



Strategic Objectives & Budget of the National Gambling Board F2006/7 to F2008/9

Presentation to the Portfolio
Committee
08 March 2006



Vision



- **To be a world-class organisation, providing a national regulatory framework for the gambling industry.**

Mission Statement

- To ensure uniformity, harmonisation and integrity of the gambling industry in South Africa, by enforcing compliance with National Gambling Act, 2004 (Act No.7 of 2004) and ensuring compliance with other relevant legislation.
- We do this through:
 - Development of norms and standards
 - Enforcing rules and regulations
 - Oversight inspections functions
 - Research and education on the impact of gambling
 - Developing interactive gambling policy.

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The Board's responsibilities in terms of the Act

The Board is responsible to –

- a) Evaluate the issuing of national licenses by provincial licensing authorities ("PLAs");
- b) Evaluate the compliance monitoring of licenses by PLAs;
- c) Conduct oversight evaluations of the performance of PLAs in the manner envisaged in the Act, so as to ensure that the national norms and standards established in terms of the Act are applied uniformly and consistently throughout the Republic;
- d) Assist PLAs to ensure that unlicensed gambling activities are detected as contemplated in the Act;
- e) Establish and maintain;
 - i) The National register of excluded persons;
 - ii) The National central electronic monitoring system;
 - iii) The National register of gambling machines and devices;
 - iv) A central registry of information and;
 - v) The national registry of probity

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The Board's responsibilities in terms of the Act - cont



The Board is responsible to –

- f) Monitor socio-economic patterns of the gambling activity in the Republic and conduct research, identify factors relating to, patterns, cause and consequences of the socio-economic impact of gambling and addictive or compulsive gambling;
- g) Advise the National Gambling Policy Council on matters of national policy relating to casinos, racing, gambling and wagering and on the determination of the national norms and standards regarding any matter in terms of the Act that should apply generally throughout the Republic;
- h) Recommend to the Council changes to bring about uniformity in the laws of the various provinces in relation to casinos, racing, gambling and wagering.
- i) Advise the Council, through the Minister, in respect of any matter referred to it by the Council;
- j) Monitor market share and market conduct in the gambling industry; and
- k) Provide a broad-based public education programme about risks and socio-economic impact of gambling.

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Strategic objective thrust



1. Development of the Interactive gambling
 - Providing advice to the National Gambling Policy Council
 - National internet gambling Bill
2. Provision of reliable information through the establishment and maintenance of national systems
 - Establishment and maintenance of :-
 - Central electronic monitoring system
 - Exclusions register
 - Probity register
 - Machine register
 - Information register on national licences
 - Central information database
3. Monitoring socio-economic patterns of the gambling activity in the Republic and conduct research
 - Identify factors relating to, patterns, causes and consequences of the socio-economic impact of gambling and addictive or compulsive gambling.
 - Research projects to be undertaken in 2006/07 are:
 - a) Extent to which persons are incarcerated due to gambling or gambling related crimes/offences in South Africa
 - b) Follow up study on the Profile of Youth Gambling in South Africa

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Strategic objective thrust



4. **Significantly progress broad-based black economic empowerment**
 - Implementation of a gambling industry code of good conduct
5. **Providing a national public education programme about the risks and socio-economic impact of gambling.**
 - Conduct research studies in the Republic to inform gambling policy on impact of gambling on society
6. **Ensuring integrity of the gambling industry and public protection**

Under this objective we undertake to do the following:

- i. Implementation of norms and standards.
- ii. Conducting oversight inspections on an ongoing basis to ensure that regulators enforce norms and standards.
- iii. Provide the Minister and Council with advice on gambling related matters.
- iv. Participate in various bodies that promote responsible gambling
- v. Conduct economic impact studies in the provinces before additional LPMs are rolled out. These studies will be conducted upon the subsequent roll out schedule of the provinces.

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Strategic objective thrust



7. **Contribution towards providing accessible, transparent and sufficient access to redress for economic citizens**
 - Simplify processes that are required to acquire a gambling licence so that all citizens have an equal opportunity of applying
8. **Contribute towards economic growth and development of the African continent within NEPAD framework**

This will be achieved by:-

 - a) Acting as a permanent secretariat for Gambling Regulators Africa Forum (GRAF)
 - b) Facilitating industry training for GRAF
 - c) Assisting other African countries to develop or amend their gambling legislation
 - d) Information sharing among regulators.
9. **Monitoring market share in the gambling industry.**

This is achieved by:

 - a) Monitor the acquisitions, mergers and disposals of interest within the gambling industry
 - b) Approving and monitoring of the 40 limited payout machine sites
 - c) Mediation of gambling related disputes involving the gambling market share.

