



The image is a collage-style cover for an annual report. It features a central circular logo with a stylized 'G' and 'B' inside. The text 'ANNUAL REPORT' is arched above the logo, 'GAUTENG GAMBLING BOARD' is arched below it, and '2018 - 2019' is written in a large, bold font at the bottom of the central circle. The background is a mix of grayscale and color images: a horse race at the top, playing cards (Queen of Hearts, Jack of Hearts, King of Hearts) on the left and right, and stacks of casino chips and dice at the bottom. The design is divided into several overlapping geometric shapes in shades of maroon and gold.

ANNUAL REPORT
GAUTENG
GAMBLING BOARD
2018 - 2019



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PART A:
GENERAL
INFORMATION



A1: PUBLIC ENTITY'S GENERAL INFORMATION



REGISTERED NAME:	Gauteng Gambling Board
REGISTRATION NUMBER:	Not applicable
PHYSICAL ADDRESS:	125 Corlett Drive Bramley Johannesburg Gauteng South Africa 2090
POSTAL ADDRESS:	Private Bag x15 Bramley 2018
TELEPHONE NUMBER:	+27 (0)11 581 4800
FAX NUMBER:	+27 (0)11 581 4900
EMAIL ADDRESS:	info@ggb.org.za
WEBSITE ADDRESS:	www.ggb.org.za
EXTERNAL AUDITORS:	Auditor-General of South Africa 300 Middel Street New Muckleneuk Pretoria Gauteng South Africa 0001
BANKERS:	Standard Bank Limited 9th Floor Standard Bank Centre 5 Simmonds Street Johannesburg Gauteng South Africa 2000
COMPANY SECRETARY:	Ms N Matanzima Admitted non-practising attorney



A2: ABBREVIATIONS AND ACRONYMS

The following abbreviations and acronyms are used in this report:

ABBREVIATION/ ACRONYM	DESCRIPTION
AGSA	Auditor-General of South Africa
AFS	Annual Financial Statements
APP	Annual Performance Plan
AR	Annual Report
ARC	Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSI	Corporate Social Investment
DED	Department of Economic Development
FICA	Financial Intelligence Centre Act
GCRA	Gauteng City Region Academy
GDP	Gross Domestic Product
GGB	Gauteng Gambling Board
GPG	Gauteng Provincial Government
GPT	Gauteng Provincial Treasury
GRAP	Generally Recognised Accounting Practices
KPI	Key Performance Indicator
MEC	Member of Executive Council for Economic, Environment, Agriculture and Rural Development
MTEF	Medium-Term Expenditure Framework
NRGP	National Responsible Gambling Programme
OHASA	Occupational Health and Safety Act of 1993
PFMA	Public Finance Management Act 1 of 1999, as amended
SAPS	South African Police Service
SCM	Supply Chain Management
SDF	Sports Development Fund
SED	Social Economic Development
SMME	Small, Micro and Medium Enterprise
SARGF	South African Responsible Gambling Foundation
TMR	Transformation, Modernisation and Re-industrialisation
TR	Treasury Regulations





A3: CHAIRPERSON'S STATEMENT



I am pleased to report on the Board's performance for the financial year ended 31 March 2019.

The Board has achieved all its predetermined objectives for the year. The revenue collection increased from R1,083 billion in 2017/18 to R1,131 billion during the year under review. This represents a 4,4% increase year on year.

MXOLISI ZWANE

CHAIRPERSON OF THE BOARD

It is critical for the Board to understand its stakeholders' needs, interests and expectations. This assists the Board in taking appropriate decisions in the implementation of its mandate. To this end, the Board met with the Bookmakers and the Route Operators respectively in a Stakeholder Engagement session. Valuable inputs and suggestions were gained from this interaction. The remaining stakeholders will be engaged in the next financial year.

As indicated previously, the Board made substantive submissions (written and oral) to both the Trade and Industry Portfolio Committee and the National Council of Provinces on the National Gambling Amendment Bill. Due to the end of term of office of the 5th Administration, the bill could not be finalized and was left to the 6th Administration to process and finalise. The Board will continue to make representations on the National Gambling Amendment Bill.

For the next financial year, GGB will amongst others focus on the following:

- An in-depth study and analysis of the transformation of the gambling industry in order to identify the challenges to effective and substantive transformation.
- An in-depth review of the legislation to take into account, amongst others, the constitution as the act was drafted prior to the constitution, latest trends and technological developments in the industry.

On 30 September 2018, the Board's term of office came to an end and the new board was inaugurated and took office with effect from the 1 October 2018. In order to ensure continuity and smooth transition between the two Boards and introduce new insight into the organisation, the MEC retained four members from the old Board and introduced eight new members.

My appreciation and gratitude goes to MEC Maile for providing political and strategic support, the past and present Members of the Board for their guidance and oversight over the past three years. I feel privileged to be associated with the GGB and I am grateful to the work of the visionary team of Board members. I would also like to commend the management team and staff for their hard work and dedication.

Date: 31 July 2019

A4: CHIEF EXECUTIVE OFFICER'S OVERVIEW



It is with great humility that we present the annual results of the Gauteng Gambling Board (GGB), for the year ending in March 2019. The year under review was yet another successful year, albeit a few challenges. Despite sluggish growth and tough economic conditions globally and domestically, Gauteng has remained resilient as the economic engine of South Africa.

STEVEN NGUBENI



CHIEF EXECUTIVE OFFICER

Pr Pln (SA), PAV (SA) MA (UPE), MSc (NMMU), MPA (SU)

The GGB as part and parcel of its mandate, has distributed gambling taxes of R1,131 billion in this financial year to the fiscus. This indicates a 4,4% increase on the prior year's tax distributions. The prior year saw GGB break new grounds by achieving tax collections in excess of R1 billion since the inception of the Board. Without resorting to overstimulation of gambling in the province, the GGB has endeavoured to implement innovative systems and processes with a view to improve service delivery and enhance tax revenue for the province through a business automation project. The project is expected to be implemented in the early part of the next financial year.

The GGB remains 100% self-funded through the management commission provided for by the enabling legislation. For the 2018/19 year, GGB achieved revenue targets of R187.5 million and spent 97.5% of the expenditure budget. There were savings realized from a few cost drivers including the personnel costs as the major contributor to the under-expenditure incurred. The Gauteng Provincial Treasury (GPT) approved a retention surplus amount of R13.8 million for the 2017/18 financial year and requested the Board to surrender R7.9 million in surplus funds that was retained in 2017/18 financial year. The surplus funds for this financial year amounted to R4.9 million and the GGB plans on motivating for an approval for retention of these funds. The accumulated surplus as at 31 March 2019 was R131.1 million.

The GGB has prioritised the eradication of illegal gambling. Illegal land-based gambling sites are impacting government through reduced taxes and society through lost employment opportunities, reduced Corporate Social Investment (CSI) initiatives, reduced economic growth and impaired consumer protection. Closing down illegal operators remains a significant challenge and GGB is considering the following strategies of eliminating illegal gambling including:

- The establishment of a unit within South African Police Service (SAPS) to focus on gambling related offences
- Multi-disciplinary illegal gambling task team comprising of all the relevant role players
- Civil litigation against landlords and tenants (illegal operators)
- Investigate legality and feasibility of appointing Law Enforcement Inspectors as Peace Officers

- Investigate legality and feasibility of seconding members of SAPS to be based at GGB

The GGB is a creature of statute and as part and parcel of enforcing its enabling legislation has decisions that are challenged in court. The process of defending such decisions results in legal costs. Further to this, the upsurge in illegal gambling in the province has warranted that we step up the fight against the illegal gambling operations. This too, added to the costs relating to legal services. For the year under review, the GGB exceeded the budget on this expenditure item due to an rise in the inevitable litigation.

The GGB has received unqualified audit reports from the Auditor-General since inception of the entity. All audit findings raised by the Auditor-General (AGSA) in the previous financial years have been resolved. The GGB has a fully operational Supply Chain Unit that operates within the regulations, policies and procedures that govern this function. All members of the SCM team have signed the required code of conduct for SCM practitioners. No unsolicited bid proposals were received in this financial year. The SCM Internal Audit review outcome reflected that the system of internal controls within SCM is working as intended.

I would like to thank our MEC, Mr Lebogang Maile, who has led the drive for an integrated and well-regulated gambling industry in the Province with passion and vision. His guidance to the management and Board of the GGB has been consistent and motivating. The GGB Board has reached the end of its three-year term in September 2018 and a new Board was appointed by the MEC to provide continuous governance oversight. I would like to thank the members of the outgoing GGB Board for their continued support, encouragement, advice and oversight during the financial year and welcome the new Board into the new term of office.

I am proud to be a leader of such a dedicated and professional management team at the GGB and thank them, along with all the staff, for their hard work and dedication. Your teamwork during the past year has shown that the collective is greater than its parts. My special thanks and dedication goes out to the late Mr Edward Lalumbe, our former COO, for all the support and advice, as well as the commitment and dedication through out the years at GGB.

Date: 31 July 2019



A4: MEMBERS OF THE CURRENT BOARD

CHAIRPERSON OF THE BOARD

Mr. Mxolisi Zwane



QUALIFICATIONS

B.Proc – Wits University (1993); Master of Laws (LLM) in Fundamental Rights and Constitutional Law and Practice – University of Pretoria (2006); Higher Diploma in Company Law – Wits University (2000); Advanced Diploma in Labour Law – University of Pretoria (2015).

In addition, Mr Zwane has several other qualifications behind his name. These include certificates in Arbitration, Insolvency and Business Rescue as well as Pension Law and Administration. As a member of the International Masters of Gaming Lawyers, he has also completed several short courses in gaming law, sports betting and online gaming with the International Centre for Gaming Regulators at the University of Nevada, Las Vegas (UNLV).

BOARD COMMITTEE MEMBERSHIP

Chairperson of the Technical Committee on Legal & Transformation Matters and Board Exco

APPOINTMENT DATE

01 October 2015 & reappointed on 01 October 2018

EXPERIENCE AND EXPERTISE

Mxolisi Zwane is a senior legal practitioner and innovative business leader who specialises in corporate governance, business restructuring and project management. After being admitted as an Attorney of the High Court of South Africa in 1997, he appeared as an attorney in the Magistrates Court, Labour and High Courts. Mxolisi Zwane is a senior legal practitioner and innovative business leader who specialises in corporate governance, business restructuring and project management. In 2009 he was granted the right of appearance for the High Court, Supreme Court of Appeals as well as for the Constitutional Court. For more than 20 years, Mr Zwane has adopted a no-nonsense analytical approach in representing many high profile companies and individuals in criminal, commercial and civil and constitutional matters. Moreover, his invaluable commercial insights into the private sector have enabled him to achieve successful organisational turn-around initiatives in both the public and private sectors.

Current professional affiliations and memberships include:

Registered mediator and arbitrator and member of the Management Committee of the Association of Arbitrators of Southern Africa;

Member of the South African Restructuring and Insolvency Practitioners Association (SARIPA);

Chairperson of the Gauteng Gambling Board.

Some of Mr Zwane's past affiliations and leadership roles include:

Having served on the Distributing Agencies of the National Lotteries Commission;

Acting as Convenor of the Disciplinary Committee of the Premier Soccer League (PSL);

• Chairman of the Gauteng Department of Transport's Advisory Committee;

• First Vice-President of the Chamber of Commerce & Industries (CHAMSA).

DEPUTY CHAIRPERSON

Ms. Shaila Hari



QUALIFICATIONS

Honours Bachelor of Accounting Science : BCompt Honours at UNISA; Public Sector Governance at UNISA SBL; Articles with PWC; Member of the Institute of Directors

BOARD COMMITTEE MEMBERSHIP

Chairperson of the Gaming Committee. Member of the Technical Committee on Legal & Transformation Matters & Board Exco

APPOINTMENT DATE

10 June 2013 and reappointed on 01 October 2015 and on 01 October 2018

EXPERIENCE AND EXPERTISE

Ms. Shaila Hari is a member of the Institute of Directors in Southern Africa and serves as a consultant in the Field of Corporate Finance and Public-Sector Governance.

Ms Hari also serves as the following:

- International Association of Gaming Regulators (IAGR): Member of Statistical & Technical Committees.
- Non-Executive Director-Spanjaard Limited: Chairperson of Audit Committee, Chairperson of Social & Ethics, Chairperson of Remuneration Committee.
- SIZWE Medical Aid Fund: Member of the Audit Committee
- Construction Education Training Authority (CETA): Chairperson of the Audit Committee

Her past Directorships and Audit Committee memberships

include:

Air Traffic Navigation Services: Non-Executive Director and Chairperson of Social & Ethics Committee.

Chairperson of Audit & Risk committee of: International Trade & Administration Commission of South Africa; National School of Government; National Department of Housing; National Department of Communications

Audit Committee memberships: Gauteng Economic Development Agency, Government Employee Medial Scheme, Medical Research Council, South African Pharmacy Council; Department of Social Development.

She is involved in community work at the Sandton Hindu Seva Samaj and the Ramakrishna Association in Lenasia (Charity Organisations)..

A4:

MEMBERS OF THE CURRENT BOARD



BOARD MEMBER

Mr. Leon G. Marincowitz



QUALIFICATIONS

B.A General (UP), B.A Honours in Philosophy (UP), Masters in Philosophy (UJ)

BOARD COMMITTEE MEMBERSHIP

Chairperson of the Corporate Committee. Member of the Social Ethics and Responsible Gambling Committee, Technical Committee on Legal & Transformation Matters and Board Exco

APPOINTMENT DATE

01 October 2015 and reappointed on 01 October 2018

EXPERIENCE AND EXPERTISE

Leon G. Marincowitz is an experienced business and real estate investor in Johannesburg where he founded his own investment firm focused on solving peoples' property problems whilst creating above market returns. He is an experienced non-executive director returning to the Gauteng Gambling Board (GGB) in his second appointment and serves on the Gauteng Enterprise Propeller (GEP) and

Chairs the Business Development Committee. Previously he has served as the inaugural Gauteng Youth Commission as a Commissioner of Youth and volunteered in several NGO's in the country and across the continent. Leon has also published several academic papers and presented papers at local and international conferences.

BOARD MEMBER

Mr. Thulani Sithole



QUALIFICATIONS

B.Comm (UND); HDIPTAX (RAU), B.Comm (Hons) (UP Tukkies), Leadership Development Program (GIBS), M.Comm (UNW): Course work done, Dissertation in progress

BOARD COMMITTEE MEMBERSHIP

Chairperson of the Social, Ethics and Responsible Gambling Committee. Member of the Audit & Risk Committee and Board Exco

APPOINTMENT DATE

01 October 2015 and reappointed on 01 October 2018

EXPERIENCE AND EXPERTISE

Mr Thulani Sithole has served as Board Member in various organisations such as the Gauteng Enterprise Propeller (GEP); TRG International, Member of the National Working Group at National Audit Committee Forum and an Invitee to King IV™ as a participant.

His aptitude areas include Risk Management, Audit and Tax competencies, Treasury Regulations, PFMA, King IV™, GAAP, Tax Law and IFRS; Advisory, Strategy Development

and Implementation, Organisational Reengineering and Transformation, Efficient Stakeholder Alignment, Strategic Investment and Financing expertise.

Thulani is a social activist and Social Entrepreneur, Founder of SFFG which promotes entrepreneurship amongst youths.

A4: MEMBERS OF THE CURRENT BOARD

BOARD MEMBER

Ms Matsi Bonolo Modise



QUALIFICATIONS

Bachelor of Commerce Degree (Marketing and Advance Management) University of Witwatersrand

BOARD COMMITTEE MEMBERSHIP

Member of the Social, Ethics and Responsible Gambling Committee and Audit & Risk Committee

APPOINTMENT DATE

01 October 2018

EXPERIENCE AND EXPERTISE

She is the founder and CEO of Furaha Afrika Holdings (Pty) Ltd, with subsidiaries including Furaha Solutions (a joint venture partnership with Work Force, a listed AltX-JSE company), Furaha investments & advisory.

Her experience ranges from Investment banking, enterprise development and building entrepreneurship ecosystems on

the African continent.

She is an advisory Board Member on the Barclays Africa Shared Growth Advisory Board, Agri-Vie Private Equity Fund; a Non-Executive Board Member of The Innovation Hub, a subcommittee member of the South African Venture Capital/ Private Equity Association (SAVCA) and a trustee of the MMI Masikhululise Trust.

BOARD MEMBER

Mr Pholoso Andrew Matjele



QUALIFICATIONS

Master's in Business Administration (MBA) from Regenesys School of Business. BComm Degree in Marketing & Business Management from Damelin, Postgraduate Diploma in Advanced Business Management from the University of Johannesburg, Certificate in Investment & Finance from the University of Witwatersrand and a Communications & Business Environment Certificate from the University of Natal. Media Certificate from Media & Training Centre. He is currently enrolled for a PhD in Organizational Development & Leadership at UNISA

BOARD COMMITTEE MEMBERSHIP

Member of the Corporate Committee and Social, Ethics and Responsible Gambling Committee

APPOINTMENT DATE

01 October 2018

EXPERIENCE AND EXPERTISE

- Currently Director & Shareholder at Spectrum Utility Management (SUM), which a subsidiary in the DMB Holdings Group of Companies
- Board Member at Manufacturing Accelerator Program (MAP-SA)
- Management Consultant for NOKUBUSA-ERNST & YOUNG Joint Venture
- Research Strategist & Research projects manager at the Applied Chemistry Department in the University of Johannesburg (UJ)
- He has Project Management Experience as a National Outreach Manager for both the Love Life Trust and

Miles & Associates Success By Choice International Consulting

- National Outreach & Assessments Manager for the LOVE LIFE TRUST
- Gauteng Regional Project Manager for Champs Retail Africa (PTY) LTD
- Foreign Exchange & Home Loans Consultant at ABSA Bank
- He has Experience as a Trainer & Facilitator for UNICEF and Miles & Associates Success by Choice International Consulting
- He was a Financial Officer at the Road Accident Fund (RAF)

A4:

MEMBERS OF THE CURRENT BOARD



BOARD MEMBER

Ms Ntsoaki Tsokolibane



QUALIFICATIONS

Bcom (Honours) in Strategic Management (RAU), Advance Project Management Certificate (UNISA) Higher Diploma in Education (Postgraduate)

BOARD COMMITTEE MEMBERSHIP

Member of the Corporate Committee and Audit & Risk Committee

APPOINTMENT DATE

01 October 2018

EXPERIENCE AND EXPERTISE

Ms Tsokolibane is a versatile professional with vast experience in Government and Government Agencies both at management and executive level. Her expertise spans from procurement, change management, transformation and enterprise support across various government departments. She has promoted and maintained an effective regulator system that supports an ethical business environment.

She was the Chairperson of the Johannesburg Local

Committee of the Gauteng Liquor Board, Chairperson of the Council of the South West Gauteng TVET College, Chairperson of the Sedichem Board, a Business and Chemical Technology Incubator based in the Sedibeng District.

Currently the founder and Managing Director of her own company participating in Supply and Distribution, Management and Consulting.

BOARD MEMBER

Ms Shoba Chiboo



QUALIFICATIONS

BA Law - University of the Witwatersrand (WITS). Energy Law Diploma – WITS. Accredited Mediator (University of Stellenbosch) and an International Commercial Mediator through the Centre for Effective Dispute Resolution (CEDR) (UK). Construction Adjudication Programme through the University of Pretoria.

