



NGB Annual Performance Plan and Budget

**Portfolio Committee on
Trade, Industry and Competition
18 September 2024**

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1. MANDATE OF THE NGB

- ❑ The NGB exercises oversight of the gambling industry in the Republic of South Africa by:
 - Advise NGPC on matters of national policy and legislative changes and determination of national norms and standards regarding any matter in terms of the NGA which should apply generally throughout the Republic.
 - Advising and providing recommendations to the National Gambling Policy Council (NGPC) on, the maximum number of any kind of licenses pertaining to any mode that should be awarded within any province of the Republic.
 - 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 of South Africa.
 - 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 addictive or compulsive gambling.
 - Establishing and maintaining national registers and, through the NCEMS, monitoring and analysing every transaction in the Limited Payout Machine sector.

2. OVERVIEW OF THE NGB

- The National Gambling Board is established in terms of the National Gambling Act. The NGB is a Schedule 3A Public Entity in terms of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999) under the Executive Authority (EA) of the Minister of Trade, Industry and Competition.
- Currently an entity under Administration effectively September 2014. Entity has achieved 9 consecutive clean audits under administration due to various efficiencies it gained through the adoption of a governance structure with a sole Accounting Authority.
- The gambling regulatory framework is a **concurrent competency** between national and provincial government. Four (4) modes of gambling regulated namely Casinos, Betting on Horse Racing and Sport, Limited Pay-out Machines (LPMs) and Bingo.
- National government establishes and enforces rules that ensure fairness, transparency, and competition in the gambling industry. Further it **sets norms and standards for the industry to ensure uniformity in the laws** of the various provinces in relation to casinos, racing, gambling and wagering.
- The Nine (9) Provincial Licensing Authorities (PLA) are thus responsible for **issuing licenses and monitoring, supervising and enforcing compliance** by licensees.

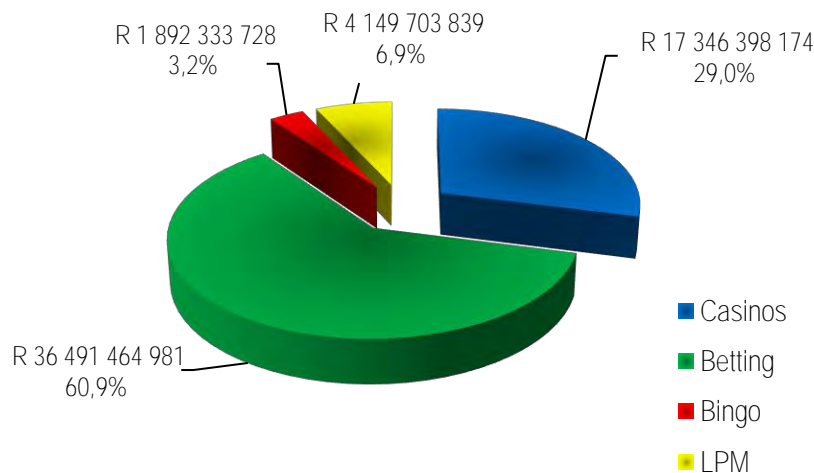
3. NGB PRIORITIES

- NGB impact statement:
“A regulated gambling industry that balances economic gains and punter protection”
- The priorities include:
 - ❖ **Economic Analysis of Industry performance to inform policy on how to stimulate growth in the gambling industry**
 - Market share and market conduct
 - Socio economic impact of gambling
 - ❖ **Foster harmonization and uniformity in the gambling industry**
 - Ministerial directives on determination of national gambling policy, national and provincial legislation
 - Ministerial oversight over the regulation and control of gambling activities
 - ❖ **Promotion of uniform norms and standards regarding management or monitoring of gambling in the Republic or in Provinces or in any specific Province**
 - Conducting oversight over the integrity of the industry and evaluation of performance of PLAs and that of their Licensees
 - Assisting PLAs to ensure that the unlicensed gambling activities are detected
 - ❖ **Protection of punters and the vulnerable**
 - Providing a broad-based public education national programme on the risks and socio-economic consequences of gambling

