

GAUTENG GAMBLING BOARD

ANNUAL REPORT
2017-2018





CONTENTS



Part A: General information	4
Foreword by the Executive Authority	7
Part B: Performance information	19
Part C: Governance	55
Part D: Human resource management	55
Part E: Financial information	55



PART A: General information
Annual Report **2017-2018**





1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	Gauteng Gambling Board
REGISTRATION NUMBER:	Not Applicable
PHYSICAL ADDRESS:	125 Corlett Drive BRAMLEY 2090 South Africa
POSTAL ADDRESS:	Private Bag X15 BRAMLEY 2018 South Africa
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 0001 South Africa
BANKERS:	Standard Bank Limited 9th Floor Standard Bank Centre 5 Simmonds Street Johannesburg Gauteng South Africa
BOARD SECRETARY:	Ms N Matanzima – 15 Jan 2015 to current Admitted non-practising attorney



2. ABBREVIATIONS AND ACRONYMS

The following abbreviations and acronyms are used in this report:

Abbreviation/ Acronym	Description
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
AR	Annual Report
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSI	Corporate Social Investment
DED	Department of Economic Development
EME	Exempted Micro Enterprise
FICA	Financial Intelligence Centre Act
GDP	Gross Domestic Product
GGB	Gauteng Gambling Board
GPG	Gauteng Provincial Government
MEC	Member of Executive Council for Economic, Environment, Agriculture and Rural Development
MTEF	Medium-Term Expenditure Framework
NRGP	National Responsible Gambling Programme
PFMA	Public Finance Management Act 1 of 1999, as amended
QSE	Qualifying Small Enterprise
SCM	Supply Chain Management
SDF	Sports Development Fund
SMME	Small, Micro and Medium Enterprise
TMR	Transformation, Modernisation and Re-industrialisation
TR	Treasury Regulations



3. FOREWORD BY THE EXECUTIVE AUTHORITY



Mr Lebogang Maile
Executive Authority

The fifth administration of Gauteng took office in May 2014 with a pledge to move the Gauteng City Region forward with a radical programme of transformation, modernisation and re-industrialisation (TMR).

The gambling industry remains one of the most important industries to ensure the successful implementation of the TMR programme and the achievement of our mandate as the custodian of inclusive and sustainable economic growth and development in the Gauteng City Region.

In the year under review, and for the first time since its inception, the Gauteng Gambling Board (GGB) has been able to collect revenue in excess of R1 billion. This milestone was no doubt accomplished because of the interventions that we have implemented, since coming into office.

In alignment with the objectives of the TMR programme, the province will establish the Gauteng Industry Transformation and Regulatory Authority (GITRA), by merging the GGB and the Gauteng Liquor Board, in the not so distant future.

The only step that remains for GITRA to be established, is for the province to finalise the necessary enabling legislation. The GITRA Bill has already been concluded and is awaiting pre-certification by the State Law Advisors. We expect that the Gauteng Legislature will enact the bill by the second or third quarter of 2018 and for GITRA to be operational by 1 April 2019.

Studies indicate that the merger will benefit the people of Gauteng, considering that a regulatory authority that offers all the relevant services under one roof, will streamline service delivery and optimise effectiveness and efficiency. We concluded both a feasibility study and a business case which National Treasury is in consensus with.

Going forward, it is also a priority for us to continue with the project to automate the GGB systems for greater efficiency and effectiveness in the collection of gambling taxes. Since we have commenced with the licensing of casinos at a provincial level, the industry has never been subjected to a tax increase. Regulations have recently been passed that allows for an increase in tax, which will in turn enhance our capacity to increase our revenue.

A new policy has been formulated to transform the gambling industry through compulsory licensing and adherence to minimum standards. To ensure that we meet these transformation targets, the requirements will be extended to existing licensees as well. To promote greater socio-economic inclusivity in our province, we are also considering the inclusion of a quota for military veterans, youth, women and people with disability.

In line with our township economy revitalisation strategy, the Board has been supporting initiatives which seek to empower township enterprises. The Board is committed to continue with these initiatives, to contribute to the creation of decent jobs in the province.



As we enter our final year in office, we will continue to intervene in the economy in favour of workers and the poor, to drive the re-industrialisation of Gauteng, to strengthen township enterprises and to build transformative partnerships between the private and public sectors.

I wish to thank the Board, staff and management for their dedication and commitment to achieving the objectives set out by the fifth administration.

A handwritten signature in black ink, consisting of a large, flowing 'L' followed by a series of loops and a final flourish.

Mr Lebogang Maile

Executive Authority

MEC: Department Of Economic Development



4. STRATEGIC OVERVIEW

3.1 Synopsis of the strategic overview

Gambling contributes to the growth and development of tourism and the economy in the Gauteng province. It also stimulates the creation of job opportunities and contributes to the alleviation of poverty in the province. The gambling industry has created and sustained three types of jobs: jobs in the provincial construction industry, jobs due to the ongoing running of the industry and indirect jobs as a result of the multiplied spending on construction and operations.

The contribution of the casino gaming sector to the gross domestic product (GDP) in South Africa and to the Gauteng Province, has been exponential over the years. For the 2017/2018 financial year, taxes of R1,083 billion were collected; and since its inception, the GGB has collected R12.037 billion on behalf of the Gauteng Province.

Despite rigorous regulation, the legalisation of gambling may result in some members of the gambling public, developing gambling problems. To proactively address this potential issue, the Board continues its responsible gambling programme to prevent and mitigate the risks and dangers associated with gambling activities.

3.2 Strategic goals and strategic outcomes-oriented goals

The GGB's mandate is linked to the Department of Economic Development's (DED's) Programme 4: Business regulation and governance. The strategic objectives of Programme 4 are:

- Increased customer satisfaction that secures long-term sustainability and facilitates the growth of businesses;
- A properly regulated liquor industry in Gauteng that generates revenue towards the socio-economic development of the province;
- All projects and interventions of the DED's agencies contribute to the DED's vision and strategic goals of the Gauteng's radical TMR programme;
- B-BBEE targets expressed in the transformation charters and scorecards of the 11 identified sectors are met, leading to the creation of decent work, an inclusive economy and equality;
- Stakeholders of all three spheres of government and from other sectors of society are jointly working towards realising Gauteng's radical TMR programme.

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

- Regulate the gambling industry; and
- 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 goal:

- 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; and
- Contribute to the eradication of poverty.



3.3 Vision

The GGB's vision is:

To be a leading and innovative regulator in the gambling industry

3.4 Mission

Our mission is:

*To regulate the industry in a transparent, fair, equitable and competent manner
for the benefit of all stakeholders*

3.5 Values

In driving vision and mission, the GGB employees subscribe to the following values:

1. Integrity and consistency

1.1 We behave in a trustworthy manner, where honesty, fairness, mutual respect, equitability and transparency are the cornerstones of our daily engagement with people at all levels, both internally and externally, as applicable to our direct work environment.

2. Service excellence

2.1 Our service excellence is driven by a high level of consultative engagement, and commitment towards our internal and external stakeholders.

2.2 We embrace team work and synergy and create a strong sense of organisational citizenship at all levels of employment.

2.3 We foster an engaged and collaborative work environment.

3. Empowerment

3.1 We enable and encourage our people to make well-informed and responsible decisions, through optimal utilisation of resources and information.

3.2 We accept accountability for our actions and decisions.

3.3 We make a conscious effort to embrace opportunities of transformation and diversity in every aspect of our business.



5. LEGISLATIVE AND OTHER MANDATES

4. Employee centricity

- 4.1 Our employees are our most valuable resource, and we are committed to unlock each employee's full potential through a value based performance results programme.

The GGB is a statutory body, established in terms of Section 3 of the Gauteng Gambling Act, 4 of 1995, as amended. The GGB also discharges its mandate in terms of the following legislation:

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

The GGB is:

- A Schedule 3C public entity in terms of the PFMA;
- A supervisory body in terms of the Financial Intelligence Centre Act, 38 of 2001; and
- A regulatory authority in terms of the National Gambling Act, 7 of 2004.

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; and
 - 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 Financial Intelligence Centre Act by the gambling industry, including:
 - Conducting FICA inspections;
 - Taking disciplinary action in instances of non-compliance; and
 - Reporting to the Financial Intelligence Centre on enforcement.
- Supervising and enforcing compliance with the requirements of the National Gambling Act by the gambling industry, including:
 - Investigation and issuing of national entity and employment licences; and
 - Ensuring continuous suitability and compliance with the legislative prescripts by the national licensees.

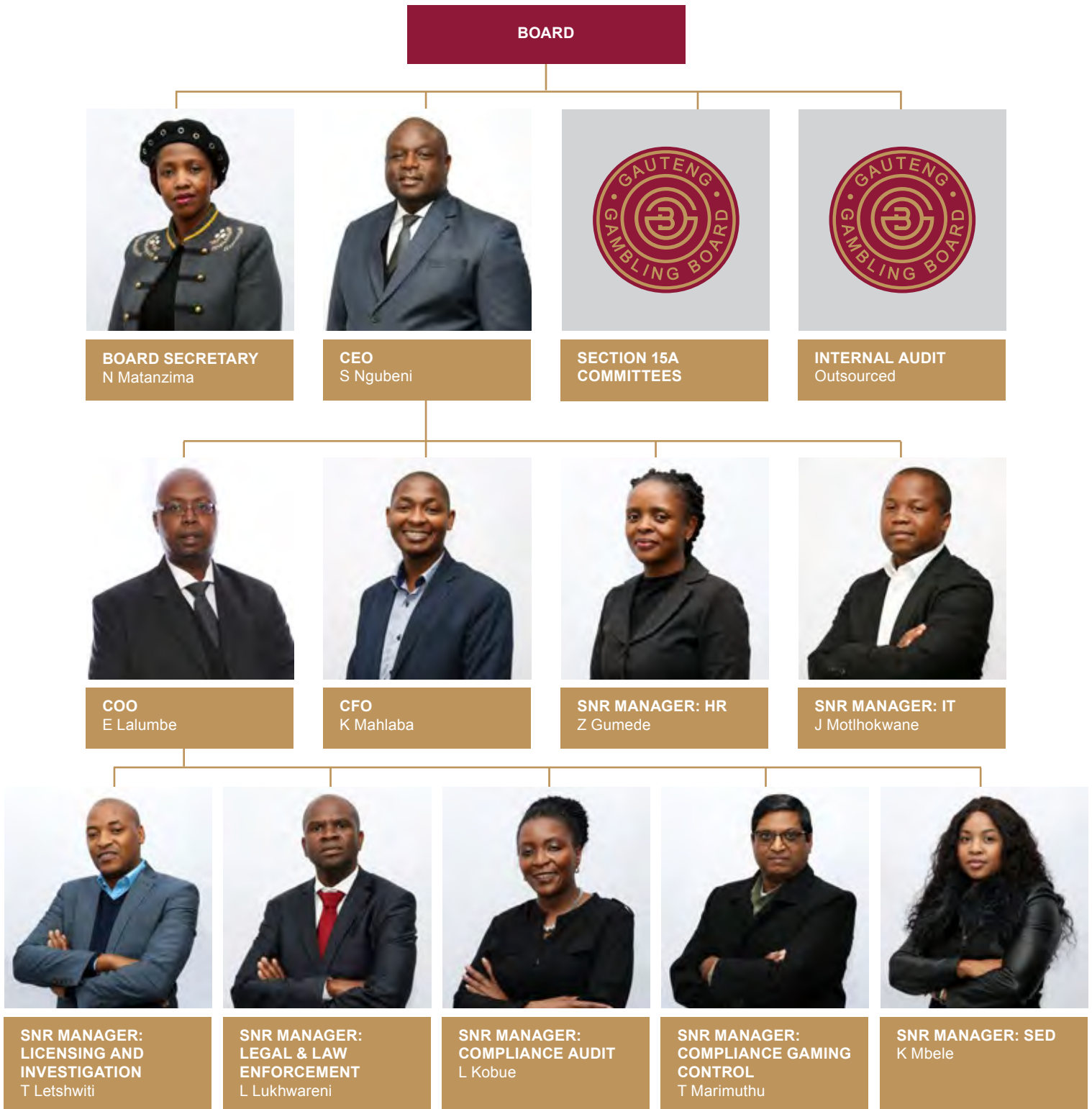


A core function of the GGB is to protect the public. This is achieved through the following:

- **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 a system whereby gamblers can voluntarily request to be excluded from participating in gambling.
 - **Professional assistance.** A general practitioner can assist by referring people to clinics specialising in the treatment of addiction. There are also various voluntary organisations which can be approached for free counselling.



6. ORGANISATIONAL STRUCTURE





7. FOREWORD BY THE CHAIRPERSON



Mr M Zwane
Chairperson of the Board

I am pleased to present the Board's annual report (AR) for the 2017/2018 financial year.

In the year under review, industry performance has showed signs of recovery, as tax distribution grew by 9,85% year-on-year. The actual gambling taxes distributed, were R1,083m against a target of R1,105m.

In the next financial year, the GGB will focus on the following:

- Intensify stakeholder engagements with a view to achieve the following key strategic objectives:
 - Alignment of the industry's corporate social investment (CSI) spend with Government objectives;
 - Collaboration on the eradication of illegal gambling; and
 - Collaboration on measures to mitigate the negative impact of gambling.

- On 1 April 2016, the Minister of Trade and Industry published the National Gambling Policy in terms of the National Gambling Act 7 of 2004 as amended, for comment by interested parties. The regulation and control of gambling in South Africa is premised on the Wiehahn Commission report which recommended strict regulation of gambling. The National Gambling Amendment Act of 196 introduced the National Gambling Board. The 2004 National Gambling Amendment Act introduced the National Policy Council that is aimed at aligning gambling policy at national and provincial government level.

The 2008 National Gambling Amendment Act was passed to regulate interactive gambling. The Act is yet to be promulgated. During 2010, the Gambling Review Commission recommended the policy reform which forms the basis of the current policy review. During September 2016, the Cabinet approved the National Gambling Amendment Bill which is yet to be published. The Board will participate in the legislative review of the gambling legislation to ensure alignment and balance between the interests of both provincial and national government in the regulation and control of gambling in the republic.



7. FOREWORD BY THE CHAIRPERSON

- On 27 February 2018, the GPG published a draft bill for comment by interested parties on the merging of the GGB and the Gauteng Liquor Board. The Board will work closely with the Provincial Government to ensure seamless integration of the two entities. The merger will take effect, as soon as the legislation has been passed by the legislature. The Board will continuously assess and evaluate the impact of this merger.

The Board's term of office will end on 30 September 2018. Some of the current Board members are eligible for re-appointment. We would like to take this opportunity to thank the Provincial Government for allowing us the opportunity to serve the public, and especially the MEC, Lebogang Maile, for providing support and strategic political guidance.

I would also like to extend my gratitude towards my fellow Board members, the management team and staff, for assisting the Board to effectively fulfil its mandate of regulating and controlling the gambling industry in Gauteng, on behalf of the GPG.

Signed:

Mr M Zwane

Chairperson of the Board

Date: 31 July 2018



8. FOREWORD BY THE CEO



Mr S Ngubeni
Chief Executive Officer

I am pleased to once more table the performance information of the GGB. This report outlines the performance and achievements of the board for the 2017/2018 financial year. In the year under review, the Board focused on three programmes and 11 performance indicators. The performance information for the year indicates that all performance targets were achieved, except for the one that relates to revenue collection.

Through our CSI and Sports Development Fund (SDF) funding, we have been able to provide financial support to initiatives that serve to resolve the socio-economic problems and challenges faced by the citizenry of the Gauteng Province.

Most importantly, it is worth noting that during this year, and for the first time since inception, the Board managed to break new grounds by achieving tax collections in excess of R1 billion. We also accomplished a year-on-year growth rate of 9.85% on the distributions, which is by any measure, an outstanding achievement, considering the economic downturn experienced in the province and our country.

Programme 1 (Gambling Regulation), provides for eight of the 11 performance indicators that have been prioritised in the annual performance plan (APP) for the reporting year. This includes the conclusion of gambling processes, legislative amendments and distribution of gambling taxes. All the performance indicators were achieved, with the exception of tax collections which were 2% under target.

Programme 2 (Corporate Social Investment) saw much activity and a multitude of projects supported by the GGB. Due to savings incurred in our operational expenses, we were able to allocate additional funding to our CSI initiatives, which in turn led to an overachievement in the funding targets set for this purpose. As such, we spent a total of R5, 9 million on CSI projects, against a target of R0, 6 million.

An increase in the collection of levies on sports betting activities, also made additional funds available for SDF initiatives. The total spend for SDF was R29, 7 million, against a target of R7, 3 million. The GGB's SDF specifically seeks to promote the development of sports in the province and members of the communities are invited to apply for assistance in this regard.

In the year under review, the SDF received a plethora of applications for funding via email, traditional mail and hand delivery. The Board carefully evaluated and responded to each application.

The GGB extended its budget to accommodate as many sports development programmes as possible and we are delighted to report that we were able to fund 23 projects in Gauteng. The projects that were successful in their application for funding, are unique through demographics, geographic location, sporting code or development type. They also meet the ethos that underpins our Social Economic Development Policy.

