



ANNUAL REPORT

2023/2024





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PART A

GENERAL INFORMATION





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 |



ABBREVIATIONS AND ACRONYMS

The following abbreviations and acronyms are used in this report

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



ABBREVIATIONS AND ACRONYMS

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



FOREWORD BY THE MEC: HON LEBOGANG MAILE

Considering the provincial government's expedited execution of Growing Gauteng Together 2030 (GGT2030), the 2023/24 financial year has brought with it a number of opportunities as well as obstacles. Further guided by this action plan, the Gauteng Gambling Board (GGB) has made major inroads to further its legislative mandate of regulating and transforming the industry whilst remaining focused on increasing tax revenue collection for the benefit of the provincial fiscus. The net value of the gambling sector cannot be overemphasized in its contribution to economic growth, job creation and tourism development. The GGB remains the top Provincial Licensing Authority (PLA) in relation to the Gross Gambling Revenue (GGR) amongst other regulators in the country.

The Gauteng Department of Economic Development (GDED), the GGB's shareholder, is delighted to present this Annual Report. The gambling sector is developing and keeping up with technological advancements to ensure that it is properly regulated. The Board is commended for increasing tax revenue collection in a transparent and efficient manner and for being able to issue Bingo licences, which ultimately benefit its various stakeholders in the Gauteng City-Region (GCR). The gambling sector has shown improvement in this regard, as seen by the licences issued to licensees that have at least 55% ownership made up of historically disadvantaged people.

It is important to acknowledge that the casino sector has faced structural challenges. We have observed a decline in its market share, which is attributable to a surge in online gambling. The rise of online gambling unavoidably caused licensees to find ways to diversify their gambling revenue streams. In light of this, the GGB has



identified the significance of reviewing the current gambling legislation. In particular, engagements with diverse industry have highlighted the incorporation of interactive gambling and streamlined operational procedures.

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

A handwritten signature in black ink, appearing to be 'Lebogang Maile'.

Lebogang Maile (MPL)

MEC: Treasury & Economic Development



OVERVIEW BY CHAIRPERSON: MR THABO GUMBI

It is with great pleasure that I present the Annual Report for the Gauteng Gambling Board (GGB) for the financial year ending 31 March 2024. The year under review 2023/24 has been marked by significant progress and robust performance, underscored by our commitment to excellence in governance, risk management, fiscal prudence, openness and improving operational efficiency.

Governance Framework

The GGB remains steadfast in its dedication to upholding the highest standards of governance. Our governance framework is designed to ensure accountability, transparency, and integrity in all our operations. Key achievements in this area include:

- **Strengthening Board Oversight:** We have enhanced the effectiveness of our Board by ensuring that all committees of the Board are active and fully functional, attending to their specific areas of responsibility, including the independent Audit and Risk Committee, contracting targeted training programs and ensuring that all members are well-versed in corporate governance best practices.
- **Policy and Procedures Updates:** The Board conducted comprehensive reviews and updates to our policies and procedures to align with evolving regulatory requirements and industry standards.
- **Stakeholder Engagement:** Increased engagement sessions with our stakeholders have been prioritised to ensure that governance practices are



responsive and inclusive in the context of an evolving gambling industry and government imperatives.

Risk Management

Effective risk management is critical to the sustainability of our organisation. This financial year, we implemented several initiatives to strengthen our risk management framework, including:

- **Risk Assessment and Mitigation:** Conducted thorough risk assessments to identify potential threats and implemented robust mitigation strategies to address them.
- **Internal Controls:** Enhanced our internal control systems to prevent and detect fraud, ensuring the integrity of our financial and operational processes. These include the use of anonymous tip-offs for reporting potential threats and fraudulent operations.
- **Compliance Monitoring:** Established a dedicated compliance monitoring team to oversee adherence to regulatory requirements and internal policies.

Operational Efficiencies

Our commitment to operational excellence has yielded significant efficiencies across the organisation. Highlights of our efforts to drive efficiency include:

- **Process Optimisation:** Streamlined key operational processes, resulting in reduced turnaround times and improved service delivery.
- **Technology Integration:** GGB is in a process of investing in advanced technological solutions to automate routine tasks and enhance data accuracy and accessibility.
- **Resource Management:** Optimised resource allocation to ensure that all departments operate at peak efficiency, maximising value for our stakeholders.

Financial Performance

The 2023/24 financial year has been marked by strong financial performance. Key highlights include:

- **External Audit:** Receiving an unqualified audit with no findings outcome for the year under review.
- **Revenue Growth:** Achieved a 2% increase in gambling taxes collected.

- **Payment of Suppliers:** Achieved a 99% outcome against the 15-day turnaround time for payment of suppliers and overachieved the GEYODI targets of procuring from businesses owned by women, youth and people with disabilities.

Key Achievements

This financial year, the GGB has proudly achieved several milestones that underscore our leadership and innovation in the industry:

- **Bingo Licences:** During February 2024, the Board issued 9 bingo licences and the gambling tax revenue will be realised once the licensees start operating.
- **Bookmaker's licences:** 43 Bookmaker's licences were issued during 2022/23 financial year, with 23 of these licenses which commenced with operations in the year under review.
- **Upcoming Legislation:** We have made noteworthy progress on the legislative front, with the Gauteng Gambling Amendment Bill and the Gauteng Gambling Tax Bill currently being processed. These bills are expected to enhance the regulatory framework, ensuring greater oversight, and promoting a fair and competitive gambling environment in Gauteng.
- **Responsible gambling and illegal gambling:** Various campaigns aimed at curbing irresponsible gambling were implemented, coupled with 438 raids at illegal gambling sites that surpassed the targeted 400 raids.

In conclusion, the 2023/24 financial year has been a year of significant achievements for the GGB. Our unwavering commitment to governance, risk management, openness and operational efficiency has positioned us for continued success in the years to come. I would like to extend my gratitude to the Board members, management, and staff for their hard work and dedication.

Looking ahead, we remain focused on driving innovation, maintaining the highest standards of governance, and delivering exceptional value to our stakeholders. Together, we will continue to uphold our mandate and contribute to the sustainable growth of the gambling industry in Gauteng.



Thabo Gumbi
Chairperson of the Board
Date: 31 July 2024



OVERVIEW BY THE CHIEF EXECUTIVE: MS KARABO MBELE

Despite the reported 2% increase in gambling revenue, the GGB has experienced attrition or lower gambling revenue due to the increased participation in interactive gambling or online betting, which is regrettably regulated by other Provincial Licensing Authorities (PLAs) rather than the GGB.

Under my tenure as the acting CEO of the GGB that commenced in 2023, I have spearheaded comprehensive initiatives aimed at stabilising and revitalising the organisation. Upon assuming office, I recognised the pressing need to address the pervasive toxicity within the work environment, characterised by low staff morale and strained relationships between management and employees. Embracing an open-door policy, I prioritised fostering trust, communication, and collaboration among all stakeholders, including labour representatives, to cultivate a harmonious and conducive atmosphere conducive to productivity.

Central to our efforts was the restoration of stability through the filling of critical vacancies that had remained unfilled for several years. By appointing capable individuals to key positions, we ensured organisational continuity and effectiveness in executing our mandate. Concurrently, we undertook rigorous measures to address instances of maladministration and alleged corruption within the GGB, in strict adherence to the provisions of the Public Finance Management Act (PFMA). Through the implementation of robust consequence management protocols, we held

accountable those found to have contravened legal and regulatory frameworks, thereby upholding the principles of transparency and accountability.

Recognising the imperative of legislative reform to modernise outdated regulations and foster industry growth, we expedited the review process initiated in 2020. By mobilising leadership and allocating resources, we provided the necessary impetus to accelerate legislative amendments, thereby eliminating regulatory hurdles and attracting industry stakeholders who had previously been deterred by cumbersome regulatory processes.

Moreover, we conducted thorough investigations that unveiled unhealthy relationships with previous leadership, characterised by non-compliance waivers and clandestine agreements, which had resulted in financial losses and regulatory violations. Through rigorous scrutiny and proactive measures, we are diligently addressing non-compliance issues across all gambling modalities, rectifying past transgressions, and ensuring adherence to gambling laws and regulations thereby increasing revenue for the fiscus.

In our commitment to fostering good governance, we initiated an ambitious organisational redesign effort to realign the GGB's structure with industry standards and best practices. In order to improve financial controls and capacity, for instance, we integrated the Socio-Economic Development (SED) department into the Finance Unit after identifying its shortcomings. This allowed us to ensure that grant funding was managed prudently and in accordance with regulatory requirements. We also introduced the request for proposals (RFP) from NPOs for our CSI and SDF grant funding programme.

Addressing longstanding staffing deficiencies within the law enforcement department, we bolstered our operational capacity to combat illegal gambling activities effectively. By increasing our inspectorate and adopting proactive strategies, we have enhanced our ability to detect and deter illicit gambling operations, safeguarding the integrity of the industry. This has resulted in GGB being able to conduct 438 raids and being able to seize 792 gambling equipment during those raids.

Furthermore, we successfully concluded the Bingo project, a pivotal endeavour aimed at diversifying revenue streams for the GGB. By expediting the licensing process and fostering stakeholder engagement, we facilitated the timely issuance of licenses, thereby promoting industry growth and sustainability. We have realised 100% achievement of licence applications, and they were processed in the targeted turnaround time of 120 working days. Our commitment to stakeholder engagement has been unwavering, recognising that effective regulation necessitates collaboration and partnership with industry players and government entities alike. Through proactive engagement sessions, we have fostered productive dialogue and cooperation, serving as a conduit between political stakeholders and industry participants to advance

shared objectives and ensure the long-term viability of the gambling industry in Gauteng. This has further created collaboration with licensees and law enforcement agencies to curb the mushrooming of illegal gambling outlets.

The GGB is prioritising the process of reviewing its legislation to regulate and license online betting thereby deriving revenue in that stream to enhance the revenue collection for the province. In regulating other forms of interactive gambling, the GGB will increase its revenue stream and massify campaigns to promote responsible gambling in those forms of gambling, including being able to administer the self-exclusion programme for those gambling in the online environment.

On the licencing landscape, the GGB successfully issued 9 Bingo licences that are due to be in operation in the 2024/2025 Financial Year. By paying licence fees and taxes related to their operations, these licence holders will generate revenue for the industry and contribute to more than 270 direct jobs in the industry.

The overall gambling taxes and levies collected for the year increased by 2% against the baseline of the previous year (i.e. Casinos, Bookmakers, Bingos, and Route Operators). The gambling taxes and levies distributed to the Gauteng Provincial Government (GPG) for the 2023/24 Financial Year amounted to R1,2 billion.

The GGB sustains its operations by generating income from various sources, including an 8% collection commission on taxes and associated levies paid by the gambling sector, as well as licence and application fees as authorised by the enabling legislation. For the 2023/24 Financial Year, the GGB generated a revenue of R263million, which is slightly higher than the budgeted amount of R244 million. The GGB expended R243 million in expenditure which resulted in 99% of the budget.

In order to improve service delivery through efficiency and effective delivery in enforcing compliance in the gambling industry, the Business Automation Project has been prioritised for the 2024/25 Financial Year. The implementation of the automated system will further assist in protecting the public and supporting the industry to derive maximum benefits of an automated system. This will streamline and integrate internal and external business processes, thus ensuring more efficient sharing of information and collaboration across all departments within the GGB.

I would like to express my sincere gratitude to the MEC of the Gauteng Department of Economic Development for the resolute support and guidance throughout this financial year. I would like to acknowledge the leadership of the Board Chairperson Mr Thabo Gumbi and members of the Board for their oversight role in monitoring the GGB's operations.



As the head of the organisation, supported by a dedicated team, I remain steadfast in my commitment to instilling an ethical culture, fostering business integrity, and upholding best practices for the betterment of the Gauteng Gambling Board and the provincial government at large.

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

Chief Executive Officer
Ms Karabo Mbele
Date: 31 July 2024



2. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2024

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 of South Africa.
- The Annual Report is complete, accurate and free from any omissions.
- The Annual Report conforms with the guidelines on the Annual Report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP) standards applicable to the public entity.
- The accounting authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

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

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2024.

Yours faithfully

Ms. Karabo Mbele
Chief Executive Officer
Date: 31 July 2024

Mr. Thabo Gumbi
Chairperson of the Board
Date: 31 July 2024

3. STRATEGIC OVERVIEW

Strategic outcomes-oriented goals

In terms of Section 2A of the Gauteng Gambling Act, 1995, 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 GDED 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, generate revenue 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 to align to government priorities; and
- generate revenue from the industry and the regulation of services offered, for the socio-economic development of Gauteng.

Taking the objectives of the GDED 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 through socio-economic development interventions geared towards reducing the harmful incidences of problem gambling.



Vision

The GGB's vision is:

To be a leading and innovative regulator in the gambling industry.

Mission

Our mission is:

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

Values

In driving the vision, the employees will have to subscribe to the following principal values:

Integrity and Consistency

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

Service Excellence

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

Empowerment

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

Employee-centricity

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

5. LEGISLATIVE AND OTHER MANDATES

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

- The National Gambling Act (Act 7 of 2004, as amended).
- The National Gambling Regulations, 2004 (as amended).
- National Limited Pay-Out Machines Regulations, 2000 (as amended).
- The Gauteng Gambling Act (Act 4 of 1995, as amended).
- The Gauteng Gambling Regulations, 1997 (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 , the policy mandate rests with the MEC responsible for gambling in the province. The GGB's mandate is therefore linked to the GDED's programme 4 which is business regulation and governance.

The GGB is:

- A Schedule 3C public entity in terms of the PFMA (1999, 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 public power. The Constitution imposes a duty on all administrators exercising public power to act lawfully and responsibly; to follow fair procedures; and to give written reasons when the rights of any person in the subordinate position are adversely affected.

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

The main functions of the GGB are to:

- Oversee and control gambling activities in Gauteng, including:
 - Licensing of individuals and entities to conduct gambling and related activities.
 - Registering of persons engaged in such activities (Employee registration). Approving and registering of all gaming devices.
 - Collecting prescribed taxes and levies for the Gauteng province and other specified beneficiaries.
- Managing and administering the Sports Development Fund (SDF).
- Advising the MEC on matters relating to gambling.



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

- **Ensuring integrity of gambling activities.** Licensing of credible operators and suppliers of gaming equipment; setting and regulating of gaming equipment standards; approval and registration of gaming equipment; registration of suitable persons to be engaged in gambling occupations; and ensuring regulatory compliance by licensees on an ongoing basis.
- **Eradication of illegal gambling activities.** This is done to protect the public from unfair business practices, as illegal operators are not subjected to any regulatory control to ensure fair business practices.
- **Dispute resolution and punter assistance.** The Board receives and adjudicates complaints from the public arising from gambling disputes or other gambling related activities.
- **Tax collections.** The Board collects gambling taxes and levies on gambling transactions on behalf of the Gauteng Provincial Government (GPG) and other beneficiaries.
- **Measures to promote responsible gambling and minimise incidences of problem gambling.** The GGB recognises that opportunities for gambling pose particular risks for the people of Gauteng. To this end, the Board cooperates with other relevant organisations to assist people who fall prey to gambling addiction. The following assistance is available to any person with a gambling problem:
 - **Self-exclusion.** Self-exclusion is an anchor programme whereby gamblers voluntarily request to be excluded from the gambling floor of any regulated outlet and don't participate in any gambling activities offered by the licensed operators.
 - **Professional assistance.** A network of qualified counsellors specialising in treatment and counselling of addiction is available at no cost to the gambler through referral to the National Responsible Gambling Programme (NGRP) of the South African Responsible Gambling Foundation (SARGF) toll-free Helpline 0800 006 008.

5. ORGANISATIONAL STRUCTURE

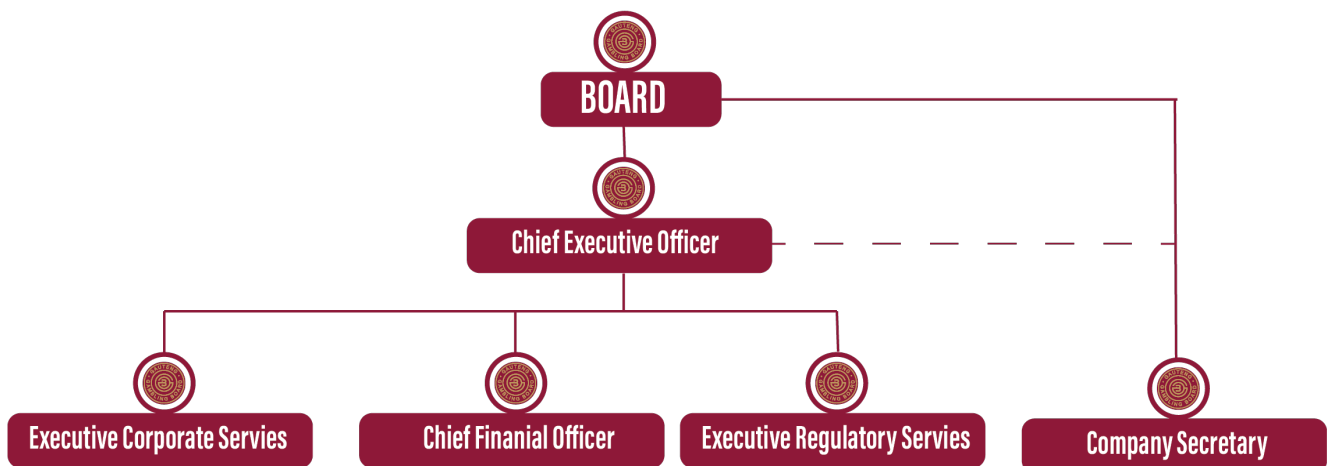
The Accounting Authority

Board composition

1. Mr. Thabo Gumbi – Chairperson
2. Mr. Solomuzi Mabuza – Deputy Chairperson
3. Adv. Matankiso Morake – Board Member
4. Adv. Mbhazima Maluleke – Board Member
5. Dr. Gugulethu Xaba – Board Member
6. Mr. Krish Naidoo – Board Member
7. Mr. Barry Hendricks – Board Member
8. Ms. Neo Tiro – Board Member
9. Ms. Lindiwe Diputla – Board Member
10. Mr. Sello Tleane – Board Member
11. Ms. Mpho Sedibe – Board Member (also an ARC member)
12. Ms. Nalini Maharaj – Board Member

Audit & Risk Committee Members:

1. Ms. Carol Roskruge – Chairperson
2. Mr. Tebogo Selau – Committee Member
3. Mr. Suren Maharaj – Committee Member
4. Ms. Mpho Sidibe – Committee Member
5. Ms. Gloria Mnguni – Committee Member (resigned)
6. Mr. Molate Mashifane – Committee Member



PART B: B1. PERFORMANCE INFORMATION

The GGB reports against a Strategic Plan and Annual Performance Plan (APP) approved by the Executive Authority. In the financial year under review, the Board had 7 programmes and 17 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 the GGB | |
|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Services | Description |
| 1. Monitoring and control | <p>The following business units monitor and ensure compliance with relevant legislation:</p> <ul style="list-style-type: none"> ▪ Law enforcement ▪ Investigation ▪ Compliance Audit ▪ Gaming Control |
| 2. Standards setting (advice, input and documentation) | <p>Gaming Control ensures all approved gaming equipment adhere to the following legislation and standards:</p> <ul style="list-style-type: none"> ▪ National Gambling Act ▪ Gauteng Gambling Act ▪ Regulations and Rules ▪ Standards Act |
| 3. Licensing | <p>The Licensing unit and Gaming Control is responsible for processing the following applications:</p> <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 | <p>The GGB provides:</p> <ul style="list-style-type: none"> ▪ Information and advice on: <ul style="list-style-type: none"> - Licensing and registration requirements - Gambling facilities - Gambling dispute resolution - Legislation <p>Further, the GGB convenes Disciplinary processes.</p> |

| | |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 5. Revenue collection | <p>The GGB collects the following taxes and levies on behalf of the provincial fiscus:</p> <ul style="list-style-type: none">- Gambling taxes- Licence fees- Employee registration fees- Other revenue |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

B1.1 Description of Services Provided

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

B1.1.1 Gambling Regulation

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

Gambling regulation ensures that:

- Gambling is free from any undue and criminal influence.
- Implement harm-minimisation strategies for reduced problem gambling incidences.
- Gambling activity is conducted fairly and in accordance with approved rules, regulations and operating procedures.
- Licensees' administration, finance and security operations are conducted in accordance with the approved control procedures.
- Gambling equipment and devices are of high-quality standards and are only purchased from licensed suppliers.

