongwa

The APP has been designed to enable the NGB to continue to respond to emerging risks in a way that continues to balance consumer choice and enjoyment against the risks associated with gambling and the wider potential economic and social impacts.

The National Gambling Act, 2004 (Act 7 of 2004) contains considerable provisions to control, regulate and monitor gambling and provides a legal framework to control the growth of gambling and prevent and minimise the harm caused by gambling. The Annual Performance Plan (APP) outlines priority delivery areas within the context of the FY2020 – 2025 Strategic Plan for the NGB as well as against the National Development Plan (NDP) Five-Year Implementation Plan and the Monitoring Framework and the Medium Term Strategic Framework. The APP has been designed to enable the NGB to continue to respond to emerging risks in a way that continues to balance consumer choice and enjoyment against the risks associated with gambling and the wider potential economic and social impacts. The NGB endeavours to target its resources more effectively to meet the regulatory challenges of a dynamic and innovative industry and a changing international environment, while at the same time holding the industry to account for the responsible conduct of gambling.

The plan outlines how the NGB will enhance broad based public education, effectively monitor socio-economic patterns of gambling activity within the republic, ensure uniformity of legislation in the gambling industry, account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons and promote economic transformation and increased participation of HDIs in the mainstream gambling industry. The approach taken by the NGB is premised on the need to respond to pertinent issues in the gambling industry with the aim of addressing such issues in a way that trickles down to addressing broader economic challenges faced by the South African economy. As regulation continues to take place in a dynamic and ever-changing gambling environment, the response to this is built upon the progress made in repositioning and transforming the organisation to become a credible and respected national regulator.

ACCOUNTING AUTHORITY STATEMENT CONTINUED

Underpinning this plan is a relentless focus on the mushrooming of illegal forms of gambling and ways of combatting this trend specifically in light of advancements in technology that many legal and illegal gambling operators capitalise on. Illegal gambling has the effect of eroding the revenue base derived from the legal industry therefore every effort to suppress illegal gambling is necessary. New technology increases access to and diversity of gambling products, and in turn increases the risk of harm from gambling. The public is often not adequately informed about the illegality of online gambling platforms and games offered in South Africa. As such, the combatting of illegal gambling and ongoing educating of the public about unregulated gambling modes, platforms and types are crucial areas that the NGB endeavours to continue to focus on.

The gambling industry of South Africa in so far as casino, betting on horseracing and sport, Limited Payout machines (LPM) and bingo are concerned generated R30.8 billion in Gross Gambling Revenue (GGR) in FY 2018/19. Of this revenue, R3.1 billion was collected in taxes and levies. NGB commissioned research to determine the socio-economic impact of specifically legal gambling in South Africa in 2017. Research findings from the study showed that the gambling sector's contribution to the economy was approximately 0.81% showing that the industry is viable and continues to foster economic development.

The NGB's outcomes for the gambling industry contribute significantly to encourage economic transformation and job creation as well as a better Africa and world whilst reinforcing Ministerial priorities by aligning its focus to that of government imperatives.

The outcomes outlined by the NGB include various initiatives that will receive attention over the course of the next three years. Through compliance oversight and enforcement, the NGB endeavours to continue to ensure the co-ordination of concurrent national and provincial legislative competence over matters relating to casinos, racing, gambling and wagering and provide for the continued regulation of those matters. ensuring uniformity of legislation in the gambling industry. The NGB will continue to assist the PLAs to detect unlicensed gambling activities and undertake investigation of gambling activity that relates to unlawful winnings whilst ensuring that these are dealt with and perpetrators are brought to book with the full might of the law.

Through gaming control and research, and in execution of the mandate as per the NGA (Act 7 of 2004), the NGB adheres to the oversight of gambling in South Africa, research and monitoring of socio-economic patterns of gambling activity, the establishment and maintenance of national registers on every gambling machine or gambling device manufactured within or imported into the Republic, probity, information sharing and exclusions. This is further illustrated in the mapping and alignment of the NGBs strategic outcomes to the NDP and MTSF objectives. Specifically, and to address the economic transformation imperative, NGB intends to develop an industry wide transformation agenda as an intervention to foster competition and lower barriers to entry in the gambling industry so as to increase economic participation for citizens.



As a regulator, the NGB's concern continues to be consumer and punter protection. The NGB will continue to focus on providing a broad-based public education programme about the risks and socio-economic impact of gambling. 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

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

A handwritten signature in black ink, appearing to read 'Caroline Kongwa'.

Ms Caroline Kongwa
Accounting Authority, NGB

PART A: THE NATIONAL GAMBLING BOARD MANDATE



STRATEGIC OVERVIEW

The NGB is established in terms of the National Gambling Act, 2004 (Act 7 of 2004) ("the NGA") under the Executive Authority (EA) of the Minister for Trade and Industry Competition, in an effort to enable the dtic to achieve its objectives and ultimately its mandate. The NGB's mandate is to promote gambling activities in a legal, safe and crime-free environment and protect punters from the over stimulation of the latent need to gamble.

1. CONSTITUTIONAL MANDATE

In the Republic of South Africa, government is constituted as quasi-federal comprising of national, provincial and local spheres of government which are distinctive, interdependent and interrelated. The Constitution of the Republic of South Africa, 1996, Schedule 4, Part A sets out gambling as a functional area of concurrent national and provincial legislative competence and lists casinos, racing, gambling and wagering (excluding lotteries and sports pools) as functional areas for both national and provincial government. Section 146 of the Constitution applies to a conflict between national legislation and provincial legislation falling within a functional area listed in Schedule 4. All spheres of government must observe and adhere to the principles of co-operative government and intergovernmental relations and must conduct their activities within the said principles.

2. LEGISLATIVE AND POLICY MANDATES

Legislative mandate

The NGB is established in terms of the NGA. The NGB is established as a Schedule 3A Public entity in terms of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999). The mandate of the NGB is set out in sections 33 and 34, read with section 65 of the NGA, and these are:

- Oversight of gambling in the Republic of South Africa by:
 - Evaluating the issuing of national licences by the PLAs
 - Evaluating the compliance monitoring of licensees by PLAs
 - Conducting oversight evaluation of the performance of PLAs so as to ensure that the national norms and standards established by the NGA are applied uniformly and consistently throughout the Republic
 - Assisting PLAs to ensure that the unlicensed gambling activities are detected

- Monitoring of market conduct and market share
- Monitoring socio-economic patterns of gambling activity and research and identify patterns of the socio-economic impact of gambling and addictive or compulsive gambling
- Establishing and maintaining a national registry of every gambling machine or gambling device manufactured within or imported into the Republic, as well as maintaining all other legislatively prescribed registers
- Investigating the circumstances of any gambling activity that relates to 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
- Advising and providing recommendations 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 (PFMA), 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 (CPA), 2008 (Act 68 of 2008)
- Competition Act, 1998 (Act 89 of 1998)
- Intergovernmental Relations Framework Act (IGRFA), 2005 (Act 13 of 2005)

Policy mandate

The NGB's key priorities are 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.

STRATEGIC OVERVIEW CONTINUED

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

National Development Plan, 2030

The National Development Plan (NDP), Vision 2030, adopted by Cabinet in 2012, is the visionary blueprint of government, with business and society as collaborative partners. Seeking to eliminate poverty and sharply reduce inequality by 2030, the five key elements of the NDP are:

- 1) Inclusive social and economic development;
- 2) Sustainable investment and growth;
- 3) Decent jobs and sustainable livelihoods;
- 4) A capable development state; and
- 5) Expanding opportunities.

This long-term plan for the country, which cuts across all sectors of society, identifies the critical trade-offs and challenges to be addressed by the country over the period to 2030. The NDP aims to integrate planning and ensure greater policy coherence in government, thus building a common vision of what South Africa could look like in 2030.

The NGB is a regulatory entity that does not directly create jobs but through its policies and legislative frameworks, needs to foster compliance that leads to job creation from the issuance of gambling licences by Provincial Gambling Boards to its licensees in the gambling regulated environment.

Medium-Term Strategic Framework 2019 – 2024

Aligned to the NDP, the MTSF 2019 – 2024 seeks to ensure that the medium-term and short-term planning of government. The MTSF identifies the critical actions to be undertaken during 2019 – 2024 to put the country on a positive trajectory towards the achievement of the 2030 vision. It further identifies indicators and targets to be achieved in the period.

The MTSF 2019-2024 has identified Seven (7) Priorities. Of the Seven Priorities, two (2) relate to **the dtic** and the NGB. Priority Two (2) is “Economic Transformation and Job Creation” while Priority Seven (7) relates to “A Better Africa and World”.

Reimagined Industrial Policy

The industrial policy sets out objectives for the economic growth strategy, and the NGB identifies with Pillars 3 and 5: namely Interventions to ease the cost of doing business and Macro economic reform and increased competition. To this end, successful industrial policy works with a combination of levers, one of which is to develop sector or value chain capabilities, and the NGB intends to follow this through for the gambling industry.

Within the NGB, there are adequate institutional policies, and this strategy will enable the NGB to support the implementation of the governmental priorities over the next five (5) years.

STRATEGIC OVERVIEW CONTINUED

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

STRATEGIC OVERVIEW CONTINUED

4. RELEVANT COURT RULINGS

Casino Enterprises (Pty) Ltd Vs Gauteng Gambling Board and Others (SCA) [2011] ZASCA 155

Cause of action

This was an appeal against a judgment of the North Gauteng High Court. The appellant was Casino Enterprises (Pty) Ltd, a company registered and incorporated in Swaziland. It owned and operated a land-based casino and an online casino in Swaziland, both of which were licensed under the name Piggs Peak. It held no licence in South Africa.

The cause of action was whether the activities of the online casino contravene the laws of South Africa, specifically the National Gambling Act, 2004 (Act 7 of 2004) (the NGA) and the Gauteng Gambling Act, 1995 (Act 4 of 1995) (the GGA) when gamblers in South Africa gamble online.

Court ruling

The Appeal Court upheld the decision of the North Gauteng High Court that persons in South Africa who gamble with the appellant as well as the appellant in its interactive participation contravene the provisions of sections 8 and 11 of the NGA and section 76(2) of the GGA.

This judgment reinforces the provisions of the NGA and informs the strategic direction that the NGB is taking with regard to illegal online gambling.

Akani Egoli (Pty) Ltd and Others Vs Chairperson of the Gauteng Gambling Board and Others [2008] ZAGPHC 262

Cause of action

The applicants, who held casino licences in terms of the Gauteng Gambling Act, 1995 (Act 4 of 1995) (the GGA), sought to have the Gauteng Gambling Board's decisions to approve the Real Touch Bingo (RTB) devices for use in bingo premises reviewed and set aside on various grounds. In essence, they contended that the RTB was none other than an ordinary slot machine commonly found in casinos and that the game played on it was not bingo. In the alternative, if the game played on the device was bingo, then the applicants contended that the game was is not played in accordance with the bingo rules promulgated by the Board. Finally, the applicants contended that the game failed to yield a minimum return to players that the Gauteng Act and its Regulations prescribed in respect of bingo. For any of these reasons, the applicants contended, the CEO in effect approved an unlawful activity.

Court ruling

The Court upheld the application that the decisions of the Gauteng Gambling Board to approve the RTB devices for use in bingo premises be reviewed and set aside, as approval purported to sanction unlawful conduct.

Whilst traditional Bingo is provided for in national and provincial legislation Electronic Bingo Terminals (EBTs) formerly known as Real Touch Bingo (RTB) were subsequently licensed by PLA's. The judgment informs the strategic direction of the NGB to develop policy, norms and standards and legislation in order to address the lacunae in the law pertaining to the regulation of Bingo and its electronic form.

Vukani Gaming Gauteng (Pty) Ltd and Others Vs KKK Properties CC and Others [2016] ZAGPPHC 482

Cause of action

The applicants, representing licensed route and site operators for limited payout machines (LPMs), sought to interdict the first respondent, the owner of business premises in Northdale, from permitting the use of its premises by the second respondent, an internet café offering internet services, for the purpose of unlawful gambling activities. Similarly, an order was sought interdicting the second respondent from conducting, permitting or allowing the unlawful gambling activities on the premises. The basis of the application was that the gambling was offered at the said premises through the use of the internet, and no licence was issued for the offering of such gambling service.

Court ruling

The Court granted the application, interdicting and restraining the first respondent from permitting the use of its premises for the purpose of restricted gambling activities and unlawful gambling as prohibited by the National Gambling Act 7 of 2004 (NGA) and the Gauteng Gambling Act 4 of 1995 (GGA), and interdicting and restraining the second respondent from conducting any restricted gambling activity, unlawful gambling activity and engaging in any other conduct connected with unlawful gambling activity prohibited by the NGA and the GGA or permitting or allowing gambling as defined in section 1 of the NGA and the GGA on and from the premises.

The judgment has provided legal precedent recognising that the fact that it is not only regulators who bear locus standi to combat illegal gambling but licensed operators also have a recognised legal interest to challenge the conducting of illegal gambling activities. offer gambling.

PART B: THE NGB STRATEGIC FOCUS



5. 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 (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.



6. SITUATIONAL ANALYSIS

As the industry grows over time, the oversight role is becoming more complex, and NGB's capability to ensure compliance needs to be strengthened. The NGB is responsible for ensuring that all programmes and projects are supporting the mandate provided by the NGA, resulting in a well-regulated gambling industry in South Africa.

The gambling industry continues to grow with revenues reaching over R30 billion in the FY2018/19. Positive growth in gross gambling revenue between FY2017/18 and FY2018/19 was witnessed in all modes of gambling with the highest growth being in the bingo sector (26.6%) followed by the betting sector (17.8%), LPM sector (13.2%) and Casino (1.2%) sector. The taxes or levies collected from the industry as source of revenue for the government amounted to R3.1 billion in FY2018/19, a 6.8% increase from the previous financial year. The casino sector continues to dominate the market space generating the greater proportion of gambling revenues. However, this share in the total market has been declining over the years as there was an upward surge in revenues generated in other modes of gambling i.e. betting on horse racing and sport, limited pay-out machines and bingo.

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

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

Government, post-election could influence governments priority areas and lead to change in legislation, concurrent competence and slow decision making.