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Strategic objective thrust



10. Monitoring market conduct in the gambling industry

This is achieved by:

- Conducting continuous research on the impact of all modes of gambling
- Facilitating gambling discourse on issues related to responsible gambling.
- Monitoring change/concentration of gambling machines/devices in the gambling designated areas

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Key stakeholders



- The Parliament
- The dti group
- National Treasury
- Other Government Departments, Agencies and Parastatals
- Provincial Licensing Authorities (PLAs)
- Licensees/Operators
- Gambling patrons
- The Media
- General Public
- Service providers
- Other regulators (national & international)
- NGB Board members & staff

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In conclusion



- Key products/services
 - Development and maintenance of national machine register
 - Research and information gathering function
 - Oversight inspection function
 - Oversight function of the responsible gambling programme
 - Oversight function of national licences
 - Provision of Central Electronic Monitoring system (CEMS) for monitoring the Limited Payout Machines (LPMs)
 - Internet/interactive gambling draft bill
 - Probity and exclusion database service provider
 - Function for monitoring socio-economic development
 - Function for providing a national public education programme about the risks and socio-economic impact of gambling
 - Eradication of illegal gambling

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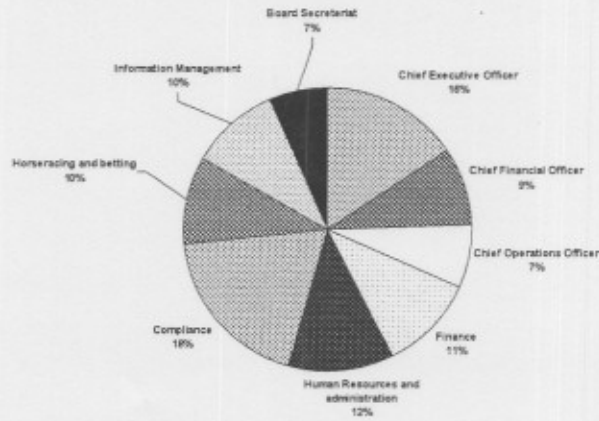
Budget Summary: F2005/6 F2008/9



	F2005 Actual	F2006	F2006 (Projection)	F2007	F2008	F2009
INCOME						
DTI budget allocation	15 800 000	15 885 166	15 885 166	20,942,453	27,151,439	30,546,488
Own income	529 445	479 496	430 674	95 000	98 495	102 120
Surplus: Previous year	6 485 679	8 948 448	8 948 448			
Total income	22,725,125	25,312,110	25,264,288	30,037,453	27,249,934	30,648,618
EXPENDITURE						
Staff Employment Cost	7 153 895	10 964 911	8 587 156	12,387,211	13,867,987	15,837,487
Subsistence & Travel	1 131 218	2 083 599	1 540 278	2 437 840	2 547 582	2 681 698
Administration Expenses	1 955 026	3 232 379	2 877 785	3,486,169	3,812,132	3,831,905
Professional Services	942 584	3 728 729	3 825 806	4,455,343	4,870,195	5,818,388
Communication	355 128	1 415 551	839 826	2,121,234	1,745,223	2,535,889
Maintenance	48 489	36 288	28 715	56,180	81,436	67,834
Board Members' Fees	435 438	587 520	620 590	621,713	648,690	678,827
Depreciation	258 276	385 112	388 873	965,915	2,008,170	2,069,991
Miscellaneous Expenses	29 229	189 287	161 659	170,580	149,429	153,643
Total expenditure	12,336,294	22,540,289	18,872,669	28,768,487	28,112,822	31,855,452
NET DEFICIT / (SURPLUS)	10,388,821	2,771,821	6,391,620	3,328,966	462,688	-1,916,834
CAPITAL EXPENDITURE	(1 706 749)	(3 187 898)	(3 187 898)	(4 362 090)	(1 217 519)	(1 138 358)
TOTAL	8 682 072	(416 043)	3 203 724	(1 033 014)	(2 098 203)	(2 145 190)
Add back: Non-cash flow items	259 276	385 112	388 873	965 915	2 008 170	2 069 991
Depreciation		110 931	118 831	67 089	71 833	75 189
Leave provision						
CASH FLOW REQUIREMENT	8 941 348	0	3 615 538	(0)	0	0