Programme 3 (Responsible Gambling) relates to responsible gambling programmes which are fundamental in achieving the main strategic goal of the Board, which is: "to promote an efficient, equitable and socially responsible business environment." The GGB developed a strategy specifically for this purpose, which incorporates various mediums of messaging on the dangers of gambling.



Our performance indicator in this regard, is the number of people reached through the strategy. In the financial year under review, there was an overachievement in the number of people reached through our responsible gambling messages, due to optimal leveraging of social media channels. The number of people reached, was 1, 3 million people, versus our target of 180 000. In alignment with our priorities, this target has been even further increased in the next financial year's APP, to ensure that it is sufficiently provided for in our rollout strategy.

The next financial year will see a renewed focus on transformation in the industry, a fresh attack on illegal gambling in the Gauteng Province and the implementation of formal stakeholder engagements to enhance our understanding and support of the key players in our industry.

We will once again direct our efforts to generate revenue on behalf of the provincial fiscus, through tax collections from the industry, and in line with government's philosophy of a caring government for the citizens. In the same spirit, we will strive to balance our tax collection mandate with measures aimed at minimising the incidents of problem gambling and the promotion of responsible gambling.

We will furthermore continue to improve our relationship with our licensees and other key role players in the industry, to encourage responsible investment and industry transformation.

I wish to thank the GGB for its guidance and leadership, and the DED for the unequivocal policy direction provided to us in the execution of our mandate. I would also like to extend my appreciation to our licensees for standing with us, to achieve stability, growth and sustainability in the industry. Finally, I would like to acknowledge and commend each and every member of our supportive and committed management team and staff for achieving such sterling results in the 2017/2018 last year.

Signed:

Mr Steven Ngubeni, *Pr Pln (SA), PAV (SA)*
MA (UPE), MSc (NMMU), MPA (SU), PhD (Currently)
Chief Executive Officer

The Gauteng Gambling Board

Date: 31 July 2018



PART B: Performance information
Annual Report **2017-2018**





1. STATEMENT OF RESPONSIBILITY FOR PERFORMANCE

Information for the year that Ended 31 March 2018

The Chief Executive Officer (CEO) is responsible for the preparation of the GGB's performance information, and for the judgements made in this information.

The CEO is also responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information.

In my opinion, the performance information fairly reflects the actual achievements against the planned objectives, indicators and targets, as per the strategic and APP of the GGGB for the financial year that ended 31 March 2018.

The GGB's performance information for the year that ended 31 March 2018 was examined by the external auditors and their report is presented on page 75.

The performance information of the GGB set out on page 34 to page 42 was approved by the Board.

Steven Ngubeni *Pr Pln (SA), PAV (SA)*
 MA (UPE), MSc (NMMU), MPA (SU), PhD (Currently)
Chief Executive Officer
 Date: 31 July 2018

Mxolisi Zwane
Chairperson of the Board
 Date: 31 July 2018



2. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (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 82 for the auditor's report, published as part of the financial information.





3. OVERVIEW OF THE GAUTENG GAMBLING BOARD'S PERFORMANCE

The GGB's APP for 2017- 2018 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 2017 to 31 March 2018.

3.1 Service delivery environment

The economies throughout the world, including that of South Africa are interlinked. Similarly, in the gambling industry, the operators and suppliers of gaming software and equipment who operate in South Africa, also operate in other major economies of the world such as America, Europe, Asia and Australia. The gaming developments in these jurisdictions therefore have significant impact on the South African gambling market.

Considering that the majority of gambling operators and gaming suppliers operate globally, this furthermore implies that the GGB will in all likelihood experience similar challenges and opportunities faced by the rest of the international gaming community. Despite our best efforts in collecting intelligence and supporting the law enforcement agencies, illegal gambling remains a challenge, a challenge which as explained, we have good reason to believe is not unique to South Africa.

Illegal operators continuously devise new ways to evade detection and prosecution. They also exploit the latest trends in technology to drive their illegal operations. Currently emerging illegal operators use server-based and online gambling technology which present significant challenges in enforcing regulations.

For example, prohibited gambling games are driven from servers outside of the premises where the actual gambling occurs. As soon as law enforcement officers aim to obtain evidence of unlawful operations for the purposes of prosecution, these operators quickly convert their gambling games operations to ordinary internet cafés. In other instances, some online gambling operators' servers are located outside the South African borders, which makes it very difficult to establish the true identity of the perpetrators.

3.2 Organisational environment

The Board's term of office is ending on 30 September this year and we will collaborate with the MEC to ensure a smooth transition to the next term of office.

To improve efficiency and effectiveness of our operations, the Board will embark on an organisation-wide automation of business processes. This process will enable the Board to remain abreast of the latest trends and technological development and improve oversight of the industry.



3.3 Stakeholders

The table below reflects the main GGB stakeholders, although it is not exhaustive. It should also be noted that there are several non-government stakeholders that are consulted on an ad-hoc basis.

Key stakeholders	Brief description of relationship
MEC for Department of Economic, Environment, Agriculture and Rural Development	The MEC is the Executive Authority of the GGB in terms of the Gauteng Gambling Act.
Gauteng Provincial Legislature	The GGB reports to the legislature via the Portfolio Committee on Economic Development.
Gauteng Provincial Treasury	The Provincial Treasury allocates funding to the GGB.
Gauteng Department of Economic Development	The Provincial Department is responsible for long-term economic development planning in the province, as well as resource allocation.
National Department of Economic Development	The National Department has identified various programmes and key strategic projects to achieve its long-terms goals.
National Treasury	National Treasury monitors the performance of the Board.
Suppliers	Suppliers must comply with all the laws and supply chain regulations that are applicable to the GGB.
Gambling licensees and manufacturers of gambling equipment	Gambling licensees of gambling equipment are inspected and audited by the GGB. This group of stakeholders' pays licence and inspection fees to fund the operations of the GGB. It is important that service delivery to these stakeholders are in line with the commitments made by the GGB.
The public, including those who partake in gambling activities	Communication with these stakeholders is essentially, especially when it comes to marketing of the services and the promotion of responsible gambling.



4. STRATEGIC OUTCOME ORIENTED GOALS

The GGB formulated and aligned its goals with the strategic goals of the DED. These goals can be summarised as follows:

- **Programme 1:** A properly regulated gambling and betting industry that generates revenue towards the socio-economic development of the province – This programme addresses the institutional arrangements within the GGB, which should facilitate the achievement of the Board’s mandate. The goal is aimed at ensuring administrative efficiency and effectiveness through sound corporate governance and alignment of policies, processes and systems. The strategic objectives that support this goal, are aimed at enhancing performance by providing an enabling environment and ensuring financial accountability and compliance to prescribed financial regulations and guidelines.
- **Programme 2:** Corporate Social Investment – This programme is aligned to the DED mandate of facilitating the growth of the provincial economy, reducing poverty and promoting job creation. The goal is supported by the objective of an increased number of people benefitting from the CSI projects. The GGB supports a range of CSI initiatives to fulfil this mandate. In terms of the Gauteng Gambling Act, it is also part of the GGB’s mandate to contribute towards the SDF.
- **Programme 3:** Responsible Gambling - As per the founding act of both the GGB and the National Gambling Board, it is crucial for the Board to continue to promote responsible gambling through public awareness initiatives and self-exclusions programmes. These two initiatives are the anchor programmes that support our communities in and around the Gauteng Province to gain access to information on responsible gambling and the effects of problem gambling. It also provides for counselling to those who are affected by the ills of problem gambling.



The strategic objectives linked to the strategic goals remained the same as the previous financial year and is summarised in the table below.

GGB 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. A properly regulated gambling and betting industry that generates revenue towards the socio-economic development of the province	1.1 Gambling processes concluded
		1.2 Annual draft amendments of gambling legislation submitted
		1.3 Rand value of tax collected
	2. Corporate social investment	2.1 To reduce the hardships of society from the hardships of socio-economic challenges
3. Responsible gambling	3.1 To minimise the negative impact of gambling in Gauteng	



5. PERFORMANCE INFORMATION BY KEY PERFORMANCE AREA

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
2. Standards setting (advice, input and documentation)	<ul style="list-style-type: none"> • Gambling Act • Rules and regulations • 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

5.1 Description of services provided

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

5.1.1 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 4 of 1995, as amended, and the National Gambling Act 7 of 2004, as amended.



Gambling regulation ensures that:

- Gambling is free from criminal influence;
- Appropriate harm-minimisation strategies for problem gambling is provided;
- 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, and
- Gambling equipment and devices are of a high standard and are only purchased from licensed suppliers.

5.1.2 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 and the National Gambling Act, 2004. Employees in low-risk areas (e.g. food and beverage and cleaning) of the licensees, are not required to be licensed.

5.1.3 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, regulations, rules and other relevant legislation;
- Ensure compliance to B-BBEE and FIC legislation; and
- 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, and
- FIC inspections on licensees.

5.1.4 Compliance – Gaming Control

As the mandate of the Board is derived from the Gauteng Gambling Act, the entity continued to ensure that the gambling operators licensed in the province, adhere to the prescripts of the act, regulations and rules, through gaming control.

Gaming Control's objective is to ensure regulatory compliance of all gambling operations and equipment. The inspections that were conducted by the unit on all licensees and reported on as part of the performance information, was supported by additional compliance checks such as surveillance checks, machine configuration changes, etc.

The additional personnel allocated to the Gaming Control unit proved to be beneficial as we managed to increase our visibility with our sport betting licensees.



The rate of technological development in the industry poses a continuing challenge to regulators across the globe. The demand for more engaging games or innovation has led to a number of new products and technologies in the market. Gaming Control will continue to build expertise and devoting more resources to this area, so that the unit can continuously improve technical assurance and regulate effectively. This increased expertise will also assist in the provision of advice to the organisation on the implications of technological changes and innovations, as we move towards becoming the regulator of tomorrow.

5.1.5 Dispute resolution

In terms of Regulation 24 of the Gauteng Gambling Regulations promulgated in terms of Section 84 of the Gauteng Gambling Act, whenever a dispute arises between a patron and a licensee, as to the payment of alleged winnings or the precise amount thereof, to the patron by the licensee; or payment of a gambling debt or precise amount thereof by a patron 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 patron, relating to refusal of entry to licensed premises.

5.1.6 Eradication of illegal gambling

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

During the year, 150 (2016/2017: 64) illegal gambling devices were confiscated and four (2015/2017: six) people were convicted of gambling-related offences.

5.1.7 Responsible gambling

The GGB, through the institutionalisation of responsible gambling within its operations proposed a policy statement: *“To conduct and manage gambling in a socially responsible manner through interventions of public awareness on responsible gambling and minimisation of incidences of problem gambling”* as a guiding principle of all interventions. During the 2016/2017 financial year, we were able to reach and provide support through:

Public awareness and public outreach on responsible gambling

As per the legislation, the Board must make a concerted effort to ensure that responsible gambling messages are consistent. It is therefore prudent for the Board to play a role in influencing the awareness messages on responsible gambling in and around Gauteng. As such, the GGB was engaged in a communication campaign themed: *“I WONT BET ON IT,”* that served to increase awareness on responsible gambling.

To drive the message home, the campaign leveraged social media platforms such as Facebook, Twitter and LinkedIn, as well as cartoon strips and public outreach activities. The campaign successfully managed to create a hype and increased interaction on the topic of responsible gambling. The number of people reached through these platforms in 2016/2017 is estimated at:



Activity (medium)	People reached
Facebook	352 300 Hits
Radio interview (SAFM)	557 000 Listenership
Community radio interviews	487 000 Listenership
Newspaper advert (The Star)	656 000 Readership
Magazine adverts (The Transformer, The Teacher, Business Integrator)	198 000 Readership
Public outreaches/events	47 258
Training programmes (casino employees)	601
Telephone and face-to-face counselling	110/q (440 Per annum)
Self-exclusions administered by GGB	360 (Average 30 Per month)
Revocations administered by GGB	216 (Average 18/month)
Grand total	2 309 175

As per the tabulated information above; it is evident that the actual performance of the responsible gambling portfolio surpassed its target of 180 000/annum). The evidence further endorses the use of social media and other communication platforms like radio and magazines to be used for messaging.

It is also prudent to acknowledge partnerships established with the South African Responsible Gambling Foundation (SARGF) and the Gauteng City Region Academy (GCRA) for joint initiatives that involved the integration of responsible gambling in the content of their training programmes. In working with the communication unit; there should also be a collaborative effort to identify events and exhibitions to profile the work of the GGB, and in turn amplify the message that "Winners know when to stop".



5.1.8 Corporate social investment (CSI)

The GGB recognises its responsibility as a corporate citizen towards its stakeholders and the communities within which it operates. The GGB 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. Social economic development (SED) therefore forms the cornerstone of the GGB's corporate accountability and governance programme and is a key component of the Board's stated objectives.

1. Corporate social investment

Name of organisation	Sector	Region	Amount
Action Blind	NGO- Disabled	Johannesburg	R447,000.00
Best Man and Woman I can Be	NGO-Health	Johannesburg	R750,000.00
Edutak Pre-School Training	NGO-Education	Johannesburg	R50,000.00
Elisitone	NGO-Health	Tshwane	R430,000.00
Greater Orlando Environment Development	NGO-Environment	Johannesburg	R120,200.00
His Sanctuary	NGO- Social Development	Johannesburg	R565,160.00
Innovating Kasi	NGO-Arts	Johannesburg	R600,370.00
Impilo Lithemba Projects	NGO-Environment	Johannesburg	R456,000.00
Lerothodi Community Development	NGO- Disabled	Johannesburg	R800,000.00
Light My Way Child Care	NGO –Education	Tshwane	R230,330.00
Thusanang Ma Africa	NGO-Environment	Johannesburg	R700,000.00
SANTA	NGO-Health	Johannesburg	R200,000.00
Soshanguve Arts	NGO-Arts	Tshwane	R1,000 000.00
Zibiflash	NGO-Health	Tshwane	R398,000.00
Wozobona Cultural House	NGO-Arts	Johannesburg	R42,000.00
Africa Distribution	SMME–Entrepreneur	Ekurhuleni	R255,000.00
Cool Dads Foundation	SMME -Entrepreneur	Ekurhuleni	R690,000.00
Esikangwane Dance	SMME-Entrepreneur	West Rand	R200,000.00
Reapso	SMME-Entrepreneur	Johannesburg	R300,000.00
GEP	SMME-Entrepreneur	Gauteng	R6,500,000.00
Top Culture	SMME -Entrepreneur	Johannesburg	R3 053 300
Entrepreneurship, Youth Programme	SMME-Entrepreneur	Tshwane	R1 370,360.00
The Media Gate	SMME -Entrepreneur	Johannesburg	R2,600,000.00
Mega Works Trading	SMME-Entrepreneur	Ekurhuleni	R150,000.00
Mam Wami Entrepreneurship	SMME-Entrepreneur	Johannesburg	R1,300,000.00
MM Furniture	SMME-Entrepreneur	Johannesburg	R180,000.00



Name of organisation	Sector	Region	Amount
Mothosi Holding	SMME -Skills Development	Johannesburg	R1,950,000.00
Sunset Point	SMME-Entrepreneur	Johannesburg	R565,000.00
Sakhile Ezweni Bakery	SMME-Entrepreneur	Johannesburg	R1,950,000.00

The GGB supported these beneficiaries through the following SED programmes and initiatives as set out in our policy, in the 2016/2017 financial year:

- Healthcare programmes;
- Education programmes, resources and materials provided at primary, secondary and tertiary education level;
- Community training, skills development for the unemployed and adult basic education and training;
- Support of arts, cultural or sport development programmes; and
- Development programmes for women, youth, people with a disability and people living in townships, as well as rural areas.

NB. The above table represent figures of CSI and SDF projects that were funded in the 2016/2017 financial year. The total amount spent on CSI projects was R24,0 million and on SDF, it was R18,9 million. It should also be noted that we strategically ensured that programmes were offered in all five regions of Gauteng. In the gender categories, both the CSI and SDF project beneficiaries included male, female, youth, and disabled persons, with a particular focus on projects that support the development of our youth, women and disabled persons. The sport codes were mainly soccer, and we would like to see the development of more sport codes in future.

5.1.9 B-BBEE

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 Broad-Based Black Economic Empowerment Act 53 of 2003 as amended, Section 32 of the Gauteng Gambling Act of 1995 as amended and Section 53 of the National Gambling Act, 7 of 2004.

In the year under review, the Board invited and issued 34 bookmakers' licences. One of the conditions was in relation to the shareholding of prospective licensees. The applicants were required to have a minimum of 51% shareholding by previously disadvantaged individuals of which 60% had to be held by locals. Furthermore, 30% of the 60% must have been held by black women and youth. This level of B-BBEE shareholding must also be maintained throughout the tenure of the licence.

