



Annual Report 2021/2022



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

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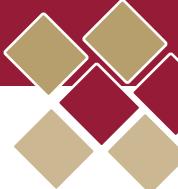
Part A

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 9 th Floor Standard Bank Centre 5 Simmonds Street Johannesburg Gauteng South Africa 2000
Company Secretary:	Ms N Matanzima Admitted non-practising attorney



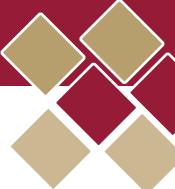
A2. ABBREVIATIONS AND ACRONYMS

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
CCMA	Commission for Conciliation, Mediation and Arbitration
COO	Chief Operations Officer
CFO	Chief Financial Officer
CSI	Corporate Social Investment
DED	Department of Economic Development
DTI	Department of Trade and Industry
EXCO	Executive Committee
FICA	Financial Intelligence Centre Act (Act 38 of 2001, as amended)
GCRA	Gauteng City Region Academy
GDP	Gross Domestic Product
GEP	Gauteng Enterprise Propeller
GEYODI	Standing Committee on Gender, Youth and People with Disabilities
GGB	Gauteng Gambling Board
PGP	Gauteng Provincial Government
GPT	Gauteng Provincial Treasury
GRAP	Generally Recognised Accounting Practices
GYC	Gauteng Youth Commission
iBAS	Integrated Business Automation Solution
KPI	Key Performance Indicator
MEC	Member of Executive Council for Economic Development, Environment, Agriculture and Rural Development
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NDPP	National Director of Public Prosecutions
NGB	National Gambling Board
NRGP	National Responsible Gambling Programme
OHASA	Occupational Health and Safety Act (Act 85 of 1993)
PAJA	Promotion of Administrative Justice Act (Act 3 of 2000)



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



A3. FOREWORD BY THE CHAIRPERSON



The Gauteng province accounted for the highest amount of gambling turnover in respect of all gambling modes

Advocate Anthea Platt SC

Chairperson of the Board

The constrained incomes of households due to negative Gross Domestic Product (GDP) growth have led to a slowdown in gambling activity, gambling revenue losses due to the closing down of operations during the COVID-19 nationwide lockdown and the subsequent restrictions, reduced government tax revenues collected from the gambling industry and resultant employment losses as gambling operators struggled to rebound to pre-COVID-19 revenue generation levels. As such, although the sector has maintained a positive growth trajectory with gross gambling revenues continuously rising annually, albeit the decreasing share of the industry's major contributor, the casino sector, average growth of the industry was lower in the 2021/22 financial year due to emerging issues exacerbated by the global pandemic.

The Gauteng province accounted for the highest amount of gambling turnover in respect of all gambling modes, compared to other provinces in the 2020/21 financial year. However, the Gauteng Gambling Board (GGB) collected 35% of the total gambling taxes collected nationally compared to 37% in the 2019/20 financial year. This can be directly linked to the fact that Gauteng regulates the highest number of casinos in comparison to other provinces and the huge impact of lockdown restrictions on casinos, who are the biggest contributors of taxes to the fiscus of all the gambling nodes. The total rand value of taxes and levies collected nationally from the casino sector in 2020/21 financial year was R866 610 010, a decrease by 54.0% from the previous financial year (2019/20 of R1 883 771 356)¹.

Our licensees have assessed the opportunities to diversify their gambling revenue streams in order to ensure business security. The rise of the online gambling market and the post-pandemic restrictions on the activities of land-based casinos lead to the fact that our licensees would need to rapidly embrace the attractiveness of the virtual space and as such it is important that the regulatory framework be updated to address the changes and advancements. In response, the GGB embarked on the review of Gauteng's gambling legislation and, in this financial year, has completed the first stage of the gambling legislation project. The Gauteng Gambling Policy which initiates the review of Gauteng's gambling legislation was published on 4 March 2022. This review will facilitate the implementation of interactive gaming and the ease of doing business. It is further noted that the Gauteng Gambling Act (Act 4 of 1995, as amended), which was promulgated in 1995, has never been materially reviewed or meaningfully reflected on. It is therefore deemed that the legislation review will embody enhanced regulatory output, in order to achieve societal and transformative change.

¹Source: NGB Report on Gambling Sector Performance In South Africa FY2020|21



To address inequalities and to drive economic transformation, the South African government embarked on a comprehensive programme to provide a legislative framework for the transformation of South Africa's economy through the implementation of the Broad-Based Black Economic Empowerment (B-BBEE) legislation (Act 53 of 2003). The Act provides a legislative framework for the promotion of B-BBEE, empowering the Minister of Trade and Industry to issue Codes of Good Practice and to publish a Transformation Charter. However, the gambling industry, to date, does not have its own transformation charter or industry code. Provincial licensing authorities generally enforce transformation through licensing conditions and RFAs based on the B-BBEE Act (2003). The GGB has taken a step forward in focusing on the improvement of the B-BBEE levels of not only itself but also its licensees with a view to enhance transformation in the gambling industry in Gauteng. Further, the GGB is preparing a submission to the Minister for a special dispensation with regards to a gambling transformation industry code. The Board will be issuing new licenses within the ambit of the provincial approval and these licenses will require at least 55% historically disadvantaged ownership.

In an effort to curb illegal gambling, the GGB has prioritised the establishment of a dedicated unit dealing with illegal gambling. With the support of the Member of the Executive Council (MEC), the GGB was able to meet with the Provincial Commissioner on 21 December 2021. The GGB was invited to attend the Provincial Joint Stakeholder Committee where it was approved that a Stakeholder Priority Committee (SPC) be established consisting of all stakeholders to address illegal gambling in Gauteng in alignment with the National Joints committee instruction. This resulted in a substantial increase in raids on illegal gambling sites in quarter four of the financial year which resulted in a 127% overachievement for the quarter.

The GGB invested in a study conducted by an independent service provider in order to ascertain the prevalence of gambling in Gauteng. The study indicates a decrease in the prevalence of gambling to 7,4 % from a benchmark figure of 15%. The GGB anticipated a decrease to 14% however, the study has indicated that the combination of the impact of lockdown restrictions and the economic hardships experienced in the last two years have had a significant impact on the proliferation of problem gambling. The GGB's active successful problem gambling campaigning has also been cited as a contributor to this decrease.

In order to inform the strategy of the GGB going forward, the GGB initiated three business cases:

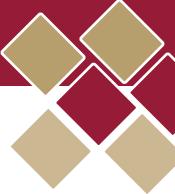
- The centralisation or decentralisation of gambling.
- The opportunities for gambling in tourism nodes.
- The potential to expand horse racing in Gauteng.

The centralization or decentralization of gambling:

The GGB conducted a study to determine various factors and implications associated with the centralisation and relocation of gambling premises and licensees in Gauteng. A report was issued which summarises key pieces of research, legal content and factual inquiries associated with the proposed centralisation and relocation of gambling modes, particularly casinos, in Gauteng. It summarises various issues which have been identified to form the focus of the report, namely:-

- The broad advantages and disadvantages of centralization.
- Important provisions and limitations of the existing gambling legislative framework in facilitating centralization.
- Some of the possible socio-economic implications which centralisation would have on the province and licensees.

The report concluded that there are multiple further practical, legal, economical and feasibility inquiries that are needed to be considered prior to the centralisation of gambling premises being set into motion through policy development and legislative reform.



The opportunities for gambling in tourism nodes:

The GGB conducted a study on the feasibility of locating gambling opportunities (licenses) within Newly-developed tourism nodes in Gauteng as identified by the Gauteng Tourism Authority within the following districts:

- Ekurhuleni
- Sedibeng
- West-Rand.

The results of the study have indicated that LPM's, Bookmakers and Bingo licences will be well directed into the identified areas where tourism is the main economic driver and concluded that the direct investment made by licensees in the gambling industry can stimulate other sectors of the economy.

The potential to expand horse racing in Gauteng:

The GGB conducted a study on the feasibility of issuing an additional race-meeting licence and a totalisator licence in Gauteng and/or within the smart city development (Lanseria Smart City). The study takes into account the entire value chain of the sector not only from a gambling point of view but also around horse breeding in South Africa and the potential of growth of the entire sector. The results of the study are being reviewed by management for implementation.

I would like to thank the MEC, Mr Parks Tau of the Gauteng Department of Economic Development, Environment, Agriculture and Rural Development and his team, for their support and his leadership. Further, I want to thank Advocate Fana Johannes Nalane SC who executed the role of Administrator of the GGB with excellence. His wise direction and guidance allowed the GGB to continue to deliver on its mandate and maintain the impeccable standard that is expected. We accept the reins with pride and look forward to taking the organisation forward.

I am confident in the executive and management's ability to continue driving the GGB's strategy that is aligned with GGT2030. I would like to extend my appreciation to the team and the staff of the GGB for their unwavering commitment in upholding the high standards of the GGB

Signed:

Advocate Anthea Platt SC

Chairperson of the Board

Date: 31 July 2022



A5. CHIEF EXECUTIVE OFFICER'S OVERVIEW



The industry continues to operate under restrictions relating to social distancing, curfews as well as physical capacity

Mr Thiran Marimuthu

Acting Chief Executive Officer

The financial year started with optimism that the National Disaster Management Act (Act 57 of 2002, as amended) and the associated regulations would be uplifted. Regrettably, a further lockdown increased the impact on non-essential businesses in the economy including the gambling sector. This resulted in a closure and reduction of revenue in the gambling sector during the month of July.

The industry continues to operate under restrictions relating to social distancing, curfews as well as physical capacity. The gambling sector, as part of the entertainment and leisure sector, remains closely tied to the tourism sector and overall the past year has seen some marginal recovery with the reopening of international borders.

In the licencing landscape, Phumelela Gaming and Leisure Limited, the holder of the sole race-meeting and totalisator licences in Gauteng was placed under voluntary liquidation during May 2020. 4Racing (Pty) Ltd then acquired both these licences as a going concern. Further, 4Racing (Pty) Ltd acquired all Phumelela's assets including employees, the immovable property at the Turffontein Racecourse, horseracing industry contracts, operational rental contracts, premises lease contracts, finance agreements, media and distribution rights in respect of events conducted at Turffontein and the trademark and intellectual property rights (including data) owned by Phumelela. 4Racing (Pty) Ltd accordingly lodged an application with the Board to take transfer of these licences. The Board (Administrator) heard, considered and resolved to grant these applications during September 2021.

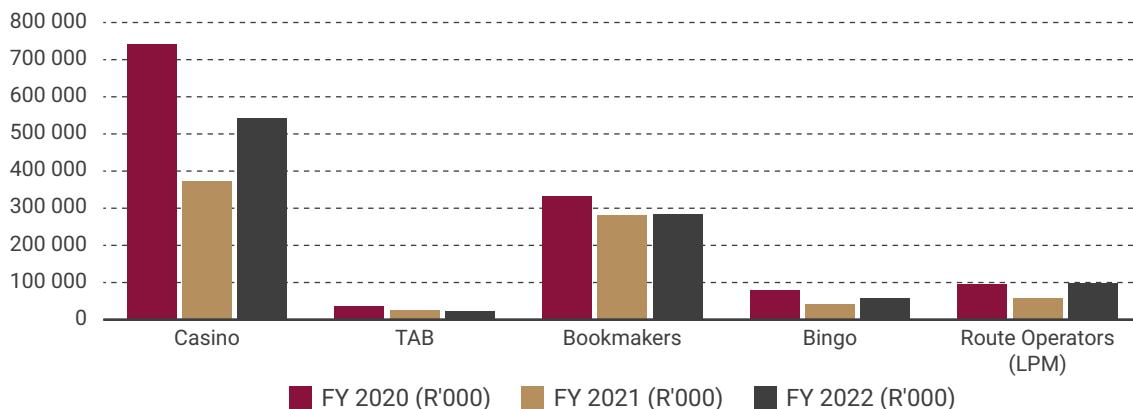
The overall gambling taxes and levies collected for the year improved when compared year-on-year. Casinos, Bookmakers, Bingos, and Route Operators had improved due to the lower comparative base because of the impact of COVID-19 in the previous financial year. The GGB anticipated an 18% increase in gambling taxes. The actual increase in gambling tax collections for this financial year is 29%. This was due to the easing of the lockdown restrictions in terms of the National Disaster Management Act (2002, as amended) over the course of the financial year. The gambling taxes and levies distributed to the Gauteng Provincial Government (GPG) for the 2021/22 financial year amounted to R1,005 billion.

The taxes and levies collected during the year under review were still lower than the taxes and levies collected during the same year pre-COVID-19 pandemic. The comparison of April to March 2020 financial year collections against the same period in the 2022 financial year were lower by R280 million and translated to a negative variance of 22%. This reflected the continued impact of the COVID-19 restrictions and capacity limitations on revenue collections at the licensees' operations.



Taxes and Levies Collected Pre-COVID And Post-COVID

31 March 2022



The GGB self sustains by deriving its income from the 8% collection commission of taxes and associated levies payable by the gambling sector as well as licence and application fees provided for by the enabling legislation. For the 2021/22 financial year, the GGB achieved revenue of R179 million against a budget of R223 million. The revenue was boosted by a retention of surplus of R41 million as approved by the Gauteng Provincial Treasury. The GGB received R80 million in collection commission.

The National Treasury placed a hold on all tenders advertised on and after 16 February 2022 and all subsequent government procurement. This hold was due to the ongoing legal battle between Afribusiness and the Minister of Finance over the validity of the 2017 Preferential Procurement Regulations. This had a negative impact on the GGB's spending in the last two months of the financial year and delayed the GGB in completing some of its planned activities. Subsequent to year end, this hold was lifted due to the court decision to delay implementation for a year. Despite this stumbling block, the GGB spent R218 million of the R224 million approved expenditure budget.

The GGB has a fully operational Supply Chain Unit (SCM) 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 latest SCM Internal Audit Review outcome reflected that the system of internal controls within SCM is working as intended.

The Business Automation Project is intended to improve service delivery as well as both the transparency and the traceability of the requests that are submitted to the organisation, which are currently paper-based. The GGB implemented a quality review of the project at the beginning of the financial year. The review indicated that the project was not to the standard that the GGB required. The service provider has been advised to provide a proof of concept deliverables and this has not resulted in any financial impact for the GGB only an amendment of contract. A prototype or proof of concept is estimated for completion in the second quarter of 2022 for licensing and investigations business processes to determine viability of the project.

I am pleased to say that 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 with the GGB receiving condonation from the Gauteng Provincial Treasury on the 24 March 2022 for of the irregular expenditure which occurred in the 2018/19 financial year.



Having received an unqualified audit report from AGSA shows the GGB's continuous commitment to long-term transparency, sustainability and accountability.

I would like to thank the MEC, Mr Parks Tau of the Gauteng Department of Economic Development, Environment, Agriculture and Rural Development for his unwavering support and guidance during this financial year. Also a huge note of thanks to Advocate Fana Johannes Nalane SC who was appointed by the MEC from the 6 April 2021 as the administrator of the GGB. Your wisdom and guidance through the last year was invaluable.

I would like to welcome the new members of the GGB Board, under the leadership of Chairperson Advocate Anthea Platt SC, who were appointed on the 1 January 2022 and thank the independent members of the Audit and Risk Committee for their continued encouragement, advice and oversight of the GGB during the financial year.

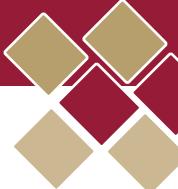
To my management team and staff, a special word of appreciation for your commitment and loyalty to the GGB during a year of many changes in leadership. We have managed to minimise any resultant disruptions to the operations of the GGB and have continued to deliver on our mandate. Together with the Board and the Executive's leadership, we have emerged stronger and more resilient to face the future with shared optimism and confidence.

Signed:



Mr Thiran Marimuthu
Acting Chief Executive Officer
The Gauteng Gambling Board

Date: 31 July 2022



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

for the year that ended 31 March 2022

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

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

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

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2022.

Yours faithfully

Thiran Marimuthu

Acting Chief Executive Officer

Date: 31 July 2022

Advocate Anthea Platt SC

Chairperson of the Board

Date: 31 July 2022



A7. STRATEGIC OVERVIEW

A7.1 Strategic goals and strategic outcome-orientated goals

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

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

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

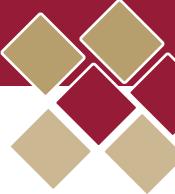
- To regulate the gambling industry.
- Transform the gambling industry.
- Generate revenue from the industry and the regulation of services offered, for the socio-economic development of Gauteng.

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

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

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

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





A8. LEGISLATIVE AND OTHER MANDATES

The GGB is a statutory body, established in terms of Section 3 of the Gauteng Gambling Act (1995, as amended).

The GGB also discharges its mandate in terms of the following legislation:

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

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

The GGB is:

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

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

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

The main functions of the GGB are to:

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

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

- **Ensuring integrity of gambling activities.** Licensing of credible operators and suppliers of gaming equipment, setting and regulating of gaming equipment standards, approval and registration of gaming equipment, registration of suitable persons to be engaged in gambling occupations and ensuring regulatory compliance by licensees, on an ongoing basis.



