

Western Cape Gambling and Racing Board



Annual Report 2020/21

WESTERN CAPE
GAMBLING AND RACING
BOARD

ANNUAL REPORT

2020/21

CONTENTS

PART A: GENERAL INFORMATION	3
1. BOARD GENERAL INFORMATION	4
2. LIST OF ABBREVIATIONS/ACRONYMS	5
3. FOREWORD by the CHAIRPERSON	8
4. CHIEF EXECUTIVE OFFICER'S OVERVIEW	10
5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL FINANCIAL REPORT	13
6. STRATEGIC OVERVIEW	14
7. LEGISLATIVE AND OTHER MANDATES	15
8. ORGANISATIONAL STRUCTURE	18
PART B: PERFORMANCE INFORMATION	19
1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES	20
2. SITUATIONAL ANALYSIS	20
3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES	35
4. PROGRAMME PERFORMANCE INFORMATION	36
5. REVENUE COLLECTION	47
PART C: GOVERNANCE	49
1. INTRODUCTION	50
2. PORTFOLIO COMMITTEES	50
3. EXECUTIVE AUTHORITY	50
4. THE ACCOUNTING AUTHORITY - THE BOARD	50
5. RISK MANAGEMENT	63
6. INTERNAL CONTROL UNIT	66
7. INTERNAL AUDIT AND AUDIT COMMITTEE	66
8. COMPLIANCE WITH LAWS AND REGULATIONS	67
9. FRAUD AND CORRUPTION	67
10. MINIMISING CONFLICT OF INTEREST	67
11. CODE OF CONDUCT	68
12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES	68
13. COMPANY SECRETARY	68
14. SOCIAL RESPONSIBILITY	68
15. AUDIT COMMITTEE REPORT	69
16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION	72
PART D: HUMAN RESOURCE MANAGEMENT	73
1. INTRODUCTION	74
2. HUMAN RESOURCE OVERSIGHT STATISTICS	77
PART E: FINANCIAL INFORMATION	83
1. REPORT OF THE EXTERNAL AUDITOR	84
2. ANNUAL FINANCIAL STATEMENTS	88

**PART A:
GENERAL
INFORMATION**



GENERAL INFORMATION

1. BOARD GENERAL INFORMATION

NAME:	Western Cape Gambling and Racing Board
PHYSICAL ADDRESS:	100 Fairway Close Parow Cape Town 7500 Republic of South Africa
POSTAL ADDRESS:	P O Box 8175 Roggebaai 8012
TELEPHONE NUMBER/S:	+27 21 480 7400
EMAIL ADDRESS:	ceo@wcgrb.co.za
WEBSITE ADDRESS:	www.wcgrb.co.za
EXTERNAL AUDITORS:	Auditor-General of South Africa
BANKERS:	Nedbank
BOARD SECRETARY:	Heinrich Brink

2. LIST OF ABBREVIATIONS/ACRONYMS

The following list contains all the abbreviations/acronyms that is utilised throughout the annual report, irrespective of which section of the annual report it pertains to:

Abbreviation / Acronym	Description
ADFIN / Adfin	Administration and Finance
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
BCP	Business Continuity Plan
Board	Western Cape Gambling and Racing Board
board	Collective of non-executive Board members
CASA	Casino Association of South Africa
Capex	Capital Expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGICT	Corporate Governance of Information and Communication Technology
COBIT	Control Objectives for Information Technology
COE	Cost of Employment
CPI	Consumer Price Index
CSI	Corporate Social Investment
Constitution	The National Constitution of the Republic of South Africa, 1996
COVID-19	Coronavirus disease 2019
DoL	Department of Labour
DRP	Disaster Recovery Plan
DTIC	Department of Trade, Industry and Competition
DTPW	Department of Transport and Public Works
EE	Employment Equity
ERM	Enterprise Risk Management
EXCO	Executive Committee
FIC	Financial Intelligence Centre
FICA	Financial Intelligence Centre Act, 2001
FITEC	Finance, Information Technology and Ethics Committee
FLASH	Firearm, Liquor and Second Hand dealers unit
GDP	Gross Domestic Product
GRAF	Gambling Regulators Africa Forum
GRAP	Generally Recognised Accounting Practice
G2E	Global Gaming Exposition

GENERAL INFORMATION

Abbreviation / Acronym	Description
HCC	Human Capital Committee
HOD	Head of Department
HR	Human Resources
HRC	Horse Racing Committee
ICAS	Independent Counselling and Advisory Services
IAGA	International Association of Gaming Advisors
IAGR	International Association of Gaming Regulators
ICT	Information and Communication Technology
IT	Information Technology
ITIL	Information Technology Infrastructure Library
IYM	In Year Monitoring
LSA	Long Service Award
LPM	Limited Pay-out Machines
MEC	Member of the Provincial Executive Council
Minister	Western Cape Minister of Finance and Economic Opportunities
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
MTBPS	Medium Term Budget Policy Statement
NAT JOINTS	National Joint Operation Intelligent Structure
NCEMS	National Central Electronic Monitoring System
NGB	National Gambling Board
NPC	Not for Profit Company
NTR	National Treasury Regulations
OD	Organisational Development
OHASA	Occupational Health and Safety Act, 1993
Opex	Operational Expenditure
PAC	Public Accounts Committee
PAIA	Promotion of Access to Information Act, 2000
PAJA	Promotion of Administrative Justice Act, 2000
PDO	Predetermined Objective
PFMA	Public Finance Management Act, 1999
PGWC	Provincial Government of the Western Cape
PLA	Provincial Licensing Authority
PI	Performance Indicator
POPI	Protection of Personal Information Act ,2013
PRMA	Post-Retirement Medical Aid

Abbreviation / Acronym	Description
PTR	Provincial Treasury Regulations
SBC	Sports Betting Community
SAPS	South African Police Services
SARGF	South African Responsible Gambling Foundation
SCA	Supreme Court of Appeal
SC	Senior Counsel
SCM	Supply Chain Management
SCOFEOT	Western Cape Provincial Parliament's Standing Committee on Finance, Economic Opportunities and Tourism
SCOPA	Standing Committee on Public Accounts
SOPI	Strategic Objective Performance Indicator
Act	Western Cape Gambling and Racing Act, 1996
TID	Technical Indicator Description
TR	Treasury Regulations
Type A LPM Site	Sites with 1 to 5 LPMs
Type B LPM Site	Sites with 6 to 20 LPMs
Type C LPM Site	Sites with 21 to 40 LPMs
UPS	Uninterrupted Power Supply
WC	Western Cape
WCBD4	Western Cape Bid Document 4
WCDTPW	Western Cape Department of Transport and Public Works
WCED	Western Cape Education Department
WCGRB	Western Cape Gambling and Racing Board
WCPT	Western Cape Provincial Treasury
Western Cape	The Province of the Western Cape
WFH	Work From Home

3. FOREWORD by the CHAIRPERSON

It is with a sincere feeling of gratitude that I present the Western Cape Gambling and Racing Board's Annual report for the 2020/21 financial year.

