

Annual Report 2022/2023



Gauteng Gambling Board
A Leading & Innovative Regulator in the Gambling Industry



Table of Contents

Part A:
General Information
3

Part B:
Performance Information
21

Part C:
Governance
47

Part D:
Human Resource Management
67

Part E:
Financial Information
75



Part A

General Information



A1. PUBLIC ENTITY'S GENERAL INFORMATION

Registered Name:	Gauteng Gambling Board
Registration Number:	Not applicable
Physical Address:	125 Corlett Drive Bramley Johannesburg Gauteng South Africa 2090
Postal Address:	Private Bag x15 Bramley 2018
Telephone Number:	+27 (0)11 581 4800
Fax Number:	+27 (0)11 581 4900
Email Address:	info@ggb.org.za
Website Address:	www.ggb.org.za
External Auditors:	Auditor-General of South Africa 300 Middel Street New Muckleneuk Pretoria Gauteng South Africa 0001
Bankers:	Standard Bank Limited 9 th Floor Standard Bank Centre 5 Simmonds Street Johannesburg Gauteng South Africa 2000
Company Secretary:	Mr Thapelo Bodila <i>Company Secretary</i>



A2. ABBREVIATIONS AND ACRONYMS

The following abbreviations and acronyms are used in this report

Abbreviation/Acronym	Description
AGSA	Auditor-General of South Africa
AFS	Annual Financial Statements
APP	Annual Performance Plan
AR	Annual Report
ARC	Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CCMA	Commission for Conciliation, Mediation and Arbitration
CFO	Chief Financial Officer
CIO	Chief Information Officer
CSI	Corporate Social Investment
DDM	District Development Model
DED	Department of Economic Development
DPP	Directorate of Public Prosecutions
DTI	Department of Trade and Industry
EXCO	Executive Committee
FICA	Financial Intelligence Centre Act (Act 38 of 2001, as amended)
GCRA	Gauteng City Region Academy
GDP	Gross Domestic Product
GEP	Gauteng Enterprise Propeller
GEYODI	Standing Committee on Gender, Youth and People with Disabilities
GGB	Gauteng Gambling Board
GGT 2030	Growing Gauteng Together 2030
GPG	Gauteng Provincial Government
GPT	Gauteng Provincial Treasury
GRAP	Generally Recognised Accounting Practices
Ibas	Integrated Business Automation Solution
KPI	Key Performance Indicator
MEC	Member of Executive Council for Economic Development
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NDPP	National Director of Public Prosecutions
NEHAWU	National Education, Health and Allied Workers Unions
NGB	National Gambling Board
NRGP	National Responsible Gambling Programme

Abbreviation/Acronym	Description
OHASA	Occupational Health and Safety Act (Act 85 of 1993)
OoP	Office of the Premier
PAJA	Promotion of Administrative Justice Act (Act 3 of 2000)
POCA	Prevention of Organised Crime Act (Act 121 of 1998)
POCDATARA	Protection of Constitutional Democracy against Terrorist and Related Activities Act (Act 33 of 2004)
POPI	Protection of Personal Information Act (Act 4 of 2013)
PFMA	Public Finance Management Act (Act 1 of 1999, as amended)
PPE	Property, Plant and Equipment
RFP	Request for Proposals
RFQ	Request for Quotation
SABS	South African Bureau of Standards
SACCAWU	South African Commercial Catering and Allied Workers Union
SAPS	South African Police Service
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDF	Sports Development Fund
SED	Social Economic Development
SMME	Small, Medium and Micro Enterprise
SARGF	South African Responsible Gambling Foundation
SPC	Stakeholder Priority Committee
TMR	Transformation, Modernisation and Re-industrialisation
TR	Treasury Regulations
UIF	Unemployment Insurance Fund
WHO	World Health Organisation



A3. FOREWORD BY THE MEC TASNEEM MOTARA



Ms. Tasneem Motara

MEC of the Gauteng Department of Economic Development

The 2022/23 Financial Year has presented many opportunities to fast-track the implementation of the provincial government's action plan, the Growing Gauteng Together 2030 (GGT2030). Guided by this action plan, the Gauteng Gambling Board (GGB), has made major inroads to further its legislative mandate of regulating and transforming the industry whilst remaining focused on tax revenue collection for the benefit of the provincial and national fiscus. The net value of the gambling sector cannot be overemphasised in its contribution to economic growth, job creation and tourism development.

As the GGB's shareholder, the Gauteng Department of Economic Development (GDED) is delighted to present this Annual Report as the gambling sector recovers from the COVID-19 health and economic pandemic. The Board is commended for making this recovery in a transparent and efficient manner working to, ultimately, benefit its various stakeholders in the Gauteng City-Region (GCR). In this pursuit, the gambling sector has shown improvement from the previous financial year. This is realised by the declared revenue of more than R1.2 billion in the financial year under review.

The Board collected more than was targeted, at 12%, and this can be directly linked to improved compliance audits. Of course, this is also due to relaxed restrictions post-COVID-19 which significantly hampered the sector in previous years. The positive trajectory is supported by casinos which are experiencing high volumes of foot traffic whilst not neglecting, as always, to emphasise responsible gambling.

The GGB is the highest contributor in the Gross Gambling Revenue when compared with other Provincial Licensing Authorities (PLA). Through interaction and innovation, our licensees have assessed the opportunities to diversify their gambling revenue streams in order to ensure business security.

The Gauteng Gambling Policy, which initiates the review of Gauteng's gambling legislation, was published on 4th March 2022 and closed on 31st March 2023. This legislation review has resulted in the GGB receiving more than 500 comments from the industry and the process is already underway to give individual attention to these public comments. The finalisation of this legislative review would facilitate the implementation of interactive gaming and the ease of doing business.

It is further noted that the Gauteng Gambling Act (Act 4 of 1995, as amended), has never been materially reviewed or meaningfully reflected on, more so in matters of, for example, revenue collection improvement and achieving transformation aligned to GGT2030 and the Premier's elevated priorities underlined in the 2023 State of the Province Address. It is encouraging that the GGB is preparing a submission to the Minister of Trade and Industry for a

special dispensation with regards to a gambling transformation industry code. The Board will be issuing new licenses within the ambit of the provincial approval and these licenses will require, at least, 55% historically disadvantaged ownership. The transformation agenda received a lift when 30 existing licensee's license conditions were updated to B-BBEE level 1.

In order to improve revenue through curbing illegal gambling, the GGB has prioritised the establishment of a dedicated unit which was able to conduct 26 knowledge-sharing sessions and trainings with members of the SAPS and specialised units. This resulted in a substantial increase in raids on illegal gambling sites and yielded an overachievement of 478 from the 400 annual target. The GGB managed to conduct 26 campaigns against the annual target of 24 to promote responsible gambling, working in partnership with licencees who welcomed the campaign activations.

In the year under review, 100% of all gambling license applications were processed within the prescribed timeframes. In line with the commitment to protect the public, all gambling disputes were resolved within the set timeframes. Allegations of non-compliance by the licensee were investigated and referred to the Disciplinary Committee where necessary. In partnership with the South African Police Service (SAPS, all information received related to illegal gambling was verified and reported within 30 working days of receipt).

As the GDED, while we are pleased with the overall positive recovery trend. It is important to acknowledge that the casino sector has faced structural challenges. We have observed a decline in its market share, which is attributable to a surge in online gambling, both legal and illegal. The rise of online gambling and post-pandemic restrictions on land-based casinos unavoidably caused licensees to find ways to diversify their gambling revenue streams. In light of this, the GGB has identified the significance of reviewing the current gambling legislation. In particular, the engagements with diverse industry has highlighted the incorporation of interactive gaming and streamline operational procedures.

It is gratifying that the GGB has received an unqualified report from the Auditor-General. This achievement reflects our commitment to prudent financial management and good governance practices. As the GGB's shareholder, the GDED expresses full confidence in the capabilities of our executive and management teams to carry forward the Board's strategy in alignment with GGT2030. I also extend my sincere gratitude to the dedicated GGB staff for their unwavering commitment to upholding the highest standards in our industry.



Ms. Tasneem Motara

MEC of the Department of Gauteng Economic Development



A5. CHIEF EXECUTIVE OFFICER'S OVERVIEW



Ms. Karabo Mbele
Acting Chief Executive Officer
Gauteng Gambling Board

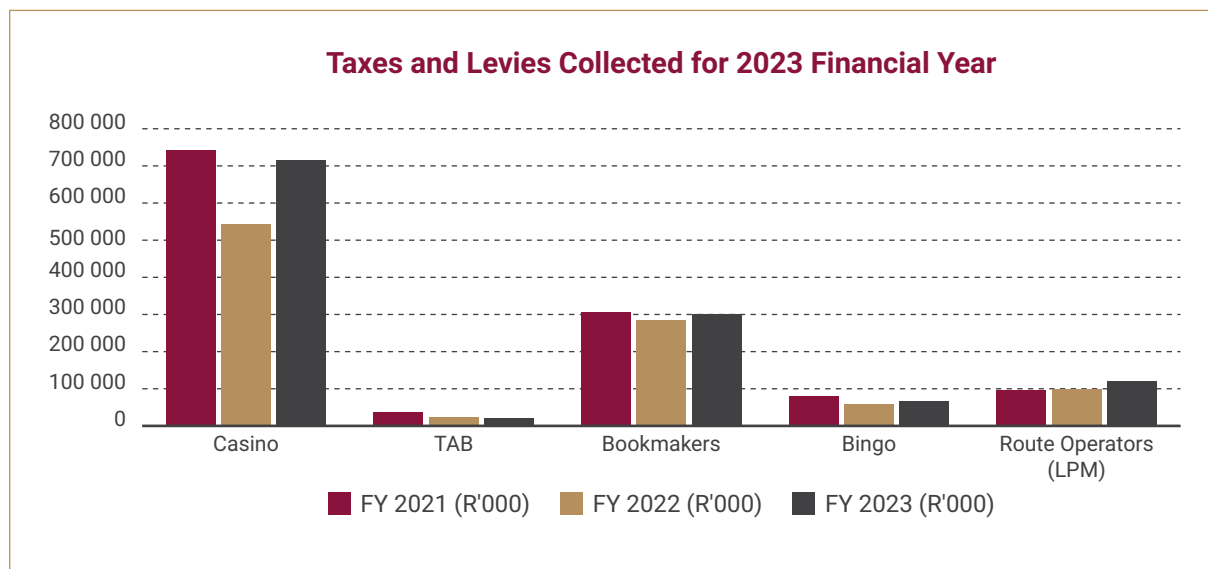
The financial year under review, 2022/23, got off to a more positive start compared to last year; as it was preceded by two years of a pandemic that imposed economic regulations which minimised the economic activity of licensed gambling outlets. The GGB improved its revenue collection in this reporting period. The year under review has also been characterised by increased participation in interactive gambling, which is regrettably regulated by other Provincial Licensing Authorities (PLAs) rather than the Gauteng Gambling Board. The lack of participation in interactive gambling has resulted in missed opportunity to generate additional/ new gambling revenue for the GGB.

This led to the GGB prioritising the process of reviewing its legislation in order to regulate and licence online and various contingencies for our licensees. This effort will assist in deriving an upward trajectory in our Gross Gaming Revenue returns for the province. The opening of the economy through the relaxation of COVID-19 regulations improved participation of patrons in land-based casino resorts, which also indicated that the public was once again able to gamble responsibly in casinos and interact with other punter as well as enjoying the amenities of the resorts entertainment facilities. This has shown a significant increase in gambling revenue for the 2022/23 Financial Year as per the Audited Financial Report.

It should be noted that the gambling industry is part of the entertainment and leisure sector and also contributes to the tourism industry, which has seen a surge since the relaxation of COVID work restrictions. On the licencing landscape, the GGB successfully issued 43 Bookmaker licenses, surpassing the initial target of 30. These license holders will contribute to revenue generation through license and tax payments on their operations. Additionally, the GGB proudly surpassed the targeted 700 job opportunities by more than 60% through licence conditions that unveiled 1738 job opportunities for youth and women of the province when all 43 bookmakers are fully operational. All 43 bookmakers are expected to be operational by the fourth quarter of the this financial year.

The overall gambling taxes and levies collected for the year under review, saw an improvement when compared with the previous year (i.e. Casinos, Bookmakers, Bingos, and Route Operators). The GGB targeted a 12% increase in gambling taxes, however the gambling tax collections for this financial year are at 22%. This reflects an increase of almost 10% on revenue collection. The gambling taxes and levies distributed to the Gauteng Provincial Government (GPG) for the 2022/23 Financial Year amounted to R1,2 billion.

The taxes and levies collected during the year under review surpassed the baseline of the previous year, showing a notable increase in revenue of approximately R 200 million. This increase is reflected in the graph below:



The GGB sustains its operations by generating income from various sources, including an 8% collection commission on taxes and associated levies paid by the gambling sector, as well as license and application fees as authorised by the enabling legislation. For the 2022/23 Financial Year, the GGB generated a revenue of R226 million, which is slightly below the budgeted amount of R228 million. However, the GGB expended R218 million in expenditure which resulted in 97% of the budget (R10 million).

The GGB has a fully-fledged and capacitated Supply Chain Unit (SCM) under the Chief Finance Officer that operates and aligns to the PFMA and Treasury regulations, policies and procedures that govern SCM. It is required that all members of the SCM team sign the Code of Conduct for SCM practitioners, which was duly signed by all members. The latest SCM Internal Audit Review outcome reflected that the system of internal controls within SCM are optimally and efficiently working.

The GGB is currently developing a Business Automation System to improve the IT system and integrate the GGB’s systems to licensee’s systems. The implementation of the automated system will further assist in protecting the public and supporting the industry to derive maximum benefits. The automation is intended to streamline and integrate internal and external business processes, thus ensuring more efficient sharing of information and collaboration across all departments within the GGB.

I am pleased to acknowledge that the GGB has received an unqualified audit report from the Auditor-General for the annual accounting period. The GGB continues to be committed to long-term transparency, sustainability and accountability.

I would like to express my sincere gratitude to the MEC, Ms. Tasneem Motara, of the Gauteng Department of Economic Development, for her resolute support and guidance throughout this financial year.

I would like to acknowledge the leadership of the MEC and the Portfolio Committee of Economic Development for their oversight role in monitoring the GGB’s operations.



To my Executive Management team and staff, I extend my unwavering appreciation for your dedication and loyalty to the GGB's cause. You have made us a leading regulator in the sector during a year marked by significant changes in leadership. We have minimised any possible disruptions to operations and have continued to fulfil our mandate. Together with the MEC and the Executive, we have managed to keep the ship afloat and progressed to improve revenue collection for the year.

"So let us resist the blandishment of the faint hearts; let us ignore the howls and threats of the extremists; let us stand together and do our duty, and we shall not fail." Margaret Thatcher

Signed:

A handwritten signature in black ink, appearing to read 'Karabo Mbele'.

Ms. Karabo Mbele

Acting Chief Executive Officer
The Gauteng Gambling Board

Date: 31 July 2023



Office of the CEO

A6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

for the year that ended March 31, 2023

To the best of my knowledge and belief, I confirm the following:

- All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.
- The annual report is complete, accurate and free from any omissions.
- The annual report conforms with the guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP) standards applicable to the public entity.
- The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2023.

Yours faithfully



Ms Karabo Mbele

Acting Chief Executive Officer

Date: 31 July 2023



Hon Tasneem Motara

MEC Economic Development

Date: 31 July 2023



New Board 2023

A7. STRATEGIC OVERVIEW

A7.1 Strategic goals and strategic outcome-orientated goals

In terms of Section 2A of the Gauteng Gambling Act (1995, as amended), the MEC responsible for gambling in the province may issue policy statements in relation to oversight and control of gambling in the province. The GGB's mandate is therefore linked to Programme 4 of the Department of Economic Development (DED) which relates to business regulation and governance.

The GGB's mandate is to regulate and control gambling in the province with a view to promote ethical business conduct, promote transformation imperatives, revenue generation for the fiscus and protection of the gambling public.

The GGB's primary functions linked to Programme 4 are to:

- Regulate the gambling industry.
- Transform the gambling industry.
- Generate revenue from the industry and the regulation of services offered, for the socio-economic development of Gauteng.

Taking the objectives of the DED into cognisance, the main strategic goal of the GGB is:

"To promote an efficient, equitable and socially responsible business environment."

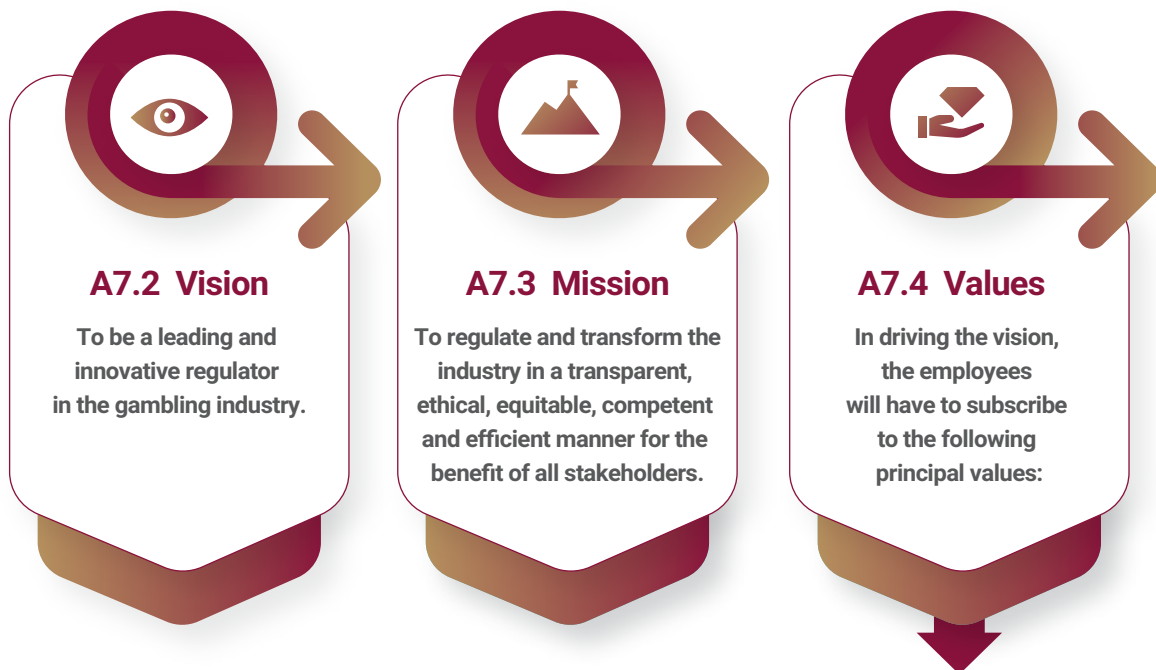
The following strategic outcomes-oriented goals were formulated to drive and support the GGB's strategic goals:

- Increase monitoring of B-BBEE compliance.
- Ensure compliance with legislative framework.
- Ensure efficient and effective regulation of gambling.
- Promote responsible gambling.
- Enhance organisational performance by providing an enabling environment.
- Practise financial accountability and ensure compliance to prescribed financial regulations and guidelines.
- Contribute to the eradication of poverty.

Communications



SED Unit



Integrity and consistency

We behave in a trustworthy manner, where honesty, fairness, mutual respect, equity and transparency are the cornerstones of our daily engagement with people, at all levels internal and external to our direct work environment.

Service excellence

Our service excellence is driven by a high level of consultative engagement and commitment towards our internal and external stakeholders. We embrace teamwork and synergy and create a strong sense of organisational citizenship among all levels of employment. We foster an engaged, collaborative work environment by the relentless pursuit of performance excellence.

Empowerment

We enable and encourage people to make well-informed and responsible decisions through optimal utilisation of resources and information. We accept accountability for our actions and decisions. We make a conscious effort to embrace opportunities of transformation and diversify in every aspect of our business.

Employee-centricity

The GGB is the employer of choice due to the consideration of our employees as our most valuable resource, and we are committed to maximising each employee's potential through value-based performance outcomes and comprehensive employee wellness programmes.



A8. LEGISLATIVE AND OTHER MANDATES

The GGB is a statutory body, established in terms of Section 3 of the Gauteng Gambling Act (1995, as amended). The GGB also discharges its mandate in terms of the following legislation:

- The National Gambling Act (Act 7 of 2004, as amended).
- The National Gambling Regulations (as amended).
- The Gauteng Gambling Act (Act 4 of 1995, as amended).
- The Gauteng Gambling Regulations (as amended).
- The Financial Intelligence Centre Act (FICA, Act 38 of 2001, as amended).
- The Public Finance Management Act (PFMA, Act 1 of 1999, as amended).

In terms of section 2A of the Gauteng Gambling Act (1995, as amended), the policy mandate rests with the MEC responsible for gambling in the province. The GGB's mandate is therefore linked to the DED's programme relating to business regulation and governance.

The GGB is:

- A Schedule 3C public entity in terms of the PFMA (1999, as amended).
- A supervisory body in terms of FICA (2001, as amended).
- A regulatory authority in terms of the National Gambling Act (2004, as amended).

Regulators are administrative bodies and they perform administrative actions in exercising State authority. The Constitution imposes a duty on all administrators exercising public power to act lawfully and responsibly; to follow fair procedures; and to give written reasons when the rights of any person in the subordinate position are adversely affected.

Schedule 4, Part A of the Constitution of South Africa, lists the functional areas over which national and provincial legislatures have concurrent competence to legislate. The functional area that the GGB covers relates to "casinos, racing, gambling and wagering, excluding lotteries and sports pools."