- **Eradication of illegal gambling activities.** This is done to protect the public from unfair business practices, as illegal operators are not subjected to any regulatory control to ensure fair business practices.
- **Dispute resolution and punter assistance.** The Board receives and adjudicates complaints from the public arising from gambling disputes or other gambling related activities.
- **Tax collections.** The Board collects gambling taxes and levies on gambling transactions on behalf of the Gauteng Provincial Government (GPG) and other beneficiaries.
- **Measures to promote responsible gambling and minimise incidences of problem gambling.** The GGB recognises that opportunities for gambling pose particular risks for the people of Gauteng. To this end, the Board cooperates with other relevant organisations to assist people who fall prey to gambling addiction. The following assistance is available to any person with a gambling problem:
 - **Self-exclusion.** Self-exclusion is 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 such as the National Responsible Gambling Programme that provides a toll free number.





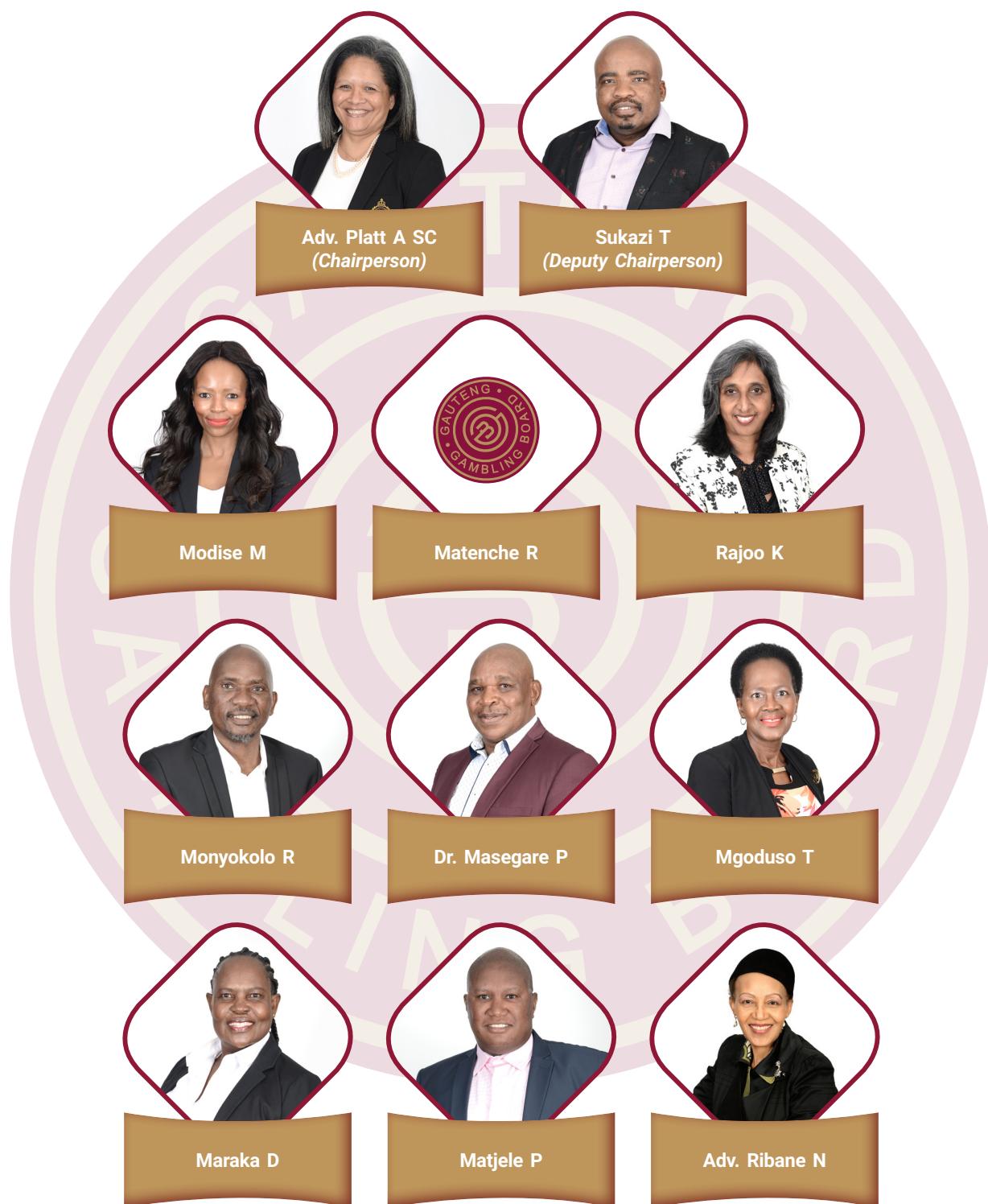
A9. ORGANISATIONAL STRUCTURE

The Accounting Authority

Administrator:

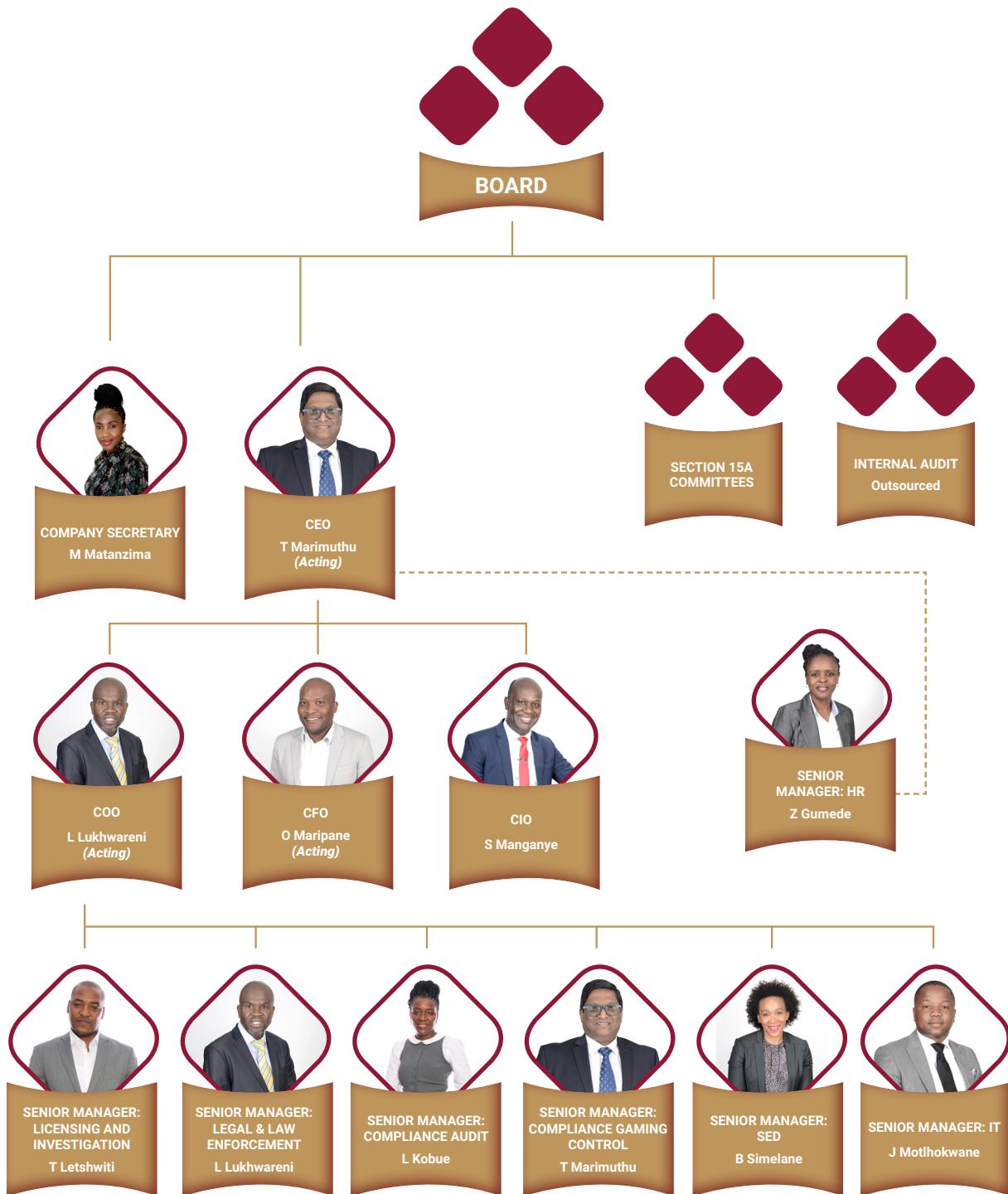
Advocate Fana Johannes Nalane SC – appointed by the MEC from the 6 April 2021. Term ended 31 December 2021.

Board composition, appointed 1 January 2022:





A10. BOARD STRUCTURE







A photograph showing a close-up of a person's hands dealing a hand of cards onto a dark, polished wooden table. The cards are fanned out, showing various values like 20, 40, and 50. In the background, a silver electronic calculator sits on the table. The lighting is dramatic, with strong highlights and shadows.

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.

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

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

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

B5.1 Description of services provided

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

B5.1.1 Gambling regulation

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

Gambling regulation ensures that:

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



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

B5.1.2 Licensing

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

B5.1.3 Compliance audits and inspections

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

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

These objectives are achieved by:

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

B5.1.4 Compliance – Gaming Control

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

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

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

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



B5.1.5 Dispute resolution

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

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

B5.1.6 Eradication of illegal gambling

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

B5.1.7 Responsible gambling

As per the legislation, the Board must make a concerted effort to ensure that responsible gambling through its various messages is promoted. 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.

B5.1.8 Corporate social investment (CSI)

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

B5.1.9 Enforcement of the Financial Intelligence Centre Act

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

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



B2. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA performs the necessary audit procedures on the performance information of the GGB to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance of the Board against its predetermined objectives is included in the report to management, with material findings being reported under the "Predetermined objectives" heading in the "Report on other legal and regulatory requirements" section of the auditor's report. Refer to page 79 for the auditor's report, published as part of the financial information.

B3. SITUATIONAL ANALYSIS

The GGB's APP for 2021 – 2022 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 2021 to 31 March 2022.

B3.1 Service delivery environment

B3.1.1 Licensing

The Licensing department continued to meet its targets to process licence applications within the prescribed timeframes in terms of the APP. The COVID-19 pandemic persisted with its devastating impact as the overall industry saw a number of employee terminations, adding to the rising unemployment that South Africa faces. The situation steadily improved with the easing of the COVID-19 restrictions and this led to an increased number of employee registration applications during the last quarter of the financial year. The rollout process of limited payout machines continues at a slow pace and has been impacted by the COVID-19 pandemic wherein some of suitable establishments, including restaurants, hotels and liquor outlets, for limited payout machines were closed down due to, among other things, the challenges relating to lack of properly zoned premises, illegal gambling and foreign owners without business licences who continue to have a negative impact on the rollout process. The Board continues to engage the relevant stakeholders to assist with removing the blockages where possible.

In line with the Board's transformation objectives, the Board issued a Bookmaker Request for Proposal (RFP) with an intention to issue up to a maximum of 81 Bookmaker licences in the province. The impact of the lockdown and COVID-19 pandemic delayed yet again the processing and finalisation of these applications as some of the premises proposed by applicants for Bookmaking operations were no longer available from the landlords. The applicants had to seek new sites, apply for appropriate zoning where applicable and have the applications amended accordingly with the Board. This process will be finalised in the new financial year.

The following is the Gauteng gambling licensing profile:



Licence type	Number of licences (as at 31 March 2022)
Bingo	11
Bookmaker	128
Casino	7
LPM sites	531
Manufacturers	34
Race-meeting	1
Route operator	5
Testing agent	3
Totalizator	1

B3.2 Gaming Control

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

The continued presence of the gaming control technical auditors allows for increased visibility of the GGB as a regulator which further enhances our role to ensure the licensees continue to maintain the required level of compliance at all times. The department has conducted 1010 unannounced compliance inspections across the audit universe (Casino, Bingo, Bookmaker, Totalisator and LPM operators) for the year. This continued presence combined with the scheduled inspection/evaluation of all changes prescribed by the legislation allows us to ensure that from a technical perspective, the department supports the organisations imperative of combined assurance.

The targets within gaming control department have been achieved by continuously analysing trends within industry and the ability to adapt to the application of a work from home strategy. Further the marginal improvement of the industry along with a change in public participation that has adapted to align with COVID-19 protocol limitations saw an increase in technical activity during the second half of the year as the industry looked to make adjustments to the gaming areas to align with these emerging trends.

The allowance for the gambling sector to continue to operate, albeit at a limited capacity, saw the public embracing a return to terrestrial gambling offerings while online gambling activity in the province remains limited.

Technical applications continue to be considered for introduction of various online gambling opportunities but these cannot be considered until the necessary changes to Gauteng's gambling legislation is considered holistically.

The Gaming Control Department is working closely with our Licensing, Compliance Audit and Legal departments to evaluate how new technologies will be considered and reshape gambling propositions and additionally connect more meaningfully with consumers. It is anticipated that our licensees will assess opportunity to diversify their gambling revenue streams in order to ensure business security.

As the updated health regulations continue to be considered as it may relate to capacity, the department will further continue to assess new technology that is considered while the industry continuously considers options for economic recovery in a post pandemic era. In doing so the department strives towards maintaining a high level of technical compliance by our licensees in the gambling industry.



B3.3 Compliance Audit

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

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

During the year under review, with more relaxed COVID-19 regulations, licensees' operations improved, albeit not to optimal levels due to COVID-19 regulations curfew and social distancing requirements. However, we managed to resume our normal planned compliance and revenue audits on licensees. Some of the licensees were closed down due to unrests and looting hence a few of them could not be audited. 148 revenue audits, 177 compliance audits and 27 FICA (2001, as amended) inspections were completed during the financial year. All non-compliance findings are referred to Legal Services department to consider appropriate action in terms of section 37 of the Gauteng Gambling Act (1995, as amended).

Transformation remains high on the agenda for the GGB. The department is on a continuous basis monitoring the status of BBBEE in the industry. In this regard, Compliance Audit will support the Board's initiative of assessing the status of transformation in the industry which will involve the appointment of a service provider to audit all licensee's transformation strategies and implementation thereof.

B3.4 Legal

B3.4.1 Legal: Law Enforcement

The Board continues to forge relationships with law enforcement agencies in order to address illegal gambling operations in Gauteng. After meeting with the Provincial Commissioner of the SAPS, Lieutenant General Elias Mawela, it was decided to establish a committee to prioritise the combatting of illegal gambling activities in Gauteng. During the year under review, the Board assisted the SAPS in conducting 236 raids on illegal gambling operations which resulted in the confiscation of 506 gambling devices. The GGB conducted 26 information sharing sessions with law enforcement agencies to create awareness and foster cooperation. A total of 259 disputes between punters and licensees were investigated and finalized in an effort to ensure that gambling offered to the public is fair.

B3.4.2 Legal: Legislative landscape

The Board embarked on a process to review its founding legislation in order to align it with the industry's best practice and trends. The review is further necessitated by, among others, a significantly transformed industry due to political, economic, social, technological, environmental and legal circumstances. The policy to review Gauteng's gambling legislation was approved by the Gauteng Executive Committee in February 2022 and published in the Government Gazette on 4 March 2022. The Board is in a process of drafting the Bill which will be published for consultation during the second quarter of the 2022/2023 financial year.

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

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

The first Draft of the Act was received on 31 March 2022 and currently under review.



B3.4.3 Disciplinary Committee

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

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

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

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

B3.4.4 Legal: Litigation

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

The following are detailing the current cases – opposed matters:

I SOUTH AFRICAN BOOKMAKERS' ASSOCIATIONS AND 5 OTHERS v THE NATIONAL GAMBLING BOARD AND 9 OTHERS – CASE NO. 75953/17

On 21 November 2017, the South African Bookmakers Association and five other Bookmakers (applicants) launched an application against provincial gambling boards and the NGB. The NGB and the GGB are cited as the first and fourth respondents, respectively.

The applicants seek an order declaring that Section 7 of the National Gambling Act (2004, as amended), read with the applicable provincial gambling legislation is contravened when licensed Bookmakers are permitted to offer fix odds bets on dog racing held outside South Africa.

The matter is opposed.

II CASINO ASSOCIATION OF SOUTH AFRICA v PORTAPA (PTY) LTD T/A SUPABETS AND THE GAUTENG GAMBLING BOARD – CASE NUMBER: 9547/2018 AND 38099/2018

On 13 March 2018, Casino Association of South Africa (CASA) launched a court application against Portapa (Pty) Ltd trading as Supabets and the GGB, seeking an order reviewing the Board's decision and declaring it unlawful for any persons other than the holder of a casino licence to offer fixed odd bets on the outcome of a casino game, including the game of roulette.

The matter was set down for hearing on 5 May 2022, and judgement is reserved.

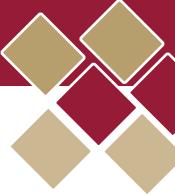
III VDIAM TRADING HOLDING (PTY) LTD v THE MINISTER OF SAPS N.O. AND OTHERS CASE NUMBER: 40647/18

On Tuesday 19 October 2018, the SAPS assisted by Law Enforcement Inspectors of the GGB conducted an illegal internet gambling raid at Shop 11, Brackengate Shopping Centre, corner De Waal and 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, GGB and others, requesting the court to order the following:

- i Setting aside of the issued warrant.
- ii 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.
- iii Spoliation order.

The matter is opposed.



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

On Tuesday, 10 January 2019, the SAPS assisted by Law Enforcement Inspectors of the GGB conducted an illegal internet gambling raid at Rayton Internet Café, Shop 10 Rayton Park Plaza, Corner Treunich and R515 Rayton, Cullinan

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

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

The matter is opposed.