5.1.10 Enforcement of the Financial Intelligence Centre Act

The GGGB is a supervisory body in terms of the enforcement and implementation of FICA in the gambling industry. The objectives of FICA are to:

- Preserve and enhance SA's reputation for sound governance and policies;
- Bring the SA legislation and framework in line with international standards and expectations;
- Complement the Prevention of Organised Crime Act, 1998 (POCA) 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, 2004 (POCDATARA);
- Remove the business element from 'the business of crime;' and
- Establish SA as part of international efforts to combat money laundering and terror financing.



For the financial year under review 39 FICA inspections were conducted.

5.2 Planning concepts, strategic objectives and result statements

5.2.1 Definition of planning concepts

The guidelines from National Treasury for the development of APPs set out a definition that the GGB is adhering to. This section provides a brief explanation of the measurement definitions that are used in the APP. At the top of what National Treasury call the hierarchy of the relationship between planning concepts, are the vision, mission and values which we set out in Section A3.3. The following definitions and measures, drawn from the National Treasury definitions, are used in the APP and AR:

Planning concept	Definition	GGB usage in APP
1. Strategic outcomes	Strategic outcomes identify areas of institutional performance that are critical to the achievement of the mission. They should stretch and challenge the institution, but must be realistic and achievable. They probably span the period of a strategic plan or longer.	There are four strategic goals in the GGB APP.
2. Strategic-oriented goals	Strategic-oriented goals should state clearly what the institution intends to do or produce to achieve its strategic outcomes. The strategic-oriented goals should be stated in the form of an output statement.	There are four strategic-oriented outcomes that directly correspond to the strategic goals in the APP, with seven corresponding objective statements supporting these strategic goals.
3. Strategic objectives	Strategic objectives in the APP should refer to the objectives that are intended for the financial year. Each strategic objective must describe items that the institution is directly responsible for doing or delivering under its strategic outcome. Institutions are advised to set fewer rather than more strategic objectives. The aim is to make strategic choices.	There are 10 result statements to support the strategic objectives in the APP. From these strategic objectives, KPIs and targets are developed.
4. KPIs	KPIs are more detailed than strategic objectives. They are quantifiable measurements that reflect the critical success factors of an organisation. KPIs can set measures for quantity, quality or time, or any other measurement. If appropriate, there could be just one KPI as a measure for a strategic objective. There should not be more than five KPIs for a particular strategic objective though, because this will lead to the APP being too operational.	There are 11 KPIs grouped under the six result statements.
5. Annual targets	Targets add value, measure and detail to a KPI. It must be a number, quantity, level of quality, or a time period.	The APP requires a history of 2012/2013 targets achieved, that were audited, a baseline target for 2013/2014, an estimated delivery target for 2014/2015, and projected annual targets for 2014/2015; 2015/2016 and 2016/2017.
6. Quarterly targets	The annual targets for 2017/2018 are broken down into quarterly targets.	This is applied in the APP.



The diagram below represents the cascading of the hierarchy of planning concepts, with their application to the GGB annual performance plan.



Representation of GGB Annual Performance Plan planning concepts

The table below sets out a summary of the strategic outcomes, strategic-oriented goals and the strategic objectives for the GGB APP for 2017/2018.



Strategic objective	Strategic programme	Strategic objective indicator	Result statement	
A properly regulated gambling and betting industry that generates revenue towards the socio-economic development of the province	1. Gambling Regulation	1.1 Gambling processes concluded	1.1.1 Regulated gambling industry	
		1.2 Annual draft amendments of gambling legislation submitted	1.1.2 Regulated gambling industry	
		1.3 Rand value of tax collected	1.1.3 Revenue collected	
	2. Corporate Social Investment	2.1 To reduce the hardships of society from the hardships of socio-economic challenges		2.1.1 Increase Rand value spendt on CSI projects
				2.1.2 Rand value spent on SDF
	3. Responsible Gambling	3.1 To minimise the negative impact of gambling in Gauteng	3.1.1 Existence of responsible gambling programmes	



5.3 Annual performance plan – performance indicators, targets and achievements

The following section, which makes up the bulk of the APP, sets out the detailed target setting and performance monitoring measures for the GGB's 2017/2018 targets, together with achievements against those targets.

Strategic objective: A properly regulated gambling and betting industry that generates revenue towards the socio-economic development of the province-

5.3.1 Programme 1 – Gambling Regulation

5.3.1.1 Strategic objectives, key performance indicators and targets

Strategic objective	Strategic indicator	Result statement	Performance indicator	2016/2017 Actual performance (baseline)	2017/2018 Annual target	2018/2019 Annual target
A properly regulated gambling and betting industry that generates revenue towards the socio-economic development of the province	1.1 Gambling processes concluded	1.1.1 Regulated gambling industry	1.1.1.1 Percentage of applications processed within the standard timeframes: employee provincial – 30 days; employee national – 60 days; entities – 6 months	100%	100%	100%
			1.1.1.2 Number of compliance audits conducted on gambling licensees per annum	190	180	180
			1.1.1.3 Number of inspections conducted per annum	691	678	678
			1.1.1.4 Percentage of illegal gambling information reported to the police within 30 days of receipt	43	100%	100%
			1.1.1.5 Percentage of disputes processed against those received in the standard timeframe of 6 months	100%	100%	100%
			1.1.1.6 Percentage of gaming equipment applications processed per annum within the standard timeframes	100%	100%	100%
	1.3 Rand value of tax distributed	1.1.2 Regulated gambling industry	1.1.2.1 Annual draft amendments of gambling legislation submitted to MEC before the end of the financial year	1	1	1
			1.1.3 Revenue distributed	1.1.3.1 Rand value of gambling tax distributed per annum	R985.9 million	R1 105.1 million



5.3.1.2 Quarterly targets for 2017/2018

Strategic objective	Strategic indicator	Result statement	Performance indicator	2017/2018 Annual target	2017/2018 Q1 Target	2017/2018 Q2 Target	2017/2018 Q3 Target	2017/2018 Q4 Target	
A properly regulated gambling and betting industry that generates revenue towards the socio-economic development of the province	1.1 Gambling processes concluded	1.1.1 Regulated gambling industry	1.1.1.1 Percentage of applications processed within the standard timeframes: employee provincial – 30 days; employee national – 60 days; entities – 6 months	100%	100%	100%	100%	100%	
			1.1.1.2 Number of compliance audits conducted on gambling licensees per annum	180	45	45	45	45	
			1.1.1.3 Number of inspections conducted per annum	678	150	200	158	170	
		1.1.2 Regulated gambling industry	1.1.1.4 Percentage of illegal gambling information reported to the police within 30 days of receipt	100%	100%	100%	100%	100%	
			1.1.1.5 Percentage of disputes processed against those received in the standard timeframe of 6 months	100%	100%	100%	100%	100%	
			1.1.1.6 Percentage of gaming equipment applications processed per annum within the standard timeframes	100%	100%	100%	100%	100%	
	1.2 Annual draft amendments of gambling legislation submitted	1.1.2 Regulated gambling industry	1.1.2.1 Annual draft amendments of gambling legislation submitted to MEC before the end of the financial year	1	-	-	-	1	-
			1.3 Rand value of tax distributed	R1105.1m	R266m	R266m	R276.9m	R296.2m	
	1.3 Rand value of tax distributed	1.1.3 Revenue distributed	1.1.3.1 Rand value of gambling tax distributed per annum	R1105.1m	R266m	R266m	R276.9m	R296.2m	



5.3.1.3 Performance against the annual performance plan

Strategic objective	Strategic indicator	Result statement	Performance indicator	Evidence required	2017/2018 Annual target	2017/2018 Annual actual	2017/2018 Monitoring and evaluation	Comments
A properly regulated gambling and betting industry that generates revenue towards the socio-economic development of the province	1.1 Gambling processes concluded	1.1.1 Regulated gambling industry	1.1.1.1 Percentage of applications processed within the standard timeframes: employee provincial – 30 days; employee national – 60 days; entities – 6 months	List of applications received with the date received and list of applications processed with dates completed	100%	100%	Achieved	Committed employees and strong systems and processes are in place to process the applications within the timeframes
			1.1.1.2 Number of compliance audits conducted on gambling licensees per annum	List of compliance audits conducted on gambling licensees with the dates completed	180	242	Achieved	Cooperation by licensees in providing information and access to their premises
			1.1.1.3 Number of inspections conducted per annum	List of inspections conducted with the dates approved	678	688	Achieved	Co-operation by licensees in providing information and access to their premises
			1.1.1.4 Percentage of illegal gambling information reported to the police within 30 days of receipt	Percentage of illegal gambling information reported to the police with the dates reported	100%	100%	Achieved	Joint operation between GGB and several law enforcement agencies
			1.1.1.5 Percentage of disputes processed against those received in the standard timeframe of 6 months	List of disputes received with the dates received and the dates processed	100%	100%	Achieved	Cooperation from both complainants and licensees in resolving the disputes
			1.1.1.6 Percentage of gaming equipment applications processed per annum within the standard timeframes	List of gaming applications received with the dates, as well as list of applications processed with dates completed	100%	100%	Achieved	Adequate management of process and turnaround times



Strategic objective	Strategic indicator	Result statement	Performance indicator	Evidence required	2017/2018 Annual target	2017/2018 Annual actual	2017/2018 Monitoring and evaluation	Comments
A properly regulated gambling and betting industry that generates revenue towards the socio-economic development of the province	1.2 Annual draft amendments of gambling legislation submitted	1.1.2 Regulated gambling industry	1.1.2.1 Annual draft amendments of gambling legislation to MEC before the end of the financial year	Acknowledgement of receipt of the draft amendments of legislation	1	1	Achieved	Adequate resources to adhere to the planned activities
	1.3 Rand value of tax distributed	1.1.3 Revenue distributed	1.1.3.1 Rand value of gambling tax distributed per annum	Actual amount of gambling tax distributed as reported in the financial statements	R1105.1m	R1083.0m	Not achieved	Under collection of taxes by 2% of budget, in line with economic growth trend



5.3.2 Programme 2 - Corporate social investment

5.3.2.1 Strategic objectives, key performance indicators and targets

Strategic objective	Strategic indicator	Result statement	Performance indicator	2016/2017 Actual performance (baseline)	2017/2018 Annual target	2018/2019 Annual target
A properly regulated gambling and betting industry that generates revenue towards the socio-economic development of the province	2.1 To reduce the hardships of society from the hardships of socio-economic challenges	2.1.1 Increase rand value spent on CSI projects	2.1.1.1 Rand value spent on CSI projects	R24.8m	R0.605m	R0.396m
		2.1.2 Increase Rand value spent on SDF	2.1.1.2 Rand value spent on SDF	R19.4m	R7.3m	R7.7m



5.3.2.2 Quarterly targets for 2017/2018

Strategic objective	Strategic indicator	Result statement	Performance indicator	2017/2018 Annual target	2017/2018 Q1 Target	2017/2018 Q2 Target	2017/2018 Q3 Target	2017/2018 Q4 Target
A properly regulated gambling and betting industry that generates revenue towards the socio-economic development of the province	2.1 To reduce the hardships of society from the hardships of socio-economic challenges	2.1.1 Increase Rand value spent on CSI projects	2.1.1.1 Rand value spent on CSI projects	R0.605m	0	0	0	R0.605m
		2.1.2 Increase Rand value spent on SDF	2.1.1.2 Rand value spent on SDF	R7.3m	0	0	0	R7.3m



5.3.2.3 Performance against the annual performance plan

Strategic objective	Strategic indicator	Result statement	Performance indicator	Evidence required	2017/2018 Annual target	2017/2018 Annual actual	2017/2018 Monitoring and evaluation	Comments
A properly regulated gambling and betting industry that generates revenue towards the socio-economic development of the province	2.1 To reduce the hardships of society from the hardships of socio-economic challenges	2.1.1 Increase Rand value spent on CSI projects	2.1.1.1 Rand value spent on CSI projects	Actual amount spent as reported on the statement of financial performance	R0.605m	R5.952m	Achieved	29 Projects were approved and funded for the year
		2.1.2 Increase Rand value spent on SDF	2.1.1.2 Rand value spent on SDF	Actual amount spent as reported on the statement of financial performance	R7.3m	R29.736m	Achieved	The SDF has grown exponentially over the last few years, which resulted in accumulated funds available for distribution. These funds were distributed to beneficiaries in accordance with the Gauteng Gambling Act



5.3.3 Programme 3 – Responsible Gambling

5.3.3.1 Strategic objectives, key performance indicators and targets

Strategic objective	Strategic indicator	Result statement	Performance indicator	2016/2017 Actual performance (baseline)	2017/2018 Annual target	2018/2019 Annual target
A properly regulated gambling and betting industry that generates revenue towards the socio-economic development of the province	3.1 To minimise the negative impact of gambling in Gauteng	3.1.1 Existence of responsible gambling programmes	3.1.1.1 Number of people reached via messaging on the dangers of gambling	2.303.665	180 000	180 000

5.3.3.2 Quarterly targets for 2017/2018

Strategic objective	Strategic indicator	Result statement	Performance indicator	2017/2018 Annual target	2017/2018 Q1 Target	2017/2018 Q2 Target	2017/2018 Q3 Target	2017/2018 Q4 Target
A properly regulated gambling and betting industry that generates revenue towards the socio-economic development of the province	3.1 To minimise the negative impact of gambling in Gauteng	3.1.1 Existence of responsible gambling programmes	3.1.1.1 Number of people reached with messaging on the dangers of gambling	180 000	40 000	40 000	40 000	60 000



5.3.3.3 Performance against the annual performance plan

Strategic objective	Strategic indicator	Result statement	Performance indicator	Evidence required	2017/2018 Annual target	2017/2018 Annual actual	2017/2018 Monitoring and evaluation	Comments
A properly regulated gambling and betting industry that generates revenue towards the socio-economic development of the province	3.1 To minimise the negative impact of gambling in Gauteng	3.1.1 Existence of responsible gambling programmes	3.1.1.1 Number of people reached via messaging on the dangers of gambling	Number of people reached via messaging on the dangers of gambling – information leaflets distributed; minutes of the Responsible Gambling Committee of the Board	180 000	1,380,362	Achieved	Successful implementation of the responsible gambling strategy formulated to reach people via messaging on the dangers of gambling through various mediums



5.3 Capital investment, maintenance and asset management plan

The GGB has neither a maintenance plan nor capital investment. Its building is fairly new and is currently maintained inhouse. The building was revalued at R100 million in the 2015/2016 financial year; which represented an increase of 11% in the carrying value of the building. The valuer's report indicates that the building is well maintained, and that the workmanship is of a very good standard.

The most significant additions to assets during the year were computers. This was to provide for the anticipated increase in the number of staff, as per the newly approved organisational structure.

The estimated useful lives of assets were assessed at yearend, 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.



6. SUMMARY OF FINANCIAL INFORMATION

When formulating the strategic plan and the annual budget external information such as the inflation rate published by National Treasury, the macro-economic environment, international and national trends in the gambling industry, economic forecasts and salary surveys are taken into cognisance.

Specific external events that were considered, were the increase in the number of licensees and movement of employees in the gambling industry.

6.1 Budget estimates

The table below presents the GGB 2017/2018 high level budget. The GGB's expenditure is funded through licensing fees levied.

The main objective of the GGB for the period under review was to:

- Enhance, oversee and control gambling activities in Gauteng,
- Manage and administer the SDF; and
- Supervise and enforce compliance by the gambling industry with the requirements of the Gauteng Gambling Act, FICA, and the National Gambling Act.

Therefore, taking into account all strategic planning, coordination and monitoring and evaluation priorities, the Board adopted an approach which links the activities to budgeting. The following table sets out the five-year Medium-Term Expenditure Framework (MTEF) budget.