The main functions of the GGB are to:

- Oversee and control gambling activities in Gauteng, including:
 - Licensing of individuals and entities to conduct gambling and related activities.
 - Registering of persons engaged in such activities.
 - Approving and registering of all gaming devices.
 - Collecting prescribed taxes and levies for the Gauteng province and other specified beneficiaries.
- Managing and administering the Sports Development Fund (SDF).
- Advising the MEC on matters relating to gambling.
- Supervising and enforcing compliance with the requirements of the FICA (2001, as amended) by the gambling industry, including:
 - Conducting FICA (2001, as amended) inspections.
 - Taking disciplinary action in instances of non-compliance.
 - Reporting to the Financial Intelligence Centre on enforcement.
- Supervising and enforcing compliance with the requirements of the National Gambling Act (2004, as amended) by the gambling industry, including:
 - Investigation and issuing of national entity and employment licences.
 - Ensuring continuous suitability and compliance with the legislative prescripts by the national licensees.

A core function of the GGB is to protect the public. This is achieved through the following:

- **Ensuring integrity of gambling activities.** Licensing of credible operators and suppliers of gaming equipment; setting and regulating of gaming equipment standards; approval and registration of gaming equipment; registration of suitable persons to be engaged in gambling occupations; and ensuring regulatory compliance by licensees on an ongoing basis.
- **Eradication of illegal gambling activities.** This is done to protect the public from unfair business practices, as illegal operators are not subjected to any regulatory control to ensure fair business practices.
- **Dispute resolution and punter assistance.** The Board receives and adjudicates complaints from the public arising from gambling disputes or other gambling related activities.
- **Tax collections.** The Board collects gambling taxes and levies on gambling transactions on behalf of the Gauteng Provincial Government (GPG) and other beneficiaries.
- **Measures to promote responsible gambling and minimise incidences of problem gambling.** The GGB recognises that opportunities for gambling pose particular risks for the people of Gauteng. To this end, the Board cooperates with other relevant organisations to assist people who fall prey to gambling addiction. The following assistance is available to any person with a gambling problem:
 - **Self-exclusion.** Self-exclusion is an anchor programme whereby gamblers can voluntarily request to be excluded from the gambling floor of any regulated outlet.
 - **Professional assistance.** A network of qualified counsellors specialising in treatment and counselling of addiction is available at no cost to the gambler through referral from the National Responsible Gambling Programme (NRGP) of the South African Responsible Foundation (SARGF) Responsible Gambling Helpline toll free 0800006008.



Legal Services



A9. ORGANISATIONAL STRUCTURE

The Accounting Authority

Administrator:

Mr Zola Majavu – appointed by the MEC from the 19th April 2023. Term ended 24 July 2023.

Board composition, appointed 1 January 2022:

Adv. Platt A SC (*Chairperson*)

Sukazi T (*Deputy Chairperson*)

Modise M

Rajoo K

Monyokolo R

Dr. Masegare P

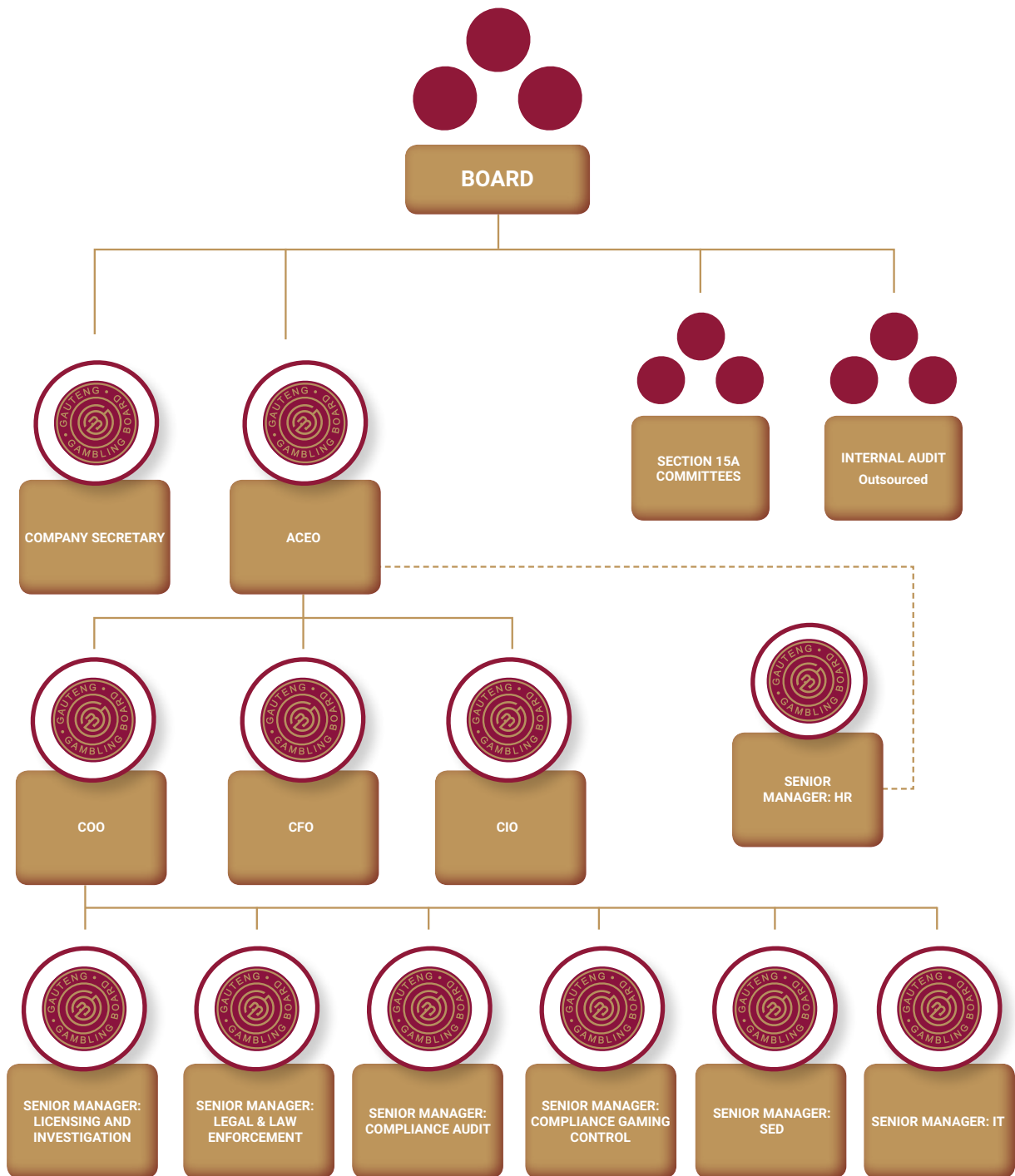
Mgoduso T

Maraka D

Matjele P

Adv. Ribane N

A10. BOARD STRUCTURE



Part B

Performance
Information



Stakeholder Relations



B1. PERFORMANCE INFORMATION

The GGB reports against an approved Strategic Plan and Annual Performance Plan (APP) as approved by the Executive Authority.

In the financial year under review, the Board had 7 programmes and 23 performance indicators.

The GGB, as per its mandate, offers a number of regulatory services to various stakeholders. These services are summarised in the table below:

Services provided by GGB	
Services	Description
1. Monitoring and control	<ul style="list-style-type: none"> ● Law enforcement ● Investigation ● Compliance audit ● Gaming control ● FICA (2001, as amended)
2. Standards setting (advice, input and documentation)	<ul style="list-style-type: none"> ● National Gambling Act ● Regulations and rules ● Technical standards
3. Licensing	<ul style="list-style-type: none"> ● Gambling facilities ● Employee registrations ● Equipment registration ● Manufacturers, supplier and maintenance providers ● Amusement facilities ● Third-party suitability
4. Information, advice and dispute resolution	<ul style="list-style-type: none"> ● Information and advice on: <ul style="list-style-type: none"> ○ Licensing and registration requirements ○ Gambling facilities ○ Gambling dispute resolution ○ Legislation ● Disciplinary action: <ul style="list-style-type: none"> ○ Disciplinary hearing ○ Execution of hearing results ● Revenue collection: <ul style="list-style-type: none"> ○ Gambling taxes ○ Licence fees ○ Employee registration fees ○ Other revenue

B5.1 Description of services provided

The paragraphs below outline the details of the services provided by the GGB.

B5.1.1 Gambling regulation

The Board's primary objectives in respect of the regulation of the industry, as contained in its strategic plan for the year under review, are to ensure that all gambling operations in the province are conducted in terms of the law, in particular the Gauteng Gambling Act (1995, as amended) and the National Gambling Act (2004, as amended).

Gambling regulation ensures that:

- Gambling is free from criminal influence.
- Appropriate harm-minimisation strategies for problem gambling is provided.

Gaming Control



Licensing and Investigations

- Gambling activity is conducted fairly and in accordance with approved rules and operating procedures.
- Licensees' administration, finance and security operations are conducted in accordance with the approved control procedures.
- Gambling equipment and devices are of a high standard and are only purchased from licensed suppliers.

B5.1.2 Licensing

The licensing of natural and juristic persons in relation to gambling ensures that these people are eligible in accordance with the provisions of the Gauteng Gambling Act (1995, as amended) and the National Gambling Act (2004, as amended). Employees in low-risk areas (for example, food, beverage and cleaning) of the licensees are not required to be licensed.

B5.1.3 Compliance audits and inspections

This activity strives to meet the following objectives of the Board:

- Ensure that weekly returns are accurate, properly reflect licensees' activities and the correct amounts of taxes and levies are paid to the Board.
- Ensure that licensees comply in all material aspects with provisions of the Gauteng Gambling Act (1995, as amended), regulations, rules and other relevant legislation.
- Ensure compliance to B-BBEE and FIC legislation.
- Ensure fairness to punters.

These objectives are achieved by:

- Ensuring accuracy of gaming revenue paid by the licensees and compliance to applicable gaming legislation, by performing revenue and compliance audits.
- Ongoing monitoring of compliance with B-BBEE requirements by performing reviews and monitoring audits on licensees.
- FIC inspections on licensees.

B5.1.4 Compliance – Gaming Control

As the mandate of the Board is derived from the Gauteng Gambling Act (1995, as amended), the entity continued to ensure that the gambling operators licensed in the province, adhere to the prescripts of the act, regulations and rules, through the function of the Gaming Control department.

The department's objective is to ensure regulatory compliance of all gambling operations and equipment. The inspections that are conducted by the unit on all licensees and reported on as part of the performance information, is supported by additional technical compliance checks over operations that include, but are not limited to, surveillance checks, verification of machine configuration changes, etc. Its function allows the GGB to place assurance on the revenue and fairness of gambling activity in the province by ensuring the technical gambling solutions and equipment installed are equivalent to those certified against South African standards as developed by the South African Bureau of Standards (SABS).

We continue to see technological development and advancement. Gaming Control has adopted a strategy to advance technical system audits and provide input in to new ways of working based on new and emerging trends, and further remains a representative of the SABS working committee on gambling standards to advance changes that are desired by the industry.

Gaming Control endeavours to build expertise to improve technical assurance and provide advice to the organisation on the implications of technological changes and innovations, as we look to embrace these changes and regulate effectively.



B5.1.5 Dispute resolution

In terms of Regulation 24 of the Gauteng Gambling Regulations promulgated in terms of Section 84 of the Gauteng Gambling Act (1995, as amended), whenever a dispute arises between a punter and a licensee, as to the payment of alleged winnings or the precise amount thereof to the punter by the licensee; or payment of a gambling debt or precise amount thereof by a punter to the licensee, and both parties are unable to resolve the dispute, either party may refer the dispute to the Board for resolution.

Further, in terms of Regulation 36(A), the Board is required to adjudicate upon a dispute between a licensee and a punter, relating to refusal of entry to licensed premises.

B5.1.6 Eradication of illegal gambling

The GGB continued its close working relationship with the South African Police Service (SAPS) and the Directorate of Public Prosecutions (DPP), to ensure effective enforcement of gambling legislation in the province.

B5.1.7 Responsible gambling

As per the legislation, the Board must make a concerted effort to ensure that responsible gambling is promoted through its various messages. It is therefore prudent for the Board to play a role in influencing the awareness messages on responsible gambling in and around Gauteng.

The messages are distributed through community outreach programmes, social media platforms such as Facebook, Twitter and LinkedIn, as well as radio and print advertising and public outreach activities.

It is also important to acknowledge partnerships established with nascent organisations like South African Responsible Gambling Foundation (SARGF) geared at massifying and profiling messages of responsible gambling and curbing illegal gambling.

B5.1.8 Corporate Social Investment (CSI)

On an annual basis, the GGB receives and processes applications for CSI and Sports Development funding that are reviewed in line with the prerogatives of the GGB and government and in line with the approved Social Economic Development (SED) Policy. Further, the team monitors and reports on the approved projects to the Responsible Gambling Committee which is a committee of the Board.

B5.1.9 Enforcement of the Financial Intelligence Centre Act

The GGB is a supervisory body in terms of the enforcement and implementation of FICA (2001, as amended) in the gambling industry. The objectives of FICA (2001, as amended) are to:

- Preserve and enhance South Africa's reputation for sound governance and policies.
- Bring the South African legislation and framework in line with international standards and expectations.
- Complement the Prevention of Organised Crime Act (POCA, Act 121 of 1998, as amended) which defines the crime of money laundering and also anti-terror legislation, as well as the Protection of Constitutional Democracy against Terrorist and Related Activities Act, (POCDATARA, Act 33 of 2004, as amended).
- Remove the business element from 'the business of crime'.
- Establish South Africa as part of international efforts to combat money laundering and terror financing.

B2. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA performs the necessary audit procedures on the performance information of the GGB to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance of the Board against its predetermined objectives is included in the report to management, with material findings being reported under the "Predetermined objectives" heading in the "Report on other legal and regulatory requirements" section of the auditor's report. Refer to page 76 for the auditor's report, published as part of the financial information.

B3. SITUATIONAL ANALYSIS

The GGB's APP for 2022- 2023 is a formal report that includes a set of key performance indicators (KPIs) that are aimed at measuring the achievement of the associated targets that supports the GGB strategic plan. Annual performance planning is a process of thinking through and planning the inputs, activities, outputs and anticipated outcomes for the business and its operations over a period of time. The annual performance report is also a means for the GGB to formally report on its performance in respect of the strategic goals set out in the Board's Strategic Plan, which was implemented from 1 April 2022 to 31 March 2023.

B3.1 Service delivery environment

B3.1.1 Licensing

The Licensing department continued to meet its targets to process licence applications within the prescribed timeframe of 120 working days instead of the previous 150 working days in terms of the APP. The economic meltdown experienced in the country keeps having an impact on the industry, with some industry players continuing to terminate some of their employees. It should further be noted that the department is also continuing to meet its target with regard to employee registration within the targeted turn around time of 45 working days. The limited pay-out machines sector of the gambling industry is slightly improving due to the return to normal operations of the licensed outlets. It is still a challenge for some licencees with regards to lack of properly zoned premises, and as such, illegal gambling and foreign owners without business licences continue to have a negative impact on the rollout process. There is currently an outcry of illegal gambling outlets mushrooming close to the licensed outlets. The GGB, through the law enforcement department, is conducting raids and closure of these illegal operators in partnership with the SAPS.

In line with the Board's transformation objectives, the Board granted forty-three (43) bookmaker licences with the licensed entities being, at a minimum, 55% black-owned. During October 2022, the board issued a Bingo Request for Proposal (RFP) with an intention to issue up to a maximum of nine (9) Bingo licences to be located in the townships in the province. The Board, during January 2023, granted an extension for the submission of the bingo licence applications by a period of three (3) months to 03 May 2023. These applications will be processed and finalised during the 2023/24 Financial Year.



The following is the Gauteng gambling licensing profile:

Licence type	Number of licences (as at 31 March 2023)
Bingo	11
Bookmaker	172
Casino	7
LPM sites	521
Manufacturers	33
Race-meeting	1
Route operator	5
Testing agent	3
Totalizator	1

B3.2 Gaming Control

The function of the Gaming Control department is to support the principle of providing combined assurance as we perform the necessary technical compliance checks to ensure regulatory compliance of all licensed gambling operations and equipments is adhered to.

The GGB's presence in the form of gaming control technical auditors allows for increased visibility and enhances our role to ensure the licensees continue to maintain at the required level of compliance at all times. The department has conducted 1069 unannounced compliance inspections across the audit universe (Casino, Bingo, Bookmaker, Totalisator and LPM operators) for the year. This continued presence combined with the scheduled inspections of all changes prescribed by the legislation allows us to ensure that from a technical perspective, the department supports the organisations' combined assurance.

The targets within the gaming control department have been successfully achieved through continuously analysing trends within the industry, as well as through the ability to adapt and align to the scheduled and unscheduled visits to licensees. The return to normal operations has also increased the technical activity in the financial year under review, as the industry is currently assessing and reviewing ways to adapt gaming areas to align with normal trends.

Technical applications continue to be considered for the introduction of various interactive gambling platforms, but these are dependent on the ongoing legislation review process that seeks to regulate those platforms.

The Gaming Control Department is working closely with our Licensing, Compliance Audit and Legal departments to evaluate and assess how new technologies aimed at reshaping gambling propositions will be considered in order to more conveniently connect with consumers. It is anticipated that our licensees will assess opportunity to diversify their gambling revenue streams in order to ensure business security. In resuming normal operations, the department strives towards maintaining a high level of technical compliance by our licensees in the gambling industry.

B3.3 Compliance Audit

The Compliance Audit department ensures that licensees comply in all material aspects with provisions of applicable and relevant legislation; that weekly returns are accurate and reflect licensees' activities; and the correct amounts of taxes and levies are paid to the Board.

Further, the department monitors compliance to B-BBEE legislation and continues to carry out the responsibilities of the GGB in terms of the FICA (2001, as amended).

During the year under review, we conducted normal planned compliance and revenue audits on licensees. The GGB conducted 157 revenue audits, 185 compliance audits and 45 FICA (2001, as amended) inspections were completed during the financial year.

All non-compliance findings are referred to the Legal Services department to consider appropriate action in terms of section 37 of the Gauteng Gambling Act (1995, as amended).

Transformation remains high on the agenda for the GGB. The department monitors the status of BBBEE in the industry on a continuous basis. In this regard, the Board has appointed two independent service providers to assess the status of transformation in the industry. The appointed service providers will audit all licensee's transformation strategies and implementation thereof. Upon conclusion of this exercise, a comprehensive report on the status of transformation in the Gauteng gambling industry will be issued during the 2023/24 Financial Year.

B3.4 Legal

B3.4.1 Legal: Law Enforcement

The Board continues to forge relationships with law enforcement agencies within the jurisdiction of Gauteng in order to address the mushrooming of illegal gambling operations. The Board made progress with the assistance of the MEC, Motara to engage with SAPS with a view to establish a committee that would prioritise the combatting of illegal gambling activities in Gauteng. During the year under review, the Board assisted the SAPS in conducting raids.

The Law enforcement unit, in partnership with the SAPS, conducted 478 raids as opposed to the targeted 400 on illegal gambling operations, which resulted in the confiscation of 661 gambling devices/equipments. The GGB conducted 26 information sharing sessions with law enforcement agencies to create awareness and foster cooperation with like minded organisations to deal with illegal outlets that are contributing to the loss of revenue in the sector. A total of 259 disputes between punters and licensees were investigated and finalised in an effort to ensure that gambling offered to the public is fair.

B3.4.2 Legal : Legislative landscape

The Board is embarking on a process to review its founding legislation in order to align it with the industry's best practice and trends. Furthermore, the legislation review has necessitated a significantly transformed industry due to political, economic, social, technological, environmental and legal circumstances. The policy to review Gauteng's gambling legislation was approved by the Gauteng Executive Committee in February 2022 and published in the Government Gazette on 4 March 2022.

On 29 April 2021, the Board appointed Ka-Mbonane Cooper Attorneys to review Gauteng's gambling legislation and draft the Act, Rules and Regulations with a view to address the gaps identified, including technological advances, environmental and 'transforming the industry deficiencies, and ensuring that the legislation is aligned with the other relevant legislations, industry's best practice and trends, i.e. Constitutional law, administrative law, case laws, and international and local regulatory regimes.

The review of the legislation will ensure that punters and members of the public are protected within all forms of gambling and industry as well as enhance revenue collection. The amendment will ensure alignment to the digital age, the protection of the public, especially punters/patrons, at licensed gambling sites to ensure an equitable approach to regulation across different types of operators. The comprehensive review of the Act will ensure that the majority of the challenges currently faced by the regulation of gambling are addressed.

The first Draft of the Act was received on 31 March 2022 and a call for inputs and comments was published and closed on the 31 March 2023. The GGB received more than 500 comments and inputs to be considered in the process of already started legislation review.

Information Technology



Compliance Audit



B3.4.3 Disciplinary Committee

The Board has established a Disciplinary Committee in terms of section 14(2)(a) of the Gauteng Gambling Act (1995, as amended) to perform the following functions as contemplated in section 37(2) of the Act:

- Conduct investigation and charge any person who is suspected of contravening the Act.
- Hold disciplinary proceedings in respect of the charges.
- Make recommendations to the Board on sanctions to be imposed.

The Disciplinary Committee is constituted of various experience and expertise including legal, finance and gaming experience.

The Board has imposed sanctions recommended which includes fines and suspended sentences where licensees were found to have contravened the Act (1995, as amended).