4. SITUATIONAL ANALYSIS

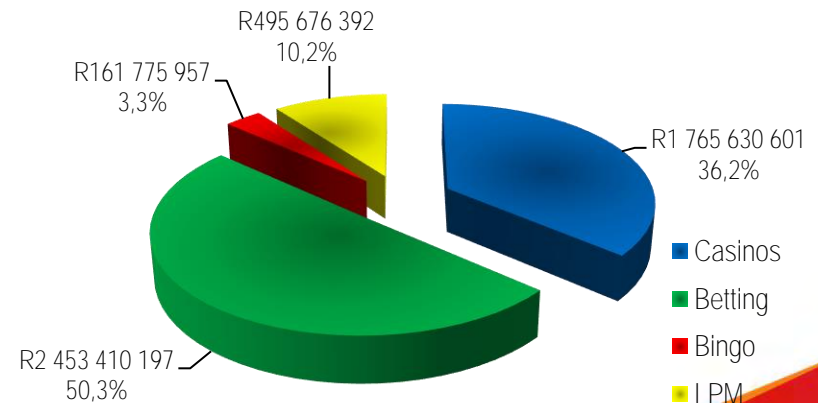
- In FY2023/24 Gross Gambling Revenue(GGR) amounted to R60 billion, a 27.0% increase from the previous year
 - ❖ Betting generated more than half of industry GGR at R36.5 billion (60.9%),
 - ❖ Casinos generated R17.3 billion (29.0%),
 - ❖ LPM industry is the third largest sector generating R4.1 billion (6.9%), and
 - ❖ Bingo industry generated R1.9 billion (3.2%).
- Taxes/levies generated by the gambling industry amounted to R4.8 billion during FY2023/24.

GGR per gambling mode, all provinces,
FY2023/24



Total GGR: R 59 879 900 722

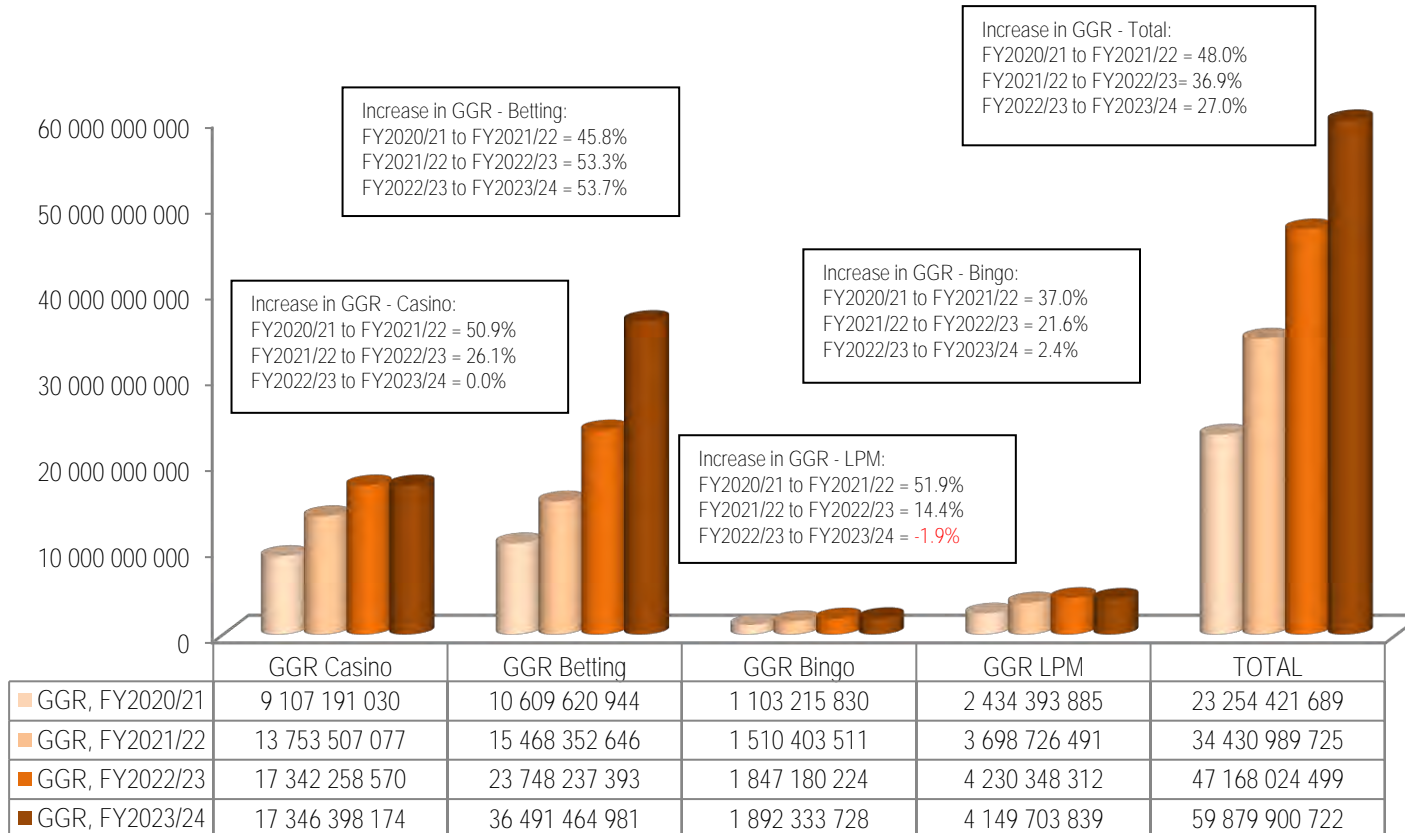
Taxes/levies per gambling mode, all provinces,
FY2023/24



