

Limpopo Gambling Board



Quarterly Annual Performance Plan 2nd Quarter Report (2022/2023)

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31/10/2022

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31/10/2022

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1. VISION

To be the leading, exemplary and innovative regulator in the world.

2. MISSION

To regulate the gambling industry in a responsible and ethical manner for the benefit of the people of the Province by ensuring compliance with legislation, promoting responsible gambling, and facilitating sustainable local economic development.

3. VALUES

The Limpopo Gambling Board has identified the following values as the principles that will govern behavior of all employees within the organization:

VALUES	DESCRIPTION
Integrity	To operate in accordance with the highest moral and ethical standards.
Responsibility	To accept responsibility towards our most important resources, our employees and to maximise the development and utilisation thereof.
Consultation	To strive towards a healthy relationship through interactive communication and consultation with our stakeholders.
Transparency	To fulfil our obligations to our stakeholders with honesty, integrity and transparency.
Diversity	To accept and respect the uniqueness and difference of all people and to provide a safe, positive and nurturing environment for the exploration of these differences.
Teamwork	To value the complementary talents and perspectives of the Board and personnel in achieving our objectives.

4. IMPACT STATEMENT

A regulated, fully compliant and socially responsible gambling environment in Limpopo.

5. MTSF AND LDP PRIORITIES VS LGB PROGRAMMES

MTSF PRIORITIES	LDP PRIORITIES	LGB OWNERSHIP
1. A capable, ethical & developmental state	Transform public service for effective and efficient service delivery	Priority 1 (Governance & Finance)
	Invest in human capital for a developmental state	
2. Economic Transformation & Job Creation	Transformation and modernization of the provincial economy	Priority 2 (Compliance)
6. Social Cohesion & Safe Communities	Strengthen crime prevention and social cohesion	Priority 6 (Law Enforcement)
7. A better Africa & World	Economic Transformation and Job Creation through Regional Integration	Priority 7 (Compliance)

6. LGB Outcomes

- Outcome 1** : A sustainable, efficient, and effective organisation
- Outcome 2** : Transformed gambling industry that creates sustainable jobs in Limpopo
- Outcome 3** : Responsible gambling and compliance with legislations improved in Limpopo
- Outcome 4** : Improved local and international relations with other gambling regulators and related institutions
- Outcome 5** : All modes of illegal gambling activities combatted

7. **STATUS OF THE GAMBLING INDUSTRY**

There are 376 licensed sites in the province. 323 of the licensed sites are operational
53 licensed sites are not yet operational and are in the process of being activated.

The Gambling industry employs 3858 people at various sites in the province. The total number of employees increased by 113 (2.93%) employees during the financial year ended 31 March 2022. Over 93% of employees are Previously Disadvantaged Individuals. A higher percentage of employees are youth.

Licensed sites:

LICENSEES	CAPRICORN	MOPANI	SEKHUKHUNE	VHEMBE	WATERBERG	TOTAL
Casinos	1	0	1	1	0	3
Bingo sites	1	2	1	1	2	7
Bookmaker Sites	20	17	14	27	17	95
Totalizator sites	5	4	8	6	2	25
LPM sites	54	59	50	42	41	246
Total	81	82	74	77	62	376

Operational sites:

LICENSEES	CAPRICORN	MOPANI	SEKHUKHUNE	VHEMBE	WATERBERG	TOTAL
Casinos	1	0	1	1	0	3
Bingo sites	1	2	1	1	2	7
Bookmaker Sites	14	10	8	16	12	60
Totalizator sites	3	4	8	5	2	22
LPM sites	53	58	42	38	40	231
Total	72	74	60	61	56	323

Non-operational sites:

LICENSEES	CAPRICORN	MOPANI	SEKHUKHUNE	VHEMBE	WATERBERG	TOTAL
Casinos	0	0	0	0	0	0
Bingo sites	0	0	0	0	0	0
Bookmaker Sites	6	7	6	11	5	35
Totalizator sites	2	0	0	1	0	3
LPM sites	1	1	8	4	1	15
Total	9	8	14	16	6	53