The year held many challenges for the Board, the industry, the Western Cape Province and indeed South Africa and the world.

The effect on our citizens makes daily news headlines and it is with all these challenges that I feel gratitude in being able to present this annual report.

The Board's mandate stems from the Western Cape Gambling and Racing Act as amended and as a Schedule 3C PFMA provincial public entity has as its parent department the Western Cape Provincial Treasury.

The industry as a whole, operating under the Act, is twenty-one years old and is ever changing as technology brings its many changes to bear on the industry. The Act however has not changed with the industry and this brings about its own challenges of being somewhat outdated.

The Board however continues to strive towards achieving its set targets and the legislated mandate. To this end, the Board has achieved 11 of its set targets of 15 and confirms that it has been able to achieve its legislated mandate.

COVID-19 and its concomitant regulatory restrictions has had a marked effect on the operations of the Board and the industry as a whole.

Procedures and processes at the Board had to be reviewed to comply with the restrictions and to enable a safe environment for the Board's personnel. Safety precautions at licence holders had to be enforced and reviewed for compliance with regulations and for the safety of patrons and employees. It is with pleasure that I can confirm that the Western Cape Gambling Industry embraced these regulations and adapted to ensure compliance, resulting in a very compliant industry in the Western Cape Province.

The resultant closure of casino's during the Covid-19 pandemic saw a significant increase in online betting activities. This growth in online betting resulted in the Board increasing its focus on responsible gambling to ensure that it did not result in a growth in problem gambling. License holders played their part by implementing responsible gambling measures to minimise harm. In addition to being compliant to the regulations, the industry continued to honour its CSI commitments despite having a severe shrinking of their revenue. The industry's contribution to its CSI initiatives amounted to R 14 776 978 for the 2020/21 financial year.

The Board has an authorised membership of seven. At the time of compiling this report, there were six appointed members resulting in the position that, in order to maintain a quorum at Board meetings, five (5) members have to be present. This in itself was a major challenge as meetings needed to be rescheduled, if two (2) members were unable to attend.

Pages 52 to 55 expands on the Board members and their terms.



*Mr D Lakay
Chairperson of the Board*

During the year under review, the Board revisited its strategy for its Board awareness initiatives. As the COVID-19 regulations resulted in face to face awareness programmes being curtailed, the Board embarked on social media campaigns, these cost effective campaigns proved to be quite successful with eighty-one thousand two hundred (81 200) persons being reached and various enquiries emanating from these campaigns.

The COVID-19 regulations also curtailed the Board's illegal gambling initiatives but with the assistance of SAPS, illegal gambling during this period was minimised.

There were no legislative amendments effected during the year and the regulations relevant to fees were amended effective April 2020.

The Board's challenges were exacerbated by the COVID-19 restrictions resulting in the Board having to rethink its processes to give effect to its legislated mandate.

These include auditing at licence holders, illegal gambling processes, work-from-home processes, meeting protocols, revised business continuity plans, and accommodation requirements.

Board membership remains a challenge and has been so for the past number of years as it places pressure on its effectiveness to honour scheduled meetings.

Achieving financial self-sufficiency remains a challenge and the Board continues to rely on WCG grants to fund its expenditure budget. Attempts are underway to address the Board's financial self-sufficiency.

The Board continues to be housed in its current leased premises until October 2023 and the Board has engaged WCPT on its post October 2023 accommodation needs. This matter has not taken traction as yet and the Board continues to engage its parent department on the matter.

The COVID-19 inspired regulations are having a toll on licence holder's B-BBEE achievements as it is unable to engage on some of the pillars which assists in achieving a good rating. The Board is mindful of these challenges and continues to engage the WC licence holders to try and maintain the B-BBEE levels.

The Board's goals over the medium term continues to be directed by the COVID-19 inspired regulations and its effects on the industry.

I hereby acknowledge the roles of and tender my heartfelt appreciation to:

- Minister for Finance and Economic Opportunities – Mr D Maynier for his guidance and support;
- The members of SCOFOT and the Public Accounts committee for their oversight guidance and valuable inputs;
- The Western Cape Provincial Treasury Officials for their kind assistance;
- Fellow Board members and members of the Audit committee for their support and professional manner of conducting business; and
- The employees of the Board for the diligent execution of their duties, who together have contributed to the success achieved by the Western Cape Gambling and Racing Board.



Mr D Lakay
Chairperson of the Board
Western Cape Gambling and Racing Board
31 August 2021

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

It is with pleasure that I hereby present an overview of the Western Cape Gambling and Racing Board's financial and non-financial performance for the year ended 31 March 2021.

The WCGRB was not immune to the challenges and effects brought about by the COVID-19 induced regulations and restrictions.

On the one hand, the Board's normal activities were curtailed requiring the Board to seek alternative methods of performing its functions in order to honour its legislated mandate, the need to implement additional safety and health practices to ensure the safety of its employees and visitors to its offices and having to digitise a number of activities while on the other hand, having to regulate an industry under economic siege flowing from the Disaster Management Regulations and protocols.

The activities of the Western Cape Gambling and Racing Board is in no way an essential service and accordingly, its employees were forced to work from home resulting in new strategies having to be implemented.

The resultant strategies have proven to be successful and will influence its activities into the future.

The Board had an approved revenue budget of R42.227 million and a grant of R27.744 million resulting in a total revenue budget of R69.971 million. The comparative actual revenue generated was own-revenue of R45.195 million and the grant of R27.744 million resulting in total comparative revenue generation of R72.939 million.

The comparative over-generation in revenue of R2.968 million is due to the shift in the gambling sectors brought about by the lockdown as punters now resorted to online betting offerings, bringing with it new applications for online betting licences.

The market share of online betting has shown a marked improvement, while brick and mortar establishments have shown a decline due to the lockdown restrictions.