V HOLLYWOOD SPORTSBOOK GAUTENG (PTY) LTD V GAUTENG GAMBLING BOARD & OTHERS CASE NUMBER: 9573/19

Hollywood Sportsbook Gauteng (Pty) Ltd. was charged for contravening Section 57(2) of the Gauteng Gambling Act (1995, as amended), which prohibits inducement of the public to bet on a sporting event. The Disciplinary Committee recommended to the Board that Hollywood is not guilty for contravening Section 57(2) of the Act (1995, as amended).

On 29 October 2019, the Board remitted the matter to the Disciplinary Committee in terms of Section 37(2)(g) of the Act (1995, as amended) 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 (1995, as amended).

The matter is opposed.

VI 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 was 1 April 2019.

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

Both the GGB and the MEC opposed the application, and Phumelela has abandoned the urgent application and is pursuing the review application.

The matter is opposed.

VII MEISIE KGALADI V MINISTER OF POLICE; THE NDPP, KATIE TSIE, GAUTENG GAMBLING BOARD AND MAGISTRATE NP POONSAMY CASE NUMBER: 0011367

On 28 February 2019, members of the SAPS assisted by the 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, the National Director of Public Prosecutions, the GGB, Kate Tsie (the Board's Law Enforcement Inspector) and the Magistrate of Midrand; seeking the following orders:

- i Setting aside the search and seizure warrant.
- ii Declaring that the raid was unlawful.
- iii That the respondents to pay the costs of this application jointly and severally the one paying the other until absolved.

The matter is opposed.



VIII MYSTIQUE INTERNET ENTERTAINMENT LOUNGE V MINISTER OF SAPS AND OTHERS CASE NUMBER: 37207/19

On 10 October 2019, members of the SAPS assisted by Law Enforcement Inspectors of the GGB executed a search and seizure warrant authorised by a Magistrate in Vanderbijlpark Park on Mystique Internet Entertainment (Shop 22A and 228, Vaalgate Shopping Centre, corner of DF Malan and Attie Fourie Streets, Vanderbijlpark).

During the execution of the warrant, illicit goods were confiscated by the members of the SAPS from the premises i.e., computer equipment used for gambling.

Mystique Internet Entertainment Lounge (Pty) Ltd launched a court application against the Minister of Police, Captain Dawid Schalk, Jacob No, Magistrate in Vanderbijlpark Park and the GGB, seeking the following:

- i Reconsideration of the warrant that was granted ex parte, alternatively, to have it reviewed and set aside
- ii Issuing of a Spoliation Order.

The matter is opposed.

IX SANDTON SQUARE T/A MICHELANGELO TOWERS MALL AND OTHERS V CHAIRPERSON OF THE GAUTENG GAMBLING BOARD AND OTHERS CASE NUMBER: 44272/2019

Marco Polo Gaming applied in terms of Section 34 of the Gauteng Gambling Act (1995, as amended), for the amendment of its bingo licence. Marco Polo proposed two amendments, namely:

- i To relocate its site from Legacy Comer, Nelson Mandela Square, Corner Maude and Fifth Street, Sandton to Shop 100 to 103, Sandton City, Nelson Mandela Square, Corner Maude and Fifth Street, Sandton.
- ii. To add 16 bingo seats at the proposed site, effectively increasing the number of licensed bingo seats from 352 to 368

The Board resolved:

- i. To grant the amendment subject to the condition that Marco Polo obtain the necessary local authority approval for the site.
- ii. Marco Polo's operation at the new proposed site shall only commence upon the rezoning application being granted.

Sandton Square t/a Michelangelo Towers Mall and others launched a review court application, reviewing and setting aside the Board's decision to relocate Marco Polo.

The matter is opposed.

X PHUMELELA GAMING & LEISURE LIMITED V GAUTENG GAMBLING BOARD AND OTHERS CASE NUMBER: 41790/19

On or about 2013, GOBA lodged a complaint against Phumelela for contravening its license conditions.

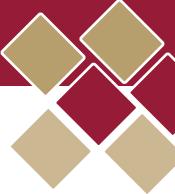
Subsequent to the investigation of the complaint, the GGB charged the Phumelela with contravention of condition 10 of its race meeting license in terms of section 37(2)(b) of the Gauteng Gambling Act (1995, as amended).

- i Phumelela breached Condition 10 of its race meeting license.
- ii A fine in the amount of ten million rand be imposed, half of the amount to be suspended for a period of five years. During the period of suspension, the respondent should not be found to have committed a similar offence
- iii Phumelela is directed to comply with Condition 10 of its license condition with immediate effect, even before the Board considers its application for a fee increase for providing Tellytrack visuals and commentary from within the jurisdiction of the Board to Bookmakers.

On 27 May 2019, the Board considered the recommendation made by the Disciplinary Committee and resolved to find Phumelela guilty of contravening condition 10 of its Race Meeting Licence and imposed a fine of five million rand of which half of the amount be suspended for a period of five years. provided it is not found guilty during this period for the same or similar offence.

Phumelela launched a review application to review and set aside the decision of the Board.

The matter is opposed.



XI GOLDENTREE ASSET MANAGEMENT LUX SARL & ANOTHER v THE CHAIRPERSON OF THE GAUTENG GAMBLING BOARD & ANOTHER CASE NO:2020/12441

On 23 June 2020, Goldentree Asset Management Lux SARL and Peermont Global (Pty) Ltd (collectively referred to as the applicants) launched a review application against the Chairperson of the Board and the GGB (collectively referred to as the respondents).

The review application seeks the following orders:

- i. That the respondents' decision, dated 7 October 2019, to make their consent granted to the first applicant (Goldentree Asset Management Lux SARL), to increase its financial interest in the second applicant (Peermont Global (Pty) Ltd), subject to a condition that the second applicant attain and indefinitely maintain a minimum of 26% BEE shareholding, is reviewed, declared invalid and set aside.
- ii. The respondents are ordered to pay the applicants' costs.

The matter is opposed.

XII THE SOUTH AFRICAN COMMERCIAL CATERING AND ALLIED WORKERS UNION (SACCAWU) OBO WONDER MKHONTO & FOUR OTHERS V CCMA AND OTHERS CASE NUMBER: 1542/20: REVIEW APPLICATION

On 30 September 2020, members of SACCAWU (the applicants) lodged an internal grievance alleging that the GGB failed to pay them acting allowances for allegedly acting in four vacant positions on a rotational basis. The basis of their submission that the above conduct contravened the Acting Allowance Policy of the GGB.

The abovementioned internal procedures were exhausted without success and thereafter, the Applicants referred the matter to the Commission for Conciliation, Mediation and Arbitration (CCMA) for adjudication.

On 27 November 2019, SACCAWU referred the matter for conciliation, and on 20 December 2019 a certificate of non-resolution was issued.

The applicants requested the CCMA to arbitrate the dispute on 17 June 2020 and the commissioner made the following ruling in favour of the GGB:

- i. That the GGB did not appoint the Applicants in acting positions.
- ii. That there is no evidence to suggest that the alleged 24 months acting allowance is due to the applicants.
- iii. That there is no evidence to assist the commissioner to determine whether the GGB ought to have appointed the applicants into an acting position.

Subsequently, the applicants launched a review application of the commissioner's decision in the Labour Court.

The matter is opposed.

XIII CHRISTOPHER LUPHAHLA V GAUTENG GAMBLING BOARD & ANOTHER, CASE NO: 21/24863

On 16 August 2021, the applicant sought an order reviewing and setting aside the decision of the CEO of the GGB in terms of Regulation 24 of the Gauteng Gambling Regulations, which held that the applicant did not have a winning ticket/s; and the costs were held against the GGB on attorney-and-client scale.

XIV LEDWABA MAZWAI v GAUTENG GAMBLING BOARD & ANOTHER CASE NO: 46982/21

On 16 October 2021, the applicant (Ledwaba Mazwai) sought an urgent interim interdictory relief, under Part A, pending the final determination of Part B. In Part B of the application, the applicant sought to review the GGB's decisions and processes regarding tenders GGB/RFP/001/2019 ("the legal panel tender") and GGB/RFP/002/2020. ("the legislation review tender").

The applicant abandoned the relief under Part A and is pursuing the relief under Part B of the application.

The matter is opposed.



B3.5 Information Technology

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

The GGB's IT department have provided technical support services to the staff and Board of the GGB. The Department has implemented initiatives to support the GGB's Strategy and the strengthening of information security through implementation of two-factor authentication, endpoint security, patch management, development of automated COVID-19 register and migration of all business applications to cloud services. The IT Strategic Plan 2020-2024 is being implemented annually guided by the IT implementation plan, and it is aligned with the GGB's Strategic Plan.

The GGB's IT department complied with ICT Corporate Governance Policy Framework by ensuring that it accounts for all governance structures such as the IT Steering Committee, Senior Management Team, Audit and Risk Committee and the Board. The IT Risk Register has been developed and monitored quarterly. IT audit issues identified by the internal and external audit are continually being addressed to resolve such.

The integrated Business Automation Solution project (iBAS) is in progress implementing a prototype informed by the failed test of the solution developed. The automation of the business processes is to improve service delivery and both the transparency and traceability of the requests submitted to the organisation, which are currently paper-based. The introduction of technology assists us in increasing departmental efficiency in reporting and revenue collection. In the year under review, given the failure of the tested solution developed, a prototype is being developed managed through the project team, operational steering committee and the executive steering committee led by the CIO and the Acting CEO. The prototype is planned to be concluded by the end of the second quarter of the financial year 2022-2023. The IT department also account for the iBAS project to the Audit and Risk Committee and also to the Administrator/Board. The 2022/2023 financial year will focus on the conclusion of the prototype for two business processes for the Licencing and Investigation Unit.

B3.6 Finance

For the 2021/22 financial year, the GGB achieved revenue of R179 million against a budget of R223 million. The revenue was boosted by a retention of surplus of R41 million as approved by the Gauteng Provincial Treasury. The GGB received R80 million in collection commission.

Expenditure for the year was R218 million as compared to R224 million budgeted amount, and this resulted in savings of R6.0 million for the year under review. This represents a favourable variance of 2.6% and was due to savings on personnel cost, conference, and seminars, professional fees, advertising expenses and other expenditure line items. The overall budget for expenditure is R223.8 million which includes the R21.2 million for fiscal consolidation.

The organisation has realised a loss of R38.0 million in the current financial year, which was funded by the R41 million surplus retention approved by the Gauteng Provincial Treasury.

The tax revenue collections for the 2021/2022 financial year amounted to R1,005 billion. This shows an increase from the previous year's actual of 29%.

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



B4. ORGANISATIONAL ENVIRONMENT

Advocate Fana Johannes Nalane SC was appointed by the MEC from the 6 April 2021 after the resignation of the remaining Board Members in February 2021. The GGB continued to deliver on its mandate and maintain governance and controls despite the changes in leadership.

On 7 October 2021, the Administrator Advocate Nalane communicated a separation agreement with the CEO. Mr Steven Ngubeni vacated his post effective 6 October 2021. Mr Thiran Marimuthu was appointed as acting CEO and Mr Lucky Lukhwareni stepped into the role of acting COO. Mr. Oscar Maripane continued as acting CFO. This team, together with the support of the executives and management, has minimised any resultant disruptions to the operations of the GGB.

The GGB received condonation from the Gauteng Provincial Treasury on 24 March 2022 for the irregular expenditure which occurred in the 2018/19 financial year.

B5. STAKEHOLDER MANAGEMENT

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. The Stakeholder Management function is informed and governed by a comprehensive stakeholder policy which has been developed in line with King IV™. The GGB implements a stakeholder-inclusive approach in business and 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.

Our stakeholders range from our licencees to members of the gambling public, other regulators and government entities, not-for-profit organisations and business partners such as the SARGF. The GGB's stakeholder engagements provide insight into the quality of relationships with both internal and external stakeholders.

The GGB continued engagements with industry businesses with a view to implement a plan of recovery from the sting of the prior year lockdown impacts. The industry has shown positive growth in the last year despite the impact of lockdown and riots in July 2021.

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

During the reporting period, the Gauteng Provincial Legislature and Provincial Treasury enabled discussions on pertinent issues pertaining to the GGB, its operations and financial aspects. The questions raised by the Gauteng Provincial Legislature Portfolio Committees are covered under section C2 in this report.

B6. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The GGB are currently reviewing the Gauteng Gambling legislation and the Service Provider was appointed in June 2021 to assist us with the review.



B7. STRATEGIC OUTCOME ORIENTED GOALS

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

- ICT integration into business goals and objectives: The total tender cost of the iBAS is set to be R59 million.
- Gambling regulation: The GGB is a service-driven entity and the achievements of the strategic goals as set out in the annual performance plan are reliant on human capital. Therefore, the main expenditure output relates to employee related costs and the operational expenses associated with service delivery such as travelling, telephone and copier charges. The majority of the budget funds the achievement of the objective of regulating the gambling industry.
- Efficient revenue generation/collection: The tax revenue collections for the 2021/2022 financial year amounted to R1,005 million. This shows an increase from the previous year's actual of 29%.
- Entrenching and broadening the transformation of the gambling industry.
- Eradicating illegal gambling through initiatives funded through the operational expenses of the organisation. An amount of R467 000 was spent on investigation and enforcement costs for the 2021/2022 financial year.
- Public protection: The Responsible Gambling Programme promotes responsible gambling which is aimed at ensuring the citizens of Gauteng are aware of the dangers associated with gambling, taking steps to assist persons who have developed problem gambling.
- The CSI spending strategy is linked to the achievement of TER strategy. The actual spend on CSI for the 2021/2022 financial year amounted to R13 million.

B8. PERFORMANCE INFORMATION BY KEY PERFORMANCE AREA

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



Representation of the GGB's APP planning concepts



Summary of the GGB's strategic goals and objectives

The table below sets out a summary of the strategic outcomes, strategic-oriented goals and the strategic objectives for the GGB APP for 2021/2022.

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

Overview of performance for 2021/2022 financial year

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

- Implementation of iBAS system.
- Number of new licenses with at least 55% historically disadvantaged ownership issued.



Programme 1: Administrative support

Five targets were set for the financial year under review. All have been achieved apart from the implementation of the iBAS system. The GGB implemented a quality review of the project in the beginning of the financial year. The review indicated that the project was not to the standard that GGB required. The service provider has been placed on terms to meet deliverables and this has not resulted in any financial impact for the GGB, only an amendment of contract. A prototype or proof of concept is estimated for completion in the 2021/2022 financial year for the Licensing and Investigations business processes.

Programme 2: Gambling regulation

The Gambling Regulation Programme had four targets due for the year and all four targets were achieved.

Programme 3: Revenue collection

Three indicators under revenue collection were achieved and the fourth indicator, namely the percentage change in gambling taxes revenue collected annually, was overachieved. The GGB anticipated an 18% increase in gambling taxes. The actual increase in gambling tax collections for this financial year is 29%. This was due to the easing of the lockdown restrictions in terms of the Disaster Management Act (Act 53 of 2005) over the course of the financial year.

Programme 4: Transformation of the gambling industry

Three targets were set for the year in programme 4. Two were achieved but the third indicator relating to the issuing of the 30 Bookmaker licenses with at least 55% historically disadvantaged ownership was not achieved. The GGB was not able to issue gambling licenses until the appointment of the new Board which happened in January 2022. Of the applications received for the Bookmaker licenses, 21 of the applicants no longer had sites due to the time delay in the Board's appointment. In terms of the RFP, the license application can only be considered when the applicant has indicated the physical address where they intend to operate the Bookmaking business. The estimated timeline for applicants to resolve and obtain new sites is 90 days which is in the first quarter of the new financial year. Given this need to obtain necessary zoning and approvals, this target is set to be achieved in the second quarter of the new year and has no financial implications for the GGB.

Programme 5: Eradication of illegal gambling

The GGB has overachieved on the indicator around the percentage reduction in illegal gambling sites identified, through raids on illegal gambling establishments in this financial year. This performance is due to a renewed collaboration with Law Enforcement to conduct raids on identified illegal sites in line with the relevant legislations. The second indicator under this programme has been achieved.

Programme 6: Responsible Gambling

The GGB has two indicators under this programme. One has been achieved and the other relates to the prevalence of gambling which has been overachieved. The study conducted by an independent service provider does indicate a decrease in the prevalence of gambling to 7,4 % from a benchmark figure of 15%. The GGB anticipated a decrease to 14% however the study has indicated that the combination of the impact of lockdown restrictions and the economic hardships experienced in the last two years have had a significant impact on the proliferation of problem gambling. The GGB's active successful problem gambling campaigning has also been cited as a contributor to this decrease.

Programme 7: Socio-economic development – CSI and SDF

All three targets under this indicator have been achieved for the year.