The economic imperative to promote economic inclusion by enhancing economic participation of historically disadvantaged individuals continues to be an opportunity for the NGB to leverage its internal strategic factors. The NGB undertakes research on key gambling issues in order to inform the legislative and policy environment.

Economic and social challenges are key focus areas to be addressed by the NGB and the gambling industry. The current regulations attempt to address the economic challenges; however, work still needs to be done to ensure proper application of these regulations. The legal industry is affected by the mushrooming of illegal gambling which creates a direct unregulated competition and this scenario is of huge concern to regulators.

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

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

The NGB will increase its efforts to provide education in terms of the risks and the socio-economic impact of gambling, and to educate the public in reporting illegal gambling activities. The NGB will also increase its efforts to ensure the prosecution of punters

6. SITUATIONAL ANALYSIS CONTINUED

who are found guilty of illegal gambling actions and forfeiting unlawful winnings to the State. It is a priority that there is successful prosecution of illegal operators and the public is informed about the consequences of participation in illegal gambling activities.

6.1 External environmental analysis

The NGB regularly scans the gambling environment in order to identify opportunities to execute the NGB's mandate. The following key priorities have been identified which inform the implementation of the entities strategy:

- a) To position the NGB strategically and advocate delivery in accordance with national gambling legislation
- b) Substantive review of the NGA
- c) Economic analysis of gambling in RSA
- d) Foster harmonisation and uniformity in the gambling industry
- e) Gaming control and regulation
- f) Position the NGB as a pre-eminent national regulator
- g) National repository for gambling related information
- h) Engaging in opportunities which create platforms for the benefit of the country with reference to gambling law enforcement
- i) Enhance national enforcement capabilities to lead banning and suppression of illegal gambling in the South Africa
- j) Lead foreign direct investment in this 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) Facilitate and monitor transformation of the industry in line with the B-BBEE Act and Codes of Good Practice
- m) Informing and educating the public and stakeholders about the socio-economic impact and risks of gambling
- n) Increased monitoring capacity of all legal modes of gambling through extending NCEMS
- o) Conceptualisation on the best approaches to regulation of betting
- p) Regulate technologically advanced forms of gambling
- q) Promulgation of regulations for excluded persons
- r) Provision of alternative dispute resolution mechanisms to punters

- s) Increase of revenue base towards becoming a self-sustaining entity
- t) Conduct research on the socio economic patterns and consequences of gambling
- u) Conceptualisation of cost effective resolution of unlawful winnings
- v) Legislative reforms in order to effectively regulate gambling

The NGB has developed 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 a broad forum is for conversations on gambling issues amongst all stakeholders and specifically regulators to enhance the NGB's capability to regulate the South African gambling industry.

6.2 Internal Environmental analysis

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

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

The NGB is further required to ensure that members of the public who participate in any licensed gambling activity are protected; society are protected against over-stimulation of the latent need 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 NGB strategy is premised on the institution continuing its active role in regulating the gambling industry. A multidimensional regulatory approach involving supervision, cooperation and enforcement is a consideration for successful execution of the NGB's mandate.

6. SITUATIONAL ANALYSIS CONTINUED

The key strategic issues are as follows:

- Ensure harmonisation with gambling and other legislation in order to better regulate gambling in RSA
- Economic analysis of gambling in RSA
- Gaming control and regulation
- Monitoring of new developments and modes offered by gambling operators and assess the impact thereof
- Monitoring the socio economic impact of gambling and problem gambling
- Extension of NCEMS to monitor all modes of gambling in RSA
- Continuously exercising oversight of PLAs to ensure compliance with the NGA and applicable laws and regulations
- Enhanced cooperation with law enforcement agencies and PLAs to combat illegal gambling in RSA
- Continue to provide an advisory role with regard to regulatory issues in the RSA gambling industry
- Improving awareness about the socio-economic impact of gambling, legal and illegal modes of gambling, and the promotion of responsible gambling amongst the public and stakeholders

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
- f) Legislative, compliance and diversity

6.3 Description of NGB 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 dtic** were taken into account, to ensure that there is alignment between the NGB objectives and **the dtic** priority areas. In thus implementing its Strategic Plan, the NGB will work towards fulfilling the industry policy objectives as directed by the Minister of Trade, Industry and Competition, including the development and implementation of National Sector Masterplans and the African Continental Free Trade Area.

A situational analysis was conducted in order to identify and evaluate the existing internal and external elements or environment that may impact on the NGB's ability to achieve its strategic objectives. A SWOT analysis which is an assessment of the NGBs strengths, weaknesses, opportunities and threats as well as PESTEL which assesses the external elements or environment relating to political, economic, social, technology, environment, and legal were used in order to understand the NGB's capabilities, customers, and business environment. TOWS (threats, opportunities, weaknesses, strengths) analysis was also used as a guiding tool to decide upon ways forward.

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 dtic**, as well as the entity being in a position to generate its own revenue over the outer lying years in the MTEF period. The overall financial plan takes into account the asset management plan to ensure the NGB has adequate levels of capital and liquidity to meet the regulatory and operational requirements on a sustainable basis.

Political

The strategic plan for 2020-25 aligns with the vision of the new administration that came into effect in 2019. A logical consequence of this reality is that governmental priority areas could change, and there is uncertainty as to how that could affect the regulation of the

6. SITUATIONAL ANALYSIS CONTINUED

gambling industry, such as with regard to possibly legalising online gambling, or a review of the concurrent legislation competency model.

The National Gambling Policy, 2016 necessitated the amendment of the NGA. The National Gambling Amendment Bill of 2018, if passed, will provide an opportunity to bring about necessary amendments to the NGA, in order to address existing challenges and to introduce new approaches to enforcement against illegal gambling and better regulation of legal gambling. However, delays in enacting the Bill impacts the NGB's vision to be re-positioned as the National Gambling Regulator.

Urgent attention should be given to the prescribing of certain dates in terms of transitional provisions contained in the Schedule to the National Gambling Act, 2004, matters pertaining to Excluded persons and National Registers, Re-certification of Gambling machines and devices, Unlawful winnings remitted to the NGB by persons other than licensees in terms of section 16 and Form NGB2.

Greater regularity and certainty is required to urgently and expeditiously deal with disputes between the NGB and PLAs regarding interpretation and implementation of the National Gambling Act; implementation of the B-BBEE Act; alignment of laws and the underlying spirit of co-operative governance. The existing challenges that hinder the effectiveness of the National Gambling Policy Council (NGPC) continue to impede the NGB achieving its mandate.

Economic

The introduction and legalisation of gambling in terms of the NGA ensures that revenue is generated for the country in a manner that fulfils the objects of the NGA. The economic contribution that the industry makes to the economy creates an enabling environment that will further facilitate job creation. Indeed, one of the economic benefits derived from the gambling industry in South Africa is its ability to generate revenue for the government, which supports the administration of fiscal policy in the form of government expenditure towards economic development, infrastructure improvement, building schools, enhanced service delivery amongst others. The gambling industry has enjoyed year-on-year growth in Gross Gambling Revenue (GGR), which is a positive contribution to GDP. Gambling revenues reached R30 billion in FY2018/19 and are forecast to increase to over R35 billion by 2021. Taxes and levies derived from

the industry amounted to R3.1 billion growing from previous financial years, displaying the need for continued and effective regulation of the industry and dialogue between stakeholders to lead to an economically sustainable gambling industry.

Slow economic growth could see a reduction in gambling revenue and tax collection, which would in turn erode revenue generation for government, and could also result in retrenchments in the industry. This scenario can be further predicated upon international economies and trends, with the risk of recession of the global economy. This would no doubt reduce investment in the gambling industry.

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

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

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

6. SITUATIONAL ANALYSIS CONTINUED

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

Social

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

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

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

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

Advertising of gambling is also a factor, as it is not illegal to advertise, and licensed operators also sponsor events and TV shows, which are

aimed at having a wider reach into society to draw more punters to their offerings. This is also supported by the influence of social media platforms.

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

Technology

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

The fourth industrial revolution (known as 4IR) is already upon us, and the regulatory environment is impacted by rapidly changing technology. New products and offerings are continuously developed through technology. We are already in a world of artificial intelligence, virtual reality and “the Internet of Things” (IoT), and the rate of change is itself increasing. Faster Internet Connectivity (5G) is also anticipated to be rolled out in South Africa by 2020, and this will make NGB systems such as NCEMs and the national registers more easily accessible, accelerate collection of data and improve efficiency of business processes. The result will be that through technology, the NGB will be able to fulfil its mandate more efficiently. This also creates opportunities for new research to be conducted.

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

At the same time, the constant arrival of inventions and innovation, such as virtual sports and Electronic Bingo Terminals (EBTs) will place a strain on the effectiveness of existing regulations, which may

6. SITUATIONAL ANALYSIS CONTINUED

be deficient as such technology did not exist at the time that such regulations were developed.

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

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

Environment

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

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

The NGB will monitor this risk through its oversight of compliance by operators, as well as through constant analysis of gambling sector performance reports.

Legal

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

this can lead to inconsistency in the application of gambling laws, in the absence of clear norms and standards to ensure uniformity in approach from province to province.

6.2.1 SWOT analysis

Strengths

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

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

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

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

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

Weaknesses

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

6. SITUATIONAL ANALYSIS CONTINUED

Internally, the NGB has identified that while it does have adequate systems and processes in place to support the business operations of the organisation, it may not be utilising its ICT resources optimally to optimise operational.

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

Opportunities

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

Repositioning of the NGB and a substantive review of the NGA would enable the conceptualisation of better approaches to regulation of betting and more cost-effective resolution of unlawful winnings, which could also result in the establishment of ad-hoc National Gambling Tribunal.

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

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

Threats

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

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

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

6.2.2 TOWS analysis

The NGB is able to combine its strengths with its opportunities in various ways. Through its relationships with PLAs, it seeks to implement compliance measures for PLAs in order to achieve effective regulation. In execution of its mandate, the NGB will leverage off the legislative authority of stakeholders through collaborative initiatives and collaborate with stakeholders to embark on broad-based public education and awareness campaigns in provinces.

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

The NGB plans to advise the NGPC about developments in the gambling industry which may inform legislative and policy development. The NGB will monitor Gambling Sector Performance and undertake national and international benchmarks with other jurisdictions to inform the future landscape of the gambling industry in South Africa. The NGB will undertake broad-based education and awareness initiatives to ensure the dissemination of research information to the public on local and international platforms.

The NGB will commission research on key gambling issues and priorities to inform policy development as well as to assist the NGB with fulfilling its mandate.

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

The NGB will also use its relationships with stakeholders to communicate the mandate of the NGB through dissemination of gambling research information on local and international platforms.

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

PART C: MEASURING THE NGB PERFORMANCE



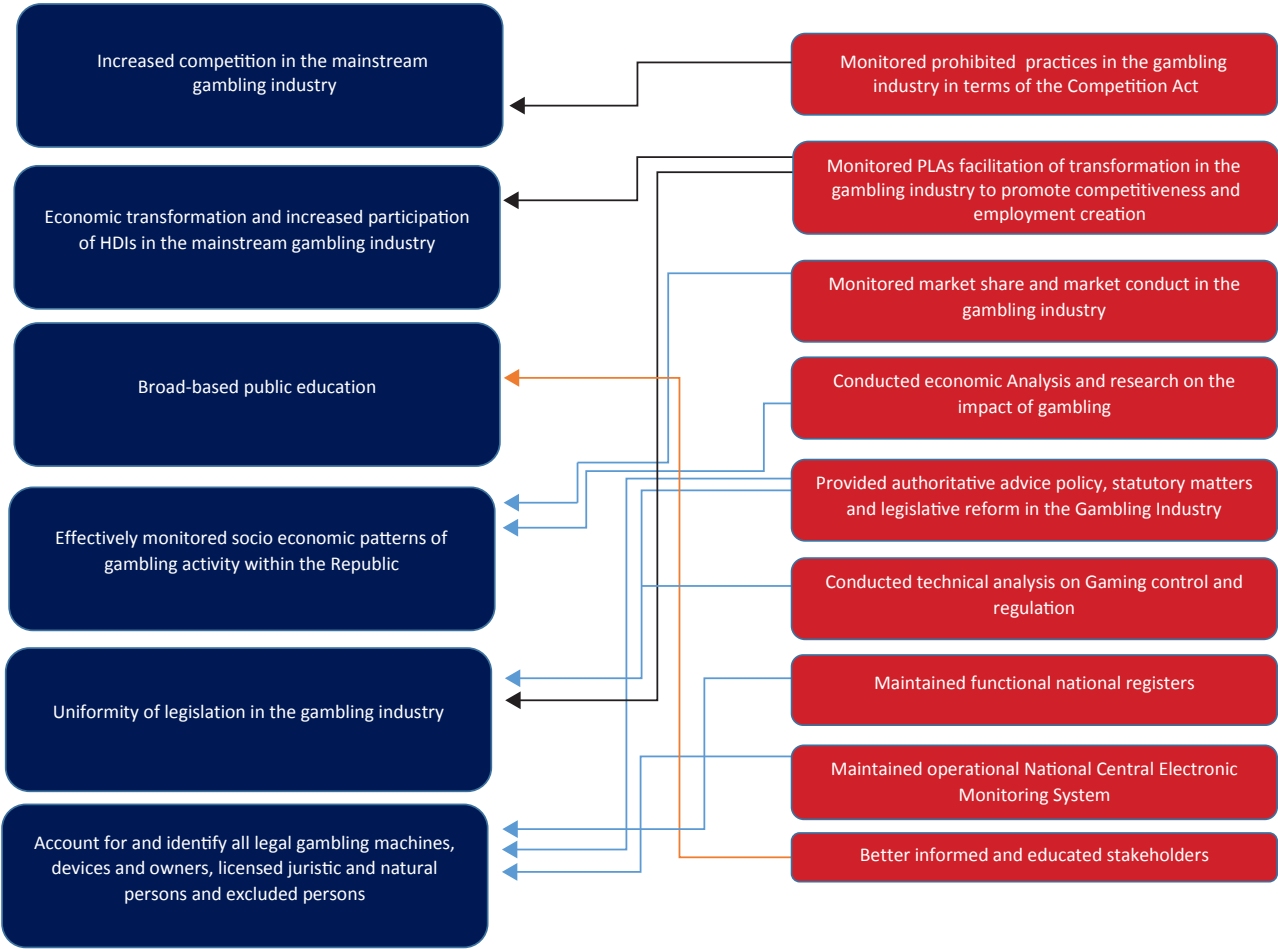
7. INSTITUTIONAL PROGRAMME PERFORMANCE

7.1 Alignment of outputs with outcomes

The Strategic Plan for the NGB covers the period 2020 – 2025, as well as the APP for 2020 – 2023. In order to implement these plans, the NGB has developed an impact statement which is aligned to the dtic strategic plan for 2020 – 2025 and would be measured through various outcomes. These outcomes are aligned to the areas of

institutional performance and are envisaged to be achieved over the MTSF cycle.