Total taxes/levies: R4 876 493 147

SITUATIONAL ANALYSIS

Growth in GGR (all modes): FY2020/21 - FY2023/24



- The gambling industry grew by 27.0% during FY2023/24 relative to the previous year.

- This growth was driven by the betting sector which increased by 53.7% to R36.5 billion. The casino industry saw no growth, while LPM GGR declined by -1.9%. The bingo industry experienced low growth of 2.4%.

5. SERVICE DELIVERY ENVIRONMENT

POLITICAL

- The National Gambling Amendment Bill 2018 and its finalization.
- Inoperative provisions of the NGA on self-exclusion.

- Effectiveness of NGPC.

Matters that require attention:

- Finalization of NGB governance structures.
- Gazetting regulations on self-exclusion.
- Convening the NGPC.

ECONOMIC

- South Africa's economic growth remains insufficient to reduce unemployment and poverty significantly.
- High unemployment affects the discretionary income available for gambling, while inflation affects the viability of the gambling industry, particularly the Limited Payout Machines (LPMs) sector.

Matters that require attention:

- The fixed stake and prize limits for LPMs, set at a maximum bet of R5 and maximum winnings of R500 since 2000, have not kept pace with inflation, eroding profitability in the LPM sector.
- A review of these limits is needed to support the economic viability of the LPM sector.

SOCIAL

- The increase in gambling advertising, without sufficient guidelines, has normalized gambling in society, fostering harmful gambling habits.

Matters that require attention:

- Regulations governing gambling advertising are required to ensure that punters are protected from the negative social consequences of gambling.

TECHNOLOGICAL

- Online access through mobile phones and computers has led to an increase in illegal online gambling, especially among minors.
- This technological shift poses challenges for regulation and enforcement, contributing to issues like compulsive and addictive gambling.

Matters that require attention:

- A firm policy position needs to be adopted at a national level whether interactive gambling should be legalised.

ENVIRONMENTAL

- As the industry has high energy consumption, loadshedding particularly in the LPM industry has led to temporary site closures thus resulting in a reduction in revenue and consequently taxes derived from the sector.

LEGAL

- Misalignment between national and provincial gambling legislation results in inconsistencies in the way gambling is regulated at a National and Provincial level.

Matters that require attention:

- A policy position needs to be adopted regarding consolidation of all gambling laws in the republic (one piece of legislation on gambling regulation).

6. DEVELOPMENTAL OBJECTIVES

The entity has aligned its mandate, including strategic outcomes to the achievement of three prioritized developmental objectives:

➤ **Increased industrialization:**

- ❖ A total of R160 million has been set aside as a commitment to procure locally produced goods, as part of ensuring the local industry growth is supported or increased.

➤ **Strengthening Transformation:**

- ❖ A total of R100 million spend on procurement from black-owned entities is targeted.

➤ **Building a capable state:**

- ❖ Facilitate R12.5 billion revenue generated from the Limited Pay-out Machine sector.