As the tax structures of the different sectors in the industry differ, with online betting enjoying a lower tax rate, it has meant that the shift away from brick-and-mortar offerings with their higher tax rate has, in addition to the lockdown restrictions, contributed to a decline in taxes.

The Board's expenditure budget was approved at R69.971 million with OPEX being R68.034 million and CAPEX being R1.937 million.

Due to the COVID-19 inspired regulations and restrictions coupled with WCPT requests to curtail expenditure, the Board's comparative actual expenditure amounted to R53.162 million being R51.911 million on OPEX and R1.251 million on CAPEX resulting in a comparative net saving of R16.809 million.

These savings were achieved as a direct response to WCPT's call to curtail expenditure in COE and administrative expenditure. The detail of these savings is enumerated on page 95 of the 2020/21 Annual Report.



*Mr P Abrahams
Chief Executive Officer*

The combined effect of the comparative over-generation of revenue and the comparative savings in expenditure resulted in a comparative surplus of R19.778 million of actual to budget.

The accrual based accounting discloses own revenue generation of R48.315 million and a government grant of R27.744 million.

The accrual based accounting discloses expenditure of R61.972 million with a resultant accrual based accounting surplus of R14.087 million.

The result of the Board's activities is a refund to the Provincial Revenue Fund of R16.573 million for the year under review.

Accordingly, with savings having resulted in the Board paying back some R29.987 million to the Provincial Revenue Fund for the 2019/20 and 2020/21 financial years combined, the WCGRB remains confident that it is a going concern and financial reports are prepared on that basis.

The Board's irregular expenditure reported in the 2019/20 financial statements have been condoned in accordance with the set procedures and processes have been put in place to prevent a re-occurrence of the circumstances that led to the irregular expenditure.

The Board does not have any incomplete projects and will not request a roll-over of funds from the 2020/21 financial year.

While the Board has limited capacity in its SCM division, the Board has achieved its SCM objectives. It is envisaged that additional resources will be required for the SCM division to ensure seamless and compliant processes.

The non-financial performance results are that eleven (11) output indicators have been fully achieved with two (2) indicators being partially achieved and two (2) indicators not achieved. Details of the non-financial performance are highlighted on pages 36 to 45 of the annual report.

The Board reports that:

- It has no discontinued activities nor activities envisaged to be discontinued;
- It has no new or proposed activities for the next twelve months;
- It has SCM processes and systems in place and so reviewed by internal and external audit;
- It had no unsolicited bid proposals for the year under review; and
- It has addressed the external audit findings of the previous year and save for those transactions which have not been repeated in the year under review, has successfully tested the Board's responses to those findings.

The challenges facing the Board are:

Financial self-sustainability: The Board receives its revenue from statutory fees and cannot generate own income in any other form other than increasing the gambling offerings within the Western Cape gambling industry. The 19th Western Cape Gambling and Racing Amendment Act, 2021 has been adopted into law and gazetted as such, but requires the premier's promulgation for the Act to come into effect. This Act provides for legislated statutory revenue to flow to the Board and is expanded on at page 33 of this report.

Capacity Constraints: The Board has limited personnel in its Administration and Finance Department, its Human Resource Division, its Information and Technology Department and its Board Secretariat division. With the ever changing evolvement of processes and legislation in the fields in which these sectors operate, it is becoming more and more challenging to effectively service the requirements of these evolutions. Given the current economic climate, the Board is currently attempting to employ interns or temporary employees while it investigates its requirements and the process to alleviate the constraint.

GENERAL INFORMATION

The financial constraint brought about by the provincial fiscus indicating that the Board's grant would in future more than likely be reduced, coupled with the incapacity of the Board to generate its own income above that which has been legislated and in addition, being advised that the Board would have to fund its own accommodation when the current DTPW financed lease expires on 31 October 2023, places the Board in a situation where the only solution from its side, as legislated income falls outside the control of the Board, is to drastically cut its expenditure and redetermine the processes it employs in honouring its mandate. The Board continues to engage its parent department and responsible Minister in seeking a solution to this challenge.

Accommodation Constraints: The Board has been advised that as it is "an autonomous public entity outside of government", it will have to seek and fund its own future accommodation needs or move back to its previous premises which the Standing Committee of Finance, at the time, "condemned" as being inadequate for serving the Board's needs. The Board is currently strategising on its accommodation needs in the new Covid-19 induced "normal" with its concomitant costs and will deliberate on such strategy during the coming year.

Adequate resources to ensure all employees are able to work from home on a rotational basis in order to secure the safety and welfare of all employees as a result of the pandemic, is a constant bone of contention with the union. The Board employs a number of safety measures to ensure the safety and welfare of its employees but certain sectors of the employees are unable to work from home with the contention that they are being discriminated against. The Board has secured additional measures and is currently awaiting the delivery of purchased computer equipment to provide the required resources to allow most of its employees to work from home on a rotational basis. This measure will also have a positive influence on the Board's accommodation needs.

The Board has no significant adjusting post year-end events and any events post year-end are detailed on page 140 of this report.

The Board extends its gratitude to Minister D Maynier for his leadership and encouragement, the Standing Committee on Finance, Economic Opportunities and Tourism and the Public Accounts Committee for its oversight and valuable inputs to the Board's affairs, the WCPT Officials for their kind assistance, the Board Members for their oversight, guidance and leadership, the Audit Committee members for oversight and advice and the WCGRB Employees for their diligent and dedicated service and contribution in making 2020/21 a successful year.



Mr P Abrahams
Chief Executive Officer
Western Cape Gambling and Racing Board
31 August 2021

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL FINANCIAL REPORT

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor-General. The annual report is complete, accurate and is free from any omissions. The annual report has been prepared in accordance 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 GRAP standards applicable to the Board.

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 Board for the financial year ended 31 March 2021.



Mr P Abrahams
Chief Executive Officer
Western Cape Gambling and Racing Board
31 August 2021



Mr D Lakay
Chairperson of the Board
Western Cape Gambling and Racing Board
31 August 2021

GENERAL INFORMATION

6. STRATEGIC OVERVIEW

6.1 Vision

To be recognised as the leading gambling regulatory authority for innovative, sustainable business practices and maximisation of economic opportunities in a socially responsible manner.

6.2 Mission

To control and regulate gambling within the Province of the Western Cape, to:

- provide a stable, just, consistent and effective regulatory environment;
- inspire public confidence and trust, in an environment free from corruption and unlawful gambling and betting activities; and
- contribute to the economy of the Western Cape in an innovative and socially responsible manner.