8. PERFORMANCE INFORMATION

8.1 EXECUTIVE SUMMARY – OUTPUT INDICATORS

PROGRAMME	PURPOSE OF PROGRAMME	ANNUAL TARGETS	QUARTER TARGETS	QUARTER TARGETS ACHIEVED	PERCENTAGE OF QUARTER TARGETS ACHIEVED
Governance	The purpose of this programme is to provide executive and strategic direction to the Board.	02	01	01	100
Finance	The purpose of this programme is to provide financial and administrative support to all (04) programmes.	04	03	03	100
Compliance	The purpose of this programme is to: Promote responsible gambling through visibility and awareness, and To ensure that gambling activities are compliant with relevant Legislations.	06	06	06	100
Law Enforcement	The purpose of this programme is to combat illegal gambling throughout the Province by conducting investigations of illegal gambling activities and crime awareness campaigns.	02	02	01	50
TOTAL		14	12	11	92

8.2 HIGHLIGHTS, CHALLENGES & INTERVENTIONS

8.2.1 COMPLIANCE BUSINESS UNIT MATTERS

Highlights

- The Board held its stakeholder meeting with Licensees and other stakeholders on 26 September 2022 and signed a collaboration agreement with the Department of Social Development.

Challenges

- Poor internet connectivity
- Vacant position (Investigations and Licensing)

Interventions

- Recruitment of licensing officer in progress

8.2.2 LAW ENFORCEMENT BUSINESS UNIT MATTERS

Highlights

- The Unit is currently doing well in combating illegal gambling machines (Chinese Roulettes), however, the aim is to arrest individuals who are distributing these machines around Limpopo province. There will be a bulk of confiscated illegal gambling machines that will be disposed-off during Responsible gambling month in November 2022.

Challenges

- The Unit is currently not doing well in terms of combating illegal online/ Server based / computer gambling. This is the biggest form of illegal gambling activity that disturb licensed Limited Payout sites and Bingo sites within Limpopo province, in terms of revenue collections.

Interventions

- The Unit is in communications with its partners, the South African Police Services (SAPS) with an intention of prioritizing online gambling as a serious crime and to give it more attention.

- Active partnerships are currently established with local Municipalities to combat all forms of illegal gambling activities. This had been done with Ba-Phalaborwa and Lephalale local municipalities, and there are positive outcomes from meetings held so far. The process will continue until all local Municipalities are covered within Limpopo province.

8.2.3 GOVERNANCE BUSINESS UNIT MATTERS

Highlights

- a) **Oversight by the Board:** The Board played its oversight role during the quarter. Board (special and ordinary) and committee meetings were held as planned during the quarter.
- b) **Audit matters:**

Audit outcome 2021/22: The entity received an unqualified audit outcome without material findings (clean audit) for 2021/22 financial year.

Audit Steering Committee: The Entity is implementing the Provincial Treasury directive of having the monthly Audit Steering Committee meetings to address findings from both the AGSA and Internal Audit. This intervention would assist the Entity to maintain good governance and clean audit. The Audit Steering Committee met four times during the quarter, three meetings held in July 2022 and one in August 2022.
- c) The entity managed to facilitate the donation of 150 plastic chairs to Charles Mathonsi high school in Mopani district as part of the CSI Programme where the entity was supporting MEC of LEDET as part of Nelson Mandela Day project on the 22nd of July 2022. The entity made an official handover of KZN donations for disaster victims to the MEC of LEDET which were sponsored by the licensees on the 10th of August 2022,

Challenges

- Challenge of implementing Corporate Social Investment projects due to lack of budget.

Interventions

- Entity is partnering with licensees to implement some of the Corporate Social responsibility projects.

8.2.4 FINANCE BUSINESS UNIT MATTERS

Highlights

- The entity has over collected with regards to levies. As at the end of the 2nd quarter the entity has collected 75% against the projections for the year as set out in the appropriation. The projected figures will be adjusted upwards during the budget adjustment to take into account the current performance.

Challenges

- The greatest challenge that the entity is facing is with regards to budgetary constraints in particular under goods and services. The entity was sitting at more than 60% spending with regards to goods and services (operational expenditure).