B3.4.4 Legal: Litigation

B3.4.4.1 The GGB is a creature of statute and during the execution of its mandate is subject to various litigation

The following are detailing the current cases – opposed matters:

Litigation	Details	Attorneys of record: Contact details
1. SOUTH AFRICAN BOOKMAKERS ASSOCIATION & OTHERS V THE NATIONAL GAMBLING BOARD OF SOUTH AFRICA AND & OTHER PROVINCIAL GAMBLING BOARDS CASE NUMBER: 75953/17	SABA brought a declaratory application against the National Gambling Board, GGB & Others declaring that they are not contravening section 7(a) of the National Gambling Act, 2004 by offering fixed odds betting on the outcome of dog races held outside South Africa.	MATABANE ATTORNEY INC
2. VDIAM TRADING HOLDING (PTY) LTD V THE MINSITER OF SAPS AND OTHERS, CASE NUMBER:40647/18	Vdiam seeks to set aside the search and seizure warrant at the premises and a spoliation order against confiscated goods.	MATABANE ATTORNEY INC
3. ELMIRO JOSE PESTANA MARTINS V THE MINISTER OF SAPS AND OTHERS, CASE NUMBER: 13108/18	Elmiro seeks to set aside the search and seizure warrant at the premises and a spoliation order against confiscated goods.	MATABANE ATTORNEY INC
4. PHUMELELA GAMBLING AND LEISURE LIMITED V THE MEC AND OTHERS CASE NUMBER: 11734/19	Phumelela served on GGB, the MEC and another, an urgent interim interdict pending a final determination of a review application against the MEC decision to amend Regulation 276.	KA-MBONANE COOPER INC



Litigation	Details	Attorneys of record: Contact details
5. MEISIE KGALADI V MINISTER OF POLICE; AND OTHERS, CASE NUMBER: 0011367	Meisie seeks to set aside the search and seizure warrant at the premises where she is employed.	THIPA ATTORNEYS INC
6. MYSTIQUE INTERNET ENTERTAINMENT LOUNGE V MINISTER OF S.A.P.S AND OTHERS CASE NO. 37207/19	Mystique seeks to set aside the search and seizure warrant at the premises where she is employed.	MAMPEULE ATTORNEYS INC
7. PHUMELELA GAMING & LEISURE LIMITED V GGB AND OTHERS CASE NO. 41790/19	Phumelela launched review application against the GGB for finding Phumelela guilty of contravening condition 10 of its Race Meeting licence and imposed a fine of R5 000 000.00 of which R2 500 000.00 is suspended for a period of 5 years.	KA-MBONANE COOPER INC.
8. GOLDENTREE ASSET MANAGEMENT LUX S.A.R.L & ANOTHER v THE CHAIRPERSON OF THE GAUTENG GAMBLING BOARD & ANOTHER CASE NO:2020/12441	Goldentree launched a review application against GGB seeking to review the Board decision granting consent to increase financial interest in Peermont, subject to a condition that the Second Applicant attain and indefinitely maintain a minimum of 26% BEE shareholding.	MAPHANGA & ASSOCIATES INC.
9. LEDWABA MAZWAI v GAUTENG GAMBLING BOARD & ANOTHER CASE NO: 46982/12	Ledwaba Mazwai seeks an urgent interim interdictory relief, under Part A, pending the final determination of Part B in which it seeks a declaratory relief as well as a final interdict against the Gauteng Board ("GGB"). In Part B of the application, the Ledwaba Mazwai seeks to review the GGB's decision and processes regarding tender. GGB/RFP/001.2019 ("the panel tender").	MALATJI & CO ATTORNEYS
10. CRISTOPHER LUPHAHLA V GAUTENG GAMBLING BOARD & ANOTHER, CASE NO: 21/24863	Cristopher Luphahla seeks an order reviewing and setting aside the decision of the GGB which held that he did not have a winning ticket.	MMMG ATTORNEYS

B3.5 Information Technology (IT)

The GGB's IT department is responsible for developing modern and innovative services that adequately support the GGB strategy in harnessing the potential of the IT architecture and infrastructure so that the GGB delivers its mandate to the people of Gauteng, optimises human resources, controls risks, provides value for money and assists in shaping an organisation that sets itself the highest leadership standards in the public service and the broad gambling industry. This is to enable the GGB to become a leading and innovative regulator in the gambling industry as per the vision and mission of the organisation.

The Department has implemented initiatives to support the GGB's Strategy and the strengthening of information security through implementation of two-factor authentication, endpoint security, patch management, and migration of all business applications to cloud services. The GGB's IT department is consistently providing technical support services to the staff and Board of the GGB. The IT Strategic Plan 2020-2024 is being implemented annually, guided by the IT implementation plan which is aligned with the GGB's Strategic Plan.

There is an ICT Corporate Governance Policy Framework that ensures accountability for all governance structures such as the IT Steering Committee, Senior Management Team, Audit and Risk Committee and the Board. The IT Risk Register has been developed and monitored quarterly. IT audit issues identified by the internal and external audit are continually being addressed in order to resolve them.

The automation of the business processes is geared towards improving service delivery as well as both the transparency and traceability of the requests submitted to the organisation, which are currently manually coordinated. The planned introduction of technology will assist in increasing GGB's efficiency for reporting and revenue collection purposes. In the year under review, given the failure of the tested solution developed, a sampling solution for the licencing and investigation unit has been implemented.

The sampling has been concluded and a dispute has been declared with the service provider due to the length of time it is taking to conclude the tasks given. The IT department accounts for the iBAS project to the Audit and Risk Committee and to the Administrator/ Board. The dispute declared is about the service provider's ability to conclude the tasks on time, and the dispute should be finalised during the 2023/2024 Financial Year. Business Automation is imminent for improved services within the Board.

B 3.6 Finance

For the 2022/23 Financial Year, the GGB achieved revenue of R226.4 million against a budget of R228.8million. The board under collected by R2.4million which represented a negative variance of 1%. This was due to the low collections from license fees, sport betting levies, recoveries from investigations and interest received. GGB collected R354 thousand of rental income for the period until March 2023; the Board received R392 thousand from the DED for the probity auditors; and the Board received R5.2 million from Blend Property and R14 million from DED for War Room. However, the Board has a positive variance of 1% in terms of sundry income due to the Board receiving 100% of the War Room amount from DED.

Expenditure for the year was R249 million as compared to R228.8 million budgeted amount, and this resulted in savings of R10.2 million for the year under review. GGB collected R1.2 billion as compared to collection budget of R1.1 billion. The overall taxes and levies collected during the period were slightly higher by 3%, which resulted in an additional R30 million distributed to provincial fiscus.

The GGB continues to prioritise the Township Economic Programme targets and is committed to payments to service providers within fifteen days of receipt of an invoice.



B4. ORGANISATIONAL ENVIRONMENT

The Board of the Gauteng Gambling Board was appointed in January 2022, and the subsequent exodus of resignations from members in February 2023 had an impact on constituting a quorum and therefore its functionality. The MEC carried out the functions of the Board, appointing the ACEO to steer the ship of GGB and later appointed Mr Zola Majavu as the Administrator. The GGB continued to deliver on its mandate and maintain governance and controls despite the changes in leadership.

B5. STAKEHOLDER MANAGEMENT

The GGB has improved relations with the shareholders, specifically the MEC and the Department of Economic Development; the resignation of the Board members saw the MEC assuming governance role and spearheading the organisation to the finalisation of the 2022/3 Financial Year and appointing the current ACEO Ms Karabo Mbele and Administrator Mr. Zola Majavu. The MEC, in collaboration with the ACEO, established governance and accountability across all GGB roles and operations. The Stakeholder Management function is informed and governed by a comprehensive stakeholder policy that has been informed by continuous improvement on the Keynesian model and aligned to the District Development Model (DDM) as articulated in the GGT 2030.

The GGB's stakeholder engagement provides insight into the quality of relationships with both internal and external stakeholders. The stakeholder mapping process unveiled prioritised stakeholders as licencees, gambling and non-gambling public that are affected by gambling, nascent organisations and GDED family entities focussed on socio economic development to advance the GGT 2030 priorities, and non-profit organisations focussed on community development. In the gambling sector, the GGB major partner is the SARGF which collaborates on issues related to responsible gambling and jointly profile the National Responsible Gambling Programme (NRGP) and the Helpline 0800 006 008.

The GGB continuously engages with the industry businesses with a view to jointly share and advise on implementing a plan of recovery from the sting of the prior year's lockdown impacts and also the desire to regulate interactive gambling. The industry has shown positive growth in the last year.

The GDED continues to have a positive impact on the GGB through their support. This stakeholder enables the GGB to function from a political and legislative point of view.

During the reporting period, the Gauteng Provincial Legislature and Provincial Treasury enabled discussions on pertinent issues pertaining to the GGB, its operations and financial aspects. As part of the GDED public entities, the GGB does participate and reply to the questions from legislature and are held accountable to implement the advice from the Gauteng Provincial Legislature Portfolio Committees.

B6. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The GGB is currently reviewing Gauteng's gambling legislation and the service provider was appointed in April 2021 to assist us in this regard. The GGB is currently looking to get inputs and comments from the industry.

B7. STRATEGIC OUTCOME-ORIENTED GOALS

The GGB formulated and aligned its goals with the strategic goals of the GDED. The budget and Medium-Term Expenditure Framework (MTEF) allocation contributes to the Board’s strategic outcome-orientated objectives as follows:

- ICT integration into business goals and objectives: The total tender cost of the iBAS is set to be R59 million.
- Gambling regulation: The GGB is a service-driven entity and the achievements of the strategic goals as set out in the annual performance plan are reliant on human capital. Therefore, the main expenditure output relates to employee related costs and the operational expenses associated with service delivery such as travelling, telephone and copier charges. The majority of the budget funds the achievement of the objective of regulating the gambling industry.
- Efficient revenue generation/collection: The tax revenue collections for the 2022/2023 Financial Year amounted to R1,2 billion. This shows an increase from the previous year’s actual of 22%.
- Entrenching and broadening the transformation of the gambling industry.
- Eradicating illegal gambling through initiatives funded through the operational expenses of the organisation. An amount of R620 000 was spent on investigation and enforcement costs for the 2022/2023 Financial Year.
- Public protection: The Responsible Gambling Programme promotes responsible gambling which is aimed at ensuring the citizens of Gauteng are aware of the dangers associated with gambling, and is taking steps to assist persons who have developed problem gambling.
- The CSI spending strategy is linked to the achievement of TER strategy. The actual spend on CSI for the 2022/2023 Financial Year amounted to R5,9million (R5,4 million national disaster the case of Khutsong and School shoes project R500m).

B8. PERFORMANCE INFORMATION BY KEY PERFORMANCE AREA

The diagram below represents the cascading of the hierarchy of planning concepts, with their application to the GGB’s Annual Performance Plan (APP).



Representation of the GGB’s APP planning concepts



Summary of the GGB's strategic goals and objectives

The table below sets out a summary of the strategic outcomes, strategic-oriented goals and the strategic objectives for the GGB APP for 2022/2023.

The GGB's strategic objectives linked to the strategic outcomes		
Strategic objective	Strategic programme	Strategic outcome
A properly-regulated gambling and betting industry that generates revenue towards the socio-economic development of the province.	1. Administration	Innovative and efficient regulator Purpose: Provide effective support in line with regulations and governance requirements through strengthening delegation, accountability and oversight.
	2. Gambling regulation	Improved gambling industry compliance Purpose: To regulate the gambling industry in order to generate revenue towards the socio-economic development of the province.
	3. Revenue enhancement and collection	Increased economic growth Purpose: Ensure complete and accurate gambling tax revenue collection.
	4. Transformation of the gambling industry	Radical gambling industry transformation Purpose: Entrench and broaden transformation of the gambling industry.
	5. Eradication of illegal gambling	Improved gambling industry compliance Purpose: Ensure that gambling activities are conducted in terms of the gambling legislation.
	6. Responsible gambling	Improved gambling industry compliance Purpose: To minimise the negative impact of gambling in Gauteng.
	7. Socio-economic development	Increased economic growth (through socio-economic development and investment) Purpose: To reduce the hardships of society from the hardships of socio-economic challenges.

In terms of the current approved APP, the performance information indicates that all indicators for the year have been achieved with the exception of three indicators. The underachievements on indicators are as follows:-

- 15 days turnaround time for the payment of invoice from receipt date.
- Number of new licenses with at least 55% historically disadvantaged ownership issued.
- Sports Development Fund as per the disbursement to the granted beneficiaries

Programme 1: Administrative support

Seven targets are set for the financial year under review. All have been achieved apart from the turnaround payment for service providers within 15 days. The change in management of CFO delayed the payment as there was a hand over process that delayed some payments; however, the percentage achieved is at 98% as opposed to 100%. The target for establishment of a war room was achieved, and the GGB remain with maintenance of the facility as its additional office space. There are two overachievements on the procurement from both women (109,1%) and youth-owned businesses (56,9%). Another critical achievement is procuring for the upliftment of people with disability at 13%.

Programme 2: Gambling regulation

The Gambling Regulation Programme had three targets due for the year and all were achieved at 100%.

Programme 3: Revenue collection

Three indicators under revenue collection were achieved and the fourth indicator, namely the percentage change in gambling taxes revenue collected annually, was overachieved. The GGB anticipated an 12% increase in gambling taxes. The actual increase in gambling tax collections for this financial year is 22%. This was due to the easing of the lockdown restrictions in terms of the Disaster Management Act (Act 53 of 2005) over the course of the financial year. The indirect investment for the Lanseria node was deferred to the outer years.

Programme 4: Transformation of the gambling industry

Three targets were set for the year in programme 4. Two were achieved but the third indicator relating to the issuing of the 09 Bingos new licenses with at least 55% historically disadvantaged ownership was not achieved. The GGB was not able to issue gambling licenses and a requested extension of RFQ and the resignation of the Board delayed the process. However, the GGB was able to issue 43 licences for Bookmakers. With regard to job opportunities created through this process, the GGB overachieved with 1738 opportunities availed by the licences against the targeted 700.

Programme 5: Eradication of illegal gambling

The GGB has overachieved on the indicator around the percentage reduction in illegal gambling sites identified, through raids on illegal gambling establishments in this financial year. This performance is due to a renewed collaboration with Law Enforcement to conduct raids on identified illegal sites in line with the relevant legislations. The GGB managed to conduct 478 raids against targeted 400 and managed to seize 661 illegal gambling machines.

Programme 6: Responsible Gambling

The GGB has two indicators under this programme and are all achieved. One has been overachieved at 26 as opposed to the targeted 24 awareness campaigns for promoting the messages of responsible gambling and also that of curbing illegal gambling. The study conducted by an independent service provider does indicate a decrease in the prevalence of gambling to 6,5 % from a benchmark figure of 7,4%. The GGB anticipated a decrease to 7% however the study has indicated that the combination of the impact of lockdown restrictions and the economic hardships experienced in the last two years have had a significant impact on the proliferation of problem gambling. The GGB's active successful problem gambling campaigning has also been cited as a contributor to this decrease.

Programme 7: Socio-economic development – CSI and SDF

There are three targets under this indicator and only two have been achieved. The Corporate Social Investment intervention was overachieved from a targeted R3,5 million to R5,9 million; however the Sports Development Fund (SDF) managed to have disbursement of R10 million as opposed to the targeted R24 million. Disbursement was delayed and it then went over the targeted year end. The internship programme, through the Human Resources Unit, also achieved placement of 50 interns for the year.



B9. ANNUAL PERFORMANCE PLAN – OUTPUT INDICATORS, TARGETS AND ACHIEVEMENTS

B9.1 Performance report against original tabled APP retabled in October 2022

Outcomes	Outputs	Output Indicators	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2020/21 until date of re-tabling in October 2022	Deviation from planned target to actual achievement 2022/23	Reasons for deviations	Reasons for revisions to the outputs/ output indicators/annual targets
Programme 1: Administration									
Innovative and Efficient Regulator	Innovative regulator	% implementation of iBAS system (for Licensee integration)	New indicator	100% Milestone: Development	100% Milestone: Licence integration	0	100%	Quality control issue – service provider placed on terms	Quality control issue – service provider placed on terms
Programme 3: Revenue Collection									
Increased Economic Growth	Increased gambling tax revenue	Increase in gambling taxes revenue collected annually	New indicator	-%	12%	19%	10%	Industry has fully opened and the level of gambling has since increased	No disruption of gambling due to restrictions of COVID-19
Programme 7: Socio Economic Development									
Increased economic growth (through socio economic development and investment)	Rand value invested in support of socio-economic development	Rand value of funding distributed for Corporate Social Investment	R10,1 million	R13,7 million	R3,5 million	R5,9 million	R2,4 million	Reprioritisation of budget due to national disaster funding in the West Rand (The Case of Khut-song)	Reprioritisation of budget due to National Disaster intervention
	Improved youth skills development through internship and experiential learning programmes, internally and externally	Number of youth (learners) developed in partnership with Tshapo 1Million programme (20 internal, 40 external learners)	New indicator	New indicator	50	50	None		

B9.2 Performance report against the retabled Annual Performance Plan

Programme 1 – Administration

Purpose: Provide effective support in line with regulations and governance requirements.

Outcomes	Outputs	Output indicators	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
Innovative and efficient regulator	Strong governance and regulatory compliance	Auditor-General audit outcome	Unqualified audit opinion received from the Auditor-General	Unqualified audit opinion received from the Auditor-General	Clean audit opinion received from the Auditor-General	Clean audit opinion received from the Auditor-General	None	N/A
Innovative regulator		Implementation of iBAS system (for licensee integration)	New indicator	100% milestone development	4 core business units implemented	0 core business units implemented	4 core business units	Quality control issue – service provider placed on terms and subjected to arbitration process
Efficient and smart business processes		Percentage of supplier payments paid within 15 days after receipt of correct invoice	New indicator	New indicator	100%	98%	-2%	Change in management which resulted internal processes delays for approvals
		Percentage of procurement spend towards women-owned suppliers	New indicator	New indicator	40%	90%	50%	Successful implementation of the Procurement Strategy
		Establish and operationalise war room	New indicator	New indicator	100% operationalisation of the war room	100% operationalisation of the war room	None	N/A



Programme 2 – Gambling Regulation

Purpose: To regulate the gambling industry in order to generate revenue towards the socio-economic development of the province.

Outcomes	Outputs	Output indicators	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
Improved gambling industry compliance	Gambling license applications finalised to facilitate business efficiency	Percentage of gambling license applications received and processed within 150 working days	100%	100%	100%	100%	None	N/A
		Percentage of employee registration applications received and processed within 45 working days	100%	100%	100%	100%	None	N/A
	Reduced non-compliance by gambling licensees	Percentage of licensees' non-compliance incidences investigated and reported to the Disciplinary Committee	100%	63%	100%	100%	None	N/A
	Amended Gauteng gambling legislation to align with global gambling trends and economical change such as casino tax review	Review of the Gauteng gambling legislation completed by end 2022/23	New indicator	New indicator	Draft of the proposed amended gambling legislation and received more than 500 comments	Draft of the proposed amended gambling legislation on review	None	N/A

Programme 3 – Revenue Collection

Purpose: Ensure complete and accurate gambling tax revenue collection.

Outcomes	Outputs	Output indicators	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
Increased economic growth	Increased gambling tax revenue	Percentage change in gambling taxes revenue collected annually	New indicator	New indicator	12%	22%	10%	Easing of lockdown restrictions in terms of the Disaster Management Act (2005) over the course of the financial year
		Business case on the development of gambling opportunities with tourism in developing nodes	New indicator	New indicator	1	1	None	N/A
		Business case on the introduction of an additional race meeting licence within the smart city development	New indicator	New indicator	1	1	None	N/A
		Business case on centralisation or decentralisation of the gambling nodes	New indicator	New indicator	1	1	None	N/A

Facilities



Interns



Programme 4 – Transformation of the gambling industry

Purpose: Entrench and broaden transformation of the gambling industry.

Outcomes	Outputs	Output indicators	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
Radical gambling industry transformation	Historically disadvantaged ownership for all licensees of at least 50%	Percentage of gambling licensees with historically disadvantaged ownership control level of at least 50%	New indicator	New indicator	80% Bingos	80% Bingos	None	N/A
	Historically disadvantaged management control for all licensees of at least 50%	Percentage of gambling licensees with historically disadvantaged management control level of at least 50%	New indicator	New indicator	80% Bingos	80% Bingos	None	N/A
	All new licences awarded to majority historically disadvantaged ownership	Number of new licenses with at least 55% historically disadvantaged ownership issued	New indicator	New indicator	30 Bookmaker licences	0 Bookmaker licences	43 Bookmaker licences issued	The GGB was not able to issue gambling licenses until the appointment of the new Board which happened in January 2022. Of the applications received for Bookmaker licenses, 21 of the applicants no longer had sites. The applicants were given 90 days to obtain new sites hence the issuance of 43 licensees.



Programme 5 – Eradication of illegal gambling

Purpose: Ensure that gambling activities are conducted in terms of the gambling legislation.

Outcomes	Outputs	Output indicators	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
Improved Gambling industry compliance	Incidents of illegal gambling reduced	Percentage reduction in illegal gambling sites identified	New indicator	New indicator	400	478	Over-achieved	This performance is due to renewed collaboration with Law Enforcement
		Establishing a dedicated SAPS unit	New indicator	New indicator	1	1	None	N/A

Programme 6 – Responsible Gambling

Purpose: To minimise the negative impact of gambling in Gauteng.

Outcomes	Outputs	Output indicators	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
Improved Gambling industry compliance	Increased awareness of responsible and illegal gambling	Number of gambling awareness programmes conducted for public consumption	New indicator	New indicator	24	26	Over-achieved	Successful implementation of public awareness campaigns and improved collaboration with SARGF on outreach initiatives
	Reduction in problem gambling	Percentage of problem gambling prevalence	New indicator	New indicator	7%	6,5%	Achieved	The combination of the impact of lockdown restrictions and the economic hardships experienced in the last two years have had a significant impact on the proliferation of problem gambling as well as the GGB's successful campaigning to combat the increase in problem gambling.

Programme 7 – Socio-Economic development

Purpose: To reduce the hardships of society from the hardships of socio-economic challenges.