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

B9.1 Performance report against original tabled APP retabled in October 2021

Outcomes	Outputs	Output indicators	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual target 2021/22	Actual achievement 2020/21 until date of re-tableting in October 2021	Deviation from planned target to actual achievement 2021/22	Reasons for deviations	Reasons for revisions to the outputs/ output indicators/annual targets
Innovative and Efficient Regulator	Innovative regulator	% implementation of iBAS system (for Licensee integration)	New indicator	100% Milestone: Development	100% Licence integration	0	100%	Quality control issue – service provider placed on terms	Quality control issue – service provider placed on terms
Increased Economic Growth	Increased gambling tax revenue	Increase in gambling taxes revenue collected annually	New indicator	-%	30%	19%	11% under	Industry closed due to Lockdown restrictions (Covid-19) in July 2021	Anticipated disruption of lockdown restrictions due to Covid-19
Increased economic growth (through socio economic development and investment)	Rand value invested in support of socio-economic development	Rand value of funding distributed for Corporate Social Investment	R6,8 million	R10,1 million	R3,5 million	R3,7 million	R0,2 million over	Reprioritisation of budget due to July 2021 riot crises	Reprioritisation of budget due to July 2021 riot crises
	Improved youth skills development through internship and experiential learning programmes, internally and externally	Number of youth (learners) developed in partnership with Tshepo	New indicator	60	0	60	60	Industry closed due to lockdown restrictions (COVID-19) and the reprioritisation of budget	Anticipated disruption of lockdown restrictions due to COVID-19

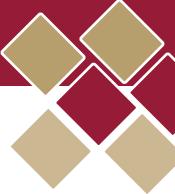


B9.2 Performance report against the retabled Annual Performance Plan

Programme 1 – Administration

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

Outcomes	Outputs	Output indicators	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reasons for deviations
Innovative and efficient regulator	Strong governance and regulatory compliance	Auditor-General audit outcome	Unqualified audit opinion received from the Auditor-General	Unqualified audit opinion received from the Auditor-General	Clean audit opinion received from the Auditor-General	Clean audit opinion received from the Auditor-General	None	N/A
	Innovative regulator	Implementation of iBAS system (for licensee integration)	New indicator	100% milestone development	4 core business units implemented	0 core business units implemented	4 core business units	Quality control issue – service provider placed on terms
	Efficient and smart business processes	Percentage of supplier payments paid within 15 days after receipt of correct invoice	New indicator	New indicator	100%	100%	None	N/A
		Percentage of procurement spend towards women-owned suppliers	New indicator	New indicator	40%	42%	2%	Successful implementation of the Procurement Strategy
		Establish and operationalise war room	New indicator	New indicator	100% operationalisation of the war room	100% operationalisation of the war room	None	N/A



Programme 2 – Gambling Regulation

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

Outcomes	Outputs	Output indicators	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reasons for deviations
Improved gambling industry compliance	Gambling license applications finalised to facilitate business efficiency	Percentage of gambling license applications received and processed within 150 working days	100%	100%	100%	100%	None	N/A
		Percentage of employee registration applications received and processed within 45 working days	100%	100%	100%	100%	None	N/A
	Reduced non-compliance by gambling licensees	Percentage of licensees' non-compliance incidences investigated and reported to the Disciplinary Committee	100%	63%	100%	100%	None	N/A
	Amended Gauteng gambling legislation to align with global gambling trends and economical change such as casino tax review	Review of the Gauteng gambling legislation completed by end 2022/23	New indicator	New indicator	Draft of the proposed amended gambling legislation	Draft of the proposed amended gambling legislation	None	N/A



Programme 3 – Revenue Collection

Purpose: Ensure complete and accurate gambling tax revenue collection.

Outcomes	Outputs	Output indicators	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reasons for deviations
Increased economic growth	Increased gambling tax revenue	Percentage change in gambling taxes revenue collected annually	New indicator	New indicator	18%	29%	11%	Easing of lockdown restrictions in terms of the Disaster Management Act (2005) over the course of the financial year
		Business case on the development of gambling opportunities with tourism in developing nodes	New indicator	New indicator	1	1	None	N/A
		Business case on the introduction of an additional race meeting licence within the smart city development	New indicator	New indicator	1	1	None	N/A
		Business case on centralisation or decentralisation of the gambling nodes	New indicator	New indicator	1	1	None	N/A



Programme 4 – Transformation of the gambling industry

Purpose: Entrench and broaden transformation of the gambling industry.

Outcomes	Outputs	Output indicators	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reasons for deviations
Radical gambling industry transformation	Historically disadvantaged ownership for all licensees of at least 50%	Percentage of gambling licensees with historically disadvantaged ownership control level of at least 50%	New indicator	New indicator	80% Bingos	80% Bingos	None	N/A
	Historically disadvantaged management control for all licensees of at least 50%	Percentage of gambling licensees with historically disadvantaged management control level of at least 50%	New indicator	New indicator	80% Bingos	80% Bingos	None	N/A
	All new licences awarded to majority historically disadvantaged ownership	Number of new licenses with at least 55% historically disadvantaged ownership issued	New indicator	New indicator	30 Bookmaker licences	0 Bookmaker licences	30 Bookmaker licences	The GGB was not able to issue gambling licenses until the appointment of the new Board which happened in January 2022. Of the applications received for Bookmaker licenses, 21 of the applicants no longer had sites. The applicants were given 90 days to obtain new sites.



Programme 5 – Eradication of illegal gambling

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

Outcomes	Outputs	Output indicators	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reasons for deviations
Improved Gambling industry compliance	Incidents of illegal gambling reduced	Percentage reduction in illegal gambling sites identified	New indicator	New indicator	24%	66%	Overachieved	This performance is due to renewed collaboration with Law Enforcement
		Establishing a dedicated SAPS unit	New indicator	New indicator	1	1	None	N/A

Programme 6 – Responsible Gambling

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

Outcomes	Outputs	Output indicators	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reasons for deviations
Improved Gambling industry compliance	Increased awareness of responsible and illegal gambling	Number of gambling awareness programmes conducted for public consumption	New indicator	New indicator	20	21	Overachievement	Successful implementation of awareness programmes
		Reduction in problem gambling	Percentage of problem gambling prevalence	New indicator	14%	7%	Overachievement	The combination of the impact of lockdown restrictions and the economic hardships experienced in the last two years have had a significant impact on the proliferation of problem gambling as well as the GGB's successful campaigning.



Programme 7 – Socio-Economic development

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

Outcomes	Outputs	Output indicators	Audited actual performance 2019/20	Audited actual performance 2020/21	Planned annual target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reasons for deviations
Increased economic growth (through socio-economic development and investment)	Rand value invested in support of socio-economic development	Rand value of funding distributed for CSI and SDF	R15,5 million	21% (R28,5 million)	R21,5 million	R21,5 million	None	N/A
	Rand value of funding distributed for CSI	R6,8 million	R10,1 million	R13,7 million	R13,7 million	None	N/A	
	Improved youth skills development through internship and experiential learning programmes, internally and externally	Number of youth (learners) developed in partnership with Tshewo 1Million programme (20 internal, 40 external learners)	New indicator	New indicator	45	46	Overachievement	Successful partnership in placing interns

Progress on Institutional Response to the COVID-19 Pandemic

Programme	Intervention	Geographic location	Number of beneficiaries	Disaggregation of beneficiaries (where possible)	Total budget per intervention	Budget per intervention	Contribution to the outputs in the APP(where applicable)	Immediate outcome
Occupational Health & Safety	Training employees on COVID-19 awareness	Gauteng	120	N/A	R0	R0	All	Awareness on the mitigation of COVID-19 spread
	Sanitisers for all employees	Gauteng	120	N/A	R6 601	R6 601	All	Personal protection
	Disinfecting of surfaces in main building	Gauteng	120	N/A	R462 000	R462 000	All	Personal protection
	Disinfection of east building	Gauteng	36	N/A	R396 000	R396 000	All	Personal protection
	Waste management	Gauteng	120	N/A	R3 899	R3 899	All	Personal protection
	Hygiene services	Gauteng	120	N/A	R497 228	R497 228	All	Personal protection



Performance programmes against budget

Programme	2021/2022				2020/2021			
	Budget	Adjusted budget	Actual expenditure	(Over)/under expenditure	Budget	Adjusted budget	Actual expenditure	(Over)/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	90 498	115 676	112 053	3 623	90 584	115 675	98 985	16 690
2. Gambling Regulation	62 278	57 404	57 404	None	62 860	60 901	58 942	1 959
3. Revenue Collection	11 679	11 049	11 049	None	11 049	11 049	11 049	None
4. Transformation of the gambling industry	5 135	4 958	3 135	1 823	1	-	-	None
5. Eradication of illegal gambling	5 890	5 609	5 762	(153)	11 028	10 275	10 170	105
6. Responsible Gambling	13 130	12 526	11 712	814	7 774	7 774	7 718	56
7. Socio-Economic Development	5 680	16 600	16 600	None	12 236	12 236	15 422	(3 186)
Subtotal	194 290	223 822	217 715		195 532	217 910	202 286	

B10. REVENUE COLLECTION

The GGB has generated operational revenue collections of R179,7 million as compared to a budget of R182 million. The Board under collected by R2.5 million overall which represented a negative variance of 1.2%. The undercollection was also due to lower collections from sports betting levies and interest received. The inclusion of the R41 million surplus retention approved by the Gauteng Provincial Treasury to fund operations increased the revenue line to R221 million against a budget of R223 million.

Description	2021/2022			2020/2021		
	Actual	Budget	(Over)/Under collection	Actual	Budget	(Over)/Under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Licence Fees	55 535	56 453	(918)	66 291	59 819	6 472
Sports Betting Levy	19 389	20 693	(1 304)	19 112	17 354	1 758
Application and Registration Fees	5 090	5 039	51	3 812	4 386	(574)
Collection Commission	80 381	80 176	205	64 513	68 326	(3 813)
Recoveries from investigations	1 120	1 100	20	400	585	(185)
Interest received	3 992	4 528	(536)	5 447	3 948	1 499
Sundry Income	13 215	13 662	(447)	23 042	34 189	(11 147)
Penalties	638	500	138	-	2 830	(2 830)
Government grants & subsidies/surplus retention	41 672	41 672	0	44 370	26 473	17 897
	221 032	223 822	(2 790)	226 987	217 910	9 077



1) Licence fees

The Board receives annual renewal licence fees at the beginning of the financial year. Licence fees collection were lower than anticipated for the year ended 31 March 2022. The GGB collected R55 million against the budget target of R56 million which represents negative variance of 2%. This is due to the decreased number of machines and tables renewed by the licensees.

2) Sports Betting Levy

Sport betting levy collections were lower than anticipated revenue projections. GGB collected R19.3 million against the targeted budget of R20.6 million, this represents a negative variance of 6%. The lower revenue collection was because of lower taxes and levies collected from Bookmakers due to recovery of other gambling forms.

3) Collection Commission

The GGB collected R80 million collection commission. The collection was higher than the targeted budget by R205 000.

4) Recoveries from investigations

The GGB collected R1.1 million in line with the projections made for the financial year ending 31 March 2022. This was mainly due to the revised budget. This line item reflects the recovery in the industry in the increase in applications requiring investigations in terms of the relevant legislations.

5) Interest received

The GGB earned interest amount of R3.9 million against the budgeted amount of R4.5 million for the financial year ending 31 March 2022. This is mainly due to the lower bank balance due to the payment of the fiscal consolidation amount as well as the low interest rates offered by the bank during the year under review.

6) Sundry income

The GGB got an approval to transfer R10 million from the SDF in terms of Gauteng Gambling Act (1995, as amended), Section 100 for operations. The Board also received R2.5 million from the Body Corporate in order to off-set the huge municipal rates and body corporate rates that the Board incurred during the year under review.



B11. CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

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

Book value of PPE at the end of the year reflected a balance of R133 million, this included additions of R2 million for fixtures, office equipment, IT equipment and furniture.

Intangible Assets closed with the balance of R27.4 million. There were no additions during the year under review.

Heritage assets are assets which relate to artwork owned by the GGB and are carried at a revalued amount of R539 000, being its fair value at the date of the revaluation less any subsequent impairment losses. The method used to determine fair value was based on current market values of the artist's work and the medium used. There were no additions during the year under review.

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

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

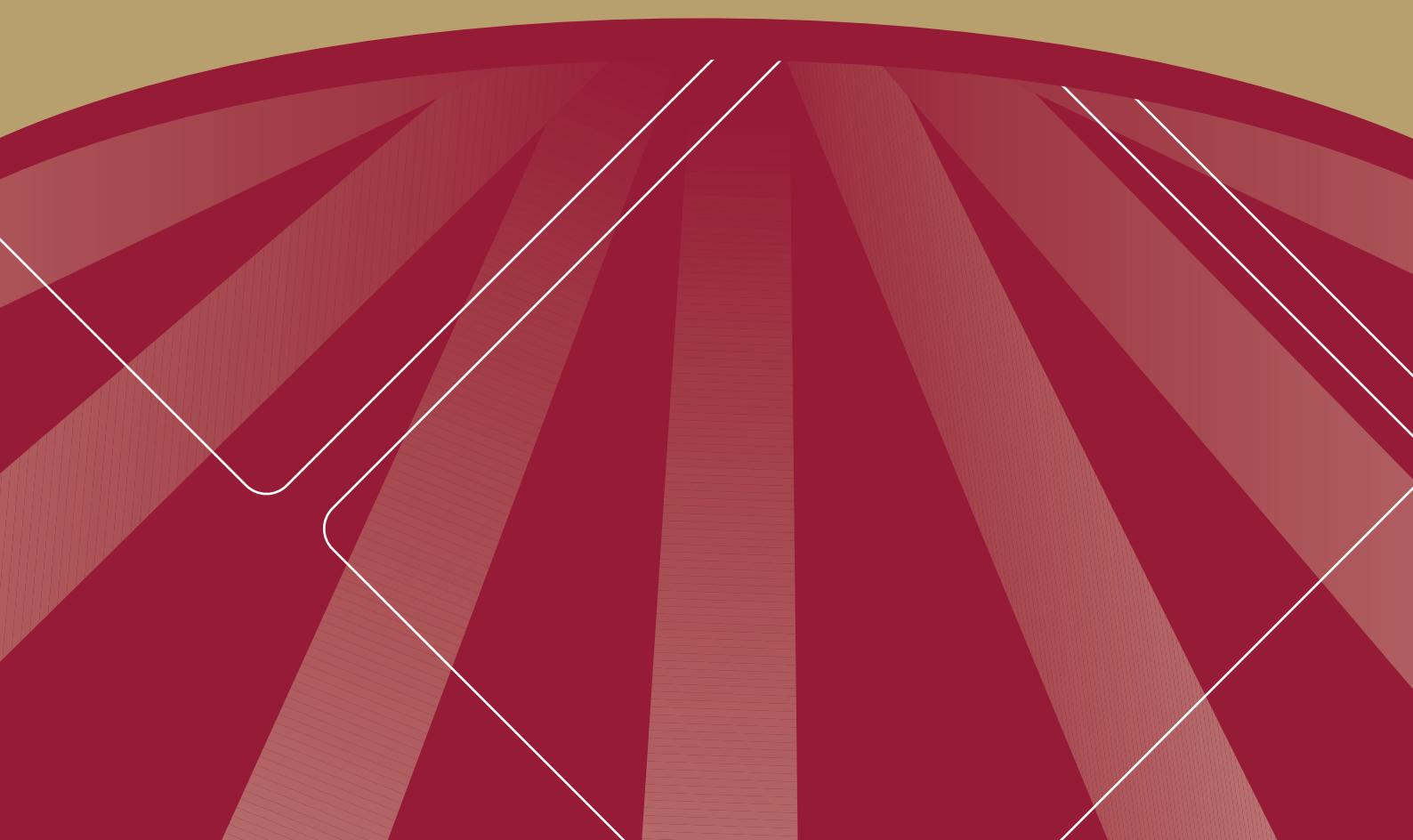
The GGB has neither a maintenance plan nor capital investment. Its building is fairly new and is currently maintained inhouse.

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





Part C Governance





C1. INTRODUCTION

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

C2. GAUTENG PROVINCIAL LEGISLATURE

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

1.1 Standing Committee on Public Accounts

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

1.2 Portfolio Committee

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

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

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

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

- Revenue trends and the reality of achieving the annual target.
- The progress of the Gambling Legislation Review Policy.
- The status of the transfer of licence from Phumelela to 4Racing.
- The progress of engagements with the provincial commissioner to establish the unit dealing with illegal gambling.



- The process of appointing a new Board.
- The status of the CEO suspension.
- Progress report on any investigations underway.
- The status of the condonement of irregular expenditure by Provincial Treasury.
- A request to submit an audit action plan and the implications thereof.
- The measures that GGB put in place to assist the looted and damaged gambling licence sites in the July 2021 unrest in order to recover the loss in revenue.
- The GGB's performance relating to gambling tax revenue.
- The outcome of the meeting with the Provincial Commissioner on illegal gambling.
- The reason for overspending in the third quarter.
- When GGB will fill vacancies, especially the COO and CFO positions and the status of the suspension of the CEO.
- A question was posed around internet gambling and how the GGB is addressing the revenue leakage?
- The Committee enquired about the status of the intervention to address illegal gambling.
- A request was made for an explanation on the departure of the CEO.
- Priority needs to be made of the GEYODI initiatives in all the entities.

The Committee acknowledged the GGB is doing well even though there were many changes in leadership. The Committee commended the GGB on the sterling work and controls that are continuously being implemented.

C3. EXECUTIVE AUTHORITY

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

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

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

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

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



C4. ACCOUNTING AUTHORITY

C4.1 Introduction

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

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

The roles of the Chairperson of the Board and the CEO are, in line with best practice, separated with a clear division of responsibilities. The Deputy Chairperson, who is a Non-Executive Member, leads the Board in the absence of the Chairperson 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 Gauteng Gambling Board Act (1995, as amended) and codes of good governance, the Board members originate from diverse professional backgrounds. Their collective qualifications, skills and experience enables them to provide transparent, independent and objective judgment in the decision-making process. They provide strategic direction to the GGB and also monitor and measure the GGB's performance, against the KPIs.