BOARD COMMITTEE MEMBERSHIP

Member of the Corporate Committee and Technical Committee on Legal & Transformation Matters

APPOINTMENT DATE

01 October 2018

EXPERIENCE AND EXPERTISE

Ms Chiboo is an Admitted Attorney and a registered international Commercial Mediator, her expertise are in Construction and Engineering Law, including Commercial and Contract Management and Construction Claims. She has advised on mitigation of Commercial Risk and assisted with the implementation of Risk Management Frameworks and has attended to a wide array of legal matters and

contract drafting, including EPC contracts, Construction and Engineering contracts, Memorandums of Understandings, Joint-venture and Consortium Agreements, and Enterprise Development Agreements.



A4: MEMBERS OF THE CURRENT BOARD

BOARD MEMBER

Ms Simthandile Siwisa



QUALIFICATIONS

MBA Degree - Emerging Markets (UCT). Degree in International Economic Management (Masters) – University of Birmingham

BOARD COMMITTEE MEMBERSHIP

Member of the Gaming Committee and Social, Ethics and Responsible Gambling Committee

APPOINTMENT DATE

01 October 2018

EXPERIENCE AND EXPERTISE

Ms Siwisa is an experienced and entrepreneurial executive, with proven record in Strategic Development and execution within Public and Private Sectors. She has worked with global organisations and public entities in Africa in delivering initiatives for economic growth and development through enhancing competitiveness.

Ms Siwisa is a highly motivated professional with ability to interact across all levels in both private, public and NGO sectors. Managed overall economic policy portfolio, with responsibility for policy development, strategy and advocacy.

She joined the World Bank as a consultant within the Country Management Unit. Assigned with overall responsibility for overseeing Client’s engagement with the OECD. She is involved with various committees Including OECD’s Development Assistance Committee (DAC), Economic Policy and Financial

Currently leading a team of 20 individuals at Stratevest who are committed to advancing competitiveness in emerging markets and responsible for Strategic Developments, Operations and Strategic Partnership for Advisory and Retail divisions.

BOARD MEMBER

Ms Thabiso Kutumela



QUALIFICATIONS

B.Com (WITS), LLB (WITS), LLM (WITS), Certificates in Advanced Company Law (WITS), Certificate in Risk, Compliance and Governance (WITS), Certificate in Competition Law (WITS)

BOARD COMMITTEE MEMBERSHIP

Member of the Gaming Committee and the Technical Committee on Legal & Transformation Committee Matters

APPOINTMENT DATE

01 October 2018

EXPERIENCE AND EXPERTISE

Ms. Thabiso Kutumela is an admitted attorney. She runs her own consulting company wherein she advises clients on commercial law, corporate governance and administrative law. Her expertise are in negotiating, drafting and vetting of agreements. She also advises clients on compliance related matters and has advised on the implementation of Risk Management Frameworks. She is a member of IODSA and received her certified director designation.

Ms. Kutumela serves as:

- Member of the Appeals Board of the South African Institute for Drug-Free Sport;
- a Non-Executive Director at the Johannesburg Road Agency; and
- Chairperson of the National Home Builders Registration Council Disciplinary Committee.

A4:

MEMBERS OF THE CURRENT BOARD



BOARD MEMBER

Ms Yondie Metu



QUALIFICATIONS

Chartered Accountant (SA) Bachelor of Accounting (UKZN) Bcom Honours (UKZN) Graphic Design Certificate (UCT)

BOARD COMMITTEE MEMBERSHIP

Deputy Chairperson of the Risk & Audit Committee and member of the Gaming Committee

APPOINTMENT DATE

01 October 2018

EXPERIENCE AND EXPERTISE

Ms Metu is a Chartered Accountant with experience and proficiency in providing financial solutions spanning over different sectors from SARS, AG, Sasol and Aveng group. She is currently a director in YAM Solutions providing solutions in Financial & Management Accounting, Investment & funding strategies, Going concern analysis, Taxation and Internal Audit & Controls. She possesses as wide ranging of skills from SAP, Buildsmart, Cognos Disclosure

Management, Hyperion Financial Management and TM1. She is a member of South African Institute of Chartered Accountants (SAICA), IODSA, and also a member of Black Management Forum. She also serves as an Advisory board member for the African Leadership Academy.

BOARD MEMBER

Ms Zandile Mpungose



QUALIFICATIONS

B.A Law (UDW) LLB (UDW) Certificate in Development Management for Community & Labour Studies (UDW) Diploma in Corporate Law (RAU) Masters in Commercial Law (UNISA).

BOARD COMMITTEE MEMBERSHIP

Member of the Corporate Committee and Technical Committee on Legal & Transformation Committee

APPOINTMENT DATE

01 October 2018

EXPERIENCE AND EXPERTISE

Ms Zandile Mpungose is an Attorney in Private Practice who has many years' experience in Senior and Executive Management in Public Sector Entities and Local Government. She has a special interest in public sector law, property law, Alternate Dispute Resolution mechanisms, policy development, governance, compliance management and regulation. Ms Mpungose holds a BA (Law); LLB from the University of Durban Westville; a Diploma in Corporate Law from the University of Johannesburg; Certificate in Rural Telecoms from Delft University; and an LLM (Commercial Law) from the University of South Africa and was admitted as an Attorney in 1997. Over the years she has served on various Boards and is involved in governance advisory and compliance management.

She is a former member of the Board of Directors of Tshwane Economic Development Agency ("TEDA"), Thaba Chweu Local Economic Development Agency ("THALEDA") and a former member of Council of the Central Johannesburg College ("CJC") where she played a strategic role in shaping the direction the different entities and agency are taking in fulfilling their respective mandates.

She is a current member of the Regulation Committee for ACSA and ATNS on behalf of the Ministry of Transport, to do economic regulation in the aviation sector. She is also a member of the DTI's BEE Commission's Governance Committees .



A4: MEMBERS OF THE CURRENT BOARD

EXECUTIVE MANAGEMENT

Mr Steven Ngubeni



The CEO of the Gauteng Gambling Board, Mr Steven Ngubeni is a Professional Planner and a graduate of the University of Johannesburg (UJ). He also holds three Masters Degrees, including MA in Development Studies and a MSc in the Built Environment from the Nelson Mandela Metropolitan University (NMMU) formerly known as the University of Port Elizabeth (UPE) and Masters Degree in Public and Development Management with the University of Stellenbosch (US). He has also completed a number of training programs including business management, project management, public finance, executive leadership, gambling licensing and gambling regulation and gambling compliance auditing.

He has vast experience in the public sector, having held worked as a Municipal Manager, the Chief Executive Officer of the National Youth Development Agency (NYDA), the Deputy Director General for Economic Infrastructure, and the CEO of the Gauteng Gambling Board since 2015. He also served in the Mpumalanga Heritage Council and the

Mpumalanga Town Planning and Townships Board as well as in the Valuation Appeals Board. Through out the years in public service, he has been exposed to functions such as regulatory, development control, project management and leadership.

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EXECUTIVE MANAGEMENT

Mr Edward Lalumbe (late)



The Chief Operations Officer of the Gauteng Gambling Board, Mr Edward Lalumbe was an admitted attorney, he obtained his BProc degree from the University of the North (Turfloop), LLB from the University of Witwatersrand (WITS) and obtained two Master of Law degrees (LLM) in Co-operative Law from the Rand Afrikaanse Univesiteit (RAU) and another in Labour Law from the University of Johannesburg (UJ).

Edward obtained numerous certificates and diplomas in business from various universities including the University of Nevada Reno, University of Pretoria, and Gordon Institute of Business Studies etc. He believed in continued education and at the time of his passing he was studying Labour Dispute Resolution Practice in order to qualify as a CCMA Commissioner

Edward joined the Gauteng Gambling Board on June 1997 as Legal Manager having served as an associate partner at Fluxman Inc. Attorneys between 1992 to May 1997. He

was promoted to the position of Chief Operating Officer in March 2007.

He served in different committees assisting in the development of the gambling industry during the new democratic dispensation in South Africa. He also assisted in establishing gambling regulators across Africa, e.g. Tanzania and served on different gambling and industry committees. He has presented papers on various national and international gambling fora i.e. National Gambling Biennial, GRAF, IAGR and IMGL

Edward worked tirelessly serving the Gauteng Gambling Board until he was met by his untimely death on Sunday, 16 June 2019. He was regarded as a true vanguard in the African gaming and business industry.

EXECUTIVE MANAGEMENT

Mr Sasabona Manganye



The Chief Information Officer (CIO) of the Gauteng Gambling Board holds an MBA from Wits University and also National Diploma and a B-Tech: IT from the Vaal University of Technology. He is currently studying PhD in IT Management with the University of Johannesburg. He also obtained a Certificate of Business Management with GIMT. He has written a number of articles and documents on different subjects.

The CIO has vast working experience in different IT roles from private to the public sector. He has previously worked for Nedbank as the Process Engineer, Afrisoft Africa as IT Implementation Specialist, Siemens IT Services as Assist IT Quality Manager. He further worked for the Department of Sport, Arts, Culture and Recreation as the IT Deputy Director and later as the CIO before he joined the Gauteng Gambling Board.

He served in the various governance structures such as the Vaal University of Technology University Council where he chaired one of its committees, he also represented SACR

in the Audit Committee. He is the Chairperson of the Gauteng City Region CIOs Council IT Infrastructure Committee and current Gauteng Provincial Secretary for the Progressive Professionals Forum.

A5:

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT FOR THE YEAR THAT ENDED 31 MARCH 2019



REPORT FOR THE YEAR THAT ENDED 31 MARCH 2019

The Chief Executive Officer (CEO) is responsible for the preparation of the GGB's annual report and financial statements, 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, the human resources information and the annual financial statements.

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

- All information and amounts disclosed throughout the annual report are consistent with the annual financial statements audited by the Auditor General.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with the guidelines on the annual reports as issued by National Treasury.

Steven Ngubeni
Chief Executive Officer
Date: 31 July 2019

- The Annual Financial Statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) and the relevant frameworks and guidelines issued by the National Treasury.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the GGB for the financial year that ended 31 March 2019.

The GGB's performance information and annual financial statements for the year that ended 31 March 2019 was examined by the external auditors and their report is presented on page 87.

The performance information of the GGB set out on page 38 to page 52 was approved by the Board. Further, the annual financial statements of the GGB set out on page 92 to page 137 was also approved by the Board.

Mxolisi Zwane
Chairperson of the Board
Date: 31 July 2019





A6: STRATEGIC OVERVIEW

A7.1 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.

A7.2 Vision

The GGB's vision is:

To be a leading and innovative regulator in the gambling industry

A7.3 Mission

Our mission is:

To regulate and transform the industry in a transparent, ethical, equitable, competent and efficient manner for the benefit of all stakeholders

A6: STRATEGIC OVERVIEW



A7.4 Values

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

- **Integrity & Consistency**

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 internal and external to our direct work environment.

- **Service Excellence**

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

- **Empowerment**

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

- **Employee Centricity**

Our employees are our most valuable resource, and we are committed to unfold each employee's full potential through a value-based performance results and comprehensive employee wellness programmes.

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:

EXECUTIVE MANAGEMENT

Mr Kgaugelo Mahlaba



The Chief Financial Officer (CFO) of the Gauteng Gambling Board holds Certificate in Theory of Accounting from University of Johannesburg, Bridging Certificate in Theory of Accounting from University of Johannesburg, National Diploma in Credit Management from Wits Technikon and Advanced Diploma in Management Accounting from CIMA

The CFO has diversified working experience in different Financial roles from private to the public sector. His diverse experience hail from Aviation and IT sector where he served in different roles prior to joining KPMG. He then completed his articles and subsequently qualified as a Chartered accountant and got promoted as a Manager at Accounting Advisory Services department.

The CFO was a Director at QA Auditors for three years and was responsible for client acquisitions and Audit Assurance



A7: LEGISLATIVE AND OTHER MANDATES

- 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 (FICA); 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 FICA; 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 administering the Sports Development Fund (SDF)
- Advising the MEC on matters relating to gambling;
- Supervising and enforcing compliance with the requirements of the FICA 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:

A7:

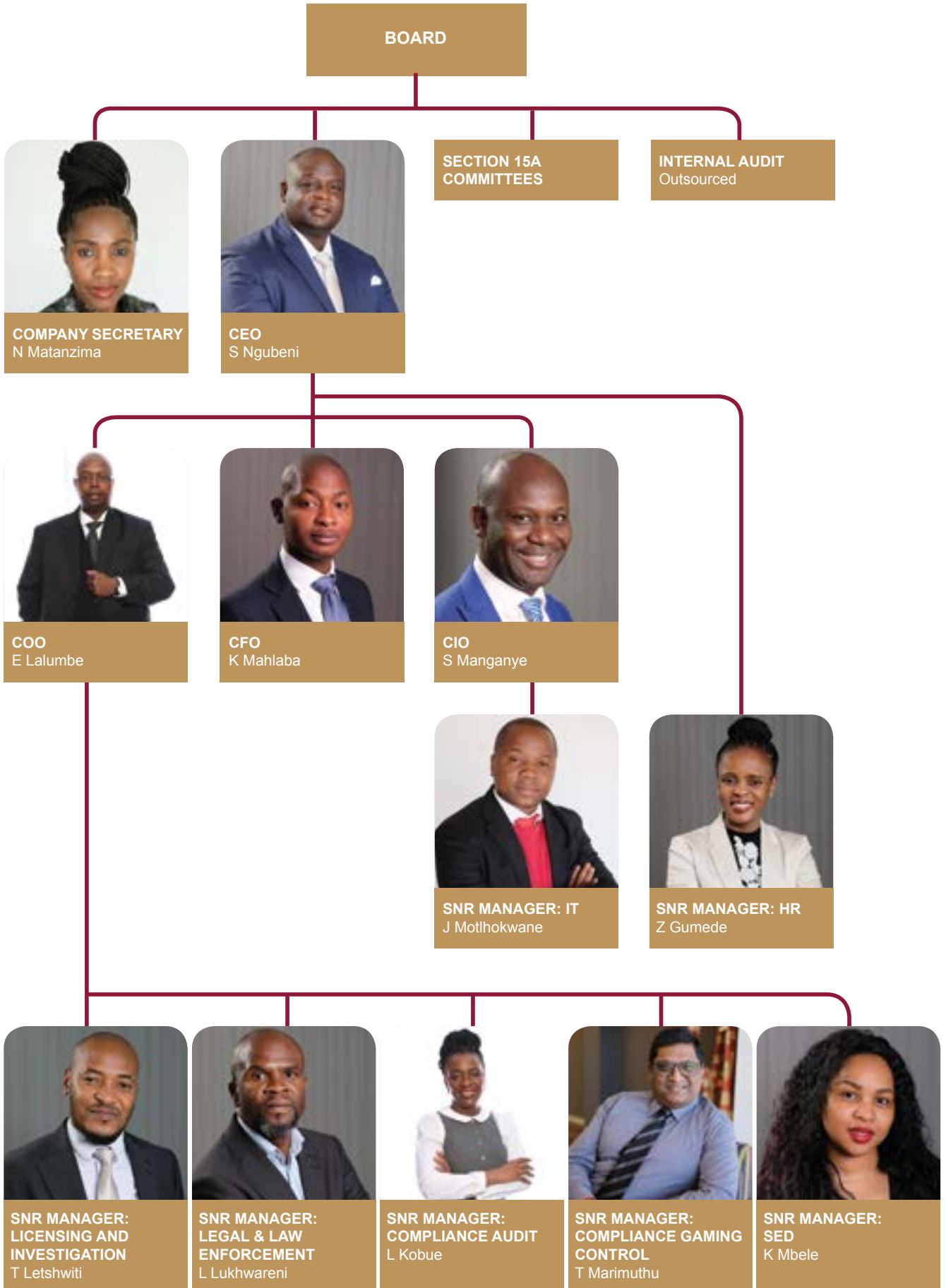
LEGISLATIVE AND OTHER MANDATES



- **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.



A8: ORGANISATIONAL STRUCTURE







PART B: PERFORMANCE INFORMATION



B1: PERFORMANCE INFORMATION



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

The GGB had identified the need to prioritize revenue collection, illegal gambling and transformation in the industry. In doing so, indicators that existed within other programs have been upgraded to be programs in their own right. The APP for 2018/19 has been updated accordingly and has not affected the mandate of the GGB. The programs have been decentralized to ensure a concentration of focus on priorities. In the financial year under review the Board had 7 programs and 29 performance indicators. The Board and MEC approved the removal of 5 of the 29 indicators from the APP in the second quarter of the year.

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



B1: PERFORMANCE INFORMATION

B1.1 Description of services provided

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

B1.1.1 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.

B1.1.2 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.

B1.1.3 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.

B1.1.4 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 are conducted by the unit on all licensees and reported on as part of the performance information, is supported by additional technical compliance checks over operations that include, but is not limited to, surveillance checks, verification of machine configuration changes, etc.

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

B1: PERFORMANCE INFORMATION



B1.1.5 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.

B1.1.6 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.

B1.1.7 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.

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

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.

B1.1.8 Corporate social investment (CSI)

On an annual basis the GGB receives and processes applications for funding that are reviewed in line with the prerogatives of the GGB and government and in line with the approved SED policy. Further, the team monitors and reports on the approved projects to the Social and Ethics Committee which is a committee of the Board.

B1.1.9 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.

Licences are approved according to specific B-BBEE shareholding status. This level of B-BBEE shareholding must also be maintained throughout the tenure of the licence and is reviewed by the GGB's Compliance Audit department.

B1.1.10 Enforcement of the Financial Intelligence Centre Act

The GGB 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.



B2: 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. Refer to page 87 for the auditor's report, published as part of the financial information.

B3. SITUATIONAL ANALYSIS

The GGB's APP for 2018- 2019 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 2018 to 31 March 2019.

B3.1 Service delivery environment

B3.1 Licensing

The Licensing department met its targets to process licence applications within the prescribed timeframes in terms of the annual performance plan. However, the rollout process of limited pay-out machines continues at a slow pace due to amongst other things; lack of properly zoned premises, illegal gambling, foreign owners without proper documents, business licences, etc. The Board continuously, together with the LPM industry, is looking at solutions to ensure an increased pace to rollout same to achieve the 5000 LPMs to be made available in the province.

In line with the Board's transformation objectives, the Board has issued a bookmaker RFP with an intention to issue up to a maximum of 81 bookmaker licences in the province. The successful applicants are required to at a minimum be 55% black owned and 55% of management control must be in the hands of the previously disadvantaged. The notice in this regard was published in the Gauteng Provincial Extraordinary Gazette of Thursday, 28 March 2019. The Board intends finalising this process by no later than 31 December 2019, with applications expected to be submitted on 17 July 2019.

The following is the Gauteng Gambling licensing profile:

Licence type	Number of licences
Casino	7
Bingo	11
Route Operator	5
LPM sites	527
Bookmakers	128
Totalizator	1
Manufacturers	35

B3.2 Gaming Control

Gaming Control's objective is to ensure regulatory compliance of all gambling operations and equipment. The inspections conducted and reported as part of performance information is supported by the additional technical compliance checks conducted like surveillance checks, verification of machine configuration changes, new game/machine verification upon installation, etc. that are performed by this unit for all licensees.

We continually see developments in technology and well elements of advertising and marketing that push the boundaries. No doubt these items create debate as we consider the legislation and the intention for us as regulators to manage compliance.

The past year has seen a number of these instances that challenge our thinking and require introspection as we seek to gain clarity or possibly recommend changes to legislation that mirror the changing forms of gaming.