Outcomes	Outputs	Output indicators	Audited actual performance 2020/21	Audited actual performance 2021/22	Planned annual target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reasons for deviations
Increased economic growth (through socio-economic development and investment)	Rand value invested in support of socio-economic development	Rand value of funding distributed for CSI and SDF	21% (R28,5 million)	R21,5 million	R24 million	R10 million	(R14 million)	The finalisation of the approved beneficiaries was delayed and the disbursement was deferred to the next month which falls outside the year under review.
		Rand value of funding distributed for CSI	R10,1 million	R13,7 million	R3,5 million	R5,9 million	R2,4 million	GGB intervention to assist in the national disaster in West rand (The Case of Khutsong Sinkhole)
	Improved youth skills development through internship and experiential learning programmes, internally and externally	Number of youth (learners) developed in partnership with Tshepo 1 Million programme (20 internal, 40 external learners)	New indicator	New indicator	50	50	None	

Performance programmes against budget

Programme	2022/2023				2021/2022			
	Budget	Adjusted budget	Actual expenditure	(Over)/under expenditure	Budget	Adjusted budget	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	98 869	98 869	92 518	(6 351)	90 498	90 725	90 844	(119)
2. Gambling Regulation	83 231	83 231	83 231	None	62 278	57 404	57 404	None
3. Revenue Collection	10 890	10 890	10 890	None	11 679	11 049	11 049	None
4. Transformation of the gambling industry	8 390	8 390	7 072	(1 318)	5 135	4 958	3 135	1 823
5. Eradication of illegal gambling	7 439	7 439	7 428	(11)	5 890	5 609	5 762	(153)
6. Responsible Gambling	10 516	10 516	8 958	(1 558)	13 130	12 526	11 712	814
7. Socio-Economic Development	9 549	9 549	8 505	(1 044)	5 680	16 600	16 600	None
Subtotal	228 884	228 884	218 584		194 290	198 871	196 506	



B10. REVENUE COLLECTION

The GGB has generated operational revenue collections of R179.9 million as compared to a budget of R182.1 million. The Board under-collected by R2.2 million overall which represented a negative variance of 1.2%. The undercollection was also due to lower collections from sports betting levies and interest received. The inclusion of the R41 million surplus retention approved by the Gauteng Provincial Treasury to fund operations increased the revenue line to R221,4 million against a budget of R223.8 million.

Description	2023/2023			2022/2023		
	Actual	Budget	(Over)/ Under collection	Actual	Budget	(Over)/ Under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Licence Fees	66 857	68 678	(1 821)	55 535	56 453	(919)
Sports Betting Levy	20 264	23 716	(3 452)	19 389	20 693	(1 304)
Application and Registration Fees	12 151	10 866	1 285	5 090	5 039	50
Collection Commission	97 856	94 730	3 126	59 172	80 176	(21 004)
Recoveries from investigations	1 770	3 236	(1 466)	1 120	1 100	20
Interest received	5 772	6 022	(250)	3 992	4 528	(536)
Sundry Income	7 187	7 036	151	13 588	13 662	(74)
Penalties	0	0	0	638	500	138
Government grants	14 600	14 600	0	41 672	41 672	0
	226 457	228 884	(2 427)	200 196	223 822	(23 627)

1) Licence fees

The Board receives annual renewal licence fees at the beginning of the financial year. Licence fee collections were lower than anticipated for the year ended 31 March 2023. The GGB collected R66,8 million against the budget target of R68,6 million which represents a negative variance of 3%. This is due to the decreased number of machines and tables renewed by the licensees.

2) Sports Betting Levy

Sport betting levy collections were lower than anticipated revenue projections. The GGB collected R20,2 million against the targeted budget of R23,7 million, this represents a negative variance of 15%. The lower revenue collection was because of lower taxes and levies collected from Bookmakers due to recovery of other gambling forms.

3) Collection Commission

The GGB collected R97,8 million collection commissions. This was slightly higher than the budgeted target by 3% which was equivalent to R3,1 million. These was due to higher taxes and levies collected from bookmakers.

4) Recoveries from investigations

The GGB collected R1,7 million which is lower than the budgeted R3,2 million. This was mainly due to the revised budget. This line item reflects the recovery in the industry due to an increase in applications requiring investigations in terms of the relevant legislations.



5) Interest received

The GGB earned interest in the amount of R5,7 million against the budgeted amount of R6,0 million for the financial year ending 31 March 2023. This is mainly due to the lower bank balance due to the payment of the fiscal consolidation amount as well as the low interest rates offered by the bank during the year under review.

6) Sundry income

The GGB collected R354 thousand of rental income for the period until March 2023; the Board received R392 thousand from the DED for the probity auditors; and the Board received R5,2 million from Blend Property and R14 million from DED for the War Room. However, the Board has a positive variance of 1% in terms of sundry income due to the Board receiving 100% of the War Room amount from DED.

B11. CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Property, Plant and Equipment (PPE) comprises of land and building, and the balance relates to furniture, computers and office equipment. PPE is depreciated on a straight-line basis over their expected useful lives of the assets. Land and buildings are carried at revalued amount, which is the fair value at the date of revaluation minus any subsequent cumulative depreciation and subsequent accumulated impairment losses. PPE is carried at cost less accumulated depreciation and any impairment losses.

Book value of PPE at the end of the period reflected a balance of R130 million.

Intangible Assets closed with a balance of R27.2 million. There were no additions during the year under review.

Heritage assets are assets which relate to artwork owned by the GGB and are carried at a revalued amount of R539 thousand, being its fair value at the date of the revaluation less any subsequent impairment losses. The method used to determine fair value was based on current market values of the artist's work and the medium used. There were no additions during the year under review.

The GGB had the following capital investment during the year under review:

- The GGB is currently developing a business automation system to improve the IT system and integrate the GGB's systems to licensees systems. The Board paid R16.5 million to the service provider and accrued R10.3 million which will be paid once the Prototype and milestones 3 to 4 have be fully developed and launched.

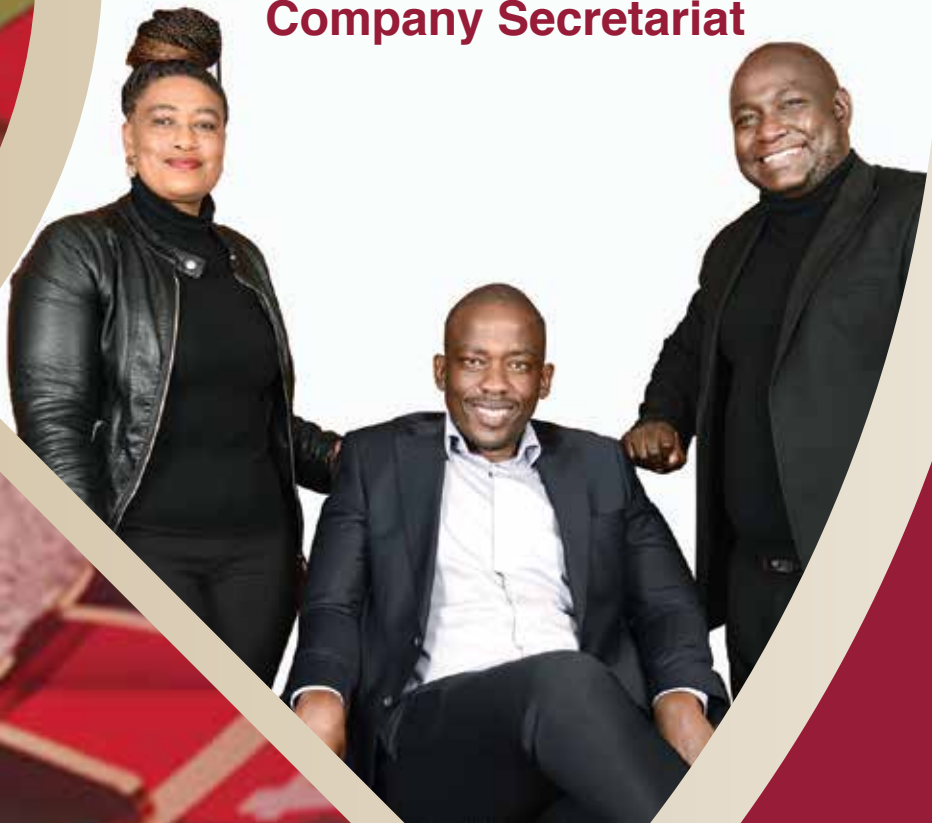
The GGB has neither a maintenance plan nor capital investment. Its building is fairly new and is currently maintained inhouse.

The estimated useful lives of assets were assessed at year end, and found to be reasonable. Assets with a cost price under R1 000 are not capitalised. Such assets capitalised prior to this amendment in policy, were written off as an expense.

Part C

Governance

Company Secretariat



C1. INTRODUCTION

The GGB remains fully committed to business integrity, fairness, transparency and accountability in all its activities. In support of this commitment, the Board subscribes to the highest standards of corporate governance in all aspects of its operations and in the ongoing development and implementation of best practices. Assisted by management, the Board is ultimately responsible for ensuring high governance standards, and aims to instil a culture of performance, compliance and good governance.

C2. GAUTENG PROVINCIAL LEGISLATURE

The Gauteng Provincial Legislature exerts oversight authority over government policy, performance and budget of the provincial public entities and Gauteng government departments by holding the Provincial Executive (the MEC) to account. The Gauteng Provincial Legislature exercises its oversight role through Portfolio Committees. Portfolio Committees scrutinise legislation, oversee government action and interact with the public. The Gauteng Legislature's Portfolio Committees in charge of overseeing the GGB's activities are as follows:

1.1 Standing Committee on Public Accounts

Reviews the Annual Financial Statements and the audit reports of the Auditor-General.

1.2 Portfolio Committee

Exercises oversight over the service delivery performance of public entities and, as such, reviews the non-financial information contained in the annual reports of public entities. This committee is concerned with service delivery and enhancing economic growth.

1.3 Standing Committee on Gender, Youth and People with Disabilities (GEYODI)

Reviews the processes of service implementation relating to gender, youth, women and people with disabilities.

During the period under review, questions raised by the Gauteng Provincial Legislature Portfolio Committees were focused on the following key areas:

- Revenue trends and the reality of achieving the annual target.
- The progress of the Gambling Legislation Review Policy and its completion to include interactive gambling.
- The finalisation of the transfer of licence from Phumelela to 4Racing.
- The progress of engaging with SAPS to establish the unit dealing with raids and closure of illegal gambling outlets.
- The process of appointing a new Board and the CEO
- The status of the suspended executives.
- Progress report on any investigations underway.
- The status of the condonement of irregular expenditure by Provincial Treasury.



- A request to submit an audit action plan and the implications thereof.
- The GGB's performance relating to gambling tax revenue.
- When GGB will fill vacancies, especially the , CEO, COO and CFO positions and the status of the suspension of the Executives.
- A question was posed around internet gambling and how the GGB is addressing the revenue leakage and the plan to deal with the mushrooming illegal gambling outlets.
- The Committee enquired about the status of the intervention to address illegal gambling.
- A request was made for an explanation on increased salary bill for the organisation
- Priority needs to be made of the GEYODI initiatives in all the entities.

The Committee acknowledged the GGB is doing well even though there were many changes in leadership. The Committee commended the GGB on the sterling work and controls that are continuously being implemented and committed to canvassing support for the curbing of illegal gambling as well as the legislation review for improved revenue collection.

C3. EXECUTIVE AUTHORITY

The Gauteng MEC for Economic Development is the Executive Authority of the GGB. Oversight by the Executive Authority rests, by and large, on the prescripts of the PFMA (1999, as amended).

The PFMA and the Gauteng Gambling Board Act (1995, as amended) give authority to the Executive Authority for oversight powers with particular reference to the Strategic Plan, Annual Performance Plan, budget, Memorandum of Understanding, and annual and quarterly reports.

The Board is the Accounting Authority of the GGB. The relationship between the Executive Authority and the Accounting Authority is managed through a Memorandum of Understanding that assists in establishing a transparent and accountable working relationship on matters relating to the implementation of the provisions of the PFMA, the Gauteng Gambling Board Act (1995, as amended) and the objectives of the GDED.

The GGB's quarterly reports, budget, five-year strategic plan and the annual report submitted to the Executive Authority are also submitted to the relevant Portfolio Committees by the Executive Authority.

On a monthly basis, the Board reports to the GDED on progress made towards the achievement of the predetermined objectives and implementation of the business plan. These matters are reported in Part B of this report.

C4. ACCOUNTING AUTHORITY

The Board is a statutory body established in terms of Section 3 of the Gauteng Gambling Act (1995, as amended), to exercise public power to regulate and control gambling activities in the Gauteng province on behalf of the Gauteng Provincial Government.

The Board should comprise of twelve Non-Executive Members. All Members of the Board, including the Chairperson and the Deputy Chairperson, are appointed by the MEC in accordance with the Gauteng Gambling Board Act (1995, as amended).

The roles of the Chairperson of the Board and the CEO are, in line with best practice, separated with a clear division of responsibilities. The Deputy Chairperson, who is a Non-Executive Member, leads the Board in the absence of the Chairperson, as well as the discussions and decision making on matters where the Chairperson has a conflict of interest. The CEO is responsible for leading the implementation and execution of the approved strategy, policies, and day-to-day operations of the organisation.

As required in terms of the Gauteng Gambling Board Act (1995, as amended) and codes of good governance, the Board members originate from diverse professional backgrounds. Their collective qualifications, skills and experience enables them to provide transparent, independent and objective judgment in the decision-making process. They provide strategic direction to the GGB and also monitor and measure the GGB's performance against the KPIs.

C4.2 The role of the Board

The Board focusses on the key elements of the corporate governance processes that underpin its operations. In particular, its role is to:

- Provide strategic direction to the GGB.
- Consider, and if appropriate, adopt operating budgets and business plans proposed by management for the achievement of its strategic direction.
- Delegate authority for capital expenditure.
- Provide oversight of and hold absolute responsibility for the performance against targets and objectives.
- Provide oversight of reporting on the direction, corporate governance and performance of the Board.
- Identify, consider and review key risk areas.
- Ensure ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles, and the Board's internal governing documents and codes of conduct.
- Act responsibly towards the Board's relevant stakeholders.
- Be aware of, and commit to the underlying principles of good corporate governance and ensure that compliance with corporate governance principles is reviewed regularly.
- Maintain integrity, responsibility and accountability.

The Board regularly reviews its annual agenda to ensure that sufficient time is allocated for the review of its strategy. This involves the analysis and choice of the strategy, as well as the ongoing review of the progress against the approved plans.

Conflicts of interest

Board members are required to inform the Board timeously of conflicts or potential conflicts of interest they may have in relation to particular items of business. Declarations of interest are tabled annually at the Board meetings or whenever a Board member has a conflict of interest on any matter, before the Board or sub-committee meeting.

C4.3 Board charter

The Board is the focal point of corporate governance in the GGB. The Board is ultimately accountable and responsible for the performance and affairs of the GGB and for ensuring that the GGB conducts itself as a responsible corporate citizen.



The Board's charter confirms:

- The Board's responsibility for the adoption of strategic plans.
- Monitoring of operational performance and management.
- Determination of policy processes to ensure the integrity of the public entity risk management and internal controls.
- Communication policy and executive selection, orientation and evaluation.

The Board consists of between eight and twelve members. Board meetings are conducted at least quarterly, and more frequently when required for urgent interventions.

Proceedings at meetings are directed by a formal agenda. The proposed agenda is circulated prior to the meeting to allow Board members sufficient opportunity to request additional agenda items.

In addition, a comprehensive Board pack is distributed to all members ahead of meetings to ensure that they are properly informed and to enable them to undertake meaningful discussion and effectively discharge their duties.

These packs typically include:

- An agenda.
- Previous meeting minutes.
- Committee reports.
- A governance update to assist Board members in keeping abreast with relevant legislation.

All Board members have unrestricted access to the Company Secretary and all Board records, as well as to independent professional advice, at the Board's expense, under appropriate circumstances.

C4.4 Composition of the Board

The Board consists of 11 non-executive directors appointed by the responsible member in terms of the Gauteng Gambling Act (1995, amended).

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)
Adv. Anthea Platt SC	Chairperson of the Board	01 January 2022	08 February 2023	Current finalising a moderator in terms of SAQA unit standard 115759. Assessor Certificate in terms of SAQA unit standard 115753. Diploma in Alternative Dispute Resolution. Bachelor of Laws (LLB). Bachelor of Commerce Degree with Business Economics (BCom)	Practising Advocate	Director at Basadi baMolao Education and Training Services

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)
Mr. Timothy Sukazi	Deputy Chairperson of the Board	01 January 2022	08 February 2023	Master of Laws (LLM). Degree in Commercial Law (BCom). Bachelor of Laws (LLB). Certificate in Practical Legal Training. (B.Proc)	Attorney	Tim Sukazi inc (Founder and Director)
Ms. Matshidiso Modise	Board Member	01 January 2022	07 February 2023	Bachelor of Commerce Degree in Marketing and Advanced Management (BCom). Institute of Directors SA- Financial Insights for Non- Financial Directors.	Business Acumen	Furaha Holdings with subsidiaries including Furaha Solutions joint venture with Work Force Holdings a listed AltX-JSE Company. Furaha Enterprise Development and Furaha Digital
Ms. Kashree Rajoo	Board Member	01 January 2022	08 February 2023	Research and updates knowledge from conferences, webinars and short courses. International Dispute Resolution Certificate. Higher Diploma in Tax Law. Certificate in Value Added Tax. Masters of Business Administration (MBA). Bachelor of Commerce Degree (BCom).	Financial Director	BI Tanium Consulting (Pty) LTD



Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)
Dr Peter Masegare	Board Member	01 January 2022	08 February 2023	PHD in Corporate Governance. Masters of Business Administration (MBA). National Diploma in Cost Management Accounting. Diploma Information Technology Audit. Diploma in Investment Management.	Corporate Governance Management Expertise	Non- Executive Directors Masegare and Associates (Founder and CEO)
Mr. Ramateu Monyokolo	Board Member	01 January 2022	04 February 2023	Master of Business Administration (MBA). Post Grad Certificate in Enhanced Coaching Practice. Certificate in Business Risk Management. Certificates of Competence in Management Advanced and Executive Development Programmes.	Business Acumen	Non- Executive Director in good standing Rand Water Chairperson: Africa Beyond Fourth Industrial Revolution
Ms. Thandeka Mgoduso	Board Member	01 January 2022	08 February 2023	Master of Arts in Clinical Psychology (MA)	Corporate Governance	Metair Investment (Lead Independent Director and Chair of REMCO)

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)
Ms. Ditaba Maraka	Board Member	01 January 2022	08 February 2023	Ethics Officer Certificate. Psychometrist. Effective Audit Committees. Bachelor of Arts (BA). Bachelor of Education (BEd).	Registered Psychometrist	Professional Institutions and Association Membership. Independent Practice with the Health Professions Council of South Africa.
Adv. Nakedi Ribane	Board Member	01 January 2022	08 February 2023	Bachelor of Laws (LLB). Marketing and Research Certificate. Speech and Drama Diploma. Public Relations.	Practising Legal Practitioner	Currently practising as an advocate of the High Court. Passionate about the Arts in its entirety
Mr. Pholoso Matjele	Board Member	01 January 2022	07 February 2023	Doctor of Philosophy in Development Leadership (PHD). Certificate for Public Management. Certificate Entrepreneurship in Emerging Economics. Masters of Business Administration (MBA). Diploma in Advanced Business Management.	Business and Finance Acumen	Executive Director & Board Member at Spectrum Utility Management (SUM) Non-Executive Director at Manufacturing Accelerator Programme South Africa (MAP-IP SA) Non-Executive Director at the Global Economic Fraternal (GEF)



The table below summarises the committee membership of the Board, as well as the number of meetings attended.

Name	Designation in terms of the GGB structure	Date of appointment to term of office	Date of termination of term of office	Membership in committees	Number of Board and Special Board meetings attended	Number of Board hearings attended
Adv. Anthea Platt SC	Chairperson of the Board	01 January 2022	08 February 2023	Corporate Committee, Gaming and Responsible Gambling Committee & Technical Committee on Legal Matters.	9 of 9	8 of 8
Mr. Timothy Sukazi	Deputy Chairperson of the Board	01 January 2022	08 February 2023	Corporate Committee & Technical Committee on Legal Matters.	6 of 9	5 of 8
Ms. Matshidiso Modise	Board Member	01 January 2022	07 February 2023	Audit & Risk Committee and Social & Ethics Committee.	8 of 9	4 of 8
Ms. Kashree Rajoo	Board Member	01 January 2022	08 February 2023	Audit & Risk Committee and Gaming & Responsible Gambling.	7 of 9	7 of 8
Dr Peter Masegare	Board Member	01 January 2022	08 February 2023	Audit & Risk Committee and Social & Ethics Committee.	6 of 9	7 of 8
Mr. Ramateu Monyokolo	Board Member	01 January 2022	04 February 2023	Corporate Committee and Gaming & Responsible Gambling	9 of 9	8 of 8
Ms. Thandeka Mgoduso	Board Member	01 January 2022	08 February 2023	Corporate Committee, Social & Ethics Committee and Gaming & Responsible Gambling.	7 of 9	4 of 8
Ms. Ditaba Maraka	Board Member	01 January 2022	08 February 2023	Social & Ethics Committee and Technical Committee on Legal Matters.	8 of 9	8 of 8
Adv. Nakedi Ribane	Board Member	01 January 2022	08 February 2023	Technical Committee Social & Ethics Committee	9 of 9	8 of 8
Mr. Pholoso Matjele	Board Member	01 January 2022	07 February 2023	Social & Ethics Committee and Gaming & Responsible Gambling Committee.	9 of 9	8 of 8

C4.5 Board Committees

In terms of the Gauteng Gambling Board Act (1995, as amended), the Board may establish committees to assist in the execution of its duties, powers and authorities, including monitoring the performance of the organisation to gain assurance that progress is made towards the organisation's objectives, within the limits imposed by the Board.

Each committee has clear terms of reference under which authority is delegated by the Board.