7. Institutional programme performance

GAMING CONTROL AND COMPLIANCE DIVISION 2024/25 ANNUAL TARGET						
Outcome	Outcome Indicator	Output	Output Indicator	Baseline	2024/25 Annual Performance	Budget Allocated
Transformation	Monitored economic transformation and increased participation of HDIs in the mainstream gambling industry	Monitored economic transformation opportunities for HDIs in the mainstream gambling industry	Number of S53 economic transformation reports in the mainstream gambling industry produced	One (1) consolidated report on S53 economic transformation in the mainstream gambling industry	One (1) consolidated report on S53 economic transformation in the mainstream gambling industry produced	R209 m
Capable State	Facilitated R12.5 billion contribution of the LPM industry to the economy	Facilitated revenue generation in the LPM industry	Rand value revenue generation facilitated in the LPM industry	New Indicator	One (1) consolidated report on technical compliance of gambling games, machines and devices produced	
	Regulation of the LPM gambling industry through maintained operational National Central Electronic Monitoring System	Monitored technical compliance of gambling games, machines, and devices in the gambling industry	Number of reports on technical compliance produced	New Indicator	Facilitated R2.5 billion revenue generation in the LPM industry	
	Nine (9) PLA compliance with the National Gambling Legislative framework	Conducted nine (9) PLA compliance evaluations	Percentage of evaluations of PLAs compliance with gambling legislation conducted	One (1) consolidated report on PLA compliance evaluation with gambling legislation	100% evaluations of PLAs compliance with gambling legislation conducted	
	Authoritative advice on policy, statutory matters and legislative reform in the Gambling Industry	Advisory notes on uniformity in relation to gambling legislation	Number of advisory notes on uniformity in relation to gambling legislation	New Indicator	Four (4) advisory notes on uniformity in relation to gambling legislation	
						11

ENFORCEMENT DIVISION 2024/25 ANNUAL TARGET

Outcome	Outcome Indicator	Output	Output Indicator	Baseline	2024/25 Annual Performance	Budget Allocated
Capable State	Facilitated S16 confiscation of proceeds from illegal gambling activities	Targeted investigations completed on the circumstances of illegal gambling activity to contribute to the reduction of illegal gambling	Percentage of targeted investigations completed on the circumstances of illegal gambling activity to contribute to the reduction of illegal gambling	New Indicator	100% of the total number of cases targeted for investigations to contribute to the reduction of illegal gambling	R6 m
	Protection of a regulated industry	Interventions implemented to protect the gambling industry	Number of enforcement interventions to protect the gambling industry through raids initiated and cases registered with the SAPS	New Indicator	Four (4) enforcement interventions to protect the gambling industry through raids initiated and cases registered with the SAPS	
			Number enforcement interventions to protect the gambling industry through notices and/or legal action undertaken	New Indicator	Four (4) enforcement interventions to protect the gambling industry through notices and/or legal action undertaken	