The NGB has ensured that its strategic outputs as set out in its APP are each aligned to its strategic outcomes. This alignment is indicated in the table below.



7. INSTITUTIONAL PROGRAMME PERFORMANCE CONTINUED

7.2 Financial plan

The NGB is required by the PFMA to, amongst others:

- Maintain an **effective, efficient and transparent systems of financial and risk management and internal control** [(section 38(1)(a)(i));
- Maintain a **system of internal audit** under the control and direction of an audit committee [(section 38(1)(a)(ii));
- Maintain an **appropriate procurement system** [(section 38(1)(a)(iii));
- **Keep full and proper records** of the financial affairs of the entity [section 40(1)(a)];
- **Prepare financial statements** for each financial year in accordance with generally recognised accounting practice (GRAP) [section 40(1)(b)];
- **Submit annual financial statements** within two months after the end of the financial year to the Auditor-General for auditing and to the National Treasury for enable them to prepare consolidated financial statements.

The NGB's strategic plan provides a roadmap for what the organisation seeks to achieve, based on determined outcomes and outputs. The strategic outcomes 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.

7.2.1 Expenditure Trends

The NGB derives its revenue from transfers from **the dtic**. Over and above the grant received, the NGB has received additional revenue from the NCEMs operator of R202 million during the 2018/2019 financial period, and anticipates to receive R210 million, R220.5 million, R229 million and R240.8 million during the 2019/20, 2020/21, 2021/22 and 2022/2023 financial periods respectively.

Revenue to be collected is based on an eight (8) year contract entered into with the NCEMS operator during the 2017/18 financial period, and is premised on 6% of monitoring fees collected from limited pay-out machines (LPMs) installed. There are currently approximately 13 000 LPMs installed in the country.

The revenue model is based a sliding scale; i.e. the percentage of Gross Gambling Revenue decreases as the number of limited pay-out machines (LPMs) increases. The tariffs as per the sliding scale are legislated in terms of Schedule 2 of the National Gambling Regulations, 2004, and are as follows:

NCEMS Monitoring Fees (based on Gross Gaming Revenue (GGR))	
Number of Machines	% GGR
Up to 15 000 Installed Limited Pay-Out Machines	6%
Up to 20 000 Installed Limited Pay-Out Machines	5.61%
Up to 25 000 Installed Limited Pay-Out Machines	5.21%
Up to 35 000 Installed Limited Pay-Out Machines	4.42%
Up to 42 000 Installed Limited Pay-Out Machines	3.87%
More than 4 2000 Installed Limited Pay-Out Machines	3.24%

Expenditure over the medium term is thus expected to increase from R223 million in 2018/19 to R249 million, R263 million, R273 million and R288 million in 2019/20, 2020/21, 2021/22 and 2022/23 respectively, driven by costs associated with the operations of the NCEMS.

The NGB's strategic focus over the next 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. NGB's strategic priorities for 2020 – 2025 include:

- Enforce Compliance;
- Gaming Control and Research;
- Enhance Stakeholder Engagement Services; and
- Optimise Organisational Excellence.

The NGB will continue to focus on its mandate to, inter alia, conduct continuous oversight over PLAs on their compliance with the NGA and provincial legislation and provide a broad-based public education programme about the risks and socio-economic impact of gambling. Specific emphasis will be placed on the combatting of illegal gambling by means of strengthening collaboration with PLAs and law enforcement agencies in combatting all forms of illegal gambling. The NGB will also strive to ensure that there is strengthened regulatory oversight over gambling activities and the gambling industry, functional national registers are maintained and research to inform gambling policy and legislative reform is conducted. In addition, the NGB will continue with the monitoring and reporting on gambling sector performance (national gambling statistics, market conduct and market share). From an industry perspective, the NGB has also been observing slow industry transformation regarding compliance with Broad-Based Black Economic Empowerment (B-BBEE). While licensed operators may be B-BBEE compliant due to such compliance being part of license application requirements, there is a distinction to be made between black empowerment through control, and black empowerment through equity. Transformation in the form of equity transfer remains a challenge, and this is an area of specific focus for the NGB over the next five-year period.

7. INSTITUTIONAL PROGRAMME PERFORMANCE CONTINUED

	Audited outcome			Budget estimate			
R thousand	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Revenue							
Entity revenue	19 156	70 915	209 475	217 811	229 005	239 448	251 370
Entity revenue other than sales	19 156	70 915	209 475	217 811	229 005	239 448	251 370
Interest	2 473	2 884	3 018	3 150	3 465	5 088	5 342
Unclassified revenue	16 683	68 031	206 457	214 661	225 540	234 360	246 028
Realisation of deferred income (other than transfers)	–	–	–	–	–	–	–
National Central Electronic Monitoring System	10 000	63 694	202 034	210 000	220 500	229 320	240 786
Other income	6 683	4 337	4 423	4 661	5 040	5 040	5 242
Transfers received	30 121	31 627	32 624	33 797	35 639	37 599	39 404
National government	30 121	31 627	32 624	33 797	35 639	37 599	39 404
Total revenue	49 277	102 542	242 099	251 608	264 644	277 047	290 774
Expenditure							
Current payments	36 683	86 524	220 629	246 579	260 638	271 140	285 728
Compensation of employees	15 799	16 190	25 390	41 468	44 883	48 448	52 105
Salaries and wages	15 230	16 669	24 663	40 214	43 556	47 039	50 608
Social contributions	569	568	727	1 254	1 327	1 409	1 497
Goods and services	20 884	70 334	195 239	205 111	215 755	222 692	233 623
Agency and support/outsourced services							
Communication	1 279	751	3 739	3 844	3 762	3 762	3 762
Computer services	681	292	680	710	286	287	287
Consultants	5 724	53 432	172 650	180 813	187 677	195 134	204 689
Inventory	55	67	132	180	180	180	180
Lease payments	6 137	8 187	7 564	8 400	9 240	10 164	11 180
Repairs and maintenance	59	141	207	137	137	137	137
Research and development	1 789	1 698	74	1 492	4 000	3 000	3 000
Training and staff development	87	93	3 000	1 200	1 010	810	810
Travel and subsistence	907	1 239	6 151	4 421	5 668	5 410	5 410
Other	4 166	4 434	1 042	3 914	3 795	3 808	4 168
Depreciation	2 183	2 336	2 587	2 672	2 672	2 671	2 672
Total expenditure	38 866	88 860	223 216	249 251	263 310	273 811	288 400
Surplus/(deficit)	10 411	13 682	18 883	2 357	1 334	3 236	2 374

7. INSTITUTIONAL PROGRAMME PERFORMANCE CONTINUED

7.2.2 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. Non-current assets have been insured with a reputable registered insurer.

7.2.3 Cash flow projections

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

	Audited outcome			Budget estimate			
R thousand	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Cash receipts from stakeholders	49 080	82 417	241 644	251 608	264 644	277 046	290 774
Tax receipts	—	—	—	—	—	—	—
Sales of goods and services other than capital assets	2 036	2 214	2 277	4 661	5 040	5 040	5 242
Transfers received	30 121	31 627	32 624	33 797	35 639	37 599	39 404
Fines, penalties and forfeits	—	—	—	—	—	—	—
Interest and rent on land	2 473	2 862	2 993	3 150	3 465	5 087	5 342
Rent on land	—	—	—	—	—	—	—
Unclassified revenue	14 450	45 714	203 750	210 000	220 500	229 320	240 786
Cash paid to stakeholders	40 444	80 731	236 289	249 251	263 310	273 811	288 039
Current payments	40 444	80 731	236 289	249 251	263 310	273 811	288 039
Compensation of employees	18 226	19 407	31 882	41 468	44 882	48 447	52 105
Goods and services	22 218	61 324	204 407	207 783	218 428	225 364	235 934
Cash flow from operating activities	8 636	1 686	5 355	2 357	1 334	3 235	2 735
Cash flow from investing activities	(1 033)	(4 336)	(2 826)	(1 410)	(360)	(360)	(360)
Cash flow from financing activities	505	(893)	405	428	451	476	476
Net increase/(decrease) in cash and cash equivalents	8 108	(3 543)	2 934	1 375	1 425	3 351	2 851

The NGB has made a conservative cash projection based on the budget allocation. These projections have factored in projected 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.

7.2.5 Dividend policies

The NGB is a Schedule 3A public entity established in terms of the NGA. The organisation is funded from grant allocations from the dtic. The dividend policy does not apply to the NGB.

7.2.4 Capital expenditure programmes

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

7. INSTITUTIONAL PROGRAMME PERFORMANCE CONTINUED

7.3 Programme 1:

Gaming Control and Research Division

PURPOSE

This division provides mandated operational core functions in terms of the National Gambling Act, 2004, (Act 7 of 2004). The Gaming Control and Research Division provides technical analysis of the modes of gambling, system audits and enforcement in line with statutory imperatives as provided for in gambling legislation. It provides reliable information through national centralised databases and contributes towards providing accessible, transparent and sufficient access for economic citizens in order to ensure economic growth.

FUNCTIONAL NATIONAL REGISTERS

The NGB is the custodian of national registers in terms of the NGA. The Act requires that the NGB must establish and maintain, in the prescribed manner and form national registers with the aim to provide a national repository of gambling sector specific information. The NGB is required to provide the information in its registry to PLAs in the prescribed manner and form to ensure information sharing and compliance as contemplated in the Act.

NATIONAL CENTRAL ELECTRONIC MONITORING SYSTEM (NCEMS)

The NGB is obliged by section 27 of the NGA read with regulation 14 of the National Gambling Regulations to supply, install, commission, operate, manage and maintain a National Central Electronic Monitoring System ("NCEMS") which is capable of detecting and monitoring significant events, associated with any LPM that is made for play in the Republic and analysing and reporting data according to the 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 track each LPM operated by a Route Operator (RO) or Independent Site Operator (ISO) in terms of location and status; record and validate every transaction on the LPM in real time; and periodically reports collected data.

RESEARCH AND INFORMATION

The Research and Information 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)). 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 versus illegal gambling modes, tax rates, and regulations in terms of advertising, amongst others. Other research includes economic analysis and insights in terms of market share from economic and institutional perspectives, as well as reports on illegal gambling. Research might include any topic as identified or required at a specific time.

LEGAL RESEARCH

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

GAMING CONTROL

The NGB will monitor and analyse technological developments that affect gambling regulation and advise on the compliance of gaming devices to legislation.

LEGAL SERVICES

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

IMPACT STATEMENT

Impact Statement

A regulated gambling industry that balances economic gains and punter protection

7. INSTITUTIONAL PROGRAMME PERFORMANCE CONTINUED

7.3 Programme 1:

Gaming Control and Research Division CONTINUED

OUTCOMES, OUTPUTS, PERFORMANCE INDICATORS AND TARGETS

PROGRAMME 1: GAMING CONTROL AND RESEARCH									
Outcome	Output	Output indicators	Audited/actual performance			Estimated performance	Medium-term targets		
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Effectively monitored socio economic patterns of gambling activity within the Republic	Monitored market share and market conduct in the gambling industry	Number of reports on gambling sector performance submitted to the Accounting Authority	N/A	N/A	N/A	N/A	Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance submitted to the Accounting Authority	Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance submitted to the Accounting Authority	Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance submitted to the Accounting Authority
	Conducted economic Analysis and research on the impact of gambling	Number of reports on Economic Analysis and research conducted on the impact of gambling submitted to the Accounting Authority	N/A	N/A	N/A	N/A	Four (4) reports on economic analysis and research conducted on the impact of gambling submitted to the Accounting Authority	Four (4) reports on economic analysis and research conducted on the impact of gambling submitted to the Accounting Authority	Four (4) reports on economic analysis and research conducted on the impact of gambling submitted to the Accounting Authority
Uniformity of legislation in the gambling industry	Provided authoritative advice policy, statutory matters and legislative reform in the Gambling Industry	Number of reports on advice provided in terms of section 65 of the NGA submitted to the Accounting Authority	N/A	N/A	N/A	N/A	Four (4) S65 advisory report on gambling regulation and one (1) consolidated S65 report submitted to the Accounting Authority	Four (4) S65 advisory report on gambling regulation and one (1) consolidated S65 report submitted to the Accounting Authority	Four (4) S65 advisory report on gambling regulation and one (1) consolidated S65 report submitted to the Accounting Authority
	Conducted technical analysis on Gaming control and regulation	Number of reports on technical analysis of gaming control and regulation submitted to the Accounting Authority	N/A	N/A	N/A	N/A	Four (4) advisory reports on gaming control and one (1) consolidated report on regulation submitted to the Accounting Authority	Four (4) advisory reports on gaming control and one (1) consolidated report on regulation submitted to the Accounting Authority	Four (4) advisory reports on gaming control and one (1) consolidated report on regulation submitted to the Accounting Authority
Account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons	Maintained functional national registers	Percentage uptime on functional national registers	N/A	N/A	N/A	N/A	95% uptime of national registers	95% uptime of national registers	95% uptime of national registers
	Maintained operational National Central Electronic Monitoring System	Percentage uptime of a fully operational National Central Electronic Monitoring System (NCEMS)	N/A	N/A	N/A	N/A	95% uptime of National Central Electronic Monitoring System (NCEMS)	95% uptime of National Central Electronic Monitoring System (NCEMS)	95% uptime of National Central Electronic Monitoring System (NCEMS)