The office of the Company Secretary provides secretarial services to the Board and each of the committees.

As such, the Board established the following permanent committees:

- **Audit and Risk Committee.** The purpose of the Audit and Risk Committee is to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems and control processes, the operation of adequate risk management processes and the review of the preparation of accurate and timely financial reports and statements by management, in compliance with all applicable legal requirements and accounting standards.
- **Gaming and Responsible Gambling Committee.** The purpose of this Committee is to advise the Board on the formulation and implementation of responsible gambling policy. and the committee also oversees gambling activities on behalf of the Board and formulates policies on matters related thereto.
- **Social and Ethics Committee.** The purpose of this committee is to assist the Board with the oversight of social and ethical matters relating to the GGB.
- **Corporate Committee.** The purpose of this Committee is to review, advise and make recommendations to the Board on matters relating to all corporate services matters such as human resources, facilities management, corporate governance and any other related matters as delegated by the Board.
- **Executive Committee of the Board (EXCO).** The EXCO is delegated with the responsibility to oversee the GGB's strategic direction and provide guidance to the management team, as well as attend to all urgent matters where it is impossible for the Board to meet and when delegated by the Board.
- **Technical Committee on Legal Matters.** The role of the Committee is to assist the Board with oversight on legal matters relating to the GGB and the gambling sector.

The Audit and Risk Committee continued to meet during the year as they are independent members. The details of such are under section C7. The new Board Committees were formed in April 2022 which falls into the new financial year.

C4.6 Remuneration of Board Members

The remuneration of Board Members is paid out of the funds of the Board, as determined by the MEC after consulting with the Standing Committee of the Provincial Legislature responsible for financial matters. The latest review was in 2018 and the same rates are still applied in this financial year.

Even though the correspondence by MEC makes reference to claiming of travel expenses, that dispensation has never been actioned by the Board. Such dispensation is governed by the GGB Travel Policy.

The remuneration of the Board is disclosed in the Annual Financial Statements.



C5. RISK MANAGEMENT

The GGB's Risk Management Plan is responsive to the entity's performance plan and, as a result, there is progress in risk management which has transmitted into improvement in the entities performance. The organisation has embedded an Enterprise-Wide Risk Management System within the agency. This has marked continuous improvement in the maturity of the risk management system with a clear allocation of responsibilities across the Board and committees, management and employees.

The GGB is committed to an enterprise-wide risk management process that is in accordance with the provisions of the PFMA (1999, as amended) and other prescripts of good governance, such as the King IV™ Reports on Corporate Governance for South Africa. The GGB recognises risk management as an integral part of responsible management and the process is fully outlined in the Risk Management Framework as well as in the policies and procedures.

During the year under review, the GGB continued to build on the existing foundation, which, among others, included:

- Continuing with fraud, risk and ethics awareness workshops.
- Strengthening the risk maturity within the entity at all levels by embedding the GGB's risk management culture.
- Updating Risk Registers for all departments within the GGB, with allocated responsible senior managers and completion dates.
- Reviewing the GGB Risk Management Policy and Procedures.
- Review of the strategic and operational risks and alignment of the Internal Audit Plan accordingly.
- Quarterly review of the Risk Register by the Senior Management Committee and the identification of emerging risks and formulation of mitigation plans.
- Risk manager independently reports to the CEO and ensures the Audit and risk committee operates in line with good governance priorities
- Quarterly reporting to the Audit and Risk Committee who independently monitors the Risk Register.

C6. INTERNAL CONTROL UNIT

Internal Audit function is outsourced to RAKOMA & Associates Inc who performs as an independent business Unit that reports administratively to the CEO and functionally to the Audit and Risk Committee as provided for in the PFMA (1999, as amended). Its main function is to give assurance to Management and the Board on the adequacy and effectiveness of controls, governance and risk management. At the beginning of each financial year, the Audit and Risk Committee approves the Internal Audit Plan, which is based on critical risks facing the Agency and covers all business units within the GGB. In the year under review, the Internal Audit Charter within which the internal audit functions, was reviewed and approved by the Audit and Risk Committee.

The GGB's Internal Audit complies with all the international standards for professional practice of internal auditing as issued by the Institute of Internal Auditors. This is predicated on the outcome of the External Quality Assessment Review, which adjudged Internal Audit to have obtained a "generally conforms" rating.

Performance during period under review

During the period under review, Internal Audit did not complete all auditable areas as per the approved Internal Audit Plan as four audits were still in progress at year end. The plan covered 15 auditable areas that spanned across the following business units: AOPO, Annual Financial Statements Review, Human Resources/ Payroll, Supply Chain Management, Social Economic Development, Risk Management, Revenue Management, Cyber Security (IT Department), Charter Review (Company Secretary), Corporate Governance, and Licensing Review. The four audits in progress at year end were those for Legal Review, Application Review, Financial Controls, and APP Review.

The plan included reviews of the Quarterly Performance Information Report, Annual Financial Statements, and the follow-up on Auditor-General and Internal Audit findings.

Relevant outcomes

The overall Internal Audit outcome was that the system of internal controls within the GGB is working as intended.

Strategic outlook

The Strategic Internal Audit Plan for 2022 to 2024 covers all high-risk areas that may impede the achievement of strategic and operational objectives and was approved by the Audit and Risk Committee.

C7. THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee of the Board consisted of three independent non-executive members. The Audit and Risk Committee was and is chaired by an independent member. The committee meets at least four times per annum. The committee ensures effective communication between the Board, internal audit and the Auditor-General. The Auditor-General and the internal audit have independent access to the Audit and Risk Committee.

The Audit and Risk Committee operates within an approved charter and has discharged its responsibilities for the year, in compliance with its terms of reference.

The Board has delegated the oversight of risk management to the Audit and Risk Committee. The purpose of the Audit and Risk Committee is to:

- Assist the Board in discharging its duties relating to the safeguarding of assets.
- The operation of adequate systems and control processes.
- The operation of adequate risk management processes.
- The review of the preparation of accurate and timely financial reports and statements by management.

The Committee acts primarily in an advisory capacity and does not have executive responsibilities, except in relation to:

- The approval of non-audit services performed by internal and external auditors.
- The approval of terms of engagement, and fees to be paid to the external auditors.
- Approval of the appointment of internal auditors if the function is outsourced, and the head of Internal Audit.

The identification and management of risk is central to achieving the Board's mandate in terms of the Gauteng Gambling Act (1995, as amended). Each year, the Board reviews and considers the risk profile of the whole business. This risk profile covers both operational and strategic risks.



In addition, the Board specifically requires management to implement a system of control for identifying and managing risk. The Board, through the Audit and Risk Committee, regularly reviews the effectiveness of the system.

In this regard the role of the Audit and Risk Committee is to ensure that:

- Appropriate risk and control policies are in place and are communicated throughout the organisation.
- The process of risk management and the system of internal control are regularly reviewed for effectiveness.
- There is an ongoing process of identifying, evaluating and managing the significant risks faced by the GGB (including compliance and IT-related risks) and that this is in place throughout the year.
- A formal risk assessment is undertaken annually.
- There is an adequate and effective system of internal control in place to manage the more significant risks faced by the group to an acceptable level.
- A Risk Register is maintained and kept up to date.
- Appropriate insurance cover is placed and regularly reviewed, and that all uninsured risks are reviewed and managed.

Attendance of Audit and Risk Committee meetings by members

Name	Qualifications	Date appointed	Date of expiry of term of office	Audit Committee meetings attended
Prof. Wedzerai Musvoto	D. Comm (Financial Management) M. Comm (Financial Management) B. Comm	04 May 2016 AND reappointed 01 October 2018	30 September 2022	5 of 6
Mr. Krishna Govender	CA (SA) B. Comm degree B. Comm Honours degree (Accounting)	04 May 2016 AND reappointed 01 October 2018	30 September 2022	6 of 6
Dr Peter Masegare	PHD in Corporate Governance. Master of Business Administration (MBA). National Diploma in Cost Management Accounting. Diploma Information Technology Audit. Diploma in Investment Management.	01 January 2022	08 February 2023	5 of 6
Ms. Matshidiso Modise	Bachelor of Commerce Degree in Marketing and Advanced Management (BCom). Institute of Directors SA- Financial Insights for Non-Financial Directors.	01 January 2022	08 February 2022	6 of 6

C9. COMPLIANCE WITH LAWS AND REGULATIONS

The Board is responsible for the compliance of statutory, regulatory, supervisory and best practice requirements, and as a result it has ensured the establishment and maintenance of an effective legal compliance function. Business units are required to be familiar with laws and regulations that are relevant to the effective and efficient operations of the Board, and are required to monitor and evaluate compliance with such relevant legislations.

A comprehensive Compliance Framework, which defines the compliance universe and provides for compliance monitoring and reporting, was approved by the Audit and Risk Committee of the Board.

The Legal Services Department is mandated to assist the Board in the management of compliance risks and has on a quarterly basis reported on the level of compliance to the Audit and Risk Committee. In order to ensure compliance, the Board utilises a software tool to track and monitor the level of compliance with legislation.

Compliance with the Promotion of Access to Information Act (PAIA, Act 2 of 2000)

During the year under review, A total of seven requests for information were received in terms of the PAIA (2000). Five have been dealt with and one was refused in full while another one was refused partially. The report on the requests was compiled and submitted to the Information Regulator, as required in terms of Section 32 of PAIA (2000, as amended).

Compliance with the Protection of Personal Information Act (POPIA, 2013)

During 2022/2023, the Board conducted a comprehensive analysis on the impact of POPIA (2013) on the organisation to identify gaps in relation to data protection. The Board is in a process of ensuring that it has the necessary internal control measures to meet the legislative requirements.

C10. FRAUD AND CORRUPTION

The Government of South Africa has identified fraud and corruption as a critical concern that impacts the quality of service delivery. By remaining silent about fraud, corruption and other malpractices, the public and employees are likely to contribute to encouraging the culture of fostering such improprieties.

To address and deal with this concern, the GGB has a Fraud Prevention Plan in place, which includes details on whistle-blowing. This emphasises the GGB's commitment to ensure that the Board's exposure to corrupt activity is constrained, mitigated, regularly monitored and subject to periodic risk assessments. The Plan includes the means by which employees and other stakeholders are able to raise concerns with the appropriate line management or via the Tip-Offs Anonymous Hotline, in instances when they have reasonable grounds to believe that there are irregular activities involving the GGB.

Whistle-blowing provides the means for informing the GGB of any suspicious or reportable conduct, or any other inappropriate activity. The GGB pledges to do everything within its power and reach to protect a whistle-blower that has made a protected disclosure in terms of this policy.

The Tip-Offs Anonymous Hotline was also intentionally established to enable employees and all stakeholders within the gambling industry to report known or suspected incidents, without fear of occupational detriment and/or victimisation. The administration of the Tip-Offs Anonymous Hotline is outsourced to an independent and reputable service provider who guarantees the anonymity of any person who wishes to make a report.

The GGB does not tolerate acts of bribery or fraud and corruption by members of the Board, employees, contractors, suppliers and/or other business partners.



C11. MINIMISING CONFLICT OF INTEREST

The Board and staff members are required to declare any conflict of interest in matters that are considered by the Board. In addition, Board Members are required to provide an annual declaration of conflict of interest. At every meeting, there is a second stage of declaration of potential conflict of interest for matters on the agenda of the meeting.

A policy document is in place which provides guidance and details of disclosures to be made.

In scenarios where a conflict of interest is identified, an evaluation is made on its materiality and corrective measures are taken to address the matter. The Gauteng Gambling Act (1995, as amended) furthermore provides detailed procedures on how conflict of interest for Board Members should be handled.

All SCM staff members have signed the Code of Conduct for SCM practitioners. In the year under review, no breach of the Code of Conduct has occurred. Further, segregation of duties has been implemented within the SCM department as an additional control.

C12. CODE OF CONDUCT/ETHICS

The Code of Ethics forms an integral part of the induction programme and all new Board Members and staff members agree to subscribe to the Code of Ethics.

Further, the GGB has developed a Code of Ethics that is aimed at preventing unethical behaviour and to promote and encourage ethical behaviour amongst all Board Members, employees and stakeholders, as applicable. The Code of Ethics is founded on the principles of integrity, good faith, impartiality, openness and accountability.

Although responsibility for managing the Code of Ethics lies with the Risk management unit and the Social and Ethics Committee, the Accounting Authority is ultimately accountable for ethical business conduct at the GGB. Failure to follow the Code of Ethics can result in disciplinary action and possible dismissal.

C13. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Board is committed to ensuring a safe and healthy workplace for all its employees, visitors and invitees. The GGB has complied and implemented all measures and guidelines as recommended by the World Health Organisation relating to the COVID-19 pandemic and also post-COVID interventions are considered.

The Board complies with all relevant legislation, and in particular, the Occupational Health and Safety Act (Act 85 of 1993, as amended). This includes monitoring risks in the workplace, addressing reported incidents, and raising awareness and responsibility among employees around serious diseases.

With energy efficient behaviour becoming a priority of national importance due to the increased loadshedding, the GGB recognises that it has a contribution to make towards environmental issues, particularly with regards to energy saving. To reduce our electricity usage, the building occupied by the GGB is fitted with energy-saving lights that automatically switch off when there is no movement in the area. Further, the GGB installed a backup supply through a UPS generator.

C14. COMPANY SECRETARY

The Company Secretary is the head of the Corporate Governance Services, which plays a vital role in ensuring the effectiveness of the Board and its Committees as well as in the achievement of good corporate governance.

The Company Secretary ensures that the Board and Board Committee procedures are complied with and advises the Board and Board Committees on governance matters. The Company Secretary, in consultation with the Board Chairperson, oversees the induction and performance evaluation of the Board and Board Committees.

In carrying out their duties, all Members of the Board have unrestricted access to the advice and services of the Company Secretary. The Company Secretary also assists in providing access to external independent professional advice at the Board's expense, when required.

C15. SOCIAL RESPONSIBILITY

The GGB's SDF and CSI intervention resulted in funds invested in external programmes which mainly supported education (i.e. Bursary Scheme), community development (upliftment projects and funds for natural disasters like flooding and sinkhole) and sports infrastructure programmes (establishment of combi courts and renovation of sports facilities). In line with the Gauteng Gambling Act (1995, as amended) and the SED Policy, the GGB's funding seeks to stimulate the creation of employment opportunities and assist in the advancement of deprived communities, thereby promoting the improvement of the quality and standard of living for the people in the province. It should also be noted that GGB strategically ensured that programmes were offered across all five regions of Gauteng.

The GGB recognises its responsibility as a corporate citizenry towards its stakeholders and the communities within which it operates and is committed to playing a role in the development of a Gauteng community that is characterised by sustainable development in aligning its vision and mission statements to that of its performance as a corporate citizen.

The following initiatives were funded by the organisation:

Leading women series NPC for the sink hole health and awareness campaign "The Case of Khutsong"; to support social reform and implement public campaign about the dangers of sinkholes and encourage early migration of communities in dangerous zones. This programme promoted awareness amongst communities around about the sink holes in an around the West Rand(Khutsong).

The GGB further supported the Thabo Nare Foundation to donate school shoes to underprivileged learners in the following schools:

- Lethamaga Middle School
- Lebelo Primary School
- Ramotse Primary School
- Steve Biko Secondary School
- Rethabile Primary School
- St Cumilus Primary

This initiative touched the hearts and minds of many learners in the townships and continues to support the Department of Education.

The Gauteng Sports Confederation facilitated the construction of five polypropylene multi-purpose courts and sports facilities in previously disadvantaged schools that were identified by the Gauteng Department of Sports, Arts, Culture and Recreation. The selected schools are located in the five Gauteng regions namely; Tshwane, Johannesburg, Sedibeng, Ekurhuleni and West Rand. The construction of these sports facilities aimed to improve participation in sports from all sporting codes available in Gauteng schools.



The following schools have been identified as beneficiaries:

- Bosele Primary School in Kagiso, West Rand.
- Lulama Primary School in Klipspruit Soweto, Johannesburg
- Lesiba Primary School in Daveyton, Ekurhuleni.
- Tshimedi Primary School in Sebokeng, Sedibeng region.
- Orefile Primary School in Olivenhoutbosch, Tshwane region.

The SDF and CSI funds are distributed to approved beneficiaries in accordance with the Gauteng Gambling Act (1995, as amended) and GGB's SED Policy.

C17. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The gambling industry has great potential to unlock the employment and empowerment of our people as part of building an inclusive economy. The GGB, as the regulator of this industry, has an important mandate to regulate this industry in a manner that will promote inclusive growth.

In terms of the Government policy and legislative framework, B-BBEE is one of the pillars utilised to promote an inclusive economy by ensuring that persons who were previously disadvantaged are given an opportunity to participate in the economic benefits derived from gambling. Some of the legislative provisions include Section 10 of the B-BBEE Act (2003, as amended), Section 32 of the Gauteng Gambling Act (1995, as amended) and Section 53 of the National Gambling Act (2004, as amended).

B-BBEE compliance performance information

Has the public entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:

Criteria	Response	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	Yes	Licences are approved according to specific B-BBEE shareholding status. This level of B-BBEE shareholding must also be maintained throughout the tenure of the licence and is reviewed by the GGB's Compliance Audit department.
Developing and implementing a preferential procurement policy?	Yes	The GGB's supply chain processes are aligned to the implementation of the preferential procurement policy. BBEE procurement spend relates to discretionary goods and services procured by the GGB. Achieving the targets for businesses owned by women, youth, and people living with disabilities continues to be a priority for the GGB.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	The GGB is not involved in the sale of State-Owned Enterprises.
Developing criteria for entering into partnerships with the private sector?	N/A	The GGB does not enter into partnerships.
Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE?	Yes	The GGB SED Policy outlines the promotion of equality and the prevention of unfair discrimination. This is enforced by the Board's Social and Ethics Committee.

C18. AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee is established as an independent statutory committee in terms of the PFMA and the Gauteng Gambling Board Act (1995, as amended). The GGB has adopted the King IV™ Report on Corporate Governance in South Africa (King IV™), and the Audit and Risk Committee has complied with the principles and recommended practices of the King IV™ during the period under review. We are pleased to present our report for the financial year ended 31 March 2022.

Audit Committee responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1) (a) (ii) of the PFMA (1999, as amended) and Treasury Regulation 27.1. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter; has regulated its affairs in compliance with this Charter; and has discharged all its responsibilities as contained therein as well as reviewed changes in accounting policies and practices.

The PFMA (1999, as amended), and particularly section 51(1)(a)(i), states that the Accounting Authority must ensure that the entity maintained an effective, efficient and transparent system of financial and risk management and internal control.

The Acting CEO, Acting CFO, Acting COO, Internal and External Auditors, as well as some of the Senior Executive Managers have a standing invitation to all meetings of the Committee.

Governance of risk

The Audit and Risk Committee is responsible for ensuring that a risk management process is in place at the GGB. In this regard, the committee can report that, at the meetings conducted during the year, it was informed that risks are being managed and that over and above strategic risk assessment being executed, strategic and operational risks are managed on a continuous basis. Additional information regarding risk events and their effect on this Annual Report are detailed elsewhere in the report.

The effectiveness of internal control

The Audit and Risk Committee is responsible for ensuring that the GGB Internal Audit function, which is outsourced, is independent and has the necessary resources, standing and authority within the GGB to discharge its duties. The Audit and Risk Committee furthermore oversees cooperation between the internal and external auditors and serves as a link between the Accounting Authority and these functions.

As indicated by the various reports of the internal auditors issued during the year under review, the system of internal control and the concomitant control environment within the GGB has remained steady.

The Audit and Risk Committee is pleased to report that there was no significant non-compliance with legal and regulatory provisions and that the policies and procedures of the GGB have been implemented.

Quality of monthly and quarterly management reports submitted in terms of the PFMA (1999, as amended)

The Audit and risk committee did not identify any significant non-compliance with legal and regulatory provision and that the policies and procedures of the GGB were implemented during their tenure that ended February 2023. During the period under review, monthly and quarterly management reports were presented by Management to enable the Committee to:

- Monitor the integrity, accuracy and reliability of the financial position of the GGB.
- Review the management accounts of the GGB and provide the Accounting Authority with an authoritative and credible view of the financial position of the GGB.
- Review the GGB's internal financial and operational controls, as well as the risk management systems.
- Review the disclosure in the financial reports of the GGB and the context in which statements on the financial health of the GGB are made.
- Review all material information presented together with the management accounts.

The Committee reviewed the quarterly and annual reports on GGB's performance against predetermined objectives.



Combined assurance

The committee reviewed the quarterly information upto quarter three of the financial year. The annual financial statements and GGB performance against the predetermined objectives were reviewed by the Internal Audit, Gauteng Provincial Treasury and the Administrator.

Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. The Committee thus gains a combined assurance from Management, the various reports of the Internal Auditors, the Management Letter and Audit Report on the Annual Financial Statements of the AGSA.

Evaluation of the Annual Financial Statements

The Committee reviewed the Annual Financial Statements of the GGB for the year under review and is satisfied that they comply with the relevant Financial Reporting Standards and that the accounting policies used are appropriate and consistent with those of prior years. The Committee recommended the approval of the Annual Financial Statements and the Integrated Annual Report to the Board.

The Annual Financial Statements were reviewed with the following focus:

- Significant financial reporting judgements and estimates contained in the Annual Financial Statements.
- Clarity and completeness of disclosure and whether disclosures made have been set properly in context.
- Changes in the accounting policies and practices.
- Significant adjustments resulting from the Audit.
- Compliance with accounting standards and legal requirements.
- Explanation for the accounting treatment adopted.
- Reasons for year-on-year fluctuations.
- Asset valuations and revaluations.
- The basis for the going concern assumption.

Auditor's Report

We have reviewed the entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters are being adequately addressed. The Audit and Risk Committee reviewed the entity's implementation plan for audit issues raised in the prior year during the tenure and were satisfied that the matters were being adequately addressed.