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Salary Cost per component



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Cost Component changes F2006 to F2007

Cost Component	% Increase	Reason
Staff employment	16%	<ul style="list-style-type: none"> •Salaries reviewed during F2006 • 6% salary inflation • provision for staff development • 12% provision for once off bonuses per performance management system
Subsistence & Travel	28%	<ul style="list-style-type: none"> •Increase in S & T is in relation to increase in staff • roll out of LPMs to other PLAs will require more traveling. •Increase in travel of inspectors to ensure compliance to the Act & FICA

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Cost Component changes F2006 to F2007

Cost Component	% Increase	Reason
Board Members	4%	•Inflationary increase
Professional fees	14%	•Establishment of databases and registers as required by the Act •Ongoing Research
Communication	72%	•Connectivity costs for the registers and database •Planned gambling week campaign for Responsible gambling • In house publications

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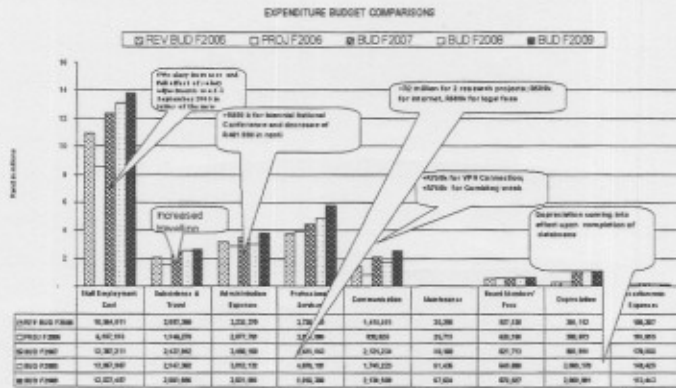
Cost Component changes F2006 to F2007



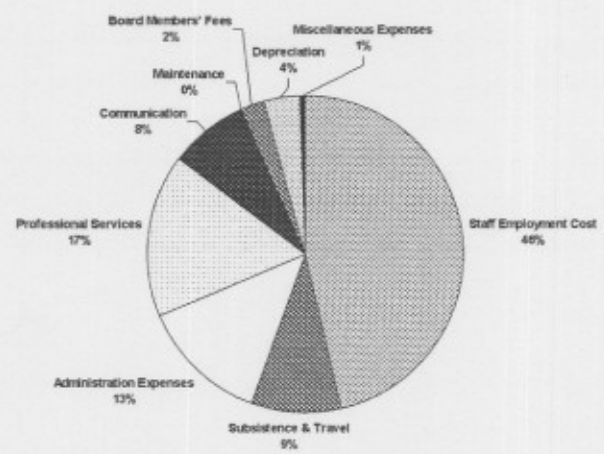
Cost Component	% Increase	Reason
Administration expenses	10%	• Admin expenses are directly related to the employment costs therefore it has also increased •Inflationary increase
Miscellaneous	-11%	Budget based on historical trends
Depreciation	221%	•Software for the registers and database to be acquired in the F2007 is depreciated at 33% p.a

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F2006 to F2009 Budget comparison



Cost component comparison



Planning Risks



Risks that could potentially impact on the planned achievement of objectives, outcomes, outputs, targets and/or estimated costs – have been identified as follows: –

- Insufficient funding, that could result from the funding from the dti being less than required to support the operational cost of the Board necessary to execute the planned activities contained in the strategic plan.
- The extent of uncontrollable external factors that might impact on the activities and costs of the Board –litigation, dependencies on PLAs and others etc.
- Unforeseeable circumstances in respect of start-up phases in envisaged projects such as development of registers/databases, Internet gambling, etc.
- Uncertainties relating to first-time and unique projects and activities to be undertaken during this period – e.g. licensing and regulation of Internet gambling
- National Treasury not approving retaining of surplus.

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The End and Thank You

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