7. INSTITUTIONAL PROGRAMME PERFORMANCE CONTINUED

7.3 Programme 1:

Gaming Control and Research Division CONTINUED

PROGRAMME 1: GAMING CONTROL AND RESEARCH									
Outcome	Output	Output indicators	Audited/actual performance			Estimated performance	Medium-term targets		
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Economic transformation and increased participation of HDIs in the mainstream gambling industry	Transformation agenda for the gambling industry	Report on economic transformation and participation of HDIs in the mainstream gambling industry submitted to the Accounting Authority	N/A	N/A	N/A	N/A	Four (4) reports on economic transformation and participation of HDIs in the mainstream gambling industry submitted to the Accounting Authority	Four (4) reports on economic transformation and participation of HDIs in the mainstream gambling industry submitted to the Accounting Authority	Four (4) reports on economic transformation and participation of HDIs in the mainstream gambling industry submitted to the Accounting Authority
Increased competition in the mainstream gambling industry	Monitored prohibited practices in the gambling industry in terms of the Competition Act	Report on possible prohibited practices in the gambling industry in terms of the Competition Act to be submitted to the Accounting Authority	N/A	N/A	N/A	N/A	Three (3) reports on possible prohibited practices in the gambling industry in terms of the Competition Act submitted to the Accounting Authority and One (1) market enquiry request on possible prohibited practices in the gambling industry in terms of the Competition Act submitted to the Minister	Three (3) reports on possible prohibited practices in the gambling industry in terms of the Competition Act submitted to the Accounting Authority and One (1) market enquiry request on possible prohibited practices in the gambling industry in terms of the Competition Act submitted to the Minister	Three (3) reports on possible prohibited practices in the gambling industry in terms of the Competition Act submitted to the Accounting Authority and One (1) market enquiry request on possible prohibited practices in the gambling industry in terms of the Competition Act submitted to the Minister

7. INSTITUTIONAL PROGRAMME PERFORMANCE CONTINUED

7.3 Programme 1:

Gaming Control and Research Division CONTINUED

INDICATORS, ANNUAL AND QUARTERLY TARGETS

Output indicators	Annual target 2020/21	Quarterly Milestones			
		1st quarter	2nd quarter	3rd quarter	4th quarter
Number of reports on gambling sector performance submitted to the Accounting Authority	Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance submitted to the Accounting Authority	One (1) report on gambling sector performance (4th quarter, FY2019/20) submitted to the Accounting Authority	One (1) report on gambling sector performance (1st quarter, FY2020/21) submitted to the Accounting Authority One (1) audited report on gambling sector performance (FY2019/20) submitted to the Accounting Authority	One (1) report on the gambling sector performance (2nd quarter, FY2020/21) submitted to the Accounting Authority	One (1) report on gambling sector performance (3rd quarter, FY2020/21) submitted to the Accounting Authority
Number of reports on economic analysis and research conducted on the impact of gambling submitted to the Accounting Authority	Four (4) reports on economic analysis and research conducted on the impact of gambling submitted to the Accounting Authority	One (1) report on the economic analysis and research conducted on the impact of gambling submitted to the Accounting Authority	One (1) report on the economic analysis and research conducted on the impact of gambling submitted to the Accounting Authority	One (1) report on the economic analysis and research conducted on the impact of gambling submitted to the Accounting Authority	One (1) report on the economic analysis and research conducted on the impact of gambling submitted to the Accounting Authority
Number of reports on advice provided in terms of section 65 of the NGA submitted to the Accounting Authority	Four (4) S65 advisory reports on gambling regulation and one (1) consolidated S65 report submitted to the Accounting Authority	One (1) S65 advisory report on gambling regulation submitted to the Accounting Authority	One (1) S65 advisory report on gambling regulation submitted to the Accounting Authority	One (1) S65 advisory report on gambling regulation submitted to the Accounting Authority	One (1) S65 advisory report on gambling regulation submitted to the Accounting Authority One (1) consolidated S65 advisory report on gambling regulation submitted to the Accounting Authority
Number of reports on technical analysis of gaming control and regulation submitted to the Accounting Authority	Four (4) advisory reports on gaming control and one (1) consolidated report on regulation submitted to the Accounting Authority	One (1) Advisory report on gaming control submitted to the Accounting Authority	One (1) Advisory report on gaming control submitted to the Accounting Authority	One (1) Advisory report on gaming control submitted to the Accounting Authority	One (1) Advisory report on gaming control submitted to the Accounting Authority One (1) consolidated Advisory report on gaming control submitted to the Accounting Authority
Percentage uptime on functional national registers	95% uptime of national registers	95% uptime and system analysis on functionality, effectiveness and maintenance of national registers	95% uptime and system analysis on functionality, effectiveness and maintenance of national registers	95% uptime and system analysis on functionality, effectiveness and maintenance of national registers	95% uptime and system analysis on functionality, effectiveness and maintenance of national registers
Percentage uptime of National Central Electronic Monitoring System (NCEMS)	95% uptime of National Central Electronic Monitoring System (NCEMS)	95% uptime on a fully operational NCEMS and system analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic	95% uptime on a fully operational NCEMS and system analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic	95% uptime on a fully operational NCEMS and system analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic	95% uptime on a fully operational NCEMS and system analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic

7. INSTITUTIONAL PROGRAMME PERFORMANCE CONTINUED

7.3 Programme 1:

Gaming Control and Research Division CONTINUED

Output indicators	Annual target 2020/21	Quarterly Milestones			
		1st quarter	2nd quarter	3rd quarter	4th quarter
Report on economic transformation and participation of HDIs in the mainstream gambling industry submitted to the Accounting Authority	Four (4) reports on economic transformation and participation of HDIs in the mainstream gambling industry submitted to the Accounting Authority	One (1) report on economic transformation and participation of HDIs in the mainstream gambling industry submitted to the Accounting Authority	One (1) report on economic transformation and participation of HDIs in the mainstream gambling industry submitted to the Accounting Authority	One (1) report on economic transformation and participation of HDIs in the mainstream gambling industry submitted to the Accounting Authority	One (1) report on economic transformation and participation of HDIs in the mainstream gambling industry submitted to the Accounting Authority
Report on possible prohibited practices in the gambling industry in terms of the Competition Act to be submitted to the Accounting Authority	Three (3) reports on possible prohibited practices in the gambling industry in terms of the Competition Act submitted to the Accounting Authority and One (1) market enquiry request on possible prohibited practices in the gambling industry in terms of the Competition Act submitted to the Minister	One (1) report on possible prohibited practices in the gambling industry in terms of the Competition Act submitted to the Accounting Authority	One (1) report on possible prohibited practices in the gambling industry in terms of the Competition Act submitted to the Accounting Authority	One (1) report on possible prohibited practices in the gambling industry in terms of the Competition Act submitted to the Accounting Authority	One (1) market enquiry request on possible prohibited practices in the gambling industry in terms of the Competition Act submitted to Accounting Authority

7. INSTITUTIONAL PROGRAMME PERFORMANCE CONTINUED

7.3 Programme 1:

Gaming Control and Research Division CONTINUED

KEY RISKS

GAMING CONTROL AND RESEARCH			
#	Outcome	Key Risk	Risk Mitigation
1.	Broad-based public education	<ul style="list-style-type: none"> Incorrect and omitted gambling statistics presented to the NGB by PLAs Undetected unfair competition due to failure to monitor market share and market conduct Uninformed decision making on gambling related matters Incorrect and omitted gambling statistics presented to the NGB by PLAs Incorrect data on economic factors Failure to provide authoritative research based advice Inability to identify patterns, causes and consequences of socio economic impact of gambling 	<ul style="list-style-type: none"> Ongoing communication with PLAs Audit of gambling statistical information Trend analysis pertaining to growth in gambling sectors, licensing and ownership Consult alternative reputable and relevant sources for data Audit of gambling statistical information Co-ordination of research projects amongst stakeholders in the gambling industry Consult alternative relevant sources for research
2.	Uniformity of legislation in the gambling industry	<ul style="list-style-type: none"> Failure to provide advice to the Minister Lack of cooperation and compliance by the PLAs 	<ul style="list-style-type: none"> Signed Shareholder Compact Continuous advice provided to the dtic
3.	Efficient and effective regulation of the gambling sector	<ul style="list-style-type: none"> Gaps in compliance due to concurrent competencies New complex gaming products and technologies Over stimulation of latent demand for gambling 	<ul style="list-style-type: none"> Build technical expertise through continuous training Continuous engagement with NRCS
4.	Account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons	<ul style="list-style-type: none"> No centralised gambling related information accessible to stakeholders Inability to place reliance on third party related gambling information Integrity of compliance oversight compromised Vulnerability of national registers to cyber attacks Integrity of data to make informed decisions Inability to access credible gambling related data Absence of a functional operational NCMS will result in non-effective or efficient regulation of the LPM industry Inoperable LPM industry Loss of revenue to the fiscus 	<ul style="list-style-type: none"> Registers are hosted in high availability data centre Continuous back up of data on registers Approved disaster recovery plan Verification of captured data Back-up systems available
5.	Economic transformation and increased participation of HDIs in the mainstream gambling industry	<ul style="list-style-type: none"> Failure of HDIs participating in the mainstream gambling industry due to existing high barriers to entry Failure of the gambling industry to meet economic development imperatives Failure by the industry to embrace the transformation agenda 	<ul style="list-style-type: none"> Incorporate transformation agenda in the regulatory framework Set norms and standards Expand economic opportunities for HDIs in the mainstream gambling industry

7. INSTITUTIONAL PROGRAMME PERFORMANCE CONTINUED

7.4 Programme 2:

Corporate and Stakeholder Engagement Division

PURPOSE

The CSE Division provides superior support services to the NGB at accelerated speed to ensure heightened stakeholder engagement, high customer satisfaction, and a conducive work environment through the infusion of technology to enhance business efficiency.

The key strategic services that the CSE division provides are as follows:

- Providing support in positioning the NGB as a pre-eminent national regulator
- Conducting public awareness campaigns and education initiatives to inform the public and stakeholders on the socio-economic impact of gambling and illegal forms of gambling
- Ensuring the efficient and effective provision of litigation services
- Ensuring continuous business performance improvement
- Adhering to governance obligations and legislative requirements
- Ensuring adequate and proper records keeping and information management
- Striving to gain a competitive advantage through strategic development of a highly committed, culture fit and capable workforce
- Defining, institutionalising and promoting the NGB culture

The following Sub-divisions contribute to the provision of services by the CSE division:

HUMAN CAPITAL OPTIMISATION (HCO)

HCO provides human resources systems, processes and procedures that support the operations and determination of performance levels as provided in the business and operational documents of the NGB. HCO ensures that there is compliance with labour laws and all the other relevant Human Resources Frameworks and practices that exist external to the organisation. It also ensures that there is a sound and fair performance management system in place.

FACILITIES MANAGEMENT (FM)

Facilities Management focuses on the efficient and effective delivery of support services for the organisation. It is the integrated management of the work environment and supporting services

to provide an environment that enables the business to achieve its primary objective. Facilities Management is responsible for some aspects of the Occupational Health and Safety Act. Facilities Management serves as a single point of entry for the coordination of all services relating to the efficient and effective running of the organisation.

CORPORATE GOVERNANCE (CG)

Corporate Governance Service is comprised of the Legal Services (LS) mainly focusing on litigation, Risk and Fraud Management, Stakeholder Liaison, Records Management and Internal Audit Facilitation. Good corporate governance ensures that there is good governance embedded in the NGB through its systems, policies, governance structures and business performance management. It also ensures that the NGB measures its business performance against its Strategic Plan, APP and Business Plan, and reports on its performance on time as stipulated to **the dtic** and all the other relevant external stakeholders. To ensure this, the NGB must identify, assess and mitigate all risks that may hinder it from achieving its objectives.

STAKEHOLDER LIAISON

The Stakeholder Liaison's activities are mainly related to stakeholder relationship management and social dialogue with stakeholders by means of broad-based public education interventions about the risks and socio-economic impact of gambling. The Sub-Division provides strategic coordination and communication, as well as secretariat services to inter-governmental forums. 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, as well as participating in any unregulated gambling modes and consequences of overstimulation of gambling.

LITIGATION SERVICES (LS)

The LS is responsible for facilitating litigation matters brought by or against the NGB including overseeing Labour Relations matters. LS ensures that NGB's interests are promoted and protected in its business operations and further ensures that the NGB operates within the ambit of the law. LS endeavours to maintain sound Labour Relations in the organisation.

7. INSTITUTIONAL PROGRAMME PERFORMANCE CONTINUED

7.4 Programme 2:

Corporate and Stakeholder Engagement Division CONTINUED

RECORDS MANAGEMENT (REM)

Records Management ensures that there is proper maintenance and access to records. ReM is the supervision and administration of digital or paper records, regardless of format. Its activities include the creation, receipt, maintenance, use and disposal of records. It provides a set of activities required for systematically controlling the creation, distribution, use, maintenance, and disposition of recorded information maintained as evidence of business activities and transactions.

RISK MANAGEMENT (RM)

The AA has committed the NGB to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Public Finance Management Act (PFMA), Act 1 of 1999, as amended. Risk management is a systematic and formalised process instituted by the NGB to identify, assess, manage

and monitor risks. The benefits of risk management are that the NGB implements and maintains effective, efficient and transparent systems of risk management and internal control. This area includes fraud prevention.

INTERNAL AUDIT FACILITATION

The Internal Audit function is outsourced and is performed by an external independent Audit Firm. The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively.