Conclusion

The Audit and Risk Committee concurs with and accepts the conclusions and the audit opinion of the Auditor-General on the Annual Financial Statements and is of the view that the audited financial statements be accepted and read together with the report of the Auditor-General. The Administrator concurred with and accepted the conclusions and the audit opinion of the Auditor-General on the Annual Financial Statements and is of the view that the audited financial statements be accepted and read together with the report of the Auditor-General.

Signed:

A handwritten signature in black ink, appearing to read 'K. Ntshole'.

Acting CEO

Gauteng Gambling Board

Date: 31 July 2023



Part D

Human Resource Management



Human Resources



D1. INTRODUCTION

Overview of Human Resources

- Set HR priorities for the year under review and the impact of these priorities.
- Future HR plan/goals
- Workforce planning and key strategies to attract and recruit a skilled and capable workforce.
- Highlight achievements (Tshepo 1 million)
- Challenges faced by the public entity.

Set HR priorities for the year under review and the impact of these priorities.

GGB is aiming to fill the vacant posts of top management (CEO, CFO and COO) in the current 2023/24 Financial Year by ensuring effective management of vacancies and retention of critical skills. These vacancies are presently manned by acting appointments. GGB prioritises the employment of women at the top management level and people with disabilities (PWDs) preferably at the top management level.

Future HR Plan/Goals

For the year 2022/23, HR has commissioned the services of an external service provider to conduct an organisational structure review in order to align with the best Organisational Development (OD) practices to remain relevant and accomplish GGB's mandate. HR will focus on reviewing HR policies and conducting skill audits.

Workforce planning and key strategies to attract and recruit a skilled and capable workforce

The following key strategies will be put in place:

- To ensure that a suitable trained workforce for higher-level positions is available when needed.
- To ensure that gender imbalances are addressed.
- To ensure that employment of people with disabilities is increased.
- To ensure that the staff complement is matching with the functions that must be performed in support of GGB.
- To ensure that a culture of good performance is promoted in GGB.
- To ensure that the wellness of employees in the workplace and their personal life is improved.
- Review of the organisational structure.
- Job profiling and grading.
- Skills audit.
- Remuneration Strategy and Policy.
- HR Policy Review.

This will strengthen organisational capability as it will align the strategy, structure, people, rewards, and HR management processes.



Highlights achievements

The Gauteng Gambling Board Participates in the Tshepo 1 million, a youth empowerment initiative in South Africa, especially in Gauteng Provincial Government. Its mission is to help and provide young people access to opportunities that will be useful for their future. GGB partnered with other DED agencies providing Graduates with work-readiness experience across different fields of study. GGB achieved 100% target. The GGB managed to place 50 interns in this financial year.

Challenges faced by the entity.

Human Resources (HR) continues to experience challenges with the recruitment process and employee relations. To enhance our employee relations, a concerted effort was made to engage management and the labour union with the intention to improve our employee relations. The budget constraints did not make it any better since we were unable to pay the annual performance incentives.

D2. HUMAN RESOURCES OVERSIGHT STATISTICS

The public entity must provide the following key information on human resources. All the financial amounts must agree to the amounts disclosed in the annual financial statements. Where considered appropriate, provide reasons for variances.

Personnel cost by programme/activity/objective

Programme/activity/objective	Personnel expenditure (R'000)	Personnel expenditure as a % of total expenditure (R'000)	No. of employees	Average personnel cost per employee (R'000)
Office of the CEO	3 546 142,70	2.3	03	1 182 048
Office of the COO	1 003 765,05	0.7	01	1 003 765,05
Office of Company Secretary	3 644 483,45	2.4	04	911 120,90
Human Resource Management	9 422 540,70	6.1	08	1 177 817,60
Finance	22 819 587,60	15	28	814 985,30
Information Technology	13 488 565,77	8.8	09	1 498 729,53
Gaming Control	25 333 056,80	16.5	18	1 407 392,04
Compliance Audit	28 856 536,79	18.8	23	1 254 632,03
Licensing & Investigations	14 819 072,50	9.7	13	1 139 928,65
Legal & Law Enforcement	17 196 471,60	11.2	12	1 433 039,30
Communications	3 827 354,15	2.5	03	1 275 784,72
SED	6 503 081,45	4.2	04	1 625 770,40
Stakeholder Relations	2 909 144,16	1.9	02	1 454 572,08
	153 369 807	100	128	1 198 201,60

Personnel cost per salary band

Level	Personnel expenditure (R'000)	% of personnel expenditure to total personnel cost (R'000)	Number of employees	Average personnel cost per employee (R'000)
Top management	5 398 488,86	3.5	03	1 799 496,30
Senior management	24 952 840,08	16.3	08	3 119 105
Professional qualified	36 897 198,11	24.1	21	1 757 009,40
Technical skilled	73 283 811,60	48	71	1 032 166,40
Semi-skilled	9 079 193,98	6	15	605 279,60
Unskilled	3 758 274,20	2.5	10	317 338,60
Total	153 369 807	100	128	1 207 542

Performance rewards

Programme//activity/objective	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top management	177 814,52	5 398 488,86	0.1
Senior management	1 065 471,73	24 952 840,08	0.7
Professional qualified	2 132 240,68	36 897 198,11	1.4
Technically skilled	2 214 495,78	73 283 811,60	1.4
Semi-skilled	610 753,95	9 079 193,98	0.4
Unskilled	275 929,48	3 758 274,20	0.2
Total	6 476 733,14	153 369 807	4.2



Training costs

Programme//activity/ objective	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel costs	Number of employees trained	Average training cost per employee
1. Office of the CEO	3 546 142,70	23654.98	0,23	2	11 827.49
2. Office of the COO	1 003 765,05	11631	0,006	1	11 631
3. Company Secretariat	3 644 483,45	13948.66	2.4	3	4 649.553
4. Compliance Audit	28 856 536,79	132661.66	18.9	22	6 030.075
5. Gaming Control	25 333 056,80	66418.32	16	18	3 689.907
6. Licensing & Investigations	14 819 072,50	93138	9.7	13	7 164.462
7. Legal & Law Enforcement	17 196 471,60	62198.32	11	12	5183.193
8. HR	9 422 540,70	111105.66	6.1	6	18517.61
9. Finance	22 819 587.60	77780.32	14	24	3240.847
10. IT	13 488 565,77	38011.66	13.5	8	4751.458
11. SED	6 503 081,45	20815.33	4.2	3	6938.443
12. Communications	3 827 354,15	31966.66	2.4	3	10655.55
13. Strategic Planning and Monitoring	2 909 144,16	6216	1.9	2	3108
	153 369 807	401548.59	100	117	97387.588

Employment and vacancies

The table below summarizes the number of posts, employees and the vacancy rate. The vacancy rate reflects the percentage of vacant posts in relation to the approved posts.

Programme/activity/objective	2021/2022 Number of employees	2022/2023 Approved posts	2022/2023 Number of employees	2022/2023 Vacancies	Percentage of vacancies
Office of the CEO	3	4	2	-2	50
Office of the COO	1	2	1	-1	50
Company Secretariat	5	6	3	-3	50
Compliance Audit	22	33	22	-11	33
Gaming Control	18	21	18	-3	14
Licensing And Investigations	14	15	12	-3	20
Legal And Law Enforcement	11	17	12	-5	29
HR	13	6	6	0	-
Finance	16	33	25	-8	24
IT	9	12	8	-4	33
Sed	4	5	3	-2	40
Communications	4	6	3	-3	50
Strategic Planning And Monitoring	0	5	2	-3	60
Total	120	165	117	48	29

	2021/2022 Number of employees	2022/2023 Approved posts	2022/2023 Number of employees	2022/2023 Vacancies	Percentage of vacancies
Top management	2	4	2	2	50
Senior management	8	10	7	3	30
Professional qualified	21	35	19	16	46
Skilled	62	88	69	19	21
Semi-skilled	20	22	15	7	31
Unskilled	8	6	5	1	16
Total	120	165	117	48	29



Employment changes

The Gauteng Gambling Board's labour turnover rate is low. Below is a table demonstrating employment during the 2022/2023 Financial Year.

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at the end of the period
Top management	1	1	0	2
Senior management	8	0	0	7
Professional qualified	21	1	2	19
Skilled	62	3	0	69
Semi-skilled	20	3	2	16
Unskilled	8	0	1	4
Total	120	8	5	117

Reasons for staff leaving

Reason	Number	% of total number of staff leaving
Resignation	1	20
Retirement	3	60
Ill health	1	20
Total	5	100

Labour relations: misconduct and disciplinary action

The table below summarises the misconduct and disciplinary action for the year under review.

Nature of disciplinary action	Number
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	0
Total	0

Equity target and employment equity status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	2	0	0	0	0	0	0
Senior management	3	3	0	0	1	1	0	0
Professional qualified	12	10	0	1	0	1	2	3
Technically skilled	36	40	0	2	0	0	0	0
Semi-skilled	4	8	0	0	0	0	0	0
Unskilled	1	1	0	0	0	0	0	0
Total	58	64	0	3	1	2	2	3

Levels	Females							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	2	0	0	0	0	0	0
Senior Management	3	4	0	0	0	0	0	0
Professional qualified	4	13	0	1	0	0	1	2
Skilled Technical	32	41	1	1	0	0	0	0
Semi-skilled	11	8	0	0	0	0	1	2
Unskilled	3	1	0	0	0	0	0	0
Total	53	69	1	2	0	0	2	4

Levels	Disabled staff			
	Male		Female	
	Current	Target	Current	Target
Top management				
Senior management				
Professionally qualified				
Technically skilled	1	1	0	1
Semi-skilled				
Unskilled				
Total	1	1	0	1

Part E

Financial Information

Finance



REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE GAUTENG GAMBLING BOARD

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Gauteng Gambling Board set out on pages 86 to 138, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gauteng Gambling Board as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited irregular expenditure and fruitless and wasteful expenditure

7. On 23 December 2022, the National Treasury issued Instruction Note 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, amongst others, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in either the annual report or the disclosure notes to the annual financial statements. Only the current year and prior year figures are disclosed in note 35 to the financial statements of the Gauteng Gambling Board. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of the other information in the annual report of the department. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.



Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programme presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected a programme that measures the public entity's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Page numbers	Purpose
Gambling Regulations	36	To regulate the gambling industry in order to generate revenue towards the socio-economic development of the province.



14. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
15. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance conclusion.
17. I did not identify any material findings on the reported performance information of Gambling Regulations.

Report on the audit of compliance with legislation

Introduction and scope

18. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
19. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
20. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
21. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:



Annual financial statements

22. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA.
23. Material misstatements of the cash flow statement and other disclosure items identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information in the annual report

24. The accounting authority is responsible for the other information included in the annual report, which includes the information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported on in this auditor's report.
25. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
26. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

28. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
29. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
30. Management did not adequately review the annual financial statements to ensure that they fully comply with the applicable SA Standards of GRAP.

Other reports

31. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
32. There was an investigation that was conducted by the public protector that could potentially have an impact on the public entity's financial statements and compliance with applicable legislation or other related matters. The investigation follows a complaint laid with the public protector against the board in August 2022, alleging maladministration, dishonesty and improper dealing with respect to public money. The investigation is in progress.
33. Furthermore, there are other investigations there are other forensic investigations commissioned by the public entity into allegations of misconduct breach of fiduciary duties and undue influence, allegations of irregular expenditure and financial misconduct, allegations of procurement irregularities, allegations of bias and improper conduct as well a breach of legal prescripts and allegations of breach of fiduciary duties and insubordination.

Auditor-General

Johannesburg

31 July 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



Annexure to the auditor's report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programme and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(4);
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Regulation 8.2.1; 8.2.2 Regulation 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A 8.3; 16A 8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2(a)(ii) Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Regulation 31.1.2(c'); 31.2.5; 31.2.7(a) Regulation 33.1.1; 33.1.3
Public service regulation	Public service regulation 13(c);18; 18 (1) and (2);
PRECCA	Section 29; 34(1)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2



Legislation	Sections or regulations
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4(c); 4.4(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Paragraph 5.5.1(vi); 5.5.1(x)
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; Paragraph 3.4(a); 3.4(b) Paragraph 3.9 Paragraph 6.1; 6.2; 6.7
8 NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a); 3.2.4(b); 3.3.1; Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1) Paragraph 4(2) Paragraph 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
NT instruction note 4 of 2015/16	Paragraph 3.4
NT instruction 3 of 2019/20 – Annexure A	Section 5.5.1 (iv) and (x)

E2. ANNUAL FINANCIAL STATEMENTS GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Regulator in the gambling industry, established in terms of Section 3 of the Gauteng Gambling Act (Act No.4 of 1995), as amended.
Business address	125 Corlett Drive Bramley 2090
Postal address	Private Bag X15 Bramley 2018
Controlling entity	Gauteng Department of Economic Development
Acting Chief Executive Officer	Ms. K Mbele
Chief Financial Officer	Mr. D Dlamini
Acting Board Secretary	Mr. T Bodila
Bankers	Standard Bank Limited
Auditors	Auditor-General South Africa Chartered Accountants (S.A.) Registered Auditors
Telephone Number	+27 11 581 4800
Fax Number	+27 11 581 4900
Email Address	info@ggb.org.za
Website Address	www.ggb.org.za

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

	Page
Accounting Authority's Report	85
Statement of Financial Position	86
Statement of Financial Performance	87
Statement of Changes in Net Assets	88
Cash Flow Statement	89
Statement of Comparison of Budget and Actual Amounts	90
Accounting Policies	91
Notes to the Annual Financial Statements	112



E3. ACCOUNTING AUTHORITY'S REPORT

1. Accounting Authority

The board of the entity during the 12 months and to the date of this report is as follows:

Name	Changes
<i>Adv. Platt A SC (Chairperson)</i>	Resigned Wednesday, February 8, 2023
<i>Sukazi T (Deputy Chairperson)</i>	Resigned Wednesday, February 8, 2023
Modise M	Resigned Wednesday, February 8, 2023
Matenche R	Resigned Wednesday, June 15, 2022
Rajoo K	Resigned Wednesday, February 8, 2023
Monyokolo R	Resigned Saturday, 04 February 2023
Dr. Masegare P	Terminated Friday, February 10, 2023
Mgoduso T	Terminated Friday, February 10, 2023
Maraka D	Terminated Friday, February 10, 2023
Matjele P	Resigned Tuesday, 07 February 2023
Adv. Ribane N	Resignation Wednesday, February 8, 2023

The annual financial statements set out on page 86 to 138, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2023.

In terms of section 49(2)(b) of the PFMA, if the public entity does not have a controlling body, the CEO or another person in charge of the public entity is the accounting authority for that public entity unless specific legislation applicable to that public entity designates another person as the accounting authority. On the 19 April 2023, the MEC of the Department of Economic Development appointed an Administrator Mr. Z Majavu CD(SA) as the accounting authority, effective from the 19 April 2023, for a period of four months, in the absence of the Board. The annual financial statements were signed by Mr. Z. Majavu:

Mr. Z Majavu CD(SA)

Administrator

E4. STATEMENT OF FINANCIAL POSITION

as at March 31, 2023

	Note(s)	31 March 2023 R '000	31 March 2022 Restated* R '000
Assets			
Current Assets			
Cash and cash equivalents	2	308 400	272 306
Receivables from non-exchange transactions	3	11 134	2 717
Receivables from exchange transactions	4	12 502	10 041
Deposits	5	242	242
Inventories	6	414	1 048
		332 692	286 354
Non-Current Assets			
Property, plant and equipment	7	130 835	132 778
Intangible assets	8	27 290	27 353
Heritage assets	9	539	539
		158 664	160 670
Total Assets		491 356	447 024
Liabilities			
Current Liabilities			
Finance lease obligation	10	-	290
Payables from exchange transactions	11	77 997	59 261
Collections for distributions	12	180 972	139 089
Accruals	13	6 904	7 786
Provisions	14	14 716	13 332
License fees received in advance		64 628	58 502
		345 217	278 260
Total Liabilities		345 217	278 260
Net Assets		146 139	168 764
Reserves			
Revaluation reserve	15	266	266
Accumulated surplus	16	145 873	168 498
Total Net Assets		146 139	168 764

*Refer to note 35



E5. STATEMENT OF FINANCIAL PERFORMANCE

for the 12 months ended March 31, 2023

	Note(s)	12 months ended 31 March 2023 R '000	12 months ended 31 March 2022 R '000
Revenue			
Revenue from non-exchange transactions	17	87 121	75 562
Revenue from exchange transactions	17	118 610	99 478
Rental income		354	328
Interest received – investment	17	5 772	3 992
Government grants and subsidies	18	14 600	373
Total revenue		226 457	179 733
Expenditure			
Employee related costs	19	(143 952)	(135 261)
Administration	20	(3 487)	(1 689)
Depreciation and amortisation		(4 721)	(4 962)
Finance costs		(10)	(56)
Loss on disposal of assets		(14)	(86)
Fiscal Consolidation Contribution	21	(30 618)	(21 209)
General expenses	22	(66 280)	(54 538)
Total expenditure		(249 082)	(217 801)
Deficit for the 12 months		(22 625)	(38 068)

E6. STATEMENT OF CHANGES IN NET ASSETS

for the 12 months ended March 31, 2023

	Revaluation reserve R '000	Accumulated surplus R '000	Total net assets R '000
Balance at April 1, 2021	266	208 635	208 901
Changes in net assets			
Prior year adjustment on retained earnings* (Refer to note 35)	-	8 703	8 703
Surplus funds surrendered to Provincial Revenue Fund	-	(2 069)	(2 069)
Surplus surrendered to Gauteng Provincial Treasury	-	(8 703)	(8 703)
Deficit for the year	-	(38 068)	(38 068)
Total changes	-	(40 137)	(40 137)
Balance at 01 April 2022 Restated	266	168 498	168 764
Changes in net assets			
Deficit for the year	-	(22 625)	(22 625)
Total changes	-	(22 625)	(22 625)
Balance at March 31, 2023	266	145 873	146 139

Note(s)

15

*Refer to note 35



E7 .CASH FLOW STATEMENT

for the 12 months ended March 31, 2023

	Note(s)	12 months ended 31 March 2023 R '000	12 months ended 31 March 2022 R '000
Cash flows from operating activities			
Receipts			
Interest income		4 988	3 844
Cash receipts from licensees and other institution		210 590	189 545
		215 578	193 389
Payments			
Cash paid to suppliers and employees		(176 456)	(166 332)
Net cash flows from operating activities	24	39 122	27 057
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(2 728)	(2 016)
Proceeds from sale of property, plant and equipment	7	-	21
Net cash flows from/(utilised in) investing activities		(2 728)	(1 995)
Cash flows from financing activities			
Finance lease payments		(300)	(515)
Net increase/(decrease) in cash and cash equivalents		36 094	24 547
Cash and cash equivalents at the beginning of the year		272 306	247 759
Cash and cash equivalents at the end of the year	2	308 400	272 306

E8. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the 12 months ended March 31, 2023

Budget on Accrual Basis

	Approved budget R '000	Adjustments R '000	Final budget R '000	Actual amounts on comparable basis R '000	Difference between final budget and actual R '000	Reference
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Statement of Financial Performance

Revenue

Revenue exchange transactions

Revenue from non-exchange transactions	94 394	-	94 394	87 121	(7 273)	33.1
Revenue from exchange transactions	113 527	-	113 527	118 610	5 083	33.2
Rental income	342	-	342	354	12	33.3
Interest received – investment	6 021	-	6 021	5 772	(249)	33.4
Total revenue from exchange transactions	214 284	-	214 284	211 857	(2 427)	

Revenue from non-exchange transactions

Transfer revenue

Government grants and subsidies	14 600	-	14 600	14 600	-	
Total expenditure	228 884	-	228 884	226 457	(2 427)	

Expenditure

Personnel	(144 311)	-	(144 311)	(143 952)	359	33.5
Administration	(3 513)	-	(3 513)	(3 487)	26	33.6
Depreciation and amortisation	(5 718)	-	(5 718)	(4 721)	997	33.7
Finance costs	-	-	-	(10)	(10)	
General Expenses	(75 342)	-	(75 342)	(66 280)	9 062	33.8
Total expenditure	(228 884)	-	(228 884)	(218 450)	10 434	
Operating surplus	-	-	-	8 007	8 007	
Loss on disposal of assets and liabilities	-	-	-	(14)	(14)	
Transfer to Provincial Treasury	-	-	-	(30 618)	(30 618)	33.9
	-	-	-	(30 632)	(30 632)	
Deficit before taxation	-	-	-	(22 625)	(22 625)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	(22 625)	(22 625)	



E9. ACCOUNTING POLICIES

for the 12 months ended March 31, 2023

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared and are complied with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. All figures have been rounded to the nearest thousand rand.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the Board.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

The Board assesses its receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the Board makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment testing

The recoverable (service) amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change, which may then impact our estimations and may then require a material adjustment to the carrying value and tangible assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 14 – Provisions.

Useful lives of property, plant and equipment and other assets.

The Board's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the Board.

Allowance for impairment

For receivables an impairment loss is recognised in surplus or deficit (Statement of Financial Performance) when there is objective evidence that is impaired. The impairment is measured as the difference between the receivable's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Value in use of cash generating assets

The Board reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by several factors, together with economic factors such as inflation and interest.

Value in use of non-cash generating assets

The Board reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Recognition

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Measurement at recognition

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value or cost. If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.



When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Revaluation model

Revaluations are made on a regular basis such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When Land and Buildings are revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit (Statement of Financial Performance) to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit (Statement of Financial Performance) in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Subsequent measurement

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses except for Land and Building which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	40-50 years
Furniture and fixtures	Straight-line	20 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	25 years
IT equipment	Straight-line	4-10 years
Fixtures and Fittings	Straight-line	25 years
Finance Leased Assets	Straight-line	3 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

The depreciation charge for each period is recognised in surplus or deficit (Statement of Financial Performance).