Interventions

- The overspending under goods and services will be considered during the budget adjustment for possible funds such that the entity is able to operate for the remainder of the financial year.

8.2.5 SUPPLY CHAIN MANAGEMENT UNIT MATTERS

Highlights

- The SCM Unit has managed to conclude the processes for the procurement of IT equipment which will ensure that employees are able to execute their day-to-day activities effectively.
- All invoices received from the service providers were paid within 30 days.

Challenges

- There is a shortage of staff within the Supply Chain Management Unit.

Interventions

- The Human Resources Management Unit has already started with the process of filling one of the vacant posts within the Supply Chain Management.

8.2.6 HUMAN RESOURCE MANAGEMENT UNIT MATTERS

a) **Employment equity status**

- Overall (59): 47.4% female (28) and 52.5% male (31). The equity status for females improved by 1,4% from the 1st quarter due to new appointments. Status of females was 46% during the 1st quarter.
- SMS level: 50 % female (2) and 50% male (2).
- People with disability (1) 1.7%.
- Entity is to improve on the equity status for females at all levels within the Entity.

b) **Youth empowerment**

- 1 intern.
- (73 total posts vs 10 vacant posts).
- Recruitment plan (2021/22 outstanding posts & 2022/23) approved by the Provincial Treasury
 - 10 posts approved
 - 2 posts not approved (**Labour Relations Manager and SCM Contract Management**)
 - 1 post already advertised, and the entity is in the process of filling the post during the 3rd quarter (**Licensing officer**)
 - 2 posts were advertised internally but will be advertised externally in the 3rd quarter due to the fact that no suitable candidates were found internally (**Finance Administrator and Office Assistant**).
 - 3 posts were filled in the second quarter(**Chief Financial Officer, Manager :Law Enforcement and Manager : IT**)
 - . 2 posts to be filled at the beginning of the 3rd quarter as their recruitment started in the 2nd quarter(**Senior Manager Corporate Services , and HR Officer)**
 - 1 Post to be advertised internally in the 3rd quarter (**SCM Officer**)
 - 1 post of **Company Secretary** planned to be filled during the 4th quarter

c) **Occupational Health and Safety**

- 3 Monthly inspections were conducted.

8.3 DETAILED PERFORMANCE INFORMATION PER PROGRAMME

OUTPUT INDICATOR	ANNUAL TARGET	PREVIOUS QUARTER PERFORMANCE	TARGET FOR THE QUARTER (2 nd)	ACTUAL	GAPS	REASONS
PROGRAMME 1: GOVERNANCE						
The purpose of this programme is to provide executive and strategic direction to the Board.						
Percentage of compliance to declaration of interest at each Board and Committee meeting	100%	100%	100%	100% *	0	None
Percentage of compliance to disclosure of financial interests by the Executive Management	100%	100%	0%	0%	0	None
* Total number of 52 declarations were signed, which is in line with all Board members attending the various Board and Committee meetings.						
PROGRAMME 2: FINANCE						
The purpose of this programme is to provide financial and administrative support to all (04) programmes.						
Sub-Programme 2.1: Chief Financial Officer						
The purpose of this sub-programme is to ensure efficient and effective utilisation of resources through strategic prioritisation.						
Unqualified Audit outcome maintained	Maintain an unqualified audit opinion	0	Unqualified audit opinion maintained	Unqualified audit opinion maintained	0	None
Sub-Programme 2.2: Human Resources Management						
The purpose of this sub-programme is to ensure a well governed and capable organisation.						
Percentage of Performance agreements signed	100%	100%	0%	0%	0	None
Percentage of annual performance assessment conducted	100%	0%	100%	100% **	0	None