IMPACT STATEMENT

Impact Statement

A regulated gambling industry that balances economic gains and punter protection

OUTCOMES, OUTPUTS, PERFORMANCE INDICATORS AND TARGETS

PROGRAMME 2: CORPORATE AND STAKEHOLDER ENGAGEMENT									
Outcome	Output	Output indicators	Audited/actual performance			Estimated performance	Medium-term targets		
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Broad-based public education	Better informed and educated stakeholders	Number of broad-based public educational interventions about the risks and socio-economic impact of gambling	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	Eight (8) broad-based public educational interventions about the risks and socio-economic impact of gambling	Conduct eight (8) broad-based public educational interventions about the risks and socio-economic impact of gambling	Conduct ten (10) broad-based public educational interventions about the risks and socio-economic impact of gambling	Conduct ten (10) broad-based public educational interventions about the risks and socio-economic impact of gambling	Ten (10) broad-based public educational interventions about the risks and socio-economic impact of gambling

7. INSTITUTIONAL PROGRAMME PERFORMANCE CONTINUED

7.4 Programme 2:

Corporate and Stakeholder Engagement Division CONTINUED

INDICATORS, ANNUAL AND QUARTERLY TARGETS

Output indicators	Annual target 2020/21	Quarterly Milestones			
		1st quarter	2nd quarter	3rd quarter	4th quarter
Number of broad-based public educational interventions about the risks and socio-economic impact of gambling	Conduct ten (10) broad-based public educational interventions about the risks and socio-economic impact of gambling	Conduct two (2) broad based public education interventions about the risks and socio-economic impact of gambling	Conduct three(3) broad based public education interventions about the risks and socio-economic impact of gambling	Conduct three (3) broad based public education interventions about the risks and socio-economic impact of gambling	Conduct two (2) broad based public education interventions about the risks and socio-economic impact of gambling

KEY RISK

CORPORATE AND STAKEHOLDER ENGAGEMENT			
Strategic outcome	Outcome	Key Risk	Risk Mitigation
1.	Broad-based public education	Ineffective punter protection that leads to problem gambling Emergence of problem gambling as a health issue	Provide continuous education and awareness interventions

7. INSTITUTIONAL PROGRAMME PERFORMANCE CONTINUED

7.5 Programme 3: Finance and Procurement Services Division

PURPOSE

This programme provides strategic financial management support and procurement services to the organisation.

Finance and Procurement Services facilitates the overall management of the NGB and provides strategic financial management support to the organisation. It is the custodian of financial resources. The division has two units that provide specialised support services to the NGB.

The NGB, as an agency of **the dtic** and an organ of State, strives to be a cautious steward for the management of State resources allocated to it in order to carry out its mission. Section 74 of the NGA provides an opportunity for the NGB to grow its revenue base in addition to its grant allocation, the collection of any fees payable or any other money accruing to the NGB from other sources.

The Finance and Procurement Services division will combine performance expectations outlined in the Business Plan with the fiscal accountability demonstrated by its ability to design and implement a financial model that will alleviate its sole dependency on a grant allocation. It is crucial for the NGB to manage statutory reporting requirements and achieve its performance with great financial accountability.

The Finance and Procurement Services division has taken cognisance of the current economic climate; and has adopted the cost containment measures introduced by the National Treasury.

To this end, financial efficiencies have been achieved, and will continue to be achieved, on cost items which include travel, accommodation, catering and consultants.

FINANCE

The Finance sub-programme maintains reliable financial records which are prepared regularly for both internal and external stakeholders. These financial records are presented to external auditors annually for the purpose of obtaining an independent opinion on whether the NGB's financial records fairly present the state of its financial position, performance and cash flows. The NGB aims at achieving a clean audit for the 2019/20 financial period and years going forward, as it did for 2015/16, 2016/17, 2017/18 and 2018/19.

SUPPLY CHAIN MANAGEMENT (SCM)

The Supply Chain Management (SCM) sub-programme will endeavour to procure goods and services in a manner which is fair, equitable, transparent, competitive and cost-effective. This will be achieved by ensuring that goods and services procured are in line with the objectives of the NGB as set out in the Strategy and Annual Performance Plan. The SCM will also ensure that all procurement prescripts are complied with and that all SCM reporting requirements are met.

Internal controls include Finance and SCM strategies, policies and procedures which are reviewed annually to ensure their continued effectiveness. These controls are tested by internal auditors with a view to verify that they are adequate to mitigate risks which have a potential to prevent the entity from achieving its objectives.

IMPACT STATEMENT

Impact Statement

A regulated gambling industry that balances economic gains and punter protection

7. INSTITUTIONAL PROGRAMME PERFORMANCE CONTINUED

7.5 Programme 3:

Finance and Procurement Services Division CONTINUED

OUTCOMES, OUTPUTS, PERFORMANCE INDICATORS AND TARGETS

PROGRAMME 3: FINANCE AND PROCUREMENT SERVICES									
Outcome	Output	Output indicators	Audited/actual performance			Estimated performance	Medium-term targets		
			2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
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	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	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

INDICATORS, ANNUAL AND QUARTERLY TARGETS

Output indicators	Annual target 2020/21	Quarterly Milestones			
		1st quarter	2nd quarter	3rd quarter	4th quarter
Number of reports 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

KEY RISKS

FINANCE AND PROCUREMENT SERVICES			
Strategic outcome	Outcome	Key Risk	Risk Mitigation
1.	Financial efficiency	Inability to manage funds efficiently and effectively	Enhance early warnings on expenditure variances and abuse of funds
		Exposure to litigious matters due to absence of contract management	Implement effective contract management systems
		Delays in procurement of goods and services, causing delays in achievement of objectives	Implementation and monitoring of procurement plans
		Non-compliance with SCM prescripts	<ul style="list-style-type: none"> Keep abreast of newly issued/revised SCM prescripts Annually review policies and procedures to ensure compliance with relevant prescripts
		Occurrence of fraud and corrupt activities	<ul style="list-style-type: none"> Effective internal controls (policies and procedures) to prevent the occurrence of fraud Implementation of FPP

PART D

Technical Indicator Description (TID)



8. TECHNICAL INDICATOR DESCRIPTION (TID)

TID 1 Number of reports on gambling sector performance submitted to the Accounting Authority	
#	Indicator title
1.	Definition
2.	Source of data
3.	Method of calculation/assessment
4.	Means of verification
5.	Assumptions
6.	Disaggregation of beneficiaries (where applicable)
7.	Spatial transformation (where applicable)
8.	Calculation type
9.	Reporting cycle
10.	Desired performance
11.	Indicator responsibility

8. TECHNICAL INDICATOR DESCRIPTION (TID) CONTINUED

#	Indicator title	TID 2 Number of reports on economic analysis and research conducted on the impact of gambling submitted to the Accounting Authority
1.	Definition	Monitor and determine the socio-economic impact of gambling
2.	Source of data	Desktop research, interviews/focus groups with stakeholders and/or the public
3.	Method of calculation/assessment	One (1) research report per quarter (four (4) per annum)
4.	Means of verification	Excel spreadsheets submitted by PLAs
5.	Assumptions	Co-operation from research participants Availability of historical evidence to inform the subject matter of the research
6.	Disaggregation of beneficiaries (where applicable)	N/A
7.	Spatial transformation (where applicable)	N/A
8.	Calculation type	Quantitative: Number of reports on research conducted on the impact of gambling (one per quarter, four per annum)
9.	Reporting cycle	Quarterly and annual reports
10.	Desired performance	Fully compliant with targeted performance
11.	Indicator responsibility	Economic Researcher

8. TECHNICAL INDICATOR DESCRIPTION (TID) CONTINUED

#	Indicator title	TID 3 Number of reports on advice provided in terms of section 65 of the NGA submitted to the Accounting Authority
1.	Definition	Authoritative advice on, inter alia, policy, statutory matters, legislation and reforms provided in terms of S65(2) of the NGA
2.	Source of data	Legislation in the Republic of South Africa, the Constitution, the NGA and Regulations, requests for advice, proactive advice, King IV on governance and provincial legislation
3.	Method of calculation/assessment	One (1) report per quarter and one (1) consolidated report (five per annum)
4.	Means of verification	Case law, statutes, precedents, policy
5.	Assumptions	Advice provided will be implemented and legislation and policies will be reviewed
6.	Disaggregation of beneficiaries (where applicable)	N/A
7.	Spatial transformation (where applicable)	N/A
8.	Calculation type	Quantitative: Number of reports on S65 advice (one per quarter and one per annum) Cumulative
9.	Reporting cycle	Quarterly and annual reports
10.	Desired performance	Advice to be fit for use and to add value
11.	Indicator responsibility	Economic Researcher

8. TECHNICAL INDICATOR DESCRIPTION (TID) CONTINUED

#	Indicator title	TID 4 Number of reports on technical analysis of gaming control and regulation submitted to the Accounting Authority
1.	Definition	Monitor and analyse technological developments in the gambling industry
2.	Source of data	National registers, LOCs, gaming laboratories, PLAs, gaming manufacturers and NCEMS
3.	Method of calculation/assessment	One (1) report per quarter and one (1) annual report (five per annum)
4.	Means of verification	Data from national registers, LOCs, gaming laboratories, gaming manufacturers, PLAs and NCEMS
5.	Assumptions	Availability of valid, accurate and complete data as and when required by the NGB for purposes of monitoring, evaluation and reporting
6.	Disaggregation of beneficiaries (where applicable)	N/A
7.	Spatial transformation (where applicable)	N/A
8.	Calculation type	Quantitative: Number of reports on technical analysis of gaming control and regulation (one per quarter and one per annum) Qualitative: Nature and content of analysis provided informed by technological advancements Cumulative
9.	Reporting cycle	Quarterly and annual reports
10.	Desired performance	Advice to be fit for use and to add value
11.	Indicator responsibility	Senior Manager: Gaming Technology

8. TECHNICAL INDICATOR DESCRIPTION (TID) CONTINUED

#	Indicator title	TID 5 Percentage uptime on functional national registers
1.	Definition	This indicator is dictated by the NGA and plays a role in the registration of every gambling machine or gambling device manufactured within or imported into the Republic licences (provincial/ national), excluded persons, probity, and illegal operators
2.	Source of data	PLAs, manufacturers and licensees
3.	Method of calculation/assessment	Analysis of functionality, effectiveness and maintenance of 95% uptime of functional national registers Cumulative
4.	Means of verification	Availability of valid, accurate and complete data uploaded as and when required by the NGB for purposes of monitoring, evaluation and reporting
5.	Assumptions	Availability of valid, accurate and complete data uploaded for licenced gambling machines and devices or excluded persons as and when required by the NGB for purposes of monitoring, evaluation and reporting
6.	Disaggregation of beneficiaries (where applicable)	N/A
7.	Spatial transformation (where applicable)	N/A
8.	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, and excluded persons Cumulative
9.	Reporting cycle	Quarterly
10.	Desired performance	Fully compliant with targeted performance
11.	Indicator responsibility	Senior Manager: Gaming Technology

8. TECHNICAL INDICATOR DESCRIPTION (TID) CONTINUED

#	Indicator title	TID 6 Percentage uptime of National Central Electronic System (NCEMS)
1.	Definition	Fully operational NCEMS in the LPM industry
2.	Source of data	National Central Electronic Monitoring System
3.	Method of calculation/assessment	Analysis of fully operational NCEMS 95% uptime Cumulative
4.	Means of verification	Availability of valid, accurate and complete data uploaded as and when required by the NGB for purposes of monitoring, evaluation and reporting
5.	Assumptions	Availability of valid, accurate and complete data uploaded for licenced LPMs and devices as and when required by the NGB for purposes of monitoring, evaluation and reporting
6.	Disaggregation of beneficiaries (where applicable)	N/A
7.	Spatial transformation (where applicable)	N/A
8.	Calculation type	<p>Quantitative: Total number of hours (within reporting period) that the NCEMS was online and available/total number of hours within the reporting period multiplied by 100</p> <p>Qualitative: Analysis of data and significant events associated with LPMs, as well as analysis and recommendations</p> <p>Lack of access to testing data limits understanding of some data irregularities and system downtime</p>
9.	Reporting cycle	Quarterly
10.	Desired performance	Fully compliant with targeted performance
11.	Indicator responsibility	Senior Manager: Gaming Technology

8. TECHNICAL INDICATOR DESCRIPTION (TID) CONTINUED

#	Indicator title	TID 7 Report on economic transformation and participation of HDIs in the mainstream gambling industry submitted to the Accounting Authority
1.	Definition	Research reports on transformation
2.	Source of data	Government policy, legislation, research empirical evidence
3.	Method of calculation/assessment	One (1) report per quarter [four (4) per annum] on industry-wide transformation agenda Cumulative
4.	Means of verification	National Development Plan, New Growth Path publications and research reports
5.	Assumptions	<ul style="list-style-type: none"> • Implementation of the transformation agenda will create an enabling environment for the gambling industry to grow • Implementation of the transformation agenda will expand small business sector • Equitable and inclusive gambling industry
6.	Disaggregation of beneficiaries (where applicable)	N/A
7.	Spatial transformation (where applicable)	N/A
8.	Calculation type	Quantitative: Number of reports on economic transformation and participation of HDIs in the mainstream economy [one (1) per quarter; four (4) per annum] Qualitative: Nature and content and whether objectives have been met
9.	Reporting cycle	Quarterly
10.	Desired performance	Fully compliant with targeted performance
11.	Indicator responsibility	Senior Manager: Gaming Technology

8. TECHNICAL INDICATOR DESCRIPTION (TID) CONTINUED

#	Indicator title	TID 8 Number of broad-based public education interventions about the risks and socio-economic impact of gambling
1.	Definition	Report on the number of broad-based public educational interventions about the risks and socio-economic impact of gambling conducted
2.	Source of data	Research, public awareness, education and responsible gambling campaigns, broad-based public education and targeted interventions
3.	Method of calculation/assessment	Number of broad-based public education interventions about the risks and socio-economic impact of gambling conducted – ten (10) per annum
4.	Means of verification	Multimedia evidence, attendance registers
5.	Assumptions	It is assumed that all Provinces will be reached and that there will be corporation from stakeholders
6.	Disaggregation of beneficiaries (where applicable)	N/A
7.	Spatial transformation (where applicable)	N/A
8.	Calculation type	Quantitative: Number of reports on broad-based public educational interventions about the risks and socio-economic impact of gambling conducted Qualitative: Nature and content, and whether objectives have been met Cumulative
9.	Reporting cycle	Quarterly
10.	Desired performance	To have an educated punter who is a responsible gambler; empowered by the education and awareness initiatives conducted on the risks associated with problem gambling and the socio-economic impact thereof
11.	Indicator responsibility	Senior Manager: Corporate Governance

8. TECHNICAL INDICATOR DESCRIPTION (TID) CONTINUED

#	Indicator title	TID 9 Report on possible practices in the gambling industry in terms of the Competition Act to be submitted to the Accounting Authority
1.	Definition	Report on possible prohibited practices in the gambling industry in terms of the Competition Act to be submitted to the Accounting Authority
2.	Source of data	Government policy, legislation, research empirical evidence
3.	Method of calculation/assessment	Four (4) reports per year (twenty reports over the five year reporting period) on identification of possible features that stifle competition
4.	Means of verification	Research reports
5.	Assumptions	<ul style="list-style-type: none"> Implementation of the identification of possible features that stifle competition will create an enabling environment for the gambling industry to grow Approval by Competition Commission of the proposal to conduct a market inquiry
6.	Disaggregation of beneficiaries (where applicable)	N/A
7.	Spatial transformation (where applicable)	N/A
8.	Calculation type	Quantitative: Number of reports on the identification of possible features that stifle competition [one (1) per quarter; four (4) per annum] Qualitative: Nature and content and whether objectives have been met
9.	Reporting cycle	Quarterly
10.	Desired performance	Fully compliant with targeted performance
11.	Indicator responsibility	Senior Manager: Gaming Technology

PART E
LINKS TO OTHER PLANS



LINKS TO OTHER PLANS

9. 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.

