

Limpopo Gambling Board



Quarterly Annual Performance Plan 2nd Quarter Report (2021/2022)

Submitted By:

Ms. M. Molepo
Acting Chief Financial Officer

29/10/2021

Date

Approved By:

Mr. M.G Makoko
Chief Executive Officer

29/10/2021

Date

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 360 licensed sites in the Province. 318 of the licensed sites are operational

42 licensed sites are not yet operational and are in the process of being activated including Bingo in Phalaborwa town and capital development iro Vegas Bingo in Lephalale.

The Gambling industry employs 3 745 people at various sites in the Province. The number of employees at licensed sites declined by 18.4% from 4 258. Over 95% of employees are Previously Disadvantaged Individuals. 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	13	28	17	95
Totalizator sites	5	4	8	6	2	25
LPM sites	52	56	46	43	33	230
Total	79	79	69	79	54	360

Operational sites:

LICENSEES	CAPRICORN	MOPANI	SEKHUKHUNE	VHEMBE	WATERBERG	TOTAL
Casinos	1	0	1	1	0	3
Bingo sites	1	1	1	1	2	6
Bookmaker Sites	15	10	8	18	12	63
Totalizator sites	5	4	8	6	2	25
LPM sites	50	56	42	40	33	221
Total	72	71	60	66	49	318

Non-operational sites:

LICENSEES	CAPRICORN	MOPANI	SEKHUKHUNE	VHEMBE	WATERBERG	TOTAL
Casinos	0	0	0	0	0	0
Bingo sites	0	1	0	0	0	1
Bookmaker Sites	5	7	5	10	5	32
Totalizator sites	0	0	0	0	0	0
LPM sites	2	0	4	3	0	9
Total	7	8	9	13	5	42

8. PERFORMANCE INFORMATION

8.1. EXECUTIVE SUMMARY – OUTPUT INDICATORS

PROGRAMME	PURPOSE OF PROGRAMME	NUMBER of KPI's per PROGRAMME	NUMBER of QUARTER KPI TARGETS	NUMBER of QUARTER KPI TARGETS ACHIEVED	PERCENTAGE OF QUARTER KPI TARGETS ACHIEVED
Governance	The purpose of this programme is to provide executive and strategic direction to the Board.	2	1	1	100%
Finance	The purpose of this programme is to provide financial and administrative support to all (04) programmes.	4	2	2	100%
Compliance	The purpose of this programme is to: Promote responsible gambling through visibility and awareness, To ensure that gambling activities are compliant with relevant Legislations.	6	6	5	83%
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.	1	1	1	100%
TOTAL		13	10	09	90%

8.2. HIGHLIGHTS, CHALLENGES & INTERVENTIONS

8.2.1. COMPLIANCE BUSINESS UNIT MATTERS

Highlights

- The opening of the Goldrush Phalaborwa Bingo Site has been brought forward from 15 December to 26 November 2021.

Challenges

- Lack of a Gambling Operations Management System.
- Budgetary constraints leading to inability to conduct comprehensive regulatory functions.

Interventions

- Request for funding for the Gambling Operations Management System submitted to the Limpopo Treasury.
- Motivation to retain own funds to fund core operations submitted to the Limpopo Treasury.

8.2.2. LAW ENFORCEMENT BUSINESS UNIT MATTERS

Highlights

- Despite the impact and consequences of Covid-19 Pandemic, the Unit was able to conduct nine (9) investigations and confiscated (16) sixteen illegal gambling machines in the form of Chinese Roulettes. An amount of R3 431.00 was also confiscated and R11 500.00 was paid as Admission of guilt fines.

Challenges

- During Covid-19 Lock-down regulations, the Unit had identified that illegal gambling operators has changed their Modus operandi. Most illegal sites were operated within locked gates, closed doors, and windows with one or two security guards at the entrance to control and monitor regular gamblers and to warn those who are inside when the police or Law Enforcement Inspectors of Limpopo Gambling Board approach the site.

Interventions

- Through invitations and the assistance of FLASH Unit of the South African Police Services (SAPS), most illegal sites like in Zebediela and Lebowakgomo were investigated, raided and closed down.

8.2.3. GOVERNANCE BUSINESS UNIT MATTERS

- 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 2020/21:** 2020/21 audited annual performance report with annual financial statement was submitted to Limpopo Legislature before end of August 2021. The Entity received clean audit outcome. The Entity has managed to maintain clean audit status obtained during 2019/20.
- c) **Audit Steering Committee:** The Entity is implementing the Provincial Treasury directive of having monthly Audit Steering Committee to address findings from both the AGSA and Internal Audit. This intervention would assist the Entity to maintain good governance and clean audit.