C4.2 The role of the Board

The Board 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 and holds absolute responsibility for the performance against targets and objectives.
- Provide oversight of reporting on the direction, corporate governance and performance of the Board.
- Identify, consider and review key risk areas.
- Ensure ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles, and the Board's internal governing documents and codes of conduct.
- Act responsibly towards the Board's relevant stakeholders.
- Be aware of, and commit to the underlying principles of good corporate governance and ensure that compliance with corporate governance principles is reviewed regularly.
- Maintain integrity, responsibility and accountability.

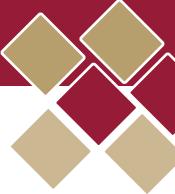
The Board regularly reviews its annual agenda to ensure that sufficient time is allocated for the review of its strategy. This involves the analysis and choice of the strategy, as well as ongoing review of the progress against the approved plans.

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 Boards charter confirms:

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

The Board consists of between eight and twelve members. Board meetings are conducted at least quarterly, and more frequently when 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.
- A governance update to assist Board members in keeping abreast with relevant legislation.

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

C4.4 Composition of the Board

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

Name	Designa-tion (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)
Adv. Anthea Platt SC	Chairperson of the Board	01 January 2022	None	Current finalising a moderator in terms of SAQA unit standard 115759. Assessor Certificate in terms of SAQA unit standard 115753. Diploma in Alternative Dispute Resolution. Bachelor of Laws (LLB). Bachelor of Commerce Degree with Business Economics (BCom).	Practising Advocate	Director at Basadi baMolao Education and Training Services



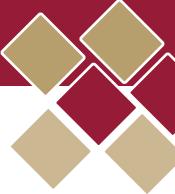
Name	Designa-tion (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)
Mr. Timothy Sukazi	Deputy Chairperson of the Board	01 January 2022	None	Master of Laws (LLM). Degree in Commercial Law (BCom). Bachelor of Laws (LLB). Certificate in Practical Legal Training (B.Proc).	Attorney	Tim Sukazi inc (Founder and Director)
Ms. Matshidiso Modise	Board Member	01 January 2022	None	Bachelor of Commerce Degree in Marketing and Advanced Management (BCom). Institute of Directors SA- Financial Insights for Non-Financial Directors.	Business Acumen	Furaha Holdings with subsidiaries including Furaha Solutions joint venture with Work Force Holdings a listed AltX-JSE Company. Furaha Enterprise Development and Furaha Digital
Ms. Refilwe Matenche	Board Member	01 January 2022	None	Bachelor of Accounting (BAcc). South African Institute of Chartered Accountants. Institute of Directors South Africa (IODSA).	Articles Clerk Assistance Audit Manager	Accounting South Africa (ASA) Tax Talk IODSA
Ms. Kashree Rajoo	Board Member	01 January 2022	None	Research and updates knowledge from conferences, webinars and short courses. International Dispute Resolution Certificate. Higher Diploma in Tax Law. Certificate in Value Added Tax. Masters of Business Administration (MBA). Bachelor of Commerce Degree (BCom).	Financial Director	BI Tanium Consulting (Pty) LTD



Name	Designa-tion (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)
Dr Peter Masegare	Board Member	01 January 2022	None	PHD in Corporate Governance. Masters of Business Administration (MBA). National Diploma in Cost Management Accounting. Diploma Information Technology Audit. Diploma in Investment Management.	Corporate Governance Management Expertise	Non-Executive Directors Masegare and Associates (Founder and CEO)
Mr. Ramateu Monyokolo	Board Member	01 January 2022	None	Master of Business Administration (MBA). Post Grad Certificate in Enhanced Coaching Practice. Certificate in Business Risk Management. Certificates of Competence in Management Advanced and Executive Development Programmes.	Business Acumen	Non-Executive Director in good standing. RERA AND ASSOCIATES PROPRIETY LIMITED: Project Director
Ms. Thandeka Mgoduso	Board Member	01 January 2022	None	Master of Arts in Clinical Psychology (MA).	Corporate Governance	Metair Investment (Lead Independent Director and Chair of REMCO)



Name	Designa-tion (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorships (List the entities)
Ms. Ditaba Maraka	Board Member	01 January 2022	None	Ethics Officer Certificate. Psychometrist. Effective Audit Committees. Bachelor of Arts (BA). Bachelor of Education (BEd).	Registered Psycho-metrist	Professional Institutions and Association Membership. Independent Practice with the Health Professions Council of South Africa.
Adv. Nakedi Ribane	Board Member	01 January 2022	None	Bachelor of Laws (LLB). Marketing and Research Certificate. Speech and Drama Diploma. Public Relations	Practising Legal Practitioner	Currently practising as an advocate of the High Court. Passionate about the Arts in its entirety
Mr. Pholoso Matjele	Board Member	01 January 2022	None	Doctor of Philosophy in Development Leadership (PHD). Certificate for Public Management. Certificate Entrepreneurship in Emerging Economics. Masters of Business Administration (MBA). Diploma in Advanced Business Management.	Business and Finance Acumen	Executive Director & Board Member at Spectrum Utility Management (SUM) No-Executive Director at Manufacturing Accelerator Programme South Africa (MAP-IP SA) Non-Executive Director at the Global Economic Fraternal (GEF)

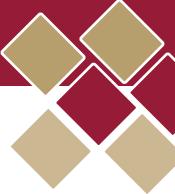


The table below summarises the committee membership of the Board, as well as the number of meetings attended.

Name	Designation in terms of the GGB structure	Date of appointment to term of office	Date of termination of term of office	Membership in committees	Number of Board and Special Board meetings attended	Number of Board hearings attended
Adv. Anthea Platt SC	Chairperson of the Board	01 January 2022	None	Corporate Committee, Gaming and Responsible Gambling Committee & Technical Committee on Legal Matters.	5 of 5	2 of 2
Mr. Timothy Sukazi	Deputy Chairperson of the Board	01 January 2022	None	Corporate Committee & Technical Committee on Legal Matters.	1 of 5	1 of 2
Ms. Matshidiso Modise	Board Member	01 January 2022	None	Audit & Risk Committee and Social & Ethics Committee.	4 of 5	1 of 2
Ms. Refilwe Matenche	Board Member	01 January 2022	None	Corporate Committee and Audit & Risk Committee.	3 of 5	2 of 2
Ms. Kashree Rajoo	Board Member	01 January 2022	None	Audit & Risk Committee and Gaming & Responsible Gambling.	4 of 5	2 of 2
Dr Peter Masegare	Board Member	01 January 2022	None	Audit & Risk Committee and Social & Ethics Committee.	1 of 5	1 of 2



Name	Designa-tion in terms of the GGB structure	Date of appoint-ment to term of office	Date of termina-tion of term of office	Membership in committees	Number of Board and Special Board meetings attended	Number of Board hearings attended
Mr. Ramateu Monyokolo	Board Member	01 January 2022	None	Corporate Committee and Gaming & Responsible Gambling.	5 of 5	2 of 2
Ms. Thandeka Mgodoso	Board Member	01 January 2022	None	Corporate Committee, Social & Ethics Committee and Gaming & Responsible Gambling.	5 of 5	2 of 2
Ms. Ditaba Maraka	Board Member	01 January 2022	None	Social & Ethics Committee and Technical Committee on Legal Matters.	5 of 5	2 of 2
Adv. Nakedi Ribane	Board Member	01 January 2022	None		5 of 5	2 of 2
Mr. Pholoso Matjele	Board Member	01 January 2022	None	Social & Ethics Committee and Gaming & Responsible Gambling Committee.	4 of 5	2 of 2



C4.5 Board Committees

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

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

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

As such, the Board established the following permanent committees:

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

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

C4.6 Remuneration of Board Members

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

Even though the correspondence by MEC makes reference to claiming of travel expenses that dispensation has never been actioned by the Board save for the SARS allowable subsistence allowance payable to Board Members when travelling overseas. Such dispensation is governed by the GGB Travel Policy.

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



C5. RISK MANAGEMENT

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

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

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

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



C6. INTERNAL CONTROL UNIT

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

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

Performance during period under review

During the period under review, Internal Audit did not completed all auditable areas as per the approved Internal Audit Plan as two audits were still in process at year end. The plan covered 11 auditable areas that spanned across the following business units: Financial Controls, Human Resources/Payroll, Revenue, Supply Chain Management, Licencing, Information Technologies, Organisational Performance falling within the office of the CEO. The two audits in progress at year end were those for Corporate Governance and Risk and Stakeholder Management.

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

Relevant outcomes

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

Strategic outlook

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

C7. THE AUDIT AND RISK COMMITTEE

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

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

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

- Assist the Board in discharging its duties relating to the safeguarding of assets.
- The operation of adequate systems and control processes.



- The operation of adequate risk management processes.
- The review of the preparation of accurate and timely financial reports and statements by management.

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

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

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

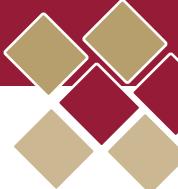
In addition, the Board specifically requires management to implement a system of control for identifying and managing risk. The Board, through the Audit and Risk Committee, regularly reviews the effectiveness of the system.

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

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

Attendance of Audit and Risk Committee meetings by members:

Name	Qualifications	Date appointed	Date of expiry of term of office	Audit Committee meetings attended
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	Resigned 7 February 2022	7 of 7
Prof. Wedzerai Musvoto	D. Comm (Financial Management) M. Comm (Financial Management) B. Comm	04 May 2016 AND reappointed 01 October 2018	Current and term ending 30 September 2022	7 of 7
Mr. Krishna Govender	CA (SA) B. Comm degree B. Comm Honours degree (Accounting)	04 May 2016 AND reappointed 01 October 2018	Current and term ending 30 September 2022	7 of 7



C9. COMPLIANCE WITH LAWS AND REGULATIONS

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

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

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

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

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

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

During 2021/2022, the Board conducted a comprehensive analysis on the impact of POPIA (2013) on the organisation to identify gaps in relation to data protection. The Board is in a process of ensuring that it has the necessary internal control measures to meet the legislative requirements.

C10. FRAUD AND CORRUPTION

The Government of South Africa 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 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 (1995, as amended) furthermore provides detailed procedures on how conflict of interest for Board Members should be handled.

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

C12. CODE OF CONDUCT/ETHICS

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

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

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

C13. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

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

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

With 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. To reduce our electricity usage, the building occupied by the GGB is fitted with energy-saving lights that automatically switch off when there is no movement in the area. Further, the GGB installed solar panels to reduce the usage of electricity.



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's SDF and CSI funds were invested in external programmes which mainly supported education, community development and sports infrastructure programmes. In line with the Gauteng Gambling Act (1995, as amended) and the SED Policy, the GGB's funding seeks to stimulate the creation of employment opportunities and assist in the advancement of deprived communities, thereby promoting the improvement of the quality and standard of living for the people in the province. It should also be noted that we strategically ensured that programmes were offered across all five regions of Gauteng

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

The following initiatives were funded by the organisation:

- South African Robotics Club for training and promoting educational robotics. This programme touched the heart and minds of many learners in the township and continues to support the Department of Education and that of the Department of Science and Technology in their respective endeavors of inculcating a love for Science, Technology, Engineering and Mathematics education through sports.
- The Gauteng Sports Confederation facilitated the construction of the five polypropylene multi-purpose courts and sports facilities in previously disadvantaged schools that were identified by the Gauteng Department of Sports, Arts, Culture and Recreation. The selected schools are located in the five Gauteng regions namely; Tshwane, Johannesburg, Sedibeng, Ekurhuleni and West Rand. The construction of these sports facilities aimed to improve the participation in sports from all sporting codes available in Gauteng schools.

The following schools have been identified as beneficiaries:

- Simunye Secondary School in Bekkersdal, West Rand.
- Progress Comprehensive High School in Pimville Soweto, Johannesburg.
- Dinoto Technical School in Daveyton, Ekurhuleni.
- Kgutloharo Secondary School in Sebokeng, Sedibeng region.
- Pheladi Nakene Primary School in Mamelodi, Tshwane region.



The Gauteng Sports Confederation completed the renovations of the Ace Ntsoelengoe Stadium in Mohlakeng. The stadium required repairs and refurbishments to ensure its safety for the use by Mohlakeng community. The project was endorsed by the Department of Arts, Sports and Culture as a legacy project to Mohlakeng Community in commemorating the legend Ace Ntsoelengoe. The sports facility will be used to develop sports through coaching, leagues, and tournaments as well as recreational play. Furthermore, this intervention complemented the work of the department in bridging the gap with regards to rehabilitation of venues for sports activities and the promotion of sport involvement amongst the youth and social cohesion.

The Gauteng Sports Confederation received funding for the refurbishment of the multi-sporting facility in Westbury Operation Mabaleng. The refurbishment and repairs included improving the safety features around the facility, repairs to the ablution facilities and changerooms. The project was further supported and requested by the Department of Arts, Sports and Culture, in bridging the gap with regards to rehabilitation of sports activities and the promotion of sport involvement amongst the youth.

The Gauteng Enterprises Propeller (GEP) received funding from the Board towards the Special Relief Fund to assist Small, Medium and Micro Enterprises (SMMEs) and cooperatives that were affected by the COVID-19 and civil unrest in July 2021. The Board received a request for funding from the GEP requesting partnership through a contribution towards the Special Relief Fund. Furthermore, the Special Relief Fund is aimed at providing relief on existed debts and payments while assist with any working capital requirements and operational costs for the SMMEs and co-operatives in the Gauteng Province.

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

C17. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

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



B-BBEE compliance performance information

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

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

C18. AUDIT AND RISK COMMITTEE REPORT

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

Audit Committee responsibility

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

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



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

Governance of risk

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

The effectiveness of internal control

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

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

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

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

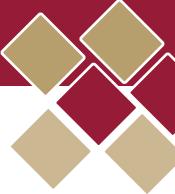
The Committee is satisfied that it received sufficient, reliable and timely information from Management, to enable it to fulfil its responsibilities. During the period under review, quarterly management reports were presented by Management to enable the Committee to:

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

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

Combined assurance

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



Evaluation of the Annual Financial Statements

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

The Annual Financial Statements were reviewed with the following focus:

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

Auditor's Report

We have reviewed the entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters are been adequately addressed.

Conclusion

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

Signed:

Mr. Krishna Govender

Chairperson of the Audit and Risk Committee

Gauteng Gambling Board

Date: 31 July 2022





Part D
Human Resource Management



D1. INTRODUCTION

Challenges faced by the entity

Human Resources (HR) continues to experience challenges with employee relations. For the year 2021/22 a concerted effort was placed on engagements between management and the Labour Union with an intention to improve our employee relations. The budget constraints did not make it any better since we were unable to pay the annual performance incentives. We also welcomed the newly-inaugurated Board and they are playing a critical oversight role to ensure that the GGB environment is well-regulated in terms of labour law from both ends; employer and employee.

Vacancies of executives

During 2021/22 financial year, GGB unveiled the revised organisational structure. It is evident from the structure that the top management positions are vacant. The GGB could not fill the vacant positions of the Executives (CEO, CFO, COO). These positions are currently manned by the Acting appointments. The Board has since approved the recruitment process, and the process to fill the executive positions is in progress. In terms of the workforce planning, the GGB has prioritised some vacancies to be filled in line with the business priorities and the budget availability.

HR overhauling project

The following key HR areas form part of the HR project that was identified during the 2020/21 financial year. The objective of this project is to ensure that the following functional areas of HR are reviewed:

- Review of the organisational structure.
- Review of the organisational structure.
- Job profiling and grading.
- Skills audit.
- Remuneration Strategy and Policy.
- HR Policy Review.
- This will strengthen the organisational capability as it will align the strategy, structure, people, rewards and HR management processes.

Future HR plans

The GGB has reached a stage where transformation is critical in terms of the organisational culture. It is imperative to redefine the values and redirect behaviours accordingly. There is a strong need and a compelling reason to review the culture and connect it with accountability at all levels. Mindset shifts are required which can be achieved through robust relationship building and change interventions.



D2. 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 (UIF), Skills Development Levies (SDL) and other staff-related provisions.

Programme	Personnel expenditure	Personnel expenditure as a percentage of total expenditure	Number of employees at year end	Average personnel cost per employee
1. Office of the CEO	4 247 001	3,5	3	1 415 667
2. Office of the COO	809 140	0,7	1	809 140
3. Company Secretariat	5 097 456	4,2	5	1 019 491
4. Compliance Audit	21 917 002	18,2	22	996 227
5. Gaming Control	18 850 803	15,6	18	1 047 267
6. Licensing & Investigations	11 309 229	9,4	13	869 941
7. Legal & Law Enforcement	13 791 499	11,4	12	1 149 292
8. HR	9 934 878	8,2	13	764 221
9. Finance	13 368 681	11,1	16	835 543
10. IT	11 723 854	9,7	9	1 302 650
11. SED	5 252 919	4,4	4	1 313 230
12. Communications	4 408 237	3,7	4	1 102 059
	120 710 699	100	120	1 005 922

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 UIF, SDL and other staff-related provisions.

Level	Personnel expenditure	Personnel expenditure as a percentage of total expenditure	Number of employees at year end	Average personnel cost per employee
1. Top management	3 135 782	2,6	1	3 135 782
2. Senior management	21 217 204	17,6	9	2 357 467
3. Professionally qualified	31 152 897	25,8	20	1 557 645
4. Technically skilled	52 476 705	43,5	66	795 102
5. Semi-skilled	10 271 935	8,5	16	641 996
6. Unskilled	2 456 176	2,0	8	307 022
Total	120 710 699	100,0	120	1 005 922



D2.3 Performance rewards

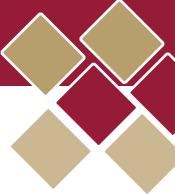
Level	Performance rewards	Personnel expenditure	Percentage of performance rewards to total personnel cost
1. Top management	87 007	3 135 782	0,1
2. Senior management	582 128	21 217 204	0,5
3. Professionally qualified	1 138 599	31 152 897	0,9
4. Technically skilled	2 027 174	52 476 705	1,7
5. Semi-skilled	377 008	10 271 935	0,3
6. Unskilled	97 191	2 456 176	0,1
Total	4 309 107	120 710 699	3,6

Performance rewards include gratuity payments.