B1.1.2 Licensing

The licensing of natural and juristic persons in relation to gambling ensures that these people are eligible in accordance with the provisions of the Gauteng Gambling Act, 1995 and the National

Gambling Act (2004, as amended). Employees in low-risk areas (for example, food, beverage and cleaning) of the licensees are not required to be licensed.

B1.1.3 Compliance Audits and Inspections

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

- Ensure that weekly returns are accurate, properly reflect licensees' activities and the correct amounts of taxes and levies are paid to the Board.

- Ensure that licensees comply in all material aspects with provisions of the Gauteng Gambling Act, 1995 , 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.

B1.1.4 Compliance – Gaming Control

As the mandate of the Board is derived from the Gauteng Gambling Act, 1995 , the entity continued to ensure that the gambling operators licensed in the province adhere to the prescripts of the Act, Regulations and Rules, through the function of the Gaming Control department.

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

The gambling industry is an evolving sector characterised by 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.

B1.1.5 Dispute Resolution

According to Regulation 24 of the Gauteng Gambling Regulations , if a dispute arises between a punter and a licensee regarding 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 matter to the CEO and ultimately 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.

B1.1.6 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.

B1.1.7 Responsible Gambling

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

The messages are distributed through community outreach programmes, social media platforms such as Facebook, Twitter and LinkedIn, as well as radio and print advertising and public outreach activities. The outreach programme includes activations at licensed outlets as one of the major campaigns to promote responsible gambling.

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

B1.1.8 Corporate Social investment (CSI)

The GGB annually receives and processes applications for both CSI and Sports Development Fund (SDF). The received applications are reviewed in line with the prerogatives of the GGB and government. All these applications are approved in line with the approved Social Economic Development (SED) Policy. Further, the team monitors and reports on the approved projects to the Technical Committee: Transformation, Social and Ethics, which is a committee of the Board.

B1.1.9 Enforcement of the Financial Intelligence Centre Act

The GGB is no longer a supervisory body in terms of the enforcement and implementation of FICA (2001, as amended) in the gambling industry. However, the

Board is still ensuring that the following objectives of FICA (2001, as amended) are achieved:

- 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 and Combatting of Corrupt Activities Act (PRECCA), Act No. 12 of 2004, as amended) which defines the crime of money laundering and 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'S REPORT: PREDETERMINED OBJECTIVES

The AGSA performed the procedures to report material findings only, and not to express assurance opinion or 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 **86** for the auditor's report, published as part of the 2024 financial information.

B3. SITUATIONAL ANALYSIS

The GGB's APP for 2023- 2024 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 support the GGB's 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 2023 to 31 March 2024.



B3.1 Service Delivery Environment

B3.1 Licensing

The Licensing department continues to meet its targets to process licence applications within the prescribed timeframe of 120 working days; the achievement is recorded at 100%. The current economic state and the increasing online gambling platforms experienced in the country keeps having an impact on the industry, with some industry players continuing to terminate employment contracts of some of their employees. It should further be noted that the department is also continuing to meet its target of 100% with regard to employee registration within the targeted turnaround time of 45 working days.

The limited pay-out machines sector of the gambling industry is slightly improving due to the return to normal operations of the licensed outlets. It is still a challenge for some licensees with regards to lack of mushrooming of illegal gambling outlets, and as such, these outlets continue to have a negative impact on the rollout process of LPMs and impacts on the tax levied from licensed operators. There is currently an outcry of illegal gambling outlets mushrooming close to the licensed outlets. The GGB, through the law enforcement department, is conducting raids and closure of these illegal operators in partnership with the SAPS.

In line with the Board's transformation objectives, the Board granted nine (9) bingo licences with the licensed entities being, at a minimum, 55% black-owned. The operations of this issued Bingo licences are expected to be in operation during the 2024/25 financial year.

The following is the Gauteng gambling licensing profile:

| Licence type | Number of licences (as at 31 March 2024) |
|----------------|------------------------------------------|
| Bingo | 20 |
| Bookmaker | 172 |
| Casino | 7 |
| LPM sites | 545 |
| Manufacturers | 33 |
| Race-meeting | 1 |
| Route operator | 5 |
| Testing agent | 2 |
| Totalizator | 1 |

B3.2 Gaming Control

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

The GGB's presence in the form of Gaming Control technical auditors allows for increased visibility and enhances our role to ensure that licensees continue to maintain the required level of compliance at all times. The department has conducted 1065 unannounced compliance inspections across the audit universe (Casino, Bingo, Bookmaker, Totalisator and LPM operators) for the year. This continued presence combined with the scheduled inspections of all changes prescribed by the legislation allows us to ensure that from a technical perspective, the department supports the organisations' combined assurance.

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

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

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

B3.3 Compliance Audit

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

During the year under review, we conducted normal planned compliance and revenue audits on licensees. The GGB conducted 160 revenue audits, 203 compliance audits and the Board is no longer a supervisory body to conduct FICA inspections.

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

Transformation remains high on the agenda for the GGB. The department monitors the status of BBBEE in the industry on a continuous basis. In this regard, the Board has appointed two independent service providers to assess the status of transformation in the industry and the work is still in progress. The appointed service providers will audit all licensee's transformation strategies and implementation thereof. Upon conclusion of this exercise, a comprehensive report on the status of transformation in the Gauteng gambling industry will be issued during the 2024/25 financial year.

B3.4 Legal and Law Enforcement

B3.4.1 Law Enforcement

The Board continues to forge relationships with law enforcement agencies within the jurisdiction of Gauteng in order to address the mushrooming of illegal gambling operations. The Board made progress with the assistance of the MEC to engage with the SAPS with a view to establish a committee that would prioritise the combatting of illegal gambling activities in Gauteng. The process of resourcing the business unit is underway for appointment of more law enforcement officers and investigators. Further to that, the GGB is exploring relationships with the provincial wardens and also to grant GGB law enforcement officers a peace officer status. During the year under review, the SAPS assisted the GGB in conducting raids.

The Law enforcement unit, in partnership with the SAPS, conducted 438 raids as opposed to the targeted 400 on illegal gambling operations, which resulted in the confiscation of 792 gambling devices/equipment. The GGB conducted 26 information sharing sessions with law enforcement agencies to create awareness and foster cooperation with like-minded organisations to deal with illegal outlets that are contributing to the loss of revenue in the sector. A total of 286 disputes between punters and licensees were investigated and finalised in an effort to ensure that gambling offered to the public is fair.

B3.4.2 Legal: Legislative Landscape

The Board is reviewing its founding legislation to align it with the industry's best practice and trends. Furthermore, the legislation review has necessitated a significantly transformed industry due to political, economic, social, technological, environmental and legal circumstances as unveiled by the outcome of stakeholder engagement sessions, strategic planning sessions and the approved Annual Performance Plan (APP) 2024/25.

The GGB submitted the Gauteng Gambling Amendment Bill (“the Bill”) to the GDED Legal Services Division for consideration and guidance in May 2024. The latter has since requested an explanatory memorandum which lists the proposed amendments with summaries thereof for purposes of determining the most viable way forward, namely whether to amend the Gauteng Gambling Act, 1995 (as amended) or alternatively to repeal it in its entirety and replace it with a new Bill. The GGB will provide the explanatory memorandum before the end of August 2024.

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 to perform the following functions as contemplated in section 37(2) of the Act:

- Conduct investigations 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 recommended and imposed sanctions which includes fines and suspended sentences where licensees were found to have contravened the legislation.

B3.4.4 Legal: Litigation

B3.4.4.1 The GGB is a creature of statute, and it faces various litigation during the execution of its mandate. The following are detailing the current cases – opposed matters:

| LITIGATION | DETAILS | ATTORNEYS OF RECORD |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| 1. SOUTH AFRICAN BOOKMAKERS' ASSOCIATION & OTHERS V THE NATIONAL GAMBLING BOARD OF SOUTH AFRICA AND & OTHER PROVINCIAL GAMBLING BOARDS CASE NUMBER: 75953/17 | SABA brought a declaratory application against the National Gambling Board, GGB & Others declaring that they are not contravening section 7(a) of the National Gambling Act, 2004 by offering fixed odds betting on the outcome of dog races held outside South Africa. | MATABANE ATTORNEY INC |
| 2. VDIAM TRADING HOLDING (PTY) LTD V THE MINSITER OF SAPS AND OTHERS, CASE NUMBER: 40647/18 | Vdiam seeks to set aside the search and seizure warrant at the premises and a spoliation order against confiscated goods. | MATABANE ATTORNEY INC. |

| | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| 3. ELMIRO JOSE PESTANA MARTINS V THE MINISTER OF SAPS AND OTHERS, CASE NUMBER: 13108/18 | Elmiro seeks to set aside the search and seizure warrant at the premises and a spoliation order against confiscated goods. | MATABANE ATTORNEY INC |
| 4. PHUMELELA GAMBLING AND LEISURE LIMITED V THE MEC AND OTHERS CASE NUMBER: 11734/19 | Phumelela served on GGB, the MEC and another, an urgent interim interdict pending a final determination of a review application against the MEC decision to amend Regulation 276. | KA-MBONANE COOPER INC |
| 5. MEISIE KGALADI V MINISTER OF POLICE; AND OTHERS, CASE NUMBER: 0011367 | Meisie seeks to set aside the search and seizure warrant at the premises where she is employed. | THIPA ATTORNEYS' INC. |
| 6. MYSTIQUE INTERNET ENTERTAINMENT LOUNGE V MINISTER OF S.A.P.S AND OTHERS CASE NO. 37207/19 | Mystique seeks to set aside the search and seizure warrant at the premises where she is employed. | MAMPEULE ATTORNEYS |
| 7. PHUMELELA GAMING & LEISURE LIMITED V GGB AND OTHERS CASE NO. 41790/19 | Phumelela launched review application against the GGB for finding Phumelela guilty of contravening condition 10 of its Race Meeting licence and imposed a fine of R5 000 000.00 of which R2 500 000.00 is suspended for a period of 5 years. | KA-MBONANE COOPER INC. |
| 8. GOLDENTREE ASSET MANAGEMENT LUX S.A.R.L & ANOTHER v THE CHAIRPERSON OF THE GAUTENG GAMBLING BOARD & ANOTHER CASE NO:2020/12441 | Goldentree launched a review application against GGB seeking to review the Board decision granting consent to increase financial interest in Peermont, subject to a condition that the Second Applicant attain and indefinitely maintain a minimum of 26% BEE shareholding. | MAPHANGA & ASSOCIATES INC. |
| 9. LEDWABA MAZWAI V GAUTENG GAMBLING BOARD & ANOTHER CASE NO: 46982/12 | Ledwaba Mazwai seeks an urgent interim interdictory relief, under Part A, pending the final determination of Part B in which it seeks a declaratory relief as well as a final interdict against the Gauteng Board ("GGB"). In Part B of the application, the Ledwaba Mazwai seeks to review the GGB's decision and processes regarding tender. GGB/RFP/001.2019 ("the panel tender"). | MALATJI & CO ATTORNEYS |



| | | |
|------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| 10. CRISTOPHER LUPHAHLA V GAUTENG GAMBLING BOARD & ANOTHER, CASE NO: 21/24863 | Cristopher Luphahla seeks an order reviewing and setting aside the decision of the GGB which held that he did not have a winning ticket. | MMMG ATTORNEYS |
| 11. CASINO ASSOCIATION OF SOUTH AFRICA & ANOTHER (9547/2018 and 38099/2018) | CASA launched a court application against Portapa (Pty) Ltd trading as Supabets and 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 Court a quo reviewed and set aside the decision of the Board. The SCA granted the GGB leave to appeal. | MOTLATSI SELEKE ATTORNEYS |
| 12. THIRAN MARIMUTHU V GAUTENG GAMBLING BOARD CASE NO: GAJB27929-23 | Thiran Marimuthu referred the dispute to the CCMA to challenge his dismissal by the GGB on grounds that the dismissal was substantively and procedurally unfair. | NKOSI SABELO INC. |
| 13. LUCKY LUKHWARENI V GAUTENG GAMBLING BOARD CASE NO: GAJB25404-23 | Lucky Lukhwareni referred the dispute to the CCMA to challenge his dismissal by the GGB on grounds that the dismissal was substantively and procedurally unfair. | NKOSI SABELO INC. |

B 3.5 Information Technology (IT)

To enable the GGB to realise its goal of being a leading and innovative regulator in the gambling industry in accordance with the organisation's vision and mission, the IT department is fully functional and is responsible for developing modern and innovative ways to adequately support the GGB strategy in harnessing the potential of the IT architecture and infrastructure. This includes helping the GGB 31inalize human resources, control risks, IT service continuity, provide value for money, and deliver its mandate to the people of Gauteng, as well as helping the organisation shape itself into one that sets itself the highest leadership standards in the public service and the broad gambling industry.

The IT department is consistently providing technical support services to the staff and Board. The IT Strategic Plan 2020-2025 is being implemented annually, guided by the IT implementation plan which is aligned with the GGB's Strategic Plan. A review of the strategy to align increasing technological advancement is in progress.

There is an ICT Corporate Governance Policy Framework that ensures accountability for all governance structures such as the IT Steering Committee, Senior Management Team, Audit and Risk Committee and the Board. The IT Risk Register has been developed and monitored quarterly. Furthermore, the IT department conducts vulnerability assessment annually to ensure that the Board information and its systems are safe guarded from cyberattacks. IT audit issues identified by the internal and external audit are continually being addressed to resolve them.

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

The IT department accounts for the Integrated Business Automation System project to the Audit and Risk Committee and to the Board. The dispute declared with the service provider has been resolved and the automation process is geared to be 31inalized during the 2024/25 financial year. Business Automation is imminent for improved services and operations within the Board.

B 3.6 Finance

The GGB has generated an amount of R266.4 million for the year ending 31 March 2024. The Board over-collected by R22.3 million, which represented a positive variance of 9%. The over-collection was due to the sundry income and penalties raised by the Board.

Expenditure for the year was R238.9 million as compared to R244.0 million budgeted amount, and this resulted in savings of R5.1 million for the period under review. This represents a favourable variance of 2% and was due to savings from operating expenditures on different line items such as administration fees (board fees), travel overseas and other line items. The overall taxes and levies collected during the period were lower than the budgeted amount by a negative variance of 12%. GGB collected R1.2 billion as compared to a collection budget of R1.4 billion.

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

B4 Organisational Environment

The Board of the GGB was appointed on 1 August 2023, and has been operational and continues to deliver on its mandate and maintain governance and controls for the institution.

B5 Stakeholder Management

The GGB has improved relations with the shareholders, specifically the MEC and the GDED, after the appointment of the current serving Board led by Chairperson Mr Thabo Gumbi; the Board members assuming governance role and spearheading the organisation to the 32inalized32d32 of the 2023/4 financial year and appointing Ms Karabo Mbele as the CEO of the Gauteng Gambling Boards. The MEC, in collaboration with the Board through the Company Secretary Office, established governance and accountability across all GGB roles and operations.

The Stakeholder Management function is informed and governed by a comprehensive stakeholder policy that has been informed by continuous improvement on the Keynesian model and aligned to the District Development Model (DDM) as articulated in the GGT 2030 and improves Inter-Governmental Relations (IGR) when planning for any roll out of licences.

The GGB's stakeholder engagement provides insight into the quality of relationships with both internal and external stakeholders. The strategic planning sessions and the mapping process unveiled 32inalized32d stakeholders as licensees, gambling and non- gambling public that are affected by gambling, like-minded organisations, and GDED family entities 32inaliz on socio-economic development to advance the GGT 2030 priorities and alignment to the Township Entrepreneurship Programme, and non-profit organisations focused on community development.

In the gambling sector, the GGB is the Secretariat for the Gaming Regulators Africa Forum (GRAF) for the second term under the Presidency of the Eastern Cape Gambling and Betting Board and is tasked to coordinate the sector for international best practice and increasing membership in the continent. Another critical partner is the SARGF which collaborates on issues related to responsible gambling and jointly profile the National Responsible Gambling Programme (NRGP) and the Helpline 0800 006 008.

The GGB continuously engages with the industry businesses with a view to jointly share inputs on the proposed legislation review as well as possible intervention of curbing illegal gambling operations. The GGB held 3 stakeholder engagement sessions during the year under review, which were led by the MEC and the appointed Board members.

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

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

B6 Key Policy Developments and Legislative Changes

The GGB is currently reviewing the Gauteng gambling legislation which is currently undergoing consultation with relevant stakeholders prior to submission to the MEC responsible for Economic Development.

Further, GGB has since developed the Gauteng Gambling Tax Bill which will be submitted to the MEC responsible for Finance since it is a money bill.

B7 Strategic Outcome-Oriented Goals

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

- ICT integration into business goals and objectives: The iBAS project is expected to be implemented and finalized in the 2024/25 financial year.
- 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 2023/24 financial year amounted to R1.2billion. This shows an increase of 2% year on year.
- Entrenching and broadening the transformation of the gambling industry.
- Eradicating illegal gambling through initiatives funded through the operational expenses of the organisation.
- Public protection: The Responsible Gambling Programme promotes responsible gambling which is aimed at ensuring the citizens of Gauteng are aware of the dangers associated with gambling and is taking steps to assist persons who have developed problem gambling.

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

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 the 2023/24 financial year.

B9. 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 the 2023/24 financial year

| 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. |

Programme 1: Administrative Support

Five targets were set for the financial year under review. Three have been achieved, apart from the 15-day turnaround payment for service providers that is recorded at 99 %, and the unqualified audit with opinion from the Auditor-General. The validation of invoices as well as engagement with suppliers by the end-user delayed payments in the first quarter, however, the percentage achieved was recorded at 99% as opposed to 100%. There are three overachievements on the procurement from GEYODI – women-owned businesses at 54,6%, youth-owned businesses at 62,7% and businesses owned by people with disability at 26,4%.

Programme 2: Gambling Regulation

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

Programme 3: Revenue Collection

The revenue collection target was not achieved under the financial year under review as it only showed an increase of 2% against the baseline target of 16%. In the past financial year, the GGB realised an increase of 22% which also influenced the target of 16% for the year under review. This was due to the the growing prevalence of online betting which is regulated by other Provincial Licensing Authorities and the recent North-West Constitutional Judgement that declared casino tax increase to be unconstitutional. This judgement affected and delayed the GGB's plans to increase casino taxes.