6.3 Values

In the execution of their collective functions, the Board and its Office place the highest value on:

- *Integrity*
The quality of possessing and steadfastly adhering to a moral or ethical code and high professional standards.
- *Transparency and Accountability*
The principle that the Board will conduct its business in an accessible, clear and visible manner with its activities open to examination and answerable to stakeholders and the public at large.
- *Competency*
Having a competent and responsive regulatory authority.
- *Innovation*
Creating business efficiencies through practical innovative solutions and ideas.

7. LEGISLATIVE AND OTHER MANDATES

7.1 Constitutional mandate

The Board's constitutional mandate is derived from Schedule 4 of the Constitution, which prescribes that the regulation of casino's, racing, gambling and wagering, excluding lotteries and sports pools is a concurrent legislative competence of the provincial and national legislatures. The Board must observe the fundamental rights of all persons as enshrined in Chapter 2 of the Constitution in exercising its powers and the performance of its mandate. Chapter 6 of the Constitution regulates inter alia the legislative competence of the different provincial legislatures. It further deals with the resolution of conflicts in areas of concurrent legislative competences between national and provincial legislation. Chapter 6 finds application on the Board's functioning on the basis that the Board drafts proposed amendments to the Western Cape Gambling and Racing Act, Act 4 of 1996.

7.2 Legislative mandate

The following national and provincial legislative enactments find application on the Board's operations:

Basic Conditions of Employment Act, 1997 (Act 75 of 1997) as amended

This Act outlines the basic conditions of employment for workplaces in South Africa and has a direct bearing on employees of the Western Cape Gambling and Racing Board.

Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003) and Codes as amended

This Act constitutes the legislative framework for the promotion of black economic empowerment; empowers the Minister of Trade and Industry to issue codes of good practice and to provide for matters connected therewith. The Board enforces the legislative and policy objectives on Broad-Based Black Economic Empowerment through the imposition of licence conditions on licence holders and complies with the prescripts that is binding on the Board as a public entity.

Disaster Management Act, 2002 (Act 57 of 2002) as amended and Regulations

This Act establishes a legal framework for an integrated and co-ordinated disaster management policy that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters and post-disaster recovery. It provides for the establishment of national, provincial and municipal disaster management centres with a policy focus on the rehabilitation and functioning of these centres. It further provides for the alignment of the functions of the National Disaster Management Advisory Forum to accommodate the South African National Platform for Disaster Risk Reduction. Various Regulations were published in 2020 to address, prevent and combat the spread of the Coronavirus COVID-19. Various Guidelines and Regulations were issued under the Disaster Management Act to regulate the conduct and impose restrictions on individuals, employers and businesses to manage and prevent the risk of exposure and transmission of the coronavirus.

Employment Equity Act, 1998 (Act 55 of 1998) as amended

This Act constitutes the legal framework for the elimination of unfair discrimination in the workplace and prescribes the processes and procedures that the Board must implement to achieve a diverse and competent workforce that is broadly representative of the demographics of the Western Cape.

Financial Intelligence Centre Act, 2001 (Act 38 of 2001), as amended ("FIC Act")

The FIC Act established the Financial Intelligence Centre and Money Laundering Advisory Council to combat money laundering and financing of terrorist and related activities. The Board is, pursuant to this Act a supervisory body and its licence holders are accountable institutions. The FIC Act accords a number of statutory duties, functions and powers on the Board in exercising its supervisory oversight of the gambling industry.

GENERAL INFORMATION

Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)

This Act establishes a framework for the national government, provincial governments and local governments to promote and facilitate intergovernmental relations; to provide for mechanisms and procedures to facilitate the settlement of intergovernmental disputes; and to provide for matters connected therewith.

Labour Relations Act, 1995 (Act 66 of 1995) as amended (“LRA”)

The LRA regulates and guides the Board, as employer, to give effect to the rights, duties and structures created in terms of that Act and in so doing ensure labour harmony and the democratisation of the work place.

National Gambling Act, 2004 (Act 7 of 2004) and Regulations

This Act sets out the competencies of the national and provincial gambling Boards with respect to the regulation and control of gambling and racing in South Africa. This Act, together with the Western Cape Gambling and Racing Act, 1996 and the respective Regulations passed thereunder, constitutes the statutory mandate of the Board as Regulator. This Act further provides for uniform norms and standards with respect to gambling and racing throughout the Republic.

Occupational Health and Safety Act, 1993 (Act 85 of 1993) as amended

This Act provides for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons against health and safety hazards arising out of or in connection with the workplace; and to provide for matters connected therewith.

Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) and Regulations

This Act constitutes the framework within which the Board must give effect to the Constitutional imperative of implementing a preferential procurement policy and system that is fair, equitable, transparent and cost-effective.

Promotion of Access to Information Act, 2000 (Act 2 of 2000) (“PAIA”)

PAIA prescribes the statutory process according to which applications or requests for access to information are considered and processed and gives effect to the constitutional right of access to information. It is applicable to both private entities or organisations and public bodies.

Promotion of Administrative Justice Act, 2000 (Act 3 of 2000) (“PAJA”)

PAJA was enacted pursuant to section 33 of the Constitution of the Republic of South Africa, to give effect to the right to administrative action that is lawful, reasonable and procedurally fair and the right to request written reasons for administrative action taken. As a public body, the Board is bound to give effect to the principles of procedurally fair administrative action as prescribed by this Act.

Protection of Personal Information Act, 2013 (Act 4 of 2013) (“POPI”) as amended

POPI's objectives are inter alia to promote the protection of personal information processed by public and private bodies; to introduce certain conditions to establish minimum requirements for the processing of personal information and to provide for the establishment of an Information Regulator to exercise certain powers and to perform certain duties and functions in terms of this Act. Certain provisions of POPI took effect on 11 April 2014. Sections 2 to 38; 55 to 109; 111; and 114(1), (2) and (3) shall commence on 01 July 2020 and sections 110 and 114(4) shall commence on 30 June 2021. The effect of this is that all organisations must be compliant with POPIA by 1 July 2021.

Public Finance Management, 1999 (Act 1 of 1999) (“PFMA”) as amended

The Board is a Schedule 3C Provincial Public Entity and bound by the financial and budget management precepts of this Act. The PFMA's primary objective is to ensure that all revenue, expenditure, assets and liabilities of government institutions and departments are managed efficiently and effectively; provides

for the responsibilities of persons entrusted with financial management in government and to provide for matters connected therewith.