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 percentage of personnel costs	Number of employees trained	Average training cost per employee
1. Office of the CEO	4 247 001	57 400	7,6	3	19 133
2. Office of the COO	809 140	-	0,0	1	-
3. Company Secretariat	5 097 456	14 750	1,9	5	2 950
4. Compliance Audit	21 917 002	49 505	6,5	22	2 250
5. Gaming Control	18 850 803	45 913	6,1	18	2 551
6. Licensing & Investigations	11 309 229	114 400	15,1	13	8 800
7. Legal & Law Enforcement	13 791 499	156 500	20,7	12	13 042
8. HR	9 934 878	13 877	1,8	13	1 067
9. Finance	13 368 681	119 188	15,8	16	7 449
10. IT	11 723 854	87 800	11,6	9	9 756
11. SED	5 252 919	43 850	5,8	4	10 963
12. Communications	4 408 237	53 510	7,1	4	13 378
	120 710 699	756 694	100,0	120	6 306



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	2020/2021 Number of employees	2021/2022 Approved posts	2021/2022 Number of employees	2021/2022 vacancies	Percentage of vacancies
1. Office of the CEO	2	8	3	-5	(3)
2. Office of the COO	1	2	1	-1	(1)
3. Company Secretariat	5	8	5	-3	(2)
4. Compliance Audit	27	29	22	-7	(5)
5. Gaming Control	17	18	18	0	-
6. Licensing & Investigations	14	14	14	0	-
7. Legal & Law Enforcement	9	11	11	0	-
8. HR	13	18	13	-5	(3)
9. Finance	14	18	16	-2	(1)
10. IT	9	11	9	-2	(1)
11. SED	4	4	4	0	-
12. Communications	4	4	4	0	-
Total	119	145	120	-25	(17)

Level	2020/2021 Number of employees	2021/2022 Approved posts	2021/2022 Number of employees	2021/2022 vacancies	Percentage of vacancies
1. Top management	2	4	1	-3	(2)
2. Senior management	8	9	8	-1	(1)
3. Professionally qualified	20	21	21	0	-
4. Technically skilled	68	83	62	-21	(14)
5. Semi-skilled	13	20	20	0	-
6. Unskilled	8	8	8	0	-
Total	119	145	120	-25	(17)



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 2020/2021 financial year.

Level	Employment at beginning of period	Appointments	Terminations	Employment at the end of the period
1. Top management	2	0	1	1
2. Senior management	8	1	1	8
3. Professionally qualified	21	1	1	21
4. Technically skilled	70	3	2	71
5. Semi-skilled	12	2	1	13
6. Unskilled	6	1	1	6
Total	119	8	7	120

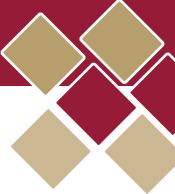
D2.7 Reasons for staff leaving

Reason	Number	Percentage of total number of staff leaving
Death	1	14
Resignation	1	14
Retirement	2	29
Temporary contract completed	2	29
Other	1	14
Total	7	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.

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	1	2	0	0	0	0	0	0
Senior management	4	3	0	0	1	1	0	0
Professionally qualified	10	10	0	1	0	1	3	3
Technically skilled	31	40	2	2	0	0	0	0
Semi-skilled	8	8	0	0	0	0	0	0
Unskilled	3	1	0	0	0	0	0	0
Total	57	64	2	3	1	2	3	3

Levels	Females							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	0	2	0	0	0	0	0	0
Senior management	4	4	0	0	0	0	0	0
Professionally qualified	5	13	0	1	0	0	2	2
Technically skilled	33	41	1	1	0	0	0	0
Semi-skilled	7	8	0	0	0	0	2	2
Unskilled	5	1	0	0	0	0	0	0
Total	54	69	1	2	0	0	4	4

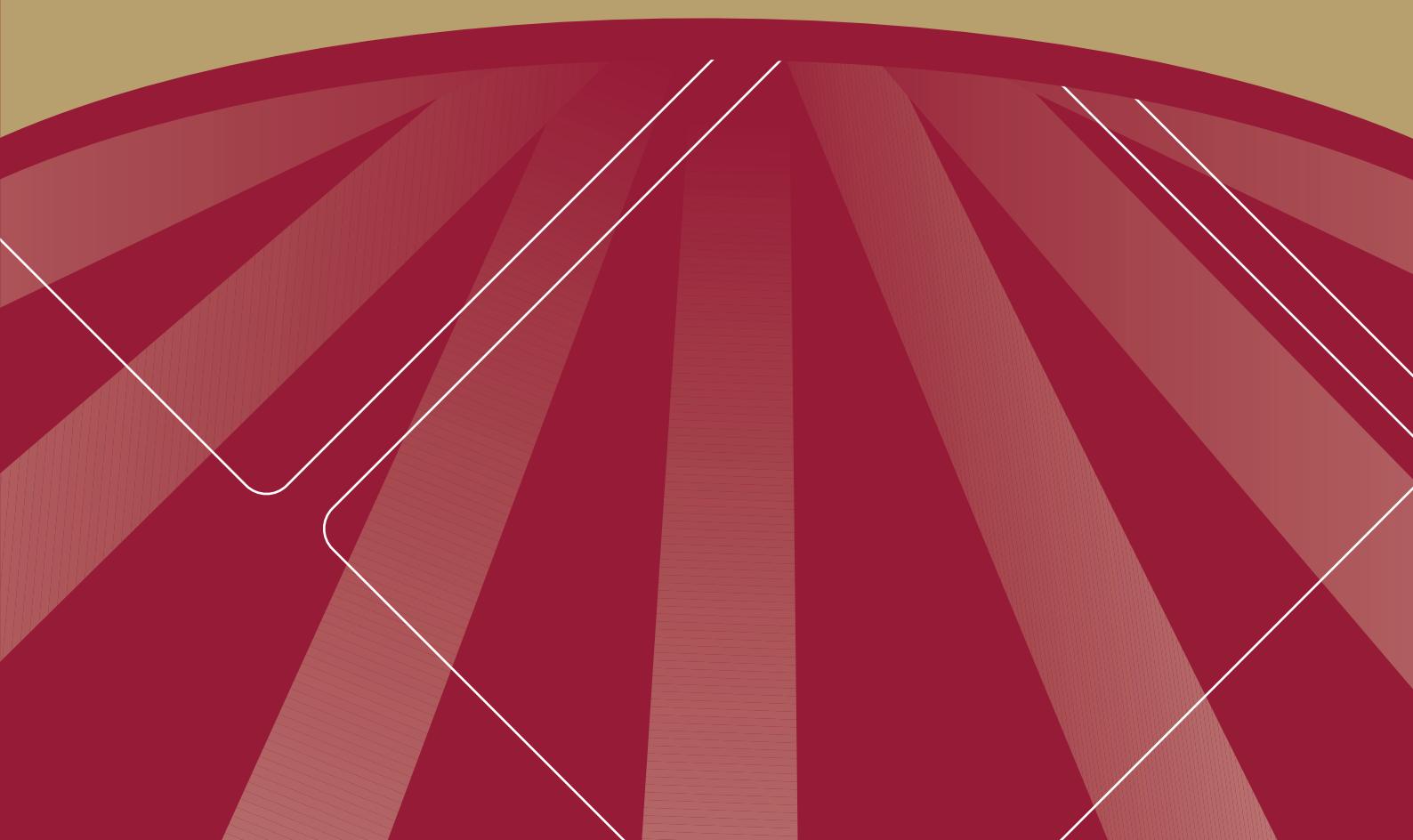
Levels	Disabled staff			
	Male		Female	
	Current	Target	Current	Target
Top management				
Senior management				
Professionally qualified				
Technically skilled	1	1	0	1
Semi-skilled				
Unskilled				
Total	1	1	0	1





Part E

Financial Information





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 84 to 136, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Gauteng Gambling Board as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act 1 of South Africa 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 my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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 public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 2 – gambling regulation	39
13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.	
14. I did not identify material findings on the usefulness and reliability of the reported performance information for the following programme: <ul style="list-style-type: none"> ● Programme 2 – gambling regulation 	

Report on the audit of compliance with legislation

Introduction and scope

15. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
16. I did not identify any 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

17. 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 the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.
18. Our opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.
19. In connection with our audit, our 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
20. 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

21. 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.

Other reports

22. I draw attention to the following engagement conducted which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
23. There was an investigation that was conducted at the parent provincial department that could potentially have an impact on the public entity's financial statements and compliance with applicable legislation or other related matters. The investigation covered the 2019-20 financial year and was completed in the current financial year. The report was not yet tabled by 31 July 2022.

Auditor-General

Johannesburg

31 July 2022



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence



Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



E2. ANNUAL FINANCIAL STATEMENTS GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Regulator in the gambling industry, established in terms of Section 3 of the Gauteng Gambling Act (Act No.4 of 1995), as amended.
Members	Adv. Platt A SC (Chairperson) Sukazi T (Deputy Chairperson) Modise M Matenche R Rajoo K Monyokolo R Dr. Masegare P Mgoduso T Maraka D Matjele P Adv. Ribane N
Business address	125 Corlett Drive Bramley 2090
Postal address	Private Bag X15 Bramley 2018
Controlling entity	Gauteng Department of Economic Development
Acting Chief Executive Officer	Mr. T Marimuthu
Acting Chief Financial Officer	Mr. O Maripane
Board Secretary	Ms. N Matanzima
Bankers	Standard Bank Limited
Auditors	Auditor-General South Africa Chartered Accountants (S.A.) Registered Auditors
Telephone Number	+27 11 581 4800
Fax Number	+27 11 581 4900
Email Address	info@ggb.org.za
Website Address	www.ggb.org.za

Index

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

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Statement of Financial Position	84
Statement of Financial Performance	85
Statement of Changes in Net Assets	86
Cash Flow Statement	87
Statement of Comparison of Budget and Actual Amounts	88
Accounting Policies	89
Notes to the Annual Financial Statements	111



E3. ACCOUNTING AUTHORITY'S REPORT

1. Accounting Authority

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

Name	Changes
Adv. Platt A SC (<i>Chairperson</i>)	Appointed Saturday, 01 January 2022
Sukazi T (<i>Deputy Chairperson</i>)	Appointed Saturday, 01 January 2022
Modise M	Appointed Saturday, 01 January 2022
Matenche R	Appointed Saturday, 01 January 2022
Rajoo K	Appointed Saturday, 01 January 2022
Monyokolo R	Appointed Saturday, 01 January 2022
Dr. Masegare P	Appointed Saturday, 01 January 2022
Mgoduso T	Appointed Saturday, 01 January 2022
Maraka D	Appointed Saturday, 01 January 2022
Matjele P	Appointed Saturday, 01 January 2022
Adv. Ribane N	Appointed Saturday, 01 January 2022
Adv. J Nalane SC (<i>Administrator</i>)	Appointed Tuesday, 06 April 2021, term ended on the 31 December 2021

The annual financial statements set out on page 84 to 136, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2022.

The Accounting Authority appointment was Gazetted on the 06 December 2021, to be effective from the 01 January 2022, the Administrator's term ended on the 31 December 2021:

Adv. Platt A SC

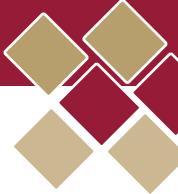
Chairperson



E4. STATEMENT OF FINANCIAL POSITION

as at 31 March 2022

	Note(s)	31 March 2022 R '000	31 March 2021 R '000
Assets			
Current Assets			
Cash and cash equivalents	2	272 306	247 759
Receivables from exchange transactions	4	10 041	19 166
Receivables from non-exchange transactions	3	2 717	7 248
Deposits	5	242	242
Inventories	6	1 048	1 507
		286 354	275 922
Non-Current Assets			
Property, plant and equipment	7	132 778	135 758
Intangible assets	8	27 353	27 423
Heritage assets	9	539	539
		160 670	163 720
Total Assets		447 024	439 642
Liabilities			
Current Liabilities			
Finance lease obligation	10	290	459
Payables from exchange transactions	11	67 964	45 927
Collections for distributions	12	139 089	113 996
Accruals	13	7 786	8 346
Provisions	14	13 332	11 901
License fees received in advance		58 502	49 822
		286 963	230 451
Non-Current Liabilities			
Finance lease obligation	10	-	290
Total Liabilities		286 963	230 741
Net Assets		160 061	208 901
Reserves			
Revaluation reserve	15	266	266
Accumulated surplus	16	159 795	208 635
Total Net Assets		160 061	208 901



E5. STATEMENT OF FINANCIAL PERFORMANCE

for the 12 months ended 31 March 2022

	Note(s)	12 months ended 31 March 2022	12 months ended 31 March 2021
		R '000	R '000
Revenue			
Revenue from non-exchange transactions	17	75 562	85 403
Revenue from exchange transactions	17	99 478	91 609
Rental income		328	158
Interest received – investment	17	3 992	5 447
Government grants & subsidies	18	373	44 370
Total revenue		179 733	226 987
Expenditure			
Employee related costs	19	(135 261)	(140 263)
Administration	20	(1 689)	(1 378)
Depreciation and amortisation		(4 962)	(4 440)
Finance costs		(56)	(100)
Loss on disposal of assets and liabilities		(86)	(51)
General Expenses	21	(75 747)	(56 107)
Total expenditure		(217 801)	(202 339)
(Deficit) surplus for the 12 months		(38 068)	24 648



E6. STATEMENT OF CHANGES IN NET ASSETS

for the 12 months ended 31 March 2022

	Revaluation reserve R '000	Accumulated surplus R '000	Total net assets R '000
Balance at 01 April 2020	266	194 538	194 804
Changes in net assets			
Surplus surrendered to Provincial Treasury	-	(10 551)	(10 551)
Surplus for the year	-	24 648	24 648
Total changes	-	14 097	14 097
Balance at 01 April 2021	266	208 635	208 901
Changes in net assets			
Surplus funds surrendered to Provincial Revenue Fund	-	(2 069)	(2 069)
Revenue surrender to Gauteng Provincial Treasury	-	(8 703)	(8 703)
Deficit for the year	-	(38 068)	(38 068)
Total changes	-	(48 840)	(48 840)
Balance at 31 March 2022	266	159 795	160 061
Note(s)		15	



E7 .CASH FLOW STATEMENT

for the 12 months ended 31 March 2022

	Note(s)	12 months ended 31 March 2022 R '000	12 months ended 31 March 2021 R '000
Cash flows from operating activities			
Receipts			
Interest income		3 844	6 070
Cash receipts from licensees and other institution		189 545	208 462
		193 389	214 532
Payments			
Cash paid to suppliers and employees		(166 332)	(194 316)
Net cash flows from operating activities	23	27 057	20 216
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(2 016)	(54 549)
Proceeds from sale of property, plant and equipment	7	21	-
Capitalised development costs	8	-	(10 326)
Net cash flows from investing activities		(1 995)	(64 875)
Cash flows from financing activities			
Finance lease payments		(515)	(514)
Net increase/(decrease) in cash and cash equivalents		24 547	(45 173)
Cash and cash equivalents at the beginning of the year		247 759	292 932
Cash and cash equivalents at the end of the year	2	272 306	247 759



E8. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the 12 months ended 31 March 2022

Budget on Accrual Basis

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

Revenue

Revenue from non-exchange transactions	77 646	-	77 646	75 562	(2 084)	33.1
Revenue from exchange transactions	99 648	-	99 648	99 478	(170)	33.2
Rental income	328		328	328		33.3
Interest received – investment	4 528	-	4 528	3 992	(536)	33.4
Roll over Surplus Funds	41 672	-	41 672	-	(41 672)	
Total revenue	223 822		223 822	179 733	(44 089)	

Expenditure

Personnel	(135 625)	-	(135 625)	(135 261)	364	33.5
Administration	(1 800)	-	(1 800)	(1 689)	111	33.6
Depreciation and amortisation	(5 287)	-	(5 287)	(4 962)	325	33.7
Finance costs	-	-	-	(56)	(56)	
General Expenses	(59 901)	-	(59 901)	(54 538)	5 363	33.8
Transfer to Provincial Treasury	(21 209)	-	(21 209)	(21 209)		
Total expenditure	(223 822)	-	(223 822)	(217 715)	6 107	
Operating deficit	-			(37 982)	(37 982)	
Loss on disposal of assets and liabilities	-	-	-	(86)	(86)	
Deficit before taxation	-			(38 068)	(38 068)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-			(38 068)	(38 068)	



E9. ACCOUNTING POLICIES

for the 12 months ended 31 March 2022

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 91(1) of the Public Finance Management Act (Act 1 of 1999). These annual financial statements are fully complied with the Standards of Generally Recognised Accounting Practice (GRAP).

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.

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the Board. 1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

Impairment testing

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

Provisions

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



Useful lives of property, plant and equipment and other assets

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

1.3 Significant judgements and sources of estimation uncertainty (continued) Allowance for impairment

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

Value in use of cash generating assets

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

Value in use of non-cash generating assets

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

1.4 Property, plant and equipment

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

Recognition

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

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

Property, plant and equipment is initially measured at cost.