COST CENTRE	Approved Budget 2017/18	MTEF 2018/19	MTEF 2019/20	MTEF 2020/21	MTEF 2021/22	MTEF 2022/23
INCOME						
Collection Commission	80 000 223	90 698 009	95 122 659	99 820 699	104 812 479	110 120 278
Licence fees	57 112 458	60 539 205	64 171 558	68 021 851	72 103 162	76 429 352
Interest Received	7 315 380	7 461 688	7 610 921	8 067 577	8 551 631	9 064 729
Sports betting levy	15 390 140	16 929 154	17 944 903	19 021 597	20 162 893	21 372 667
Application fees	2 694 924	2 856 619	3 028 017	3 209 698	3 402 280	3 606 417
Employees Registration Fee	5 432 168	5 758 098	6 103 584	6 469 799	6 857 987	7 269 466
Investigation Exp. Recoveries	2 629 861	2 787 653	2 954 912	3 132 207	3 320 139	3 519 347
Other income	287 788	250 000	250 000	265 000	280 900	297 754
HRA Administration Fees	240 000	240 000	240 000	240 000	240 000	240 000
Sub-total	171 102 942	187 520 427	197 426 554	208 248 427	219 731 473	231 920 010
TOTAL	171 102 942	187 520 427	197 426 554	208 248 427	219 731 473	231 920 010



	Approved Budget 2017/18	MTEF 2018/19	MTEF 2019/20	MTEF 2020/21	MTEF 2021/22	MTEF 2022/23
Board fees	4 574 927	4 849 423	5 140 388	5 448 811	5 775 740	6 122 284
Basic Salaries	66 970 167	88 017 529	93 985 239	99 624 353	105 592 121	111 927 648
13th Cheque	4 869 991	5 315 712	5 619 402	5 956 566	6 313 960	6 692 797
Medical Aid	3 696 644	3 760 590	3 970 973	4 209 231	4 461 785	4 729 492
UIF	183 673	180 373	175 943	186 499	197 689	209 550
Provident fund	7 897 792	8 486 466	8 980 397	9 519 221	10 090 374	10 695 796
Group life	1 138 426	1 223 280	1 281 424	1 358 309	1 439 807	1 526 196
SDL	701 822	771 268	802 291	850 428	901 454	955 541
Leave provision	1 999 589	2 399 507	2 543 477	2 696 086	2 857 851	3 029 322
Long service award	242 511	-	-	-	-	-
Internship stipend	902 160	1 236 740	1 295 691	1 373 433	1 455 839	1 543 189
State benefit	79 147	75 475	80 004	84 804	89 892	95 286
Incentive bonus	10 590 000	10 306 260	7 898 999	5 133 400	8 151 379	10 283 575
Sub-total	103 846 849	126 622 622	131 774 226	136 441 141	147 327 891	157 810 678
OPERATIONS EXPENDITURE						
Advertising	1 327 556	703 094	745 279	789 996	837 396	887 640
Auditors remuneration	1 356 718	1 438 121	1 524 408	1 615 873	1 712 825	1 815 595
Bank charges	66 647	70 646	74 885	79 378	84 140	89 189
Board training	323 067	342 451	362 998	384 778	407 865	432 337
Building maintenance	598 868	634 800	672 888	713 261	756 057	801 420
Computer expenses	4 568 780	4 222 835	4 476 205	4 744 777	5 029 464	5 331 232
Conferences and seminars	2 039 266	2 723 622	2 887 039	3 060 262	3 243 877	3 438 510
Consumables	963 277	1 021 074	1 082 338	1 147 278	1 216 115	1 289 082
Corporate social investment	4 361 105	3 000 995	3 401 395	5 082 938	4 520 646	3 720 926
Depreciation	4 061 558	4 305 251	4 563 567	4 837 381	5 127 623	5 435 281
Employee assistance program	109 793	166 381	176 363	186 945	198 162	210 052
Insurance	199 970	211 968	224 686	238 167	252 458	267 605
Investigation and enforcement costs	3 067 128	3 875 370	4 107 892	4 354 366	4 615 628	4 892 565
Legal fees	7 264 402	7 700 266	8 046 282	7 659 132	7 190 297	7 121 715
Media subscription and books	-	-	-	-	-	-
Municipal charges	2 245 100	2 379 806	2 617 787	2 879 565	3 167 522	3 484 274
Postage and stationery	922 994	978 374	1 037 076	1 099 301	1 165 259	1 235 174
PR expense	507 261	700 000	742 000	786 520	833 711	883 734



	Approved Budget 2017/18	MTEF 2018/19	MTEF 2019/20	MTEF 2020/21	MTEF 2021/22	MTEF 2022/23
Printing costs	641 183	679 654	720 433	763 659	809 479	858 047
Professional fees	2 073 304	3 000 000	3 677 559	3 898 213	4 132 105	4 380 032
Recruitment cost	1 373 234	655 628	694 966	736 664	780 863	827 715
Repairs and maintenance (Equipment)	77 151	81 780	86 687	91 888	97 401	103 245
Responsible gambling	11 040 000	10 206 932	10 819 348	12 968 509	12 746 619	12 219 015
Storage rentals	335 013	355 114	376 421	399 006	422 946	448 323
Telephone and fax	1 747 940	1 852 816	1 963 985	2 081 825	2 206 734	2 433 054
Training staff	2 049 207	2 234 148	2 371 760	2 517 641	1 558 487	1 578 107
Transcription costs	185 546	196 679	208 479	220 988	234 248	248 302
Travel overseas	3 597 640	3 700 000	3 822 000	4 051 320	4 372 939	4 635 316
Travel local	3 452 384	3 460 000	4 167 600	4 417 656	4 682 714	5 041 845
Sub-total	60 556 092	60 897 805	65 652 327	71 807 286	72 403 581	74 109 332
CAPITAL EXPENDITURE						
Building improvements	4 000 000	-				
Computer equipment	1 200 000	-				
Vehicles	1 500 000					
Sub-total	6 700 000		-	-	-	-
TOTAL	171 102 941	187 520 427	197 426 553	208 248 427	219 731 472	231 920 010



6.2 Revenue collection

Year Revenue source	2017/2018 R'000			2016/2017 R'000		
	Budget	Actual revenue	(Over)/under collection	Budget	Actual revenue	(Over)/under collection
Administration fee	240	240	0	240	240	0
Application and registration fees	8 127	7 949	178	7 375	7 320	(55)
Collection commission	80 000	86 377	(6 376)	80 772	78 618	2 154
Licence fees	57 112	58 240	(1 128)	47 422	48 818	(1 396)
Sports betting levies	15 390	18 136	(2 746)	14 256	14 519	(263)
Penalties collected	0	0	0	0	0	0
Recoveries of investigation fees	2 630	2 254	376	2 059	2 481	(422)
Sundry income	288	437	(149)	916	1 533	(617)
Interest received	7 315	7 312	3	7 020	6 830	190
Profit on asset disposal	0	0	0	0	0	0
TOTAL	171 102	180 945	(9 843)	160 060	160 359	(299)

6.3 Programme expenditure

Overall, the GGB performed well during the reporting year, with an increase in the number of licensees from the year before.

Financial year Programme name	2017/2018 R'000			2016/2017 R'000		
	Budget	Actual expenses	(Over)/under expenditure	Budget	Actual expenses	(Over)/under expenditure
Employee related costs	99 272	98 998	274	83 285	84 165	(880)
Board and audit members' fees	4 575	4 569	6	3 915	3 223	692
Depreciation and amortisation	4 061	4 180	(118)	3 840	3 972	(132)
Other operating expenses	63 194	54 787	8 407	69 020	60 980	8 040
Loss on asset disposal	0	33	(33)	0	33	(33)
TOTAL	171 102	162 534	8 568	160 060	152 373	7 687



PART C: Governance Annual Report **2017-2018**





1. INTRODUCTION

The Gauteng Gambling Board 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.



2. PORTFOLIO COMMITTEES

2.1 Gauteng Legislature Economic Development Portfolio Committee

The GGB held meetings with the Gauteng Legislature Economic Development Portfolio Committee as part of the DED.

2.2 Committee on the scrutiny of Subordinate Legislation

During the reporting year, the Gauteng Gambling Act was amended to achieve the increase in the annual licence fees as well as the application fees, in terms of the regulations promulgated in terms of Section 84 of the Act. The draft amendments were presented and approved by the Legislature on 3 March 2017.

2.3 Standing Committee on Public Accounts

The Board, together with the DED, conducted meetings and exchanged correspondence with the Standing Committee on Public Accounts. No issues were raised in respect of the GGB.



3. EXECUTIVE AUTHORITY

On a monthly and quarterly basis, the Board reports to the DED 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.

4. ACCOUNTING AUTHORITY

4.1 Introduction

The Board is a statutory body established in terms of Section 3 of the Gauteng Gambling Act, No 4 of 1995, as amended, to exercise public power to regulate and control gambling activities in the Gauteng Province on behalf of the GPG.

4.2 The role of the Board

The Board focuses 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 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, and
- Be aware of, and commit to the underlying principles of good corporate governance and ensure that compliance with corporate governance principles is reviewed regularly.

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 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.



Board members

As required in terms of the GGB Act 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.

The roles of the Chairperson and the CEO are separate, with a clear division of responsibilities.

Board committees

The Board has established committees to assist in exercising its authority, 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. The permanent committees of the Board are:

- The Executive Committee of the Board (EXCO);
- The Audit and Risk Committee;
- The Social and Ethics Committee;
- The Gaming Committee; and
- The Transformation Committee; and
- The Responsible Gambling Committee.

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.

4.3 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 consists of between eight and twelve members. Board meetings are conducted at least quarterly, and more frequently when circumstances so require.

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 in advance 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; and
- 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.

4.4 Composition of the Board

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

Name	Designation in terms of the GGB structure	Date of extension of term of office	Date of expiry of term of office	Qualifications	Area of expertise	Board Directorships (List the entities)	Membership in committees	No of Board & Special Board meetings attended	No of Board hearings attended
Mr Mxolisi Zwane	Chairperson		Current and term ending September 2018	B Proc, LL.M Higher Diploma in Company Law	Attorney	Director – Maluleke Seriti Makuke Matlala Inc Chairperson – National Heritage Council Head of Polity, Black Business Council	Legal and Compliance Committee	12 out of 12	3 out of 3
Ms Shaila Hari	Board Member		Current and term ending September 2018	Bachelor of Accounting Science BCompt Honours Public Sector Governance SBL UNISA	Accounting and public sector governance Financial Management, accounting and financial administration Corporate governance social and ethics	Non- Executive Director - Spanjaard Ltd: Member of Audit Committee and Chairperson of the Social and Ethics Committee Non-Executive Director - Air Traffic Navigation Services (ATNS) Board: Non-Executive Director, Member of the Audit Committee and Chairperson of the Social and Ethics Committee	Gaming Committee	11 out of 12	3 out of 3





Name	Designation in terms of the GGB structure	Date of extension of term of office	Date of expiry of term of office	Qualifications	Area of expertise	Board Directorships (List the entities)	Memberships in committees	No of Board & Special Board meetings attended	No of Board hearings attended
Ms Shaila Hari	Board Member		Current and term ending September 2018	Bachelor of Accounting Science BCompt Honours Public Sector Governance SBL UNISA	Accounting and public sector governance Financial Management, accounting and financial administration Corporate governance social and ethics	Chairperson: Audit Committees of National School of Government; The International Trade Administration Commission of SA Member Audit Committee: SA Pharmacy Council; The SSA Past Audit Committee memberships: Government Employee Medical Scheme, National Department of Communications, National Department of Housing, Medical Research Council, Gauteng Economic Development Agency, Department of Social Development			



Name	Designation in terms of the GGB structure	Date of extension of term of office	Date of expiry of term of office	Qualifications	Area of expertise	Board Directorships (List the entities)	Membership in committees	No of Board & Special Board meetings attended	No of Board hearings attended
Mr Zola Majavu	Board Member		Resigned 27 November 2017	BA LLB Higher Diploma in Company Law Judicial Skills Course Executive Sports Management Certificate in Sports Law	Attorney	Chairperson - Road Traffic Management Corporation (RTMC) Director - Majavu Inc Trustee of Jolinkomo Trust Director- Oliphant Institute of Leadership Majavu Consultancy CC	Corporate and Gaming Committees	4 out of 12	0 out of 3
Mr Zola Fihlani	Board Member		Current and term of ending September 2018	CA (SA) B. Com B. Compt CTA Higher Diploma in Tax Higher Diploma in International Tax Law M.Com (Tax)	Business acumen	Board Member- IRBA Board Member and Audit Committee Member- Gauteng Partnership Fund Board & Audit Committee Member- Richards Bay IDZ Audit Committee Chairperson- National Heritage Council Risk & Portfolio Committee – National Empowerment Fund Risk Committee Member- Ekurhuleni Metropolitan Municipality	Audit and Risk and Responsible Gambling Committees	6 out of 12	3 out of 3



Name	Designation in terms of the GGB structure	Date of extension of term of office	Date of expiry of term of office	Qualifications	Area of expertise	Board Directorships (List the entities)	Membership in committees	No of Board & Special Board meetings attended	No of Board hearings attended
Dr Stephen Louw	Board Member		Current and term ending September 2018	PhD (Political Studies) BA Hons (Political Studies)	Gambling		Gaming and Responsible Gambling Committees	11 out of 12	3 out of 3
Ms Cynthia Motau	Board Member		Current and term ending September 2018	BA Social Work, Advanced Diploma in Community Development Master of Education Advanced Certificate in Project Management Certificate in Corporate Governance Certificate of Business Accounting for Non-Accountant Managers	Tourism	Director- Sunburst Corporate Catering Services Non-Executive Director – Fountain of Life (NPO)	Social and Ethics and Responsible Gambling Committees	12 out of 12	3 out of 3
Mr Leon Marincowitz	Board Member		Current and term ending September 2018	Prince 2 Project Management Practitioner Master of Philosophy BA Honours: Philosophy BA: General	Policy development, research and advocacy Programme coordination, finance, human resources and media liaison		Transformation, Corporate and Gaming Committees	11 out of 12	3 out of 3



Name	Designation in terms of the GGB structure	Date of extension of term of office	Date of expiry of term of office	Qualifications	Area of expertise	Board Directorships (List the entities)	Membership in committees	No of Board & Special Board meetings attended	No of Board hearings attended
Colonel Johnny Sexwale	Board Member		Current and term ending September 2018	Diploma Journalism	Business acumen	Director – Mantuba Investment Holdings (Pty) Ltd Director – Kusini Technology (Pty) Ltd Member of Reserve Force Council	Responsible Gambling and Gaming Committees	11 out of 12	3 out of 3
Dr Nozipho Sangweni	Board Member		Resigned	MBCbB MBA Diploma in Occupational Health Diploma in Civil Aviation Management Certificates: Primary Aviation Medicine, Senior Civil Aviation Management, Management of Aviation Security, Aviation Law for Managers, Air Transport Management, Travel Medicine, and Aviation Medicine Management Advancement Programme	Medical Doctor	Chairperson - Johannesburg Local Committee of Gauteng Liquor Board	Audit & Risk, Social & Ethics & Transformation Committees	0 out of 12	0 out of 3



Name	Designation in terms of the GGB structure	Date of extension of term of office	Date of expiry of term of office	Qualifications	Area of expertise	Board Directorships (List the entities)	Membership in committees	No of Board & Special Board meetings attended	No of Board hearings attended
Mr Thulani Sithole	Board Member		Current and term ending September 2018	B.Com HDIPTax B.Com (Hons) Leadership Development Programme	Risk, Audit & Tax	GEP (Board member and Chairperson of Risk and Audit Committee) National Audit Committee Forum: Member of the National Working Group TRG International (Board member)	Social & Ethics, Corporate, Audit & Risk & Transformation Committees	9 out of 12	3 out of 3
Mr Timothy Sukazi	Board Member		Current and term ending September 2018	B.Proc Certificate in Practical Legal Training LLB LLM (Commercial Law)	Attorney	Tim Sukazi Inc (founder and director)	Corporate, Social and Ethics, Legal and Compliance and Transformation Committees	3 out of 12	1 out of 3



4.5 Committees

In terms of the GGB Act, the Board may establish committees to assist it in the execution of its duties, powers and authorities. As such, the Board established the following 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 Committee.** The Gaming Committee oversees the gambling activities on behalf of the Board and formulates policies on matters related thereto.
- **Responsible Gambling Committee.** The purpose of this committee is to advise the Board on the formulation and implementation of responsible gambling policy.
- **Corporate Committee.** The purpose of this committee is to review, advise and make recommendations to the Board on matters relating to corporate governance and any other related matters as delegated by the Board.
- **Social and Ethics Committee.** The role of the committee is to assist the Board with the oversight of social and ethical matters relating to the GGB.
- **Executive Committee (EXCO).** The EXCO is delegated with the responsibility to oversee the GGB's strategic direction and provide guidance to the management team of the organisation.
- **Transformation Committee.** The role of the committee is to assist the Board with oversight on transformation matters relating to the GGB and the gambling sector.



The table below summarises the attendance of the various committees from 1 April 2017 until 31 March 2018.

	Corporate Committee	Responsible Gambling Committee	Gaming Committee	Social & Ethics Committee	Transformation Committee
TOTAL MEETINGS	3	4	5	5	2
Mxolisi Zwane					
Shaila Hari			4		
Zola Fihlani		3			
Stephen Louw		4	5		
Zola Majavu	2		0		
Leon Marincowitz	3		5		2
Cynthia Motau		3		5	
Nozipho Sangweni					0
Johnny Sexwale		4		4	
Thulani Sithole	3			5	2
Timothy Sukazi	1			2	0
Steve Hall (co-opted member)			5		
Adv. Lentswe Mokgatle (co-opted member)				2	1



4.6 Remuneration of Board members

Board members are remunerated 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.