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit (Statement of Financial Performance) when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

Recognition

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The Board assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Measurement

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Subsequent measurement

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.



- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, internally generated	Straight-line	indefinite
Computer software	Straight-line	3 years – 20 years

1.6 Heritage assets

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Recognition

The Board recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the Board, and the cost or fair value of the asset can be measured reliably.

Where the Board holds a heritage asset, but on initial recognition it does not meet the recognition criteria because it cannot be reliably measured, information on such a heritage asset is disclosed.

Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Subsequent measurement

Subsequent to initial measurement of heritage assets, whose fair value can be measured reliably, are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

Impairment

The Board assesses at each reporting date whether there is an indication that heritage assets may be impaired. If any such indication exists, the Board estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Derecognition

The entity derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The Board classifies financial assets and financial liabilities into the following categories:

- Financial assets
- Financial liabilities

Classification

The Board has the following types of financial assets as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Deposits	Financial asset measured at amortised cost

The Board has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Collections for distributions	Financial liability measured at amortised cost
License fees received in advance	Financial liability measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/ incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.



Initial recognition

The Board recognises a financial asset or a financial liability in its statement of financial position when the Board becomes a party to the contractual provisions of the instrument.

The Board recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The Board measures a financial asset and financial liability, other than those subsequently measured at fair value, initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The Board measures all other financial assets and financial liabilities initially at fair value.

Subsequent measurement of financial assets and financial liabilities

The Board measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value
- Financial instruments at amortised cost

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectible in the case of a financial asset.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the Board establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the Board uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on Board-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the Board calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectability of financial assets

The Board assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For amounts due to the Board, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed.

The amount of the reversal is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The Board derecognises financial assets using trade date accounting. The Board derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the Board transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the Board, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Board:
 - derecognises the asset; and
 - recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the bases of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.



On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The Board removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred, or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction is accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term to produce a constant periodic rate of the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value. Inventories are measured at the current replacement cost where they are held for.

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

Inventory comprises of stationery, consumables, marketing and promotional items that shall be consumed within a short-term period in the normal business of the Board and not held for sale.

1.10 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Useful life is either:

- the period of time over which an asset is expected to be used by the Board; or
- the number of production or similar units expected to be obtained from the asset by the Board.

Criteria developed by the Board to distinguish cash-generating assets from non-cash-generating assets are as follows:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The Board assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the Board estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Board also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.



Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the Board estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the Board applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the assets or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The Board assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.11 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.



A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:

- the period over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Criteria developed by the Board to distinguish non-cash-generating assets from cash-generating assets are as follows:

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The Board assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the Board estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated based on such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit (Statement of Financial Performance).

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.12 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.



The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

The Board does not incur a liability for post-employment benefits.

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.13 Provisions and contingencies

Provisions are recognised when:

- the Board has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating expenditure.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Board or;
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation. The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is:

- a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one of more uncertain future events not wholly within the control of the Board.;

Contingent assets and contingent liabilities are recognised. Contingencies are disclosed in note 27.

1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the Board receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.



Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest

Interest earned on bank balances is recognised on a time proportionate basis that takes into account the effective yield on the interest investment.

Income from collection commission

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income is recognised in terms of an agency agreement.

1.15 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the Board, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the Board can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the Board either receives value from another Board without directly giving approximately equal value in exchange, or gives value to another Board without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are in terms of laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting Board.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Board satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the Board.

When, as a result of a non-exchange transaction, the Board recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the Board.

Where the Board collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

License fees

Revenue from license fees is recognised on an accrual basis in accordance with the terms of the license conditions and the Gauteng Gambling Act.

1.16 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.



1.17 Accounting by principals and agents

Identification

A principal-agent arrangement results from a binding arrangement in which one entity (an agent) undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.18 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current 12 months

1.19 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the 12 months that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 Irregular expenditure

Irregular expenditure is defined in section 1 of the PFMA as expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.21 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.22 Commitments

Items are classified as commitments where the Board commits itself to future transactions that will normally result in the outflow of resources.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- where the purchase orders are approved and contracted for as commitments.
- where the expenditure has been approved and the contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.



1.23 Budget information

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 4/1/2022 to 3/31/2023.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of Budget and Actual Amounts.

1.24 Related parties

The Board operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitution independence of the three spheres of government in South Africa, only entities within the provincial sphere of government are considered to be potential related parties.

Management are those persons responsible for planning, directing and controlling the activities of the Board, including those charged with the governance of the Board in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence or be influenced by that person in their dealings with the Board.

1.25 Events after the reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The Board will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The Board will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.26 Accumulated surplus

The Board's surplus or deficit for the year is accounted for in the accumulated surplus in the Statement of Changes in Net Assets.

The accumulated surplus/deficit represents the net difference between total assets and total liabilities of the Board. Any surpluses and deficits realised during a specific financial year are credited/ debited against accumulated surplus/deficit. Prior year adjustments relating to income and expenditure are debited/credited against accumulated surplus when retrospective adjustments are made.

1.27 Offsetting

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is required or permitted by a Standard of GRAP.

E10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the 12 months ended March 31, 2023

	31 March 2023 R '000	31 March 2022 R '000
2. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	308 400	272 306
Bank balances		
Standard Bank – Board Account	110 526	100 099
Standard Bank – Trust Account	197 874	172 208
	308 400	272 307
There are no cash and cash equivalents which were pledged as collateral.		
3. Receivables from non-exchange transactions		
Receivables – license fees, taxes and levies	11 134	2 717

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. As at March 31, 2023, R11,134 (2022: R2,717), there were no receivables from non-exchange outstanding for more than 30 days.

1 month past due	11 134	2 717
4. Receivables from exchange transactions		
Gauteng Provincial Government: Collection commission	9 542	8 372
Staff receivables	774	495
Accrued bank interest	1 285	501
Sundry receivables	901	673
	12 502	10 041

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. As at March 31, 2023, R 12,502 (2022: R 10,041) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	11 921	10 011
2 months past due	-	30
3 months past due	581	-



	31 March 2023 R '000	31 March 2022 R '000
5. Deposits		
Designated at fair value		
City Power Johannesburg (SOC) Ltd	242	242
6. Inventories		
Responsible gambling promotional materials and other	414	1 048

Figures in Rand thousand

7. Property, plant and equipment

	2023			2022		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	40 959	-	40 959	40 959	-	40 959
Buildings	80 246	(5 530)	74 716	80 246	(3 558)	76 688
Furniture and fixtures	6 155	(3 158)	2 997	6 176	(2 866)	3 310
Motor vehicles	1 033	(974)	59	1 033	(771)	262
Office equipment	4 441	(1 665)	2 776	4 166	(1 500)	2 666
IT equipment	9 547	(4 595)	4 952	9 098	(4 380)	4 718
Leased assets	-	-	-	1 323	(1 057)	266
Furniture	9 536	(5 160)	4 376	8 623	(4 714)	3 909
Total	151 917	(21 082)	130 835	151 624	(18 846)	132 778

Figures in Rand thousand
7. Property, plant and equipment *(continued)*
Reconciliation of property, plant and equipment – 31 March 2023

	Opening	Additions	Disposals	Depreciation	Total
Land	40 959	-	-	-	40 959
Buildings	76 688	-	-	(1 972)	74 716
Furniture and fixtures	3 310	-	-	(313)	2 997
Motor vehicles	262	-	-	(203)	59
Office equipment	2 666	274	-	(164)	2 776
IT equipment	4 718	1 542	(15)	(1 293)	4 952
Leased assets	266	-	-	(266)	-
Furniture	3 909	912	-	(445)	4 376
	132 778	2 728	(15)	(4 656)	130 835

Reconciliation of property, plant and equipment – 31 March 2022

	Opening	Additions	Disposals	Depreciation	Total
Land	40 959	-	-	-	40 959
Buildings	78 683	-	-	(1 995)	76 688
Furniture and fixtures	3 515	110	-	(315)	3 310
Motor vehicles	467	-	-	(205)	262
Office equipment	2 689	144	(3)	(164)	2 666
IT equipment	4 933	1 236	(104)	(1 347)	4 718
Leased assets	705	-	-	(439)	266
Furniture	3 807	526	-	(424)	3 909
	135 758	2 016	(107)	(4 889)	132 778

Pledged as security

No property, plant and equipment were pledged as security for liabilities.

Finance lease assets relates to photocopier machines leased. (Also refer note 10: Deemed finance lease-es).

Revaluation of Land and Building:

The property revalued is Section 3 of the sectional scheme "Waverley Office Park" scheme no 40/2013, situated on Erf 377, Bramley.

The land and building was revalued on 31 March 2020 by an independent valuer, Mr. Themba Kunene, a professional valuer from Fair Prop Valuations at R69,2 million. Mr. Themba Kunene is not connected to the entity.

The valuation was performed using the income capitalisation method of valuation which determines the annual income of the property, which is then capitalised at the appropriate market capitalisation rate. Gauteng Gambling Board revalue its land and building every three to five years cycle.



7. Property, plant and equipment *(continued)*

Expenditure incurred to repair and maintain property, plant and equipment

	31 March 2023 R '000	31 March 2022 R '000
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Building maintenance	2 097	1 288
Repairs and maintenance	69	7
	2 166	1 295

Figures in Rand thousand

8. Intangible assets

	2023			2022		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	1 186	(726)	460	1 416	(893)	523
Intangible assets under development	26 830	-	26 830	26 830	-	26 830
Total	28 016	(726)	27 290	28 246	(893)	27 353

Reconciliation of intangible assets – 31 March 2023

	Opening balance	Amortisation	Total
Computer software	593	(63)	460
Intangible assets under development	26 830	-	26 830
	27 353	(63)	27 290

Reconciliation of intangible assets – 31 March 2022

	Opening balance	Amortisation	Total
Computer software	593	(70)	523
Intangible assets under development	26,830	-	26,830
	27,423	(70)	27,353

Pledged as security

No intangible assets were pledged as security for liabilities

	31 March 2023 R '000	31 March 2022 R '000
8. Intangible assets <i>(continued)</i>		
Intangible assets in the process of being constructed or developed		
Cumulative expenditure recognised in the carrying value of Intangible assets		
Computer software, internally generated	26 830	26 830

The R26,8 million relates to the Business Automation System which is currently been developed by a service provider appointed by the Gauteng Gambling Board. The system is expected to improve the internal process and integrate to licensees systems in order to improve the revenue collection process and to also improve the licensees interface experience.

Carrying value of Intangible assets that is taking a significantly longer period of time to complete than expected

The service provider submitted an invoice for Milestone 5 on the basis that they have completed the development of Milestone 5. Gauteng Gambling Board did not sign off the milestone as there are technical glitches that the service provider still needed to resolve on Milestone 4.

	26,830	26,830

Figures in Rand thousand

9. Heritage assets

	2023			2022		
	Cost/ Valuation	Accumulated impairment losses	Carrying value	Cost/ Valuation	Accumulated impairment losses	Carrying value
Paintings	539	-	539	539	-	539

Reconciliation of heritage assets 31 March 2023

	Opening balance	Total
Paintings	539	539

Reconciliation of heritage assets 31 March 2022

	Opening balance	Total
Paintings	539	539

Pledged as security

No heritage assets were pledged as security for liabilities.



	31 March 2023 R '000	31 March 2022 R '000
10. Finance lease obligation		
Minimum lease payments due		
– within one year	-	299
	-	299
less: future finance charges	-	(9)
Present value of minimum lease payments	0	290

The Gauteng Gambling Board apply GRAP 13 whereby certain assets, mainly photocopies are classified as deemed finance leases.

The average lease term is three years up until December 2022 after which the contract expired, and the average effective borrowing rate was fixed at 17% (2022: 17%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

11. Payables from exchange transactions

Payables	77 997	59 261
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The change on the payables from exchange transactions is due to the R30 million which is accrued and will be payable to Provincial Treasury in the 2023/2024 financial year. The payable of was paid R21 million in the prior year.

12. Collections for distributions

Gambling taxes are collected on behalf of Gauteng Provincial Government on a weekly basis from licensees and distributed to the province monthly. The Gauteng Gambling Board earns collection commission of 8% on all monies collected, less the amount of interest earned and bank charges on these monies. The collection commission is reflected in the Statement of Financial Performance.

The amount is reflected under Current Liabilities – Collections for distribution on the Statement of Financial Position.

Gauteng Provincial Administration	120 320	106 181
Sports Development Fund	60 652	32 908
	180 972	139 089

	31 March 2023 R '000	31 March 2022 R '000
12. Collections for distributions <i>(continued)</i>		
Reconciliation of taxes and levies collected		
Gauteng Provincial Government		
Betting Tax		
Provincial Taxes		
Totalizator – Horse racing	16 986	18 721
Totalizator – Other sport	4 471	5 337
On-course bookmakers – Horse racing	142	128
On-course bookmakers – Other sport	1 716	1 756
Off-course bookmakers – Horse racing	147 884	146 808
Off-course bookmakers – Other sport	151 705	136 218
	322 904	308 968
Gaming Tax		
Casinos – Machines	487 266	392 867
Casinos – Tables	223 176	147 812
Casinos – Unclaimed dividends	2 865	546
Bingo	67 128	57 224
Limited pay out machines	119 119	98 212
Total gambling tax	899 554	696 661
Taxes collected for Gauteng Provincial Government	1 222 458	1 005 629
Levies collected		
Sports Development Fund levies		
Levies	35 796	33 128
Interest earned	2 233	622
Total sport development funds (SDF) collected	38 029	33 750
Total levies collected for SDF and Phumelela	38 029	33 750
Interest earned and penalties received	2 948	21
Grand total collected for distribution	1 263 435	1 039 400
Taxes and levies for distribution to beneficiaries at period end	(180 972)	(139 089)
	1 082 463	900 311
Taxes and levies distributed during the period		
Gauteng Provincial Administration	1 211 267	979 305
Sports Development Fund	10 285	35 000
Less: Prior year-end collections distributed during the period	(139 089)	(113 995)
	1 082 463	900 310



	31 March 2023 R '000	31 March 2022 R '000
13. Accruals		
Leave pay	5 589	6 574
13th cheque	1 315	1 212
	6 904	7 786

The Board has an obligation to either pay out unused leave or allow employees to carry over unused leave to future cycles up to a limit as detailed in the Board's applicable policy.

The Board has an obligation to pay 13th cheque bonuses to those employees who opted for their 13th cheque payment to be made annually during December.

Figures in Rand thousand

14. Provisions

Reconciliation of provisions – 31 March 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Bursaries	3 000	2 161	(445)	-	4 716
COE Adjustments	929	-	-	(929)	-
Performance bonus	9 403	10 000	-	(9 403)	10 000
	13 332	12 161	(445)	(10 332)	14 716

Reconciliation of provisions – 31 March 2022

	Opening Balance	Additions	Reversed during the year	Total
Legal proceedings	1 000	-	(1 000)	-
Bursary provision	-	3 000	-	3 000
COE Adjustments	-	929	-	929
Performance bonus	10 901	9 403	(10 901)	9 403
	11 901	13 332	(11 901)	13 332

The provision for performance bonus is created through assessment of employees' performance throughout the year and the Board's practice of paying performance bonuses. The performance bonus is paid on or before August each year based on the performance policy of the organisation, each employee performance score and based on the availability of budget. The estimated amount is based on historical payout and cannot be determined with certainty due to the factors stated that are determined after financial year end and approval by the Accounting Authority.

14. Provisions *(continued)*

Legal proceedings provisions

The legal provisions relate to matters which the Board's applications were dismissed and the courts awarded the legal cost of the applicant against the Board.

COE Adjustments

Prior year the Board had a policy of adjusting employees' salaries at the beginning of each year on the 01 January each year. The Board concluded the negotiations with the union regarding the employee's salary adjustments, which was paid to the employees during September 2022 month. The Board has made a provision of salary adjustment of 3.1%, the relate to the prior year concluded negotiation with union.

Bursary provisions 2023

Bursary provisions relates to 30 students that GGB committed to fund through the GYC agreement. The Board made a resolution to cancel the agreement and administer the fund internally. Currently GGB is collating information of the students that GYC was administering their bursaries and still have to be funded for the academic year 2023, which started in started in January 2022.

	31 March 2023 R '000	31 March 2022 R '000
15. Revaluation reserve		
Opening balance	266	266

The revaluation reserves are non-distributable reserves which relates to the revaluation of land and building and heritage assets. The last valuation of the land and building was performed during the 2020 financial year by a service provider, hence there was no movement on the revaluation reserve for the current year. The non-distributable reserves are not distributable to the shareholder.

16. Accumulated surplus

In terms of Section 17(6) of the Gauteng Gambling Act 1995, as amended, and Section 53 (3) of the Public Finance Management Act, surplus funds at the close of the financial year, shall be paid to the Provincial Revenue Fund, unless Treasury approval has been obtained to retain such funds. Gauteng Gambling Board opened with accumulated surplus of R208.6 million in 2020/2021 financial year.

There was a prior period adjustment of R8.7 million for the 2021/2022 financial year which increased the net changes from R48.8 million as previously disclosed to R40.1 million. This was due to a prior period error of R8.7 million surrendered to Provincial Revenue Fund which resulted in the restated opening balance, refer to note 35. The accumulated surplus for the financial year 2021/2022 restated net change of R40.1 million constitute of R38.0 million deficit for the prior year, and R2 million surplus funds. The accumulated surplus in the 2022/2023 current financial year closed with a balance of R145.8 million at year end.



	31 March 2023 R '000	31 March 2022 R '000
17. Revenue		
Revenue from non-exchange transactions	87 121	75 562
Revenue from exchange transactions	118 610	99 478
Rental income	354	328
Interest received	5 772	3 992
	211 857	179 360
The amount included in other revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Penalties collected	-	638
License fees	66 857	55 535
Sports betting levies	20 264	19 389
	87 121	75 562
The amount included in other revenue arising from exchanges of goods or services are as follows:		
Recoveries of investigation expenses	1 770	1 120
Collection commission	97 856	80 381
Application and registration fees	12 151	5 090
Sundry income	6 833	12 887
	118 610	99 478

In the prior financial year 2021/2022, the Board transferred an amount of R10 million from Sports Development Fund in line with Gauteng Gambling Act section 100 to fund the Board's operations. The transfer was approved by the MEC of Gauteng Department of Economic Development in line with the Act.



	31 March 2023 R '000	31 March 2022 R '000
18. Government grants and subsidies		
Operating grants		
Government grant (operating)	14 600	373
Government Grant (Operational)		
Balance unspent at beginning of 12 months	18 270	17 897
Current-year receipts	14 600	373
Grants spend in the current year	(32 870)	-
	-	18 270
<p>The Board received R392 000 (2021/2022: R373 000) from Provincial Treasury for appointment of probity auditors for open tenders that the Board will issue in 2022/2023 financial year. Also the Board received R14 million from DED for the operationalisation and establishment of War Room at GGB premises.</p>		
19. Employee related costs		
Salaries, bonuses, and allowances	121 221	111 984
Medical aid – company contributions	5 427	5 380
Other employer contributions	278	250
Workmen’s compensation	98	225
Skills Development Levy	1 336	1 237
Leave pay contribution	109	692
Defined contribution plans	12 822	12 852
Group life contributions	2 661	2 641
	143 952	135 261
Remuneration of S Ngubeni – Chief Executive Officer		
Annual remuneration	-	1 840
Allowance	-	205
13th cheque	-	158
Employer contribution	-	524
Mutual Settlement	-	2 563
	-	5 290

Mr. SP Ngubeni reached a mutual separation agreement with GGB and settled out of court at the beginning of December 2021.



	31 March 2023 R '000	31 March 2022 R '000
19. Employee related costs (continued)		
Remuneration of L Makube – Acting Senior Finance Manger		
Allowance	60	
Mr. L Makube was appointed on the 23 February 2023 to act on the position Senior Finance Manger		
Remuneration of D Dlamini – Chief Financial Officer		
Annual remuneration	622	-
Allowance	7	-
13th cheque	52	-
Employer Contribution	114	-
	795	-
Mr. D Dlamini was appointed as the Chief Financial Officer effective from 01 January 2023.		
Remuneration of O Maripane – Acting Chief Financial Officer		
Acting allowance	1 353	1 570
Mr. O Maripane was appointed on the 01 October 2019 as Acting Chief Financial Officer of Gauteng Gambling Board.		
Remuneration of ZN Gumede – Senior Manager: Human Resources		
Annual remuneration	2 075	2 116
Allowance	20	20
13th cheque	169	162
Performance bonus	148	-
Contribution to UIF, Medical and Pension Funds	509	491
	2 921	2 789
On the 01 February 2023 Mr. N Malebane was appointed as Acting Senior Manager: Human Resource, during that time he earned an acting allowance of R203 824.		
Remuneration of L Kobue – Senior Manager: Compliance		
Annual remuneration	2 259	2 301
Allowance	62	62
13th cheque	187	179
Performance bonus	161	-
Contribution to UIF, Medical and Pension Funds	500	481
Long service award	95	-
	3 264	3 023

	31 March 2023 R '000	31 March 2022 R '000
19. Employee related costs (continued)		
Remuneration of T Letshwiti – Senior Manager: Licensing		
Annual remuneration	2 223	2 266
Allowance	20	20
13th cheque	181	173
Performance bonus	158	-
Contribution to UIF, Medical and Pension Funds	519	501
Long Service	-	89
	3 101	3 049
Remuneration of S Manganye – Chief Information Officer		
Annual remuneration	2 260	2 314
Allowance	270	270
13th cheque	204	195
Performance bonus	178	-
Contribution to UIF, Medical and Pension Funds	586	566
	3 498	3 345
Remuneration of TT Marimuthu – Senior Manager: Gaming		
Annual remuneration	2 234	2 280
Allowance	20	20
13th cheque	182	174
Performance bonus	162	-
Employer contribution	606	584
Acting allowance	1 291	1 277
	4 495	4 335

Mr. TT Marimuthu was appointed as Acting Chief Operation Officer from the 18 June 2019. As from 02 June 2021 Mr. T Marimuthu was appointed as Acting Chief Executive Officer until 19 January 2023.