Measurement at recognition

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

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

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



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

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluation model

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

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

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

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

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

Subsequent measurement

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

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

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

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



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

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

The depreciation charge for each period is recognised in surplus or deficit (Statement of Financial Performance) unless it is included in the carrying amount of another asset.

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

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

1.5 Intangible assets

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

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

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

Recognition

An intangible asset is recognised when:

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

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

Measurement

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

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

Subsequent measurement

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

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.



- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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

1.6 Heritage assets

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

Recognition

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

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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



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

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

Impairment

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

Transfers

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

Derecognition

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

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

1.7 Financial instruments

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

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

- Financial assets;
- Financial liabilities

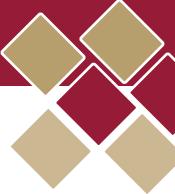
Classification

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

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

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

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



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

Initial recognition

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

The Board recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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

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

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

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

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

Fair value measurement considerations

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

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

Gains and losses

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



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

Impairment and uncollectability of financial assets

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

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

Financial assets measured at amortised cost:

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

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

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

Financial assets measured at cost:

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

Derecognition

Financial assets

The Board derecognises financial assets using trade date accounting.

The Board derecognises a financial asset only when:

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



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

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

Financial liabilities

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

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

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

1.8 Leases

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

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

Finance leases – lessee

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

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

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

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

Operating leases – lessee

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



1.9 Inventories

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

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the current replacement cost where they are held for:

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

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

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

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

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

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

1.10 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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



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

Identification

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

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

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

Value in use

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

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

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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



Cash-generating units

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

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the entity 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 assets or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

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

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

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

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

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

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

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

Reversal of impairment loss

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

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

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

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



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

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

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

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

1.11 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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

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

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

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

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

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

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

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

Useful life is either:

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

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

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment



annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

Reversal of an impairment loss

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

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

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



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

1.12 Employee benefits

Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

Post-employment benefits

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

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

Termination benefits

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

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



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

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

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

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

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

1.13 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

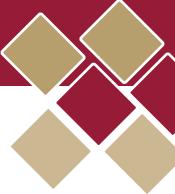
Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;



- the location, function, and approximate number of employees who will be compensated for services being terminated;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A contingent liability is:

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

A contingent assets 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;.

Contingent assets and contingent liabilities are recognised. Contingencies are disclosed in note 26.

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 on the following conditions are satisfied:

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

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



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

Interest

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

Income from collection commission

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

1.15 Revenue from non-exchange transactions

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

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

Control of an asset 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 in terms of laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting Board.

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

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

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

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



Recognition

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

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

Measurement

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

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

Fines

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

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

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

License fees

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

1.16 Borrowing costs

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

1.17 Comparative figures

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

1.18 Fruitless and wasteful expenditure

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

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



1.19 Irregular expenditure

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

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

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

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

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

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

1.20 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:



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

1.22 Budget information

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

The approved budget covers the fiscal period from 2021/04/01 to 2022/03/31.

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

1.23 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 constitution independence of the three spheres of government in South Africa, only entities within the provincial sphere of government are considered to be potential related parties.

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

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

1.24 Subsequent events

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

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

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

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

1.25 Events after the reporting date

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

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



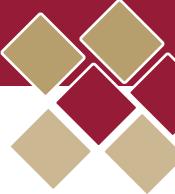
1.26 Accumulated surplus

The Board's surplus or deficit for the year is accounted for in the accumulated surplus in the statement of changes in net assets.

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

1.27 Offsetting

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



E10. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the 12 months ended 31 March 2022

	31 March 2022 R '000	31 March 2021 R '000
2. Cash and cash equivalents Cash and cash equivalents consist of:		
Bank balances	272 306	247 759
3. Receivables from non-exchange transactions		
Receivables – license fees, taxes and levies	2 717	7 248
4. Receivables from exchange transactions		
Gauteng Provincial Government: Collection commission	8 372	15 021
Staff receivables	495	539
Accrued bank interest	501	353
Sundry receivables	673	3 253
	10 041	19 166
5. Deposits		
Designated at fair value		
City Power Johannesburg (SOC) Ltd	242	242
6. Inventories		
Responsible gambling promotional materials and other	1 048	1 507

**Figures in Rand thousand**

7. Property, plant and equipment

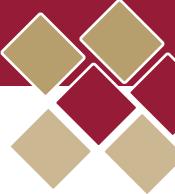
	2022			2021		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	40 959	-	40 959	40 959	-	40 959
Buildings	80 246	(3 558)	76 688	80 246	(1 563)	78 683
Furniture and fixtures	6 176	(2 866)	3 310	6 065	(2 550)	3 515
Motor vehicles	1 033	(771)	262	1 033	(566)	467
Office equipment	4 166	(1 500)	2 666	4 028	(1 339)	2 689
IT equipment	9 098	(4 380)	4 718	9 264	(4 331)	4 933
Leased assets	1 323	(1 057)	266	1 323	(618)	705
Furniture	8 623	(4 714)	3 909	8 098	(4 291)	3 807
Total	151 624	(18 846)	132 778	151 016	(15 258)	135 758

Reconciliation of property, plant and equipment – 31 March 2022

	Opening	Additions	Disposals	Depreciation	Total
Land	40 959	-	-	-	40 959
Buildings	78 683	-	-	(1 995)	76 688
Furniture and fixtures	3 515	110	-	(315)	3 310
Motor vehicles	467	-	-	(205)	262
Office equipment	2 669	144	(3)	(164)	2 666
IT equipment	4 933	1 236	(104)	(1 347)	4 718
Leased assets	705	-	-	(439)	266
Furniture	3 807	526	-	(424)	3 909
	135 758	2 016	(107)	(4 889)	132 778

Reconciliation of property, plant and equipment – 31 March 2021

	Opening	Additions	Disposals	Depreciation	Total
Land	23 582	17 377	-	-	40 959
Buildings	45 618	34 628	-	(1 563)	78 683
Furniture and fixtures	3 612	194	-	(291)	3 515
Motor vehicles	672	-	-	(205)	467
Office equipment	2 514	325	-	(150)	2 689
IT equipment	4 685	1 628	(51)	(1 329)	4 933
Leased assets	1 141	-	-	(436)	705
Furniture	3 807	397	-	(397)	3 807
	85 631	54 549	(51)	(4 371)	135 758



Figures in Rand thousand

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

Pledged as security

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

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

Revaluation of Land and Building:

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

The property was revalued by an independent valuer, Mr. Themba Kunene, a professional valuer of Fair Prop Valuations at R69,2 million, the R69,2 million it's a combination of land and building. The effective date of the revaluation was 31 March 2020. The professional valuer of Fair Prop Valuations 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 capitalisation rate. Gauteng Gambling Board revalue its land and building after each three to five years cycle.

The disposal amount relates to different assets that were disposed during the financial year. Mostly where IT equipment was damaged or stolen and claimed from the insurance.

8. Intangible assets

	2022			2021		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	1 416	(893)	523	1 416	(823)	593
Intangible assets under development	26 830	-	26 830	26 830	-	26 830
Total	28 246	(893)	27 353	28 246	(823)	27 423

Reconciliation of intangible assets – 31 March 2022

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

Reconciliation of intangible assets – 31 March 2021

	Opening balance	Internally generated	Amortisation	Total
Computer software	664	-	(71)	593
Intangible assets under development	16 504	10 326	-	26 830
	17 168	10 326	(71)	27 423

Pledged as security

No intangible assets were pledged as security for liabilities



	31 March 2022 R '000	31 March 2021 R '000
8. Intangible assets (continued)		
Intangible assets in the process of being constructed or developed		
Cumulative expenditure recognised in the carrying value of Intangible assets		
Computer software, internally generated	26 830	26 830

The R26,8 million relates to internally generated assets which is currently been developed by the service provider appointed by the Gauteng Gambling Board. GGB is currently developing a Business Automation system to improve internal process and integrate to licensees' systems to in order to improve revenue collection process and as well improve licensees interface experience.

Figures in Rand thousand

9. Heritage assets

	2022			2021		
	Cost/ Valuation	Accumulated impairment losses	Carrying value	Cost/ Valuation	Accumulated impairment losses	Carrying value
Paintings	539	-	539	539	-	539

Reconciliation of heritage assets 31 March 2022

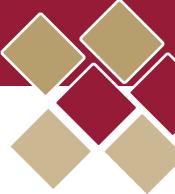
	Opening balance	Total
Paintings	539	539

Reconciliation of heritage assets 31 March 2021

	Opening balance	Total
Paintings	539	539

Pledged as security

No heritage assets were pledged as security for liabilities.



	31 March 2022 R '000	31 March 2021 R '000
10. Finance lease obligation		
Minimum lease payments due		
– within one year	299	515
– in second to fifth year inclusive	-	299
	299	814
less: future finance charges	(9)	(65)
Present value of minimum lease payments	290	749
Non-current liabilities	-	290
Current liabilities	290	459
	290	749

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

The average lease term is three years, and the average effective borrowing rate is fixed at 17% (2021: 17%. Interest is fixed at the contract date.

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

11. Payables from exchange transactions

Payables	67 964	45 927
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The material change on the payables from exchange transactions is due to the R21 million which was accrued and payable to Provincial Treasury.

12. Collections for distributions

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

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

Gauteng Provincial Administration	106 181	79 837
Sports Development Fund	32 908	34 159
	139 089	113 996



	31 March 2022 R '000	31 March 2021 R '000
12. Collections for distributions (continued)		
Reconciliation of taxes and levies collected		
Gauteng Provincial Government		
Betting Tax		
Provincial Taxes		
Totalizator – Horse racing	18 721	17 503
Totalizator – Other sport	5 337	8 570
On-course bookmakers – Horse racing	128	151
On-course bookmakers – Other sport	1 756	1 355
Off-course bookmakers – Horse racing	146 808	157 978
Off-course bookmakers – Other sport	136 218	121 727
	308 968	307 284
Gaming Tax		
Casinos – Machines	392 867	262 893
Casinos – Tables	147 812	109 001
Casinos – Unclaimed dividends	546	909
Bingo	57 224	40 684
Limited pay out machines	98 212	58 802
	696 661	472 289
Taxes collected for Gauteng Provincial Government	1 005 629	779 573
Levies collected		
Sports Development Fund levies		
Levies	33 128	32 075
Interest earned	622	581
	33 750	32 656
Total sport development funds (SDF) collected	33 750	32 656
Total levies collected for SDF and Phumelela	33 750	32 656
Interest earned and penalties received	21	904
	1 039 400	813 133
Grand total collected for distribution	(139 089)	(113 995)
Taxes and levies for distribution to beneficiaries at period end	900 311	699 138
Taxes and levies distributed during the period		
Gauteng Provincial Administration Sports	979 305	794 867
Development Fund	35 000	28 530
Less: Prior year-end collections distributed during the period	(113 995)	(124 259)
	900 310	699 138



	31 March 2022 R '000	31 March 2021 R '000
Leave pay	6 574	7 141
13th cheque	1 212	1 205
	7 786	8 346

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

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

Figures in Rand thousand

14. Provisions

Reconciliation of provisions – 31 March 2022

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

Reconciliation of provisions – 31 March 2021

	Opening Balance	Additions	Reversed during the year	Total
Legal proceedings	1 000	-	-	1 000
Bursary provision	504	-	(504)	-
Performance bonus	16 888	10 901	(16 888)	10 901
	18 392	10 901	(17 392)	11 901

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 pay out and cannot be determined with certainty due to the factors stated that are determined after financial year end and approval by the Accounting Authority.



14. Provisions *(continued)*

Legal proceedings provisions

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

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

COE Adjustments

The Board had a policy of adjusting employees salaries at the beginning of each year on the 01 January each year. Currently the Board is negotiating with the union regarding the employees salary adjustments, which will be expected to be back paid from 01 January 2022. The Board has made a provision of salary adjustment of 3.1%.

Bursary provisions 2022

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

	31 March 2022 R '000	31 March 2021 R '000
Opening balance	266	266

15. Revaluation reserve

Opening balance

The revaluation reserves are non-distributable reserves, which relates to the revaluation of land and building and heritage assets. During previous financial year Gauteng Gambling Board appointed service provider to do the valuation of land and building, hence there is a movement within revaluation reserve due to the devaluation of land and building. The non-distributable reserves are not distributable to the shareholder.

16. Accumulated surplus

In terms of Section 17(6) of the Gauteng Gambling Act 1995, as amended, and Section 53 (3) of the Public Finance Management Act, surplus funds at the close of the financial year, shall be paid to the Provincial Revenue Fund, unless Treasury approval has been obtained to retain such funds. Gauteng Gambling Board opened with accumulated surplus of R194.5 million in 2020/2021 financial year.

The accumulated surplus for the prior year increased by R14.0 million, which related to surplus realised in 2020/2021 financial year and GGB surrendered R10.5 million to the Provincial Revenue Fund. Gauteng Gambling Board accumulated surplus closed with a balance of R208.6 million.

The accumulated surplus for the financial year 2021/2022 had a net decrease of R35.4 million which related to R20 million which need to be paid to Provincial Treasury and R8.7 million surrendered to Provincial Revenue Fund and R2 million which was paid to the Provincial Revenue Fund. The accumulated surplus closed with the balance of R159.3 million at end for the year.



	31 March 2022 R '000	31 March 2021 R '000
17. Revenue		
Revenue from non-exchange transactions	75 562	85 403
Revenue from exchange transactions	99 478	91 609
Rental income	328	158
Interest received	3 992	5 447
	179 360	182 617

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

Taxation revenue

Penalties collected	638	-
License fees	55 535	66 291
Sports betting levies	19 389	19 112
	75 562	85 403

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

Recoveries of investigation expenses	1 120	400
Collection commission	80 381	64 513
Application and registration fees	5 090	3 812
Sundry income	12 887	22 884
	99 478	91 609

Current financial year 31 March 2022 the Board transferred an amount of R10 million from Sports Development Fund in line with Gauteng Gambling Act section 100 to fund the Board's operations. The transfer was approved by the MEC of Gauteng Department of Economic Development in line with the Act.

Prior year 31 March 2021 sundry income consist of R15.8 million amount transferred from Sports Development Fund in line with Gauteng Gambling Act section 100 and R1.4 million income received from GDED, also there is an amount of R4.5 million for the fogging of houses in Alexandra.



	31 March 2022 R '000	31 March 2021 R '000
18. Government grants and subsidies		
Operating grants		
Government grant (operating)	373	17 897
Capital grants		
Government grant	-	26 473
	373	44 370
Government Grant (Capital)		
Prior-year receipts	-	26 473

A government grant of R59 million was received from Gauteng Department of Economic Development to date R26.8 million was capitalised as part of software development. The Board applied to Provincial Treasury to redirect the balance of iBAS Project funding from the project to fund operational expenses and cover the budget deficit. Gauteng Provincial Treasury approved the request.

The business automation development system had 9 milestones and to date only 4 milestones were completed. There are still 5 milestones to be completed to be fully meet the requirements of the funding.

Government Grant (Operational)

Balance unspent at beginning of 12 months	17 897	-
Current-year receipts	373	26 600
Revenue surrender to Gauteng Provincial Government	-	(8 703)
Grants spend in the current year	(18 270)	-
	-	17 897

Prior year the Board received approval from the Provincial Treasury to retain the R26.6 million of taxes and levies collected in March 2021 to supplement the Board cash liquidity . Further to that the Board received a letter from Provincial Treasury informing the Board about the fiscal consolidation process undertaken by the province. The province implemented budget cuts across the board in the Province and GGB was requested to set-off R8.7 million from the revenue collected and surrender it to the province. This was also approved by the Premier Budget Committee.

Current year the Board received R376 thousand from Provincial Treasury for appointment of probity auditors for open tenders that the Board will issue in 2021/2022 financial year.

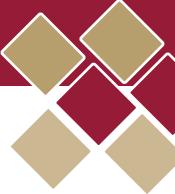


	31 March 2022 R '000	31 March 2021 R '000
19. Employee related costs		
Salaries, bonuses, and allowances	111 984	117 629
Medical aid – company contributions	5 380	5 231
Other employer contributions	250	215
Workmen's compensation	225	-
Skills Development Levy	1 237	808
Leave pay contribution	692	1 627
Defined contribution plans	12 852	12 270
Group life contributions	2 641	2 483
	135 261	140 263
Remuneration of S Ngubeni – Chief Executive Officer		
Annual remuneration	1 840	3 227
Allowance	205	410
13th cheque	158	299
Performance bonus	-	758
Employer contribution	524	872
Mutual Settlement	2 563	-
	5 290	5 566
Mr. SP Ngubeni reached a mutual separation agreement with GGB and settled out of court at the beginning of December 2021.		
Remuneration of M Mahlaba – Chief Financial Officer		
Annual remuneration	-	1 352
Allowance	-	20
13th cheque	-	113
Performance bonus	-	210
Contribution to UIF, Medical and Pension Funds	-	338
Mutual settlement	-	4 212
Leave paid out	-	521
	-	6 766

Mr. M Mahlaba reached a mutual separation agreement with GGB and settled out of court at the end of December 2020.