Board member	Remuneration	Other re-imbursments	Total
Mxolisi Zwane	440 952,00		440 952,00
Shaila Hari	289 593,00	14 511,08	304 104,07
Zola Majavu	77 346,00	36 031,88	113 377,88
Johnny Sexwale	302 466,00	20 730,10	323 196,10
Zola Fihlani	115 098,0		115 098,00
Cynthia Motau	251 826,00		251 826,00
Stephen Louw	288 648,00		288 648,00
Leon Marincowitz	217 116,00		217 116,00
Thulani Sithole	223 554,00		223 554,00
Timothy Sukazi	55 704,00		55 704,00
Wedzerai Musvoto	70 896,00		70 896,00
Krishna Govender	45 576,00		45 576,00
Lentswe Mokgatle	25 320,00		25 320,00
Steve Hall	121 536,00	65 398,23	186 834,23
Johanna Leso	112 552,0	896,00	113 448,00
Bonginkosi Mashazi	33 106,00		33 106,00
Thabang Serero	143 124,00		143 124,00
Dferadayalen Konar	12 000,00		12 000,00
Tshatshara Mabusela	80 887,00		80 887,00
Harold Knopp	221 939,50		221 939,50
Tshepiso Mphahlane	43 512,00		43 512,00
Makatso Mokoena	280 686,50		280 686,50
Sibusiso Magwaza	246 924,00		246 924,00
Hector Mokhutsane	283 338,20		283 338,20
Fana Nalane	250 865,00		250 865,00
Malema	355 107,00		355 107,00



5. AUDIT AND RISK COMMITTEE

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; and
- The review of the preparation of accurate and timely financial reports and statements by management.

The committee provides a forum for discussing business risks and control issues and for developing relevant recommendations for consideration by the Board. The Committee acts as a conduit for communication between the GGB management and the internal and external auditors.

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; and
- Instances where an in-house internal audit function is established.

The identification and management of risk is central to achieving the Board's mandate in terms of the act. 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, and
- Appropriate insurance cover is placed and regularly reviewed, and that all uninsured risks are reviewed and managed.



6. INTERNAL CONTROL UNIT

The GGB does not have an internal control unit as the functions are covered by the activities of internal audit and the Audit and Risk Committee.





7. INTERNAL AUDIT

The internal audit function of the GGB is outsourced.

The Audit and Risk Committee considers the objectives, audit plans and audit charter of internal audit to enable it to meet its objectives. The committee ensures that the internal auditors discharge their functions effectively and in a timely manner by:

- Reviewing the results of work performed by the internal audit function regularly;
- Reviewing significant matters reported by the internal audit function;
- Reviewing any differences of opinion with management, which differences would have been brought to the attention of the committee;
- Directing investigations into matters within the committee's scope, audits of capital expenditures, fraud investigations, misconduct or conflicts of interest; and
- Reviewing the adequacy of corrective action taken in response to significant internal audit findings.

The internal audit function conducted a review of all of the following:

- Financial discipline;
- Supply chain management;
- Compliance process;
- Licensing process;
- Audit performance information for Quarter 1, Quarter 2, Quarter 3 and Quarter 4;
- Human Resource management; and
- IT general controls.

Attendance of the Audit and Risk Committee Meetings: 2016/2017 financial year

Name	Qualifications	Date appointed	Date of expiry of term of office	Audit Committee Meetings Attended	Special Audit Committee Meetings Attended
Mr Zola Fihlani*	CA(SA) B.Com B.Compt C CTA Higher Diploma in Tax Higher Diploma in International Tax Law M.Com (Tax)	27 October 2015	Current and term of ending Sept 2018	3 of 4	2 of 2



Name	Qualifications	Date appointed	Date of expiry of term of office	Audit Committee Meetings Attended	Special Audit Committee Meetings Attended
Dr Nozipho Sangweni*	MBChB MBA Diploma in Occupational Health Diploma in Civil Aviation Management Certificates: Primary Aviation Medicine, Senior Civil Aviation Management, Management of Aviation Security, Aviation Law for Managers, Air Transport Management, Travel Medicine and Aviation Medicine Management Advancement Programme	27 October 2015	Resigned	None	None
Mr Thulani Sithole*	B.Com HDIPTax B.Com (Hons) Leadership Development Programme	27 October 2015	Current and term of ending Sept 2018	4 of 4	0 of 2
Prof Wedzerai Musvoto	D.Com (Financial Management) M.Com (Financial Management) B.Com	04 May 2016	Current	4 of 4	2 of 2
Krishna Govender	CA(SA) B.Com B.Com Honours (Accounting)	04 May 2016	Current	4 of 4	1 of 2

* Indicates Board members who are members of the Audit and Risk Committee. The other members are external to the GGB.





PART D: Human Resource
Management
Annual Report **2017-2018**



5. INTRODUCTION

The objective of the human resources department is to support the GGB's vision to be a leading and innovative regulator in the gambling industry. The department provides the following services:

- Talent development and performance management;
- Talent planning, organisational development and central resourcing;
- Employee rewards and benefits;
- Payroll and policy development;
- Human resources information management systems;
- Employee relations and transformation; and
- Employee wellness.

1.1 Performance management

Performance management aims to motivate and empower employees to perform their work roles effectively, to provide performance feedback, acknowledge achievements and to support on-going personal and professional development.

Significant improvements in performance management were accomplished, through the sustained institutionalisation and support of the GGB's performance management system. Individual performance objectives are linked to the strategic objectives. The performance management policy was revised and updated.

The purpose of the performance management policy is to describe the methods, timing, and principles of performance management at the GGB. Training was provided to both management and staff, with a view to continuously improve the performance management system.



2. HUMAN RESOURCES OVERSIGHT STATISTICS

2.1 Personnel cost by programme/activity/objective

The table below summarises the personnel cost per department. Note that this information excludes company contributions to the Unemployment Insurance Fund, Skills Development Levies and other staff-related provisions.

Department	Total expenditure	Personnel cost as a % of total expenditure	Number of employees	Average personnel cost per employee
Office of the CEO	5,248,993.23	6.16%	3	1,749,664.41
Office of the COO	3,851,276.16	4.52%	2	1,925,638.08
Compliance	17,956,548.83	21.08%	22	816,206.77
Gaming	11,526,745.85	13.53%	16	720,421.62
Licensing	9,233,026.56	10.84%	14	659,501.90
Legal and Law Enforcement	5,446,240.32	6.39%	7	778,034.33
SED	3,321,706.71	3.90%	5	664,341.34
HR	6,679,198.91	7.84%	13	513,784.53
Finance	11,029,421.88	12.95%	15	735,294.79
Communication	2,990,443.65	3.51%	6	498,407.28
Board Secretariat	3,481,862.24	4.09%	4	870,465.56
IT	4,410,309.57	5.18%	6	735,051.60
TOTAL	85,175,773.91		113	10,666,812.19

2.2 Personnel cost per salary band

The table below summarises the personnel expenditure per salary band. Note that this information excludes company contributions to the Unemployment Insurance Fund, Skills Development Levies and other staff-related provisions.

Occupational level	Personnel expenditure	% Of personnel expenditure to total personnel cost	No of employees	Average personnel cost per employee
Unskilled	2,650,084.80	3.11%	9	294,453.87
Semi-skilled	3,325,728.49	3.90%	8	415,716.06
Skilled technically	28,808,413.23	33.82%	49	587,926.80
Professionally qualified	19,345,369.66	22.71%	17	1,137,962.92
Senior management	15,394,682.91	18.07%	8	1,924,335.36
Top management	9,293,380.72	10.91%	3	3,097,793.57
Internship staff	888,215.00	1.04%	12	74,017.92
Temporary staff	5,470,246.08	6.42%	7	781,463.73
	85,176,120.89		113	8,313,670.23



2.3 Performance rewards

Occupational level	Performance rewards	Personnel expenditure	% Of performance rewards to total personnel cost
Unskilled and defined decision making	196,210.68	2,650,084.80	7.40%
Semi-skilled and discretionary decision-making	745,591.46	3,325,728.49	22.42%
Skilled technical	3,154,724.48	28,808,413.23	10.95%
Professionally qualified and mid-management	2,532,430.43	19,345,369.66	13.09%
Senior management	1,989,277.82	15,394,682.91	12.92%
Top management	1,473,198.01	9,293,380.72	15.85%
Internship staff	0	888,215.00	0.00%
Temporary staff	399,718.71	5,470,246.08	7.31%
TOTAL	10,491,151.59	85,176,120.89	

2.4 Training costs

Programme/ activity / objective	Personnel expenditure	Training expenditure	Training expenditure as a % of personnel cost	No of employees trained	Average training cost per employee
Office of the CEO	5,248,993.23	0	0.00%	3	
Office of the COO	3,851,276.16	51,634.50	1.34%	1	51,634.50
Compliance	17,956,548.83	179,738.50	1.00%	21	8,558.98
Gaming	11,526,745.85	87,692.50	0.76%	9	9,743.61
Licensing	9,233,026.56	407,438.50	4.41%	11	37,039.86
Legal and Law Enforcement	5,446,240.32	107,372.00	1.97%	9	11,930.22
SED	3,321,706.71	12,125.50	0.37%	4	3,031.38
HR	6,679,198.91	41,462.50	0.62%	6	6,910.42
Finance	11,029,421.88	52,567.30	0.48%	8	6,570.91
Communication	2,990,443.65		0.00%	3	
Board Secretariat	3,481,862.24	14,162.50	0.41%	2	7,081.25
IT	4,410,309.57	10,925.50	0.25%	2	5,462.75
TOTAL	85,175,773.91	965,119.30		79	



2.5 Employment and vacancies

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

Employment and vacancies				
Occupational group	Approved posts 2017/2018	Number of employees	Vacancies	% of Vacancies
Office of the CEO	8	3	5	62%
Governance	8	4	4	50%
Compliance	29	20	9	31%
Office of the COO	2	2	0	0%
Finance	18	14	4	22%
Gaming Control	19	17	2	10%
Human Resources	17	11	6	35%
Information Technology	8	5	3	37%
Legal	6	3	3	50%
Law enforcement	4	4	0	0%
Licensing and investigations	14	12	2	14%
Socio-Economic Development	4	4	0	0%
Communications	5	4	1	20%
All Employees	142	103	39	27%

2.6 Employment changes

The GGB has a very stable workforce with a low employee turnover rate. The table below summarises the employment changes during the 2017/2018 financial year. One black male employee resigned during the year.

Salary band	Employment at beginning of period	Appointments	Employment at the end of period
Top management	2	1	3
Senior management	7	1	8
Professionally qualified	16	3	19
Skilled technical	40	14	54
Semi-skilled	7	3	10
Unskilled	7	2	9
All Employees	79	24	103



2.7 Reasons for staff leaving

Reason	Number	% Of total number of staff leaving
Death	1	20%
Resignation	3	60%
Retirement	1	20%

2.8 Labour relations: misconduct and disciplinary action

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

Disciplinary action for the 2016/2017 year	
Nature of disciplinary action	Number of instances
Verbal warning	0
Written warning	0
Final written warning	2
Dismissal	0
Total	0



2.9 Equity target and employment equity status

The GGB uses the national economically active population by race and gender as its benchmark for equity targets and representation. The table below summarises the national economically active population by gender and race.

Levels	MALE								
	African		Coloured		Indian		White		
	Current	Target	Current	Target	Current	Target	Current	Target	
Top management	3	-	-	-	-	-	-	-	-
Senior management	3	-	-	-	-	-	-	-	-
Professional qualified	8	-	1	-	-	1	3	-	-
Skilled	30	-	-	-	-	-	-	-	-
Semi-skilled	1	-	-	-	-	-	-	-	-
Unskilled	3	-	-	-	-	-	-	-	-
TOTAL	48	-	1	-	-	-	3	-	-

Levels	FEMALE								
	African		Coloured		Indian		White		
	Current	Target	Current	Target	Current	Target	Current	Target	
Top management	-	1	-	-	-	-	-	-	-
Senior management	4	1	-	-	-	-	-	-	-
Professional qualified	4	-	-	-	1	-	2	-	-
Skilled	22	-	1	-	-	-	1	-	-
Semi-skilled	7	-	-	-	-	-	2	-	-
Unskilled	6	-	-	-	-	-	-	-	-
TOTAL	43	2	1	-	1	-	5	-	-

Levels	DISABLED STAFF			
	African		Indian	
	Current	Target	Current	Target
Top management				
Senior management				
Professional qualified				
Skilled	1	1		
Semi-skilled				
Unskilled				
TOTAL	1	1		



Report of the Auditor-General to Gauteng Provincial Legislature 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 82 to 139, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amount for the year then ended, as well as the 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 2018, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practise (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa of 1999(Act No 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 auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the [type of auditee/ group] in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the 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.

Responsibilities of the accounting authority for the financial statements

6. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with 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.
7. In preparing the financial statements, the accounting authority is responsible for assessing the Gauteng Gambling Board'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 accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.



Auditor-general's responsibilities for the audit of the financial statements

8. 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.
9. 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

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2018:

[Programmes/ objectives/ development priorities]	Pages in the annual performance report
Programme 1– Gambling Regulations	34 – 38
Programme 3 – Responsible gambling	41 – 42

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected strategic objective.



Other matter

15. I draw attention to the matter below.

ACHIEVEMENT OF PLANNED TARGETS

16. Refer to the annual performance report on pages 34 to 42 for information on the achievement of planned targets for the year and explanations provided for the under achievement of one planned target.

Report on the audit of compliance with legislation

Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather
18. I did not identify any instances of material non-compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

19. The Gauteng Gambling Board's accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the company secretary report, social responsibility report, audit and risk committee report, report of the CEO and the accounting authority's report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
20. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.



Internal control deficiencies

22. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor-General



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Johannesburg

31 July 2018



Annexure – Auditor-General's responsibility for the audit

1. 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 programmes and on the public entity's compliance with respect to the selected subject matters.

Financial statements

2. 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 by the board of directors, which constitutes the accounting authority.
 - Conclude on the appropriateness of the board of directors, which constitutes the accounting authority's 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 related to events or conditions that may cast significant doubt on the Gauteng Gambling Board's ability 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 the 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 continuing as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. 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.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



PART E: Financial information
Annual Report **2016–2017**





INDEX

Annual Financial Statements for the year ended 31 March 2018



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

Accounting Authority's Report	82
Statement of Financial Position	83
Statement of Financial Performance	84
Statement of Changes in Net Assets	85
Cash Flow Statement	86
Statement of Comparison of Budget and Actual Amounts	87
Accounting Policies	88 – 115
Notes to the Annual Financial Statements	116 – 139



Accounting Authority's Report

The members submit their annual financial statements for the year ended 31 March 2018.

1. Accounting Authority

The members of the entity during the year period and to the date of these statements are as follows:

Name

Zwane M (Chairperson)

Hari S (Deputy Chairperson)

Majavu Z

Resigned Thursday, 30 November 2017

Sexwale J

Motau C

Fihlani ZL

Sangweni N

Resigned Thursday, 30 November 2017

Sithole T

Sukazi T

Marincowitz L

Louw S

The annual financial statements set out on pages 82 to 115, which have been prepared on the going concern basis, were approved by the accounting authority on July 31, 2018 and were signed on its behalf by:

A handwritten signature in black ink, appearing to be 'Zwane M', enclosed within a circular stamp or seal.