OUTPUT INDICATOR	ANNUAL TARGET	PREVIOUS QUARTER PERFORMANCE	TARGET FOR THE QUARTER (2 nd)	ACTUAL	GAPS	REASONS
Sub-Programme 2.3: Supply Chain Management The purpose of this sub-programme is to ensure compliance with procurement prescripts.						
Percentage of invoices paid within 30 days of receipt	100%	100%	100%	100% ***	0	None
** Total number of 1 final performance assessment report was signed for the previous financial year, in line with the target. *** Total Number of 124 invoices were paid within 30 days out of 124 valid invoices received.						
PROGRAMME 3: COMPLIANCE The purpose of this programme is to: <ul style="list-style-type: none"> Promote responsible gambling through visibility and awareness, To ensure that gambling activities are compliant with relevant Legislations. 						
Sub-Programme 3.1: Responsible Gambling Campaigns and Research To promote responsible gambling and build a base of empirical evidence for decision making.						
Number of responsible gambling campaigns conducted	22	07	04	06	+02	Two additional campaigns were conducted in support of Miss Heritage Global Pageant, at Thavhani Mall and Hollywood Thohoyandou.
Sub-Programme 3.2: Licensing and Investigation To issue corporate and individual Licences to candidates who meet regulatory requirements.						
Percentage of corporate applications processed quarterly within the standard timeframe of 6 months	100%	100%	100%	100% ****	None	None
**** Total number of 1 corporate licence was completed out of 1 corporate licence received for processing.						

OUTPUT INDICATOR	ANNUAL TARGET	PREVIOUS QUARTER PERFORMANCE	TARGET FOR THE QUARTER (2 nd)	ACTUAL	GAPS	REASONS
Sub-Programme 3.3: Gambling Control						
To ensure that Licensees are compliant with technical regulatory requirements and protect the public from unscrupulous practices and the negative effects of gambling.						
Number of compliance inspections conducted	56	12	14	16	+02	Thaba Moshate and Khoroni Casinos were not inspected in Quarter one as a result of industrial action. Both inspections were then undertaken in July 2022.
Sub-Programme 3.4: Compliance Audit						
To ensure that Licensees are compliant with general and financial regulatory requirements.						
Number of compliance audits conducted	28	05	08	08	None	None
Sub-Programme 3.5: Stakeholder Management						
To build good relations with Stakeholders.						
Number of stakeholder engagement sessions held	02	0	01	01	None	None
Number of formal collaborations established	02	0	01	01	None	None
PROGRAMME 4: LAW ENFORCEMENT						
The purpose of this programme is to combat illegal gambling throughout the Province by conducting investigations of illegal gambling activities and crime awareness campaigns.						
Number of investigations conducted on illegal gambling activities	150	64	50	86	+36	Target exceeded due to the increase in number of illegal gambling activities throughout the province.

OUTPUT INDICATOR	ANNUAL TARGET	PREVIOUS QUARTER PERFORMANCE	TARGET FOR THE QUARTER (2 nd)	ACTUAL	GAPS	REASONS
Number of crime awareness campaigns conducted	30	13	08	07	-01	The Unit focused more on investigations of illegal gambling cases which were on the rise during the quarter.

9. BUDGET VS ACTUAL FOR THE PERIOD JULY TO SEPTEMBER 2022

PROGRAMME	MAIN APPROPRIATION 2022/23	ADJUSTED APPROPRIATION 2022/23 ('000)	ACTUAL EXPENDITURE AS AT 30 SEPTEMBER 2022 ('000)	CASH FLOW PROJECTION AS AT 30 SEPTEMBER 2022 ('000)	ACTUAL EXPENDITURE VS CASH FLOW PROJECTION (VARIANCES) ('000)	% SPENDING AGAINST MAIN APPROPRIATION 2022/23	% SPENDING AGAINST CASH FLOW PROJECTIONS
2022/23							
Governance	6 996	-	4 196	2 958	1 238	60%	142%
Finance	8 176	-	5 551	4 620	931	68%	120%
Human Resource Management	5 242	-	2 068	2 030	38	39%	102%
Information Technology	5 036	-	1 839	1 929	-90	37%	95%
Law Enforcement	7 368	-	3 515	2 948	567	48%	119%
Compliance	19 053	-	9 763	8 659	1 104	51%	113%
Supply Chain Management	23 781	-	11 154	11 642	-488	47%	96%
TOTAL	75 652		38 086	34 786	3 300	50%	109%
ECONOMIC CLASSIFICATION							
Compensation of employees	47 758	-	19 534	18 889	645	41%	103%
Goods and services	27 394	-	18 514	15 897	2 617	68%	116%
Payment of capital assets	500	-	38	0	38	8%	0%
TOTAL	75 652		38 086	34 786	3 300	50%	109%