10. INFORMATION TECHNOLOGY STRATEGY

The NGBs infrastructure, such as the software and cyber security products are continuously upgraded to mitigate information security risks. The NGB will also review and assess the improved methods of managing its information.

11. 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.

12. 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 A).

13. RISK MANAGEMENT AND FRAUD PREVENTION PLAN

The Fraud Prevention Plan has been revised and approved and is herewith attached as Attachment B for ease of reference.

14. 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 C).

15. SERVICE DELIVERY STANDARDS

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

ANNEXURE A RISK REGISTER



RISK REGISTER

STRATEGIC RISKS

Risk number	Risk description	Root cause	Inherent risk exposure	Current business controls in place	Residual risk exposure	Actions to further improve risk management	Action owner	Due date
1	Proliferation of illegal gambling and loss of revenue to the fiscus and licensed operators.	Ineffective law enforcement over illegal gambling operations. Uncontrolled expansion of unlicensed gambling activities and loss of revenue to licensed operations and to the fiscus. Lack of awareness on legal and illegal forms of gambling. Increase in punter exposure to illegal gambling activities.	High 16 (I – 4 L – 4)	Fora and other collaborative structures in place. Enhanced identification, reporting and provision of support to the PLAs. Stakeholder Priority Committee on Illegal Gambling (SPCIG) formed and meeting monthly. Relationships established with banks. Awareness and public education interventions.	Medium 12 (I – 4 L – 4)	Quarterly evaluation of PLAs' enforcement initiatives and recommendations. Quarterly engagements with relevant stakeholders to assist with detecting illegal gambling activities. Conduct public education and targeted intervention activities as per business plan.	Senior Inspector: Enforcement and Senior Manager: Corporate Governance	Quarterly
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)	Engagement with PLAs and conducting compliance oversight inspections.	Medium 12 (I – 4 L – 3)	Quarterly oversight inspections of PLAs' compliance with the NGA. Issue deficiency reports and set timelines for rectification.	Senior Inspector: Compliance Oversight	Quarterly
3	Information on National registers not reliable	Populating incomplete/incorrect information into registers.	High 16 (I – 4 L – 4)	Registers in place. Dedicated resource appointed to specifically manage existing and new registers.	Medium 12 (I – 4 L – 3)	Verify that all fields in the register are properly populated to minimise the risk of inaccuracies	Senior Manager: Gaming Technology	Quarterly

Legend: Risk map

Almost certain	5	10	15	20	25
Likely	4	8	12	16	20
Possible	3	6	9	12	15
Unlikely	2	4	6	8	10
Rare	1	2	3	4	5
Likelihood (L)	Insignificant	Minor	Moderate	Major	Catastrophic
	Impact (I)				

ANNEXURE B

FRAUD PREVENTION PLAN (FPP)



CONTENTS

1. Background and legal framework	90
2. Vision and mission of the NGB	91
3. Purpose of the Fraud Prevention Plan (FPP)	91
4. Key concepts and definition	92
5. Components of the FPP	94
6. Details relating to each component of the FPP	96
7. Governance structures for the FPP	99
8. Implementation Matrix	99

ABBREVIATIONS

AA	Accounting Authority
FPP	Fraud Prevention Plan
LPMs	Limited Payout Machines (LPMs)
NGA	National Gambling Act
NGB	National Gambling Board
PFMA	Public Finance Management Act
PRECCA	Prevention and Combating of Corrupt Activities Act
NT	Treasury Regulations

FRAUD PREVENTION PLAN

1. BACKGROUND AND LEGAL FRAMEWORK

- 1.1 The National Gambling Board (NGB) is established in terms of the National Gambling Act (NGA), 2004 (Act 7 of 2004). The Act makes provision for the oversight of matters relating to casinos, gambling, betting and wagering, and promotes uniform norms and standards in relation to gambling throughout South Africa.
- 1.2 The NGB, being a national public entity listed in Schedule 3A of the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA), is subject to, inter alia, the PFMA and the Treasury Regulations (TR) issued by the National Treasury in terms of section 76 (read with section 6) of the PFMA.
- 1.3 In terms of section 51(1)(a)(i) and (ii) of the PFMA, the accounting authority for a public entity must ensure that public entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control, as well as a system of internal audit under the control and direction of an audit committee complying with the PFMA and the TR. Section 51(1)(b)(ii) of the PFMA stipulates that the accounting authority for a public entity must take effective and appropriate steps to prevent irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct, and expenditure not complying with the operational policies of the public entity.
- 1.4 Furthermore, section 51(1)(e)(i), (ii) and (iii) of the PFMA stipulates that the accounting authority for a public entity must take effective and appropriate disciplinary steps against any employee of the public entity who contravenes or fails to comply with a provision of the Act (PFMA), commits an act which undermines the financial management and internal control system of the public entity, or makes or permits an irregular expenditure or a fruitless and wasteful expenditure. The accounting authority for a public entity must also comply, and ensure compliance by the public entity, with the provisions of the PFMA and any other legislation applicable to the public entity.
- 1.5 In addition to the legal obligations placed on the NGB by the PFMA, the TR, also place more specific, focused obligations on the NGB:

1.5.1 Internal control, internal audit and corporate management:

1.5.1.1 section 51(1)(a)(ii) of PFMA read with TR 27.1 and TR 27.2.10: An audit committee must be established. The audit committee must function in accordance with predetermined terms of reference. The committee must review, amongst others, the effectiveness of internal control systems and internal audit, risk areas in the entity's operations, any accounting and auditing concerns identified during internal and external audits, and compliance with legal and regulatory provisions.

1.5.1.2 The Audit Committee must report to the accounting authority (management), make recommendations in respect of the effectiveness of internal controls, risk management and minimising risk, and review management's responses.

1.5.1.3 Section 51(1)(a)(ii) PFMA read with TR 27.2: Risk assessments must be conducted regularly to identify risks of the entity. A risk management strategy, which must include a fraud prevention plan, must be used to direct internal audit effort and priority, and to determine the skills required of managers and staff to improve controls and to manage these risks. All public entities must have an internal audit function, the definition, purpose, authority, responsibility and standards of which must be consistent with those set by the Institute of Internal Auditors.

1.5.2 Corporate planning:

1.5.2.1 TR 29.1.1(d) and (e): A public entity must, on an annual basis, submit a corporate plan which must, amongst other issues, include a risk management plan and a Fraud Prevention Plan (FPP).

FRAUD PREVENTION PLAN CONTINUED

- 1.6 The Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004) ("PRECCA") is the principle piece of legislation in South Africa dealing with corruption. It provides for the general offence of corruption and specific offences, and also provides for investigative measures, as well as preventative measures in combating corruption.
- 1.7 Section 34 of PRECCA requires all people in positions of authority in both the public and private sector to report corruption of R100 000 or more, to the police. Failure to report corruption is a criminal offence.
- 1.8 Section 26 of PRECCA imposes penalties if convicted of corrupt activities, in the form of fines or imprisonment. If convicted in the High Court, the guilty party can receive up to life imprisonment. If convicted in a regional Magistrates' court, the guilty party can receive a sentence of up to eighteen (18) years in prison. If convicted in a district Magistrates' court, the guilty party can receive up to five years in prison.
- 1.9 The Prevention of Organised Crime Act, 1998 (Act 121 of 1998 as amended) (POCA) is another important piece of legislation that focuses on money-laundering and racketeering or illegal business activities.
- 1.10 In the event of a person being convicted of an offence in terms of POCA, the Act permits various recourse, such as confiscation orders, restraint orders, realization of property, and preservation orders.
- 1.11 POCA also places an obligation to report if a person finds themselves involved in any business transaction that appears to be suspicious (an unlawful activity). Failure to report constitutes a crime.
- 1.12 POCA also provides penalties for the various forms of unlawful activities, with fines and penalties being imposed, up to a maximum of fifteen (15) years imprisonment.
- 1.13 Lastly, successful fraud prevention is underpinned by an effective whistle-blower protection mechanism, and this is provided in terms of the Protected Disclosures Act, 2000 (Act 26 of 2000 as amended).

- 1.14 The Act makes provision for employees to report unlawful or irregular conduct by employers and fellow employees, while providing for the protection of employees who blow the whistle.

- 1.15 It can be noted that Section 9B(1) of the Protected Disclosures Amendment Act (Act 5 of 2017) provides that:

"9B. (1) An employee or worker who intentionally discloses false information:

(a) knowing that information to be false or who ought reasonably to have known that the information is false; and

(b) with the intention to cause harm to the affected party and where the affected party has suffered harm as a result of such disclosure,

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

2. VISION AND MISSION OF THE NGB

- 2.1 The vision of the NGB is to position South Africa as the pre-eminent jurisdiction with an exemplary and effectively regulated gambling industry.
- 2.2 Its mission is to lead the regulation of the gambling industry in South Africa in the 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 Fraud Prevention Plan is to:

- 3.1.1 Fulfil the relevant legal obligations and requirements placed on the NGB in terms of its legal framework;

FRAUD PREVENTION PLAN CONTINUED

- 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, Limited Payout Machines (LPMs), bingo, and betting and wagering industry in South Africa on the nature, manifestations and consequences of fraud and corruption; and
- 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).

FRAUD PREVENTION PLAN CONTINUED

4.2 Corruption

- 4.2.1 The term 'corruption' is widely used to cover not only the specific types of conduct prohibited by the Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004) (PRECCA), but a wide range of offences and undesirable conduct, including nepotism, conflicts of personal and business interests, improper use of power and authority, maladministration, incompetence and negligence.
- 4.2.2 In general terms, corruption involves any abuse or misuse of power, authority, position or influence in return for any improper, unethical or unauthorised advantage or gain, in the public or private sector. It also includes the misuse of information that was obtained by virtue of a person's position. In order to constitute corruption, the conduct of a person can either be a positive act or a failure to act (omission).
- 4.2.3 General offence of corruption:
- 4.2.3.1 Section 3 (Part 1 in Chapter 2) of the PRECCA, relates to the general offence of corruption. It prohibits the following conduct:
- 4.2.3.2 Person who, directly or indirectly,
- 4.2.3.3 Accepts, agrees to accept, or offers to accept any gratification from any other person, whether for his/her own benefit or that of another person, or
- 4.2.3.4 Gives, agrees to give, or offers to give to any other person any gratification, whether for that person's own benefit or the benefit of another, in order to act, or influence another person to act, in a manner that amounts to the illegal, dishonest, unauthorised, incomplete or biased exercise, carrying out or performance of any powers, duties or functions arising out of a constitutional, statutory, contractual or any other legal obligation, or misuse or selling of

information or material acquired in the course of the exercise, carrying out or performance of any powers, duties or functions arising out of a constitutional, statutory, contractual or any other legal obligation, or

- 4.2.3.5 That amounts to the abuse of a position of authority, a breach of trust or the violation of a legal duty or a set of rules, or that is designed to achieve an unjustified result, or that amounts to any other unauthorised or improper inducement to do or not to do anything.

4.3 Gratification

- 4.3.1 In terms of the PRECCA, gratification includes:
- 4.3.2 Money, whether in cash or otherwise;
- 4.3.3 Any donation, gift, loan, fee, reward, valuable security, property or interest in property of any kind, whether movable or immovable, or any other similar advantage;
- 4.3.4 Avoiding a loss, liability, penalty, forfeiture, punishment or other disadvantage;
- 4.3.5 Any office, status, honour, employment, contract of employment or service, any agreement to give employment or render services in any capacity, and residential or holiday accommodation;
- 4.3.6 Any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part; and
- 4.3.7 Any valuable consideration or benefit of any kind, including any discount, commission, rebate, bonus, deduction or percentage.

4.4 Action

- 4.4.1 It is important to take note that action lends a very wide interpretation to prohibited conduct.

FRAUD PREVENTION PLAN CONTINUED

- 4.4.2 Accepting, agreeing to accept, or offering to accept any gratification, includes to demand, ask for, seek, request, solicit, receive or obtain, or to agree to or offer to do any of the aforementioned.
- 4.4.3 Any reference to an action includes but not limited to 'giving, agreeing or offering to give' any gratification, to promise, lend, grant, confer or procure (purchase), or to agree or to offer to do any of the aforementioned.
- 4.4.4 A reference to any action includes an omission (not to act).

5. COMPONENTS OF THE FPP

- 5.1 The primary objective of the FPP is to develop and reinforce, or bring about a change of culture in the minds of all employees regarding their attitude against fraud and corruption, and the prevention thereof. This change will be brought about by the creation of awareness of the FPP amongst all employees. This will be attained through awareness and education communication.
- 5.2 The principal component of the FPP is to increase and enhance awareness. Awareness will ensure that all employees are inducted and immersed in the do's and don'ts of the organisation.
- 5.3 All components of the fraud prevention plan are equally essential, individually and together, for the successful realisation of the FPP.
- 5.4 The FPP constitutes of the following critical pillars:
 - 5.4.1 Creation of fraud and corruption awareness in general, and awareness of the FPP and its components in particular, amongst employees and other stakeholders through communication and education;
 - 5.4.2 The Organisation's policies, procedures, rules, regulations and other prescripts (including the PFMA and Treasury Regulations);

- 5.4.3 The disciplinary code and procedure;
- 5.4.4 Ongoing risk assessment;
- 5.4.5 Implementation of sound internal controls to prevent and detect fraud and corruption;
- 5.4.6 An effective internal audit function;
- 5.4.7 A Code of Ethics (the "Code") containing a set of values in which management believes, and requires their employees to subscribe to;
- 5.4.8 Disclosure of interests;
- 5.4.9 A fraud and anti-corruption hotline for confidentially reporting fraud and corruption;
- 5.4.10 Physical and information security management; and
- 5.4.11 Ongoing maintenance and review of the FPP.