8.2.4. FINANCE BUSINESS UNIT MATTERS

The Entity is experiencing budget challenges in relation to running the operations.

The Entity is considered the following options to address the challenge:

- a) A request to retain surplus revenue which is surrendered to Provincial Treasury in line with the Limpopo Provincial Revenue Strategy and was approved by the Provincial Treasury. The amount of R11,5m approved will be allocated during budget adjustment to address challenges in relation to operations.
- b) The Entity to continue with the submission to Provincial Treasury regarding additional budget to be allocated during the budget adjustment during the year regarding the implementation of the salary increment for the staff, or
- c) Submission was made to Department of Economic Development, Environment and Tourism to charge commission fees to the shareholder – feedback was outstanding by the end of the quarter.

8.2.5. HUMAN RESOURCE MANAGEMENT UNIT MATTERS

a) **Employment equity status**

- Overall (55): 45% female(25) and 55% male(30)
- SMS level: 40 % female (2) and 60% male (3)
- People with disability (1): 0,018%

b) **Youth empowerment**

- 7 interns were re-appointed (71% female and 29% male)

c) **Vacancy rate**

- 25% (73 total posts vs 18 vacant posts)
- Submission to fill all vacant posts submitted to Provincial Treasury via LEDET for approval. Staff shortage due to two vacant office assistant positions.

d) **Occupational Health and Safety**

- The OHS Committee held their quarterly meeting.

e) **Covid-19 Status and intervention measures**

- One positive case was reported during the quarter. The employee has fully recovered.
- Entity remains with one cleaner after retirement of one cleaner during May 2021 whilst there was already a vacant post of another cleaner.
- Daily temperature checks are done upon entry of the premises (staff and visitors).
- Comply with the Regulations and protocols, no mask no entry rule for all on premises.
- CEO and Covid-19 Compliance Officer attended monthly Steering Committee meetings coordinated by LEDET.

Highlights

- Approval to fill vacant posts has been received from Treasury.

Challenges

- OHS requirements not fully met as we are operating with only one permanent employee who is also affected by the Covid restrictions. Two vacant cleaner posts must be filled.

Interventions

- Relief cleaning services have been appointed to ensure a clean working environment for all staff and compliance to all health and safety protocols.
- A submission sent to Provincial Treasury in order to obtain permission to fill the two vacant cleaner positions and an approval was received recently.

8.3. DETAILED PERFORMANCE INFORMATION PER PROGRAMME

OUTPUT INDICATOR	ANNUAL TARGET	PREVIOUS QUARTER PERFORMANCE	TARGET FOR THE QUARTER (2 nd)	ACTUAL	GAPS	REASONS	INTERVENTIONS
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 Committee meeting	100%	100%	100%	100%	0	None	None
Percentage of compliance to disclosure of financial interests by the Executive Management	100%	100%	0%	0%	0	None	None
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	1	0	1	1	0	None	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 developed	100%	100%	0%	0%	0	None	None

OUTPUT INDICATOR	ANNUAL TARGET	PREVIOUS QUARTER PERFORMANCE	TARGET FOR THE QUARTER (2 nd)	ACTUAL	GAPS	REASONS	INTERVENTIONS
Percentage of annual performance assessment conducted	100%	0%	0%	0%	0	None	None
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	None
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	14	3	3	3	0	None	None
Sub-Programme 3.2: Licensing and Investigation To issue corporate and individual Licences to candidates who meet regulatory requirements.							
Percentage of corporate licence applications processed within the standard timeframe of 6 months	100%	100%	100%	100%	0	None	None

OUTPUT INDICATOR	ANNUAL TARGET	PREVIOUS QUARTER PERFORMANCE	TARGET FOR THE QUARTER (2 nd)	ACTUAL	GAPS	REASONS	INTERVENTIONS
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	16	4	4	4	0	None	None
Sub-Programme 3.4: Compliance Audit							
To ensure that Licensees are compliant with general and financial regulatory requirements.							
Number of compliance audits conducted	28	5	7	7	0	None	None
Sub-Programme 3.5: Stakeholder Management							
To build good relations with Stakeholders.							
Number of stakeholder engagement sessions held	2	0	1	1	0	None	None
Number of formal collaborations established	2	0	1	0	-1	The negotiations with the South African Responsible Gambling Foundation were finalised on 06 October 2021.	The Memorandum will be signed by 31 October 2021.
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 crime awareness campaigns conducted	24	6	6	6	0	None	None