REVENUE	MAIN APPROPRIATION 2022/23	ADJUSTED APPROPRIATION ON 2022/23 ('000)	ACTUAL REVENUE COLLECTED AS AT 30 SEPTEMBER 2022 ('000)	CASH FLOW PROJECTION AS AT 30 SEPTEMBER 2022 ('000)	MAIN APPROPRIATION 2022/23 VS ACTUAL REVENUE COLLECTED	% COLLECTION AGAINST MAIN APPROPRIATION	% COLLECTION AGAINST CASH FLOW PROJECTIONS
Levies	121 742	-	91 150	75 972	30 592	75%	120%
Annual licence fees	13 084	-	8 558	8 558	4 526	65%	100%
Interest	673	-	578	516	95	86%	112%
Other sales	2 327	-	1 074	1 362	1 253	46%	79%
TOTAL	137 826		101 360	86 408	36 466	74%	117%

10. **EXECUTIVE SUMMARY**

ITEM	SPENDING		ROOT CAUSE	INTERVENTIONS	PROGRESS	TIMEFRAME & RESPONSIBILITY
A. Compensation of Employees	R18.8 million cash flow requested from LEDET and spent R19.5 million which is 103%. The Board has overspent by 3%.		There were new employees that came in during the month which when the grant request was made it did not include the appointments	The salary figure in the grant request will be updated to reflect the changes that have taken place	N/A	November 2022
B. Opening Number of vacant posts - 22/23	Additional post under review	Advertised	Short listed	Interviewed	Filled	Closing Number of vacant posts - 22/23
12	1	2	2	4	3	10
C. Goods and Services	R15.8million cash flow projection requested for the month and 18.5million spent which is 116%, the Board has overspent by 6%.		Spending within goods and services is ahead in comparison to projections. Projections were drawn before the lifting of the national state of disaster.	Goods and services to be evaluated for possible budget adjustment.	N/A	N/A
D. Transfers and Subsidies	N/A		N/A	N/A	N/A	N/A

ITEM	SPENDING	ROOT CAUSE	INTERVENTIONS	PROGRESS	TIMEFRAME & RESPONSIBILITY
E. Payment for Capital Assets	R0.0 million cumulative cash flow requested from LEDET and R 0.38 million has been spent.	Spending relates to commitments of prior financial year.	N/A	N/A	N/A
F. Conditional Grants	N/A	N/A	N/A	N/A	N/A
G. Infrastructure	N/A	N/A	N/A	N/A	N/A
H. Own Revenue	Total Revenue projected amounts of R86.4million and actual collection of R101.3million which is 117%. Levies cumulative projections amount to R75.9million and collected Levies of R91.1 million, which is 120%, which is surrendered monthly to the shareholder. Annual license fees were projected at R8.5million and actual amount collected to date amounted to R8.5million which is 100%, the funds are surrendered at year end.	Lifting of the National Disaster regulations and opening of new sites such as Phalaborwa bingo.	N/A	N/A	Ongoing

11. ANALYSIS

Grant

- Grant has been requested by the entity to be able to fund fixed costs of the entity. This is requested from the shareholder monthly. The grant allocation of the current year amounts to R75.6 million.

Own Revenue

- Revenue collection is performing in excess of set projections set for half yearly with budgeted figures. There could be incremental adjustment of levies budget as the performance seems to be good.

COE

- Spending of employee cost is in line with the budgeted figures, although there is still salary adjustments and allowance adjustments that has not been implemented thus far. There are vacancies that are yet to be filled as the year progresses.

Goods and Services

- Spending under goods and services is in line with the budgeted figures, though it seems we may require additional funds as we are above the 50% straight line norm.

Depreciation

- Depreciation is in line with the expectations as per budget.

Capital

- The expense that has been incurred is in relation to a prior year commitment. There are additional assets that have been procured by the entity and the entity is awaiting delivery which is expected in the month of October 2022.