Through the past year we have embraced these changes and have advised accordingly that allows us to continue to positively oversee the technical compliance of our licensees.

B3:

SITUATIONAL ANALYSIS



The latter part of the financial year saw the team focus on the migration of all LPM sites to the new system “Evolution”. Migrating to these solutions was imperative as part of the national project with the appointment of the new service provider that had occurred towards the end of 2017.

2018 also saw the update of the wagering and record keeping standard by SABS. SANS 1718-4 which was released towards the end of 2018 and became effective from December 2018. The standard was reviewed by the standards committee and updated to take into consideration new technical requirements that are to be considered, evaluated and reviewed for continuous compliance going forward.

Into the future the team will continue to assess skills and undertake new initiatives. In the next financial year we will include compliance assessment of websites and also introduce vulnerability assessments. As technology is introduced and legislation allows for such to be considered in a gambling environment, Gaming Control will continue to assist in paving the way forward for updated compliance requirements and licensee oversight.

B3.3 Compliance Audit

The Compliance Audit department ensure that licensees comply in all material aspects with provisions of applicable and relevant legislation, that weekly returns are accurate and properly reflect licensees’ activities and the correct amounts of taxes and levies are paid to the Board. Further, the department monitors compliance to BBBEE legislation and compliance with the Financial Intelligence Centre Act.

The year under review saw changes in FIC legislation which requires Licensees to adopt a risk-based model for anti-money laundering purposes. The GGB plans to conduct an awareness campaign for Licensees in partnership with the Financial Intelligence Center.

The Compliance Audit department has identified challenges in the legislative landscape with conflicting and sometime outdated legislation. A report has been submitted to the legal department who are in the process of reviewing the GGB’s relevant prescripts.

Transformation is high on the agenda for the GGB. The department will in the new year embark on an investigation into the status of transformation in the industry.

B3.4.1 Legal : Law Enforcement

The objective of the department is to render legal services to the Board as well as investigation of violations of gambling legislation. Some of the challenges facing the department and the gambling industry as a whole is the mushrooming of the internet illegal gambling operations. To date the Board has identified 380 illegal internet gambling sites operating within the province, and we have reported the same to the SAPS for assistance. However, we have also appointed a firm of attorneys to assist the Board and the Law Enforcement agencies to root out this type of illegal activities. During the year under review we have assisted the Law Enforcement Agencies to raid 181 illegal gambling sites and have confiscated more than 900 illegal gambling devices. We are confident that we will root out this kind of illegal activity that is robbing the state of the gambling revenue with the assistance of the firm of attorneys, the Law and Enforcement Agencies and the industry stakeholders.

B3.4.2 Legal : Legislative landscape

Further to the challenges mentioned above, the gambling industry is also facing the challenge of outdated legislation, and Gauteng as a province is not an exception to this. The Board has resolved to review its founding legislation to align it with the industry’s best practice and trends. The review is further necessitated by, amongst others that the industry has significantly transformed due to political, economic, social, technological, environmental and legal circumstances. Further the legislation is not aligned with the Constitution and other relevant legislation (POPI, FICA, PAJA) which came into effect after the Act was promulgated.

B3.4.3 Legal: Litigation

B3.4.3.1 The GGB is an animal of legislation and during the execution of its mandate is subject to various litigation:

The following are detailing the current cases – opposed matters:

i. VIVABET (PTY) LTD v THE GAUTENG GAMBLING BOARD - CASE NO: 14863/2017

On 5 May 2017, Vivabet launched a review application seeking to review and to set aside the Board’s decision to decline its Bookmakers’ license applications to be operated in Dobsonville, Daveyton, Mamelodi and Carletonville.

On 6 March 2019 in the review application, the Court held in favour of the Board with costs. On 25 March 2019, Vivabet served on the Board an application for leave to appeal and the application was heard on 9 May 2019 and the application for leave to appeal was dismissed with costs.



B3: SITUATIONAL ANALYSIS

ii. SOUTH AFRICAN BOOKMAKERS ASSOCIATIONS AND 5 OTHERS v NATIONAL GAMBLING BOARD AND 9 OTHERS- CASE NO. 75953/17

On 21 November 2017, the Board received a court application made by South African Bookmakers Association and 5 other Bookmakers against all provincial gambling boards and the National Gambling Board (“NGB”). The NGB and the Board are cited as the First and Fourth Respondents respectively.

The Applicants seek an order declaring that Section 7 of the National Gambling Act read with the applicable provincial gambling legislation is contravened when licensed bookmakers in South Africa are permitted to offer fix odds betting on dog racing where the race is held outside South Africa.

The pleadings are closed, and the matter has not yet been set down.

iii. GAUTENG OFF COURSE BOOKMAKERS ASSOCIATION v PHUMELELA GAMING AND LEISURE LIMITED - CASE NO. 3296/18

The Gauteng Off-Course Bookmakers Association (GOBA) complained to the Board that Phumelela breached Condition 10 of its race meeting licence, wherein Phumelela refused to make available Telly track channel on DSTV to bookmakers.

On 5 February 2018 the Board received summons issued by GOBA against the Phumelela, Gold Circle, Kenilworth Racing, Telly track, the National Gambling Board and all other nine provincial gambling boards. The Board is cited as the eighth defendant in this matter and no relief is sought against it, save in the event of the board defends the matter.

The Board has filed a notice of intention to abide by the Court’s decision.

iv. CASINO ASSOCIATION OF SOUTH AFRICA v PORTAPA (PTY) LTD T/A SUPABETS AND THE GAUTENG GAMBLING BOARD- CASE NO. 9547/2018 AND 38088/2018

On 13 March 2018 Casino Association of South Africa (“CASA”) launched a court application against Portapa (Pty) Ltd trading as Supabets and the Board (Respondents) seeking an order that Supabets as a bookmaker is unlawfully allowing gambling on the outcome of roulette games at its licensed site in contravention of Section 76(2) of the Gauteng Gambling Act.

The Board has since filed the record in court and have been granted to file a supplementary affidavit by no later than 24 May 2019.

v. GAUTENG GAMBLING BOARD v OTT MOBILE AND OTHERS- Case No. 12023/2018

The Board launched a court application for interdictory relief against OTT Mobile Technologies (Pty) Ltd from developing and supplying a software system that enables retail supermarkets, namely Fruit & Veg, Freshstop (Pty) Ltd, Boxer Superstores (“retailers”) from generating and selling online betting vouchers to the public on behalf of Hollywood Sportsbook Gauteng (“Hollywood”) and other bookmakers licenced by the Board.

The essence of the cause of action is that such conduct contravenes Section 57(1) of the Gauteng Gambling Act (“the Act”) which prohibits any person from acting as an agent for a bookmaker or intermediary between bookmaker and any other person for the purpose of betting in sporting events. Therefore, providing the means to allow a person to act as such an agent or intermediary is equally prohibited.

The parties have filed their respective affidavits and the pleadings are closed. The matter is set down for hearing on 3 June 2019.

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

On Tuesday 10 July 2018 the South African Police Services (SAPS) assisted by Law Enforcement Inspectors of the Board conducted an illegal internet gambling raid at Fun Net Games in Bronkhorstspuit.

On 13 July 2018, Jasper Johannes Malan being the owner/operator of the abovementioned premises, brought an application against the Minister of SAPS and others, including the Board requesting the court to order the following:

- setting aside of the issued warrant issued;
- ordering the member of SAPS or any other respondent who is in possession or control of the confiscated goods removed by members of SAPS, to return and restore the said movable goods; and
- spoliation order.

On 19 November 2018, the matter was heard and the application was dismissed with costs. On 6 March 2019, Malan served on the Board an application for leave to appeal the judgment and the Board is opposing the matter.

vii. HOLLYWOOD SPORTBOOK GAUTENG AND OTHERS v GGB AND OTHERS- CASE NO. 33180/2018

On 13 March 2018 Hollywood and Others, through its attorneys, requested the Board to direct Phumelela to make available Telly track channel to bookmakers at the fee which was provided for in 2013 (fee plus inflation), pending the Board’s final determination under Section 37 of the Gauteng Gambling Act. In response, the Board declined Hollywood’s request and instead allowed the disciplinary process in terms of section 37 to be completed. The Board furnished Hollywood with reasons for its decision.

B3:

SITUATIONAL ANALYSIS



On 14 September 2018 Hollywood and Others against launched a court application against the Board and Phumelela, Bookmakers Association and Telly track ("the Respondents") seeks an order directing the Board to furnish the Applicants with adequate reasons in writing for the Board's refusal of their request.

On 27 February 2019 was heard and judgment was reserved.

viii. HOLLYWOOD SPORTSBOOK GAUTENG (PTY) LTD v GAUTENG GAMBLING BOARD-CASE No: 18/45611X

On 6 December 2018 Hollywood issued a Combined Summons against the Board alleging that there were discrepancies in the manner in which the tax amounts were calculated resulting in Hollywood paying the Board more tax than was due (R3 125 512.93)

On 25 February 2019, both the Board and Hollywood reached a settlement agreement to stay the proceedings, pending the exchange of information between the parties. The exchange should be completed within four months.

ix. CASA & OTHERS VS MEC AND GAUTENG GAMBLING BOARD CASE NO. 004471/2019

Regulation 85 of the Gauteng Gambling Regulations was amended to increase taxes paid by casinos in Gauteng. The amendment was published in the Gauteng Provincial Gazette 7 of 14 January 2019 and were effective from 1 April 2019.

On 7 February 2019, CASA and Others ("Applicants") launched an urgent application (Part A) against the MEC and the Board ("Respondents"); seeking an order to review, to set aside and to declare unlawful the decision of the MEC to amend Regulation 85 of the Gauteng Gambling Regulations.

Thereafter, all the parties to the proceedings reached a settlement agreement which was made an order of court. It was ordered that the MEC undertakes to, before 1 April 2019, publish in the Gauteng Provincial Government Gazette a notice formally withdrawing with immediate effect the amendment to Regulation 85.

x. VDIAM TRADING HOLDING (PTY) LTD v THE MINISTER OF SAPS N.O. AND OTHERS CASE NO. 40647/18

On Tuesday 19 October 2018 the South African Police Services (SAPS) assisted by Law Enforcement Inspectors of the Board conducted an illegal internet gambling raid at Shop 11, Brackengate Shopping Centre, cnr De Waal & Andries Streets, Brackendowns, Alberton.

On 1 November 2018, Vdiam Trading Holding (Pty) Ltd, being the owner/operator of the abovementioned premises, brought an application against the Minister of SAPS and others, including the Board requesting the court to order the following:

- setting aside of the issued warrant issued;
- ordering the member of SAPS or any other respondent who is in possession or control of the confiscated goods removed by members of SAPS, to return and restore the said movable goods; and
- spoliation order.

The Board is opposing the matter.

xi. HENNING KANZELLAR PRETORIUS v THE MINISTER OF SAPS N.O. AND OTHERS CASE NO.80329/18

On Tuesday 19 October 2018 the South African Police Services (SAPS) assisted by Law Enforcement Inspectors of the Board conducted an illegal internet gambling raid at Lucky Numbers Internet Café at Oriental Plaza 2nd Floor, Randburg ("premises").

On 2 November 2018, Henning Kanzellar Pretorius, being the owner/operator of the abovementioned premises, brought an application against the Minister of SAPS and others, including the Board requesting the court to order the following:

- setting aside of the issued warrant issued;
- ordering the member of SAPS or any other respondent who is in possession or control of the confiscated goods removed by members of SAPS, to return and restore the said movable goods; and
- spoliation order.

The Board is opposing the matter.

xii. ELMIRO JOSE PESTANA MARTINS v THE MINISTER OF SAPS N.O. AND OTHERS CASE NO.13108/18

On 10 January 2019, the South African Police Services (SAPS) assisted by Law Enforcement Inspectors of the Board conducted an illegal internet gambling raid at Rayton Internet Café, Shop 10 Rayton Park Plaza, Cnr Treunich & R515 Rayton, Cullinan ("premises").

On 6 March 2019, Elmiro Jose Pestana Martins being the owner/operator of the abovementioned premises, brought an application against the Minister of SAPS and others, including the Board requesting the court to order the following:

- setting aside of the issued warrant issued;
- ordering the member of SAPS or any other respondent who is in possession or control of the confiscated goods removed by members of SAPS, to return and restore the said movable goods; and



B3: SITUATIONAL ANALYSIS

- spoliation order.

The Board is opposing the matter.

xiii. HOLLYWOOD SPORTSBOOK GAUTENG (PTY) LTD V GAUTENG GAMBLING BOARD & OTHERS CASE NO. 9573/19

Hollywood was charged for contravening Section 57(2) of the Gauteng Gambling Act, which prohibits inducement of the public to bet on a sporting events.

The Disciplinary Committee recommended that Hollywood is not guilty for contravening Section 57(2) of the Act.

On 29 October 2019 the Board remitted the matter to the Disciplinary Committee in terms of Section 37(2)(g) of the Act for further investigation.

On 14 March 2019, Hollywood launched a review application against the Board and the members of the Disciplinary Committee. The application seeks to declare unlawful and to set aside the Board's decision to remit the matter to the Disciplinary Committee in terms of Section 37(2)(g) of the Act.

The Board is opposing the application.

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

On 28 March 2019 in the Provincial Gazette, the MEC published the amended of the Gauteng Gambling Regulations; which in effect withdraws the 3% levies payable to Phumelela and the effective date is 1 April 2019.

On 29 March 2019, Phumelela served on the Premier of Gauteng, the MEC, and the Board an urgent interim interdict pending a final determination of a review application against the MEC's decision to amend the Regulation.

Both the Board and the MEC opposed the application and the matter was set down for 9 April 2019 however, the parties agreed to remove the matter from the roll to afford Phumelela sufficient time to prepare and file its replying affidavit.

xv. MEISIE K GALADI V MINISTER OF POLICE; THE NDPP, KATIE TSIE, GAUTENG GAMBLING BOARD AND MAGISTRATE NP POONSAMY CASE NUMBER: 0011367

On 28 February 2019, members of SAPS assisted by Board's Law Enforcement Inspectors raided "Big City" at the Vorna Valley Shopping Centre, Midrand.

On 28 April 2019, the Applicant launched a court application against the Minister of Police, National Director of Public Prosecutions, the Board, Kate Tsie (the Board's Law Enforcement Inspector) and the Magistrate of Midrand; seeking the following orders:

- setting aside the search and seizure warrant;
- declaring that raid was unlawful; and
- ordering the Respondents to pay the costs of this application jointly and severally the one paying the other until absolved.

The Board is opposing the matter and has filed an answering affidavit.

xvi. MAMUSH BEKELE WACHANGO V KEITH HO RACING (PTY) LTD T/A BETXCHANGE & OTHERS CASE NO. 15092/19

On 18 April 2019, Mamush referred the dispute between himself and Betxchange in terms of Regulation 24 of the Gauteng Gambling Regulations for dispute resolution. The dispute is based on 3 bets place with Betxchange on the UK49 evening lotto, where Mamush allegedly won R 4,922, 750.00 (Four Million, Nine Hundred and Twenty Two Thousand, Seven Hundred and Fifty Rand).

The dispute resolution process in terms of Regulation 24 have not been exhausted. Despite the pending dispute resolution process, on 3 May 2019, Mamush launched a court against Betxchange and others seeking the same cause of action. The Board is cited as an interested party.

The Board addressed a letter to Mamush's attorneys requesting them to withdraw the proceedings, they agreed to hold the court application in abeyance, pending the finalisation of the dispute in terms of Regulations 24.

B3.4.3.2. The following are details the current cases – unopposed matters:

B3:

SITUATIONAL ANALYSIS



KWAZULU-NATAL BOOKMAKERS' SOCIETY, GAUTENG OFF-COURSE BOOKMAKERS' ASSOCIATION, WESTERN CAPE BOOKMAKERS' ASSOCIATION versus PHUMELELA GAMING AND LEISURE LTD, KENILWORTH RACING (PTY) LTD, GOLD CIRCLE (PTY) LTD, GAUTENG GAMBLING BOARD, KWAZULU NATAL GAMING AND BETTING BOARD, EASTERN CAPE GAMBLING AND BETTING BOARD, LIMPOPO GAMBLING BOARD, NORTH WEST GAMBLING BOARD, MPUMALANGA GAMBLING BOARD, WESTERN CAPE GAMBLING AND LIQUOR BOARD, FREE STATE GAMBLING AND LIQUOR BOARD, NORTHERN CAPE GAMBLING BOARD, THE NATIONAL GAMBLING BOARD, THE NATIONAL LOTTERIES BOARD, GIDANI (PTY) LTD, ITHUBA HOLDINGS (PTY) LTD, THE MEC FOR FINANCE, KWAZULU NATAL. (38728/2015)

The Board authorised Phumelela to offer a scheme of pool bets which includes horse racing or any sporting event. This scheme was authorised and operational before 1997 when the National Lotteries Act was promulgated. Furthermore, the permission was granted based on National Lotteries provisions which permit any other law (except for the National Lotteries Act) to authorise sport pool bet.

The Applicants served an application on the Respondents (including the Board) interdicting the Respondents from allowing Phumelela to offer sport pool bets which allegedly contravenes the National Lotteries Act.

The Board has filed a notice of intention to abide by the Courts decision.

3.5 Information Technology

IT strategy has been reviewed and aligned with the business strategy to enable business and ensure IT support business in a more efficient and effective way. This was done in line with the corporate governance of IT.

The automation of the business processes to improve both the transparency and the traceability of the requests that are submitted to the organisation, which is currently paper-based, remains pending and we look forward to progress on this. However to date we have finalised the business case and we have started the process of appointing a service provider to assist with the implementation of the business automation system. The introduction of technology assists us in increasing the departmental efficiency in reporting and revenue collection.

3.6 Finance

The GGB has distributed R1.131 billion of gambling taxes and levies to the Gauteng Province. Since the inception, the GGB has distributed R13 billion to the fiscus of Gauteng Province.

The GGB is a self-sustaining entity through numerous revenue sources i.e. application fees, levies, licensing fees, etc. Part of our revenue is a 8% commission earned on tax collections for the Gauteng Province to partly fund our operations. During the financial year 2018/19, the GGB has embarked on a revenue enhancement strategy in order to optimise our funding model. Key revenue streams identified to be enhanced were Interest income through investment to CPD, the revision of investigation fees charged and Phumelela administration fees. The revenue enhancement strategy has also identified a redirection of levies from Phumelela to the Gauteng Province estimated to be R60 million.

The Gauteng Gambling Board continues to prioritise the TER targets and payments to service providers within 2 days.

B3.2 Organisational environment

The Board's term of office commenced on 01 October last year and we successfully collaborated with the MEC to ensure a smooth transition into the new term of office. Four of the existing Board Members were retained to ensure business continuity and retain institutional knowledge. The new term embraced eight new Board Members who bring new energy and insight to the organisation.

The 1 December 2018 saw the Chief Information Officer (CIO) commence with his new term of office. The GGB welcomed Mr. Sasabona Manganye as the first CIO of the GGB. The position was created in accordance with the necessary governance requirements. Further, the CIO will facilitate the GGB's drive to improve the effectiveness of business processes within the organisation.

To improve efficiency and effectiveness of our operations, the Board is embarking on an organisation-wide automation of business processes. This process will enable the Board to remain abreast of the latest trends and technological developments and improve oversight of the industry. A tender has been issued in this regard which closed on the 1 March 2019. As at the financial year end, the tender was in the pre-qualification stage. This tender has been conducted in partnership with the Gauteng Provincial Treasury.