Programme 4: Transformation of the Gambling Industry

One target was set for the financial year under review in programme 4. The GGB was able to issue 9 Bingo gambling licences that are due for operation in the next financial year thereby creating almost 270 direct jobs in the industry.

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 Agencies to conduct raids on identified illegal sites in line with the relevant legislations. The GGB managed to conduct 438 raids against targeted 400 and managed to seize 792 illegal gambling machines



Programme 6: Responsible Gambling

The GGB, under this programme, achieved all targeted campaigns to promote awareness on responsible gambling. There is an overachievement at 27 which was as a result of more campaigns during the responsible gambling month (November and the festive seasons). The target for the year was 24 and the GGB realised overachievement of 27.

Programme 7: Socio-Economic Development - CSI and SDF

There are four targets under this indicator, and all have been achieved. The CSI intervention was overachieved from a targeted R3,5 million to R13,5 million; the Sports Development Fund (SDF) managed to have disbursement of R58,4 million which is also an overachievement for the year. In addition to the SED interventions, the GGB has achieved the funding of the project aimed at People with Disabilities (PwD) to the tune of R1 million and the internship programme was achieved at 50 youth placed in the programme.

PART B

PERFORMANCE INFORMATION





9.1 Performance Report against original tabled APP revised in October 2023

| Outcomes | Outputs | Output Indicators | Audited actual Performance 2022 | Audited actual performance 2022/23 | Planned annual target 2023/24 | Deviation From planned target to actual achievement 2023/24 | Reasons for deviations | Reasons for revisions to the outputs/ output indicators/annual targets |
|-------------------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------------|------------------------------------|---------------------------------------------|-------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Programme 1: Administration | | | | | | | | |
| Innovative and Efficient Regulator | Good governance and compliance | Auditor General audit outcome | Clean Audit received from the AGSA | Unqualified audit opinion received for AGSA | Clean Audit | Strengthen governance and finance and achieve the Clean Audit | Absence of a fully operational Board impacted on governance issues. | The fully functional management and the Board was appointed in August 2023 for corporate governance |
| Programme 3: Revenue Collection | | | | | | | | |
| Increased Economic Growth | Increased gambling tax revenue | Increase in gambling taxes revenue collected annually | New indicator | 1% | 16% | 14% | The delayed legislation review which could have enabled the GGB to regulate interactive Unqualified audit opinion received for AGSA gambling and derive more revenue. | The baseline of revenue and the issuance of licences was projected to increase the revenue. |
| Programme 7: Socio Economic Development | | | | | | | | |
| Increased economic growth (through socio economic development and investment) | Rand value invested in support of socio-economic development | Rand value of SED projects to assist people with disabilities | New Indicator | New Indicator | R1million | None | | |



9.2 Performance report against the re-tabled Annual Performance Plan

Programme 1 – Administration

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

| Outcomes | Outputs | Output indicators | Audited actual performance 2021/22 | Audited actual performance 2022/23 | Planned annual target 2023/24 | Actual achievement 2023/24 | Deviation from planned target to actual achievement 2023/24 | Reasons for deviations |
|------------------------------------|---------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|--------------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------------|
| Innovative and efficient regulator | Strong governance and regulatory compliance | Auditor- General audit outcome | Unqualified audit opinion received from the Auditor-General | Clean audit opinion received from the Auditor-General | Clean audit opinion received from the Auditor-General | Unqualified Audit opinion received by AGSA | None | The appointment of the Board improved governance issues. |
| | Efficient and smart business processes | Percentage of supplier payments made within 15 days after receipt of correct invoice | New indicator | New indicator | 100% | 99% | -1% | Internal processes were delayed by the due diligence Conducted on some invoices |



| Outcomes | Outputs | Output indicators | Audited actual performance 2021/22 | Audited actual performance 2022/23 | Planned annual target 2023/24 | Actual achievement 2023/24 | Deviation from planned target to actual achievement 2023/24 | Reasons for deviations |
|----------|---------|---------------------------------------------------------------|------------------------------------|------------------------------------|-------------------------------|----------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------------|
| | | Percentage of procurement spend towards women-owned suppliers | New indicator | New indicator | 40% | 54,6% | 14,60% | Successful implementation of the Procurement Strategy aligned to GEYODI targets |



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 2022/21 | Audited Actual Performance 2022/23 | Planned Annual Target 2023/24 | Actual Achievement 2023/24 | Deviation From Planned Target To Actual Achievement 2023/24 | Reasons For Deviations |
|---------------------------------------|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|-------------------------------|----------------------------|-------------------------------------------------------------|------------------------|
| Improved gambling industry compliance | Gambling licence applications finalised to facilitate business efficiency | Percentage of gambling licence applications received and processed within 120 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 | 63% | 100% | 100% | 100% | None | N/A |
|--|----------------------------------------------|------------------------------------------------------------------------------------------------------------|-----|------|------|------|------|-----|

Programme 3 – Revenue Collection

Purpose: Ensure complete and accurate gambling tax revenue collection.

| Outcomes | Outputs | Output indicators | Audited actual performance 2021/22 | Audited actual performance 2022/23 | Planned annual target 2023/24 | Actual achievement 2023/24 | Deviation from planned target to actual achievement 2023/24 | Reasons for deviations |
|---------------------------|--------------------------------|----------------------------------------------------------------|------------------------------------|------------------------------------|-------------------------------|----------------------------|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Increased economic growth | Increased gambling tax revenue | Percentage change in gambling taxes revenue collected annually | New indicator | New indicator | 16% | 2% | 14% | Inability to regulate online betting and the delayed review of gambling taxes impacts on the revenue' |



Programme 4 – Transformation of the gambling industry

Purpose: Entrench and broaden transformation of the gambling industry.

| Outputs | Outputs | Output Indicators | Audited actual performance 2021/22 | Audited actual performance 2022/23 | Planned annual target 2023/24 | Actual achievement 2023/24 | Deviation from planned target to actual achievement 2023/24 | Reasons for deviations |
|---------|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------------|------------------------------------|-------------------------------|----------------------------|-------------------------------------------------------------|------------------------|
| | All new licences awarded to majority historically disadvantaged ownership | Number of new licences with at least 55% historically disadvantaged ownership issued | New indicator | 43 Bookmakers Licensees | 9 Bingos licences | 9 Bingos licences | None | None |



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 2022/22 | Audited actual performance 2022/23 | Planned annual target 2023/24 | Actual achievement 2023/24 | Deviation from planned target to actual achievement 2023/24 | Reasons for deviations |
|---------------------------------------|---------------------------------------|-----------------------------------------------------------|------------------------------------|------------------------------------|-------------------------------|----------------------------|-------------------------------------------------------------|------------------------------------------------------------------------------------|
| Improved Gambling industry compliance | Incidents of illegal gambling reduced | Percentage reduction in illegal gambling sites identified | New indicator | New indicator | 400 | 438 | Overachieved | This overachievement is due to renewed collaboration with Law Enforcement Agencies |



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

| Outcomes | Outputs | Output indicators | Audited actual performance 2021/22 | Audited actual performance 2022/23 | Planned annual target 2023/24 | Actual achievement 2023/24 | Deviation from planned target to actual achievement 2023/24 | Reasons for deviations |
|---------------------------------------|---------------------------------------------------------|--------------------------------------------------------------------------|------------------------------------|------------------------------------|-------------------------------|----------------------------|-------------------------------------------------------------|----------------------------------------------------------------------------------|
| Improved Industry Gambling Compliance | Increased Awareness of responsible and illegal gambling | Number of gambling awareness programmes conducted for public consumption | New indicator | New indicator | 24 | 27 | Overachieved | The overachievement is due to improved collaborations with various stakeholders. |



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 2021/22 | Audited actual performance 2022/23 | Planned annual target 2023/24 | Actual achievement 2023/24 | Deviation from planned target to actual achievement 2023/24 | 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 SDF | 21% (R28,5 million) | R21,5 million | R24 million | R58.4 million | Overachieved | The overachievement was as a result of higher collection on sports levies. |
| | | Rand value of funding distributed for CSI | R13,7 million | R3,5 million | R3.5 million | R13,5million | Overachieved | CSI was overachieved due to sports levies reallocated to fund CSI initiatives. |
| | | Rand value of SED Projects to assist people with disabilities | New indicator | New indicator | R1 million | R1 million | Achieved | None |



| Outcomes | Outputs | Output indicators | Audited actual performance 2021/22 | Audited actual performance 2022/23 | Planned annual target 2023/24 | Actual achievement 2023/24 | Deviation from planned target to actual achievement 2023/24 | Reasons for deviations |
|----------|----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|-------------------------------|----------------------------|-------------------------------------------------------------|------------------------|
| | Improved youth skills development through internship and experiential learning programmes, internally and externally | Number of youth (learners) developed in partnership with Tshepo 1 Million programme (20 internal, 40 external learners) | New indicator | New indicator | 50 | 50 | None | None |



Performance programmes against budget

| Programme | 2023/24 | | | | | 2022/23 | | | | |
|--------------------------------------------|----------------|-----------------|--------------------|--------------------------|----------------|-----------------|--------------------|--------------------------|--------------|--|
| | 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 | R'000 | |
| 1. Administration | 101,087 | 101,087 | 100,809 | 278 | 98,869 | 98,869 | 92,518 | 6,351 | | |
| 2. Gambling Regulation | 92,366 | 92,366 | 91,860 | 506 | 83,231 | 83,231 | 83,231 | 0 | | |
| 3. Revenue Collection | 12,014 | 12,014 | 12,281 | (267) | 10,890 | 10,890 | 10,890 | 0 | | |
| 4. Transformation of the gambling industry | 6,753 | 6,753 | 7,072 | (319) | 8,390 | 8,390 | 7,072 | 1,318 | | |
| 5. Eradication of illegal gambling | 7,234 | 7,234 | 9,984 | (2,750) | 7,439 | 7,439 | 7,428 | 11 | | |
| 6. Responsible Gambling | 12,385 | 12,385 | 15,550 | (3,165) | 10,516 | 10,516 | 8,958 | 1,558 | | |
| Socio-Economic Development | 12,236 | 12,236 | 14,511 | (2,275) | 9,549 | 9,549 | 8,505 | 1,044 | | |
| Subtotal | 244,075 | 244,075 | 252,067 | | 228,884 | 228,884 | 218,602 | | | |



Gauteng Gambling Board generated revenue of R262.4 million for the year ended 31 March 2024, which is an over-collection for the year, as compared to a budget of R244.0 million. This resulted in a positive variance of R 18.3 million which represents a positive variance of 7%. This was mainly due to the penalties raised, interest received and sundry income.

Revenue year to date 31 March 2024

| Description | Actual | Budget | Variance | Variance % |
|-----------------------------------|----------------|----------------|---------------|------------|
| Licence Fees | 75 997 | 76 010 | (13) | 0 % |
| Application and Registration fees | 10 932 | 12 262 | (1 330) | -12% |
| Sports Betting Levy | 22 502 | 22 290 | 212 | 1% |
| Collection Commission | 98 914 | 113 694 | (14 780) | -14% |
| Recoveries from investigations | 1 595 | 1 876 | (281) | -15% |
| Penalties Charged | 28 811 | - | 28 811 | 100% |
| Interest received | 6 525 | 6 118 | 407 | 4% |
| Sundry Income | 17 165 | 11 825 | 5 340 | 69% |
| TOTAL | 262 441 | 244 075 | 18 366 | 7% |



Licence fee collections are lower than anticipated for the year ending 31 March 2024. GGB collected R75.9 million against the budget target of R76.0 million which represents a variance of 0%.

1. **Application and Registration Fees**

Application and registration fees collections were lower than the budgeted amount by 12% for the year ending. GGB collected R10.9 million to date against the targeted budget of R12.2 million. This was driven by a lower number of employee registration applications by the licensees.

2. **Sport Betting Levy**

Sports betting levy collections were higher than anticipated revenue projections. GGB collected R22.5 million against the targeted budget of R22.2 million, this represents a positive variance of 1%. The higher revenue collection was due to the bookmaker's activities.

3. **Collection Commission**

GGB collected R98.9 million for the collection commission during the year as compared to the budgeted target of 113,6 million. This resulted in a negative variance of 14% due to lower taxes and levies collected.

4. **Recoveries from Investigations**

GGB collected R1.5 million which is lower than the budgeted amount of R1.8 million. However, it should be noted that the Board had approved new charge-out rates for investigators, which will be implemented on 01 April 2024.



5. **Penalties charged**

GGB raised a penalty of R27.4 million to one of its licensees for a late payment of taxes and levies for a period of 5 years.

6. **Interest received**

GGB earned an interest amount of R6.5 million against the budgeted amount of R6.1 million for the year ending 31 March 2024. This was mainly due to the higher bank balance.

7. **Sundry income**

GGB collected R382 thousand of rental income for the year until 31 March 2024, and the Board received R409 thousand from the DED for the probity auditors, a further R2 million from Blend Property and R10 million from GEP. However, the Board has a positive variance of 69% in terms of sundry income.

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 instill 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 provincial legislation, oversee government action and interact with the public. The Gauteng Legislature's Portfolio Committees in charge of overseeing the GGB's activities are as follows:

1.1 Standing Committee on Public Accounts – reviews the Annual Financial Statements and the audit reports of the Auditor-General.

1.2 Portfolio Committee on Economic Development – exercises oversight over the service delivery performance of public entities and, as such, reviews the non-financial information contained in the annual reports of public entities. This committee is concerned with service delivery, enhancing economic growth and reviews processes of service implementation relating to gender, youth, women and people with disabilities

1.3 Committee on Scrutiny of Subordinate Legislation – scrutinises provincial subordinate legislation to ensure that regulations are aligned to principal legislation.

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 Gambling legislation review and its completion to include other interactive gambling modes.
- The progress of engaging with SAPS to establish the unit dealing specifically with gambling related raids and closure of illegal gambling outlets.
- The status on the suspended executives.
- Progress report on any investigations underway.
- The status of the condonement of irregular expenditure by Provincial Treasury.
- A request to submit an audit action plan and the implications thereof.

- The GGB's performance relating to gambling tax revenue.
- Internet gambling and how the GGB is addressing the revenue leakage.
- The status of the intervention to address illegal gambling.
- Priority needs to be made of the GEYODI initiatives in all the entities.

The Portfolio Committee on Economic Development acknowledged and commended the work done by the GGB, the appointment of the new Board as well as the filling of the CEO position. The Committee commended the GGB on the sterling work and controls that are continuously being implemented and committed to canvassing support for the curbing of illegal gambling as well as the legislation review for improved revenue collection.

C3. EXECUTIVE AUTHORITY

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

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

The Board is the Accounting Authority of the GGB. The relationship between the Executive Authority and the Accounting Authority is managed through a Shareholder Compact 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 and the objectives of the GDED.

The GGB submits its quarterly reports, budget, five-year strategic plan and the Annual Report submitted to the Executive Authority who then submits them to the relevant Portfolio Committees such as Portfolio Committee on Economic Development and SCOPA.

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, to regulate and control gambling activities in the Gauteng province on behalf of the Gauteng Provincial Government.

The Board comprises of a maximum 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 Act.

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

As required in terms of the Gauteng Gambling Act and codes of good governance, the Board members are appointed based on their 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. Its role is to:

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



- Be aware of and commit to the underlying principles of good corporate governance and ensure that compliance with corporate governance principles is reviewed regularly.
- Maintain integrity, responsibility and accountability.

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

Conflicts of interest

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

C4.3 Board Charter

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

The Board's charter confirms:

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

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

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

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

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

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

C4.4 Composition of the Board

The Board consists of 12 non-executive directors appointed by the Executive Authority in terms of the Gauteng Gambling Act.

| Name | Designation (in terms of the Public Entity Board structure) | Date appointed | Date resigned | Qualifications | Area of expertise | Board Directorships (List the entities) |
|------------------------|-------------------------------------------------------------|----------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mr. Thabo Gumbi | Chairperson of the Board | 01 August 2023 | | National Diploma in Marketing, BTech Marketing, Master of Business Administration | Corporate Administration; Business Strategy; Business Development; Marketing. | Non-Executive Board member – Rhiza Ventures Non-Executive Board member – Rays of Hope Board Non-Executive Board member Ngangezwe Foundation Board Trustee - mines 1970 Pension and Provident Funds Trustee, TEBA Employees Trust. |
| Mr. Solomuzi Mabuza | Deputy Chairperson of the Board | 01 August 2023 | | Bachelor of Theology (Honours) | Theology | Trustee in Gauteng Partnership Fund and Member of Gauteng Ethics Advisory Council |
| Adv. Matankiso Morake | Board Member | 01 August 2023 | | Bachelor of Laws (LLB), Professional Certificate in Data Analytics | Law and Data Analytics | Advocate of the High Court of South Africa, Pan African Bar Association of South Africa, Co-Founder Analytics (Pty)Ltd. |
| Adv. Mbhazima Maluleke | Board Member | 01 August 2023 | | MPA (master's degree in public administration) Programmes in Advanced Strategic Management, LLB, BA in Development Studies, Advance Diploma in Business Management | Law | Private Practice with Law Chambers at Hatfield. Practicing Advocate in the National Bar Council of South Africa. Director of Jamela Estate (Pty) Ltd, Quantum Global Africa (Pty) Ltd and Cosmic Global Corporation. |



| Name | Designation (in terms of the Public Entity Board structure) | Date appointed | Date resigned | Qualifications | Area of expertise | Board Directorships (List the entities) |
|---------------------|-------------------------------------------------------------------------|-------------------|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Dr Gugulethu Xaba | Board Member | 01 August 2023 | | National Diploma in Company Administration, BTech Corporate Administration, M Tech Entrepreneurship, D-Tech Organisational Leadership. | Corporate Administration | Director of the CPO, Lighthouse Community Centre. IoDSA Member. |
| Mr. Krish Naidoo | Board Member | 01 August 2023 | | B-Proc, MLITT (Strategic Studies) Certificate in Banking Law and Financial Markets. | Law and Finance | Director of JRN Investments (Pty) Limited and KZN Strategy Consultants (Pty) Limited. Sole Shareholder, KZN Strategy Consultants (Pty) Limited. |
| Ms. Mpho Sidibe | Board Member | 01 August 2023 | | BCom Accounting, BCom Accounting in Honours, Organisational and Business Psychology, Diploma in Theology, Bible Studies and Pragmatic Ministry. IODSA certified director | Finance | Founder and Managing Director, MOPSY. Acting Trust Chairperson, SGS South Africa Community Trust. Trustee, Nova Pioneer Property Trust. Trustee, Address & Hauser Ubuntu Trust. Trustee, Tribe of Judah Trust. Director, Film and Publications Board. Director, City of Johannesburg. Non-Executive Director, Light Workplace NPC. Director, Instill Education Foundation. |
| Ms. Lindiwe Diputla | Board Member | 01 August 2023 | | Certificate in Management and Business Accounting. | Public Administration | Non-Executive Board Member, SOE. |
| Ms. Nalini Maharaj | Board Member | 01 August 2023 | | B Proc, Bachelor of Laws (LLB), Corporate Governance, Financial Accounting for Public Entities, | Law and Finance | Sole Proprietor/Director N. Maharaj Attorneys/Ishana Maharaj Inc. Board member – Overberg Water, Board member – Housing Development Agency, Board member – IRBA, Board member – South African Institute for Drug Free Sport |
| Mr. Sello Tleane | Board Member | 01 August 2023 | | BA in Politics and Public Administration, BA in Politics (Honours). | Public Administration in Politics. | Former Member of Parliament, of the Republic of South Africa. |
| Ms. Neo Tiro | Board Member | 01 August 2023 | | BA (Politics, Philosophy and Economics) | Corporate Governance and Business Development. | Director in Silofuture (Pty)Ltd, Hadhi Foundation NPC and Teremity (Pty)Ltd. |
| Mr. Barry Hendricks | Board Member | 01 August 2023 | | BSC in Zoology and Plant Science | Sport Administration | Trustee Member in Thoroughbred Horseracing Trust. |

C4.5 Board Committees

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

Each committee has clear terms of reference under which authority is delegated by the Board. The office of the Company Secretary provides secretarial services to the Board and each of the committees. As such, the Board established the following permanent committees:

- **Audit and Risk Committee.** The purpose of the Audit and Risk Committee is to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems and control processes, the operation of adequate risk management processes and the review of the preparation of accurate and timely financial reports and statements by management, in compliance with all applicable legal requirements and accounting standards.