Skills Development Act, 1998 (Act 97 of 1998)

This Act provides an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African work force; to integrate those strategies within the National Qualifications Framework contemplated in the South African Qualification Authority Act, 1995; to provide for learnerships that lead to recognised occupational qualifications; to provide for the financing of skills development by means of a levy-grant scheme and a National Skills Fund; to provide for and regulate employment services; and to provide for matters connected therewith.

Skills Development Levy Act, 1999 (Act 9 of 1999)

This Act provides for the imposition of a skills development levy; and for matters connected therewith.

The Constitution of the Republic of South Africa, (Act 108 of 1996)

This is the Supreme law of the country and outlines inter alia South Africa's system of government, the role and responsibilities of the different spheres of government, the basic human rights of all citizens and creates a number of Constitutional institutions.

Western Cape Gambling and Racing Act, 1996 (Act 4 of 1996) as amended and Regulations

This is the primary legislation governing the Board's regulatory functions and powers. It sets out inter alia the establishment and operations of the Board, the type of licenses that the Board is empowered to consider as well as the Board's sources of funding. It further provides for the imposition of statutory taxes and fees payable by licence holders, as well as administrative penalties for non-compliance.

7.3 Policy mandate

1999 Western Cape Gambling and Racing Policy Determinations








The Policy Determinations passed by the Executive Council provide policy considerations for the issuing of the different categories of licences, the application criteria to be considered and compulsory bid prescripts for casino operator licences.

GENERAL INFORMATION

8. ORGANISATIONAL STRUCTURE

As at 31 August 2021

Board

 Mr D Lakay (Chairperson)	 Mr CA Bassuday (Board Member)	 Ms L Venter (Board Member)	 Ms C Fani (Vice-Chairperson and Board Member)	 Mr R Nicholls (Board Member)	 Mr T Arendse (Board Member)	 Post Vacant (Board Member)
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Mr P Abrahams
(CEO)

Senior Management

 Ms S Sixubane (Manager: HR)	 Ms Y Skepu (Manager: Legal Services)	 Ms Z Siwa (HOD: ADFIN/ CFO)	 Mr R Bennett (HOD: Regulatory Compliance)	 Ms M Basson (HOD: Licensing)	 Mr A Matthews (HOD: ICT)
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**PART B:
PERFORMANCE
INFORMATION**



PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against pre-determined objectives is included in the report to management, with findings being reported under the Pre-determined Objectives heading in the Report on other legal and regulatory requirements section of the Auditor's Report.

Refer to page 85 of this Report for the Auditor's Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1 SERVICE DELIVERY ENVIRONMENT

2.1.1 OVERSIGHT OF THE BOARD

The Western Cape Gambling and Racing Board (WCGRB) is a statutory body constituted in terms of the Western Cape Gambling and Racing Act. There are two levels of oversight of the Board's affairs. At national level, the NGB conducts oversight evaluations and at provincial level the Board reports to Provincial Treasury and the Western Cape Provincial Minister of Finance and Economic Opportunities. The Provincial Parliamentary Oversight committees are the Standing Committee on Finance, Economic Opportunities and Tourism; and Public Accounts Committee.

The WCGRB is a Schedule 3C PFMA provincial public entity with the unique position of having the Western Cape Provincial Treasury as its parent/responsible department. The gambling regulators in the remaining eight provinces report to the Department of Economic Development whose principle mandate is to further the economic development for the greater public benefit and consequently creating economic opportunities.

2.1.2 STAKEHOLDERS

The Board, as a governmental public entity has a wide range of stakeholders. These include the Western Cape Provincial Government; Western Cape Minister for Finance, Economic Opportunities and Tourism, Western Cape Provincial Treasury, The WCGRB Workforce, Gambling and Betting Licensed Entities, Western Cape population, Suppliers, The Environment and The Media.

The National Gambling Board conducts oversight evaluations on PLAs in respect of the regulatory matters outlined in Section 33, read with section 34 of the National Gambling Act. In terms of information-sharing, the Board is required to submit information pertaining the different categories of licences couched in Section 35 of the National Gambling Act to the National Gambling Board.

The WCGRB's stakeholder policy informs the mechanism and processes to support constructive engagements with its stakeholders.

Licence holders of the Board are afforded the opportunity to attend Committee meetings and in certain instances, ad-hoc Board meetings, to make representations to the Board regarding the relevant gambling sector. The general public are welcome to attend the WCGRB open board meetings and to raise questions or concerns at these meetings.

Other stakeholders of the Board include the National Gambling Board, the Provincial Gambling Boards, National Treasury, Department of the Premier, Department of Transport and Public Works, Department of Trade, Industry and Competition, local government authorities (municipalities), as well as the law enforcement agencies, such as the South African Police Services, to address illegal gambling in the Western Cape.

The Board also works closely with the South African Responsible Gambling Foundation in terms of training initiatives offered by the foundation and collaborates with the Foundation in respect of the Board's own awareness programmes and statistical information with respect to self-exclusion programmes.

2.1.3 ECONOMIC SITUATION

Real GDP growth is projected to rebound to 3.0% in 2021, but the pace of the recovery will slow to 1.6% in 2022 due to continued structural constraints such as unreliable electricity supply and job regulations. The inflation rate is projected at 4.2% in 2021 and is expected to stay within the reserve banks' target range of 3%–6% for 2022. The current account surplus is expected to erode, since a recovery in oil prices could raise the import bill. Public debt could reach more than 90% of GDP in the medium term, with projections that it will stabilise at 95% in 2026. The 2020 Medium Term Budget Policy Statement (MTBPS) in October 2020 projected a significantly larger budget deficit and slower debt consolidation in the medium term. These projections will raise risks due to the high debt-service costs and deteriorating balance sheets of state-owned enterprises and the continued weaknesses of the financial position of municipalities.

The 2020 MTBPS proposed steps to reduce the public service wage bill and investment driven by state-owned companies in order to narrow the fiscal deficit and stabilize the debt-to-GDP ratio over a five-year period. The treasury expects to reduce the wage bill—the major driver of the fiscal deficit—by nearly \$1.8 billion through 2023–24. The proposal has already raised the risk of widespread strikes by the 1.3 million public sector workers. In 2020, the South Africa government committed itself to investment in public utilities through strong private sector participation. South Africa's gross international reserves increased slightly from \$52.4 billion at the end of March 2020, covering 6.9 months of imports, to \$53.8 billion at the end of November 2020, covering 8.3 months of imports. This progress mainly reflects foreign borrowings received on behalf of the government from multilateral banks, including the African Development Bank, to cope with the pandemic crisis.¹

2.1.4 BROAD BASED BLACK ECONOMIC EMPOWERMENT

The WCGRB, as a government entity, is required to enforce the principles of B-BBEE in the industry it regulates. This is done through the imposition of licence conditions. The WCGRB set B-BBEE target levels for each of the sectors within the gambling industry. These conditions are reviewed annually and different conditions are imposed to the extent that it is necessary, reasonable and justifiable to do so in the interest of maximising the empowerment, transformation and upliftment of persons intended to benefit from the government's transformation objectives.