B3.3 Key policy developments and legislative changes

The Gauteng Gambling Regulations was amended to provide an annual increase of 6 % on licence and application fees which generate the necessary revenue to enable the entity to discharge its mandate in line with the 2018 analysis of the



B3: SITUATIONAL ANALYSIS

inflation rates and the forecast by National Treasury of 5.7%. The regulations are promulgated in terms of Section 84 of the Act.

The National Gambling Amendment Bill, 2018

In 2016 the Department of Trade and Industry initiated the process of amending the National Gambling Act, 2004. In July 2018 the Minister of Trade and Industry published the Bill in the Government Gazette with the intention to introduce it before Parliament for consideration and approval.

The Gauteng Gambling Board submitted comments to object on the proposed amendments and participated in the public consultation processes. On 07 May 2019, the Bill was declared to have lapsed in terms of the Rules of Parliament due to the dissolution of the 5th administration of the House of Assembly. This basically means that the Bill has been remitted back to the Department of Trade and Industry to restart the process.

Other than the above, there have been no significant changes to the GGB's legislative and other mandates.

B3.3 Stakeholder Management

A stakeholder-inclusive approach to reporting recognises that the GGB has many stakeholders who are involved in or affected by or impact on the GGB in the achievement of its strategy and long-term sustainability. The GGB's stakeholder engagement processes provide insight into the quality of relationships with both internal and external stakeholders. The GGB is committed to responding to stakeholders' needs, interests and expectations through effective engagement.

Our stakeholders range from members of the gambling public to other regulators and Government entities, not-for-profit organisations and business partners such as South African Responsible Gambling Foundation (SARGF). At the front face of relations that the GGB has with its stakeholders is the GGB Board. The Board entrenches governance and accountability throughout all functions of the GGB.

To ensure consistency and protect the GGB brand, stakeholder engagement is informed and governed by a comprehensive stakeholder policy which has been developed in line with King IV™. The Audit and Risk Committee monitors compliance with this policy, and every business area is required to provide regular reports on all its stakeholder engagement activities and outcomes which culminates in a report to the committee.

In the year under review, the GGB embarked on its inaugural licensees stakeholder engagement session. The engagement allowed GGB to provide an understanding of the GGB landscape and receive inputs from the licensees. The engagement was fruitful with positive action plans emanating from the engagements. As a result of the huge success and welcoming responses received from licensees, it was decided to add an additional session with the industry. The GGB plans to embark on at least two such sessions annually to ensure a continuation of the newly found positive thread of engaging.

B4. STRATEGIC OUTCOME ORIENTED GOALS

The GGB formulated and aligned its goals with the strategic goals of the DED. The budget and MTEF allocation contribute to the Boards strategic outcome orientated objectives as follows:

- **Gambling Regulation:** The Gauteng Gambling Board is a service driven entity and the achievements of the strategic goals as set out in the annual performance plan are reliant on human capital. Therefore the main expenditure output relates to employee related costs and the operational expenses associated with service delivery such as travelling, telephone and copier charges. The majority of the budget funds the achievement of the objective of regulating the gambling industry.
- **Efficient revenue generation/collection.** The tax revenue distribution for the financial year 2018 amounted to R1,083 billion against a target of R1,105 billion. This slight under collection is directly attributable to slowed economic conditions however the growth from the previous year's actual was 9.8%
- **Entrench and broaden transformation of the gambling industry**
- **Eradication of illegal gambling through initiatives funded through the operational expenses of the organisation.** The budget for the operational expenses for the financial year 2018 amounted to R54,7 million of which R2,9 million was spent on investigation and enforcement costs.
- **Public protection:** The Responsible Gambling Programme promotes responsible gambling which is aimed at ensuring the citizens of Gauteng are aware of the dangers associated with gambling, taking steps to assist persons who have developed problem gambling.
- **CSI spending strategy is linked to the achievement of TER strategy.** The actual spent on CSI for the financial year 2018

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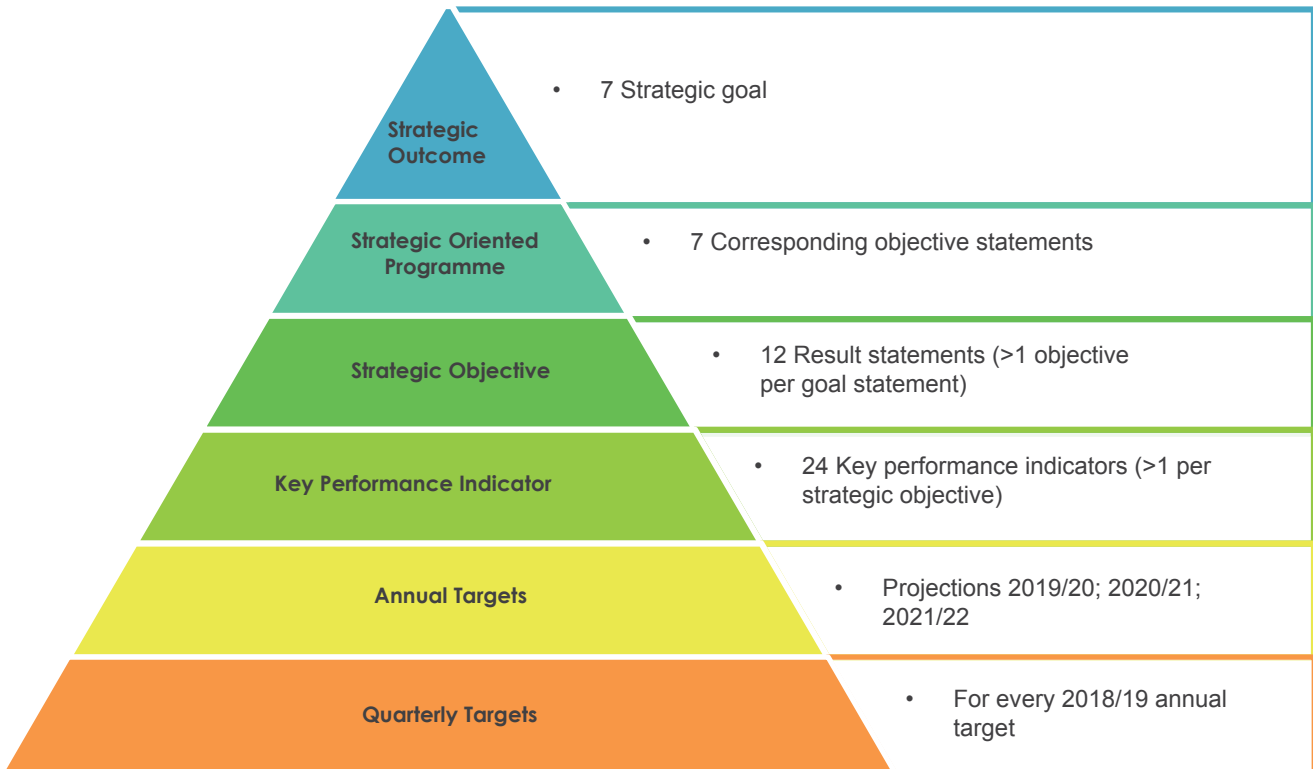
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amounted to R4,4 million and R24 million in the previous financial year.

- ICT Integration into business goals and objectives

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





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Summary of GGB strategic goals and objectives

The table below sets out a summary of the strategic outcomes, strategic-oriented goals and the strategic objectives for the GGB APP for 2018/2019.

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. Administration	1.1 Provide effective financial support in line with financial regulation	
		1.2 Ensure we have a motivated and productive team that delivers professional support to our stakeholders	
		1.3 Ensure organisational compliance with all applicable legislation	
	2. Gambling regulation	Gambling processes concluded	
	3. Revenue Collection	3.1 Revenue distribution	
		3.2 Accurate revenue collection	
	4. Transformation of the Gambling Industry	4.1 Transformed gambling industry	
		4.2 Awareness of Transformation in gambling industry	
	5. Eradication of Illegal Gambling	Persons conducting and participating in gambling activities are authorised to do so in terms of the gambling legislation	
	6. Responsible Gambling	Existence of Responsible Gambling Programs	
	7. Corporate Social Investment	7.1 The reduction of the hardships of society from the hardships of socio-economic challenges	
		7.2 Upliftment of sporting in Gauteng	

Overview of performance for 2018/2019 financial year

The performance information for the year indicates that all performance targets have been achieved. There is an over achievement on seven of the performance indicators:

- There has been an over achievement in relation to the number of people reached with responsible gambling messages. The number of people reached is 2.4 million people against a target of 2 million. The over achievement is as a result of the use of media tactics such as Facebook, twitter, community radio campaigns and grassroots efforts such as roadshows and exhibitions, which all achieved ground-breaking results
- There has been an over achievement on number of gambling revenue audits conducted on licensees, a total of 112 was achieved against a target of 89 revenue audits. The over achievement is due to the fact that more focus was put on compliance audits due to assessments of licensee risk profiles,
- There has been an over achievement on number of compliance audit, a total of 186 compliance audits were conducted against a target of 181. The over achievement is due to the fact that more focus was put on revenue audits due to assessments of licensee risk profiles,
- Under the objective of industry transformation, there was an overachievement on the number of gambling industry imbizo's conducted. A total of 2 gambling industry imbizo's were conducted against a target of 1. As a result of huge success and welcoming responses received from licensees, it was decided to conduct an extra imbizo session with the industry.
- There is an over achievement on the number of education and training sessions on illegal gambling held with the law enforcement officers. This over achievement is as a result of GGB intensifying the war against illegal gambling, in order

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to increase revenue and protect members of the public.

- The CSI funding target has been over achieved. Savings on expenses allowed for additional funding to be reallocated to CSI funding resulting in a spend of R3.6 million against a target of R3 million.
- SDF funding target has also been over achieved. An increase in the collection of levies on sports betting activities made additional funds available for SDF initiatives. The spent on SDF is R24,1 million against a target of R7.7 million.

B5.3 Annual performance plan – performance indicators, targets and achievements

B5.3.1.1 Programme 1 – Administration

Strategic Goal: To provide strategic leadership, support, and transversal business solutions to enable the Board, CEO, Senior Management and GGB staff to effectively deliver on the mandate of the Entity.

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Strategic objective	Performance indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations
To achieve the strategic direction of the organisation	1.1 % Achievement of GGB strategic objective targets	N/A	100%	Removed to operational plan	None	Not applicable
	1.2 Auditor-General unqualified audit report on Performance Information	N/A	1	Indicator combined	None	Not applicable
	1.3 Auditor-General unqualified audit report on Corporate Governance (Compliance)	N/A	1	Indicator combined	None	Not applicable
Provide support and guidance within the governance guidelines						
Financial affairs of the GGB are managed in a transparent, efficient and effective manner to maintain an unqualified audit	1.4 Status of the Auditor-General's audit opinion/report: Unqualified	1	1	1	None	Achieved
	1.5 Average % level of staff performance of 60%	N/A	60%	60%	None	Achieved
Provide operational efficiency and service excellence						
Building a positive reputation of the organisation	1.6 Number of GGB digital communication platforms i.e. website and social media	N/A	300000	Removed to operational plan	None	Not applicable
	1.7 % Compliance with ICT Policy Framework	N/A	100%	Removed to operational plan	None	Not applicable
To support the business objectives in a reliable and secured manner.						
Implement legal systems that allow GGB to achieve their mandate	1.8 Number of organisational compliance assessment reports conducted	N/A	4	4	None	Achieved

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B5.3.1.2 Performance Indicators for Programme 1

Performance indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations
1.1 % Achievement of GGB strategic objective targets	New indicator	New indicator	New indicator	100%	Removed to operational plan	None	None
1.2 Auditor-General unqualified audit report on Performance Information	New indicator	New indicator	New indicator	1	Indicator combined	None	None
1.3 Auditor-General unqualified audit report on Corporate Governance (Compliance)	New indicator	New indicator	New indicator	1	Indicator combined	None	None
1.4 Status of the Auditor-General's audit opinion/report: Unqualified	New indicator	New indicator	New indicator	1	1	None	None
1.5 Average % level of staff performance of 60%	New indicator	New indicator	New indicator	60%	60%	None	None
1.6 Number of GGB digital communication platforms i.e. website and social media	New indicator	New indicator	New indicator	300 000	Removed to operational plan	None	None
1.7 % Compliance with ICT Policy Framework	New indicator	New indicator	New indicator	100%	4	None	None
1.8 Number of organisational compliance assessment reports conducted	New indicator	New indicator	New indicator	4	4	None	None



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B5.3.1.3 Changes to planned targets

The management of the GGB endeavours to continuously improve and enhance the performance and delivery of the GGB's mandate. The indicators were approved to be removed by the GGB Board and the MEC. The following indicators (marked in red) relating to Program 1 - Administration were removed to the operational plans within the relevant departments:

Indicator no.	Description	Recommendation
1.1	% Achievement of GGB strategic objective targets	Removed to operational plan
1.2	Auditor-General unqualified audit report on Performance Information	Indicator combined
1.3	Auditor-General unqualified audit report on Corporate Governance (Compliance)	Indicator combined
1.6	Number of GGB digital communication platforms i.e. website and social media	Removed to operational plan
1.7	% Compliance with ICT Policy Framework	Removed to operational plan

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B5.3.2.1 Programme 2 – Gambling Regulation

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

Performance indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations
2.1 Percentage of applications processed within the standard timeframes (Employees = 30 days provincial; Employee National = 60 days; entities = 6 months; equipment and software = 10 days)	100%	100%	100%	None	Achieved
2.2 Number of gambling compliance audits conducted on gambling licensees	180	181	186	5	Licensees are required to develop a risk-based program. Based on the assessment of this process, it was decided to increase the number of audits in high risk areas
2.3 Number of technical gambling inspections conducted	678	678	678	None	Achieved
2.4 Percentage of gambling disputes processed against those received within the standard timeframe of 3 months	100%	100%	100%	None	Achieved
2.5 % of licensees non-compliance incident reports investigated and referred to the Disciplinary Committee (DC) within the standard timeframe of 3 months	N/A	100%	100%	None	Achieved
2.6 % of gaming equipment applications processed within the standard time frames	100%	100%	100%	None	Achieved

A properly regulated gambling industry that generates revenue towards the socio-economic development of the province



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Performance indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations
A properly regulated gambling industry that generates revenue towards the socio-economic development of the province	2.6 % of gaming equipment applications processed within the standard time frames	100%	100%	None	Achieved
	2.7 Number of annual draft amendments of gambling legislation submitted to MEC	1	1	None	Achieved
	2.8 Number of FICA inspections conducted	N/A	30	30	Achieved

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B5.3.2.2 Performance Indicators for Programme 2

Performance indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations
2.1 Percentage of applications processed within the standard timeframes (Employees = 30 days provincial; Employee National = 60 days; entities = 6 months; equipment and software =10 days)	100%	100%	100%	100%	100%	None	Achieved
2.2 Number of gambling compliance audits conducted on gambling licensees	186	190	242	181	186	5	Licenses are required to develop a risk-based program. Based on the assessment of this process, it was decided to increase the number of audits in high risk areas
2.3 Number of technical gambling inspections conducted	829	691	688	678	678	None	Achieved
2.4 Percentage of gambling disputes processed against those received within the standard timeframe of 3 months	100%	100%	100%	100%	100%	None	Achieved
2.5 % of licensees non-compliance incidence reports investigated and referred to the Disciplinary Committee (DC) within the standard timeframe of 3 months	New indicator	New indicator	New indicator	100%	100%	None	Achieved
2.6 % of gaming equipment applications processed within the standard time frames	100%	100%	100%	100%	100%	None	Achieved



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Performance indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations
2.7 Number of annual draft amendments of gambling legislation submitted to MEC	1	1	1	1	1	None	Achieved
2.8 Number of FICA inspections conducted	New indicator	New indicator	New indicator	30	30	None	Achieved

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B5.3.2.2B5.3.3.1 Programme 3 – Revenue Collection Strategic Goal: Efficient revenue collection

Strategic objective	Performance indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations
Ensure complete and accurate gambling tax revenue collection	3.1 % of rand value of gambling tax distributed within one month	N/A	100%	100%	None	Achieved
	3.2 Number of gambling revenue audits conducted on gambling licensees	N/A	89	112	23	Licensees are required to develop a risk-based program. Based on the assessment of this process, it was decided to increase the number of audits in high risk areas

B5.3.3.2 Performance Indicators for Programme 3

Performance indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations
3.1 % of rand value of gambling tax distributed within one month	R974.9 million	R985.9 million	R1083.0 million	100%	100%	None	Achieved

Licensees are required to develop a risk-based program. Based on the assessment of this process, it was decided to increase the number of audits in high risk areas

3.2 Number of gambling revenue audits conducted on gambling licensees

New indicator	New indicator	New indicator	89	112	23
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B5.3.4.1 Programme 4 – Transformation of the gambling industry

Strategic Goal: Entrench and broaden transformation of the gambling industry

Strategic objective	Performance indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations
To ensure the transformation of the gambling industry	4.1 % achievement of implementation plan of the industry BBBEE transformation policy	N/A	100%	100%	None	Achieved
	4.2 Number of gambling industry transformation Imbizos facilitated	N/A	1	2	1	Due to the huge success of the inaugural stakeholder session and welcoming responses received from licensees, it was decided to conduct an additional imbizo session with the industry

B5.3.4.2 Performance Indicators for Programme 4

Performance indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations
4.1 % achievement of implementation plan of the industry BBBEE transformation policy	New indicator	New indicator	New indicator	100%	100%	None	Achieved

Due to the huge success of the inaugural stakeholder session and welcoming responses received from licensees, it was decided to conduct an additional imbizo session with the industry

4.2 Number of gambling industry transformation Imbizos facilitated

New indicator	New indicator	New indicator	1	2	1
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B5.3.5.1 Programme 5 – Eradication of Illegal Gambling

Strategic Goal: Ensure that persons conducting and participating in gambling activities are authorised to do so in terms of the gambling legislation

Strategic objective	Performance indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations
To ensure that gambling activities are conducted in terms of the gambling legislation	5.1 % of information received on illegal gambling verified and reported to the police within 30 days of receipt	N/A	100%	100%	None	Achieved
	5.2 Number of education and training sessions on illegal gambling held with law enforcement officers	N/A	20	26	6	This over achievement is as a result of GGB intensifying the war against illegal gambling, in order to increase revenue and protect members of the public.
	5.3 % achievement of implementation of an illegal gambling policy plan	N/A	100%	100%	None	Achieved

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B5.3.5.2 Performance Indicators for Programme 5

Performance indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations
5.1 % of information received on illegal gambling verified and reported to the police within 30 days of receipt	New indicator	New indicator	New indicator	100%	100%	None	Achieved
5.2 Number of education and training sessions on illegal gambling held with law enforcement officers	New indicator	New indicator	New indicator	20	26	6	This over achievement is as a result of GGB intensifying the war against illegal gambling, in order to increase revenue and protect members of the public.
5.3 % achievement of implementation of an illegal gambling policy plan	New indicator	New indicator	New indicator	100%	100%	None	Achieved

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B5.3.6.1 Programme 6 - Responsible Gambling

Strategic Goal: To protect the public

Strategic objective	Performance indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations
To ensure that gambling activities are conducted in terms of the gambling legislation	6.1 Number of people reached through gambling messages	180 000	2 000 000	2 481 898	481 898	The over achievement is as a result of the use of media tactics such as Facebook, twitter, community radio campaigns and grassroots efforts such as roadshows and exhibitions, which all achieved ground-breaking results
	6.2 Number of research papers produced on the prevalence of gambling in Gauteng	N/A	1	1	None	Achieved
	6.3 Number of SARGF training sessions conducted for GGB staff on responsible gambling issues	N/A	1	1	None	Achieved
	6.4 %implementation of a responsible gambling strategy plan	N/A	100%	100%	None	Achieved

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B5.3.6.2 Performance Indicators for Programme 6

Performance indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations
6.1 Number of people reached through gambling messages	262 601	2 303 665	1 380 362	2 000 000	2 481 898	481 898	The over achievement is as a result of the use of media tactics such as Facebook, twitter, community radio campaigns and grassroots efforts such as roadshows and exhibitions, which all achieved ground-breaking results
6.2 Number of research papers produced on the prevalence of gambling in Gauteng	New indicator	New indicator	New indicator	1	1	None	Achieved
6.3 Number of SARGF training sessions conducted for GGB staff on responsible gambling issues	New indicator	New indicator	New indicator	1	1	None	Achieved
6.4 %implementation of a responsible gambling strategy plan	New indicator	New indicator	New indicator	100%	100%	None	Achieved

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B5.3.7.1 Programme 7 - Socio Economic development
Strategic Goal: To reduce the hardships of society

Strategic objective	Performance indicator	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations
To contribute to Socio Economic Development	Number of rand value spent on Corporate Social Investment	R0.606m	R3 000 000,00	R3 646 844,00	R646 844,00	Savings on expenses allowed for additional funding to be reallocated to CSI funding
	Number of rand value spent on Sports Development	R7.3m	R7 700 000,00	R24 161 092,50	R16 461 092,50	An increase in the collection of levies on sports betting activities made additional funds available for SDF initiatives.
	6.3 Number of SARGF training sessions conducted for GGB staff on responsible gambling issues	N/A	1	1	None	Achieved

B5: PERFORMANCE INFORMATION BY KEY PERFORMANCE AREA

B5.3.7.2 Performance Indicators for Programme 7

Performance indicator	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to actual achievement for 2018/2019	Comment on deviations
Number of rand value spent on Corporate Social Investment	R18.6 million	R24.8 million	R5.9 million	R3.0 million	R3.6 million	R0.6 million	Savings on expenses allowed for additional funding to be reallocated to CSI funding
Number of rand value spent on Sports Development	R19.7 million	R19.4 million	R29.7 million	R7.7 million	R24.1 million	R16.4 million	An increase in the collection of levies on sports betting activities made additional funds available for SDF initiatives.