On the 01 February 2023, Mr. T Bodila was appointed as Acting Senior Manager Gaming Control and during the time he earned acting allowance of R101 461.36.

On the 01 March 2023, Mr. J Sefako was appointed as Acting Senior Manager Gaming Control and he earned an acting salary of R66 696.08



	31 March 2023 R '000	31 March 2022 R '000
19. Employee related costs (continued)		
Remuneration of NM Matanzima – Board Secretary		
Annual remuneration	512	2 021
Allowance	5	20
13th cheque	80	155
Employer contribution	102	392
Leave pay-out	138	-
	837	2 588
<p>Ms. N Matanzima resigned from the Board on the 01 June 2022.</p> <p>On the 01 March 2023, Mr. T Bodila was appointed as Acting Board Secretary and he earned an acting allowance of R83 295.17.</p>		
Remuneration of KT Mbele – Acting Chief Executive Officer		
Annual remuneration	869	-
Allowance	8	-
Employer contribution	9	-
	886	-
<p>Ms. K Mbele was appointed as Acting Chief Executive Officer from 23 January 2023.</p>		
Remuneration of Mr. RJ Motlhokwane – Senior Manager: Management Information System		
Annual remuneration	2 021	2 056
Allowance	92	92
13th cheque	173	166
Performance bonus	142	-
Employer contribution	381	369
	2 809	2 683



	31 March 2023 R '000	31 March 2022 R '000
19. Employee related costs (continued)		
Remuneration of Mr. L Lukhwareni – Senior Manager: Legal Services		
Annual remuneration	2 221	2 267
Allowance	20	20
13th cheque	181	173
Performance bonus	161	-
Employer contribution	598	574
Long Service Award	-	82
Acting allowance	649	494
	3 830	3 610
<p>On the 02 June 2021 Mr. L Lukhwareni was appointed as Acting Chief Operation Officer.</p> <p>Adv. L Mokhutswane was appointed on the 01 February 2023 as Acting Senior Manager Legal Services and he earned an acting allowance of R145 514.08.</p>		
Remuneration of Ms. B Simelane – Senior Manager: Social Economic Development		
Annual remuneration	1 866	1 791
Allowance	20	20
13th cheque	153	149
Performance bonus	132	-
Employer contribution	436	419
Monthly bonus	128	-
	2 735	2 379

Ms. B Simelane is appointed as Acting Chief Operation Officer from 01 February 2023.



	31 March 2023 R '000	31 March 2022 R '000
20. Administrative expenditure		
Administration and management fees – third party	1 689	1 378
Board and Committee Members emoluments for services rendered during the year: Includes Disciplinary Committee members fees.		
Adv. Platt A SC (Chairperson)	452	110
Sukazi T (Deputy Chairperson)	159	37
Modise M	157	40
Matenche R	30	-
Rajoo K	254	45
Monyokolo R	340	66
Dr. Masegare P	233	20
Mgoduso T	327	56
Maraka D	304	66
Matjele P	333	61
Adv. Ribane N	268	66
Adv. Nalane FJ SC (Administrator)	-	809
	2 857	1 376
Audit and Risk Committee (Independent members)		
Fihlani ZL (Chairperson)	-	52
Govender K	95	40
Musvoto SW	51	40
Modise M	35	-
Total paid to Audit and Risk Committee Members	181	132
Disciplinary Committee fees	449	181
	3 487	1 689
21. Fiscal Consolidation Contribution		
Fiscal Consolidation Contribution	30 618	21 209

National Treasury implemented wage freeze and fiscal consolidation and all government departments and government entities budget allocation were reduced over the MTEF period. Gauteng Gambling Board budget was reduced by R73.6 million as part of contribution towards the wage freeze and fiscal consolidation. Gauteng Gambling Board was requested to pay back R30 million to Provincial Treasury as part of contribution for the fiscal consolidation in 2022/2023 financial year.

National Treasury implemented wage freeze and fiscal consolidation in 2021/2022 and all government departments and government entities budget allocation were reduced over the MTEF period. Gauteng Gambling Board budget was reduced by R73.6 million as part of contribution towards the wage freeze and fiscal consolidation. Gauteng Gambling Board was requested to pay back R21 million to Provincial Treasury as part of contribution for the fiscal consolidation in 2021/2022 financial year.

		31 March 2023 R '000	31 March 2022 R '000
22. General expenses			
Advertising		1 358	360
Auditors' remuneration	23	2 433	2 074
Bank charges		128	86
Books and media subscription		305	133
Building maintenance		2 097	1 288
Consulting and professional fees		5 981	4 792
Conferences costs		388	129
Employee assistance programme		137	91
Municipal charges and other rates and taxes		5 543	6 060
Information technology		6 505	2 940
Office consumables and refreshments		1 519	766
Social responsibility		8 899	13 187
Insurance		741	602
Staff recruitment		724	283
Postage and stationery		518	449
Printing costs		122	86
Public relations		151	678
Security expenses		1 722	1 752
Telephone and communications		2 320	3 416
Training and development		1 680	776
Travelling and subsistence – local		3 769	2 417
Storage rentals		231	200
Transcription costs		133	63
Responsible Gambling Awareness Programme		2 441	4 583
Investigation and enforcement costs		620	467
Repairs and maintenance		69	7
Legal expenses		15 746	6 853
		66 280	54 538

In prior year, the Board received an approval in terms of Gauteng Gambling Act section 100 to transfer R10 million to the Social Responsibility line item for the July 2021 riots and unrest happened which affected lot of businesses. GGB transferred the R10 million to Gauteng Enterprise Propeller. (Refer to Note 28).



	31 March 2023 R '000	31 March 2022 R '000
23. Auditors' remuneration		
Audit Fees – Internal	573	477
Audit Fees – External	1 860	1 597
	2 433	2 074
24. Cash generated from operations		
(Deficit) surplus	(22 625)	(38 068)
Adjustments for:		
Adjustments for:	4 721	4 962
Depreciation and amortisation	14	86
Gain on sale of assets and liabilities	10	56
Finance costs – Finance leases	1 384	1 431
Movements in provisions	-	(10 775)
Changes in working capital:		
Inventories	634	459
Receivables from exchange transactions	(2 462)	9 125
Other receivables from non-exchange transactions	(8 417)	4 531
Payables from exchange transactions	18 736	22 037
Taxes and transfers payable (non-exchange)	41 883	25 093
Accruals	(882)	(560)
License fees received in advance	6 126	8 680
	39 122	27 057

	At amortised cost March 2023	At amortised cost March 2022
25. Financial instruments disclosure		
Categories of financial instruments		
31 March 2023		
Financial assets		
Cash and cash equivalents	308 400	272 306
Receivables from non-exchange transactions	11 134	2 717
Receivables from exchange transactions	12 502	10 041
Deposits	242	242
	332 278	285 306
Financial liabilities		
Trade and other payables from exchange transactions	77 997	59 261
Taxes and transfers payables (non-exchange)	180 972	139 089
License fees received in advance	64 628	58 502
	323 597	256 852
	31 March 2023 R '000	31 March 2022 R '000
26. Commitments		
Authorised operational expenditure		
Contractual and purchase orders commitments – March 31, 2023		
• Accounting, Audit and Financial Services	2019-2023	5 538
• Facilities Management & Assets	2020-2023	1 148
• Information Technology Services	2020-2023	38 439
• Operational Services and Responsible Gambling	2020-2022	4 861
• HR and Payroll Services	2020-2022	787
• Legal Services	2020-2022	2 000
		52 773
Contractual and purchase orders commitments – 31 March 2022		
• Accounting, Audit and Financial Services	2019-2021	535
• Facilities Management	2020-2021	1 522
• Information Technology Services	2020-2023	38 148
• Operational Services and Responsible Gambling	2020-2021	4 074
• HR and Payroll Services	2020-2021	350
• Legal Services	2020-2021	2 800
		47 429



27. Contingencies

The overall effect of contingent assets and liabilities resulted in a net contingent liabilities of R82 758.

Contingent liabilities

PHUMELELA GAMING & LEISURE LIMITED v GAUTENG GAMBLING BOARD AND OTHERS CASE NO. 41790/19

Phumelela launched a review application seeking to review and set aside the decision of the Board that Phumelela was guilty of breaching condition 10, GGB penalised Phumelela to pay a sanction of R 5 000 000.00 of which half of the amount (R2 500 000.00) was suspended for a period of five (5) years. Should Phumelela be successful, GGB will be liable to pay R2 500 000.00 to Phumelela.

Contingent assets

VIVABET (PTY) LTD v THE GAUTENG GAMBLING BOARD – CASE NO. 14863/2017 (Case no. 28058/17; Case no. 28395/17 and Case no. 1304/17)

On 5 May 2017, Vivabet launched a review application seeking to review and to set aside the GGB's decision to decline its Bookmakers' license applications. The Court held in favor of the GGB with costs, include those occasioned by the employment of two counsel.

Costs awarded in favor of GGB will be taxed when the date of allocation is obtained. The costs in favor of GGB before taxation are estimated to be R1,000 000.

JASPER JOHANNES MALAN v THE MINISTER OF SAPS N.O. AND OTHERS CASE NO. 25953/18

On July 2018, the Law Enforcement Inspectors of the Board assisted the South African Police Services (SAPS) to conduct two raids on illegal internet gambling operations in Bronkhorstspuit.

On 6 March 2019, Malan served the Board with an application for leave to appeal the judgement by the Supreme Court of Appeal. The application for leave to appeal was dismissed with costs. The cost in favor of the Board is estimated to be R200 000.

LADOMAX (PTY) LTD v GAUTENG GAMBLING BOARD CASE NO.22220/2020

Ladomax launched a two-part court application against GGB. Part A of the application is an urgent interim "interdict" pending a final determination of a review application in Part B. The matter was heard on 15 September 2020 and Ladomax's urgent application was dismissed with costs in favor of the Board. The cost in favor of the Board is estimated to be R400 000.

THE SOUTH AFRICAN BOOKMAKERS' ASSOCIATION AND OTHERS v THE GAUTENG GAMBLING BOARD AND OTHERS

The South African Bookmakers Association (SABA), The Gauteng Off-Course Bookmakers Association (GOBA) and Phumelela Gaming and Leisure Limited launched a two-part court application. Part A of the application is an urgent interim interdict pending a final determination of a review application in Part B. The cost in favor of the Board is estimated to be R100 000.

PHUMELELA GAMBLING AND LEISURE LIMITED v THE PUBLIC PROTECTOR OF THE REPUBLIC OF SOUTH AFRICA AND OTHERS CASE NO. 44039/19 & 48085/2019

Phumelela launched a two-part court application. Part A of the application is an urgent interim interdict pending a final determination of a review application in Part B. GGB also launched a similar under case number 48085/2019 and the matters were consolidated. Parties have settled the matter in the following way: 1) The Public Protector's remedial actions are reviewed and set aside; and 2) The PP to pay the GGB's legal costs up to and including 25 August 2021 on a party and party scale. The cost in favor of the Board is estimated to be R467 242.

27. Contingencies *(continued)*

PIET THOKWANA V GAUTENG GAMBLING BOARD CASE NO: J1780/22

The Applicant sought an order to declared the suspension and the disciplinary against the Applicant to be interdicted (Part A) pending the determination of the appointment of the Acting CEO and the chairperson of the disciplinary hearing (Part B). The matter was dismissed in favor of GGB. The cost in favor of the Board is estimated to be R100 000.

GOLD VALLEY LOUNGE V GAUTENG GAMLING BOARD & ANOTHER CASE NO: 049207/2022

The Applicant sought an order declaring GGB to return all items seized from the Applicant's premises on 20 February 2020 within 5 days from the date of service of the order. The Applicant withdrew its application and tendered the wasted costs on a party and party scale. The cost in favor of the Board is estimated to be R50 000.

PHUMELELA GAMBLING AND LEISURE LIMITED V THE MEC AND OTHERS CASE NUMBER: 11734/19

An interlocutory application was heard on 15 February 2023, and judgement was granted in favor of Phumelela, however Phumelela is ordered to pay for the costs of the application. The cost in favor of the Board is estimated to be R100 000.

28. Related parties

Relationships

Members of Accounting Authority	Refer to members' report note 20
Controlling entity	Gauteng Department of Economic Development
Members of key management	Refer to members' report note 19

	31 March 2023 R '000	31 March 2022 R '000
Related party balances		
Amounts included in trade receivable (trade payable) regarding related		
DED – Trade Payables (Refer to Note 12)	120 320	106 181
DED – Trade Receivables (Refer to Note 4)	9 542	8 372
Related party transactions		
Interest paid to (received from) related parties		
DED – Taxes and Levies distributed (Refer to Note 12)	1 211 267	979 305
Collection commission received from related parties		
DED – Collection Commission (Refer to the Revenue Note 17)	97 856	80 381
Government Grants Received from DED		
Grant for Operations (Refer to Note 18)	14 600	373
Administration fees paid to (received from) related parties		
Gauteng Enterprise Propeller	-	10 000



29. Comparative figures

The comparative figures that were restated in the annual financial statements of the Board relates to Accumulated surplus and Trade payables, refer to Prior period error note (Note 35).

30. Risk management

Financial risk management

The Board's activities expose it to a variety of financial risks: credit risk and liquidity risk and market risk.

The Board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Board's financial performance. The accounting authority provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Board has sufficient cash flow and as a result does not maintain any credit lines.

The Board's risk to liquidity is a result of the funds available to cover future commitments. The Board manages liquidity risk through an ongoing review of future commitments.

Cash flow forecasts are prepared, and adequate cash management facilities are monitored.

The table below analyses the Board's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2023	Less than year 1	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and Other Payables	77 997	-	-	-
Collection for Distributions	180 972	-	-	-
License Fees Received in Advance	64 628	-	-	-

At 31 March 2022	Less than year 1	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and Other Payables	59 261	-	-	-
Collection for Distribution	139 089	-	-	-
License Fees Received in Advance	58 502	-	-	-

30. Risk management *(continued)*

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The Board only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, considering its financial position, past experience and other factors.

Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. There are no debtors that are past due and therefore no impairment provision has been raised.

Financial assets exposed to credit risk at 12 months end were as follows:

	31 March 2023 R '000	31 March 2022 R '000
Financial instrument		
Receivables from exchange transactions	12 502	10 041
Receivables from non-exchange transactions	11 134	2 717
Cash and cash equivalents	308 400	272 306

Market risk

Interest rate risk

Cash and cash equivalent, it is interest bearing assets, which are affected by the changes in market interest rates. The finance liability is an interest-bearing liability, however the Board has entered into a contract with the service provider where interest is not affected by the changes in market interest rates. Other listed financial assets and financial liabilities are not affected by the changes in market interest rates.

	31 March 2023 R '000	31 March 2022 R '000
31. Fruitless and wasteful expenditure		
Add: Expenditure identified – current	205	-

Details of fruitless and wasteful expenditure 2022/23

The Board incurred fruitless and wasteful expenditure of R205 100 due to cancelation of the security tender as a result to the failure to extend the validity period of the tender. Management has implemented disciplinary measures against the employee who were involved and failed to extend the validity period.



	31 March 2023 R '000	31 March 2022 R '000
32. Irregular expenditure		
Add: Irregular Expenditure – current	6 026	-

Details of irregular expenditure

The amount of R6 million relates to the salary bill of January 2023. On 23 January 2023, an employee knew, alternatively, ought to have known that a new ACEO had been appointed. Despite having such knowledge an employee proceeded to wrongfully accept the powers, from an employee who was no longer acting, purported to have delegated to him to authorise the payment of salaries including of the employee who seized to acting as the CEO of GGB.

Figures in Rand thousand

33. Segment information

General information

Segment surplus or deficit, assets and liabilities

31 March 2023	Regulations	Responsible Gambling	CSI	Total
Revenue				
Revenue	212 514	4 000	9 943	226 457
Entity's revenue				226 457
Expenditure				
Expenditure	237 742	2 441	8 899	249 082
Total segmental surplus/(deficit)	(25 228)	1 559	1 044	(22 625)

31 March 2022	Regulations	Responsible Gambling	CSI	Total
Revenue				
Revenue	160 233	5 800	13 700	179 733
Entity's revenue				179 733
Expenditure				
Other expenses	200 031	4 583	13 187	217 801
Total segmental surplus/(deficit)	(39 798)	1 217	513	(38 068)

The revenue reflected under programme Responsible Gambling and CSI are transfers from revenue generated by the programme for Regulations.

The disclosure for segment reporting is based on operational expenditure which makes it impractical to disclose assets and liabilities as part of segment reporting.

33. Budget differences

Material differences between budget and actual amounts

33.1 Revenue from Non-Exchange Transactions

The non-exchange revenue collected did not exceed the budgeted amount. This was due to the reduction in the number of license renewals from the manufacturers in the current year. The sports betting levies did not exceed targeted budget due to decrease in collections of sports betting levies.

33.2 Revenue from Exchange Transactions

The revenue collected did exceed the budget mainly due to the collection commission and an increase in the application and employee registration fees during the year.

33.3 Rental income

The Board entered into a lease agreement with Circuit for two years, the Board received a rental income from Circuit for the current financial year under review.

33.4 Interest received

Interest received did not exceed targeted budget amount, this was due to low bank balance as a result of the taxes and levies paid over to the province on time and lower revenue collection, as well as low interest rates.

32.5 Employee related cost:

The employee related costs did not exceed the budget in the current financial year due to the number of executive vacant positions.

33.6 Board and Audit and Risk Committee fees

The Board did not exceed budgeted amount, this is mainly due to the less meetings held by the board and majority of board members resigned towards financial year end.

33.7 Depreciation and amortisation:

The depreciation expenditure did not exceed targeted budget. This is mainly to the Board not acquiring additional assets during the current financial year.

33.8 General expenses:

The general expenses did not exceed the target budget for the current financial year. This is mainly due to the different line items which did not exceed their targeted budgeted amount in the current financial year. Also this can be attributed to the cost containment which the board has implemented.

33.9 Transfer to Provincial Treasury:

This line item it is for the Fiscal Wage Freeze Consolidation which have being implemented by the Premier's Budget Council to all Gauteng government department and its entities. This amount is payable annually to the Provincial Treasury by entities for the above mentioned project.



35. Prior period errors

There was a prior period adjustment of R8.7 million for the 2021/2022 financial year which increased the net decrease in accumulated surplus from R48.8 million as previously disclosed to R40.1 million. These resulted in the adjusted accumulated surplus balance of R168.4 million and R59.2 million adjustment in Trade payables.

The correction of the error(s) results in the following restated balances:

	31 March 2023 R '000	31 March 2022 R '000
Statement of financial position		
Payables from exchange transactions (Provincial Revenue Fund)	-	59 261
Retained Earnings	-	168 498

36. Accounting by principals and agents

The Board is a party to a principal-agent arrangement.

Details of the arrangement is as follows:

- Oversee and control gambling activities in Gauteng, including Licensing of individuals and entities to conduct gambling and related activities, registering of persons engaged in such activities, approving and registering of all gaming devices, collecting prescribed taxes and levies for the Gauteng province and other specified beneficiaries.
- Managing and administrating the Sports Development Fund (SDF)
- Advising the MEC on matters relating to gambling.
- Supervising and enforcing compliance with the requirements of the FICA (2001, as amended) by the gambling industry, including conducting FICA (2001, as amended) inspections, taking disciplinary action in instances of non-compliance, reporting to the Financial Intelligence Centre on enforcement.
- Supervising and enforcing compliance with the requirements of the National Gambling Act (2004, as amended) by the gambling industry, including Investigation and issuing of national entity and employment licenses, and ensuring continuous suitability and compliance with the legislative prescripts by the national licensees

Section 61 of the Gauteng Gambling Act states that - Obligation to pay prescribed fees and taxes

(b) for the benefit of the Provincial Revenue Fund, any lump sum payment contemplated in section 19(1)(c).

(2) The holder of a licence shall pay in the prescribed manner for the benefit of -

(a) The Provincial Revenue Fund -

(i) the prescribed tax on the amounts as prescribed;

(ii) the prescribed penalty on late payment of any such tax, which penalty shall not exceed twice the amount of the tax in respect of which the penalty is payable;

(3) Every holder of a totalizator licence, bookmaker's licence or race-meeting licence shall pay in the prescribed manner for the benefit of prescribed beneficiaries -

(a) the levies as prescribed on the betting amounts as prescribed; and

(b) the prescribed penalty on late payment of any such levy, which penalty shall not exceed twice the amount of the levy in respect of which the penalty is payable.

(4) Every person who has placed a bet with a bookmaker shall pay the prescribed tax and levies on the prescribed amounts in the prescribed manner.

Entity as agent

Additional information

Though there is no other binding agreement, the act mandate Gauteng Gambling Board to collect certain prescribed taxes and levies on behalf of the Provincial Revenue Fund which then makes it a principal agent. There are no specific expenses related to the collection of taxes. Gauteng Gambling Board receives 8% collection commission fee on taxes collected on behalf of the Fiscal for the overall operation of the organisation.

The amounts between the Board and the principal are disclosed under the respective notes in the Annual Financial statements: Trade and other receivables (Refer to note 4)

Trade and other payables (Refer to note 12) Revenue (Note 17)

Related parties (Note 28)



GGB Interns 2023

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WINNERS KNOW WHEN TO STOP
HELPLINE: 0800 006 008



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A Leading & Innovative Regulator in the Gambling Industry