Zwane M

Chairperson of the Board



Statement of Financial Position as at 31 March 2018

		2018	Restated 31 March 2017
	Note(s)	R '000	R '000
Assets			
Current Assets			
Cash and cash equivalents	3	220 029	238 154
Receivables from non exchange transactions	4	509	69
Receivables from exchange transactions	5	1 062	7 642
Deposits	6	242	242
Inventories	7	1 279	1 758
		223 121	247 865
Non Current Assets			
Property, plant and equipment	8	111 065	112 379
Intangible assets	9	1 511	2 187
Heritage assets	10	539	539
		113 115	115 105
Total Assets		336 236	362 970
Liabilities			
Current Liabilities			
Finance lease obligation	11	206	185
Trade and other payables from exchange transactions	12	37 924	30 263
Collections for distribution	13	92 194	100 576
Provisions	15	13 582	10 590
Accruals	14	4 915	4 451
License fees raised in advance		51 544	51 854
		200 365	197 919
Non Current Liabilities			
Finance lease obligation	11	26	232
Total Liabilities		200 391	198 575
Net Assets		135 845	164 819
Reserves			
Revaluation reserve	16	15 862	15 862
Accumulated surplus	17	119 983	148 957
Total Net Assets		135 845	164 819



Statement of Financial Performance for the year ended 31 March 2018

		2018	Restated 31 March 2017
	Note(s)	R '000	R '000
Revenue			
Revenue from non exchange transactions	18	74 167	63 337
Revenue from exchange transactions	18	96 519	89 767
Interest received	18	7 312	6 830
Gain on disposal of assets and liabilities		33	–
Total revenue		178 031	159 934
Expenditure			
Employee related costs	19	(99 024)	(83 603)
Board and audit committee members fees	20	(4 590)	(3 262)
Depreciation and amortisation		(4 184)	(3 972)
Finance costs	36	(36)	(48)
Loss on disposal of assets and liabilities		–	(40)
General expenses	21	(56 421)	(60 925)
Total expenditure		(164 255)	(151 850)
Surplus for the year		13 776	8 084



Statement of Changes in Net Assets for the year ended 31 March 2018

	Revaluation reserve	Accumulated surplus	Total net assets
	R '000	R '000	R '000
Balance as at 01 April 2016	15 862	109 196	125 058
Changes in net assets			
Surplus funds approved to be retained in 2015/16 financial year	–	39 761	39 761
Surplus for the year as previously reported	–	7 947	7 947
Surplus to be surrendered to the Provincial Revenue Fund	–	(7 947)	(7 947)
Prior year error adjustment (refer to note 33)	–	138	138
Increase in surplus to be surrendered to the Provincial Revenue Fund (Refer note 33)	–	(138)	(138)
Total changes	–	39 761	39 761
Balance as at April 1, 2017	15 862	148 957	164 819
Changes in net assets			
Surplus funds surrendered to the Province	–	(36 921)	(36 921)
Surplus approved to be retained	–	7 947	7 947
Net income/ (losses) recognised directly in net assets	–	(28 974)	(28 974)
Surplus for the year	–	13 776	13 776
Total recognised income and expenses for the year			(14 680)
	–	–	–
Surplus to be surrendered	–	(13 776)	(13 776)
Total changes	–	(28 974)	(28 974)
Balance at 31 March 2018	15 862	119 983	135 845



Cash Flow Statement

for the year ended 31 March 2018

		2018	2017
	Note(s)	R '000	R '000
Cash flows from operating activities			
Receipts			
Cash receipts from licensees and other institutions		171 204	153 529
Interest received		7 312	6 830
		178 516	160 359
Payments			
Cash paid to suppliers and employees		(194 260)	(143 430)
Net cash flows from operating activities	24	(15 744)	16 929
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(2 625)	(1 631)
Proceeds from disposals of PPE		464	24
Purchase of other intangible assets	9	–	(982)
Net cash flows from investing activities		(2 161)	(2 589)
Cash flows from financing activities			
Movement on finance lease obligation		(220)	368
Net increase/(decrease) in cash and cash equivalents		(18 125)	14 708
Cash and cash equivalents at the beginning of the year		238 154	223 446
Cash and cash equivalents at the end of the year	3	220 029	238 154



Statement of Comparison of Budget and Actual Amounts

for the year ended 31 March 2018

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Statement of Financial Performance Revenue						
Revenue						
Revenue from non exchange transactions	67 244	5 258	72 502	74 167	1 665	30.1
Revenue from exchange transactions	90 113	1 172	91 285	96 519	5 234	30.2
Interest received	6 966	349	7 315	7 312	(3)	
Total revenue	164 323	6 779	171 102	177 998	6 896	
Expenditure						
Employee related costs	(108 930)	9 658	(99 272)	(99 024)	248	
Board and Audit Committee members fees	(4 575)	–	(4 575)	(4 590)	(15)	
Depreciation and amortisation	(4 061)	–	(4 061)	(4 184)	(123)	30.3
Finance costs	(36)	–	(36)	(36)	–	
General expenses	(46 721)	(16 437)	(63 158)	(56 421)	6 737	30.4
Total expenditure	(164 323)	(6 779)	(171 102)	(164 255)	6 847	
Surplus for the 12 months	–	–	–	13 743	13 743	
Gain on disposal of assets and liabilities	–	–	–	33	33	
Surplus before taxation	–	–	–	13 776	13 776	
Actual amount on comparable basis as presented in the budget and actual comparative statement	–	–	–	13 776	13 776	



Accounting Policies

for the year ended 31 March 2018

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 55(1)(b) of the Public Finance Management Act (Act 1 of 1999 as amended by Act 29 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.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period unless indicated otherwise.

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 Board 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:

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 of tangible assets.



Accounting Policies for the year ended 31 March 2018 continued

1. Presentation of Annual Financial Statements (continued)

1.3 Significant judgements and sources of estimation uncertainty (continued)

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 15 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 and deficit (Statement of Financial Performance) when there is objective evidence that it 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 a number of 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 (including infrastructure 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 Board; 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, the asset acquired is initially measured at fair value. 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.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of

Revaluation model

Revaluations are made with sufficient regularity once every five years 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 Building is 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. When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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.



Accounting Policies for the year ended 31 March 2018 continued

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.

1. Presentation of Annual Financial Statements (continued)

1.4 Property, plant and equipment (continued)

Subsequent measurement

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for Land and buildings 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	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) unless it is included in the carrying amount of another asset.

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 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 Board 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 Board; 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.



Accounting Policies for the year ended 31 March 2018 continued

Subsequent measurement

After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation

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, mastheads, 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.

1. Presentation of Annual Financial Statements (continued)

1.5 Intangible assets (continued)

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

Item	Useful life
Computer software, internally generated	3 – 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 when 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 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 initially recognised at cost.

Where a heritage asset is acquired at no cost, or for a nominal cost, its cost is 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 a heritage asset 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 Board 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).



Accounting Policies for the year ended 31 March 2018 continued

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 (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalent	Financial asset measured at amortised cost
Deposits	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non exchange transactions	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
Accruals	Financial liability measured at amortised cost
Collections for distribution	Financial liability measured at amortised cost
Trade and other payables from exchange transactions	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.



1. Presentation of Annual Financial Statements (continued)

1.7 Financial Instruments (continued)

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.
- financial instruments at 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 uncollectibility 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



Accounting Policies for the year ended 31 March 2018 continued

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.



1. Presentation of Annual Financial Statements (continued)

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

1.7 Financial Instruments (continued)

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 basis 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.



Accounting Policies for the year ended 31 March 2018 continued

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 are 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 building elements, the Board 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 so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are recognised separately as an expense in the period in which they are incurred.

1.9 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for a nominal cost, 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 lower of cost and 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.



1. Presentation of Annual Financial Statements (continued)

Current replacement cost is the cost the Board 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 Board.

Inventory comprises of stationary and consumables 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 managed 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).

1.10 Impairment of cash generating assets (continued)

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 amount of an asset or a cash generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:



Accounting Policies for the year ended 31 March 2018 continued

1. Presentation of Annual Financial Statements (continued)

- (a) the period of time over which an asset is expected to be used by the Board; or
- (b) 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 follow:

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 is 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 entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity 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.



1. Presentation of Annual Financial Statements (continued)

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 Board 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 Board uses 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 asset's 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 Board 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.

1.10 Impairment of cash generating assets (continued)

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.



Accounting Policies for the year ended 31 March 2018 continued

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 Board 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 managed 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.

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:

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

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 Board 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.



Accounting Policies

for the year ended 31 March 2018 continued

1. Presentation of Annual Financial Statements (continued)

1.11 Impairment of non cash generating assets (continued)

The present value of the remaining service potential of a non cash generating asset 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 reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of 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 Board would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized 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.

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 Board 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 Board 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 cellphones) for current employees.

When an employee has rendered service to the Board during a reporting period, the Board 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 Board 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 Board measures the expected cost of accumulating compensated absences as the additional amount that the Board expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Board recognises the expected cost of bonus, incentive and performance related payments when the



Accounting Policies for the year ended 31 March 2018 continued

Board 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 Board 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.

1. Presentation of Annual Financial Statements (continued)

1.12 Employee benefits (continued)

Termination benefits

The Board recognises termination benefits as a liability and an expense when the Board 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 in order to encourage voluntary redundancy.

The Board is demonstrably committed to a termination when the Board 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 of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than twelve 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 is 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 Board 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 the Board 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 the Board:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of a 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 restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the Board.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only



Accounting Policies for the year ended 31 March 2018 continued

by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Board.

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.

Contingent assets and contingent liabilities are not recognised but are disclosed in the notes.



1. Presentation of Annual Financial Statements (continued)

1.14 Revenue from exchange transactions (continued)

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 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 Board;
- 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 an Board, which represents an increase in net assets, other than increases relating to contributions from owners.



Accounting Policies for the year ended 31 March 2018 continued

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 arise 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 entity without directly giving approximately equal value in exchange, or gives value to another entity 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 terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

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.



1. Presentation of Annual Financial Statements (continued)

1.15 Revenue from non exchange transactions (continued)

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.

1.16 Borrowing costs

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

1.17 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.18 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 year period 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.

1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is 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.

All expenditure relating to irregular expenditure is recognised as an expense in the statement of financial performance in the year 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.

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 is 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 is 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 are 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 is 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 is thereafter 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 is updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto remains against the relevant programme/expenditure item, is disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.20 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.

1.21 Commitments

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



1. Presentation of Annual Financial Statements (continued)

1.21 Commitments (continued)

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

- approved and contracted 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.

1.22 Budget information

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

The approved budget covers the fiscal period from 1 April 2017 to 31 March 2018.

The annual financial statements and the budget are not 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.

1.23 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 constitutional 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 is 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 considered to be those family members who may be expected to influence, or be influenced by, that management member in their dealings with the Board.

1.24 Subsequent events

Events after the 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 adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.



The Board discloses 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.

1.25 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements.

Events after the reporting date that are classified as non adjusting events have been disclosed in the notes to 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.



Notes to the Annual Financial Statements for the year ended 31 March 2018

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning after 01 April 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Not expected to impact results but may result in additional disclosure

	2018 R '000	Re-stated 31 March 2017 R '000
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	2	2
Bank balances	220 027	238 152
	220 029	238 154
4. Receivables from non exchange transactions		
Receivables – License fees, Taxes and levies	509	69
5. Receivables from exchange transactions		
Staff receivables	21	80
Gauteng Provincial Government: Collection commission	(518)	5 682
Accrued bank interest	810	832
Sundry receivables	749	1 048
	1 062	7 642
6. Deposits		
At amortised cost		
City Power Johannesburg (SOC) Ltd	242	242
Total deposits	242	242
	–	–
7. Inventories		
Responsible gambling promotional materials and other office consumable	1 279	1 758



Notes to the Annual Financial Statements for the year ended 31 March 2018

8. Property, plant and equipment

	2018			2017		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	23 582	–	23 582	23 582	–	23 582
Buildings	76 418	(4 536)	71 882	76 418	(3 025)	73 393
Fixtures and fittings	5 579	(1 718)	3 861	5 611	(1 473)	4 138
Motor vehicles	409	(359)	50	668	(452)	216
Office equipment	3 134	(936)	2 198	3 017	(837)	2 180
IT equipment	7 394	(2 647)	4 747	6 085	(2 526)	3 559
Leased assets	565	(352)	213	565	(166)	399
Furniture	7 662	(3 130)	4 532	7 661	(2 749)	4 912
Total	124 743	(13 678)	111 065	123 607	(11 228)	112 379

Reconciliation of property, plant and equipment – 31 March 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Land	23 582	–	–	–	23 582
Buildings	73 393	–	–	(1 511)	71 882
Fixtures and fittings	4 138	12	(31)	(258)	3 861
Motor vehicles	216	209	(267)	(108)	50
Office equipment	2 180	203	(58)	(127)	2 198
IT equipment	3 559	2 200	(75)	(937)	4 747
Leased assets	399	–	–	(186)	213
Furniture	4 912	1	–	(381)	4 532
	112 379	2 625	(431)	(3 508)	111 065

Reconciliation of property, plant and equipment 31 March 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Land	23 582	–	–	–	23 582
Buildings	74 904	–	–	(1 511)	73 393
Fixtures and fittings	4 378	16	–	(256)	4 138
Motor vehicles	348	–	–	(132)	216
Office equipment	2 202	95	–	(117)	2 180
IT equipment	3 705	797	(64)	(879)	3 559
Leased assets	–	565	–	(166)	399
Furniture	5 132	158	–	(378)	4 912
	114 251	1 631	(64)	(3 439)	112 379

Pledged as security

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

Finance lease assets relates to phocopier machines leased. (also refer note 11: Deemed finance leases).



Notes to the Annual Financial Statements for the year ended 31 March 2018 continued

8. Property, plant and equipment (continued)

Revaluations

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

The property was revalued by an independent valuer, Mongodi Pitso, a professional valuer of Dijalo Valuation Services Management (Pty) Ltd at R 100 million. The effective date of the revaluation was 12 February 2015. The professional valuer of Dijalo Valuation Services Management (Pty) Ltd is not connected to the Board.

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 related capitalisation rate. Gauteng Gambling Board revalues its land and building after each three to five years.

9. Intangible assets

	2018			2017		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	3 415	(1 904)	1 511	3 415	(1 228)	2 187

Reconciliation of intangible assets – 31 March 2018

	Opening balance	Amortisation	Total
Computer software	2 187	(676)	1 511

Reconciliation of intangible assets – 31 March 2017

	Opening balance	Additions	Amortisation	Total
Computer software	1 738	982	(533)	2 187

Pledged as security

No intangible assets were pledged as security for liabilities.

10. Heritage assets

	2018			2017		
	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 2018

	Opening balance	Total
Paintings	539	539

Reconciliation of heritage assets – 31 March 2017

Paintings	539	539
-----------	-----	-----

Pledged as security

No heritage assets were pledged as security for liabilities.



Notes to the Annual Financial Statements

for the year ended 31 March 2018 continued

	2018 R'000	2017 R'000
11. Finance lease obligation		
Minimum lease payments due		
– within one year	221	221
– in second to fifth year inclusive	27	248
	248	469
less: future finance charges	(16)	(52)
Present value of minimum lease payments	232	417
Non current liabilities	26	232
Current liabilities	206	185
	232	417
The Gauteng Gambling Board apply GRAP 13 whereby certain assets, mainly photocopies are classified as deemed finance leases.		
The average lease term is 3 years and the average effective borrowing rate is fixed at 11% (2017: 11%).		
Interest rates are fixed at the contract date. All leases have fixed repayments.		
12. Payables from exchange transactions		
Payables	24 010	22 178
Provincial Revenue Fund: Surplus	13 914	8 085
	37 924	30 263
13. Collections for distributions		
Gauteng Provincial Administration	84 620	91 041
Phumelela Gaming and Leisure Limited	4 935	5 024
Sports Development Fund	2 639	4 511
	92 194	100 576
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.		
Reconciliation of taxes and levies collected		
Gauteng Provincial Government		
Betting Tax		
Provincial Taxes		
Totalizator – Horse racing	23 778	26 264
Totalizator – Other sport	15 027	13 551
On course bookmakers – Horse racing	2 016	1 573
On course bookmakers – Other sport	3 282	2 002
Off course bookmakers – Horse racing	69 696	61 421
Off course bookmakers – Other sport	98 681	66 190
Total betting tax	212 480	171 001



Notes to the Annual Financial Statements

for the year ended 31 March 2018 continued

	2018 R'000	2017 R'000
13. Collections for distributions (continued)		
Gaming Tax		
Casinos – Machines	494 614	467 718
Casinos – Tables	216 890	193 489
Casinos – Unclaimed dividends	668	988
Bingo	73 063	75 792
Limited payout machines	75 189	68 359
Total gaming tax	860 424	806 346
Taxes collected for Gauteng Provincial Government	1 072 904	977 347
Levies collected		
Sports Development Fund levies		
Levies	28 333	21 352
Interest earned	465	309
	28 798	21 661
Phumelela Gaming and Leisure Limited off course bookmakers	71 472	62 723
Total levies collected	100 270	84 384
Interest earned and penalties received	3 694	3 237
Total collected for distribution	1 176 868	1 064 968
Taxes and levies for distribution to beneficiaries at period end	(92 194)	(100 576)
Adjustment for distribution	(935)	121
	1 083 739	964 513
Taxes and levies distributed during the period		
Gauteng Provincial Administration	1 083 018	985 913
Phumelela Gaming and Leisure Limited	71 561	62 935
Sports Development Fund	29 736	19 474
Less: Prior year end collections distributed during the period	(100 576)	(103 809)
	1 083 739	964 513
14. Accruals		
Leave pay	4 072	3 842
13th cheque	843	609
	4 915	4 451

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.



Notes to the Annual Financial Statements for the year ended 31 March 2018 continued

15. Provisions

Reconciliation of provisions – 31 March 2018

	Opening Balance	Additions	Utilised during the year	Total
Legal proceedings	–	1 258	–	1 258
Performance bonus	10 590	12 225	(10 491)	12 324
	10 590	13 483	(10 491)	13 582

Reconciliation of provisions – 31 March 2017

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Performance bonus	12 441	10 590	(7 635)	(4 806)	10 590

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 of by the Accounting Authority.

Legal proceedings provisions

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

No certainty exists as to the timing of when these amounts will be paid.

16. Revaluation reserve

	2018 R'000	2017 R'000
Opening balance	15 862	15 862

The revaluation reserves its a non distributable reserves, which relates to the revaluation of land and building. The non distributable reserves are not distributable to the Shareholder.

17. 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. Approval was obtained in the previous years to retain the accumulated surplus of R109 million in order to fund the purchase of the building occupied by the Gauteng Gambling Board. Gauteng Gambling Board got approval to retain surplus amount of R7.9 million for 2016/17 financial year. The Board got approval to retain surplus for 2015/16 financial of R39.7 million from Provincial Treasury, in 2017/18 financial year requested the Board to surrender R36.9 million.

The surplus amount of R13.8 million for 2017/18 financial year is payable to the Provincial Revenue Fund in terms of the Gauteng Gambling Act. Gauteng Gambling Board will be applying to the Provincial Treasury and requested approval to retain surplus amount .