B5:

PERFORMANCE INFORMATION BY KEY PERFORMANCE AREA



Programme	2018/2019			2017/2018		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	52 165	52 165	None	New program	New program	New program
2. Gambling Regulation	97 016	96 898	Under	155 702	149 149	Under
3. Revenue Collection	21 259	21 259	None	New program	New program	New program
4. Transformation of the gambling industry	-	-	None	New program	New program	New program
5. Eradication of illegal gambling	3 875	983	Under	New program	New program	New program
6. Responsible Gambling	10 206	8934	Under	11 040	9154	Under
7. Socio Economic Development	3 000	3646	Over	4 361	5952	Over
Subtotal	187 520	183 884	Subtotal	171 103	164255	



B5: PERFORMANCE INFORMATION BY KEY PERFORMANCE AREA

B5.4 Revenue collection

The budgeted income for the financial year 2018/2019 is R187 million. The actual income for the year ended 31 March 2019 is R 188 million. This positive variance of R1,297 million is mainly due to the following reasons: sports betting levy, collection commission, administration fees, sundry income and penalties.

Description	Year To Date R'000			
	Actual	Budget	Variance	Variance%
Licence Fees	58 154	60 539	(2 385)	-4%
Sports Betting Levy	19 279	16 929	2 350	12%
Application and Registration Fees	8 432	8 615	(183)	2%
Collection Commission	91 830	90 698	1 132	1.2%
Recoveries from investigations	2 081	2 788	(707)	-34%
Interest received	6 145	7 462	(1 316)	-21%
Sundry Income	551	250	301	55%
Administration Fees	1134	240	894	79%
Penalties	1 211		1 211	100%
	188 817	187 520	1 297	0.7%

1. Licence Fees

The Board receives annual renewal licence fees at the beginning of the financial year. The negative variance is due to licensees reducing their gaming machine positions.

2. Sports Betting Levy

The increase is due to more interest being developed on this type of betting which is contributing significantly to the positive trends throughout the financial year.

3. Collection Commission

Collection commission has shown an increase of 1.2% due to more sports betting that took place during the current financial year throughout the province of Gauteng.

4. Recoveries from investigations

The variance is due to less investigations performed for this financial year in comparison to prior year.

5. Interest received

The unfavourable variance of 21% interest received is due to the decline in our cash holding in comparison to prior year.

6. Administration fees

The increase in administration fees is due to negotiations with parties on whose behalf we collect revenue.

7. Sundry income

We have projected that for the financial year of 2018/2019 we would have received R250 000 as per table above, however, this shows a positive variance due to the refund received. However, this shows a positive variance due to the refund received as detailed in the financial statements.

B5:

PERFORMANCE INFORMATION BY KEY PERFORMANCE AREA



8. Penalties

Penalties are not budgeted for as this is not feasible.

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 GGB currently has a project underway for office expansion and space optimisation to accommodate the increase in the number of staff members.

The most significant additions to assets during the year were computers. GGB has procured additional laptops and computers due to the increase of staff an obsolete technology.

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.



PART C: GOVERNANCE



C1: 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.

C2. GAUTENG PROVINCIAL LEGISLATURE

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

1.1 Standing Committee on Public Accounts (SCOPA) – reviews the Annual Financial Statements and the Audit Reports of the Auditor-General;

1.2 Standing Committee on Gender, Youth and People with Disabilities (GEYODI) – reviews the processes of service implementation relating to gender, youth, women and people with disabilities;

1.3 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 March 2018.

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

- Vacancies within the GGB
- Illegal gambling
- Responsible gambling
- Supplier payments
- Social responsibility contribution by GGB and its licensees
- The feasibility study on the socio economic impact of gambling

C3. EXECUTIVE AUTHORITY

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

The PFMA and the GGB Act give authority to the Executive Authority for oversight powers with particular reference to the strategic plan, APP, budget, Memorandum of Understanding, annual and quarterly reports.

The Board is the Accounting Authority of the GGB. The relationship between the Executive Authority and the Accounting Authority is managed through a Memorandum of Understanding that assists in establishing a transparent and accountable working relationship on matters relating to the implementation of the provisions of the PFMA, the GGB Act and the objectives of the Gauteng Department of Economic Development.

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

On a monthly basis, the Board reports to the 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.



C4: ACCOUNTING AUTHORITY

C4. ACCOUNTING AUTHORITY

C4.1 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 Gauteng Provincial Government.

The Board comprises twelve Non-Executive Members. All Members of the Board, including the Chairperson and the Deputy Chairperson, are appointed by the MEC in accordance with the GGB Act.

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

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.

C4.2 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.

C4.3 Board charter

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

The Board 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

C4: ACCOUNTING AUTHORITY



professional advice, at the Board's expense, under appropriate circumstances.

C4.4 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	Membership in committees	No of Board & Special Board meetings attended	No of Board hearings attended
Mr Mxolisi Zwane	Chairperson of the Board	Extended: 01 October 2018	Current and term ending September 2021	Legal & Compliance Committee EXCO	8 out of 8	6 out of 6
Ms Shaila Hari	Board Member	Extended: 01 October 2018	Current and term ending September 2021	Gaming Committee Legal & Transformation Committee EXCO	7 out of 8	5 out of 6
* Mr Zola Fihlani	Board Member	None	term ended 31 September 2018	Audit & Risk Committees EXCO	1 out of 3	3 out of 4
*Dr Stephen Louw	Board Member	None	term ended 31 September 2018	Gaming & Committees Social, Ethics & Responsible Gambling Committees	3 out of 3	2 out of 4
*Ms Cynthia Motau	Board Member	None	term ended 31 September 2018	Social and Ethics & Responsible Gambling Committees	2 out of 3	3 out of 4



C4: ACCOUNTING AUTHORITY

Name	Designation in terms of the GGB structure	Date of extension of term of office	Date of expiry of term of office	Membership in committees	No of Board & Special Board meetings attended	No of Board hearings attended
Mr Leon Marincowitz	Board Member	Extended: 01 October 2018	Current and term ending 30 September 2021x	Corporate Committee Legal & Transformation Committee EXCO	5 out of 8	5 out of 6
*Colonel Johnny Sexwale	Board Member	None	Term ended: 30 September 2018	Responsible Gambling, Gaming	3 out of 3	2 out of 4
Mr Thulani Sithole	Board Member	Extended: 01 October 2018	Current and term ending 30 September 2021	Social, Ethics & Responsible Gambling Committee Corporate Committee Audit & Risk Committee EXCO	8 out of 8	4 out of 6
* Mr Timothy Sukazi	Board member	None	Term ended: 30 September 2018	Corporate, Social & Ethics & Legal and Compliance & Transformation Committees	2 out of 3	1 out of 4
Mr. Andrew Pholoso Matjele	Board Member	Started: 01 October 2018	Current and term ending 30 September 2021	Corporate Committee Social, Ethics & Responsible Gambling Committee	5 out of 5	2 out of 2
Ms. Matshidiso Bonolo Modise	Board Member	Started: 01 October 2018	Current and term ending 30 September 2021	Social, Ethics & Responsible Gambling Committee Audit & Risk Committee	3 out of 5	2 out of 2
Ms. Ntsoaki Ntsokolibane	Board Member	Started: 01 October 2018	Current and term ending 30 September 2021	Corporate Committee	4 out of 5	0 out of 2
Ms. Shoba Chiboo	Board Member	Started: 01 October 2018	Current and term ending 30 September 2021	Corporate Committee Legal & Transformation Committee	4 out of 5	2 out of 2

C4: ACCOUNTING AUTHORITY



Name	Designation in terms of the GGB structure	Date of extension of term of office	Date of expiry of term of office	Membership in committees	No of Board & Special Board meetings attended	No of Board hearings attended
Ms. Simthandile Siwisa	Board Member	Started: 01 October 2018	Current and term ending 30 September 2021	Gaming Committee Social, Ethics & Responsible Gambling Committee	5 out of 5	2 out of 2
Ms. Thabiso Vuyisile Kutumela	Board Member	Started: 01 October 2018	Current and term ending 30 September 2021	Gaming Committee Legal & Transformation Committee	5 out of 5	2 out of 2
Ms. Zandile Mpungose	Board Member	Started: 01 October 2018	Current and term ending 30 September 2021	Corporate Committee Legal & Transformation Committee	5 out of 5	2 out of 2
Ms. Yondie Awiwe Metu	Board Member	Started: 01 October 2018	Current and term ending 30 September 2021	Gaming Committee Audit & Risk Committee	3 out of 5	2 out of 2

C4.5 Board Committees

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

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

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

As such, the Board established the following permanent committees:

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



C4: ACCOUNTING AUTHORITY

The table below summarises the attendance of the various committees from 1 April 2018 until 31 March 2019.

Name	Corporate Committee	Gaming Committee	Social, Ethics & Responsible Gambling Committee	Audit & Risk Committee	Legal & Transformation Committee	Board EXCO
Total Number of Meetings	6	7	10	10	11	5
Mr. Mxolisi Zwane					9 of 11	5 of 5
Ms. Shaila Hari		6 of 7			7 of 11	5 of 5
Mr. Thulani Sithole	5 of 6	1 of 3	7 of 10	10 of 10		5 of 5
Ms. Cynthia Motau			4 of 5			
Mr. Tim Sukazi	1 of 3		1 of 5		4 of 4	
Mr. Leon Marincowitz	6 of 6	2 of 3	2 of 5		3 of 4	4 of 5
Mr. Johnny Sexwale			5 of 5			
Mr. Steve Hall		2 of 3				
Mr. Zola Fihlani				9 of 10		3 of 5
Ms. Zandile Mpungose	1 of 3				3 of 4	
Ms. Matsi Modise			4 of 5	4 of 5		
Ms. Thabiso Kutumela					4 of 4	
Mr. Pholoso Matjele	3 of 3		5 of 5			
Ms. Ntsoaki Tsokolibane	1 of 3			2 of 5		
Ms. Shoba Chiboo	2 of 3				4 of 4	

C4: ACCOUNTING AUTHORITY



The table below summarises the attendance of the various committees from 1 April 2018 until 31 March 2019.

Name	Corporate Committee	Gaming Committee	Social, Ethics & Responsible Gambling Committee	Audit & Risk Committee	Legal & Transformation Committee	Board EXCO
Ms. Simthandile Siwisa		4 of 4	4 of 5			
Ms. Yondie Metu		3 of 4		4 of 5		1 of 5
Dr. Stephen Louw (Ind M)		4 of 4	5 of 5			
Ms Lulekwa Ngcwabe (Independent Member)	2 of 3					
Dr.RL Monnye (Independent Member)		3 of 4				
Adv. Lentswe Mokgatle (Independent Member)		1 of 3	4 of 5			
Mr. Krish Govender				10 of 10		
Prof. Wedze Musvoto				7 of 10		
Ms. Z Ntlangula (Independent Member)					3 of 4	

C4.6 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 and Committee Members emoluments for services rendered during the year (Includes Disciplinary Committee Members fees):



C4: ACCOUNTING AUTHORITY

	2019	2018
Zwane ME-Re-appointment 1 October 2018	499	441
Hari S- Re-appointment 1 October 2018	315	290
Mariconwitz LG- Re-appointment 1 October 2018	268	217
Sithole TI (Audit and Risk Committee member) - Re-appointment 1 October 2018	315	224
Matjele A - Appointed 1 October 2018	111	-
Chiboo S- Appointed 1 October 2018	91	-
Mpungose Z- Appointed 1 October 2018	46	-
Tsokokibane N - Appointed 1 October 2018	56	-
Modise M - Appointed 1 October 2018	91	-
Metu Y - Appointed 1 October 2018	96	-
Kutumela T - Appointed 1 October 2018	111	-
Siwisa S - Appointed 1 October 2018	96	-
Fihlani ZL - Term ended 30 September 2018	179	117
Motau C - Term ended 30 September 2018	179	252
Sexwale J - Term ended 30 September 2018	138	302
Louw SJ - Term ended 30 September 2018	162	289
Sukazi TM - Term ended 30 September 2018	122	56
Majavu Z – Resigned 30 November 2017	-	77
Total paid to members	2 875	2 265
Gaming Committee and Social and Ethics Committee		
Hall SJ – appointed as a co-opted member and term ended 30 September 2018	30	122
Mokgatle L – appointed as a co-opted member	41	25
Rapulana S – Appointed as a co-opted member 01 October 2018	25	-
Ngcwabe L – Appointed as a co-opted member 01 October 2018	30	-
	126	147
Audit and Risk Committee (Independent members)		
Govender K	66	46
Musvoto SW	56	71
Total Paid to Audit and Risk Committee Members	122	117
Disciplinary Committee fees	2 686	2 061
	5 809	4 590

C5: RISK MANAGEMENT



The GGB is committed to an enterprise-wide risk management process that is in accordance with the provisions of the PFMA, Act 1 of 1999, and other prescripts of good governance, such as the King IV™ Reports on Corporate Governance for South Africa. The GGB recognises risk management as an integral part of responsible management and the process is fully outlined in the Risk Management Framework as well as in the Policy and Procedures.

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

- Strengthening the risk maturity within the entity at all levels by embedding the Agency's risk management culture;
- Reviewing the Enterprise-Wide Risk Management Framework;
- Updating risk registers for all departments within the GGB, with measurable management action plans and completion dates;
- Monitoring of the defined risk management plans;
- Reviewing the GGB Risk Management Policy and Procedures;
- Continuing with fraud, risk and ethics awareness workshops and business continuity training sessions.
- Quarterly reporting to the Audit and Risk Committee who independently monitors the Risk Register

ENTERPRISE-WIDE RISK MANAGEMENT FRAMEWORK

The framework has been developed in terms of the prescripts below:

Section 51(1)(a)(i) of the PFMA, which requires the Accounting Authority to ensure that the GGB has and maintains effective, efficient and transparent systems of risk management; and

Section 6(2)(a) of the PFMA, which empowers the National Treasury to prescribe uniform norms and standards.

It also incorporates the requirements of the Batho-Pele principles and King IV™ insofar as they concern risk management. The recommendations of King IV™ became effective on 1 April 2017.

The framework supports the GGB in improving and sustaining its performance by enhancing its systems of risk management to protect against adverse outcomes and optimise opportunities.

The risk management framework is applied across the entire GGB from a strategic level down to operational and business process levels.

- Strategic – Risks and uncertainties affected by external and internal events that could impede the Agency's ability to achieve its strategy and strategic objectives. In the strategic plan they are also described as the risks associated with the broader context in which the GGB operates;
- Operational – The risk of loss resulting from inadequate or failed internal processes, people or systems, or from external events. This includes legal risk, but excludes strategic risk and reputational risk; and
- Emerging – Can be regarded as new risks that may be an imminent threat. These could include possible changes to the regulatory environment, socio political environment, the internal landscape or social trends.

Application of the risk management framework is designed to strengthen the achievement of the business strategy, management practices, decision-making, priority setting, and to better respond to stakeholder and customer needs. Moreover, practising integrated risk management is expected to support the desired cultural shift to a risk-smart workforce and environment. The framework further outlines the authority and responsibilities of all stakeholders responsible for the management of risks.

C6. INTERNAL CONTROL UNIT

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



C6: INTERNAL CONTROL UNIT

Internal Audit complies with all the International Standards for Professional Practice of Internal Auditing as issued by the Institute of Internal Auditors (IIA). This is predicated on the outcome of the External Quality Assessment Review, which adjudged Internal Audit to have obtained a “generally conforms” rating which is valid until next year.

Performance during period under review

During the period under review, Internal Audit completed all auditable areas as per the approved Internal Audit Plan. The plan covered 13 auditable areas that spanned across the following business units: Compliance Audit, Compliance Gaming Control, Socio Economic Development, Information Technology, Human resources and Finance.

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

Relevant outcomes

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

Strategic outlook

The Strategic Internal Audit Plan for 2019 to 2021 covers all high-risk areas that may impede the achievement of strategic and operational objectives and was approved by the Audit and Risk Committee.

C7. THE AUDIT AND RISK COMMITTEE

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

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

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

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

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

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

C7: THE AUDIT AND RISK COMMITTEE



- 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.