The independent members of the Audit and Risk Committee were appointed on 01 October 2023 and met during the year as detailed under Section C7.

- **Gaming and Responsible Gambling Committee.** The purpose of this committee is to advise the Board on the formulation and implementation of responsible gambling policy. The committee also oversees gambling activities on behalf of the Board and formulates policies on matters related thereto.
- **Technical Committee: Transformation, Social and Ethics.** The purpose of this committee is to assist the Board with the oversight of social and ethical matters relating to the GGB.
- **HR & Remuneration Committee.** The purpose of this committee is to review, advise and make recommendations to the Board on matters relating to all corporate services. These are matters such as human resources, facilities management, corporate governance and any other related matters as delegated by the Board.
- **Legal Committee.** The role of this committee is to assist the Board with the oversight and the provision of technical and strategic advice on legal matters relating to the GGB.

- **Dispute and Resolution Committee.** The role of the committee is to provide guidance to Board in relation to section 37 disciplinary processes against licensees, and, where appropriate, contribute objectively to policy development through reporting on key policy and section 37 issues.

C4.6 Remuneration of Board Members

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

Travel expenses of the Board is governed by the GGB Subsistence and Travel Policy.

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

C5. RISK MANAGEMENT

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

The GGB is committed to an enterprise-wide risk management process that is in accordance with the provisions of the PFMA (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.

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

- Continuing with fraud, risk and ethics awareness workshops.
- Strengthening the risk maturity within the entity at all levels by embedding the GGB's risk management culture.
- Updating Risk Registers for all departments within the GGB, with allocated responsible senior managers and completion dates.
- Reviewing the GGB Risk Management Policy and Procedures.
- Review of the strategic and operational risks and alignment of the Internal Audit Plan accordingly.

- Quarterly review of the Risk Register by the Senior Management Committee and the identification of emerging risks and formulation of mitigation plans.
- Risk manager independently reports to the CEO and ensures the Audit and Risk Committee operates in line with good governance priorities.
- Quarterly reporting to the Audit and Risk Committee who independently monitors the Risk Register.

C6. Internal Control Unit

The Internal Audit function is outsourced to RAKOMA & Associates Inc. who performs as an independent business unit that reports administratively to the CEO and functionally to the Audit and Risk Committee as provided for in the PFMA). 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 the Internal Audit to have obtained a "generally conforms" rating.

C6.1 Performance during period under review

During the period under review, Internal Audit completed all auditable areas as per the approved Internal Audit Plan. The plan covered 19 auditable areas that spanned across the following business units: Review of Interim and Annual Financial Statements, Audit of Predetermined Objectives (Q2 and Q4), Review of Annual Performance Report, Information Technology – Application Controls Review, Information Technology- Governance, Information Technology- General Controls (ITGC), Review of Revenue Management, Supply Chain Management, Human Resources Management, Licensing Review, Legal and Enforcement Review, Compliance Division: Audit, Compliance Division: Gaming Control, Corporate Governance, SED and Responsible Gambling, Risk and Business Continuity Management, and Follow -up on External and Internal Audit Findings.

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

C6.2 Relevant Outcomes

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

C6.3 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 consists of a minimum of three members and maximum seven members appointed by the Board, the majority of whom must be independent to the organisation and the Board. The Committee is chaired by an independent member and 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 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 approved 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 internal and external auditors.
- Approval of the appointment of internal auditors.

The identification and management of risk is central to achieving the Board's mandate in terms of the Gauteng Gambling Act, 1995. Each year, the Board reviews and considers the risk profile of the whole business which 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 |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------------|-----------------------------------|
| Ms. Carol Roskrige | BSC Degree, BSC Honours, Master of Science and Master of Business Leadership in Finance and Corporate Governance. | 19 October 2023 | 01 July 2026 | 8/8 |
| Mr. Tebogo Selau | CA (SA), Bachelor of Commerce in Accounting, BCom Honours degree (Accounting), (CTA), Post Graduate, Diploma In Accounting, Sciences, Bachelor of Laws (LLB) | 19 October 2023 | 01 July 2026 | 7/8 |
| Ms. Gloria Mnguni | BCom in Accounting (Honours) CA (SA) | 19 October 2023 | Resigned 16 February 2024 | *5/8 |
| Mr. Suren Maharaj | BCom, Hons BCompt, CA(SA), MBA (cum laude) | 19 October 2023 | 01 July 2026 | 8/8 |
| Ms. Mpho Sedibe | BCom Accounting, BCom Accounting in Honours, Organisational and Business Psychology, Diploma in Theology, Bible Studies and Pragmatic Ministry. | 19 October 2023 | 01 July 2026 | 8/8 |
| Mr. Molate Mashifane | BA in Government Administration and Development. PGDip Risk Management, PGDIP Project Management (Cum Laude) PGDIP in Business Management and Administration. Master of Business Administration. | 25 March 2024 | 01 July 2026 | **2/8 |

*Ms Mnguni was resigned on 16 February 2024 and only attended 5 of eight meetings

** Mr. Mashifane was appointed in the fourth quarter of the year under review hence he attended 2 of eight meetings

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.

C9.1 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 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).

C9.2 Compliance with the Protection of Personal Information Act (POPIA, 2013)

During the 2023/24 Financial Year, 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 the process of ensuring that it has the necessary internal control measures to meet the legislative requirements.

C10. Fraud and corruption

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

To address and deal with this concern, the GGB has a Fraud Prevention Plan in place, which includes details on whistle-blowing. This emphasises the GGB's commitment to ensuring that the Board's exposure to corrupt activity is constrained, mitigated, regularly monitored and subject to periodic risk assessments. The Plan includes the means by which employees and other stakeholders are able to raise concerns with

the appropriate line management or via the Tip-Offs Anonymous Hotline, in instances where they have reasonable grounds to believe that there are irregular activities involving the GGB.

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

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

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

C11. Minimising Conflict of Interest

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

The Code of Ethics Policy is in place which provides guidance and details of disclosures to be made.

In scenarios where a conflict of interest is identified, an evaluation is made on its materiality and corrective measures are taken to address the matter. The Gauteng Gambling Act, 1995 further 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 measure.

C12. Code of Conduct/Ethics

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

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

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

C13. Health Safety and Environmental Issues

In compliance with the Occupational Health and Safety Act, 1993 (Act No. 35 of 1993), the GGB's Health and Safety Policy guides the operations and maintenance of a safe environment for both employees and all the stakeholders visiting the organisation's premises. The terms of reference of an active Health and Safety Committee guide its operations.

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.

C14. Company Secretary

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

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

In carrying out their duties, all members of the Board have unrestricted access to the advice and services of the Company Secretary. The Company Secretary also assists

in providing access to external independent professional advice at the Board's expense, when required.

C15. SOCIAL RESPONSIBILITY

The GGB's Sports Development Fund (SDF) and Corporate Social Investment (CSI) initiatives have resulted in significant investments in external programs, primarily supporting education (Bursary Scheme and related educational activities), community development (upliftment projects and disaster relief for flooding and sinkholes), and sports infrastructure (through establishment of combi courts and renovation of sports facilities).

In alignment with the Gauteng Gambling Act, 1995 and the SED Policy, GGB's funding aims to stimulate job creation and assist in the advancement of deprived communities, thereby enhancing the quality and standard of living for people in the province. It is noteworthy that GGB has strategically ensured that these programs are implemented across all five regions of Gauteng, aiming to empower communities and address the adverse impacts of problem gambling.

The GGB recognises its responsibility as a corporate citizen towards its stakeholders and the communities within which it operates. It is committed to contributing to the sustainable development of the Gauteng community, aligning its vision and mission with its role as a responsible corporate entity.

In the year under review, the GGB funded several organisations through the CSI and SDF. The following initiatives were supported by the Board:

The SDF and CSI has funded amongst others the refurbishment of sports facilities that hosts black women, youth and people living with disabilities to bridge the gap and facilitate access to sport facilities among the majority of the historically disadvantaged communities in the province.

The GGB further supported the construction of swimming pools in Westrand, the project is aimed at providing swimming lessons and promotes water safety campaigns for primary school children between the ages of 7-13 years.

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

C16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

In terms of 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 and Section 53 of the National Gambling Act (2004, as amended).

C16.1 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. |

C17. 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 Act. The GGB has adopted the King IV™ Report on Corporate Governance in South Africa (King IV™), and the Audit and Risk Committee has complied with the principles and recommended practices of the King IV™ during the period under review. We are pleased to present our report for the financial year ended 31 March 2024.

C17.1 Audit and Risk Committee Responsibilities

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 51 (1) (a) (ii) of the PFMA 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, 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 Committee held eight (08) meetings during the financial year and discharged all responsibilities set out in terms of its charter, which is to assist the Board in ensuring that the organization maintains an effective and robust system of internal controls.

The Chief Executive Officer (CEO), Chief Financial Officer (CFO), Risk Manager, Internal and External Auditors, as well as some of the Senior Executive Managers have a standing invitation to all meetings of the Committee.

C17.2 Governance of Risk

The Audit and Risk Committee is responsible for ensuring that a robust 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 through ongoing mitigation where there are appropriate and long-term solutions. Over and above strategic risk assessment being executed, operational risks are managed on a continuous basis. Additional information regarding risk events and their potential impact on the organization's activities are detailed elsewhere in the Integrated Annual Report.

C17.3 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 associated 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.

The Audit and Risk Committee noted the audit conclusion for the GGB concerning the Internal Audit's opinion on the adequacy and effectiveness of the GGB's system of Governance, Risk Management and Control processes for the financial year end 2023/24 as being overall: ACCEPTABLE meaning that an adequate control framework is in place, but improvements are needed in certain key control activities. The ARC was assured that systems of governance, risk management and internal controls provide reasonable assurance that significant risks are managed within tolerance levels.

C17.4 Quality of monthly and Quarterly Management Reports submitted in terms of the PFMA

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

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

C17.5 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.

C17.6 Evaluation of the Annual Financial Statements

The Committee reviewed the Annual Financial Statements of the GGB for the year under review and was satisfied that they complied 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.

The Annual Financial Statements were reviewed with focus on the following:

- 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.

C17.7 Auditor's Report

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



Conclusion

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

Signed:

A handwritten signature in purple ink, appearing to read 'M. Roskruge', is written over a horizontal line.

Ms. Carol Roskruge
Chairperson of the Audit
and Risk Committee
Gauteng Gambling Board
Date: 31 July 2024

PART D

HUMAN RESOURCES MANAGEMENT



PART D: HUMAN RESOURCE MANAGEMENT

D1. Introduction

As we reflect on the past year, our greatest asset remains our people. Their dedication and resilience have been the driving force behind our success. The Human Resources department is committed to fostering a positive work environment, supporting employee development, and driving strategic initiatives that align with our organisation's strategic goals.

Looking ahead, we are focused on enhancing our employee wellness programs, expanding our talent acquisition efforts, and continuing to support our employees' professional growth. As we move into the new year, we remain dedicated to building a supportive and dynamic work environment that empowers our employees and drives our collective success.

D2 Overview of Human Resources

D2.1 Set HR priorities for the year under review and the impact of these priorities.

Efficient Vacancy Management - GGB managed to fill vacancies by streamlining the recruitment process to minimize operational disruptions and maintain workforce continuity.

Retention of Essential Skills - GGB retained key talent and enhanced career development programs to reduce turnover rates and preserve institutional knowledge

Promoting Gender Diversity & Hiring of people with disability - We implanted targeted recruitment, developed leadership programs for women and provided mentorship and sponsorship opportunities and people with disabilities.

D2.2 Future HR Plan

Diversity and Inclusion - we aim to enhance our diversity and inclusion efforts with targeted recruitment strategies and comprehensive training programs.

Talent Acquisition and Retention - our recruitment strategy will be refined to focus on building talent pipelines for critical roles, and we will enhance our retention strategies through career development opportunities and competitive compensation packages.

Technology and Innovation - we will invest in upgrading our HR technology to improve data analytics, streamline recruitment processes, and enhance employee self-service capabilities through a new IBAS system.

D3 Workforce Planning and Key strategies

Workforce planning and recruitment strategies are essential for building a skilled and capable workforce. To build a skilled and capable workforce that drives our organizational success, our future planning and recruitment strategy will focus on several key areas:

Workforce Planning

We will assess our current workforce to identify existing skills and gaps, forecast future needs based on organisational demands and gambling industry trends, and develop talent pools to address anticipated skill shortages. Succession planning will be a priority to ensure we have prepared internal candidates for critical roles.

Attracting and Recruiting Talent:

- **Employer Branding:** We will strengthen our employer brand by highlighting our unique company culture, values, and benefits through various channels.
- **Competitive Compensation:** Our compensation packages will be competitive within the industry, with a focus on offering a salary structuring methods and review our risk benefits.
- **Streamlined Process:** We will streamline our recruitment process to enhance efficiency and provide positive candidate experience. Implement user-friendly application systems, ensure clear communication throughout the hiring process, and reduce time-to-fill by streamlining interviews and decision-making.
- **Inclusive Practices:** Our recruitment efforts will emphasize diversity and inclusion, ensuring we attract a broad spectrum of candidates.
- **Candidate Experience:** We will focus on creating an engaging and positive experience for candidates, from application to onboarding.
- **Continuous Improvement:** We will regularly review and improve our recruitment strategies based on feedback and performance metrics.

By implementing these strategies, we aim to build a strong talent pipeline, enhance our organisational capabilities, and ensure we attract and retain top talent to drive our future success.

This comprehensive approach ensures that workforce planning and recruitment strategies are aligned with organisational goals and effectively address both current and future talent needs.



D4 Achievements

Partnership with DED Agencies: GGB collaborated with various Department of Economic Development (DED) agencies to provide graduates with practical work-readiness experience across a range of fields. This partnership was designed to enhance the graduates' skills and improve their employability, aligning with the initiative's goals.

Internship Placements: In this financial year, GGB successfully placed 50 interns within various departments and partner organizations. This achievement reflects our commitment to providing practical experience and supporting the professional development of young individuals. These internships have played a crucial role in preparing the next generation of professionals for the workforce.

Stabilization of the organisation: The GGB managed to fill critical vacant positions in line with the reviewed and approved organizational structure to ensure stability and continuity.

D5 Challenges faced by the entity

Human Resources (HR) continues to face challenges in recruitment and employee relations. To address these issues, a concerted effort was made to engage management and the labour union to improve employee relations. GGB also encountered difficulties in recruiting people with disabilities.

2.6.1 Human Resources Oversight Statistics

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

Personnel Cost by Programme/Activity/Objective

| Programme / Activity / Objective | Personnel Expenditure (R'000) | Personnel exp. as a % of total exp. (R'000) | No. of employees | Average personnel cost per employee (R'000) |
|----------------------------------|-------------------------------|---------------------------------------------|------------------|---------------------------------------------|
| Office of the CEO | 15 116 783,47 | 10 | 11 | 1 374 253,04 |
| Office of Company Secretary | 4 844 731,09 | 3.3 | 05 | 968 946,22 |
| Human Resource Management | 12 326 355,81 | 8.4 | 13 | 948 181,22 |
| Finance | 21 935 425,57 | 15 | 19 | 1 154 496,08 |
| Information Technology | 10 030 176,82 | 6.8 | 08 | 1 253 772,10 |
| Gaming Control | 21 535 084,69 | 14.7 | 18 | 1 196 393,60 |
| Compliance Audit | 25 461 925,28 | 17 | 22 | 1 157 360,24 |
| Licensing & Investigations | 15 015 037.77 | 10 | 13 | 1 155 003.00 |
| Legal & Law Enforcement | 14 728 528,66 | 10 | 12 | 1 227 377,40 |
| Communications | 3 096 334,08 | 2 | 03 | 1 032 111,40 |
| Unskilled | 2 881 424,47 | 4 | 50 | 57 628,50 |
| | 146 971 807,66 | 100.00 | 174.00 | 844,665.56 |

Personnel Cost by Salary Band

| Level | Personnel Expenditure (R'000) | % of Personnel exp. Total Personnel Cost (R'000) | No. of employees | Average personnel cost per employee (R'000) |
|------------------------|-------------------------------|--------------------------------------------------|------------------|---------------------------------------------|
| Top Management | 14 134 280,75 | 9.6 | 05 | 2 826 856,15 |
| Senior Management | 21 616 600,66 | 14.7 | 11 | 1 965 145,51 |
| Professional qualified | 31 172 187,93 | 21.2 | 17 | 1 833 658,11 |
| Technical skilled | 65 801 219,26 | 44.9 | 69 | 953 640,86 |
| Semi-skilled | 8 880 724,50 | 6 | 14 | 634 337,46 |
| Unskilled | 5 366 794.56 | 3.6 | 58 | 92 530, 94 |
| TOTAL | 146 971 807,66 | 100.00 | 174.00 | 844, 665.56 |

**Performance Rewards**

| Programme / Activity / Objective | Performance rewards | Personnel Expenditure (R'000) | % of performance rewards to total personnel cost (R'000) |
|----------------------------------|---------------------|-------------------------------|----------------------------------------------------------|
| Top Management | 243 851,22 | 14 134 280,75 | 0.17 |
| Senior Management | 892 048,57 | 21 616 600,66 | 0.6 |
| Professional qualified | 2 208 166,51 | 31 172 187,93 | 1.5 |
| Technically skilled | 5 431 825, 67 | 65 801 219,26 | 3.7 |
| Semi-skilled | 651 841,27 | 8 880 724,50 | 0.4 |
| Unskilled | 354 590,07 | 5 366 794.56 | 0.24 |
| TOTAL | 9 782 323,31 | 146 693 634,71 | 6.67 |

Training Costs

| Programme/ Activity/ Objective | Personnel Expenditure (R'000) | Training Expenditure (R'000) | Training Expenditure as a % of Personnel Cost. | No. of Employees Trained | Avg Training Cost per Employee |
|--------------------------------|-------------------------------|------------------------------|------------------------------------------------|--------------------------|--------------------------------|
| Office of the CEO | 18 213 117,55 | 47,206.00 | 0,26 | 18 | 2 622.55 |
| Company Secretariat | 4 844 731,09 | 27,817.00 | 0,57 | 4 | 6 954.25 |
| Finance | 49 310 498.35 | 299,662.00 | 0.6 | 44 | 6 810.50 |
| Regulatory Services | 51 000 478.12 | 249,056.00 | 0.5 | 46 | 5 414.26 |
| Corporate Services | 25 237 957.10 | 420,019.00 | 1.7 | 23 | 18 261.70 |
| TOTAL | 146 693 634.71 | 1,043,760.00 | 0.71 | 135 | 7 731.55 |