FRAUD PREVENTION PLAN CONTINUED

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



FRAUD PREVENTION PLAN CONTINUED

6. DETAILS RELATING TO EACH COMPONENT OF THE FPP

6.1 Creating awareness:

- 6.1.1 This is the cornerstone of the FPP and is divided into two sub-divisions, namely Education and Communication.
- 6.1.2 An FPP Awareness program would typically include the following areas:
 - 6.1.2.1 Facilitating a culture of good ethics;
 - 6.1.2.2 Training and education regarding good ethics on the NGB's stance to prevention, combating, detection and investigation of fraud and corruption; and
 - 6.1.2.3 Creating awareness of the FPP through education of employees and a communications campaign.
- 6.1.3 The following tools have been developed:
 - 6.1.3.1 Education and awareness manual for conducting awareness presentations using the following forums:
 - 6.1.3.1.1 Monthly management meetings;
 - 6.1.3.1.2 Staff meetings; and
 - 6.1.3.1.3 Induction and orientation training for new staff.
 - 6.1.3.2 Communication Strategies: the following communication strategies have been developed:
 - 6.1.3.2.1 Organisational circulars and I or e-mail communications will be sent out regularly to all staff in order to maintain awareness of the FPP and ensure that the purpose, effect, successes, etc. of the FPP are regularly published and reinforced.

- 6.1.3.2.2 Other strategies created by the Executive Management. Members of the Executive Management will continuously revise and adopt new methods and emerging tools as well as creative strategies to stimulate awareness.

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

- 6.2.1 PFMA, Treasury Regulations, NGB Policies and Procedures
 - 6.2.1.1 Fundamentally, all employees of the NGB must comply with the principles inherent in the PFMA and the Treasury Regulations.
 - 6.2.1.2 All employees and other stakeholders of the NGB are expected to adhere to the applicable principles of the PFMA, the Organisational procedure manuals and all other Organisational and relevant government legislated prescripts.
- 6.2.2 Human resources policies and practices
 - 6.2.2.1 Employment procedures: the NGB will continuously assess risks in this area as being the factors that affect Human Resources (these are elaborated in its separate Human Resources Policies).
 - 6.2.2.2 Accountability in terms of adherence to policies and procedures: the NGB will continuously ensure that the organisational policies and procedures are adhered to and applied consistently.

6.3 Disciplinary code and procedure

- 6.3.1 The NGB is committed to implementing appropriate disciplinary action for non-conformance to policies and procedures, non-adherence to internal control procedures by employees.

FRAUD PREVENTION PLAN CONTINUED

6.3.2 The NGB will realise its commitment by continuously reviewing the Disciplinary Code and Procedure to ensure that they cover contraventions of:

6.3.2.1 The Code of Conduct;

6.3.2.2 The Public Finance Management Act and Treasury Regulations; and

6.3.2.3 Anti-Fraud and Corruption.

6.3.3 The NGB will communicate the Disciplinary Code and Procedures to all staff and management.

6.4 Ongoing risk assessment

6.4.1 The NGB is alive to the continuous and diverse business risks from both internal and external sources.

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

6.4.3 The NGB will ensure that:

6.4.3.1 Risk assessments are conducted on a quarterly basis and the NGB's risk profile updated on an ongoing basis; and

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

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

6.5.1 Internal controls are often the first line of defence against fraud and corruption, and they are essential elements in the overall anti-fraud and corruption strategy. The NGB will ensure the maintenance of a strong internal control system and the promotion and monitoring of a robust internal control culture.

6.5.2 The NGB will promote an internal control culture through a process of:

6.5.2.1 Example-setting by Management ("walking the talk");

6.5.2.2 Regular communication of the importance of internal controls;

6.5.2.3 Including adherence to internal controls as part of the performance management framework;

6.5.2.4 Once fraud risks are identified during risk assessments, appropriate control measures must then be determined and implemented;

6.5.2.5 If circumstances change and specific risks are identified that cannot adequately be managed by means of ordinary controls, specific forensic controls to address such risk will be instituted.

6.6 An effective internal audit function

6.6.1 The Internal Audit function ensures that the controls for prevention of fraud and corruption are adequate and effective for the maintenance of a "zero tolerance" to crime approach.

6.6.2 Internal Audit will monitor and report to the Accounting Authority and Audit and Risk Committee on progress made by Management in the investigation of all cases that are related to fraud or corruption.

6.7 Code of Ethics

6.7.1 The purpose of the NGB Code of Ethics is to establish an environment where all NGB officials conduct themselves in a manner that advances the NGB's stature and professional standing, both nationally and internationally.

6.7.2 The basic premise of this code is simply that every employee of the NGB, when they assume duty at the same time assume a very special responsibility to their fellow employees and that this responsibility should be scrupulously carried out.

FRAUD PREVENTION PLAN CONTINUED

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

6.7.3.1 observe the highest standards of propriety involving impartiality, integrity and objectivity in the carrying out of their duties and in stewardship of public funds and management of the NGB's work;

6.7.3.2 maximise value for money by ensuring that work is conducted in the most efficient and economical way, within available resources, and with independent validation of performance achieved wherever practicable;

6.7.3.3 be accountable for their contribution to the activities of the NGB, its stewardship of public funds and the extent to which key performance targets and objectives have been met; and

6.7.3.4 in accordance with Government policy on openness, comply with all reasonable requests for information in so far as that is consistent with the nature of its regulatory duties.

6.8 Disclosure of interests

6.8.1 All NGB officials are required to disclose their financial interests on an annual basis as per the NGB Conflict of Interest Policy.

6.8.2 It is the prerogative of the NGB to check the correctness of any information so disclosed as well as to assess if the official has disclosed an interest that may present a real or potential conflict of interest between the official's personal interest and their fiduciary duty to the NGB.

6.8.3 Failure to disclose fully all personal interests, or disclosing in such a manner as to mislead or misrepresent one's true interests, shall not be tolerated and will incur such disciplinary action as may be deemed appropriate.

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

6.9.1 The NGB provides an anti-fraud hotline that is publicized on its website. The hotline is offered in the form of an email address: fraudalert@ngb.org.za.

6.9.2 This anti-fraud reporting facility complements and underpins the commitment of the NGB to fighting fraud and corruption. The key benefits of the tip-off reporting facility are:

6.9.2.1 Independent oversight by a third party (Internal Audit);

6.9.2.2 Confidential reporting;

6.9.2.3 Available at all times (email-based);

6.9.2.4 Promotes good governance; and

6.9.2.5 Promotes a culture of honesty and integrity.

6.10 Physical and information security management

6.10.1 Adequate physical protection and information security measures are addressed through:

6.10.1.1 Identifying vulnerable areas and performance gaps;

6.10.1.2 Periodically reviewing security measures to ensure that vulnerabilities are effectively addressed;

6.10.1.3 Documenting security procedures;

6.10.1.4 Communicating the security procedures to all employees and stakeholders;

6.10.1.5 Developing and implementing an information security policy manual that deals with the control over digital documents that contain confidential information;

6.10.1.6 Developing and implementing a records management policy that deals with the control over physical documents that contain confidential information.

FRAUD PREVENTION PLAN CONTINUED

6.11 Ongoing maintenance and review of the FPP

6.11.1 The Senior Manager: Corporate Governance will be responsible for the ongoing maintenance and review of the FPP. This will include:

6.11.1.1 Reviewing and making appropriate amendments to the FPP;

6.11.1.2 Ensuring that fraud prevention activities as per the implementation matrix are implemented; and

6.11.1.3 Presenting to the RMC and ARC on progress in implementing the FPP.

7. GOVERNANCE STRUCTURES FOR THE FRAUD PREVENTION PLAN

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

8. IMPLEMENTATION MATRIX

Tasks and Responsibilities Matrix for Implementation of the Fraud Prevention Plan of the National Gambling Board 2020-2021 financial year implementation

FPP component and area	Action required	Responsibility	Completion date
Creating awareness			
Education	<ul style="list-style-type: none"> Provide an educational message to officials every year on anti-fraud and corruption awareness 	Senior Manager: Corporate Governance	Q2 and Q4
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 Monitor that communication and education re: the PFMA and Treasury Regulations are taking place 	Senior Manager: Corporate Governance	Q1 and Q3

FRAUD PREVENTION PLAN CONTINUED

FPP component and area	Action required	Responsibility	Completion date
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 	Chief Financial Officer	Monthly
HR Management – Employment procedures	Review HCO 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	Review HCO Strategy quarterly
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	Monthly
Disciplinary Code and Procedures	Review the disciplinary code and procedures to ensure that they include contraventions of: <ul style="list-style-type: none"> The employment 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	Review by 28 February 2021
Internal controls to prevent and detect fraud and corruption	Hold management accountable to enforce internal controls and discipline non-adherence and non-conformance: <ul style="list-style-type: none"> Hold employees accountable for their actions/transgressions Review inherent control of Information Systems to ensure that they provide adequate protection. Include profiling of all suppliers contracts/consultants/service providers 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	31 March 2021

FRAUD PREVENTION PLAN CONTINUED

FPP component and area	Action required	Responsibility	Completion date
Effective internal audit function	<p>In order to provide an adequate, value-adding support service to the NGB, internal audit will:</p> <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 coverage plan and in adherence to the Internal Audit Charter • Focus considerably on the programme operations in terms of their involvement in submissions, and the evaluation, design, implementation and maintenance of controls during programme implementation • 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	<p>In accordance with timelines defined in IA coverage plan</p> <p>IA to attend RMC quarterly</p>
Physical and information security	<p>Delegate responsibility for security:</p> <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 	Senior Manager: Gaming Technology	Security assessed quarterly

FRAUD PREVENTION PLAN CONTINUED

FPP component and area	Action required	Responsibility	Completion date
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 incidents Develop a database for recording of incidents reported and/or investigated Monitor level and quality of service and support received from internal audit 	Senior Manager Corporate governance	Monthly
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	Quarterly
Governance structures	• The committees should meet and report on implementation of the FPP	RMC MANCO	Quarterly
	• The committees should review implementation of the FPP	EXCO ARC	Quarterly
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 acknowledge of receipt 	Senior Manager: Human Capital Optimisation	Conducted during recruitment of each new official
Vetting of staff	• Ensure that all staff members have been vetted	Senior Manager: Corporate Governance	Annually (31 March 2021)
Anti-fraud and Corruption Policy	• Review and implement Anti-Fraud and Corruption Policy	Senior Manager: Corporate Governance	28 February 2021
On-going maintenance and review	• Ensure on-going maintenance and review of policies	Senior Manager: Corporate Governance	Annually (28 February 2021)

ANNEXURE C

MATERIALITY AND SIGNIFICANCE FRAMEWORK



MATERIALITY AND SIGNIFICANCE FRAMEWORK CONTINUED

CONTENTS

1. Definitions	105
2. Purpose	105
3. Framework	105
4. Determination of materiality	107

ABBREVIATIONS

AA	Accounting Authority
EA	Executive Authority
FY	Financial Year
NGB	National Gambling Board
PFMA	Public Finance Management Act

MATERIALITY AND SIGNIFICANCE FRAMEWORK CONTINUED

1. DEFINITIONS

(a) Accounting Authority:

The Administrator of the National Gambling Board (NGB)

(b) Executive Authority:

The Minister of Trade and Industry

(c) PFMA:

The Public Finance Management Act (PFMA), 1999 (Act 1 of 1999, as amended).

(d) Treasury Regulations:

Treasury Regulations issued in terms of the PFMA as published in the Government Gazette from time to time.

2. PURPOSE

For the purposes of materiality and significance, in terms of section 55(2) and 54(2) of the PFMA respectively, the Accounting Authority (AA) must develop and agree to a framework of acceptable levels of materiality and significance with the relevant Executive Authority (EA) in consultation with the external auditors. The NGB framework is outlined below.

3. FRAMEWORK

PFMA section	Quantitative (amount)	Qualitative (nature)
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 S54: Information to be submitted by Accounting Authorities		
(2) Before a public entity concludes any of the following transaction, the Accounting Authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its Executive Authority for approval of the transaction:	Any transactions to any value will be regarded as material.	
(a) Establishment or participation in the establishment of a company;	Not applicable.	Not applicable.
(b) Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;	Any transactions to any value will be regarded as material.	Any activity that would increase or decrease the overall operational functions of the NGB, outside of the approval Strategic Plan and/or budget.
(c) Acquisition or disposal of a significant shareholding in a company;	Not applicable.	Not applicable.

MATERIALITY AND SIGNIFICANCE FRAMEWORK CONTINUED

3. FRAMEWORK CONTINUED

PFMA section	Quantitative (amount)	Qualitative (nature)
PFMA S54: Information to be submitted by Accounting Authorities		
(d) Acquisition or disposal of a significant asset;	Any fact discovered of which the amount exceeds the planning materiality figure as calculated in section 4 below.	Any item or event of which specific disclosure is required by law and any asset that would increase or decrease the overall operational functions of the NGB, outside of the approved Strategic Plan and budget.
(e) Commencement or cessation of a significant business activity;	Any fact discovered of which the amount exceeds the planning materiality figure as calculated in section 4 below.	Any item or event of which specific disclosure is required by law.
(f) A significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement.	Any transactions to any value will be regarded as material.	Any activity that would increase or decrease the overall operational functions of the NGB, outside of the approval Strategic Plan and/or budget.
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:		Any identified loss through acts, omissions and/or criminal conduct.
(i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;	(i) Losses through criminal conduct or any loss identified	
(ii) any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure;	(ii) Losses through fruitless and wasteful irregular expenditure	
(iii) any losses recovered or written off;	(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	
(iv) any financial assistance received from the State and commitments made by the State on its behalf; and	(iv) Planning materiality is 1% of budgeted gross expenditure	
(v) any other matter that may be prescribed.		