9. **BUDGET VS ACTUAL FOR THE PERIOD JULY TO SEPTEMBER 2021**

PROGRAMME	MAIN APPROPRIATION 2021/22 ('000)	ACTUAL EXPENDITURE AS AT 30 SEPTEMBER 2021 ('000)	CASH FLOW PROJECTION AS AT 30 SEPTEMBER 2021 ('000)	ACTUAL EXPENDITURE VS CASH FLOW PROJECTION ('000)	% SPENDING AGAINST MAIN APPROPRIATION	%SPENDING AGAINST CASH FLOW PROJECTIONS
2021/22						
Governance	5,724	3,351	2,739	612	59%	122%
Finance	5,399	4,718	2,612	2,106	87%	181%
Human Resource Management	3,798	1,714	1,538	176	45%	111%
Information technology	4,065	1,140	960	180	28%	119%
Law enforcement	5,576	2,659	2,500	159	48%	106%
Compliance	14,483	7,280	6,890	390	50%	106%
Supply Chain Management	21,607	10,351	10,492	-141	48%	99%
TOTAL	60,652	31,213	27,731	3,482	51%	113%
ECONOMIC CLASSIFICATION						
Compensation of employees	39,500	18,879	18,095	784	48%	104%
Goods and services	21,152	12,324	9,636	2,688	58%	128%
Payment of capital assets	0	10	0	10	0%	0%
TOTAL	60,652	31,213	27,731	3,482	51%	113%

REVENUE	MAIN APPROPRIATION 2021/22 ('000)	ACTUAL REVENUE COLLECTED AS AT 30 SEPTEMBER 2021 ('000)	PROJECTIONS ('000)	VARIANCE BETWEEN MAIN BUDGET AND ACTUAL COLLECTION ('000)	%COLLECTION AGAINST MAIN APPROPRIATION	% COLLECTION AGAINST PROJECTIONS
Levies	68,200	55,434	51,549	12,766	81%	108%
Annual licence fees	14,615	8,762	8,557	5,853	60%	102%
Interest	1,526	310	618	1,216	20%	50%
Other sales	4,654	1198	1,982	3,456	26%	60%
TOTAL	88,995	65,704	62,706	23,291	74%	105%

10. **EXECUTIVE SUMMARY**

ITEM	SPENDING	ROOT CAUSE	INTERVENTIONS	PROGRESS		TIMEFRAME & RESPONSIBILITY
A. Compensation of Employees	R18.1 million cash flow requested from LEDET and spent R18.9 million which is 104%. The Board has overspent by 4%.	The 4% relates to payables paid in April 2021 which relates to allowance adjustments.	N/A	N/A		N/A
B. Number of vacant posts 2021/22	Advertised	Short listed	Interviewed	Screening	Filled	Number of vacant posts 2021/22
6	3	0	0	0	0	6
C. Goods and Services	R9.6 million cash flow projection requested for the month and 12.3 million spent which is 128%, the Board has overspent by 28%.	The IYM template does not provide for accruals therefore commitments cannot be recognised during the period of occurrence. Goods and services such as the AG, Board related costs among others were paid and these have not been budgeted for.	N/A	R9.6 million cash flow projection requested for the month and 12.3 million spent which is 128%, the Board has overspent by 28%.		The IYM template does not provide for accruals therefore commitments cannot be recognised during the period of occurrence. Goods and services such as the AG, Board related costs among others were

ITEM	SPENDING	ROOT CAUSE	INTERVENTIONS	PROGRESS	TIMEFRAME & RESPONSIBILITY
					paid and these have not been budgeted for.
D. Transfers and Subsidies	N/A	N/A	N/A	N/A	N/A
E. Payment for Capital Assets	R0.0 million cumulative cash flow requested amounts from LEDET and R 0.10 million has been spent.	Spending relates to prior year commitments.	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 R62.7 million and actual collection of R65.7 million which is 105%. Levies cumulative projections amount to R51.5 million and collected Levies of R55.4 million, which is 108%, which is surrendered monthly to the shareholder. Annual license fees were projected at	A good collection in relation to revenue.	N/A	N/A	Ongoing

ITEM	SPENDING	ROOT CAUSE	INTERVENTIONS	PROGRESS	TIMEFRAME & RESPONSIBILITY
	R8.6million and actual amount collected to date amounted to R8.8million which is 102%, the funds are surrendered at year end.				

11. ANALYSIS

Grant

- Grant is requested monthly from LEDET, limited to what has been allocated for the year.

Own Revenue

- Collection overall is performing well.

COE

- Spending in line with budget

Goods and Services

- Spending way ahead of budget as budget was limited

Depreciation

- This is a non cash item

Capital

- capex incurred relates to prior year