Employment and Vacancies

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

| Programme/ Activity/ Objective | 2022/2023 No. of Employees | 2023/2024 Approved Posts | 2023/2024 No. of Employees | 2023/2024 Vacancies | Percentage of Vacancies |
|-----------------------------------|-------------------------------|-----------------------------|----------------------------------|------------------------|----------------------------|
| Office of the CEO | 8 | 16 | 10 | 6 | 13% |
| Company Secretariat | 3 | 7 | 4 | 3 | 6% |
| Office of the CFO | 50 | 47 | 40 | 7 | 14% |
| Regulatory Services | 42 | 57 | 39 | 18 | 36% |
| Corporate Services | 14 | 34 | 20 | 14 | 31% |
| Total | 117 | 161 | 113 | 48 | 100% |

| | 2022/2023 No. of Employees | 2023/2024 Approved Posts | 2023/2024 No. of Employees | 2023/2024 Vacancies | % of Vacancies |
|------------------------|-------------------------------|-----------------------------|-------------------------------|------------------------|----------------|
| Top Management | 2 | 4 | 4 | 0 | 0 |
| Senior Management | 7 | 11 | 7 | 4 | 8% |
| Professional qualified | 19 | 32 | 18 | 15 | 31% |
| Skilled Technical | 69 | 88 | 64 | 23 | 47% |
| Semi-skilled | 15 | 20 | 15 | 6 | 12% |
| Unskilled | 5 | 6 | 5 | 1 | 2% |
| TOTAL | 117 | 161 | 113 | 49 | 100% |



Employment Changes

The Gauteng Gambling Board's labour turnover rate is low. Below is a table demonstrating employment during the 2023/2024 Financial Year.

| Salary Band | Employment at the beginning of period | Appointments | Terminations | Employment at the end of the period |
|------------------------|---------------------------------------|--------------|--------------|-------------------------------------|
| Top Management | 2 | 3 | 1 | 4 |
| Senior Management | 7 | 4 | 4 | 7 |
| Professional qualified | 18 | 1 | 1 | 18 |
| Technically Skilled | 69 | 0 | 5 | 64 |
| Semi-skilled | 15 | 0 | 0 | 15 |
| Unskilled | 5 | 0 | 0 | 5 |
| Total | 116 | 8 | 11 | 113 |

Reasons for staff leaving

| Reason | Number | % of total no. of staff leaving |
|--------------|----------|---------------------------------|
| Resignation | 7 | 6% |
| Retirement | 0 | 0% |
| Ill health | 0 | 0% |
| Total | 7 | 6% |

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 | 4 |
| Total | 4 |



Equity Target and Employment Equity Status

| Levels | MALE | | | | | | | |
|------------------------|-----------|-----------|----------|----------|----------|----------|----------|----------|
| | African | | Coloured | | Indian | | White | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Top Management | 3 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 4 | 3 | 0 | 0 | 0 | 1 | 0 | 0 |
| Professional qualified | 9 | 10 | 0 | 1 | 0 | 1 | 2 | 3 |
| Technically Skilled | 34 | 40 | 0 | 2 | 0 | 0 | 0 | 0 |
| Semi-skilled | 2 | 8 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unskilled | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 54 | 64 | 0 | 3 | 0 | 2 | 2 | 3 |

| Levels | FEMALE | | | | | | | |
|------------------------|-----------|-----------|----------|----------|----------|----------|----------|----------|
| | AFRICAN | | COLOURED | | INDIAN | | WHITE | |
| | Current | Target | Current | Target | Current | Target | Current | Target |
| Top Management | 1 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 3 | 4 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professional qualified | 5 | 13 | 0 | 1 | 0 | 0 | 1 | 2 |
| Skilled Technical | 30 | 41 | 1 | 1 | 0 | 0 | 0 | 0 |
| Semi-skilled | 11 | 8 | 0 | 0 | 0 | 0 | 1 | 2 |
| Unskilled | 3 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 53 | 69 | 1 | 2 | 0 | 0 | 2 | 4 |

Employment and Vacancies

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

| Programme/ Activity/ Objective | 2022/2023 No. of Employees | 2023/2024 Approved Posts | 2023/2024 No. of Employees | 2023/2024 Vacancies | Percentage of Vacancies |
|-----------------------------------|----------------------------------|-----------------------------|----------------------------------|------------------------|----------------------------|
| Office of the CEO | 8 | 16 | 10 | 6 | 13% |
| Company Secretariat | 3 | 7 | 4 | 3 | 6% |
| Office of the CFO | 50 | 47 | 40 | 7 | 14% |
| Regulatory Services | 42 | 57 | 39 | 18 | 36% |
| Corporate Services | 14 | 34 | 20 | 14 | 31% |
| Total | 117 | 161 | 113 | 48 | 100% |

| | 2022/2023 No. of Employees | 2023/2024 Approved Posts | 2023/2024 No. of Employees | 2023/2024 Vacancies | % of Vacancies |
|------------------------|----------------------------------|-----------------------------|----------------------------------|------------------------|----------------|
| Top Management | 2 | 4 | 4 | 0 | 0 |
| Senior Management | 7 | 11 | 7 | 4 | 8% |
| Professional qualified | 19 | 32 | 18 | 15 | 31% |
| Skilled Technical | 69 | 88 | 64 | 23 | 47% |
| Semi-skilled | 15 | 20 | 15 | 6 | 12% |
| Unskilled | 5 | 6 | 5 | 1 | 2% |
| TOTAL | 117 | 161 | 113 | 49 | 100% |



| Levels | Disabled Staff | | | |
|------------------------|----------------|----------|----------|----------|
| | Male | | Female | |
| | Current | Target | Current | Target |
| Top Management | | | | |
| Senior Management | | | | |
| Professional Qualified | | | | |
| Technically Skilled | 1 | 1 | 0 | 1 |
| Semi-skilled | | | | |
| Unskilled | | | | |
| TOTAL | 1 | 1 | 0 | 1 |

PART E

PFMA COMPLIANCE REPORT



**Part E: PFMA Compliance Report****1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES****1.1 Irregular expenditure****a) Reconciliation of irregular expenditure**

| Description | 2023/2024 R '000 | 2022/2023 R '000 |
|-------------------------------------------------------------|---------------------|---------------------|
| Opening balance | 6,026 | |
| Adjustment to opening balance | | |
| Opening balance as restated | | |
| Add: Irregular expenditure confirmed | | 6,026 |
| Less: Irregular expenditure condoned | | |
| Less: Irregular expenditure not condoned and removed | | |
| Less: Irregular expenditure recoverable ¹ | | |
| Less: Irregular expenditure not recoverable and written off | | |
| Closing balance | 6,026 | 6,026 |

Management has started the process of requesting condonation from the relevant authority for the expenditure in line with the Unauthorised, Irregular, Fruitless and Wasteful Expenditure.

Reconciling notes

| Description | 2023/2024 R '000 | 2022/2023 R '000 |
|-----------------------------------------------------------------------------------------|---------------------|---------------------|
| Irregular expenditure that was under assessment | 6,026 | |
| Irregular expenditure that relates to the prior year and identified in the current year | | |
| Irregular expenditure for the current year | | 6,026 |
| Total | 6,026 | 6,026 |
| Irregular expenditure under determination | | |
| Irregular expenditure under investigation | | |
| Total | | |

1.1. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

| Description | 2023/2024 R '000 | 2022/2023 R '000 |
|--------------------------------------------------------------------------|---------------------|---------------------|
| Opening balance | 205 | |
| Adjustment to opening balance | | |
| Opening balance as restated | | |
| Add: Fruitless and wasteful expenditure confirmed | | 205 |
| Less: Fruitless and wasteful expenditure recoverable | | |
| Less: Fruitless and wasteful expenditure not recoverable and written off | | |
| Closing balance | 205 | 205 |

Management has started the process of requesting condonation from the relevant authority for the expenditure in line with the Unauthorised, Irregular, Fruitless and Wasteful Expenditure.

Reconciling notes

| Description | 2023/2024 R '000 | 2022/2023 R '000 |
|------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Fruitless and wasteful expenditure that was under assessment | 205 | |
| Fruitless and wasteful expenditure that relates to the prior year and identified in the current year | | |
| Fruitless and wasteful expenditure for the current year | | 205 |
| Total | 205 | 205 |

1. LATE AND/OR NON-PAYMENT OF SUPPLIERS

| Description | Number of Invoices | Consolidated Value R '000 |
|------------------------------------------------------------------------------------|--------------------|------------------------------|
| Valid Invoices received | 694 | R76,951 |
| Invoices paid within 30 days or agreed period | 688 | R76,884 |
| Invoices paid after 30 days or agreed period | 6 | R67 |
| Invoices older than 30 days or agreed period (unpaid and without dispute) | 0 | |
| Invoices older than 30 days or agreed period (unpaid and in dispute) | 0 | |

The GGB experienced an attrition in the 1st quarter due to valid documentation required to process the invoice hence the delay and only achieved 99% against the target of 100%.



2. SUPPLY CHAIN MANAGEMENT

2.1. Procurement by other means

| Project description | Name of supplier | Type of Procurement by other means | Contract number | Value of contract R'000 |
|-------------------------------------------------------------|------------------------------------|------------------------------------|-----------------|-------------------------|
| Procurement of Exhibition Services at Rand Easter Show-2023 | Dogan Exhibition & Events (Pty)Ltd | Sole supplier | PO104445 | R172 |
| Rental and Usage of Printers for a period of two months | Konica Minolta South Africa | Urgent Procurement | RFQ09/026/2023 | R150 |
| Caseware Software Support Services | Adapt IT(Pty)Ltd | Single Source | PO104799 | R30 |
| Plumbing Services | Dikepe Projects | Emergency Procurement | PO104869 | R8 |
| Music Expo Exhibition | Synergy Business Events | Sole supplier | PO104830 | R145 |
| Procurement of Exhibition Services at Rand Easter Show-2024 | Dogan Exhibition & Events (Pty)Ltd | Sole supplier | PO105075 | R201 |
| Total | | | | R706 |

2.2. Contract variations and expansions

| Project description | Name of supplier | Contract modification type (Expansion or Variation) | Contract number | Original contract value | Value of previous contract expansion/s or variation/s (if applicable) | Value of current contract expansion or variation |
|--------------------------------------|---------------------------------------------|-----------------------------------------------------|------------------|-------------------------|-----------------------------------------------------------------------|--------------------------------------------------|
| | | | | R'000 | R'000 | R'000 |
| CCTV maintenance | CCTV Security Surveillance (Pty)Ltd | Variation | PO104581 | R493 | R0 | R4 |
| CSI & SDF Verification-Due Diligence | Romalepe Chartered Accountants Inc | Variation | PO104402 | R702 | R0 | R105 |
| Master Service Agreement | Beadica Consortium t/a IYASA Group (Pty)Ltd | Variation | GGB/RFP/002/2018 | R59,863 | R0 | R0 |
| Physical Security Services | Jubzin Security | Variation | PO104358 | R993 | R0 | R993 |
| Biometric System | Gogontle Security & Maintanancy | Variation | PO104569 | R670 | R0 | R100 |
| Recruitment Services | Impact Africa Enterprise | Variation | PO104936 | R646 | R0 | R253 |
| Development of HR Policies | Inkateko Consulting | Variation | PO104528 | R394 | R0 | R59 |
| Total | | | | 63,761 | | 1,514 |

PART F

FINANCIAL INFORMATION



Report of the auditor-general to Gauteng Provincial Legislature on 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 xx to xx, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and 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 2024 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice and the requirements of the Public Finance Management Act (PFMA).

Basis for opinion

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

Emphasis of matter

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

An uncertainty relating to the future outcome of exceptional litigation or regulatory action

7. With reference to note 31 to the financial statements, the public entity is the defendant in various review applications against it. The review applications were brought against the public entity by licence holders who sought to set aside certain levies and fines levied against them by the public entity. The ultimate outcome of the matters could not be determined and no provision for any liability that may result was made in the financial statements.

Responsibilities of the accounting authority for the financial statements

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

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

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

[Report on the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following material performance indicators related to Gambling Regulations programme presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Percentage of gambling licence applications received and processed within 120 working days
 - Percentage of employee registration applications received and processed within 45 working days
 - Percentage of gaming equipment applications processed within 10 working days



- Percentage of licensees' non-compliance incidences investigated and reported to the disciplinary Committee within 70 working days
- Percentage of gambling disputes resolved against those received within 70 days

14. I evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

15. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

17. I did not identify any material findings on the reported performance information for the selected indicators.

[Report on compliance with legislation

18. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.



19. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
20. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
21. I did not identify any material non-compliance with the selected legislative requirements.

[Other information in the annual report

22. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported on in this auditor's report.
23. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
24. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. 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

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



28. I draw attention to the following engagement conducted by the public protector. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
29. There was an investigation that was conducted by the public protector that could potentially have an impact on the public entity's financial statements and compliance with applicable legislation or other related matters. The investigation follows a complaint laid with the public protector against the board in August 2022, alleging maladministration, dishonesty and improper dealing with respect to public money. The investigation is in progress.

Ac./d,b,r 6enffQI

Johannesburg

31 July 2024



**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence



Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statement

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

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



Communication with those charged with governance

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

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

**Compliance with legislation - selected legislative requirements**

The selected legislative requirements are as follows:

| Legislation | Sections or regulations |
|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Public Finance Management Act No.1 of 1999 (PFMA) | Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(4); |
| Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR) | Regulation 8.2.1; 8.2.2 Regulation 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A8.3; 16A 8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2(a)(ii) Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Regulation 31.1.2(c'); 31.2.5; 31.2.7(a) Regulation 33.1.1; 33.1.3 |
| Public service regulation | Public service regulation 13(c);18; 18 (1) and (2); |
| PRECCA | Section 29; 34(1) |
| PPPFA | (definition "acceptable tender") Section 1(i); 2.(1)(a); 2.1(b); 2.1(f) |
| PPR 2017 | (under functionality) Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1, 10.2 Paragraph 11.1 |
| PPR 2022 | Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4 |
| PFMA SCM Instruction no. 09 of 2022/2023 | Paragraph 3.1; 3.3 {b}; 3.3 (c); 3.3 (e); 3.6 |
| National Treasury Instruction No.1 of 2015/16 | Pa_ragraph 3.1; 4.1; 4.2 |
| SCM Instruction Note 03 2021/22 | Paragraph 4.1; 4.2 {b}; 4.3; 4.4; 4.4 (a); 4.4{c}; 4.4(d); 4.6 |



| Legislation | Sections or regulations |
|------------------------------------------------------------------------------|----------------------------------------------|
| NT Instruction 4A of 2016/17 | Paragraph 5.4 |
| NT Instruction 07 of 2017/18 | Paragraph 7.2; 7.6 |
| NT SCM Instruction Note 03 2019/20 | Paragraph 6 |
| NT SCM Instruction Note 11 2020/21 | Paragraph 4.3 |
| | Paragraph 5.5.1(vi); 5.5.1(x) |
| | Paragraph 3.1: |
| | Paragraph 3.4(a); 3.4(b) |
| | Paragraph 3.9 |
| | Paragraph 6.1; 6.2; 6.7 |
| SCM Instruction note 2 of 2021-22 | Paragraph 3.2.1; 3.2.2; 3.2.4; 3.2.4; 3.3.1; |
| | Paragraph 4.1 |
| PFMA SCM Instruction 04 of 2022/23 | Paragraph 4(1) |
| | Paragraph 4(2) |
| | Paragraph 4(4) |
| PFMA instruction note no.3 of 2021/22 | Definition |
| | Paragraph 4.2(b) |
| Practice Note 5 of 2009/10 | Paragraph 3.3 |
| PFMA SCM instruction 08 of 2022/23 | Paragraph 3.2 |
| | Paragraph 4.3.2; 4.3.3 |
| NT instruction note 4 of 2015/16 | Paragraph 3.4 |
| NT instruction 3 of 2019/20 - Annexure A | Section 5.5.1 (iv) and (x) |
| National Treasury Instruction 4A of 2016/17 | Paragraph 6 |
| Instruction note No. 4 of 2022/2023: PFMA Compliance and Reporting Framework | Paragraph 4.12 |



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

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 | Gumbi T (Chairperson) Mabuza S (Deputy Chairperson) Tleane S Sedibe M Morake M Tiro N Naidoo K Maluleke M Diputla L Maharaj N Xaba G Hendricks B |
| Business address | 125 Corlett Drive Bramley 2090 |
| Postal address | Private Bag X15 Bramley 2018 |
| Controlling entity | Gauteng Department of Economic Development |
| Chief Executive Officer | Ms. K Mbele |
| Chief Financial Officer | Mr. O Maripane |
| Board Secretary | Mr. T Bodila |
| Bankers | Standard Bank Limited |
| Auditors | Auditor-General South Africa Chartered Accountants (S.A.) Registered Auditors |
| Telephone Number | +27 11 581 4800 |
| Fax Number | +27 11 581 4900 |
| Email Address | info@ggb.org.za |
| Website Address | www.ggb.org.za |



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Index

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

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Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Accounting Authority's Report

1. Accounting Authority

The members of the entity during the year and to the date of this report are as follows:

The Accounting Authority appointments were Gazetted on 26 July 2023, to be effective from 1 August 2023.

| Name | Changes |
|-------------------------------------|------------------------------------------------------|
| Gumbi T (Chairperson) | Appointed Tuesday, 01 August 2023 |
| Mabuza S (Deputy Chairperson) | Appointed Tuesday, 01 August 2023 |
| Tleane S | Appointed Tuesday, 01 August 2023 |
| Sedibe M | Appointed Tuesday, 01 August 2023 |
| Morake M | Appointed Tuesday, 01 August 2023 |
| Tiro N | Appointed Tuesday, 01 August 2023 |
| Naidoo K | Appointed Tuesday, 01 August 2023 |
| Maluleke M | Appointed Tuesday, 01 August 2023 |
| Diputla I | Appointed Tuesday, 01 August 2023 |
| Maharaj N | Appointed Tuesday, 01 August 2023 |
| XabaG | Appointed Tuesday, 01 August 2023 |
| Hendricks B | Appointed Tuesday, 01 August 2023 |
| Mr. Z Majavu CD(SA) (Administrator) | Appointed Tuesday, 06 April 2023 until 31 July 2023. |

The annual financial statements set out on page 4-58, which have been prepared on the going concern basis, were approved by the Board on 30 July 2024 and were signed on its behalf by:

Mr. T. Gumbi
Chairperson



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Statement of Financial Position as at 31 March 2024

| | Note(s) | 31 March 2024 R '000 | 31 March 2023 R '000 |
|--------------------------------------------|---------|----------------------------|----------------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 3 | 189,222 | 308,400 |
| Receivables from exchange transactions | 4 | 17,022 | 12,502 |
| Receivables from non-exchange transactions | 5 | 45,528 | 11,134 |
| Deposits | 6 | 242 | 242 |
| Inventories | 7 | 794 | 414 |
| | | 252,808 | 332,692 |
| Non-Current Assets | | | |
| Property, plant and equipment | 8 | 129,931 | 130,835 |
| Intangible assets | 9 | 28,673 | 27,290 |
| Heritage assets | 10 | 539 | 539 |
| | | 159,143 | 158,664 |
| Total Assets | | 411,951 | 491,356 |
| Liabilities | | | |
| Current Liabilities | | | |
| Finance lease obligation | 40 | 341 | - |
| Payables from exchange transactions | 11 | 69,100 | 77,997 |
| Collections for distributions | 12 | 121,874 | 180,972 |
| Accruals | 13 | 6,461 | 6,904 |
| Provisions | 14 | - | 14,716 |
| License fees received in advance | 15 | 69,132 | 64,628 |
| | | 266,908 | 345,217 |
| Non-Current Liabilities | | | |
| Finance lease obligation | 40 | 777 | - |
| Total Liabilities | | 267,685 | 345,217 |
| Net Assets | | 144,271 | 146,139 |
| Reserves | | | |
| Revaluation reserve | 16 | 266 | 266 |
| Accumulated surplus | 17 | 144,005 | 145,873 |
| Total Net Assets | | 144,271 | 146,139 |



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Statement of Financial Performance

| | | 12 months ended 31 March 2024 R '000 | 31 March 2023 R '000 |
|----------------------------------------|---------|--------------------------------------------------|----------------------------|
| | Note(s) | | |
| Revenue | | | |
| Rental income | 18 | 382 | 354 |
| Revenue from non-exchange transactions | 18 | 127,270 | 87,121 |
| Revenue from exchange transactions | 18 | 128,264 | 118,610 |
| Interest received | 18 | 6,525 | 5,772 |
| Government grants & subsidies | 19 | 409 | 14,600 |
| Total revenue | | 262,850 | 226,457 |
| Expenditure | | | |
| Employee related costs | 20 | (150,837) | (143,952) |
| Administration | 21 | (5,070) | (3,487) |
| Depreciation and amortisation | 22 | (4,599) | (4,721) |
| Impairment loss | | (71) | - |
| Finance costs | 23 | (11) | (10) |
| Loss on disposal of assets | 24 | (119) | (14) |
| Fiscal consolidation contribution | 25 | (21,789) | (30,618) |
| General Expenses | 26 | (82,222) | (66,280) |
| Total expenditure | | (264,718) | (249,082) |
| Deficit for the Year | | (1,868) | (22,625) |



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Statement of Changes in Net Assets

| | Revaluation reserve | Accumulated surplus / deficit | Total net assets |
|---------------------------------|------------------------|-------------------------------------|---------------------|
| | R '000 | R '000 | R '000 |
| Balance at 01 April 2022 | 266 | 168,498 | 168,764 |
| Changes in net assets | | | |
| Deficit for the Year | - | (22,625) | (22,625) |
| Total changes | - | (22,625) | (22,625) |
| Balance at 01 April 2023 | 266 | 145,873 | 146,139 |
| Changes in net assets | | | |
| Deficit for the Year | - | (1,868) | (1,868) |
| Total changes | - | (1,868) | (1,868) |
| Balance at 31 March 2024 | 266 | 144,005 | 144,271 |
| Note(s) | 16 | | |



Annual Report 2023/2024

Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Cash Flow Statement

| | Note(s) | 12 months ended 31 March 2024 R '000 | 31 March 2023 R '000 |
|-------------------------------------------------------------|---------|--------------------------------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Interest income | | 6,689 | 4,988 |
| Other receipts | | 217,247 | 210,590 |
| | | <u>223,936</u> | <u>215,578</u> |
| Payments | | | |
| Cash paid to suppliers and employee cost | | (338,946) | (176,456) |
| Net cash flows from operating activities | 28 | <u>(115,010)</u> | <u>39,122</u> |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 8 | (3,761) | (2,728) |
| Purchase of other intangible assets | 9 | (215) | - |
| Capitalised development costs | 9 | (1,292) | - |
| Net cash flows from investing activities | | <u>(5,268)</u> | <u>(2,728)</u> |
| Cash flows from financing activities | | | |
| Finance lease payments | | 1,107 | (300) |
| Net increase/(decrease) in cash and cash equivalents | | <u>(119,171)</u> | <u>36,094</u> |
| Cash and cash equivalents at the beginning of the year | | 308,400 | 272,306 |
| Cash and cash equivalents at the end of the year | 3 | <u>189,222</u> | <u>308,400</u> |

**Gauteng Gambling Board**

Annual Financial Statements for the Year ended 31 March 2024

Statement of Comparison of Budget and Actual Amounts**Budget on Accrual Basis**

| | Approved budget | Adjustments | Final Budget | Actual amounts on comparable basis | Difference between final budget and actual | Reference to notes |
|------------------------------------------------------------------------------------------------------|--------------------|-------------|------------------|---------------------------------------------|-----------------------------------------------------|-----------------------|
| | R '000 | R '000 | R '000 | R '000 | R '000 | |
| Statement of Financial Performance | | | | | | |
| Revenue | | | | | | |
| Revenue from exchange transactions | | | | | | |
| Rental income | 367 | - | 367 | 382 | 15 | 38.1 |
| Revenue from non-exchange transactions | 98,301 | - | 98,301 | 127,270 | 28,969 | 38.2 |
| Revenue from exchange transactions | 139,289 | - | 139,289 | 128,264 | (11,025) | 38.3 |
| Interest received - investment | 6,118 | - | 6,118 | 6,525 | 407 | 38.4 |
| Total revenue from exchange transactions | 244,075 | - | 244,075 | 262,441 | 18,366 | |
| Revenue from non-exchange transactions | | | | | | |
| Transfer revenue | | | | | | |
| Government grants & subsidies | - | - | - | 409 | 409 | |
| Total revenue | 244,075 | - | 244,075 | 262,850 | 18,775 | |
| Expenditure | | | | | | |
| Personnel | (150,511) | - | (150,511) | (150,837) | (326) | 38.5 |
| Administration | (5,525) | - | (5,525) | (5,070) | 455 | 38.6 |
| Depreciation and amortisation | (4,910) | - | (4,910) | (4,599) | 311 | 38.7 |
| Impairment loss/ Reversal of impairments | - | - | - | (71) | (71) | 38.8 |
| Finance costs | - | - | - | (11) | (11) | |
| Fiscal consolidation contribution | - | - | - | (21,789) | (21,789) | 38.9 |
| General Expenses | (83,129) | - | (83,129) | (82,222) | 907 | 38.10 |
| Total expenditure | (244,075) | - | (244,075) | (264,599) | (20,524) | |
| Operating deficit | - | - | - | (1,749) | (1,749) | |
| Loss on disposal of assets and liabilities | - | - | - | (119) | (119) | |
| Deficit before taxation | - | - | - | (1,868) | (1,868) | |
| Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement | - | - | - | (1,868) | (1,868) | |



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

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

1.1 Presentation currency

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

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.



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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 or 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.

Revaluation model

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



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1.4 Property, plant and equipment (continued)

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

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

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

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

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

Subsequent measurement

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

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

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

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

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

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

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

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

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



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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 entity 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.



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1.5 Intangible assets (continued)

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

| Item | 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 entity 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 entity, 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 entity assesses at each reporting date whether there is an indication that heritage assets may be impaired. If any such indication exists, the entity 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).



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

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

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

Initial recognition

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

The Board recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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

Subsequent measurement of financial assets and financial liabilities

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

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

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

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



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1.7 Financial instruments (continued)

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the 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.

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1.7 Financial instruments (continued)**Derecognition****Financial assets**

The Board derecognises financial assets using trade date accounting.

The Board derecognises a financial asset only when:

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

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

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

Financial liabilities

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

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

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

1.8 Leases

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

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

Finance leases - lessee

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

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

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

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



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1.8 Leases (continued)

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 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 cash-generating assets from non-cash-generating assets are as follows:



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1.10 Impairment of cash-generating assets (continued)

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity 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 entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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.



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1.10 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

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

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

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

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

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

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

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

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



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1.10 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

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

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

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

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

1.11 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:



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Accounting Policies

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

- 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 entity 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 entity estimates the recoverable service amount of the asset.

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

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

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

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



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

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.

Gauteng Gambling Board

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Accounting Policies

1.12 Employee benefits (continued)**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 entity 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 surplus (deficit).

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.



Gauteng Gambling Board

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Accounting Policies

1.13 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

A contingent liability is:

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

A contingent asset is:

- a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one 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 31.

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.



Gauteng Gambling Board

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Accounting Policies

1.14 Revenue from exchange transactions (continued)

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 an entity, 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 entity 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, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

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

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



Gauteng Gambling Board

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Accounting Policies

1.15 Revenue from non-exchange transactions (continued)

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

Measurement

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

When, as a result of a non-exchange transaction, the entity 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 entity.

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

License fees

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

1.16 Borrowing costs

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

1.17 Accounting by principals and agents

Identification

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

Binding arrangement

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



Gauteng Gambling Board

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Accounting Policies

1.17 Accounting by principals and agents (continued)

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Recognition

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

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

1.18 Comparative figures

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

1.19 Fruitless and wasteful expenditure

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

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

1.20 Irregular expenditure

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

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

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

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

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

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



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Accounting Policies

1.20 Irregular expenditure (continued)

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

1.21 Segment information

A segment is an activity of an entity:

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

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

1.22 Commitments

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

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

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

1.23 Budget information

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

The approved budget covers the fiscal period from 2023/04/01 to 2024/03/31.

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.

1.24 Related parties

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

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity 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 entity.

1.25 Events after the reporting date

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and



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Accounting Policies

1.25 Events after the reporting date (continued)

- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

1.26 Accumulated surplus

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

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

1.27 Offsetting

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

**Gauteng Gambling Board**

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Notes to the Annual Financial Statements

| | 31 March 2024 R '000 | 31 March 2023 R '000 |
|--|----------------------------|----------------------------|
|--|----------------------------|----------------------------|

2. New standards and interpretations**2.1 Standards and interpretations effective and adopted in the current Year**

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|------------------------------------------------------------------------------------------------------------|---------------------------------------------------|------------------|
| of GRAP 25 (as revised): Employee Benefits | 01 April 2023 | |
| • iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction | 01 April 2023 | |
| • iGRAP 21: The Effect of Past Decisions on Materiality | 01 April 2023 | |
| • GRAP 2020: Improvements to the standards of GRAP 2020 | 01 April 2023 | |
| • GRAP 1 (amended): Presentation of Financial Statements | 01 April 2023 | |

2.2 Standards and Interpretations early adopted

The entity has chosen to early adopt the following standards and interpretations:

| Standard/ Interpretation: | Effective date: Years beginning on or after | Expected impact: |
|----------------------------------------------------------------------------------|---------------------------------------------------|------------------|
| of GRAP 103 (as revised): Heritage Assets | Not yet determined | |
| • Guideline: Guideline on the Application of Materiality to Financial Statements | Not yet determined | |
| • GRAP 104 (as revised): Financial Instruments | 01 April 2025 | |

3. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | |
|-------------------------------|----------------|----------------|
| Bank balances | 189,222 | 308,400 |
| Bank balances | | |
| Standard Bank - Board Account | 68,750 | 110,526 |
| Standard Bank - Trust Account | 120,472 | 197,874 |
| | 189,222 | 308,400 |

There are no cash and cash equivalents which were pledged as collateral.

4. Receivables from exchange transactions

| | | |
|------------------------------------------------------|---------------|---------------|
| Prepayments | 758 | 861 |
| Gauteng Provincial Government: Collection commission | 14,515 | 9,542 |
| Staff receivables | 588 | 774 |
| Accrued bank interest | 1,121 | 1,285 |
| Sundry receivables | 40 | 40 |
| | 17,022 | 12,502 |



Prepayments of R 758 (R 862: March 2023) were reclassified from sundry receivables and disclosed separately under receivables from exchange transaction. The amounts are shown separately in the current year as this is a fair presentation and compliance with Standards of Generally Recognised Accounting Practice.

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Notes to the Annual Financial Statements

| | 31 March 2024 R '000 | 31 March 2023 R '000 |
|--|----------------------------|----------------------------|
|--|----------------------------|----------------------------|

4. Receivables from exchange transactions (continued)**Trade and other receivables past due but not impaired**

Trade and other receivables which are less than 3 months past due are not considered to be impaired. As at 31 March 2024, R 17,022 (March 2023: R 12,502) were past due but not impaired.

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

| | | |
|-------------------|--------|--------|
| 1 month past due | 16,490 | 11,921 |
| 3 months past due | 532 | 581 |

None of the receivables from exchange transactions have been pledged as security for any liability or contingent liability.

5. Receivables from non-exchange transactions

| | | |
|----------------------------------------------|--------|--------|
| Receivables - license fees, taxes and levies | 45,528 | 11,134 |
|----------------------------------------------|--------|--------|

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. As at 31 March 2024, R 45,528 (March 2023: R 11,134). there were no receivables from non-exchange outstanding for more than 30 days.

| | | |
|------------------|--------|--------|
| 1 month past due | 45,528 | 11,134 |
|------------------|--------|--------|

None of the receivables from non-exchange transactions have been pledged as security for any liability or contingent liability.

6. Deposits

| | | |
|-----------------------------------|-----|-----|
| City Power Johannesburg (SOC) Ltd | 242 | 242 |
|-----------------------------------|-----|-----|

Current assets

| | | |
|----------|-----|-----|
| Deposits | 242 | 242 |
|----------|-----|-----|

The amount relates to a deposit which was paid to City Power Johannesburg (SOC) Ltd when a municipal account was opened.

7. Inventories

| | | |
|------------------------------------------------------|-----|-----|
| Responsible gambling promotional materials and other | 794 | 414 |
|------------------------------------------------------|-----|-----|

Inventory at year end comprises of stationery, consumables, marketing and promotional items that shall be consumed in the normal business of the Board and not held for sale.



Gauteng Gambling Board

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Notes to the Annual Financial Statements

Figures in Rand thousand

8. Property, plant and equipment

| | 2024 | | | 2023 | | |
|------------------------|---------------------|-----------------------------------------------------------------|----------------|---------------------|-----------------------------------------------------------------|----------------|
| | 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 | (7,509) | 72,737 | 80,246 | (5,530) | 74,716 |
| Furniture and fixtures | 6,796 | (3,383) | 3,413 | 6,155 | (3,158) | 2,997 |
| Motor vehicles | 1,033 | (1,016) | 17 | 1,033 | (974) | 59 |
| Office equipment | 4,417 | (1,795) | 2,622 | 4,441 | (1,665) | 2,776 |
| IT equipment | 9,595 | (4,419) | 5,176 | 9,547 | (4,595) | 4,952 |
| Leased assets | 1,144 | (32) | 1,112 | - | - | - |
| Furniture | 9,508 | (5,613) | 3,895 | 9,536 | (5,160) | 4,376 |
| Total | 153,698 | (23,767) | 129,931 | 151,917 | (21,082) | 130,835 |

Reconciliation of property, plant and equipment - 31 March 2024

| | Opening balance | Additions | Disposals | Depreciation | Impairment loss | Total |
|------------------------|--------------------|--------------|--------------|----------------|--------------------|----------------|
| Land | 40,959 | - | - | - | - | 40,959 |
| Buildings | 74,716 | - | - | (1,979) | - | 72,737 |
| Furniture and fixtures | 2,997 | 837 | (73) | (348) | - | 3,413 |
| Motor vehicles | 59 | - | - | (42) | - | 17 |
| Office equipment | 2,776 | 20 | - | (174) | - | 2,622 |
| IT equipment | 4,952 | 1,760 | (38) | (1,427) | (71) | 5,176 |
| Leased assets | - | 1,144 | - | (32) | - | 1,112 |
| Furniture | 4,376 | - | (8) | (473) | - | 3,895 |
| Total | 130,835 | 3,761 | (119) | (4,475) | (71) | 129,931 |



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 31 March 2023

| | Opening balance | Additions | Disposals | Depreciation | Total |
|------------------------|--------------------|--------------|-------------|----------------|----------------|
| Land | 40,959 | - | - | - | 40,959 |
| Buildings | 76,688 | - | - | (1,972) | 74,716 |
| Furniture and fixtures | 3,310 | - | - | (313) | 2,997 |
| Motor vehicles | 262 | - | - | (203) | 59 |
| Office equipment | 2,666 | 274 | - | (164) | 2,776 |
| IT equipment | 4,718 | 1,542 | (15) | (1,293) | 4,952 |
| Leased assets | 266 | - | - | (266) | - |
| Furniture | 3,909 | 914 | - | (447) | 4,376 |
| | 132,778 | 2,730 | (15) | (4,658) | 130,835 |

Pledged as security

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

Finance lease assets relates to nine photocopier machines leased. (Also refer note 40: Finance lease obligation).

Revaluation of Land and Building:

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

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

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

Current year disposal amount relates to different assets that were disposed during the financial year. Mostly where IT equipment, furniture and fittings, and office equipment



Gauteng Gambling Board

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31 March

31 March

2024
R '000

2023
R '000

8. Property, plant and equipment (continued)

Other information

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Building maintenance

3,092

2,097

Repairs and maintenance

18

69

3,110

2,166



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

9. Intangible assets

| | 2024 | | | 2023 | | |
|-------------------------------------|---------------|-----------------------------------------------------|----------------|---------------|-----------------------------------------------------|----------------|
| | Cost | Accumulated amortisation and accumulated impairment | Carrying value | Cost | Accumulated amortisation and accumulated impairment | Carrying value |
| Computer software | 1,401 | (850) | 551 | 1,186 | (726) | 460 |
| Intangible assets under development | 28,122 | - | 28,122 | 26,830 | - | 26,830 |
| Total | 29,523 | (850) | 28,673 | 28,016 | (726) | 27,290 |

Reconciliation of intangible assets - 31 March 2024

| | Opening balance | Additions | Internally generated | Amortisation | Total |
|-------------------------------------|-----------------|------------|----------------------|--------------|---------------|
| Computer software | 460 | 215 | - | (124) | 551 |
| Intangible assets under development | 26,830 | - | 1,292 | - | 28,122 |
| | 27,290 | 215 | 1,292 | (124) | 28,673 |

Reconciliation of intangible assets - 31 March 2023

| | Opening balance | Amortisation | Total |
|-------------------------------------|-----------------|--------------|---------------|
| Computer software | 523 | (63) | 460 |
| Intangible assets under development | 26,830 | - | 26,830 |
| | 27,353 | (63) | 27,290 |

Pledged as security

No intangible assets were pledged as security for liabilities.



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

31 March

31 March

2024
R '000

2023
R '000

9. 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

28,122

26,830

The R28,1 million relates to the Intergrated Business Automation System which is currently been developed by a service provider appointed by the Gauteng Gambling Board. The system is expected to improve the internal process and integrate to licensees systems in order to improve the revenue collection process and to also improve the licensees interface experience.

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

Intangible assets under development

28,122

26,830

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

Milestone 4 and 5 relates development of licencing department, gaming control department, finance department and compliance audit department, business automation processes.



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

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Figures in Rand thousand

10. Heritage assets

| | 2024 | | | 2023 | | |
|-----------|---------------------|-------------------------------------|----------------|---------------------|-------------------------------------|----------------|
| | 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 2024

| | Opening balance | Total |
|-----------|--------------------|-------|
| Paintings | 539 | 539 |

Reconciliation of heritage assets 31 March 2023

| | Opening balance | Total |
|-----------|--------------------|-------|
| Paintings | 539 | 539 |

Pledged as security

No heritage assets were pledged as security for liabilities.