Notes to the Annual Financial Statements

for the year ended 31 March 2018 continued

	2018 R'000	2017 R'000
18. Revenue		
Revenue from exchange transactions	96 519	89 767
Revenue from non exchange transactions	74 167	63 337
Interest received	7 312	6 830
	177 998	159 934
The amount included in revenue arising from exchanges of goods or services are as follows:		
Recoveries of investigation expenses	2 254	2 481
Collection commission	85 859	78 193
Administration fees	240	240
Application and registration fees	7 949	7 320
Sundry income	217	1 533
	96 519	89 767
The amount included in revenue arising from non exchange transactions is as follows:		
Taxation revenue		
License fees	56 031	48 818
Sports betting levies	18 136	14 519
	74 167	63 337
Basis on which fair value of inflowing resources was measured		
19. Employee related costs		
Salaries, bonuses and allowances	83 717	68 865
Defined contribution plan expenses	8 634	7 140
Medical aid contributions	3 709	3 313
Group life contributions	1 260	1 030
Other employer contributions	184	173
Workmen's compensation	141	336
SDL	894	808
Leave pay contribution	485	1 938
	99 024	83 603
Remuneration of S Ngubeni – Chief Executive Officer		
Annual Remuneration	2 819	2 824
Allowance	200	50
Performance Bonuses	802	232
13th cheque	247	178
Employer Contributions	717	616
	4 785	3 900
Remuneration of B Nkosi – Acting Chief Executive Officer		
Performance bonus	–	552



Notes to the Annual Financial Statements for the year ended 31 March 2018 continued

	2018 R'000	2017 R'000
The Acting Chief Executive Officer, Mr B Nkosi resigned on 31 July 2015		
Remuneration of E Lalumbe – Chief Operating Officer		
Annual Remuneration	2 546	2 371
Allowance	36	36
3th cheque	206	193
Performance Bonus	671	671
Long service award	104	–
Employer contributions	743	701
	4 306	3 972
Remuneration of M Mahlaba – Chief Financial Officer		
Annual Remuneration	1 266	–
Allowance	22	–
13th cheque	106	–
Employer contributions	270	–
	1 664	–
Mr NMK Mahlaba was appointed on 01 July 2017.		
Remuneration of ZN Gumede – Snr Manager: Human Resources		
Annual Remuneration	1 532	1 437
Allowance	20	20
13th cheque	124	117
Performance bonus	226	229
Employer contribution	488	451
	2 390	2 254
Remuneration of L Kobue – Snr Manager: Compliance		
Annual Remuneration	1 648	1 535
Allowance	62	62
13th cheque	137	128
Performance bonus	245	349
Employer contribution	505	480
Long service awards	69	–
	2 666	2 554
Remuneration of K Jacobs – Snr Manager: Management Information System		
Annual Remuneration	–	721
Car Allowance	–	40
Performance Bonuses	–	94
Contributions to UIF, Medical and Pension Funds	–	150
Employer contribution	–	266
Leave Payout	–	213
Settlements and payouts	–	664
	–	2 148



Notes to the Annual Financial Statements

for the year ended 31 March 2018 continued

19. Employee related costs (continued)

Mr K Jacobs Senior Manager: Management Information System
resigned 30 September 2016

Remuneration of T Letshwiti – Snr Manager: Licensing

	2018 R'000	2017 R'000
Annual Remuneration	1 642	1 580
Allowance	20	20
13th cheque	133	126
Performance bonus	344	341
Employer contributions	507	470
Long service awards	–	63
	2 646	2 600

Remuneration of L Lukhwareni – Snr Manager: Legal Services

Annual Remuneration	1 628	1 526
Allowance	20	13
13th cheque	132	125
Performance bonus	330	248
Employer contributions	568	523
Long service awards	–	125
	2 678	2 560

Remuneration of TT Marimuthu – Snr Manager: Gaming

Annual Remuneration	1 638	1 535
Allowance	20	20
13th cheque	133	125
Performance bonus	353	349
Employer contributions	565	520
	2 709	2 549

Remuneration of NM Matanzima – Board Secretary

Annual Remuneration	1 471	1 330
Allowances	7	–
13th cheque	117	100
Performance bonus	301	38
Employer contributions	419	375
	2 315	1 843

Remuneration of C Simons – Acting Chief Financial officer

Annual Remuneration	329	1 139
Allowance	3	12
Performance Bonuses	85	106
Employer contribution	4	20
Leave payout	–	47
	421	1 324



Notes to the Annual Financial Statements

for the year ended 31 March 2018 continued

	2018 R'000	2017 R'000
The Acting Chief Financial Officer, Ms C Simons was appointed 01 October 2015 until 30 June 2017.		
KT Mbele – Snr Manager: Social Economic Development		
Annual Remuneration	1 300	865
Allowance	196	416
13th cheque	121	103
Performance bonus	190	–
Employer contributions	294	249
	2 101	1 633
Senior Manager: Social Economic Development, KT Mbele was appointed on 04 April 2016.		
Remuneration of Mr RJ Motlhokwane – Snr Manager: Management Information System		
Annual Remuneration	1 729	1 425
Allowance	10	–
13th cheque	65	–
Performance bonus	81	16
Employer contributions	113	–
Leave payout	153	–
	2 151	1 441
Mr Motlhokwane was initially appointed on an acting capacity until was appointed on a permanent basis from the 01 November 2017		
20. Board and Audit Committee Members' fees		
Administration and management fees	4 590	3 262
Board and Committee Members emoluments for services rendered during the year: Includes Disciplinary Committee members fees.		
Zwane ME	441	452
Hari S	290	290
Majavu Z – Resigned 30 November 2017	77	215
Motau C	252	278
Sexwale J	302	382
Sithole TI (Audit and Risk Committee member)	224	263
Sangweni NN (Audit and Risk Committee member)	–	66
Fihlani ZL (Audit and Risk Committee member)	115	171
Sukazi TM	56	157
Louw SJ	289	278
Marincowitz LG	217	282
Total paid to Board Members	2 265	2 834
Gaming Committee and Social and Ethics Committee		
Hall SJ – appointed as a co opted member	122	51
Mokgatle L – appointed as a co opted member	25	56
Total amount paid to co opted members	147	107



Notes to the Annual Financial Statements

for the year ended 31 March 2018 continued

	2018 R'000	2017 R'000
20. Board and Audit Committee Members' fees (continued)		
Audit and Risk Committee (Independent members)		
Govender K	46	15
Musvoto SW	71	20
Total paid to Audit and Risk Committee Members	117	35
Disciplinary Committee fees	2 059	286
	4 588	3 262
21. General expenses		
Advertising	1 296	1 121
Auditors remuneration	1 448	888
Bank charges	68	57
Books and media subscription	435	312
Building maintenance	502	1 446
Conference costs	2 468	859
Electricity	1 808	2 041
Employee assistance programme	99	96
Fines and penalties	–	1
Information technology	3 040	1 704
Insurance	182	221
Investigation and enforcement costs	2 921	225
Legal expenses	12 075	3 835
Office consumables and refreshments	1 173	876
Postage and stationery	464	541
Printing costs	409	325
Professional and consulting fees	2 161	6 524
Protective clothing	15	–
Public relations	227	386
Repairs and maintenance	50	68
Responsible gambling awareness program	9 154	3 760
Social responsibility	4 452	24 802
Staff recruitment	1 391	1 072
Training and development	1 595	2 332
Storage rentals	244	245
Telephone and communications	1 829	1 649
Transcription costs	256	145
Travelling and subsistence – local	3 245	2 000
Travelling and subsistence – overseas	3 414	3 394
	56 421	60 925



Notes to the Annual Financial Statements

for the year ended 31 March 2018 continued

	2018 R'000	2017 R'000
Explanatory expenditure notes: 2018		
Conference cost		
The Board hosted a flagship international conference which resulted in increased costs as compared to the prior year.		
Investigation and enforcement costs		
The cost is as a result of an illegal gambling project which was commissioned in the 2016/2017 financial year. The project payments were only made in the 2017/2018 financial year		
Legal expenses		
The Board is involved in numerous complex litigation matters which are taking an inordinate time to resolve.		
Responsible gambling awareness program		
The Board has intensified its campaign on responsible gambling. The campaign was informed by the strategic objective of the Board to improve coverage in order to reach more people in the 2017/2018 financial period in comparison to the prior year. This is evidenced by the number of people reached as indicated in the APP.		
Social Responsibility		
The social responsibility is dependent on budget and the number of applications received. During the 2017/2018 financial period the Board did not have enough money to fund the demand due to budgetary constraints. The Board is committed to playing a role in the upliftment of communities in Gauteng.		
22. Auditors' remuneration		
Audit fees – external	383	477
Audit fees – internal	1 065	411
	1 448	888
23. Financial instruments disclosure		
Categories of financial instruments		
Financial assets at amortised cost		
	At amortised cost	At amortised cost
Cash and cash equivalents	220 029	238 154
Receivables from non exchange transactions	509	69
Trade and other receivables from exchange transactions	1 062	7 642
Deposits	242	242
	221 842	246 531
Financial liabilities at amortised cost		
	At amortised cost	At amortised cost
Trade and other payables from exchange transactions	37 942	30 263
Collections for distribution	92 194	100 576
License fees received in advance	51 544	51 854
	181 662	182 693



Notes to the Annual Financial Statements for the year ended 31 March 2018 continued

	2018 R'000	2017 R'000
24. Cash (used in)/ generated from operations		
Surplus for the year	13 776	8 084
Adjustments for:		
Depreciation and amortisation	4 184	3 972
Loss/(Profit) disposal of assets	(33)	40
Finance costs – Finance leases	36	48
Movements in provisions	2 992	(1 851)
(Decrease)/Increase in accruals	464	1 633
Prior year error adjustment	986	–
Retention /(Distribution) of surplus funds to the Province	(36 921)	39 762
Changes in working capital:		
Inventories	479	(1 670)
(Increase)/Decrease in receivables from exchange transactions	6 579	(5 572)
(Increase)/Decrease in trade and other receivables (non-exchange)	(440)	3 056
Increase trade and other payables from exchange transactions	847	(35 046)
(Decrease)/Increase in license fees received in advance	(311)	7 706
(Decrease) / Increase in collection for distribution	(8 382)	(3 233)
	(15 744)	16 929

25. Related parties

Relationships	
Board Members	Refer to members' report note
Controlling entity	Gauteng Department of Economic Development
Other	Gauteng Enterprise Propeller
Members of key management	Refer to note
Related party balances	

	2018 R'000	2017 R'000
Amounts included in Trade receivable (Trade Payable) regarding related parties		
DED – Trade payables	84 620	91 041
DED – Trade receivables	–	6 106
Related party transactions		
Taxes and levies paid to (received from) related parties		
Gauteng Enterprise Propeller	–	6 500
DED – Taxes and Levies distributed	1 083 017	985 912
DED – Collection commission	86 377	78 618

The Distribution of the Social Responsibility Funding through the Service Level Agreement entered into between Gauteng Gambling Board and Gauteng Enterprise Propeller for the Township Economic Revitalisation Programme. This was in line with the Department of Economic Development's mandate.



Notes to the Annual Financial Statements for the year ended 31 March 2018 continued

26. 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 programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Board's financial performance. The accounting authority provides 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, Board maintains flexibility in funding by maintaining availability under committed 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 and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the Board's 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 twelve months equal their carrying balances as the impact of discounting is not significant.

At March 31, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	37 924	–	–	–
Collection for distribution	92 194	–	–	–
License fees received in advance	51 544	–	–	–
At March 31, 2017				
Trade and other payables	30 263	–	–	–
Collections for distribution	100 576	–	–	–
License fees received in advance	51 854	–	–	–

Credit risk

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

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, taking into account 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 management. There are no debtors that are past due and therefore no impairment provision has been raised.



Notes to the Annual Financial Statements for the year ended 31 March 2018 continued

26. Risk management (continued)

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

Financial instrument	31 March 2018	31 March 2017
Receivable from exchange transactions	1 062	7 642
Receivable from non exchange transactions	509	69
Cash and cash equivalents	220 029	238 154

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 it is an interest bearing liability, however the Board has entered into a contract with the service provider where interest it 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.

27. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the Board to continue as a going concern is dependent on a number of factors. The most significant of these is that the current Collection Commission arrangement with the controlling entity continues to procure funding for the ongoing operations of the Board.

28. Fruitless and wasteful expenditure

	2018 R'000	2017 R'000
Add: Additional fruitless and wasteful expenditure – current year	2	1
Less: amounts condoned	(2)	–
Fruitless and wasteful expenditure to be condoned	–	1

Details of fruitless and wasteful expenditure

The expenditure relates to penalties and interest on late payments for the following.

The Board in the current year paid an amount of R1,613.06 for interest charged on late payment of invoices for services delivered/rendered and was condoned by Board. The fruitless and wasteful expenditure was not due any staff members negligence

29. Losses through Criminal Conduct

Details of losses through Criminal Conduct		
Five laptops were lost and stolen from GGB employees outside GGB offices	106	
Four laptops were lost and stolen from GGB employees outside GGB offices	–	85
	106	85
The amounts were recovered from insurance.		



Notes to the Annual Financial Statements for the year ended 31 March 2018 continued

30. Budget differences

Material differences between budget and actual amounts

The differences explained below represents all items with an increase or decrease or overrun of more than 10%.

30.1 Revenue from Non Exchange Transactions: The non exchange revenue collected exceed the budget amount. This was due to higher collection of sport betting levies collected from new bookmakers approved by the Board in prior year. The new bookmakers operations commenced during the period under review.

30.2 Revenue from Exchange Transactions: The revenue collected exceeded the budget mainly due to higher collection commission received. The collection commission increase was due to higher taxes and levies collected during the period under review.

30.3 Depreciation and amortisation: The depreciation budget included the assets that would have being acquired during the financial year.

30.4 General expenses: The general expense are below budget. This is due to commitments not taken into account in the statement of financial performance.

31. Commitments

Contractual commitments

	Contract End date	R'000
Already contracted for but not provided for		
• Accounting, Audit and Financial services	2019	2 696
• Facilities Management	2019	432
• Information Technology services	2019	1 608
• Operational services and Responsible gambling	2019	6 484
• HR and Payroll services	2018	189
		11 409
Already contracted for as at 31 March 2017		
• Accounting, Audit and Financial services	2019	150
• Facilities Management services	2019	227
• Information Technology services	2019	1 292
• Operational Services and Responsible gambling	2019	280
• HR and Payroll Administration	2018	75
• Responsible Gambling	2017	1 985
		4 009

Total commitments

At year end the commitments relate to contracts that existed at year end for services that have not yet been rendered by the respective service providers.



Notes to the Annual Financial Statements

for the year ended 31 March 2018 continued

32. Contingencies

LITIGATION

EMERALD SAFARI RESOURT (PTY) LTD versus VIVA BINGO WESTGATE (PTY) LTD AND OTHERS (44837/16). GALAXY BINGO DEVELOPMENTS (PTY) LTD versus THE GAUTENG GAMBLING BOARD, THE CHAIRPERSON OF THE GAUTENG GAMBLING BOARD, VIVA BINGO WEST GATE (PTY) LTD (45085/16)

During December 2015, Viva Bingo Westgate (Pty) Ltd (iViva Bingo) (“ First Respondent) submitted an application to the Board to relocate its current bingo operation from 17 Plein Street in Johannesburg to Shop SU5 Vaal Mall Shopping Centre in Vanderbijlpark. Emerald Safari Resort (Pty) Ltd (iEmerald) (“Applicant”) and Galaxy Bingo objected to the application by Viva Bingo and also made an oral representation to the Board on this application during the public hearing.

The relocation application was granted by the Board on 30 November 2016

During December 2016, the Gauteng Gambling Board (ithe Board) received two (2) separate court applications by Emerald Safari and Galaxy Bingo. The two (2) applications were merged into one single case because the facts and the prayers were similar. The applicants sought the following orders:

On an urgent basis interdict Viva Bingo from implementing and or taking any step to relocate its bingo licence to Vanderbijlpark. This part of the application was heard on 21 February 2017 at the High Court in Johannesburg and the application was dismissed due lack of urgency.

To review, set aside and to declare the Board decision to approve the application by Viva Bingo invalid. This part of the application will be heard at a date to be determine by the Court.

The review application was heard on 29 and 30 June 2017 and judgement was delivered on the 18 August 2017. The court found that an application in terms of section 34 must follow the processes outlined in sections 19 – 25 of the Act

Both Viva Bingo and the Board lodged an application for leave to appeal which was heard in November 2017 and subsequently dismissed with costs.

In January 2018 Viva Bingo and the Board petitioned the Supreme Court of Appeal against refusal by High Court to grant leave to appeal and the SCA dismissed the application for leave to appeal. The Board has resolved to refer the matter to the Constitutional Court and the estimated legal cost will be about R800,000

MAHESH KALIDAS versus PEERMONT GLOBAL LIMITED, TSOGO SUN CASINOS AND GAUTENG GAMBLING BOARD (CASE NO. 15/04715)

The Plaintiff (“Mr Kalidas”) issued summons against Peermont Global Limited (First Defendant – t/a Emperors Palace casino), Tsogo Sun casino (Second Defendant – t/a Montecasino) and Gauteng Gambling Board (“the Board” / Third Defendant).