The Board's mandate is to regulate the gambling industry through the licensing of suitable, qualifying persons and entities to conduct gambling and racing in the province and to ensure the industry's compliance with the national and provincial gambling legislation. Through the licensing process, the Board gives effect to economic transformation and broad-based empowerment, which are government priorities at national and provincial level. It is however imperative for the Board to ensure that, in the granting of economic rights and opportunities, effective and appropriate measures are in place to ensure fairplay and that the harms and dangers of gambling is minimized.

To this end, the Board continues to monitor the industry for any over stimulation and rapidly advancing changes.

The Board's sectorial committees which serves as review and advisory committees to the Board, monitors the industry's compliance with the conditions imposed by the Board. The Committees also analyse the quarterly reports from licence holders on the status and plans for achieving, maintaining and improving on the set B-BBEE target levels. Licence holders whom are not exempt from application of the B-BBEE Codes, must be evaluated annually by an accredited B-BBEE rating agency and submit such rating certificate to the Board.

¹ Source: African Development Bank

PERFORMANCE INFORMATION

The National Gambling Board of South Africa has embarked on research on the current status of transformation and growth in the South African gambling industry. This research report was issued in March 2020 and the following observations were made:

- The industry has moved to the point where certain subsectors have again become under-representative of the national demographics by not only meeting but by far exceeding the transformation targets, to the point where certain race groups have been excluded from appointments (e.g. Bingo sector all levels of management).
- The Bingo and LPM gambling subsectors continue to play an important role in transformation and can be considered powerful transformation vehicles.
- In certain respects, the industry has achieved and exceeded transformation targets.
- Transformation in the casino sector has taken place progressively albeit at a slower pace when compared to LPM and Bingo sectors. It is possible on the account of the fact that the casino industry is older and predates the democratic dispensation, it is also characterised by corporate and multi-national structures with stringent minimum employment criteria. Bingo and LPM operators on the other hand were for the larger part conceived in the modern era and these entities could therefore more easily be aligned with transformation targets, possible because of a clean-slate approach.
- The major challenges that impedes industry growth through transformation, as identified by the representatives from various Provincial Licensing Authorities, relates to the lack of funding and the lack of skills development and skills transfer.

The financial interest and shareholding of the industry in the Western Cape Province is concentrated to a few major role players having interests in all the sectors of the gambling industry, mainly at a national level. This entrenches centralised control and similar policy execution throughout all sectors of the gambling industry rather than regionalised methodologies. This applies to the casino and LPM sectors, with broader economic participation in LPM sites and the bookmaking industry. In licensing further modes of gambling, once approved, the Board will create an environment that gives impetus for the empowerment of new market entrants and provide new scope for broad-based empowerment.

2.1.5 EXPANSION OF GAMBLING INDUSTRY

Research into licensing further modes of gambling

The Board is conducting research on those categories of licences outlined in section 27 of the Act that has to date not been rolled out in the Western Cape. These include the licensing of junkets and bingo offerings. The Board previously conducted a socio-economic impact study to determine the impact of current gambling modes on households, the surrounding communities and gamblers. Being mindful of the socio-economic impact of gambling on the inhabitants of the Province, the Board is duty-bound to engage the public and interested parties through a public participation process before making a determination on the licensing of new modes of gambling. The Board must further balance the competing interests and rights that comes into play where economic opportunities are created and a stringent process shall be followed as and when the determination is made to licence further modes of gambling as envisaged in the Act.

The other important considerations in making a determination in licensing further modes of gambling are:

- (a) Increased revenue to the Western Cape Gambling and Racing Board
- (b) Contribution to government revenues
- (c) Transformation and increased economic opportunities in the Western Cape

2.1.6 INDUSTRY DEVELOPMENTS

The COVID-19 pandemic has already significantly impacted businesses and will have a potentially lasting impact on the economy. Many industries have been badly hit; this includes gambling which has been heavily impacted by the pandemic. There has been a persistent move towards online commerce and digitisation in many sectors. While pre COVID-19 consumers were increasingly living their lives online,

the pandemic accelerated this online migration to an even greater degree, as consumers are forced to socially distance themselves. Many reports confirm that the pandemic resulted in many South African consumers making their first online transaction for essential goods. Since the National Lockdown, the Board evidenced greater tax collections in respect of betting on sports via telephone, mobile and online betting. This is not surprising taking into account that patrons choose to gamble at home due to the convenience it provides and being able to socially distance themselves as per government regulations.

The Board approved contingencies for bookmakers which permitted the offering of betting to the public on casino type games. This approval was granted after extensive consideration and although it resulted in the Board being cited in a High Court application launched by the Casino Association of South Africa (“CASA”), the Board was satisfied that the legal basis for such approval was sound. The Board did not enter the proceedings as it resolved to abide by the Court’s ruling on the matter. CASA has since withdrawn the application. The offering of the new contingencies provides a wider variety of betting contingencies that bookmakers could offer and these alternative offerings also serve to obviate the decline in the horse-racing numbers.

Horse-racing as a sport has been struggling, both financially and in terms of attracting interest in the sport for betting purposes. The Board noticed a substantial decline in betting taxes for this contingency over the past year. Re-invigoration of horse-racing as a sport is necessary to make it more appealing to the younger generation, which could assist the operator/s to have a turnaround in this industry. Provincial Treasury has embarked on research which explores the request for government assistance received from the Totalisator. An external service provider was appointed to dissect the economic position the Totalisator finds itself in. The report concludes with recommendations on the options open to the provincial government. This report is not made public as yet and the Board awaits the final decision of the Minister and Province in respect of the research and findings.