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. Comm B. Comm CTA Higher Diploma in Tax Higher Diploma in International Tax Law M. Comm (Tax)	27 October 2015 AND reappointed 01 October 2018	Current and term ending 30 Sept 2021	7 of 8	2 of 2
Mr. Thulani Sithole	B. Comm HDIP Tax B. Comm (Hons) Leadership Development Programme	27 October 2015 AND reappointed 01 October 2018	Current and term ending 30 Sept 2021	8 of 8	2 of 2
Prof. Wedzerai Musvoto	D. Comm (Financial Management) M. Comm (Financial Management) B. Comm	04 May 2016 AND reappointed 01 October 2018	Current	7 of 8	0 of 2
Mr. Krishna Govender	CA (SA) B. Comm degree B. Comm Honours degree (Accounting)	04 May 2016 AND reappointed 01 October 2018	Current	8 of 8	2 of 2
Ms. Matsi Modise	Bachelor of Commerce degree (Marketing & Advanced Management)	01 October 2018	Current	2 of 3	2 of 2
Ms. Yondie Metu	B. Comm Accounting degree B. Comm Honours Chartered Accountant	01 October 2018	Current	3 of 3	1 of 2



C7: THE AUDIT AND RISK COMMITTEE

Name	Qualifications	Date appointed	Date of expiry of term of office	Audit Committee Meetings Attended	Special Audit Committee Meetings Attended
Ms. Ntsoaki Tsokolibane	Advanced Project Management Certificate B. Comm (Hons) (Strategic Management) Higher Diploma in Education (Postgraduate)	01 October 2018	Current	1 of 3	1 of 2

C8. CORPORATE COMMITTEE

The Corporate Committee is appointed by the Board to perform the functions set out in its Charter to enable the Board to achieve its responsibilities in relation to the remuneration policies, processes and procedures and specifically that the GGB:

- Meets the requirements of the Gauteng Gambling Act, 4 of 1995, as amended
- Operates remuneration structures that are aligned with best market practice,
- Conforms to the latest thinking regarding good corporate governance on executive remuneration and correctly aligns the behaviour of executives with the strategic objectives of the organisation.
- Ensure the overall culture of corporate governance exist at the GGB and alignment to best practice

The committee must consider remuneration in its totality in an integrated and complete manner, to assist the Board in discharging its corporate governance duties related to remuneration strategy, structure and costs.

The committee membership consists only of seven non-executive Board members.

Responsibilities

The Committee has a monitoring and decision making responsibility. The functions listed below shall be the common recurring activities of the committee in discharging its mandate. The Corporate Committee charter serves as a guide and does not prevent the committee from carrying out such additional functions and adopt such additional measures as may be appropriate in the light of changing business, regulatory, strategic, risk or other conditions.

The functions of the Corporate committee are to assist the Board to:

- Annually review the Human Resources policies, including the Remuneration policies of both the staff and non-executives (board members) and ensure that the Remuneration Policy promotes the achievement of strategic objectives and outcomes in the short, medium and long term, develop and review the Board's policies on corporate governance and make relevant recommendations to the Board
- Review and monitor the Board's policies and practices relevant to the function of the Committee in compliance with the legal and regulatory requirements.
- Develop, review and monitor the Board's Code of Conduct and Compliance Manual (if any) in relation to corporate governance applicable to the Board and its employees.
- Review all non-financial corporate related policies and recommend same to the Board for approval.
- Assist the Board in the recruitment, appointment of new executives including the CEO and recommend to Board the remuneration packages of the CEO and Senior Management.
- Recommend to the Board succession plans for the CEO and Senior Management;
- Advise on behalf of the Board whether or not the Organisation has the requisite skills, necessary to perform its functions;
- The Committee is authorized by the Board to deal with any other matter referred to it by Board which is within its terms of reference. To this end, the Committee is authorized to seek, through the relevant units of the Board, the services of an external party and any information it may require from any employee of the Board.

C8: CORPORATE COMMITTEE



Education & Training

The Corporate Committee shall provide its members with annual continuing education opportunities and customised training focusing on reward management, reward governance and reward oversight.

Other

Make such recommendations with regard to any of the matters listed above and other matters as it deems necessary or appropriate for the effective management of risks and in particular, perform such other functions as may be prescribed from time to time in the Regulations relating to public entities.

Key Focus areas of the Committee

The financial year under review saw a disaggregation of programmes within the GGB's Annual Performance Plan. This resulted in a need to align the organisational structure to organisational programmes contained within the Annual Performance Plan. The committee reviewed and recommended the revised structure to the Board for implementation.

Kind IV has brought new considerations around corporate compliance. The Corporate Committee priority was to ensure corporate compliance within the board and sub committees of the Board.

Independence

The GGB utilised the services of remuneration companies to ensure that GGB's remuneration is market related for retention purposes. The Corporate Committee is satisfied that the reports received from these service providers are independent and objective.

C9. COMPLIANCE WITH LAWS AND REGULATIONS

The management of the organisation is responsible for the day-to-day management of the activities of the institution and Board members embrace their responsibilities imposed by the Gauteng Gambling Act, the PFMA and other relevant laws and regulations, which includes providing strategic leadership to the GGB. In addition, each individual manager undertakes to maintain a working understanding of the laws, rules, codes and standards applicable to the Board's operations.

The individual managers are supported by the legal department which provides the following services:

- Identifying and advising on existing, new or amended legislation that is applicable to the Board's business, including giving recommendations on applicable rules;
- Facilitating legal compliance with relevant laws and rules and assigning responsibility for areas of compliance;
- Facilitating legal compliance with internal policies, rules, guidelines and procedures; and
- Facilitating and reviewing management's monitoring of compliance.

Accordingly, management is responsible for the implementation of effective compliance and processes.

C10. FRAUD AND CORRUPTION

The government of South Africa identified fraud and corruption as a serious concern that affects the quality of service delivery. By remaining silent about fraud, corruption and other malpractices, an employee contributes to, and becomes part of a culture of fostering such improprieties.

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

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

The Tip-Offs Anonymous Hotline was also purposefully established to enable employees and all stakeholders within the



C10: FRAUD AND CORRUPTION

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

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

C11. MINIMISING CONFLICT OF INTEREST

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

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

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

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

C12. CODE OF CONDUCT/ETHICS

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

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

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

C13. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Board is committed to ensuring a safe and healthy workplace for all its employees, visitors and invitees. The Board complies with all relevant legislation, and in particular, the Occupational Health and Safety Act of 1993 (OHASA). This includes monitoring risks in the workplace, addressing reported incidents, and raising awareness and responsibility among employees around serious diseases.

With optimal energy efficient behaviour becoming a priority of national importance, the GGB recognises that it has a contribution to make towards environmental issues, particularly with regards to energy saving. Lighting contributes to 18% of electricity consumed in the commercial sector. To reduce our electricity usage, the building occupied by the GGB is fitted with energy-saving lights that automatically switch off when there is no movement in the area.

A future project that is earmarked for implementation at the GGB, is paper recycling. Recycling one ton of copier paper saves slightly more than two tons of wood. Energy consumption is also reduced by recycling paper. A 40%-64% reduction in electricity can be realised when paper is recycled as opposed to using paper that is manufactured from un-recycled pulp. Recycling will also contribute to reducing municipal waste, as up to 35% of solid municipal waste by weight, comprise paper and paper products. In addition, recycling paper will contribute towards a reduction in water and air pollution.

C14:

COMPANY SECRETARY



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

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

The Board is responsible for the selection and appointment of the Company Secretary in consultation with the CEO.

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

C15. SOCIAL RESPONSIBILITY

The GGB has focused on its Corporate Social Investment (CSI) programme initiatives as set out in its 2018/2019 financial year policy. The programme focal areas are:

- Healthcare
- Education Programme
- Community training skills
- Support of Arts, cultural or Sports Development programmes
- Development programmes for women, youth and people living with disabilities

The total amount spent on CSI projects in 2018/2019 was R3 646 844.

Our CSI fund invested in five external programmes which mainly supported education and nutrition programmes. The organisation had one internal CSI programme which saw GGB staff participate in enriching the lives of others.

The total amount spent on SDF projects in 2018/2019 was R24 161 093.

Our Sports Development Fund invested in seventeen programmes in 2018/2019. The aim of supporting the programmes we funded was to ensure that our stakeholders are enabled and its people are able to participate in sporting competitions, community sport facilities are sustained, sport cohesion is supported, sport equipment is available, training and accessibility of sporting codes is nurtured.

The SDF and CSI funds are distributed to approved beneficiaries in accordance with the Gauteng Gambling Act.

The funded NPO's achieved the following

Community Development: This project oversaw the development of township sport coaches. Because the role of the coach is to assist athletes in developing to their full potential as well as training athletes in sport by analysing their performances, instructing in relevant skills and by providing encouragement. They saw it fit to empower young coaches and ensure that the athletes are developed and coached in a correct way. They have seen to the development of young athletes by empowering them with sports equipment, mentors, sports apparel and exposure to various sporting competitions in the country.

Mthendele Mntambo Foundation: The programme was selected for its unique sustainability of indigenous sports. The games identified to be taught and documented were: Dikebe, Kho Kho, Morabaraba, Iintonga, Ncuva, Jukskei, Diketo, Drie Stokkies and Kgati.

The entity had identified school going children all Gauteng regions to develop and take part in the games. The regions identified are City of Johannesburg, City of Tshwane, Mogale City, Merafong, Vaal and the City of Ekurhuleni.

Royal Young Leopards Movement: The Royal Young Leopards Movement NPC is an organisation that affords a platform mainly to those that are and have been in conflict with the law to be reintegrated back into society, this NPC uses sport development programmes for community re-integration. This project supported a Women's Netball Tournament.



C15:

SOCIAL RESPONSIBILITY

Gauteng Sports Confederation: This entity identified 3 sporting facilities in Gauteng that were dilapidated and needed to be refurbished. The refurbishments of these facilities has enabled community members to utilise safe facilities with ease and much needed ablution and gym resources. The facilities upgraded in this project were:

- JD Boxing Academy based in Katlehong, Ekurhuleni
- Portuguese Hall based in Turfontein, Johannesburg
- Egoli Squash Gazankulu Squash Courts in Soweto, Johannesburg

C16. THE SOCIAL, ETHICS AND RESPONSIBLE GAMBLING COMMITTEE

The Social and Ethics Committee of the Board consists of six non-executive members, all of whom are Board Members. The committee meets at least four times per annum.

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

The GGB is aware of its social responsibility and contributes towards the goal of eradicating poverty in the province. The Social and Ethics Committee is a Board appointed committee that oversees the GGB's social responsibility.

The objectives and responsibilities of the committee are recorded in its written charter and are aligned with the committee's statutory functions as set out in the Companies Regulations of 2011.

In summary, the committee has a duty to:

1. Monitor the GGB's activities, whilst considering any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to:
 - a. Social and economic development;
 - b. Good corporate citizenship, including the GGB's:
 - Promotion of equality, prevention of unfair discrimination, and reduction of corruption;
 - Contribution to development of the communities in which its activities are predominantly conducted, or within which its products or services are predominantly marketed; and
 - Record of sponsorship, donations and charitable giving.
2. The environment, health and public safety, including the impact of the GGB's activities and of its products or services;
3. Stakeholder relationships;
4. Labour and employment, including:
 - a. To draw matters within its mandate to the attention of the Board as an occasion requires; and
 - b. To review and approve any application for financial assistance for CSI projects or from the SDF, that is reasonably within its mandate. At the discretion of the committee, applications for major monetary assistance will be reverted and recommended to the Board for final approval.

C17. AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee ("the Committee") is established as an independent statutory committee in terms of the PFMA and the GGB Act. The GGB has adopted the King IV™ Report on Corporate Governance in South Africa (King IV™), and the Audit and Risk Committee has complied with the principles and recommended practices of the King IV™ during the period under review.

Audit Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein as well as reviewed changes in accounting policies and practices.

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

C17:

AUDIT AND RISK COMMITTEE REPORT



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

Governance of risk

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

Internal audit

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

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

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

Whistle blowing

The Audit and Risk Committee wishes to report that, for the financial year under review, the committee has not received any reports on concerns or complaints, whether from within or outside of the GGB, relating to the accounting practices and internal audit of the GGB, the content or auditing of the GGB's financial statements, the internal financial controls of the GGB and/or any other related matters.

Quality of Monthly and Quarterly Management Reports submitted in Terms of the PFMA

The Committee is satisfied that it received sufficient, reliable and timely information from Management, to enable it to fulfil its responsibilities. During the period under review, monthly and quarterly management reports were presented by Management to enable the Committee to:

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

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

The Chief Financial Officer and the finance function review

The Committee has considered and is satisfied that, in terms of the PFMA requirements, the Chief Financial Officer, Kgaugelo Mahlaba, has the appropriate skills and expertise to meet the responsibilities of this position. The Committee has also in terms of King requirements assessed the expertise, resources and experience of the finance function and the committee is satisfied with the experience, expertise and adequacy of resources in the finance function.

Combined Assurance

Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. The Committee thus gains a combined assurance from Management, the various reports of the Internal Auditors, the Management Letter and Audit Report on the annual financial statements of the Auditor-General South Africa.



C17: AUDIT AND RISK COMMITTEE REPORT

Evaluation of the Annual Financial Statements

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

The Annual Financial Statement were reviewed with the following focus:

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

Conclusion

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

Signed:

A handwritten signature in black ink, appearing to be 'Zola Fihlani', written over a horizontal dashed line.

Mr Zola Fihlani
Chairperson of the Audit and Risk Committee
31 July 2019



PART D:
HUMAN RESOURCE
MANAGEMENT



D1: INTRODUCTION



The human resource function is an important enabler to ensure that employees remain motivated, focused and committed in achieving the organizational goals, through the optimum utilization of GGB human capital. The HR function is guided by its long-term vision of partnering with business thereby strengthening the alignment with the organizational strategic objectives.

GGB as an organization is currently in the growth phase in terms of staff complement. This has necessitated a review of the journey towards being a High Performance Organisation. The growth phase is characterized by the enhancement of its performance management system which is targeted at measuring both the technical expertise and value driven behavior in the organization.

The department manages the following key programs:

- Talent development and management
- Employee rewards and benefits
- Employee relations and transformation
- Employee health, safety and wellness

Achievements at a glance:

- GGB ensures that we have capable human capital to execute current and future business strategies. The skills audit matrix was used to develop a skills plan that is aligned with the organizational objectives. HR partnered with business to ensure that skills deficiencies that were identified are addressed through the application of various learning solutions. These initiatives contributed towards employee engagement.
- Leadership development through the introduction of value driven performance assessment at management level was realised. The performance management framework was revised to incorporate behavioral element. It was further tailored to the needs and complexity of the organization, thus fostering an integrated Organisational culture.
- GGB has a responsibility to promote a safe and healthy working environment that is conducive to high productivity. During the course of the financial year 2018/19, different wellness activities were carried out including a full day health check wellness event which was a success. The state of the GGB employees' health was assessed and reported back to individual employees during individual consultation. There was no high health risk identified during the financial year 2018/19.
- Human Resources as a discipline has to comply with a number of legislative requirements, in order to safeguard the organization against any possible labour related litigation. HR policy review was conducted to ensure that HR policies are responsive to environmental, legal changes amongst others.

Focus in the year ahead

HR plans to revise its Strategy. A concerted effort is going to be on the development of talent management strategy. As GGB thrives to improve employee performance, the focus will be on the alignment and integration of systems, policies and processes, including automation thereof. Key processes such as Performance Management, Rewards Management, Succession planning will be reviewed to ensure that best practice is applied for sustainability purposes.

D2: HUMAN RESOURCES OVERSIGHT STATISTICS

HUMAN RESOURCES OVERSIGHT STATISTICS

D2.1 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.

Programme	Personnel Expenditure	Personnel Expenditure as % of total exp	Number of Employees	Average personnel cost per employee
1 Office of the CEO	7 763 147,00	7,6	5	1 552 629,40
2 Office of the COO	4 673 809,00	4,5	2	2 336 904,50
3 Company Secretariat	3 954 891,00	3,8	5	790 978,20
4 Compliance Audit	18 709 101,00	18,2	22	850 413,68
5 Gaming Control	14 685 244,00	14,3	17	863 837,88
6 Licensing & Investigations	9 041 071,00	8,8	12	753 422,58
7 Legal & Law Enforcement	8 423 805,00	8,2	10	842 380,50
8 HR	8 016 173,00	7,8	12	668 014,42
9 Finance	11 581 202,00	11,3	15	772 080,13
10 IT	8 101 922,00	7,9	7	1 157 417,43
11 SED	4 331 459,00	4,2	4	1 082 864,75
12 Communications	3 465 873,00	3,4	4	866 468,25
	102 747 697,00	100,0	115	893 458,23

D2: HUMAN RESOURCES OVERSIGHT STATISTICS



D2.2 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.

	Level	Personnel Expenditure	Personnel Expenditure as % of total exp	Number of Employees	Average personnel cost per employee
1	Top management	12 228 528,00	11,9	4	3 057 132,00
2	Snr Management	17 464 670,00	17,0	8	2 183 083,75
3	Professionally Qualified	22 889 900,00	22,3	19	1 204 731,58
4	Technically Skilled	42 053 855,00	40,9	66	637 179,62
5	Semi-Skilled	5 699 888,00	5,5	12	474 990,67
6	Unskilled	2 410 857,00	2,3	6	401 809,50
	TOTAL	102 747 698,00	100,0	115	893 458,24

D2.3 Performance rewards

	Level	Performance Rewards	Personnel Expenditure	% Perf Rewards to total personnel cost
1	Top management	1 434 292,00	12 228 528,00	1,4
2	Snr Management	2 664 042,00	17 464 670,00	2,6
3	Professionally Qualified	3 163 361,00	22 889 900,00	3,1
4	Technically Skilled	4 102 839,00	42 053 855,00	4,0
5	Semi-Skilled	511 550,00	5 699 888,00	0,5
6	Unskilled	287 274,00	2 410 857,00	0,3
	TOTAL	12 163 358,00	102 747 698,00	11,8

Gratuity payment made to employees who did not qualify to participate in the incentive scheme R149 256,00



D2: HUMAN RESOURCES OVERSIGHT STATISTICS

D2.4 TRAINING INTERVENTIONS AND BURSARIES

Training interventions are conducted with the approved personal development plans of individual staff:

	Programme	Personnel Expenditure	Training Expenditure	Training Expenditure as a % of Personnel Cost	Number of Employees Trained	Average training cost per employee
1	Office of the CEO	7 763 147,00	57 170,00	0,1	5	11 434,00
2	Office of the COO	4 673 809,00	40 098,00	0,0	2	20 049,00
3	Company Secretariat	3 954 891,00	63 053,00	0,1	5	12 610,60
4	Compliance Audit	18 709 101,00	104 726,00	0,1	22	4 760,27
5	Gaming Control	14 685 244,00	303 990,00	0,3	17	17 881,76
6	Licensing & Investigations	9 041 071,00	263 047,00	0,3	12	21 920,58
7	Legal & Law Enforcement	8 423 805,00	175 724,00	0,2	10	17 572,40
8	HR	8 016 173,00	132 523,00	0,1	12	11 043,58
9	Finance	11 581 202,00	157 786,00	0,2	15	10 519,07
10	IT	8 101 922,00	87 154,00	0,1	7	12 450,57
11	SED	4 331 459,00	19 253,00	0,0	4	4 813,25
12	Communications	3 465 873,00	50 111,00	0,0	4	12 527,75
		102 747 697,00	1 454 635,00	1,4	115	12 649,00

D2: HUMAN RESOURCES OVERSIGHT STATISTICS



D2.5 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.