CORPORATE SERVICES AND RESEARCH DIVISION 2024/25 ANNUAL TARGET						
Outcome	Outcome Indicator	Output	Output Indicator	Baseline	2024/25 Annual Performance	Budget Allocated
Capable State	Monitored market share and market conduct of the four (4) sectors in the gambling industry	Published and disseminated research and industry trends to the gambling industry and regulators for informed decision making	Number of reports on gambling sector performance produced	Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance produced.	Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance produced.	R48 m
	Conducted evidence-based research on the impact of gambling	Research on the impact of the gambling industry for informed regulation	Number of reports on research on the impact of the gambling industry for informed regulation produced	New Indicator	One (1) consolidated report on research on the impact of the gambling industry for informed regulation produced	
	Educated and informed people on the harmful effects of gambling	Broad-based community outreach interventions	Number of broad-based community outreach interventions conducted to inform and educate the public on risks and socio-economic impact of gambling	New Indicator	Forty (40) broad-based community outreach interventions conducted to inform and educate the public on risks and socio-economic impact of gambling	
		Ten (10) Case studies of firms, workers, entrepreneurs, professionals, individuals or communities impacted by the NGB measures in the gambling industry	Number of case studies of firms, workers, entrepreneurs, professionals, individuals or communities impacted by the NGB measures in the gambling industry	New Indicator	Ten (10) case studies of firms, workers, entrepreneurs, professionals, individuals or communities impacted by the NGB measures in the gambling industry	
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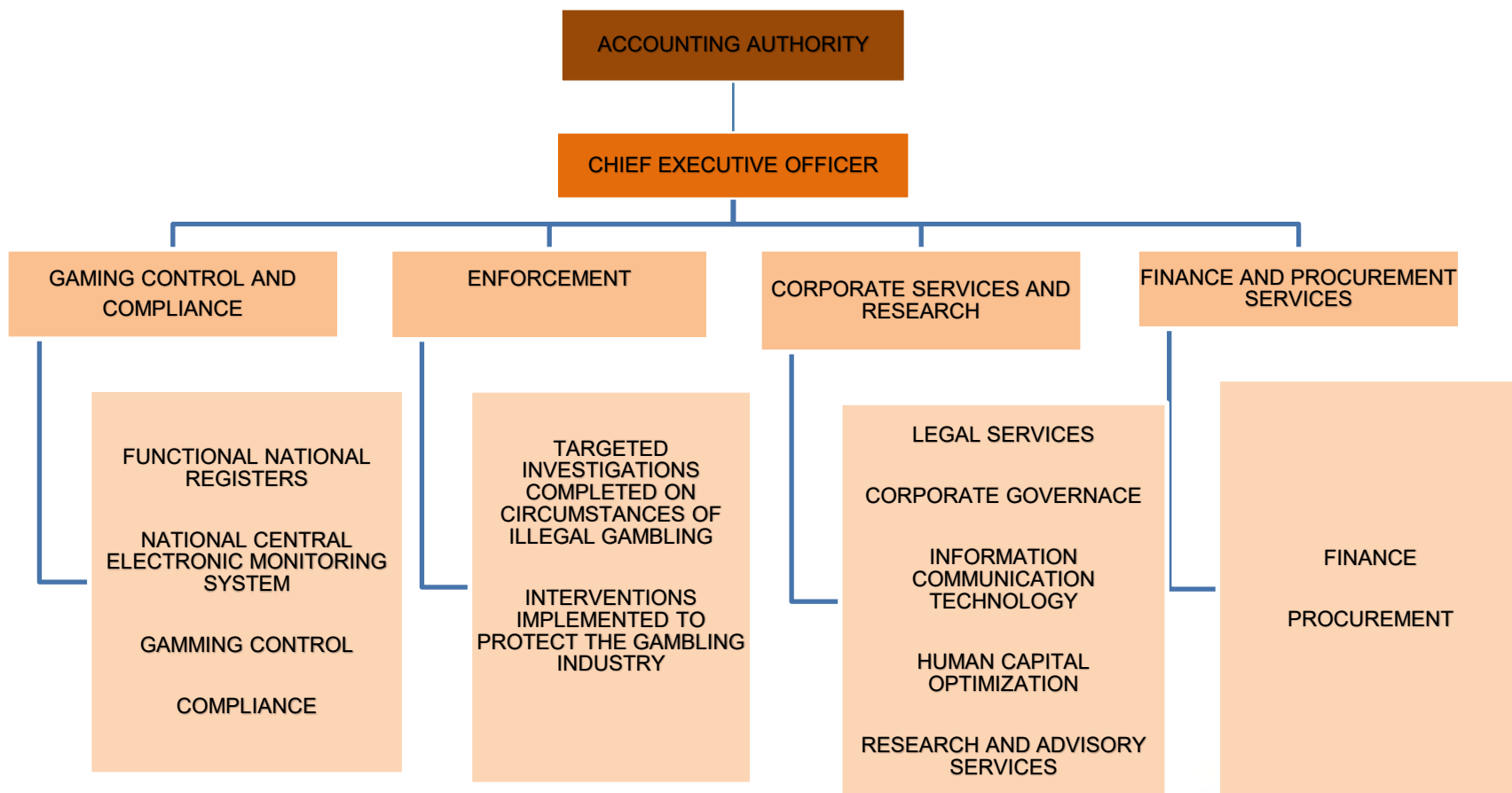
8. HUMAN CAPITAL AND DEVELOPING OF SKILLS AND CAPACITY

- It is a strategic imperative for the NGB to give recognition to the role and value of employees in successfully delivering on its institutional mandate.
- The Human Capital Strategy guides the execution of the business's operating model and is anchored on the following elements:
 - Talent acquisition and graduate placement i.e. Internships
 - Learning and development
 - Performance management
 - Compensation and benefits
- The NGB has a diverse skills set that cuts across various sectors namely- Lawyers, Economists, Accountants, Engineers and those in support services.