The Board’s position is that it advocates for the legalisation and regulation of interactive gambling to protect patrons and for the applicable taxes to accrue to the fiscus. While patrons, being the citizens of South Africa, do not have legal alternatives, they will not only be committing a crime by participating in illegal online gambling, but also be left to the mercy of unscrupulous operators that are not regulated in terms of fair play, return to patron percentages, probity, licensing and suitability requirements. Licensed operators are vetted through a rigorous licensing process to ensure that the industry is free from corruption and illegal activities. The Board opines that interactive gambling modes will afford patrons protection from exposure to COVID-19 in that they can gamble at their leisure remotely, and will also provide a much needed revenue injection given the current economic climate. The Board made submissions to policy makers at both provincial and national level advocating that the mechanisms be put in place to licence and regulate interactive gambling.

There is uncertainty surrounding the relocation of an outer lying casino to the metropole and the effect such relocation may have on the gambling industry in the Province. Currently the Board has no role in the relocation process other than providing comments on the proposed amendments, which has since been published for public comment. Both Tsogo Sun and Sun International launched applications in the High Court during 2015, with opposing challenges to a possible relocation of a casino to the metropole. The Court delivered judgement in the matter *Garden Route Casino et al v Premier of the Western Cape et al*, setting aside the 1999 Policy Determinations that introduced the regional exclusivity for the five casinos in the Province as invalid. The Court further confirmed that the Board is authorised to consider applications for relocation of a casino in accordance with the Act. The order of invalidity of the Policy Determinations is suspended for a period of one year to allow for the gambling review process currently underway and for Cabinet to put in place a Gambling Policy that will find application going forward.

Provincial Treasury commissioned research into the regulation of international junkets. The research is a review of the legal, practical, economic and taxation considerations through a comparative analysis of the different jurisdictions where international junkets are operational. This research is in its final stages of completion.

PERFORMANCE INFORMATION

Apart from the research commissioned by Provincial Treasury, the Board is reviewing the gambling landscape and gambling opportunities in the Western Cape. The LPM Operators engaged the Board on the roll-out of Type B and C LPMs in the Province. To date, the Board issued 3 000 LPMs, with each LPM Operator awarded 1 500 LPM machines. The National Gambling Act, 1996 and concomitant National Regulations allocates a total of 9 000 LPMs for rollout in the Western Cape. The Board approved a rollout of 3 000 LPMs when the first RFP was issued at inception of the gambling industry in this Province.

To date, the Board rolled out Type A LPM site licences, which permits site operators to display up to 5 LPMs for play by patrons in their licensed LPM site establishments. Type B LPM site licences permit the rollout of up to 20 LPMs and Type C LPM site licences permits the rollout of up to 40 LPMs in a licensed LPM site. These categories of LPM site licences attract additional regulatory approvals and distinct investment and regulatory requirements are prescribed for their operation. The Board is putting the necessary measures in place to facilitate the rollout of Type B and C LPM sites. The pre-rollout phase entails engaging the Board's oversight bodies, reviewing the gambling Rules and controls and prescribing the broader financial investment and statutory fees. The rollout of Type B and C LPM licences will not only boost the local economy and gambling taxes to the provincial Fiscus, but will also foster job creation and broad-based empowerment.

2.1.7 BOARD AWARENESS AND RESPONSIBLE GAMBLING

The Board, in executing its mandate has always recognised that opportunities for gambling and racing would pose certain risks for those who partake in such activities. While there has always been measures to address the concerns relating to problem gambling, the Board has resolved to enhance its efforts with a greater focus on responsible gambling. While the enactment of the legislation relating to the national exclusion register is still awaited, the continued and enhanced efforts in the Western Cape will not be hampered by such delay. During the year under review gambling establishments were closed for about three months as a result of the National lockdown however licensed bookmakers who offered online betting continued to operate throughout all levels of lockdown.

While there was no public or community awareness which the board could initiate as a result of the lockdown there did not appear to be any increase in the number of exclusion requests even though there was a notable increase in betting revenue and taxes. The Board was however very mindful that the online betting contingencies on offer coupled with the lockdown conditions coupled could become a breeding ground for problem gambling. The situation was carefully monitored and no substantial or material public concerns were noted in this respect. During the year under review, some required changes were made to the mandatory wording which is placed on all gambling and betting advertisements which included a WhatsApp number. In the new financial year, a number of aspects has been looked at which would require licence holders to comply with a range of new regulatory requirements aimed at reducing the potential harm to customers. The Board's initiatives in addressing problem gambling had not gone unnoticed by the industry on now less than two occasions, the Board had a representative at online conferences where presentations were made on:

- Problem Gambling: The South African Approach
- Safer Gambling: Leading by Example

The intention is to continue driving responsible gambling measures through obligations placed on licence holders as well as public awareness and education although with on-going lockdown restrictions, the more conventional approach to creating awareness to the public at large is not possible.

For the 2020/21 financial year, the Board reached 81 200 people in the Western Cape through its responsible gambling/ board awareness campaigns via social media. These campaigns resulted in 12 376 direct engagements with the campaigns which include post reactions, post shares and post comments. By utilising social media (Facebook), the Board is able to choose a location (Western Cape) as well as defining the target audience (age, interests, etc.) the Board wants to reach. This method of responsible

gambling/board awareness was particularly effective during the lockdown period as the Board officials were unable to physically attend any board awareness programmes during the period under review.

2.1.8 ELIMINATION OF ILLEGAL GAMBLING

During the year under review there were 30 allegations of illegal gambling which resulted in the following:

- 18 allegations were investigated and confirmed to be negative
- 12 allegations were still to be investigated

The lockdown restrictions severely hampered our efforts to carry out our investigations into the allegations of illegal gambling and with the SAPS officials burdened with lockdown enforcement responsibilities, we were not able to utilise their resources as freely as in the past. It can however be reported that all allegations will still be investigated and where it is determined that the information is negative, the address of the establishment is highlighted for future preventative observations.

Although the investigated allegations all proved to be negative, an illegal online gambling establishment, fronting as an internet café, was closed during the year under review. This closure relates to an allegation that investigated in the Southern Cape and resulted in the following:

- 1 arrest
- 42 personal computers were seized
- R13 397.50 in cash was seized.

This case is currently still pending in the George Magistrates Court. While our interaction with the relevant SAPS officials was severely hampered with the lockdown restrictions coupled with the lockdown duties imposed on these officials, there were some face-to-face engagements as well as two joint operations carried out during March 2021 and such activities will increase with the coming year.

2.1.9 CORPORATE SOCIAL INVESTMENT

The Board continues to enforce corporate social investments (CSI) by licence holders through licence conditions.