	Programme	2017/2018 No. of Employees	2018/19 Approved Post	2018/19 No. of Employees	2018/19 Vacancies	% of Vacancies
1	Office of the CEO	3	9	5	-4	(3)
2	Office of the COO	2	2	2	0	-
3	Company Secretariat	4	8	5	-3	(2)
4	Compliance Audit	20	29	22	-7	(5)
5	Gaming Control	17	19	17	-2	(1)
6	Licensing & Investigations	12	13	12	-1	(1)
7	Legal & Law Enforcement	7	10	10	0	-
8	HR	11	16	12	-4	(3)
9	Finance	14	18	15	-3	(2)
10	IT	5	9	7	-2	(1)
11	SED	4	4	4	0	-
12	Communications	4	5	4	-1	(1)
	TOTAL	103	142	115	-27	(19)



D2: HUMAN RESOURCES OVERSIGHT STATISTICS

	Level	2017/2018 No. of Employees	2018/19 Approved Post	2018/19 No. of Employees	2018/19 Vacancies	% of Vacancies
1	Top management	3	4	4	0	-
2	Snr Management	8	8	8	0	-
3	Professionally Qualified	19	25	19	-6	(4)
4	Technically Skilled	54	81	66	-15	(11)
5	Semi-Skilled	10	16	12	-4	(3)
6	Unskilled	9	8	6	-2	(1)
	TOTAL	103	142	115	-27	(19)

D2.6 EMPLOYMENT CHANGES

The GGB has a very stable workforce with a low employee turnover rate. The table below summarises the employment changes during the 2018/2019 financial year. One black male employee resigned during the year.

	Level	Employment at beginning of period	Appointments	Terminations	Employment at the end of the period
1	Top management	3	1	0	4
2	Snr Management	8	0	0	8
3	Professionally Qualified	19	2	2	19
4	Technically Skilled	57	9	0	66
5	Semi-Skilled	10	2	0	12
6	Unskilled	6	1	1	6
	TOTAL	103	142	115	-27

D2: HUMAN RESOURCES OVERSIGHT STATISTICS



D2.7 REASONS FOR STAFF LEAVING

Reason	Number	% of total no. of staff leaving
Death	1	20
Resignation	3	60
Retirement	1	20
Total	5	100

D2.8 Labour relations: misconduct and disciplinary action

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

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

D2.9 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. The HR department is actively managing the recruitment process of the existing vacancies to ensure that priority is given to those targets which require attention.



D2: HUMAN RESOURCES OVERSIGHT STATISTICS

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	4	3	0	0	0	0	0	0
Snr Management	3	3	0	0	1	1	0	0
Professionally Qualified	10	10	0	0	0	0	3	0
Technically Skilled	35	40	1	0	0	0	0	0
Semi-Skilled	2	8	0	0	0	0	0	0
Unskilled	1	1	0	0	0	0	0	0
TOTAL	55		1		1		3	

Levels	FEMALES							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	2	0	0	0	0	0	0
Snr Management	4	6	0	0	0	0	0	0
Professionally Qualified	4	15	0	0	0	0	2	0
Technically Skilled	29	41	1	0	0	0	0	0
Semi-Skilled	8	8	0	0	0	0	2	0
Unskilled	5	1	0	0	0	0	0	0
TOTAL	50		1		0		4	

Levels	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top management				
Snr Management				
Professionally Qualified				
Technically Skilled	1	1		
Semi-Skilled				
Unskilled				
TOTAL	1	1	0	0



PART E: FINANCIAL INFORMATION



E1: REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE GAUTENG GAMBLING BOARD



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Gauteng Gambling Board set out on pages 92 to 137, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, the statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amounts 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 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act 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 public entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of ethics for professional accountants, parts 1 and 3 of the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA codes) 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 codes.
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 accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
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 strategic goals 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 devel-



E1: REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE GAUTENG GAMBLING BOARD

oped from the performance management and reporting framework, as defined in the general notice, for the following selected strategic goals presented in the annual performance report of the public entity for the year ended 31 March 2019:

Strategic goal	Pages in the annual performance report
Strategic goal 2 – Gambling regulations	41 - 44
Strategic goal 4 – Transformation of the gambling industry	46
Strategic goal 5 – Eradication of illegal gambling	47 - 48
Strategic goal 6 – Responsible gambling	49 - 50

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 raise any material findings on the usefulness and reliability of the reported performance information for the selected strategic goals:
 - Strategic goal 2 – Gambling regulations
 - Strategic goal 4 – Transformation of the gambling industry
 - Strategic goal 5 – Eradication of illegal gambling
 - Strategic goal 6 – Responsible gambling.

Other matters

15. I draw attention to the matters below.

Achievement of planned targets

16. Refer to the annual performance report on pages 38 to 52 for information on the achievement of planned targets for the year and explanations provided for the overachievement of a number of planned targets.

Adjustment of material misstatements

17. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of gambling regulations; eradication of illegal gambling industry; and responsible gambling. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

18. In accordance with the PAA and the general notice issued in terms thereof, I 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 evidence to express assurance.
19. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

OTHER INFORMATION

20. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected strategic goals presented in the annual performance report that have been specifically reported on in this auditor's report.
21. 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.
22. 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 strategic goals presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

E1:

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



23. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

24. 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

Johannesburg
31 July 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



E1: INTRODUCTION

GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Index

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

Report of the Auditor-General to the Gauteng Provincial Legislature on the Gauteng Gambling Board	87
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GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Accounting Authority's Report

The members submit their annual financial statements for the year ended 31 March 2019.

1. Accounting Authority

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

Name	Changes
Zwane M (Chairperson)	Re-appointed 01 October 2018
Hari S (Deputy Chairperson)	Re-appointed 01 October 2018
Marincowitz L	Re-appointed 01 October 2018
Sithole T	Re-appointed 01 October 2018
Motau C	Term ended 30 September 2018
Fihlani ZL	Term ended 30 September 2018
Sexwale J	Term ended 30 September 2018
Louw S	Term ended 30 September 2018
Matjele A	Appointed 01 October 2018
Chiboo S	Appointed 01 October 2018
Mpungose Z	Appointed 01 October 2018
Tsokolibane N	Appointed 01 October 2018
Modise M	Appointed 01 October 2018
Metu Y	Appointed 01 October 2018
Kutumela T	Appointed 01 October 2018
Siwisa S	Appointed 01 October 2018

The annual financial statements set out on pages 3 to 47, which have been prepared on the going concern basis, were approved by the accounting authority on 27 May 2019 and were signed on its behalf by:



Mxolisi Zwane
Chairperson



GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Statement of Financial Position as at 31 March 2019

	Note(s)	2019 R '000	2018 R '000
Assets			
Current Assets			
Cash and cash equivalents	2	244 076	266 748
Receivables from non- exchange transactions	3	2 205	509
Receivables from exchange transactions	4	18 852	7 811
Deposits	5	242	242
Inventories	6	1 373	1 279
		266 748	229 870
Non-Current Assets			
Property, plant and equipment	7	109 403	111 065
Intangible assets	8	896	1 511
Heritage assets	9	539	539
		110 838	113 115
Total Assets		377 586	342 985
Liabilities			
Current Liabilities			
Finance lease obligation	10	26	206
Trade and other payables from exchange transactions	11	36 856	37 924
Collections for distribution	12	112 201	92 194
Provisions	14	18 711	13 582
Accruals	13	5 538	4 915
License fees raised in advance		55 675	51 544
		229 007	200 365
Non-Current Liabilities			
Finance lease obligation	10	-	80
Total Liabilities		229 007	200 392
Net Assets		148 579	142 594
Reserves			
Revaluation reserve	15	15 862	15 862
Accumulated surplus	16	132 717	126 732
Total Net Assets		148 579	142 594



GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Statement of Financial Performance

	Note(s)	2019 R '000	2018 R '000
Revenue			
Revenue from non-exchange transactions	17	78 644	74 167
Revenue from exchange transactions	17	104 028	96 519
Interest received - investment	17	6 145	7 321
Gain on disposal of assets		-	33
Total revenue		188 817	178 031
Expenditure			
Employee related costs	18	(118 770)	(99 024)
Administration	19	(5 809)	(4 590)
Depreciation and amortisation		(4 438)	(4 184)
Finance costs	36	(15)	(36)
Loss on disposal of assets		(13)	-
General Expenses	20	(54 852)	(56 421)
Total expenditure		(183 897)	(164 255)
Surplus for the year		4 920	13 776



GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Statement of Changes in Net Assets

	Revaluation reserve	Accumulated surplus	Total net assets
	R '000	R '000	R '000
Balance as at 01 April 2017	15 862	148 957	164 819
Changes in net assets			
Prior year error adjustment Note 34	-	6 747	6 747
Surplus funds retained in 2015/16 surrendered to the Provinces	-	(36 921)	(36 921)
Surplus approved to be retained for 2016/17	-	7 947	7 947
Increase in surplus for the year due to error	-	138	138
Increase in surplus to be surrendered to the Provincial Revenue Fund	-	(138)	(138)
Surplus for the year 2017/18	-	13 776	13 776
Surplus to be surrendered	-	(13 776)	(13 776)
Total changes	-	(22 227)	(22 227)
Balance as at April 1, 2018	15 862	126 732	142 594
Surplus funds to be surrendered to Provincial Revenue Fund	-	(7 791)	(7 791)
Surplus funds retained	-	13 776	13 776
Net income/ (losses) recognised directly in net assets	-	5 985	5 985
Surplus for the year	-	4 920	4 920
Total recognised income and expenses for the year	-	10 905	10 905
Surplus funds to be surrendered to Provincial Revenue Fund	-	(4 920)	(4 920)
Total changes	-	5 985	5 985
Balance at 31 March 2019	15 862	132 717	148 579



GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Cash Flow Statement

	Note(s)	2019 R '000	2018 R '000
Cash flows from operating activities			
Receipts			
Cash receipts from licensees and other institutions		182 672	171 204
Interest received		6 145	7 321
		188 817	178 516
Payments			
Cash paid to suppliers and employees		(162 374)	(194 260)
Net cash flows from operating activities	23	26 443	(15 744)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(2 176)	(2 625)
Proceeds from disposals of PPE		-	464
Net cash flows from investing activities		2 176	(2 161)
Cash flows from investing activities			
Movement on finance lease obligation		(220)	(220)
Net increase/(decrease) in cash and cash equivalents		24 047	(18 125)
Cash and cash equivalents at the beginning of the year		220 029	238 154
Cash and cash equivalents at the end of the year	2	244 076	220 029



GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Year To Date Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	R '000
Statement of Financial Performance						
Revenue						
Revenue						
Revenue from non-exchange transactions	77 468	-	77 468	78 644	1 176	30.1
Revenue from non-exchange transactions	102 590	-	102 590	104 028	1 438	30.2
Interest received	7 462	-	7 462	6 145	(1 317)	30.3
Total revenue	187 520	-	187 520	188 817	1 297	
Expenditure						
Employee related costs	(121 773)	-	(121 773)	118 770	3 003	30.4
Board and Audit Committee members fees	(4 849)	-	(4 849)	(5 809)	(960)	30.5
Depreciation and amortisation	(4 305)	-	(4 305)	4 438	(133)	30.6
Finance costs	-	-	-	(15)	(15)	
General expenses	(56 593)	-	(56 593)	54 852	1741	30.6
Total expenditure	(187 520)	-	(187 520)	(183 884)	3 636	
Surplus for the 12 months	-	-	-	4 933	4 933	
Loss on disposal of assets and liabilities	-	-	-	(13)	(13)	
Surplus before taxation	-	-	-	4 920	4 920	
Actual amount on comparable basis as presented in the budget and actual comparative statement	-	-	-	4 920	4 920	



GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

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).

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.

Provisions

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

Useful lives of property, plant and equipment and other assets

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



GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

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 property, plant and equipment.

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.

GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1.4 Property, plant and equipment (continued)

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.

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

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

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

Subsequent measurement

Property, plant and equipment 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.



GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

1.5 Intangible assets

An intangible asset is an identifiable monetary asset without physical substance:

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.

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.

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

GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

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).

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



GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1.7 Financial Instruments (continued)

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
Loan1	Financial asset measured at amortised cost
Loan2	Financial asset measured at amortised cost
Loan3	Financial asset measured at amortised cost
Other receivables1	Financial asset measured at amortised cost

The entity 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
Loan1	Financial asset measured at amortised cost
Loan2	Financial asset measured at amortised cost
Loan3	Financial asset 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 entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

Subsequent measurement of financial assets and financial liabilities

The entity 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.

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1.7 Financial Instruments (continued)

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 entity 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 entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the entity 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 entity 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 entity, 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.



GAUTENG GAMBLING BOARD

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Accounting Policies

1.7 Financial Instruments (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

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, 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 entity:
 - 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 entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

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

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction 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.

GAUTENG GAMBLING BOARD

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Accounting Policies

1.8 Leases (continued)

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.

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 stationery, consumables and marketing materials 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).

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.



GAUTENG GAMBLING BOARD

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Accounting Policies

1.10 Impairment of cash-generating assets (continued)

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:

- (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 Board estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the Board applies the appropriate discount rate to those future cash flows.

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

GAUTENG GAMBLING BOARD

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Accounting Policies

1.10 Impairment of cash-generating assets (continued)

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

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.

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

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

Reversal of impairment loss

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



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Accounting Policies

1.10 Impairment of cash-generating assets (continued)

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:

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Accounting Policies

1.11 Impairment of non-cash-generating assets (continued)

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.

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.



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Accounting Policies

1.11 Impairment of non-cash-generating assets (continued)

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:

- 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 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.

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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.



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1.13 Provisions and contingencies (continued)

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 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.

1.14 Revenue from exchange transactions

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

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

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

Measurement

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

Rendering of services

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



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1.14 Revenue from exchange transactions (continued)

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.

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 Board without directly giving approximately equal value in exchange, or gives value to another Board without directly receiving approximately equal value in exchange.

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

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

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

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation. Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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



GAUTENG GAMBLING BOARD

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Accounting Policies

1.15 Revenue from non-exchange transactions (continued)

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

Measurement

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

When, as a result of a non-exchange transaction, the Board recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Fines

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

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

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

Licence fees

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

1.16 Borrowing costs

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

1.17 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

GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

1.19 Irregular expenditure (continued)

- (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.

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.



GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Accounting Policies

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 2018 to 31 March 2019.

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.



GAUTENG GAMBLING BOARD

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Accounting Policies

1.27 Offsetting

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



GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

2. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2	2
Bank balances	244 074	220 027
	244 076	220 029

3. Receivables from non-exchange transactions

Receivables - License fees, Taxes and levies	2 205	509
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4. Receivables from exchange transactions

Staff receivables	22	21
Gauteng Provincial Government: Collection commission	14 940	6 229
Accrued bank interest	984	810
Sundry receivables	2 906	751
	18 852	7 811

5. Deposits

Designated at fair value

City Power Johannesburg (SOC) Ltd	242	242
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Total deposits	242	242
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6. Inventories

Responsible gambling promotional materials and other office consumable	1 373	1 279
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7. Property, plant and equipment

	2019			2018		
	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	(6 049)	70 369	76 148	(4 536)	71 882
Fixtures and fittings	5 579	(1 974)	3 605	5 579	(1 718)	3 861
Motor vehicles	1 033	(156)	877	409	(359)	50
Office equipment	3 215	(1 057)	2 158	3 134	(936)	2 198
IT equipment	8 275	(3 638)	4 635	7 394	(2 674)	4 747
Leased assets	564	(538)	27	565	(352)	213
Furniture	7 662	(3 512)	4 150	7 662	(3 130)	4 532
Total	126 327	(16 924)	109 403	124 743	(13 678)	111 065

GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019	2018			
	R'000	R'000			
7. Property, plant and equipment (continued)					
Reconciliation of property, plant and equipment - 31 March 2019					
	Opening balance	Additions	Disposals	Depreciation	Total
Land	23 582	-	-	-	23 582
Buildings	71 882	-	-	(1 513)	70 362
Fixtures and fittings	3 861	-	-	(256)	3 605
Motor vehicles	50	1 033	-	(206)	877
Office equipment	2 198	86	-	(126)	2 158
IT equipment	4 747	1 057	(13)	(1 156)	4 635
Leased assets	213	-	-	(186)	27
Furniture	4 532	-	-	(382)	4 150
	111 065	2 176	(13)	(3 825)	109 403

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

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).

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 revaluates its land and building after each three to five years.



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Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019			2018		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	2 963	(2 067)	896	3 415	(1 904)	1 511

Reconciliation of intangible assets - 31 March 2019

	Opening balance	Amortisation	Total
Computer software	1 511	(615)	896

Reconciliation of intangible assets - 31 March 2018

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

Pledged as security

No intangible assets were pledged as security for liabilities.

9. Heritage assets

	2019			2018		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Paintings	539	-	539	539	-	539

Reconciliation of intangible assets - 31 March 2019

	Opening balance	Total
Paintings	539	539

Reconciliation of intangible assets - 31 March 2018

	Opening balance	Total
Paintings	539	539

Pledged as security

No heritage assets were pledged as security for liabilities.

GAUTENG GAMBLING BOARD

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Notes to the Annual Financial Statements

	2019	2018
	R'000	R'000
10. Finance lease obligation		
Minimum lease payments due		
- within one year	26	221
- in second to fifth year inclusive	-	27
	26	248
less: future finance charges	-	(16)
Present value of minimum lease payments	26	232
Non-current liabilities	-	26
Current liabilities	26	206
	26	232

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% (2018: 11%). Interest rates are fixed at the contract date. All leases have fixed repayments.

11. Payables from exchange transactions

Payables	24 007	24 010
Provincial Revenue Fund : Surplus	12 849	13 914
	36 856	37 924

12. Collections for distributions

Gauteng Provincial Administration	93 506	84 620
Phumelela Gaming and Leisure Limited	9 460	4 935
Sports Development Fund	9 235	2 639
	112 201	92 194

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	13 756	23 778
Totalizator - Other sport	24 073	15 027
On-course bookmakers - Horse racing	1 078	2 016
On-course bookmakers - Other sport	3 469	3 282
Off-course bookmakers - Horse racing	78 381	69 696
Off-course bookmakers - Other sport	108 110	98 681
Total betting tax	228 867	212 480

Gaming Tax

Casinos - Machines	511 547	494 614
Casinos - Tables	230 195	216 890
Casinos - Unclaimed dividends	984	668
Bingo	77 326	73 063
Limited payout machines	87 059	75 189

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Notes to the Annual Financial Statements

	2019	2018
	R'000	R'000
12. Collections for distributions (continued)		
Total gaming tax	907 111	860 424
	1 135 978	1 072 904
Levies collected		
Sports Development Fund levies		
Levies	30 451	28 333
Interest earned	305	465
Total sport development funds (SDF) collected	30 756	28 798
Total Phumelela Gaming and Leisure Limited levies collected	81 139	71 472
Total levies collected for SDF and Phumelela	111 895	100 270
Interest earned and penalties received	3 899	3 694
Grand total collected for distribution	1 251 772	1 176 868
Taxes and levies for distribution to beneficiaries at period end	(112 201)	(92 194)
Adjustment for distribution	-	(935)
	1 139 571	1 083 739

Taxes and levies distributed during the period

Gauteng Provincial Administration	1 131 025	1 083 018
Phumelela Gaming and Leisure Limited	76 579	71 561
Sports Development Fund	24 161	29 736
Less: Prior year-end collections distributed during the period	(92 194)	(100 576)
	1 139 571	1 083 739

13. Accruals

Leave pay	4 544	4 072
13th cheque	994	843
	5 538	4 915

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.

14. Provisions

Reconciliation of provisions - 31 March 2019

	Opening Balance	Additions	Utilised during the year	Total
Legal proceedings	1 258	650	(108)	1 800
Bursary provision	-	504	-	504
Performance bonus	12 324	16 396	(12 313)	16 407
	13 582	17 550	(12 421)	18 711

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



GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019	2018
	R'000	R'000

14. Provisions (continued)

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.