	Skill Category	Qualification
1	Top Management	<ul style="list-style-type: none"> ▪ 2 Master Degrees ▪ 1 B Hons Degree ▪ 1 Bachelor's Degree
2	Senior Management	<ul style="list-style-type: none"> ▪ 1 Master's Degree ▪ 1 B Tech Degree ▪ 1 Post graduate Diploma ▪ 1 Advanced Diploma
3	Professional Qualified and Middle Management	<ul style="list-style-type: none"> ▪ 2 Master's Degree ▪ 1 Honours Degree ▪ 2 Post Graduate Diploma ▪ 1 Degree ▪ 1 B Tech ▪ 2 National Diploma
4	Skilled Technical and Junior Management	<ul style="list-style-type: none"> ▪ 1 Master's Degree ▪ 1 Honours Degree ▪ 1 B Tech ▪ 1 Bachelor's Degree ▪ 3 National Diploma ▪ 2 Grade 12
5	Semi Skill	2 Grade 12
Number of officials performing mandate and non-mandate duties		
1	Mandate	16
2	Administration	20

9. GOVERNANCE STRUCTURE AND HOW THE DEPARTMENT IS EXERCISING OVERSIGHT

FUNCTIONAL STRUCTURE



GOVERNANCE STRUCTURE

- The entity has achieved 9 (nine) consecutive clean audit results.
- Though the entity has been under administration from September 2014, much has been done with the support of governance structures with a sole Accounting Authority.
- The governance structures are exercising oversight of the NGB as follows:

No	Governance structures	Meeting frequency	Role
1.	MANCO	Monthly and quarterly	<ul style="list-style-type: none"> ✓ Advise EXCO and the Accounting Authority on Structural gaps and weakness in operations. ✓ Ensure that the strategic priorities are aligned to the dtic, NDP and MTSF (MTDP) priorities.
2.	EXCO	Monthly and quarterly	<ul style="list-style-type: none"> ✓ Advise the Accounting Authority and provide strategic direction to NGB. ✓ Establishment, review of policies and procedures and overseeing the NGB compliance with legal and regulatory requirement.
3.	ARC	Quarterly	<ul style="list-style-type: none"> ✓ Provide advice on entity's internal control framework, risk management arrangements, and external audit quality. ✓ Provide oversight on financial reporting, audit process, internal controls, and compliance with laws and regulations.
4.	RMC	Quarterly	<ul style="list-style-type: none"> ✓ Review and recommend the risk management policy, strategy, implementation plan, fraud policy for approval by the Accounting Authority.

HOW THE DEPARTMENT IS EXERCISING OVERSIGHT

➤ **the dtic** exercises oversight over the NGB by:

- ☐ Monitoring adherence by the **NGB** to the PFMA, Treasury Regulations, King IV, the Act and any other relevant legislation;
- ☐ Monitoring compliance of the APP with applicable requirements as determined by the DPME and ensure that same is submitted within the dates specified by the DPME;
- ☐ Reviewing monthly deviation reports.
- ☐ Reviewing quarterly reports and provide feedback to the **NGB**;
- ☐ Recommending the **NGB**'s annual report to be tabled in Parliament by the Minister;
- ☐ Annually reviewing the **NGB**'s performance against an agreed set of key performance indicators;
- ☐ Ensuring timely transfer of payments to the **NGB**; and
- ☐ Monitoring the implementation of all policy objectives and provide feedback to the relevant stakeholders.

10. REPORTING ON KPIs SET BY THE DEPARTMENT FOR ENTITIES

- The NGB has made a commitment to make a direct contribution to Output 32 of the *dtic* for FY2024/25 in the area of **Case Studies of firms, workers, entrepreneurs, professionals or communities impacted by the *dtic* measures.**
- The contribution by NGB is made through quarterly submissions of written case studies on the communities impacted by the work done by NGB in its broad-based public education campaigns on the risks and socio-economic impact of gambling.