11. Payables from exchange transactions

| | | |
|----------|--------|--------|
| Payables | 69,100 | 77,997 |
|----------|--------|--------|

The change on the payables from exchange transactions is due to the R21.7 million which is accrued and will be payable to Provincial Treasury. The total amount that is due to Provincial Treasury at year end is R52.4 million inclusive of the prior year's amount to which Gauteng Gambling Board have ongoing discussion with Provincial Treasury.

In prior year, the change on the payables from exchange transactions is due to the R30.6 million which is accrued and will be payable to Provincial Treasury.

**Gauteng Gambling Board**

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

| | 31 March 2024 R '000 | 31 March 2023 R '000 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| 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. The reduction in the current year is due to Skills Development Fund payments which were made during the year. | | |
| Gauteng Provincial Administration | 91,483 | 120,320 |
| Sports Development Fund | 30,391 | 60,652 |
| | 121,874 | 180,972 |
| Reconciliation of taxes and levies collected | | |
| Gauteng Provincial Government | | |
| Betting Tax | | |
| Provincial Taxes | | |
| Totalizator - Horse racing | 15,563 | 16,986 |
| Totalizator - Other sport | 4,794 | 4,471 |
| On-course bookmakers - Horse racing | 115 | 142 |
| On-course bookmakers - Other sport | 2,043 | 1,716 |
| Off-course bookmakers - Horse racing | 142,449 | 147,884 |
| Off-course bookmakers - Other sport | 172,588 | 151,705 |
| | 337,552 | 322,904 |
| Gaming Tax | | |
| Casinos - Machines | 482,085 | 487,266 |
| Casinos - Tables | 227,532 | 223,176 |
| Casinos - Unclaimed dividends | 5,257 | 2,865 |
| Bingo | 64,793 | 67,128 |
| Limited pay out machines | 119,728 | 119,119 |
| | 899,395 | 899,554 |
| Total gambling tax | 899,395 | 899,554 |
| Taxes collected for Gauteng Provincial Government | 1,236,947 | 1,222,458 |
| Levies collected | | |
| Sports Development Fund levies | | |
| Levies | 39,942 | 35,796 |
| Interest earned | 1,447 | 2,233 |
| Total sport development funds (SDF) collected | 41,389 | 38,029 |
| Total levies collected for SDF and Phumelela | 41,389 | 38,029 |
| Interest earned and penalties received | 6,123 | 2,948 |
| | 1,284,459 | 1,263,435 |
| Grand total collected for distribution | 1,284,459 | 1,263,435 |
| Taxes and levies for distribution to beneficiaries at period end | (121,874) | (180,972) |
| | 1,162,585 | 1,082,463 |
| Taxes and levies distributed during the period | | |
| Gauteng Provincial Administration | 1,271,908 | 1,211,267 |
| Sports Development Fund | 71,650 | 10,285 |
| Less: Prior year-end collections distributed during the period | (180,972) | (139,089) |
| | 1,162,586 | 1,082,463 |

**Gauteng Gambling Board**

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

| | 31 March 2024 R '000 | 31 March 2023 R '000 |
|---------------------|----------------------------|----------------------------|
| 13. Accruals | | |
| Leave pay | 5,282 | 5,589 |
| 13th cheque | 1,179 | 1,315 |
| | 6,461 | 6,904 |

The Gauteng Gambling 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 entity's applicable leave policy.

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

14. Provisions**Reconciliation of provisions - 31 March 2024**

| | Opening Balance | Utilised during the year | Reversed during the year | Total |
|-------------------|--------------------|-----------------------------|-----------------------------|----------|
| Bursary provision | 4,716 | (1,846) | (2,870) | - |
| Performance bonus | 10,000 | (10,000) | - | - |
| | 14,716 | (11,846) | (2,870) | - |

Reconciliation of provisions - 31 March 2023

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

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

Bursary provision

Bursary provisions relates to the students that Gauteng Gambling Board (GGB) committed to fund in the current financial year. The Board made a resolution to cancel the agreement we had previously with Gauteng Youth Council (GYC) and administer the fund internally.

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

Compensation Of Employees (COE) Adjustments

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



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Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

| | 31 March 2024 R '000 | 31 March 2023 R '000 |
|--|----------------------------|----------------------------|
|--|----------------------------|----------------------------|

15. License fees received in advance

| | | |
|----------------------------------|--------|--------|
| License fees received in advance | 69,132 | 64,628 |
|----------------------------------|--------|--------|

The amount constitutes of annual licence fees paid at year end relating to April 2024 to March 2025. The amounts are in line with the Gauteng Gambling regulations.

In terms of the Gauteng Gambling Regulations, 2017, licensees are required to renew and pay prescribed licence fees before 01 April for every year or part of a year ending on 31 March.

16. Revaluation reserve

| | | |
|-----------------|-----|-----|
| Opening balance | 266 | 266 |
|-----------------|-----|-----|

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

17. Accumulated surplus

In terms of Section 17(6) of the Gauteng Gambling Act 1995, as amended, and Section 53 (3) of the Public Finance Management Act, surplus funds at the close of the financial year, shall be paid to the Provincial Revenue Fund, unless Treasury approval has been obtained to retain such funds. Gauteng Gambling Board opened with accumulated surplus of R168.4 million in 2022/2023 financial year and closed with a balance of R145.8 million.

The accumulated surplus for 2023/2024 financial year closed with a balance of R144 million at the end of 31 March 2024.

**Gauteng Gambling Board**

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

| | 31 March 2024 R '000 | 31 March 2023 R '000 |
|---------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| 18. Revenue | | |
| Revenue from non-exchange transactions | 127,270 | 87,121 |
| Revenue from exchange transactions | 128,264 | 118,610 |
| Interest received | 6,525 | 5,772 |
| Rental income | 382 | 354 |
| | 262,441 | 211,857 |
| The amount included in other revenue arising from non-exchange transactions is as follows: | | |
| Penalties collected | 28,811 | - |
| License fees | 75,957 | 66,857 |
| Sports betting levies | 22,502 | 20,264 |
| | 127,270 | 87,121 |
| The amount included in other revenue arising from exchanges of goods or services are as follows: | | |
| Recoveries of investigation expenses | 1,595 | 1,770 |
| Collection commission | 98,914 | 97,856 |
| Application and registration fees | 10,932 | 12,151 |
| Sundry income* | 16,823 | 6,833 |
| | 128,264 | 118,610 |

*Sundry income includes an amount of R6 million transferred from Sports Development Fund in line with Gauteng Gambling Act section 100 to fund the Gauteng Gambling Board's operations. The transfer was approved by the MEC of Gauteng Department of Economic Development in line with the Act.

*The Board also recognised a refund of R10 million from Gauteng Enterprise Propeller under sundry income. The amount was paid to Gauteng Enterprise Propeller during 2021/2022 financial year to assist with the July Unrest.

19. Government grants & subsidies**Operating grants**

| | | |
|------------------------------|-----|--------|
| Government grant (operating) | 409 | 14,600 |
|------------------------------|-----|--------|

Government Grant (Operational)

| | | |
|------------------------------------------|------------|----------|
| Balance unspent at beginning of the year | - | 18,270 |
| Current-year receipts | 409 | 14,600 |
| Other | - | (32,870) |
| | 409 | - |

In the current financial year 2023/2024, the Board received R409 thousands from Department of Economic Development(DED) for the probity auditors.

In prior year, the Board received R392 000 from Provincial Treasury for appointment of probity auditors for open tenders that the Board will issue in 2022/2023 financial year. The Board also received R14 million from Department of Economic Development (DED) for the operationalisation and establishment of War Room at GGB premises in 2022/2023 financial year.



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

| | 31 March 2024 R '000 | 31 March 2023 R '000 |
|---------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| 20. Employee related costs | | |
| Salaries, bonuses and allowances | 125,675 | 121,221 |
| Medical aid - company contributions | 5,666 | 5,427 |
| Other employer contributions | 278 | 278 |
| Workmen's compensation | 179 | 98 |
| Skills Development Levy | 1,475 | 1,336 |
| Leave pay contribution | 1,341 | 109 |
| Defined contribution plans | 13,519 | 12,822 |
| Group life contributions | 2,704 | 2,661 |
| | 150,837 | 143,952 |
| Refer to note 32 for executive remuneration | | |
| Employees' salaries are adjusted each year in January, in terms of GGB Remuneration Policy. | | |
| 21. Administrative expenditure | | |
| Administration and management fees - Board fees | 5,070 | 3,487 |
| Refer to note 32 | | |
| 22. Depreciation and amortisation | | |
| Property, plant and equipment | 4,475 | 4,658 |
| Intangible assets | 124 | 63 |
| | 4,599 | 4,721 |
| 23. Finance costs | | |
| Finance costs | 11 | 10 |
| 24. Loss on disposal of assets and liabilities | | |
| Loss on asset disposal | (119) | (14) |
| 25. Fiscal consolidation contribution | | |
| Fiscal consolidation contribution | 21,789 | 30,618 |

National Treasury implemented wage freeze and fiscal consolidation and all government departments and entities budget allocation were reduced over MTEF period. Gauteng Gambling Board has paid an amount of R8.7 million in 2020/2021 and R21.2 million in 2021/2022 to Provincial Treasury in terms of the directives. The Board was requested to pay R30.6 million in 2022/2023 and R21.7 million in the current year to Provincial Treasury as part of contribution for the fiscal consolidation.

**Gauteng Gambling Board**

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

| | | 31 March 2024 R '000 | 31 March 2023 R '000 |
|-----------------------------------------------------|----|----------------------------|----------------------------|
| 26. General expenses | | | |
| Advertising | | 614 | 1,358 |
| Auditors remuneration | 27 | 3,514 | 2,433 |
| Bank charges | | 134 | 128 |
| Books and media subscription | | 721 | 305 |
| Building maintenance | | 3,092 | 2,097 |
| Conferences costs | | 581 | 388 |
| Consulting and professional fees | | 6,670 | 5,981 |
| Employee assistance programme | | 152 | 137 |
| Information technology | | 9,294 | 6,505 |
| Insurance | | 500 | 741 |
| Investigation and enforcement costs | | 793 | 620 |
| Legal expenses | | 17,009 | 15,746 |
| Municipal charges and other rates and taxes | | 5,656 | 5,543 |
| Office consumables and refreshments | | 1,457 | 1,519 |
| Postage and stationery | | 617 | 518 |
| Printing costs | | 118 | 122 |
| Public relations | | 1,216 | 151 |
| Repairs and maintenance | | 18 | 69 |
| Responsible Gambling Awareness Programme | | 6,816 | 2,441 |
| Security expenses | | 1,986 | 1,722 |
| Social responsibility | | 10,014 | 8,899 |
| Staff recruitment | | 2,084 | 724 |
| Storage rentals | | 229 | 231 |
| Training and development | | 1,384 | 1,680 |
| Telephone and communications | | 1,872 | 2,320 |
| Transcription costs | | 412 | 133 |
| Travelling and subsistence - local | | 5,269 | 3,769 |
| | | 82,222 | 66,280 |
| 27. Auditors' remuneration | | | |
| Audit Fees - Internal | | 1,596 | 573 |
| Audit Fees - External | | 1,918 | 1,860 |
| | | 3,514 | 2,433 |
| 28. Cash (used in) generated from operations | | | |
| Deficit | | (1,868) | (22,625) |
| Adjustments for: | | | |
| Depreciation and amortisation | | 4,599 | 4,721 |
| Loss on sale of assets and liabilities | | 119 | 14 |
| Finance costs - Finance leases | | 11 | 10 |
| Impairment deficit | | 71 | - |
| Movements in provisions | | (14,716) | 1,384 |
| Changes in working capital: | | | |
| Inventories | | (380) | 634 |
| Receivables from exchange transactions | | (4,518) | (2,462) |
| Other receivables from non-exchange transactions | | (34,394) | (8,417) |
| Payables from exchange transactions | | (8,897) | 18,736 |
| Taxes and transfers payable (non-exchange) | | (59,098) | 41,883 |
| Accruals | | (443) | (882) |
| License fees received in advance | | 4,504 | 6,126 |
| | | (115,010) | 39,122 |



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Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

| | 31 March 2024 R '000 | 31 March 2023 R '000 |
|-----------------------------------------------------|----------------------------|----------------------------|
| 29. Financial instruments disclosure | | |
| Categories of financial instruments | | |
| 31 March 2024 | | |
| Financial assets | | |
| | | At amortised cost |
| Cash and cash equivalents | | 189,222 |
| Receivables from non-exchange transactions | | 45,528 |
| Receivables from exchange transactions | | 17,022 |
| Deposits | | 242 |
| | | 252,014 |
| Financial liabilities | | |
| | | At amortised cost |
| Trade and other payables from exchange transactions | | 69,100 |
| Taxes and transfers payable (non-exchange) | | 121,874 |
| License fees received in advance | | 69,132 |
| | | 260,106 |
| 31 March 2023 | | |
| Financial assets | | |
| | At amortised cost | Total |
| Cash and cash equivalents | 308,400 | 308,400 |
| Receivables from non-exchange transactions | 11,134 | 11,134 |
| Receivables from exchange transactions | 12,502 | 12,502 |
| Deposits | 242 | 242 |
| | 332,278 | 332,278 |



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

| | 31 March 2024 R '000 | 31 March 2023 R '000 |
|--------------------------------------------------------------------|----------------------------|----------------------------|
| 29. Financial instruments disclosure (continued) | | |
| Financial liabilities | | |
| | At amortised cost | Total |
| Trade and other payables from exchange transactions | 77,997 | 77,997 |
| Taxes and transfers payable (non-exchange) | 180,972 | 180,972 |
| License fees received in advance | 64,628 | 64,628 |
| | 323,597 | 323,597 |
| 30. Commitments | | |
| Authorised operational expenditure | | |
| Contractual and purchase orders commitments - 31 March 2024 | | |
| • Accounting, Audit and Financial Services | 2019-2024 | 6,393 |
| • Facilities Management | 2020-2024 | 482 |
| • Information Technology Services | 2020-2025 | 34,782 |
| • Operational Services and Responsible Gambling | 2020-2024 | 9,345 |
| • HR and Payroll Services | 2020-2024 | 250 |
| • Legal Services | 2020-2024 | 1,212 |
| | | 52,464 |
| Contractual and purchase orders commitments - 31 March 2023 | | |
| • Accounting, Audit and Financial Services | 2019-2023 | 5,538 |
| • Facilities Management | 2020-2023 | 1,148 |
| • Information Technology Services | 2020-2023 | 38,439 |
| • Operational Services and Responsible Gambling | 2020-2023 | 4,861 |
| • HR and Payroll Services | 2020-2023 | 787 |
| • Legal Services | 2020-2023 | 2,000 |
| | | 52,773 |



Gauteng Gambling Board

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Notes to the Annual Financial Statements

31. Contingencies

CONTINGENT LIABILITIES

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

Phumelela served on the Premier of Gauteng, the MEC, and Gauteng Gambling Board as an urgent interim interdict (Part A) pending a final determination of a review application (Part B). The review application seeks to set aside amendment of Regulation 276 of the Gauteng Gambling Regulations effectively withdrawing 3% levies to the holder of a Totalizator licence (which is Phumelela).

In terms of the new regulations, Gauteng Gambling Board is obligated to pay over the levies to the Fiscus. In the event that Phumelela is successful in their application, Phumelela will seek the arrear levies from all respondents and since the levies were paid over to the Fiscus, Phumelela can claim from the Provincial Treasury in terms of the state liability act absolving both the MEC and the Gauteng Gambling Board.

PHUMELELA GAMING & LEISURE LIMITED v GGB AND OTHERS CASE NO. 41790/19

Phumelela launched a review application against the decision of the GGB for finding Phumelela guilty of contravening condition 10 of its Race Meeting licence and imposed a fine of R5 000 000 of which R2 500 000 is suspended for a period of 5 years. In the event that Phumelela is successful in its application, GGB will be liable to pay R2 500 000.

VIVABET (PTY) LTD v THE GAUTENG GAMBLING BOARD: CASE NO: 28058/17; 28395/17; 1304/17

1. VivaBet brought an urgent interdict pending a review application. The interdict application sought to interdict the Board from proceeding with the process of inviting applications for bookmakers' licenses contested by Vivabet.

2. On review, Vivabet sought to review the decision of the Board of refusing to grant the licenses in favor of Vivabet. The Court did not find anything irrational or unreasonable with the decision of the Board.

3. Vivabet attempted to appeal the matter to the full bench and the Supreme Court of Appeal, but the applications were dismissed with costs.

GGB will be liable to pay R 226 193.

CONTINGENT ASSETS

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

The police (SAPS) assisted by GGB Law Enforcement Inspectors raided the premises at Bronkhorstspuit operated by the Applicant and confiscated illegal gambling equipment. The operator brought an application against the Magistrate, Minister of SAPS, and GGB, seeking the Court to set aside the warrant authorising the raid and a spoliation order. The estimated bill of costs in favour of the GGB is R100 000

LADOMAX (PTY) LIMITED v GAUTENG GAMBLING BOARD CASE NUMBER: 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.

In Part B, the Applicant sought to review and set aside the decision of the Board, which granted the amendment to Hollywood's bookmaker's licence; allowing Hollywood to relocate to Shop 29, 36 Rand Road, Georgetown, Germiston, Ekurhuleni.

The matter was heard on 15 September 2020 and Ladomax's urgent application was dismissed with costs in favour of the GGB. The estimated bill of costs in favour of the Board is R100 000

THE SOUTH AFRICAN BOOKMAKERS' ASSOCIATION v THE GAUTENG GAMBLING BOARD CASE NO. 31552/21

**Gauteng Gambling Board**

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements**31. Contingencies (continued)**

The Applicants 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.

Part A sought an interim interdict against the Respondents from taking any steps to prevent the Applicants from operating their businesses; insofar as the Applicants do so in a lawful manner and in compliance with the regulations made under section 27(2) of the Disaster Management Act, 2002, which introduced a new "Adjusted Alert Level 4". The cost in favour of the Board is R100 000.

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

The Applicant (Piet Thokwana) sought an order interdicting his suspension and disciplinary enquiry pending the determination of the appointment of the then Acting CEO and the chairperson of the disciplinary hearing. The Court dismissed the application with costs in favour of the GGB, and the estimated bill of costs prepared is R 359 310.19.

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

Henning sought to set aside the search and seizure warrant executed at his premises and a spoliation order against confiscated goods. Subsequently withdraw the matter and tendered costs in favour of the GGB. The estimated bill of costs in favour of the GGB is R100 000.