Bursary provisions

Bursary provisions relates to outstanding amounts National Student Financial Aid Scheme (NSFAS) have claimed from the Board for payments of students that, the Board committed to fund in financial 2016/17 and 2017/18. The amount is not certain as the Board has requested information from NSFAS to validate the claims.

15. Revaluation reserve

Opening balance	15 862	15 862
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The revaluation reserves its a non distributable reserves, which relates to the revaluation of land and building. The nondistributable reserves are not distributable to the Shareholder.

16. Accumulated surplus

In terms of Section 17(6) of the Gauteng Gambling Act 1995, as amended, and Section 53 (3) of the Public Finance Management Act, surplus funds at the close of the financial year, shall be paid to the Provincial Revenue Fund, unless Treasury approval has been obtained to retain such funds. Approval was obtained in the previous years to retain the accumulated surplus of R109.2 million in order to fund the purchase of the building occupied by the Gauteng Gambling Board. The Board got approval to retain surplus for 2015/16 financial of R39.7 million and R7.9 million for 2016/17 financial year from Provincial Treasury. Provincial Treasury requested the Board to surrender R36.9 million in 2017/18 financial year.

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. The Board received approval to retain R5.9 million. Gauteng Gambling Board will apply to the Provincial Treasury to retain the surplus amount R4.9 million.

17. Revenue

Revenue from exchange transactions	104 028	96 519
Revenue from non-exchange transactions	78 644	74 167
Interest received	6 145	7 312
	188 817	177 998

The amount included in revenue arising from exchanges of goods or services are as follows:

Recoveries of investigation expenses	2 081	2 254
Collection commission	91 830	85 859
Administration fees	1 134	240
Application and registration fees	8 432	7 949
Sundry income	551	217
	104 028	96 519

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue



GAUTENG GAMBLING BOARD

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Notes to the Annual Financial Statements

	2019	2018
	R'000	R'000
17. Revenue (continued)		
Penalties collected	1 211	-
License fees	58 154	56 031
Sports betting levies	19 279	18 136
Transfer revenue	78 644	74 167
18. Employee related costs		
Salaries, bonuses and allowances	99 758	83 717
Defined contribution plan expenses	10 464	8 634
Medical aid contributions	4 489	3 709
Group life contributions	1 794	1 260
Other employer contributions	201	184
Workmen's compensation	232	141
SDL	1 041	894
Leave pay contribution	791	485
	118 770	99 024
Remuneration of S Ngubeni - Chief Executive Officer		
Annual remuneration	2 826	2 819
Allowance	410	200
13th cheque	266	247
Performance bonus	675	802
Employer contribution	771	717
	4 948	4 785
Remuneration of E Lalumbe - Chief Operating Officer		
Annual remuneration	2 732	2 546
Allowance	36	36
13th cheque	223	206
Performance bonus	564	671
Long service award	-	104
Employer contribution	571	532
	4 126	4 095



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Notes to the Annual Financial Statements

	2019	2018
	R'000	R'000
18. Employee related costs (continued)		
Remuneration of M Mahlaba - Chief Financial Officer		
Annual remuneration	1 802	1 266
Allowance	30	22
13th cheque	150	106
Performance bonus	195	-
Employer contribution	388	270
	2 565	1 664
Mr MIK Mahlaba was appointed on 01 July 2017.		
Remuneration of ZN Gumede - Snr Manager: Human Resources		
Annual remuneration	1 645	1 532
Allowance	20	20
13th cheque	134	124
Performance bonus	347	226
Employer contribution	389	360
	2 535	2 262
Remuneration of L Kobue - Snr Manager: Compliance		
Annual remuneration	1 772	1 648
Allowance	62	62
13th cheque	148	137
Performance bonus	377	245
Long service awards	-	69
Employer contribution	392	364
	2 751	2 525
Remuneration of C Simons – Acting Chief Financial officer		
Annual remuneration	-	329
Allowance	-	3
Performance bonus	-	85
Employer contribution	-	4
	-	421
Remuneration of T Letshwiti - Snr Manager: Licensing		
Annual remuneration	1 762	1 642
Allowance	20	20
13th cheque	144	133
Performance bonus	480	344
Employer contribution	401	371
	2 807	2 510



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Notes to the Annual Financial Statements

	2019	2018
	R'000	R'000
18. Employee related costs (continued)		
Remuneration of L Lukhwareni - Snr Manager: Legal Services		
Annual remuneration	1 747	1 628
Allowance	20	20
13th cheque	143	132
Performance bonus	376	330
Employer contribution	466	432
	2 752	2 542
Remuneration of S Manganye - Chief Information Officer		
Annual remuneration	518	-
Allowance	90	-
13th Cheque	12	-
Employer contribution	139	-
	759	-
Mr Manganye was appointed 01 December 2018.		
Remuneration of TT Marimuthu - Snr Manager: Gaming		
Annual remuneration	1 758	1 638
Allowance	20	20
13th cheque	143	133
Performance bonus	378	353
Employer contribution	463	429
	2 762	2 573
Remuneration of NM Matanzima - Board Secretary		
Annual remuneration	1 566	1 471
Allowance	20	7
13th cheque	128	117
Performance bonus	224	301
Employer contribution	319	297
	2 257	2 193
KT Mbele - Snr Manager : Social Economic Development		
Annual remuneration	1 396	1 300
Allowance	176	196
13th cheque	129	121
Performance bonus	416	190
Employer contribution	319	297
	2 436	2 101



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Notes to the Annual Financial Statements

	2019	2018
	R'000	R'000
18. Employee related costs (continued)		
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	1 652	1 729
Allowance	20	10
13th cheque	138	65
Performance bonus	65	81
Employer contribution	299	113
Leave payout	-	153
	2 174	2 151

Mr Motlhokwane was initially appointed on an acting capacity until was appointed on a permanent basis from the 01 November 2017.

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Notes to the Annual Financial Statements

	2019	2018
	R'000	R'000
19. Board and Audit Committee Members' fees		
Administration and management fees	5 809	4 590
Board and Committee Members emoluments for services rendered during the year: Includes Disciplinary Committee members fees.		
Zwane ME - Re-appointed 01 October 2018	499	441
Hari S - Re-appointed 01 October 2018	315	290
Marincowitz LG - Re-appointed 01 October 2018	268	217
Sithole TI (Audit and Risk Committee member) - Re-appointed 01 October 2018	315	224
Matjele A - Appointed 01 October 2018	111	-
Chiboo S - Appointed 01 October 2018	91	-
Mpungose Z - Appointed 01 October 2018	46	-
Tsokolibane N - Appointed 01 October 2018	56	-
Modise M - Appointed 01 October 2018	91	-
Metu Y - Appointed 01 October 2018	96	-
Kutumela T - Appointed 01 October 2018	111	-
Siwisa S - Appointed 01 October 2018	96	-
Fihlani ZL - Term ended 30 September 2018	179	117
Motau C - Term ended 30 September 2018	179	252
Sexwale J - Term ended 30 September 2018	138	302
Louw SJ - Term ended 30 September 2018	162	289
Sukazi TM - Term ended 30 September 2018	122	56
Majavu Z - Resigned 30 November 2017	-	77
Total paid to Board Members	2 875	2 265
Gaming Committee and Social and Ethics Committee		
Hall SJ - appointed as a co-opted member and term ended 30 September 2018	30	122
Mokgatle L - appointed as a co-opted member	41	25
Rapulana S - Appointed as a co-opted member 01 October 2018	25	-
Ngcwabe L - Appointed as a co-opted member 01 October 2018	30	-
Total amount paid to co-opted members	126	147
Audit and Risk Committee (Independent members)		
Govender K	66	46
Musvoto SW	56	71
Total paid to Audit and Risk Committee Members	122	117
Disciplinary Committee fees	2 686	2061
	5 809	4 590



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Notes to the Annual Financial Statements

		2019	2018
		R'000	R'000
20. General expenses			
Advertising		574	1 296
Auditors remuneration	21	2 443	1 448
Bank charges		95	68
Books and media subscription		363	435
Building maintenance		1 315	502
Conference costs		2 004	2 468
Electricity		2 150	1 808
Employee assistance programme		117	99
Information technology		3 510	3 040
Insurance		374	182
Investigation and enforcement costs		983	2 921
Legal expenses		7 739	12 075
Office consumables and refreshments		851	1 173
Postage and stationery		401	464
Printing costs		289	409
Professional and consulting fees		3 470	2 161
Protective clothing		-	15
Public relations		225	227
Repairs and maintenance		3	50
Responsible gambling awareness program		8 934	9 154
Social responsibility		2 893	4 452
Staff recruitment		393	1 391
Training and development		2 159	1 595
Storage rentals		258	244
Telephone and communications		2 101	1 829
Transcription costs		542	256
Travelling and subsistence - local		4 390	3 245
Travelling and subsistence - overseas		6 279	3 414
		54 852	56 421
21. Auditors' remuneration			
Audit fees - external		1 097	383
Audit fees - internal		1 346	1 065
		2 443	1 448

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GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019	2018
	R'000	R'000
22. Financial instruments disclosure		
Categories of financial instruments		
Financial assets at amortised cost		
	At amortised cost	At amortised cost
Cash and cash equivalents	244 076	220 029
Receivables from non- exchange transactions	2 205	509
Receivable from exchange transactions	18 852	7 811
Deposits	242	242
	265 375	228 591
Financial liabilities at amortised cost		
	At amortised cost	At amortised cost
Trade and other payables from exchange transactions	36 856	37 924
Taxes and transfers payable (non-exchange)	112 201	92 194
License fees raised in advance	55 675	51 544
	204 732	181 662
23. Cash (used in)/ generated from operations		
Surplus for the year	4 920	37 924
Adjustments for:		
Depreciation and amortisation	4 4438	4 184
Loss/(Profit) disposal of assets	13	(33)
Finance costs - Finance leases	15	36
Movements in provisions	5 129	2 992
(Decrease)/Increase in accruals	632	464
Prior year error adjustment	-	986
Retention /(Distribution) of surplus funds to the Province	-	(36 921)
Changes in working capital:		
Inventories	(94)	479
(Increase)/Decrease in receivables from exchange transactions	(11 040)	6 579
(Increase)/Decrease in trade and other receivables (non -exchange)	(1 696)	(440)
Increase trade and other payables from exchange transactions	(3)	847
(Decrease)/Increase in license fees received in advance	4 131	(311)
(Decrease) / Increase in collection for distribution	20 007	(8 382)
	26 443	(15 744)



GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

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	2019	2018		
	R'000	R'000		
24. Related parties				
Relationships				
Members			Refer to members' report note	
Controlling entity			Gauteng Department of Economic Development	
Related party balances				
Amounts included in Trade receivable (Trade Payable) regarding related parties				
DED – Trade payables	93 506	84 620		
DED – Trade receivables	16 992	-	131	
DED - Trade payable - Collection commission refundable	164	-		
Related party transactions				
Taxes, levies and interest paid to related parties				
DED – Taxes and Levies distributed	1 131 024	1 083 018		
Collection commssion received from related parties				
DED – Collection commission	90 638	86 377		
25. 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 31 March 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	36 856	-	-	-
Collection for distribution	112 201	-	-	-
License fees received in advance	55 675	-	-	-
At 31 March 2019	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	-	-	-



GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019	2018
	R'000	R'000

25. Risk management (continued)

License fees received in advance	51 544	-	-
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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.

Financial instrument	31 March 2019	31 March 2018
Receivable from exchange transactions	18 852	7 811
Receivable from non-exchange transactions	2 205	509
Cash and cash equivalents	244 076	220 029

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.

26. 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.

27. Fruitless and wasteful expenditure

Add: Additional fruitless and wasteful expenditure - current year	159	2
Less: amounts condoned	(159)	(2)
Fruitless and wasteful expenditure	-	-

Details of fruitless and wasteful expenditure 2018/19

The Board made bookings for an employee to travel overseas to attend work related conference. The employee had a bereavement before the trip could take place and therefore could not continue with the trip, the fees incurred were forfeited by the Board. The fruitless expenditure was condoned by the Board.

Details of fruitless and wasteful expenditure 2017/18

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

The Board in 2017/18 financial 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 . The amount was condoned by the Board.



GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019	2018
	R'000	R'000

28. Irregular expenditure

Add: Irregular Expenditure - current year 2018/19	4 261	-
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Details of irregular expenditure

The Board has in the year under review, incurred expenditures through the RFQ process, the value of the expenditure incurred is in excess of the R500 000 threshold, which relates to the procurement of the legal services on litigation.

The Board has procured legal services through RFQ process, management could not estimate how much the legal fees will cost at that time of procuring the services. The legal matters took longer to settle and as a result it has exceeded R500 000. The non-compliance which gave rise to irregular expenditure is as a result of the legal fees exceeding 15% variation of the required threshold applicable in terms of instruction note 3 of 2016/17 (Expansion and variation).

The amount of R1.67 million relates to continuation of legal services obtained in the matter GGB vs OTT Mobile, where GGB did not go on a tender bidding process. Instead the GGB invited and accepted written price quotation for its requirements up to an estimated value of R500 000, as required by National treasury.

The amount of R2.5 million relates to legal services obtained for illegal gambling investigations, where the GGB did not go on a tender bidding process. Instead the GGB invited and accepted written price quotation for its requirements up to an estimated value of R500 000, as required by National treasury.

Disciplinary steps taken/criminal proceedings

Legal services	Currently management has taken steps to investigate the matter and apply for condonation from the Provincial Treasury.	4 261
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29. Losses through Criminal Conduct

Details of losses through Criminal Conduct

Five laptops were lost and stolen from GGB employees outside GGB offices	-	106
One laptop was stolen from GGB employee outside GGB offices	24	-
	24	106

The claim was repudiated since it was lodged after the prescribed insurance claim period (2018/19). The amounts were recovered from insurance (2017/18).



GAUTENG GAMBLING BOARD

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	2019	2018
	R'000	R'000

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 license fees during the period under review.

30.2 Revenue from Exchange Transactions: The revenue collected was below budget mainly due to lower application fees received than budgeted for the period under review.

30.3 Interest received: Interest received was below budgeted amount, due to lower bank balance as a result of the surrender of R36.9 million surplus to the provincial revenue fund in 2017/18 financial year.

30.4 Employee related costs: There is a saving on employee related costs due to the vacant positions filled the later part of the year.

30.5 Board and Audit Committee members fees: There administration costs were higher than budget, this was due to fees paid to disciplinary committee members. There were more licensee disciplinary matters dealt with during the period under review.

30.6 Depreciation and amortisation : The depreciation expenditure was above budget due to more assets acquired during the period under review.

30.6 General expenses: The general expense are above budget. This was mainly due to increase in legal fees and provisions arising from matters that the Board was opposing from licensees.

31. Commitments

Contractual commitments

Already contracted for but not accrued -2019

	Contract End dates	R'000
• Accounting, Audit and Financial services	2019	1 036
• Facilities Management	2019	313
• Information Technology services	2019	153
• Operational services and Responsible gambling	2019	1 687
• HR and Payroll services	2019	417
		-

Contractual commitments

3 611

Already contracted for but not accrued -2018

	Contract End dates	R'000
• 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	2019	189
		11 409

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.



GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019	2018
	R'000	R'000

32. Contingent assets and liabilities

There are pending cases before the courts emanating from decision taken by the GGB. The outcome therefore may result in legal costs awarded against or for the GGB.

The overall Contingent liability is estimate to be R1,800,000 and Contingent assets is R4,560,000.

Contingent liabilities

There are pending cases before the courts emanating from decision taken by the GGB. The outcome therefore may result in legal costs awarded against or for the GGB.

VIVABET (PTY) LTD versus THE GAUTENG GAMBLING BOARD - CASE NO. 14863/2017

On 5 May 2017, Vivabet launched a review application seeking to review and to set aside the GGB's decision to decline its Bookmakers' license applications. Further GGB is liable to cost of postponement of the matter on 14 May 2018 as well as the costs of preparing the additional record on an attorney and client scale, which costs are to include those occasioned by the employment of two counsel.

GGB was ordered to be liable for the cost occasioned by the postponement which are estimated to be R800 000.

HOLLYWOOD SPORTSBOOK GAUTENG (PTY) LTD VS GAUTENG GAMBLING BOARD - CASE NO. 18/45611X.

On 6 December 2018 Hollywood issued a Combined Summons against the Board claiming Tax overpayment of R1,031,086.

On 25 February 2019, both the GGB and Hollywood reached a settlement agreement to stay the proceedings, pending the exchange of information between the parties. The exchange should be completed within four months.

SUNSHINE ENTERTAINMENT CC, VUKANI GAMING GAUTENG (PTY) LTD v GAUTENG GAMBLING BOARD.

The Applicants, Sunshine Entertainment and Vukani brought a court application to review the Board decision refusing two licence application.

The Court set aside the decision GGB and remitted the applications to GGB for reconsideration. The Court ordered GGB to pay the costs of the court application.

The estimated liability of the costs is R 1,000,000. Though GGB has not been served with a taxed bill of costs to pay, GGB remains liable for this costs.

Contingent assets

SECTION 37 DISCIPLINARY ACTIONS

The Disciplinary committee took action against 8 of the Board Licensees for contravening the Gauteng Gambling ACT and its regulations in line with section 37 proceedings. The licensees were found guilty and the disciplinary committee has recommended to the Board to impose fines to the value of R4 560 000. The Board is still to take a decision.

VIVABET (PTY) LTD versus THE GAUTENG GAMBLING BOARD - CASE NO. 14863/2017

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

GGB has won the matter and awarded costs which are estimated to be R1500 000.



GAUTENG GAMBLING BOARD

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Notes to the Annual Financial Statements

	2019	2018
	R'000	R'000

33. Prior period errors

Note:

The Board discovered that collection commission for services rendered on behalf of the Gauteng Province was accounted for incorrectly. The commission was recognised when the invoice was and taxes and levies distributed to the province, rather than accrue for the invoice and match it with the period of service.

The correction of the errors results in adjustments as follows:

The impact on the prior financial year is as follows:

	31 March 2019	31 March 2018
Current assets		
Trade and other receivable from exchange transaction	-	6 747
Net assets		
Accumulated surplus		(6 747)
	-	-

34. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2017

	Note	As previously reported	Correction of error	Restated
Trade and other receivable exchange transactions	4	1 062	6 747	7 811
Accumulated surplus	16	(119 983)	(6 747)	(126 730)
		(118 921)	-	(118 919)

35. Comparative figures

There were comparative figures that were restated in the annual financial statements of the Board, in note 20 figures were changed to correct casting error and employer contribution figures that were disclosed incorrectly.

Statement of financial position - extract

	Comparative figures previously reported	Correction of error	Restated balances
Trade and other receivable exchange transactions	1 062	6 747	7 811
Accumulated surplus	(119 983)	(6 747)	(126 730)
Total	(118 921)	-	(118 919)

36. Finance costs

Finance leases	15	36
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GAUTENG GAMBLING BOARD

Annual Financial Statements for the year ended 31 March 2019

Notes to the Annual Financial Statements

	2019	2018
	R'000	R'000

37. Segment information

Identification of segments

The entity is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. 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 2019

	Regulation	Responsible Gambling	CSI	Total
Revenue				
Revenue	175 111	10 206	3 500	188 817
Entity's revenue				188 817
Expenditure				
Other expenses	172 574	8 934	2 389	183 897
Total segmental surplus/(deficit)				4 920

31 March 2019

	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



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