11. RESEARCH CAPABILITY OF SELECTED ENTITIES

- The NGB has two staff resources responsible for Research and Analysis of the Gambling Industry.
- *The following research areas are pursued by the team (in-house):*
 - ❑ **Gambling Sector Performance Analysis** - Collect gambling data and statistics from PLAs and analyse all gambling industry trends and advise on Gambling sector performance outlook.
 - ❑ **Economic Analysis of the gambling industry** - Forecast economic and gambling trends as well as undertake economic modelling of gambling industry to provide economic insight into gambling related matters.
 - ❑ **Bench-marking the South African gambling industry against other jurisdictions** - Conduct desktop research on international topical issues in gambling regulation to keep abreast with international and global gambling trends.
- *The following research functions are outsourced through consultants:*
 - ❑ **Research on the socio-economic impact of the gambling industry (national level)**- investigates the broad effects of gambling on both individuals and society as a whole, as well as the economy.

12. FINANCIAL MANAGEMENT

- The NGB has achieved its 9th consecutive clean audit for the FY2023/2024.
- Internal Controls continued to operate effectively.
- NGB was adversely impacted by the 10% decrease in grant funding as well as the decrease in revenue received from the LPM industry (which was caused by a decrease in the monitoring fee percentage from 6% in FY2022/2023 to 5.61% in FY2023/2024.)
- The entity implemented measures to curtail expenditure such as filling posts on a contract basis as opposed to indefinitely committing the organisation in future financial years.
- The NGB has a strong financial position that is supported by current assets that exceed liabilities.
- The NGB is pleased to report that creditors were paid within 13 days of receipt of the invoice which improved from 16 days in the previous financial year.
- Debtors settled their accounts within 30 days.
- Cash on hand at year-end amounted to R69 million.
- The NGB continues to operate as a going concern.

FINANCIAL INFORMATION: INCOME AND EXPENDITURE

➤ **Financial Plan:** The NGB relies on two main sources of revenue [grant revenue and limited payout machine (LPM) monitoring fees] to execute the strategic plan and annual performance plan. It is projected LPM fees will account for approximately 82% of total revenue, while the grant revenue is expected to contribute an estimated 14% of total revenue.

➤ **Expenditure Trend:** Expenditure on goods and services is set to decrease from R272.3 million in 2024/25 to R260.9 million in 2027/28. Goods and services will account for a significant portion of expenditure, largely attributed to the operations of one of the national registers, the National Central Electronic Monitoring System

R Thousand	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	AUDITED OUTCOMES			BUDGET ESTIMATES			
Revenue							
Grant from the dtic	35 928	36 477	33 152	34 641	35 790	37 189	39 211
NCEMS monitoring fees	221 049	247 257	236 384	225 249	220 032	219 000	215 000
Interest received	2 521	5 918	7 195	6 240	7 200	7 200	7 800
Rental income	0	0	1 565	2 192	2 252	2 410	2 579
Other miscellaneous income	400	311		4 700	0	0	0
Total Revenue	259 898	289 963	278 296	273 022	265 274	265 799	264 590
Expenditure							
Employee costs	37 460	41 271	50 024	50 688	54 163	56 219	58 357
Subsistence & travel	27	4 890	4 607	1 585	3 064	2 359	2 384
Administration costs	8 786	11 441	11 974	11 948	7 645	4 808	4 808
NCEMS service fees	182 482	206 012	196 795	187 120	176 439	182 500	179 167
Professional services	3 598	6 784	9 556	12 546	14 299	8 099	7 599
Depreciation	3 274	2 597	1 865	2 554	3 224	3 224	3 224
Other operating expenses	2 368	2 765	4 659	5 823	5 987	5 482	5 410
Total Expenditure	237 995	275 760	279 480	272 264	264 821	262 691	260 949
Surplus	21 903	14 203	-1 184	758	453	3 108	3 641

13. PLANNED IMPACT OF THE NGBs PRIORITIES

- Facilitated industry contribution to the economy enabling a capable state which fosters job creation and retention and empowers SMME's.
 - ❖ Enable a compliant industry where regulation is fair, and transparent thereby attracting investment in the industry
- Enabling a regulatory and competitive environment where industry participants can thrive.
 - ❖ Develop gambling policy which reduces barriers to entry and ensures the prevention of growing oligopolies in the gambling industries
 - ❖ Foster the promotion of the ease of doing business in the industry
- Achieving a balance between the socio-economic gain and negative impact of gambling to ensure there is an educated, aware and responsible punter
 - ❖ Implementation of responsible gambling and self-exclusion programmes to promote responsible gambling practices

QUESTIONS



*Gambling legally
and
responsibly*