32. Related parties

Relationships

Fellow entities reporting to the MEC

Department of Economic Development (DED),
Gauteng Growth and Development (GGDA), Gauteng
Enterprise Propeller (GEP), Gauteng Tourism
Authority (GTA), Gauteng Liquor Board, Dinokeng
Game Reserve

Members of Accounting Authority

Members of key management

Refer to accounting authority's report

Refer to note 20 and 21

Related party balances**Amounts included in trade receivable (trade payable) regarding related**

| | | | |
|----------------------------------------------------------------------------|----|--------|---------|
| DED - Gauteng Provincial Administration - Refer to Note | 12 | 91,483 | 120,320 |
| DED - Gauteng Provincial Government: Collection commission - Refer to Note | 4 | 14,515 | 9,542 |
| Gauteng Enterprise Propeller | | 10,000 | - |

Amounts included in Revenue from exchange transactions with related parties

| | | | |
|------------------------------|--|--------|---|
| Gauteng Enterprise Propeller | | 10,000 | - |
|------------------------------|--|--------|---|

Related party transactions**Taxes and levies distributed during the period**

| | | | |
|----------------------------------------------------|----|-----------|-----------|
| DED - Taxes and Levies distributed - Refer to Note | 12 | 1,271,908 | 1,211,267 |
|----------------------------------------------------|----|-----------|-----------|

Commission collected during the period

| | | | |
|---------------------------------------------------------|----|--------|--------|
| DED - Collection Commission - Refer to the Revenue Note | 18 | 98,914 | 97,856 |
|---------------------------------------------------------|----|--------|--------|

Monies paid to (received from) related parties

| | | | |
|-----------------------------------|----|-----|--------|
| Gauteng Growth Development Agency | | 848 | - |
| DED Grant - Refer to Note | 19 | 409 | 14,600 |

Key management information**Remuneration of management**



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

32. Related parties (continued)

Management class: Board members

March 2024

| Name | Board Fees | Total |
|-----------------------------------|--------------|--------------|
| Mr T Gumbi (Chairperson) | 458 | 458 |
| Mr SO Mabuza (Deputy Chairperson) | 346 | 346 |
| Ms NB Tiro | 238 | 238 |
| Mr SA Tleane | 208 | 208 |
| Adv M Morake | 174 | 174 |
| Ms LE Diputla | 276 | 276 |
| Ms M Sedibe | 203 | 203 |
| Adv MPT Maluleke | 248 | 248 |
| Dr GM Xaba | 208 | 208 |
| Ms N Maharaj | 208 | 208 |
| Mr K Naidoo | 209 | 209 |
| Mr BE Hendricks | 122 | 122 |
| Ms CL Roskrige* (ARC Chairperson) | 75 | 75 |
| Mr TR Selau* | 35 | 35 |
| Ms GP Mnguni* | 35 | 35 |
| Mr S Maharaj* | 41 | 41 |
| Administrator Fees: Majavi Inc | 1,426 | 1,426 |
| Disciplinary committee | 560 | 560 |
| | 5,070 | 5,070 |

March 2023



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

32. Related parties (continued)

| Name | Board Fees | Total |
|------------------------|--------------|--------------|
| Adv. Platt A SC | 452 | 452 |
| Sukazi T | 159 | 159 |
| Modise M | 157 | 157 |
| Matenche R | 30 | 30 |
| Rajoo K | 254 | 254 |
| Monyokolo R | 340 | 340 |
| Dr Masegare P | 233 | 233 |
| Mgoduso T | 327 | 327 |
| Maraka D | 304 | 304 |
| Matjele P | 333 | 333 |
| Adv. Ribane N | 268 | 268 |
| Govender K | 95 | 95 |
| Musvoto SW | 51 | 51 |
| Modise M | 35 | 35 |
| Disciplinary committee | 449 | 449 |
| | 3,487 | 3,487 |

*The member is part of the ARC (Audit Risk Committee) which was appointed on 01 December 2023.

Management class: Executive management

March 2024



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

32. Related parties (continued)

| Name | Basic salary | Cellphone Allowance | Travel Allowance | Acting Allowance | Bonuses and performance related payments | Leave Paid Out | Employer Contributions | Other benefits received | Total |
|-------------------------------------------------------------------|--------------|---------------------|------------------|------------------|------------------------------------------|----------------|------------------------|-------------------------|-----------|
| Mrs KT Mbele (Chief Executive Officer)* | 2,568,081 | 29,190 | - | 1,451,686 | 202,428 | - | 351,536 | - | 4,602,921 |
| Mr KO Maripane (Chief Financial Officer)** | 246,416 | 2,500 | 12,000 | 1,575,573 | 21,535 | - | 47,530 | - | 1,905,554 |
| Mr TM Bodila (Board Secretary) | 1,509,905 | 16,700 | 190,000 | 227,651 | 233,507 | - | 306,315 | - | 2,484,078 |
| Mr JS Sefako (Acting Senior Manager Gaming Control) | - | - | - | 169,415 | - | - | - | - | 169,415 |
| Mr DL Lukhareni (Senior Manager: Legal Services) | 1,441,280 | 13,360 | - | 3,860 | 298,122 | 197,979 | 389,420 | - | 2,344,021 |
| Miss MGL Kobue (Snr Manager: Compliance) | 2,463,223 | 20,040 | 42,000 | 204,566 | 334,057 | - | 538,384 | - | 3,602,270 |
| Mr TM Letshwiti (Snr Manager: Licensing) | 2,418,723 | 20,040 | - | - | 324,338 | - | 556,139 | - | 3,319,240 |
| Mrs ZN Gumede (Snr Manager: Human Resources) | 1,871,981 | 18,370 | 84,000 | - | 326,061 | 436,418 | 476,387 | - | 3,213,217 |
| Mr L Makube (Senior Finance Manger)*** | 157,282 | 1,670 | 9,000 | 855,842 | - | - | 21,375 | - | 1,045,169 |
| Mr A Malebane (Acting Snr Manager: Human Resources) | - | - | - | 101,912 | - | - | - | - | 101,912 |
| Mr TT Marimuthu (Snr Manager: Gaming) | 1,505,053 | 15,030 | - | 7,450 | 328,944 | 273,716 | 443,719 | - | 2,573,912 |
| Mr RJ Motlhokwane (Snr Manager: Management Information System) | 110,080 | 1,670 | 6,000 | - | 15,023 | 146,339 | 34,083 | - | 313,195 |
| Miss ES Lottering (Acting Snr Manager: Human Resources)**** | 153,915 | 1,670 | - | 845,740 | - | - | 29,670 | - | 1,030,995 |
| Mr SS Manganye (Chief Information Officer) | 2,486,497 | 30,000 | 240,000 | - | 365,763 | - | 629,983 | - | 3,752,243 |
| Mr BP Dlamini (Acting Snr Manager: Management Information System) | - | - | - | 900,155 | - | - | - | - | 900,155 |
| Adv HL Mokhutswane (Acting Senior Manager: Legal Services) | - | - | - | 1,030,035 | - | - | - | - | 1,030,035 |
| Mr NJ Motjelele (Acting Senior Manager Gaming Control) | - | - | - | 355,781 | - | - | - | - | 355,781 |
| Mr CM Molosi (Acting Senior Manager Gaming Control) | - | - | - | 354,718 | - | - | - | - | 354,718 |
| Ms B Simelane (Senior Manager: Social Economic Development) | 2,033,804 | 20,040 | - | 280,475 | 276,604 | - | 465,956 | - | 3,076,879 |

**Gauteng Gambling Board**

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements**32. Related parties (continued)**

| | | | | | | | | | |
|------------------------------------------------------------|-------------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| Mr DS Dlamini (Chief Financial Officer) | 1,572,744 | 17,500 | - | - | 212,942 | 295,685 | 311,703 | 3,303,002 | 5,713,576 |
| Adv TE Ngobese (Executive - Legal ad Law Enforcement)***** | 636,588 | 5,840 | - | 19,424 | - | - | - | 47,128 | 708,980 |
| Mr MC Lekalakala (Senior Manager - Legal)***** | 64,848 | 1,670 | - | - | - | - | - | 37,704 | 104,222 |
| | 21,240,420 | 215,290 | 583,000 | 8,384,283 | 2,939,324 | 1,350,137 | 4,602,200 | 3,387,834 | 42,702,488 |

March 2023

| Name | Basic salary | Allowances | Bonuses and performance related payments | Leave Paid Out | Employer Contributions | Long Service Awards | Total |
|---------------------------------------------------------------|-------------------|------------------|------------------------------------------|----------------|------------------------|---------------------|-------------------|
| Mr TT MARIMUTHU (Acting Chief Executive Officer) | 2,234,146 | 1,310,754 | 344,125 | - | 606,603 | - | 4,495,628 |
| Mrs KT Mbele (Acting Chief Executive Officer) | 868,607 | 8,340 | - | - | 9,124 | - | 886,071 |
| Mr KO Maripane (Acting Chief Financial Officer) | - | 1,353,111 | - | - | - | - | 1,353,111 |
| Mr DS Dlamini (Chief Financial Officer) | 622,181 | 7,500 | 51,848 | - | 114,307 | - | 795,836 |
| Mr DL Lukhwareni (Senior Manager: Legal Services) | 2,221,048 | 669,133 | 342,165 | - | 597,811 | - | 3,830,157 |
| Adv HL Mokhutswane (Acting Senior Manager: Legal Services) | - | 145,514 | - | - | - | - | 145,514 |
| Mr JS Sefako (Acting Senior Manager Gaming Control) | - | 66,696 | - | - | - | - | 66,696 |
| Mr TM Letshwiti (Snr Manager: Licensing) | 2,222,799 | 20,040 | 338,533 | - | 519,147 | - | 3,100,519 |
| Miss MGL Kobue (Snr Manager: Compliance) | 2,258,576 | 62,040 | 348,327 | - | 499,889 | 94,917 | 3,263,749 |
| Mrs ZN Gumede (Snr Manager: Human Resources) | 2,075,143 | 20,040 | 317,364 | - | 509,379 | - | 2,921,926 |
| Ms N Matanzima (Board Secretary) | 512,708 | 5,010 | 79,808 | 138,601 | 101,360 | - | 837,487 |
| Mr A Malebane (Acting Snr Manager: Human Resources) | - | 203,824 | - | - | - | - | 203,824 |
| Miss BV Mnyakana | - | 907,051 | - | - | - | - | 907,051 |
| Mr TM Bodila (Acting Board Secretary) | - | 184,757 | - | - | - | - | 184,757 |
| Mr RJ Mothokwane (Snr Manager: Management Information System) | 2,020,762 | 92,040 | 314,283 | - | 381,820 | - | 2,808,905 |
| Mr SS Manganye (Chief Information Officer) | 2,259,994 | 270,000 | 381,802 | - | 585,704 | - | 3,497,500 |
| Ms B Simelane (Senior Manager: Social Economic Development) | 1,865,697 | 148,698 | 285,139 | - | 435,671 | - | 2,735,205 |
| | 19,161,661 | 5,474,548 | 2,803,394 | 138,601 | 4,360,815 | 94,917 | 32,033,936 |

*Ms. K Mbele was appointed as Chief Executive Officer from 01 November 2023.

**Mr. O Maripane was appointed as Acting Chief Financial Officer on 23 February 2023. Mr. Maripane was appointed as the Chief Financial Officer effective from 01 March 2024.



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

32. Related parties (continued)

***Mr L Makube was appointed as Acting Senior Manager-Finance on 23 February 2023. Mr. Makube was appointed as the Senior Manager-Finance effective from 15 March 2024.

****ES LOTTERING was appointed as Acting Senior Manager-Human Resource on 09 June 2023. Ms. Lottering was appointed as the Senior Manager-Office of the CEO effective from 15 March 2024.

*****Adv TE NGOBESE was appointed as Acting Senior Manager-Legal on 01 January 2023. Mr. Ngobese was appointed as the Executive - Legal and Law Enforcement effective from 01 March 2024.

*****Mr MC LEKALAKALA was appointed as Acting Senior Manager-Legal on 15 March 2024.

33. Comparative figures

There were no comparative figures that were restated in the current financial year.

34. Risk management

Financial risk management

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

The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the entity'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.

**Gauteng Gambling Board**

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements**34. Risk management (continued)****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 entity has sufficient cash flow and as a result does not maintain any credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity 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 entity'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 2024 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
|----------------------------------|---------------------|--------------------------|--------------------------|--------------|
| Trade and other payables | 69,100 | - | - | - |
| Collection for Distributions | 121,874 | - | - | - |
| Licence fees received in advance | 69,132 | - | - | - |
| At 31 March 2023 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years | Over 5 years |
| Trade and other payables | 77,997 | - | - | - |
| Collection for Distributions | 180,972 | - | - | - |
| Licence fees received in advance | 64,628 | - | - | - |

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity 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 year end were as follows:

| Financial instrument | 31 March 2024 | 31 March 2023 |
|--------------------------------------------|---------------|---------------|
| Receivables from exchange transactions | 17,022 | 12,502 |
| Receivables from non-exchange transactions | 45,528 | 11,134 |
| Cash and cash equivalents | 189,222 | 308,400 |



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

| 31 March 2024 R '000 | 31 March 2023 R '000 |
|----------------------------|----------------------------|
|----------------------------|----------------------------|

34. Risk management (continued)

Market risk

Market risk is the risk that the company earnings and capital will be adversely affected by movements in the level or volatility of market rates or prices such as interest rates and foreign exchange rates. The overarching objective of market risk management in the company is to protect the company net earnings against adverse market movements through containing the innate interest rate and foreign currency risks within acceptable parameters.

Interest rate risk

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

35. Fruitless and wasteful expenditure

| | | |
|--------------------------------------------------------------|---|-----|
| Add: Fruitless and wasteful expenditure identified - current | - | 205 |
|--------------------------------------------------------------|---|-----|

There were no fruitless and wasteful expenditure in the current financial year.

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

36. Irregular expenditure

| | | |
|--------------------------------------|---|-------|
| Add: Irregular Expenditure - current | - | 6,026 |
|--------------------------------------|---|-------|

Details of irregular expenditure

There were no irregular expenditure in the current financial year.

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



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

| | | | 31 March 2024 R '000 | 31 March 2023 R '000 |
|-----------------------------------------------------------|--------------|-------------------------|----------------------------|----------------------------|
| 37. Segment information | | | | |
| General information | | | | |
| Segment surplus or deficit, assets and liabilities | | | | |
| 31 March 2024 | | | | |
| | Regulations | Responsible Gambling | CSI | Total |
| Revenue | | | | |
| Revenue | 253,850 | 4,500 | 4,500 | 262,850 |
| Entity's revenue | | | | 262,850 |
| | | | | |
| Expenditure | | | | |
| Expenditure | 247,888 | 6,816 | 10,014 | 264,718 |
| Total segmental surplus/(deficit) | 5,962 | (2,316) | (5,514) | (1,868) |



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

Figures in Rand thousand

37. Segment information (continued)

31 March 2023

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

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

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

38. Budget differences

Material differences between budget and actual amounts

38.1 Rental income: The Board received rental income from Circuit City for the current financial year under review. Gauteng Gambling Board has a lease agreement with Circuit City.

38.2 Revenue from Non-Exchange Transactions: The non-exchange revenue collected exceeded the budgeted amount. This was due to a penalty raised in the current year for underpayment of taxes.

38.3 Revenue from Exchange Transactions: The revenue collected did not exceed the budget. This is due to a decrease in the applications and registration fees, and a decrease in recoveries for investigation fees during the year.

38.4 Interest received: Interest received did exceed targeted budget amount. This was due to high interest rates during the current financial year.

38.5 Employee related cost: The employee related costs exceeded the budget in the current financial year due to annual salary increments.

38.6 Board and Audit and Risk Committee fees: The Board fees did not exceed the budgeted amount. This is because the board members were appointed on 01 August 2023.

38.7 Depreciation and amortisation: The depreciation expenditure did not exceed targeted budget in the current year. This is due to the Board having assets that were disposed off during the financial year.

38.8 Impairment loss: The impairment loss is due to the reassessment of assets at the reporting date.

38.9 Fiscal consolidation contribution: This line item is for the Fiscal Wage Freeze Consolidation which was implemented by the Premier's Budget Council to all Gauteng Government Departments and it's entities. This amount is payable to the Provincial Treasury by Gauteng Gambling Board.

38.10 General expenses: The general expenses did exceed the target budget for the current financial year. This is mainly due to the different line items which did exceed their targeted budgeted amount in the current financial year.

39. Accounting by principals and agents

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



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

39. Accounting by principals and agents (continued)

Details of the arrangement is as follows:

In terms of section 4 of the Gauteng Gambling Act, the powers and functions of the Board 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, and ensuring continuous suitability and compliance with the legislative prescripts by the national licensees

Section 61 of the Gauteng Gambling Act states that - Obligation to pay prescribed fees and taxes
(b) for the benefit of the Provincial Revenue Fund, any lump sum payment contemplated in section 19(1)(c).

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

(a) The Provincial Revenue Fund -

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

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

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

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

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

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

Entity as agent

Additional information

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

The amounts between the Board and the principal are disclosed under the respective notes in the Annual Financial statements:

Trade and other receivables (Refer to note 4)

Trade and other payables (Refer to note 11)

Revenue (Note 18)

Related parties (Note 32)



Gauteng Gambling Board

Annual Financial Statements for the Year ended 31 March 2024

Notes to the Annual Financial Statements

40. Finance lease obligation

Minimum lease payments due

| | | |
|------------------------------------------------|---------------------|-----------------|
| - within one year | 454 | - |
| - in second to fifth year inclusive | 871 | - |
| | <u>1,325</u> | <u>-</u> |
| less: future finance charges | (207) | - |
| Present value of minimum lease payments | <u>1,118</u> | <u>-</u> |

Present value of minimum lease payments due

| | | |
|-------------------------------------|--------------|----------|
| - within one year | 341 | - |
| - in second to fifth year inclusive | 777 | - |
| | <u>1,118</u> | <u>-</u> |

| | | |
|-------------------------|--------------|----------|
| Non-current liabilities | 777 | - |
| Current liabilities | 341 | - |
| | <u>1,118</u> | <u>-</u> |

Finance lease assets relates to nine photocopier machines leased for 36 months.

41. Change in estimate

Property, plant and equipment

In the current period management have revised the estimated useful life of vehicles from 5(five) years to 7(seven) years. The effect of this revision has increased the depreciation charges for the current and future periods.

42. Going concern

Management has assessed the entity's going concern and can confirm the entity will continue to operate for the next 12 months and meet its short-term obligations. Though the current liabilities exceed the current assets of the statement of financial position as of 31 March 2024, part of the current liabilities is R69 million received by GGB relating renewal of annual license fees. The R69 million is an advance payment that is due to GGB as of 31 March 2024 and this amount will be recognised as income on 01 April 2024.

43. Events after the reporting date

The board is not aware of any matter or circumstance arising since the end of the financial period to the date of this report that could have a material effect on the financial statements.

PART G

BOARD AND STAFF





BOARD MEMBERS

GAUTENG GAMBLING BOARD



FACILITIES

GAUTENG GAMBLING BOARD



INTERNS

GAUTENG GAMBLING BOARD



COMPLIANCE AUDIT

GAUTENG GAMBLING BOARD



CO. SEC

GAUTENG GAMBLING BOARD



HUMAN RESOURCES

GAUTENG GAMBLING BOARD



LEGAL SERVICES

GAUTENG GAMBLING BOARD



OFFICE OF THE CEO

GAUTENG GAMBLING BOARD



SED

GAUTENG GAMBLING BOARD



INFORMATION TECHNOLOGY

GAUTENG GAMBLING BOARD



LICENSING & INVESTIGATIONS

GAUTENG GAMBLING BOARD



GAMING CONTROL

GAUTENG GAMBLING BOARD



**GAMBLE WHAT YOU
CAN AFFORD TO LOSE.**



WINNERS KNOW WHEN TO STOP

HELPLINE: 0800 006 008



ANNUAL REPORT

2023/2024