	31 March 2022 R '000	31 March 2021 R '000
19. Employee related costs (continued)		
Remuneration of ZN Gumebe – Senior Manager: Human Resources		
Annual remuneration	2 116	1 840
Allowance	20	20
13th cheque	162	151
Performance bonus	-	389
Contribution to UIF, Medical and Pension Funds	491	450
	2 789	2 850
Remuneration of L Kobue – Senior Manager: Compliance		
Annual remuneration	2 301	1 999
Allowance	62	62
13th cheque	179	168
Performance bonus	-	422
Contribution to UIF, Medical and Pension Funds	481	440
	3 023	3 091
Remuneration of O Maripane – Acting Chief Financial Officer		
Acting allowance	1 570	1 579
Mr. O Maripane was appointed on the 01 October 2019 as Acting Chief Financial Officer of Gauteng Gambling Board.		
Remuneration of T Letshwiti – Senior Manager: Licensing		
Annual remuneration	2 266	1 977
Allowance	20	20
13th cheque	173	163
Performance bonus	-	413
Contribution to UIF, Medical and Pension Funds	501	452
Long Service	89	-
	3 049	3 025
Remuneration of S Manganye – Chief Information Officer		
Annual remuneration	2 314	2 156
Allowance	270	270
13th cheque	195	177
Performance bonus	-	466
Contribution to UIF, Medical and Pension Funds	566	521
	3 345	3 590



	31 March 2022 R '000	31 March 2021 R '000
19. Employee related costs (continued)		
Remuneration of TT Marimuthu – Senior Manager: Gaming		
Annual remuneration	2 280	1 979
Allowance	20	20
13th cheque	174	163
Performance bonus	-	426
Employer contribution	584	528
Acting allowance	1 277	236
	4 335	3 352
Mr. TT Marimuthu was appointed as Acting Chief Operation Officer from the 18 June 2019. As from 02 June 2021 Mr. T Marimuthu was appointed as Acting Chief Executive Officer.		
Remuneration of NM Matanzima – Board Secretary		
Annual remuneration	2 021	1 763
Allowance	20	20
13th cheque	155	145
Performance bonus	-	361
Employer contribution	392	358
	2 588	2 647
Remuneration of KT Mbele – Senior Manager: Social Economic Development		
Annual remuneration	-	663
Allowance	-	73
13th cheque	-	61
Performance bonus	-	357
Employer contribution	-	143
Leave paid out	-	206
	-	1 503

Ms. KT Mbele resigned end of July 2020.



	31 March 2022 R '000	31 March 2021 R '000
19. Employee related costs (continued)		
Remuneration of Mr. RJ Motlhokwane – Senior Manager: Management Information System		
Annual remuneration	2 056	1 788
Allowance	92	92
13th cheque	166	155
Performance bonus	-	263
Employer contribution	369	335
	2 683	2 633
Remuneration of Mr. L Lukhwareni – Senior Manager: Legal Services		
Annual remuneration	2 267	1 967
Allowance	20	20
13th cheque	173	162
Performance bonus	-	423
Employer contribution	574	524
Long Service Award	82	-
Acting allowance	494	-
	3 610	3 096
On the 02 June 2021 Mr. L Lukhwareni was appointed as Acting Chief Operation Officer.		
Remuneration of Ms. B Simelane – Senior Manager: Social Economic Development		
Annual remuneration	1 791	149
Allowance	20	2
13th cheque	149	12
Employer contribution	419	35
	2 379	198

Ms. B Simelane is appointed at the 01 March 2021.



	31 March 2022 R '000	31 March 2021 R '000
20. Administrative expenditure		
Administration and management fees – third party	1 689	1 378
Board and Committee Members emoluments for services rendered during the year: Includes Disciplinary Committee members fees.		
Adv. Platt A SC (Chairperson)	110	-
Sukazi T (Deputy Chairperson)	37	-
Modise M	40	127
Rajoo K	45	-
Monyokolo R	66	-
Dr. Masegare P	20	-
Mgoduso T	56	-
Maraka D	66	-
Matjele P	61	91
Adv. Ribane N	66	-
Adv. Nalane FJ SC – Administrator	809	-
Zwane ME – Resigned 09 February 2021	-	151
Hari S – Resigned 02 October 2020	-	86
Marincowitz LG – Resigned 18 November 2020	-	118
Sithole TI (Audit and Risk Committee member) Resigned 09 February 2021	-	134
Mpungose Z – resigned 09 February 2021	-	101
Chiboo S – Resigned 04 October 2020	-	71
Metu Y (Audit and Risk Committee member) – Resigned 09 February 2021	-	147
Kutumela T – Resigned 09 February 2021	-	135
	1 376	1 161
Gaming Committee and Social and Ethics Committee		
Mokgatle L – appointed as a co-opted member	-	15
Ngcwabe L – Appointed as a co-opted member	-	5
Louw SJ – Appointed as a co-opted member	-	10
Total amount paid to co-opted members	-	30
Audit and Risk Committee (Independent members)		
Fihlani ZL – Chairperson	52	41
Govender K	40	15
Musvoto SW	40	35
Total paid to Audit and Risk Committee Members	132	91
Disciplinary Committee fees	181	96
	1 689	1 378



		31 March 2022	31 March 2021
		R '000	R '000
21. General expenses			
Advertising		360	262
Auditors' remuneration	22	2 074	2 456
Bank charges		86	60
Books and media subscription		133	371
Building maintenance		1 288	738
Consulting and professional fees		4 792	1 620
Conferences costs		129	-
Employee assistance programme		91	75
Electricity		6 060	4 259
Information technology		2 940	5 559
Office consumables and refreshments		766	571
Social responsibility		13 187	13 366
Insurance		602	706
GPG COVID 19 Projects		-	4 542
Transfer and other payments - Fiscal Consolidation Contribution		21 209	-
Staff recruitment		283	222
Postage and stationery		449	286
Printing costs		86	55
Public relations		678	150
Security expenses		1 752	830
Telephone and communications		3 416	2 613
Training and development		776	1 277
Travelling and subsistence – local		2 417	1 378
Storage rentals		200	250
Transcription costs		63	24
Responsible Gambling Awareness Programme		4 583	5 889
Investigation and enforcement costs		467	259
Repairs and maintenance		7	207
Legal expenses		6 853	8 082
		75 747	56 107

Prior year 31 March 2021 GGB was appointed as an implementing agent for GDED and GDARD COVID 19 projects. GGB procured disinfection and fogging services for Alexandra township on behalf of the group. The cost of the project was R4.5 million.

Prior year GGB received approval in terms of Gauteng Gambling Act section 100 to transfer R10.1 million to operations. The funds were used to fund CSI applications received by the Board to assist with COVID 19 social investment projects as a result of COVID 19 pandemic.



21. General expenses (continued)

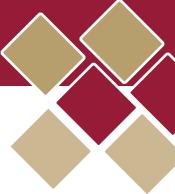
Current year the Board received an approval in terms of Gauteng Gambling Act section 100 to transfer R10 million to the Social Responsibility line item for the July 2021 riots and unrest happened which affected lot of businesses. GGB transferred the R10 million to Gauteng Enterprise Propeller. (Refer to Note 27)

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

	31 March 2022 R '000	31 March 2021 R '000
22. Auditors' remuneration		
Audit Fees – Internal	477	1 059
Audit Fees – External	1 597	1 397
	2 074	2 456
23. Cash generated from operations		
(Deficit) surplus	(38 068)	24 648
Adjustments for:		
Depreciation and amortisation	4 962	4 440
Gain on sale of assets and liabilities	86	51
Finance costs – Finance leases	56	100
Movements in provisions	1 431	(6 491)
Other non-cash items (relates to transactions related to taxes and levies)	(10 775)	(10 546)
Changes in working capital:		
Inventories	459	54
Receivables from exchange transactions	9 125	(6 924)
Other receivables from non-exchange transactions	4 531	(5 534)
Payables from exchange transactions	22 037	20 791
Taxes and transfers payable (non-exchange)	25 093	(10 262)
Accruals	(560)	1 553
License fees received in advance	8 680	8 336
	27 057	20 216



	At amortised cost March 2022	At amortised cost March 2021
24. Financial instruments disclosure		
Categories of financial instruments		
31 March 2022		
Financial assets		
Cash and cash equivalents	272 306	247 759
Receivables from non-exchange transactions	2 717	7 248
Receivables from exchange transactions	10 041	19 166
Deposits	242	242
	285 306	274 415
Financial liabilities		
Trade and other payables from exchange transactions	67 964	45 927
Taxes and transfers payables (non-exchange)	139 089	113 996
License fees received in advance	58 502	49 822
	265 555	209 745
31 March 2021		
Financial assets		
Cash and cash equivalents	247 759	247 759
Receivables from non-exchange transactions	7 248	7 248
Receivables from exchange transactions	19 166	19 166
Deposits	242	242
	274 415	274 415
Financial liabilities		
Trade and other payables from exchange transactions	45 927	45 927
Taxes and transfers payables (non-exchange)	113 996	113 996
License fees received in advance	49 822	49 822
	209 745	209 745



	31 March 2022 R '000	31 March 2021 R '000
25. Commitments		
Authorised operational expenditure		
Contractual and purchase orders commitments – 31 March 2022		
● Accounting, Audit and Financial Services	2019-2023	535
● Facilities Management & Assets	2020-2023	1 522
● Information Technology Services	2020-2023	38 148
● Operational Services and Responsible Gambling	2020-2022	4 074
● HR and Payroll Services	2020-2022	350
● Legal Services	2020-2022	2 800
		47 429
Contractual and purchase orders commitments – 31 March 2021		
● Accounting, Audit and Financial Services	2019-2021	716
● Facilities Management	2020-2021	18
● Information Technology Services	2020-2023	38 687
● Operational Services and Responsible Gambling	2020-2021	1 662
● HR and Payroll Services	2020-2021	554
● Legal Services	2020-2021	313
		41 950

26. Contingencies

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 effect of contingent assets and liabilities resulted in a net contingent assets of R1 867 242.

Contingent liabilities

GAUTENG YOUTH COUNCIL BURSARY FUND AGREEMENT

The Board entered into agreement with Gauteng Youth Council (GYC) to administer the bursary fund on behalf of Gauteng Gambling Board. In terms of GYC was supposed to administer the bursaries of 30 students per year, at estimated cost of R3 million. The agreement further stated that GYC will be entitled 10% of the value of bursary fund, which was equivalent to R300 000. The Board took a resolution to cancel the agreement with GYC due to the non-performance. The decision was committed to the entity, but GGB have not received a response. Should the entity not agree or contest the validity of the agreement GGB might be liable for the management fee of 10% towards the entity. Due to the non-response from the entity management took a resolution to disclose this matter as a contingent liability.



26. Contingencies *(continued)*

Contingent assets

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

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

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

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

On July 2018, the Law Enforcement Inspectors of the Board assisted the South African Police Services (SAPS) conducted two (02) raids on illegal internet gambling operations in Bronkhorstspruit.

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

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

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

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

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

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

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



	31 March 2022 R '000	31 March 2021 R '000
National Treasury – Cash surplus	-	43 741

26. Contingencies (continued)

National Treasury – Cash surplus

National Treasury – Cash surplus

In terms of the National Treasury Instruction No.12 of 2020/2021, entities under schedule 3A and 3C should recognise either a provision or a contingent liability (as defined in GRAP 19 on Provision, Contingent Liabilities and Contingent Assets) for surplus funds that an entity has made an application to National/Provincial Treasury to retain in the following financial year.

The Board received a letter from Provincial Treasury to retain surplus amount of R41 million from previous financial year for operational expenditure and IT project. The Board need to pay back the amount of R2 million back to Provincail Treasury.

27. Related parties

Relationships

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

Related party balances

Amounts included in trade receivable (trade payable) regarding related

DED – Trade Payables (Refer to Note 12)	106 181	79 837
DED – Trade Receivables	8 372	15 021
COVID 19 Projects		
GDARD – Trade Receivables	-	3 000



	31 March 2022 R '000	31 March 2021 R '000
27. Related parties (continued)		
Related party transactions		
Interest paid to (received from) related parties		
DED – Taxes and Levies distributed (Refer to Note 12)	979 305	794 867
Collection commission received from related parties		
DED – Collection Commission (Refer to the Revenue Note 17)	80 381	64 513
Government Grants Received from DED		
Grant for Business Automation (Refer to Note 18)	-	26 473
Grant for Operations (Refer to Note 18)	373	17 897
Administration fees paid to (received from) related parties		
Gauteng Enterprise Propeller	10 000	-

28. Comparative figures

There were comparative figures that were restated in the annual financial statements of the Board. (Refer to note 33)

29. Risk management

Financial risk management

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

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

Liquidity risk

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

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

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

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



At 31 March 2022	Less than year 1	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
29. Risk management (continued)				
Trade and Other Payables	67 964	-	-	-
Collection for Distributions	139 089	-	-	-
License Fees Received in Advance	58 502	-	-	-

At 31 March 2021	Less than year 1	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and Other Payables	45 927	-	-	-
Collection for Distribution	113 996	-	-	-
License Fees Received in Advance	49 822	-	-	-

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. There are no debtors that are past due and therefore no impairment provision has been raised.

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

	31 March 2022 R '000	31 March 2021 R '000
Financial instrument		
Receivables from exchange transactions	10 041	19 166
Receivables from non-exchange transactions	2 717	7 248
Cash and cash equivalents	272 306	247 759

Market risk

Interest rate risk

Cash and cash equivalent, it is interest bearing assets, which are affected by the changes in market interest rates. The finance liability 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.



	31 March 2022 R '000	31 March 2021 R '000
30. Fruitless and wasteful expenditure		
Opening balance as restated	-	-
Add: Expenditure identified - current	21	-
Less: Amount written off - condoned	(21)	-
Closing balance	-	-

Details of fruitless and wasteful expenditure 2021/22

The Board was charged interest on the City of Johannesburg account and Compensation Fund Commission. The fruitless expenditure was condoned by the Administrator.

	31 March 2022 R '000	31 March 2021 R '000
31. Irregular expenditure		
Opening balance as previously reported	5 332	5 244
Opening balance as restated	5 332	5 244
Add: Irregular Expenditure – current	-	88
Less: Amount written off – prior period (condoned irregular expenditure)	(5 332)	-
Closing balance	-	5 332

Details of irregular expenditure

The Board has in the previous year, incurred expenditure through the RFQ process, the value of the expenditure incurred is more than 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 R2.7 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 R2,4 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.

The R187 thousand relates to procurement of Forensic Investigation through 3 quote system. The appointment of the service provider did not comply with PPPFA regulations, there was no preferential evaluation performed and second highest bidder was awarded the contract.

GGB received condonation of the irregular expenditure from the Gauteng Provincial Treasury.



Figures in Rand thousand

32. Segment information

General information

Segment surplus or deficit, assets and liabilities

31 March 2022	Regulations	Responsible Gambling	CSI	Total
Revenue				
Revenue	160 233	5 800	13 700	179 733
Entity's revenue				
				158 524
Expenditure				
Expenditure	200 031	4 583	13 187	217 801
Total segmental surplus/(deficit)				(38 068)

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

31 March 2021	Regulations	Responsible Gambling	CSI	Total
Revenue				
Revenue	210 807	6 000	10 180	226 987
Entity's revenue				
				226 987
Expenditure				
Other expenses	183 085	5 889	13 366	202 340
Total segmental surplus/(deficit)				24 647

33. 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%.

33.1 Revenue from Non-Exchange Transactions

The non-exchange revenue collected did not exceed the budgeted amount. This was due to the reduction in gambling position, from licensees as a result of 50% capacity required by the lockdown regulations. The sports betting levies did not exceed targeted budget due to decrease in collections of sports betting levies.

33.2 Revenue from Exchange Transactions

The revenue collected did not exceed the budget mainly due to the collection commission and application and registration fees. The lower collection was due to impact of lockdown restrictions and capacity limitations on licensees. This was also due to R21 million relating to fiscal consolidation that was set-off against collection commission as per GPBC instructions.



33. Budget differences *(continued)*

33.3 Rental income

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

33.4 Interest received

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

33.5 Employee related costs

The expenditure did exceed the targeted budget, mainly due to the provision raised against the line item.

33.6 Board and Audit Committee members fees

The Board did not exceed budgeted amount, this is mainly due to the appointment of an administrator. There was also less disciplinary committee meeting held during the current financial year due to lockdown restrictions.

33.7 Depreciation and amortisation

The depreciation expenditure did not exceed targeted budget due to the high budget amount due to the additional assets acquired during the prior period.

33.8 General expenses

The general expense did exceed the targeted budget, this is mainly due to the different line items like professional services, and responsible gambling and other expenditure line items. This was also due to R21 million relating to fiscal consolidation that was recognized under the general expenses as per Gauteng Provincial Budget Council instructions.

34. Prior period errors

Initially the Board recognised some receivables from non exchange and receivables from exchange transactions under cash paid to suppliers and employees within Net cash flow from activities. However it was noted that the Board should have recognise the above transactions under cash receipts from licensees and other institutions.

The correction of the error(s) results in adjustments as follows:

	31 March 2022 R '000	31 March 2021 R '000
Cash flow statement		
Cash flow from operating activities		
Interest income	-	6 070
Cash receipts from licensees and other institutions	-	208 462
	-	214 532
Cash flow from operating activities		
Cash paid to suppliers and employees	-	(194 316)

DON'T GET CAUGHT IN THE TRAP



GAMBLE WHAT YOU CAN AFFORD TO LOSE

For a minority of players, excessive gambling can become a problem. If you or someone you care about needs help, call the NRGP problem gambling helpline **0800 006 008**, or email: counsellor@responsiblegambling.co.za, and a trained counsellor will help you. Expert, confidential help is available **free of charge**.

WINNERS KNOW WHEN TO STOP
HELPLINE: 0800 006 008



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