MATERIALITY AND SIGNIFICANCE FRAMEWORK CONTINUED

3. FRAMEWORK CONTINUED

PFMA section	Quantitative (amount)	Qualitative (nature)
S66: Restrictions on borrowing, guarantee 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 authorised by this Act;		
(b) in the case of public entities is also authorised by other legislation not in conflict with the Act.		

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.

Item	% used	2016/17 R'000	2017/18 R'000	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000	2022/23 R'000
Estimated gross expenditure	100%	38 866	88 860	223 216	249 251	263 310	273 811	288 400
Materiality	1%	389	889	2 232	2 493	2 633	2 738	2 884

ANNEXURE D

SERVICE DELIVERY STANDARDS (SDS)



SERVICE DELIVERY STANDARDS (SDS)

CONTENTS

Vision, mission and values	110
1. Preface	111
2. Service Delivery Standards (SDS) objectives	112

ABBREVIATIONS

APP	Annual Performance Plan
EA	Executive Authority
NGA	National Gambling Act
NGB	National Gambling Board
NGPC	National Gambling Policy Council
PFMA	Public Finance Management Act, 1999 (Act 1 of 1999)
PLAs	Provincial Licensing Authorities
SDS	Service Delivery Standards

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 (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.



SERVICE DELIVERY STANDARDS (SDS) CONTINUED

1. PREFACE

The NGB is established in terms of the National Gambling Act (NGA), 2004 (Act 7 of 2004) under the Executive Authority (EA) of the Minister of Trade 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, which states that "people's needs must be responded to, and the public must be encouraged to participate in policymaking".

Service delivery standards are a mechanism for the NGB to communicate its commitment to serving its stakeholders and to find ways to improve service delivery. This approach also requires the involvement of the public in holding the NGB accountable for the quality of service provided. This approach will encourage innovation and will assist the NGB to be result-driven. In other words, instead of looking for reasons why NGB cannot do something, they have to find better ways to deliver what people need.

The Batho Pele belief set has been summarised by this slogan: "We belong, we care, we serve." Batho Pele aims to ensure that all public servants put people first, and adhere to the following overarching framework:

- We belong: We are part of the Public Service and should work together and respect fellow colleagues
- We care: Caring for the public we serve – our customers
- We serve: All citizens will get good service from public servants.

Batho Pele is based on the following eight principles:



SERVICE DELIVERY STANDARDS (SDS) CONTINUED

Service delivery standards (SDS) facilitate both internal productivity and external service delivery expectations.

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

2. SERVICE DELIVERY STANDARDS (SDS) OBJECTIVES

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

The SDS have been compiled taking into account the NGB's regulation, structures, vision, mission and strategic regulatory outcomes.

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

- Its mandate is clearly communicated to all stakeholders and is understood at all times.
- Exercise its mandate in an unbiased, fair and independent manner, free from undue influence and maintaining trust with all the stakeholders.

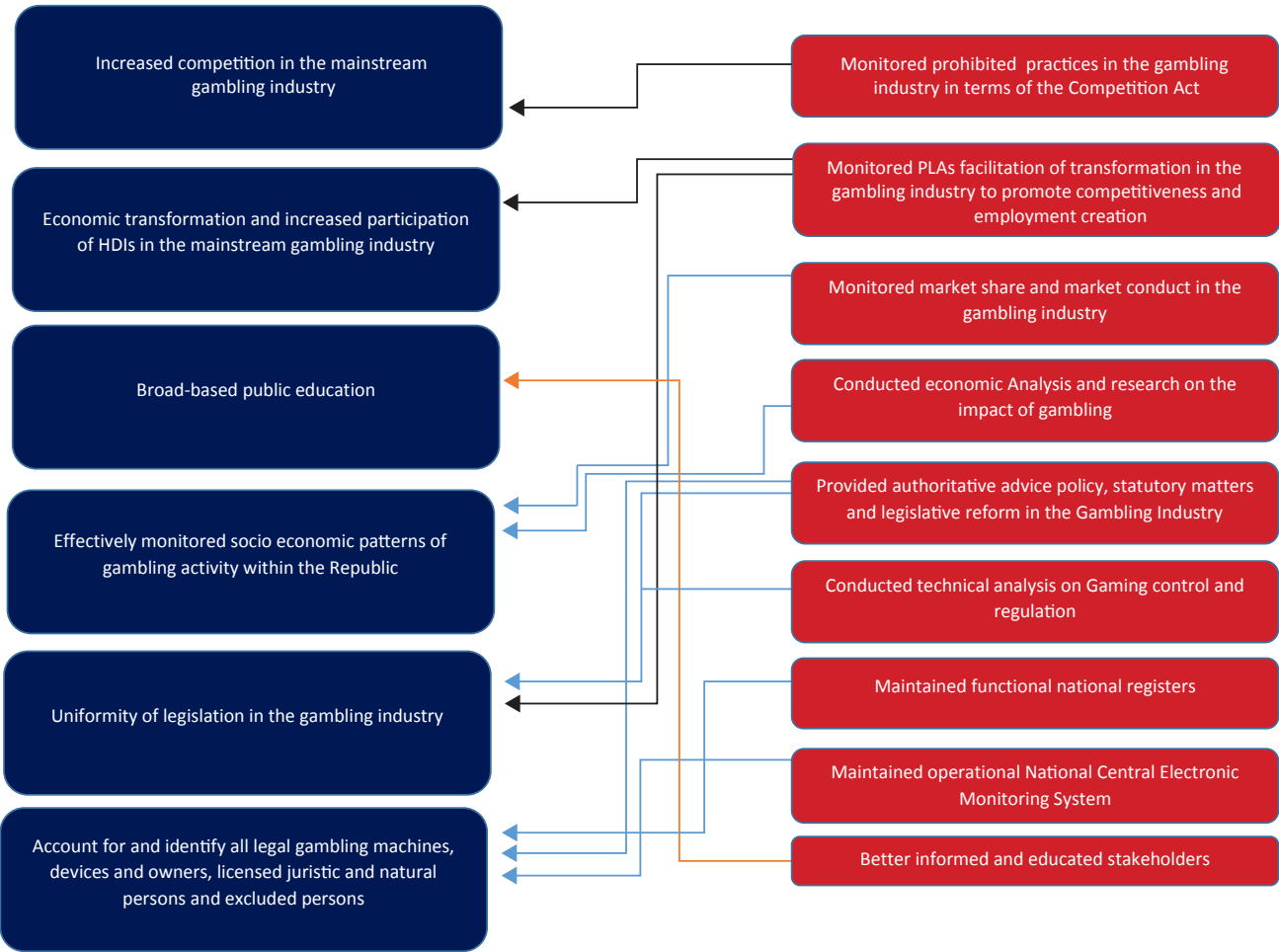
- Take accountability and undertake open and transparent decision-making.
- Maintain governing body structures which uphold integrity.
- Undertake to be accessible to all and free to engage with all the relevant stakeholders.
- Undertake to perform NGB's mandate efficiently, effectively and economically, within available financial and human resources.
- Undertake to perform and execute its mandate in accordance with all the applicable legislation.

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

The NGB is expected to comply with Strategic Outcomes in order to discharge its mandate. NGB has also developed its strategic outcomes and outputs in line with government imperatives, NGB's Strategic Plan and Annual Performance Plan (APP).

SERVICE DELIVERY STANDARDS (SDS) CONTINUED

The NGB has ensured that its strategic outputs as set out in its APP are each aligned to its strategic outcomes. This alignment is indicated in the table below.



SERVICE DELIVERY STANDARDS (SDS) CONTINUED

The NGB is established in terms of the National Gambling Act (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 Section 65 of the NGA, as follows:

- Oversight of gambling in the Republic of South Africa by:
 - Evaluating the issuing of national licences by the Provincial Licensing Authorities (PLAs).
 - Evaluating the compliance monitoring of licensees by PLAs.
 - Conducting oversight evaluation of the performance of PLAs so as to ensure that the national norms and standards established by the NGA are applied uniformly and consistently throughout the Republic.
 - Assist PLAs to ensure that unlicensed gambling activities are detected.
- Research and monitoring of market conduct and market share.
- Monitoring socio-economic patterns of gambling activity and research and identifying patterns of the socio-economic impact of gambling and addictive or compulsive gambling.
- The NGB must also establish and maintain a national registry of every gambling machine or gambling device manufactured within, or imported to, the Republic, as well as maintaining all other legislative-prescribed registers.
- The NGB must investigate the circumstances of the gambling activity that relates to any unlawful winnings that the NGB has held in trust and either delivers the winnings to the person who won them if not found to be illegal winnings, or apply to the High Court for an order to declare the winnings to be forfeited to the state, if found to be illegal.
- The NGB must advise and provide recommendations to the National Gambling Policy Council (NGPC) on, amongst others, matters of national policy and legislative changes relating to gambling.

SERVICE DELIVERY STANDARDS							
Outputs	Compliance evaluation assessment of nine provinces on economic and social development matters; PLA compliance monitoring of licensees; and PLA 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 and management of resources	Compliance with PFMA requirements at all times; effective control, support, utilisation, maintenance and management of resources
Key service	Type B application	Unlawful winnings	National registers	Statutory advice in terms of S65 of the National Gambling Act, 2004 (Act 7 of 2004)	Research reports	Payment of invoices	Administration of bids
Service beneficiary	Provincial Licencing Authority Site operations Route operations	Provincial Licensing Authority Financial Services Providers (Banks) Punters Judiciary Law enforcement agencies	Provincial Licensing Authority Site operations Route operations Manufacturers	National Gambling Policy Council Provincial Licensing Authority Stakeholders the dtic	Stakeholders the dtic Portfolio Committee for Trade and Industry Provincial Licensing Authority The public	National Treasury NGB suppliers and creditors the dtic Parliament	National Treasury Prospective service providers the dtic Parliament
Consultation	Gambling regulatory fora Meetings	Gambling regulatory fora Meetings, workshops and public awareness campaigns	Gambling regulatory fora Meetings	Gambling regulatory fora National Gambling Policy Council Meetings, Meetings	Gambling regulatory fora National Gambling Policy Council Meetings, Meetings	Governance/oversight meetings	Governance/oversight meetings Bidders briefing sessions

SERVICE DELIVERY STANDARDS (SDS) CONTINUED

SERVICE DELIVERY STANDARDS							
Outputs	Compliance evaluation assessment of nine provinces on economic and social development matters; PLA compliance monitoring of licensees; and PLA 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 and management of resources	Compliance with PFMA requirements at all times; effective control, support, utilisation, maintenance and management of resources
Key service	Type B application	Unlawful winnings	National registers	Statutory advice in terms of S65 of the National Gambling Act, 2004 (Act 7 of 2004)	Research reports	Payment of invoices	Administration of bids
Service 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 from date of receipt of all requisite documentation	Performance in terms of Strategic Plan and Annual Performance Plan 7-day turnaround from date of receipt of 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 from date 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, National Gambling Policy Council minutes	NGB offices, NGB website (www.ngb.org.za) the dti offices	NGB website (www.ngb.org.za) the NGB offices	NGB tender box at NGB offices (420 Witch Hazel Avenue, Eco Park, Eco Glades, Block C, National Gambling Board)
Courtesy	NGB officials readily available between 08:00 and 16:30	NGB officials readily available between 08:00 and 16:30	NGB officials readily available between 08:00 and 16:30	NGB officials readily available between 08:00 and 16:30	NGB officials readily available between 08:00 and 16:30 NGB website is available 24 hours, 7 days a week	NGB officials readily available between 08:00 and 16:30 NGB website is available 24 hours, 7 days a week	NGB officials readily available between 08:00 and 16:30
Information	Acknowledgement of receipt of notice Report on findings NGB Limited Payout Machines criteria Criteria and guidance notes for the licensing of Limited Payout Machines	Receipt of notices Receipt of form NGB 2 Form NGB 2 – National Gambling Regulations 2004	Form NGB 1/1, Form NGB 1/2, Form NGB 2, Form NGB 3, Form NGB 4, Form NGB 5/1a, Form NGB 5/1b, Form NGB 6/1, Form NGB 6/2, Form NGB 7/1, Form NGB 7/2, Form NGB 8/2 in terms of National Gambling Regulations 2004	National Gambling Policy Council minutes	Yearly Annual Audited Gambling Sector Performance Report and Presentation Research report on the impact of gambling Information shared at conferences, seminars, workshops, meetings, forums, public events and exhibitions	Request for Quotations/Terms of Reference/ Requests for Proposals	National Treasury's e-Tender Publication Portal Government Gazette NGB website Media publication (where applicable)

SERVICE DELIVERY STANDARDS (SDS) CONTINUED

SERVICE DELIVERY STANDARDS							
Outputs	Compliance evaluation assessment of nine provinces on economic and social development matters; PLA compliance monitoring of licensees; and PLA 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 and management of resources	Compliance with PFMA requirements at all times; effective control, support, utilisation, maintenance and management of resources
Key service	Type B application	Unlawful winnings	National registers	Statutory advice in terms of S65 of the National Gambling Act, 2004 (Act 7 of 2004)	Research reports	Payment of invoices	Administration of bids
Openness and transparency	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) NGB website (www.ngb.org.za)	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) NGB website (www.ngb.org.za)	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) NGB website (www.ngb.org.za)	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) NGB website (www.ngb.org.za)	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) NGB website (www.ngb.org.za)	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) Public Finance Management Act NGB website (www.ngb.org.za) National Treasury	Strategic Plan Annual report National Gambling Act, 2004 (Act 7 of 2004) Public Finance Management Act NGB website (www.ngb.org.za) National Treasury
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 legislation Forms can be downloaded from the NGB website at no cost	Services are provided free of charge	Services and reports are provided free of charge	Services are provided free of charge	Services are provided free of charge with exception of services listed in terms of the PFMA and as set out in the bid document



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South Africa

a member of the dti group

National Gambling Board

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PROBLEM GAMBLING IS TREATABLE
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