In his particulars of claim, the Plaintiff alleged that during January 2012 he applied to the Gauteng Gambling Board to be excluded from participating in gambling from all licensed gambling establishments in South Africa and that his application was granted by the Gauteng Gambling Board. While his banning order was still effective, the plaintiff participated in gambling at Emperors Palace Casino and



Notes to the Annual Financial Statements for the year ended 31 March 2018 continued

Montecasino in contravention of the condition of his banning order, the Gauteng Gambling Act and the National Gambling Act.

Further, he alleges that the First and the Second Defendants did not take reasonable measures to bar/stop/preclude him from accessing their gambling floors and participate in gambling while his banning order was still effective

He alleges that as a consequences of the foregoing he suffered damages in the sum of R78 000.00 and R227 000.00 which he lost while engaged in gambling activities at Emperors Palace Casino and Montecasino respectively, which he is claiming for.

He, alternatively claimed that should the Court find that the Gauteng Gambling Board did not furnish the First and Second Defendants with a copy of his self exclusion application or failed to convey the information contained in the self exclusion application to the First and Second Defendants, which resulted in the First and Second Defendants failing to take any step to preclude him from engaging in gambling activities, then the Gauteng Gambling Board should be liable to him in the amount of R305 000.00

The application has been dormant for more than 24 months. The Board is opposing the application and it will pay its legal costs estimated at R300 000.

PHUMELELA GAMING & LEISURE LIMITED versus GAUTENG GAMBLING BOARD AND OTHERS (CASE NO. 39853/14)

The Applicant ("Phumelela Gaming and Leisure") made a court application. The application is divided into two parts, i.e. under Part A, the Applicant requested the court on an urgent basis to interdict the Respondents ("the Board") from revoking or suspending its licensees, under Part B, the Applicant requested the court to review and set aside the Respondent's interim decision made on 09 September 2014, wherein it directed the Applicant to ensure that the status quo ante, regarding the provisions of the entire Tellytrack Channel to bookmakers, is immediately restored at the price at which the Tellytrack Channel was provided in 2013 plus inflation. Any excess costs incurred by Tellytrack clients are to be credited to such clients.

The urgent court application was removed from the roll after the Respondent made a commitment that when it decides to institute disciplinary proceedings against the Applicant, it shall follow process in terms of Section 37 of the Gauteng Gambling Act and principles set out in Promotion of Administration Justice Act, 2000 (PAJA).

The matter was heard during November 2015 and the application was dismissed with costs. Subsequent to the court outcome, the applicant filed a notice of application for leave to appeal which was granted during December 2015.

The appeal was heard on 24 March 2017 and judgement was handed down on 22 September 2017 wherein the court set aside the order made during November 2015. It replaced an order reviewing and setting aside the decision of the Board ordering Phumelela to ensure that the status quo ante regarding the provision of the entire Tellytrack channel was provided in 2013 plus inflation and that any excess costs incurred by Tellytrack's clients are to be credited to such clients.

The court ordered the Respondents to pay the legal costs of the applicant which is estimated at about R800,000 and the Board is awaiting for the taxation of legal costs.



Notes to the Annual Financial Statements for the year ended 31 March 2018 continued

SUNSHINE ENTERTAINMENT CC T/A THE NEW MAROELA HOTEL, VUKANI GAMING GAUTENG (PROPRIETARY) LIMITED versus THE GAUTENG GAMBLING BOARD AND THE ACTING CHIEF EXECUTIVE OFFICER OF THE GAUTENG GAMBLING BOARD (CASE NO. 45777/14)

The Applicants (Sunshine Entertainment) brought a court application to review and set aside the decisions made by the Board during July 2014 wherein the Board declined an application by the Applicant to operate limited payout machines (LPM's) at The New Maroela Hotel on the basis that the applicant is not empowered in terms of BBBEE legislation and issuing two (2) LPM licences on the same premises may be regarded as proliferation of gambling.

The matter was heard on 24 March 2017 and the court has decided to remit the applicant's application for an LPM license back to the Board for reconsideration. Further the court awarded the Applicant with the costs against the Board and the legal cost is estimated at about R350,000.

SOUTH AFRICAN BOOKMAKERS ASSOCIATION, BETDATA (PTY) LTD, MARSHALLS WORLD OF SPORT GAUTENG (PTY) LTD, MARSHALLS WORLD OF SPORT WESTERN CAPE (PTY) LTD, MARSHALLS WORLD OF SPORT KZN1 (PTY) LTD, COOL WINNER TRADING 15 (PTY) LTD AND 5 OTHER BOOKMAKERS OTHERS versus THE NATIONAL GAMBLING BOARD OF SOUTH AFRICA, EASTERN CAPE GAMBLING AND BETTING BOARD, FREE STATE GAMBLING, LIQUOR AND TOURISM AUTHORITY, GAUTENG GAMBLING BOARD, KWAZULU NATAL GAMING AND BETTING BOARD, LIMPOPO GAMBLING BOARD, MPUMALANGA GAMBLING BOARD, NORTHERN CAPE GAMBLING BOARD, NORTH WEST GAMBLING BOARD, WESTERN CAPE GAMBLING AND RACING BOARD – 75953/17

During November 2017 the Applicants, bookmakers associations, brought a declaratory application in the High Court of South Africa (Pretoria) against the Respondents declaring that it does not contravene section 7(a) of the National Gambling Act, 2004 read with other provincial gambling legislations by offering fixed odds betting on the outcome of dog races held outside South Africa, which is currently prohibited in South Africa

The matter was scheduled to be heard on 17 January 2018, however due to late filing of of other Respondents a new date is yet to be advised.

The Board is opposing the application. The legal costs to be incurred by the Board are estimated at R500,000.

VIVABET (PTY) LTD versus THE GAUTENG GAMBLING BOARD – 14863/2017

During May 2017 VivaBet (Pty) Ltd launched a court application to review and set aside the Board's decision not to approve its Bookmaker applications to operate bookmaking business.

The applicant, VivaBet applied for Bookmaker licenses (during June 2015) in response to the Board's invitation (issued during April 2015) to apply for such licenses. The applicant applied for four licenses to be operated in Dobsonville, Daveyton, Mamelodi and Carletonville.

The applicant was heard during public hearing held by the Board during April 2016. During such hearing the Board raised concern with the applicant relating to its BEE shareholders status and possible fronting. This was exacerbated by the fact the applicant shareholder agreement gives the power to the white minority shareholders to appoint the Board of directors of the company and the chairperson of the Board who has the deciding vote



Notes to the Annual Financial Statements for the year ended 31 March 2018 continued

The applicants has, in essence is of the view that the Board decision is reviewable in terms of PAJA on the following two grounds:

The Board did not afford it an opportunity to make representation before it could make its final decision (of declining the application).

The reasons provided by the Board to decline its applications do not justify the decision taken in that the applicant has met all requirements as outlined in the RFP.

The Board has filed notice of intention to oppose the application. Pleadings has been closed and the matter has been set down for 14 May 2018

The Board is opposing the application and it will pay its legal costs estimated at R500,000.

VIVABET (PTY) LTD versus THE GAUTENG GAMBLING BOARD – 28058/2017

During July Viva Bet, brought an urgent application in the High Court of South Africa (Gauteng) that the review application under case number 14863/17, the Respondent (the Board) is interdicted from proceeding with the process of inviting, processing and considering applications for bookmakers licenses pending the finalisation of the review application.

The urgent court application for the interim relief was removed from the urgent court roll on the 31st August 2017 due to lack of urgency and the costs were reserved.

The matter was subsequently placed on the normal court roll (not urgent) and on 27 October 2017 the court interdicted the Board from proceeding with the process of inviting, processing and considering applications for bookmaker's license pending the review application under case no: 14683/17.

The Board made an application for leave to appeal which was heard 10 November 2017 and the court declined leave.

The Board then petitioned the SCA on the 12 December 2017 and the SCA declined its application for leave to appeal.

Further the court ordered the Board to pay the legal costs which is estimated at R108,333.

GAUTENG OFF COURSE BOOKMAKERS ASSOCIATION (iGOBAi) VS PHUMELELA GAMING AND LEISURE LTD, GOLD CIRCLE (PTY) LTD, KENILWORTH RACING (PTY) LTD, TELLYTRACK, NATIONAL GAMBLING BOARD, EASTERN CAPE GAMBLING BOARD, FREE STATE GAMBLING, LIQUOIR AND TOURISM AUTHORITY, GAUTENG GAMBLING BOARD, KWA ZULU NATAL GAMBLING BOARD, LIMPOPO GAMBLING BOARD, MPUMALANGA GAMBLING BOARD, NORTHERN CAPE GAMBLING BOARD, NORTH WEST GAMBLING BOARD, WESTERN CAPE GAMBLING AND RACING BOARD, SOUTH AFRICAN BOOKMAKERS ASSOCIATION, WESTERN CAPE BOOKMAKERS ASSOCIATION

During February 2018 GGB received a court application by way of summons issued by Gauteng Off Course Bookmakers Association (GOBA) against the Phumelela, Gold Circle, Kenilworth Racing, Tellytrack, the National Gambling Board and all other nine provincial gambling boards. The GGB is cited as the eight defendant in this matter however no relief is sought against it, save in the event of the board defending the matter.



Notes to the Annual Financial Statements

for the year ended 31 March 2018 continued

The application relate to the Race Meeting licence issued by the GGB to Phumelela in terms of and under the Gauteng Gambling Act. The said Race Meeting Licence was subject to number of terms and conditions which include the following:

Condition 10 iThe licensee shall make available visual broadcasts of race meetings for betting purposes. The licensee shall be entitled to recover reasonable costs for visually broadcasting such race meeting information, provided that such cost are approved by the board.î

The application relates specifically to the interpretation of the above mentioned condition. The plaintiff (GOBA) avers that there is a dispute of interpretation of the above mentioned condition between the bookmakers and Phumelela and its associates. The dispute between the aforesaid parties concerning the proper interpretation of condition 10 of the said Race Meeting licence is a real and pertinent dispute between them and the authoritative adjudication thereof will determine the existing, future or contingent rights and duties of Phumelela, Gold Circle, Kenilworth and/or Tellytrack with regard to televised broadcasts of national and/or international horse racing in the Republic of South Africa as against the holders of bookmaking licences and / or totalisator licences.

The Board appointed a legal representative (a firm of attorneys and Counsel) who advised that the board should file a notice to abide and procures a watching brief. Further the board should reserve its right to defend the action should the need arise. The advice is based on the fact that the plaintiff approached the court on trial proceedings instead of motion proceeding having regard thereto that the relief sought interpretative on condition of licence. The matter has been dormant so far however the board is closely monitoring for any development.

The legal costs to be incurred by the Board are estimated at R300 000.

CASINO ASSOCIATION OF SOUTH AFRICA VS PORTAPA (PTY) LTD T/A SUPABETS AND THE GAUTENG GAMBLING BOARD

We (GGB) have received a court application (High Court of SA ñ Gauteng Local Division ñ Johannesburg) on 13 March 2018 made by Casino Association of South Africa (iApplicantî) against Portapa (Pty) Ltd trading as Supabets (iFirst Respondentî) and Gauteng Gambling Board (iSecond Respondentî) for an Order in the following terms:

Declaring it unlawful in terms of the Gauteng Act for any persons other than the holder of a casino licence to offer fixed odd bets on the outcome of a casino game, including the game of roulette;

- The First Respondent is not authorised and/or licensed to offer fixed odds bets on the outcome of roulette
- The First Respondent's conduct in offering fixed odds bets on the outcome of roulette is unlawful and contravenes section 76(2) of the Gauteng Act; and

Interdicting and restraining the First Respondent from offering roulette as a contingency on which punters can place fixed odd bets



Notes to the Annual Financial Statements for the year ended 31 March 2018 continued

Alternatively to numbered paragraphs 2 and 3 above

- Directing the Second Respondent to conduct and/or to complete its investigation into the complaint lodged by the Applicant within 60 days of the issuing of this order
- Pending the finalisation of the investigation by the Second Respondent; interdicting and restraining the First Respondent from offering roulette as a contingency on which punters can place fixed odds bets.

Costs against the First Respondent, jointly and severally with the Second Respondent oppose any part of the relief sought

Granting to the Applicant such further and/or alternative relief as this Honourable Court may see fit

The Applicant (in its founding affidavits) submitted that Supabets which is a licensed bookmaker is unlawfully allowing gambling on the outcome of roulette games at its licensed site and in breach of section 76(2) of the Gauteng Act. This is so because roulette games are casino games and can only be operated or conducted by a casino license holder. CASA has demanded that Supabets cease such conduct but it has refused and / or failed to do so. To date, Supabets continues to offer fixed odd bets on the outcome of roulette games. CASA has also sought to obtain the intervention of the GGB however GGB has not taken any action against Supabets. The GGB inaction is in breach of its statutory duties in relation to gambling in the Province and is allowing a patently unlawful state of affairs continue, which exposes the public.

The Board is opposing the application. The legal costs to be incurred by the Board are estimated at R700,000.

GAUTENG GAMBLING BOARD VS OTT MOBILE AND OTHERS

During March 2018 GGB launched a court application against OTT Mobile, Fruit & Veg Freshstop (Pty) Ltd, Boxer Superstores and Hollywood Sportsbook Gauteng. The application relates to the Respondents involvement in the gambling transactions between the punters and the bookmakers

In terms of the Act, no person may conduct any type of gambling business or offer a gambling activity unless licensed [by the Board] to do so. The Act empowers the Board to issue different types of gambling licences, including a bookmaker's licence. However, bookmaker's licences and the activities that may lawfully be performed in terms of such licences are subject to various restrictions. One such restriction is that it is an offence for a person to act as an agent for a bookmaker or to act as an intermediary between a bookmaker and any other person for the purpose of betting on a sporting event. I respectfully submit that providing the means to allow a person to act as such an agent or intermediary is equally prohibited.

The retailers are acting as agents of the bookmaker or as intermediaries between the bookmaker. In light of the fact that acting as an agent of a bookmaker or as an intermediary between the bookmaker and persons taking bets on a sporting event with a bookmaker is an offence in terms of the Act, the retailers are acting unlawfully by permitting their outlets to act as agents of or intermediaries between a bookmaker and persons taking bets on a sporting event with the bookmaker. As s 57 of the Act criminalizes such activities, each of the retailers is not only acting unlawfully but also illegally.

The legal costs to be incurred by the Board are estimated at R1 million.



Notes to the Annual Financial Statements

for the year ended 31 March 2018 continued

33. Prior period errors

The Board discovered in 2018, that the provision for leave pay recognised in prior period has been incorrectly calculated and recognised. The incorrect calculation has resulted in the provision being overstated by an amount of R562,000 which was recognised as a result of an error in the calculation, due to the implementation of salary increases at year end which distorted BCEA rates reflected in the payroll system.

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

Financial instrument	31 March 2018	31 March 2017
Increase in Trade and other payables (Provincial Revenue Fund: Surplus)	–	562
Decrease in Accruals (leave pay)	–	(562)
Increase in Trade and other receivable – Exchange transactions	–	424
Decrease in Trade and other payables (Provincial Revenue Fund: Surplus)	–	(424)
	–	–
The effect on the statement of financial performance		
Decrease in employee related costs	–	–

34. Comparative figures

Certain comparative figures have been re stated as the result of prior year error.

The effects of the reclassification are as follows:

Statement of financial position – extract

	Comparative figures previously reported	Prior error correction	After reclassification
Trade and other payables from exchange transactions	30 125	562	30 263
Accruals	5 013	(562)	4 451
Total	8 066	(424)	7 642
Statement of financial performance – extract			
Employee related costs	43 204	(848)	42 356

35. Subsequent Events

There is no other subsequent events that Management is aware of, other than the ones disclosed

Adjusting events.

The insurance paid out an amount of R192 755 after yearend for a claim that was lodged before yearend. The claim was for damaged vehicle that was written off before yearend.

36. Finance costs

	2018 R'000	2017 R'000
Finance leases	36	48



Notes to the Annual Financial Statements for the year ended 31 March 2018 continued

37. Segment information

General information

Identification of segments

The entity is organised and reports to management on the basis of three major functional areas: regulation, responsible gambling and corporate social investment. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The Gauteng Gambling Board operates within the Borders of Gauteng. Transitional provisions do not require comparative figures.

Segment surplus or deficit, assets and liabilities

31 March 2018

	Regulation	Responsible Gambling	CSI	Total
Revenue				
Revenue	162 630	11 040	4 361	178 031
Entity's revenue				178 031
Expenditure				
Other expenses	150 649	9 154	4 452	164 255
Total segmental surplus/(deficit)				13 776

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

31 March 2017

	Regulation	Responsible Gambling	CSI	Total
Revenue				
Revenue	125 881	9 000	25 141	160 022
Entity's revenue				160 022
Expenditure				
Other expenses	123 376	3 760	24 802	151 938
Total segmental surplus/(deficit)				8 084







GAUTENG
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

www.ggb.org.za

PR231/2018

ISBN: 978-0-621-46442-9