For the year under review, the COVID-19 inspired lockdown regulations have not affected the quantum of the CSI contributions to a great extent as the contributions are linked to their turnover, which was to a large extent not affected by the lockdown. However, the lockdown has had a marked effect on the cash-flow during the period of effecting the contributions which had a result of protracting the time period for contributions.

The licence holders have however honoured their commitments and continue to uplift communities whom they normally serve.

The Board continues to encourage investment into the following focus areas:

- Education: supporting early childhood development, improving mathematics, science and language skills, teacher and learner development and supporting schools for learners with special needs;
- Health: strengthening primary healthcare and working towards the prevention of HIV/AIDS;
- Sustainable Community Development: providing welfare support, working towards sustainable livelihoods through skills training and job creation and supporting capacity building for enterprise development.

For the year under review, the members and officials of the Board conducted oversight of five (5) CSI projects funded by licence holders. Licence holders provided evidence of CSI projects to the Board in the form of video presentations and the beneficiaries of the projects attended Committee meetings to provide feedback. Due to COVID-19 Board and Committee meetings took place on a virtual platform.

PERFORMANCE INFORMATION

The Board's licensees invested an amount of R 14 776 978 in respect of corporate investment for the year under review.

2.1.10 IMPACT OF THE COVID-19 PANDEMIC

The Board and the industry continued to honour the COVID-19 inspired regulations and implemented various measures for the safety of both their employees and punters. The Board reviewed and inspected these measures for compliance and effectiveness.

The measures introduced to enhance hygiene standards included:

- Sanitisers being available both at the entrance and within the premises
- Increased frequency of cleaning within the premises
- Staff being provided with sanitizers
- High traffic areas sanitised after contact with each patron
- Enforcing social distancing

The measures introduced with respect to the industry's operational activities:

- Promotional draws that would attract large crowds were cancelled
- Events and shows taking place at Casino complexes were suspended.
- Restriction on the sale of alcohol within casinos
- Disabling of gambling machines to enhance social distancing
- Restrictions on persons who are to attend a horse racing event.

Licence holders continued to conduct their business with the health protocols and restrictive operational measures firmly in place.

The Board was satisfied that all Western Cape licence holders fully adhered to the National Lockdown restrictions in that no gambling establishments were operational and the industry re-opened on 29 June 2020 under Alert Level 3 in terms of the relevant revised Regulations.

The regulations had a marked effect on the industry as a shift in sector market share changed. Online betting increased significantly while land-based establishments, who could not be frequented in the same manner as before, saw a marked decline in patronage and concomitantly revenue.

Licence holders had to rethink their operational strategies and adjust their operations in line with the reduced business activities, as well in the manner in which they engaged with the Board. Onsite deliveries were halted and documentary information received via electronic means. Where necessary, electronic documentation was accepted on condition that the originals be submitted to the Office of the Board within a set timeframe after the National Lockdown is lifted.

While smaller players in the market had to close down their business activities, the online betting activities expanded rapidly.

2.1.11 TECHNOLOGY AND INFORMATION

The Covid-19 pandemic drove the fastest changes in organisations on how they would approach the disruption for normal business practices. The unique challenges faced by organisations globally meant a re-look at existing strategies by considering alternative mechanisms to enable business continuity. The high dependency on digital technology, transformation and connectivity had implications on the strengths, weaknesses, opportunities and threats for organisations. The Office of the Board was not immune to these implications and had to assess its capabilities to function during the pandemic.

At the time of the national lockdown the uncertainty brought about alternative plans and through the existing strength and commitment of the WCGRB Board, business and ICT workforce made arrangements

to continue to function. The Office of the Board equipped employees with necessary tools for work from home (WFH), enabled remote access via virtual private networks to access WCGRB network, production systems, collaboration tools and digital platforms. These allowed for business processes and duties to continue during lockdown. The WCGRB Security Policies and Oath of Secrecy, the Code of Conduct and Section 17 and 19A of the Western Cape Gambling and Racing Act, 1996 have been communicated to all WCGRB employees to ensure information and data that are accessed are protected and that employees abide by this during the lockdown period.

Apart from WCGRB business being enabled to perform tasks remotely, WCGRB video conferencing, collaboration and communication capability made distributed work environments possible. This allowed for the continuation of Board, Committees and departmental meetings, information sharing and remote support. Communication to employees, industry, service providers including South African public at large, were possible through telephony, email communication and video conferencing capabilities.

Further to the above the Finance, IT and Ethics and Audit Committees, who have oversight responsibility for the effectiveness and adequacy of the Office of the Board's internal ICT were able to perform its duties. Quarterly internal ICT and audit reports were presented to the committees to ensure effective controls for Internal ICT security were maintained. Risks and controls associated with the internal ICT function were incorporated in the Board's Risk Register and managed. The Office of the Board's ICT related activities were dealt with via the WCGRB Help Desk Management system and routine maintenance were performed by the WCGRB ICT department during the pandemic remotely or on premise.

The key focus area for the Office of the Board was the opportunity for its move towards business process automation and this was a strategic enabler for the business during the pandemic. The digitised automation project and system, called Genesis enabled the industry to submit their application for gambling licences online. The ultimate goal of the Genesis system is to automate the Board's licensing application business processes and it is in the process of creating a green/paperless environment for the Office of the Board including the gambling industry. The project commenced in September 2018 and Phase 1 was completed and implemented for the casino industry in 2019. Phase II was implemented during the lockdown for the LPM industry, in 2020. The rest of industries in Phase II, the Bookmaker and Totalisator, will be implemented in 2021. Training for the LPM industry and WCGRB employees were completed to allow LPM operators to submit their digitised licence applications via the online portal from February 2021. With the implementation of Genesis in Phase II for LPM's and during the frequent lockdown levels, the availability of the industry, service provider and WCGRB employees meant delays in the go live of the system. With the expectation and experiences learned from Phase I, provision was made by the Board and service provider to deal with the go live challenges in Phase II.

The Board's Internet website was remotely updated during lockdown, to provide visitors with an easier and better way to navigate and familiarise themselves with the Board's mandate, services, notices, gambling license procedures, guidelines, office contacts, operator rules, WCGRB legislation and regulations, gambling statistics, amongst others.

The advancement in technology sees new and innovative methods for gambling and identified online betting on sport as a growing market. Online betting exponentially increased during lockdown due to the unavailability of the other forms of gambling e.g. Casino, LPM and Totalisator. Regulators must ensure that they are sufficiently trained to address technological changes, widespread and continuous use of changed technology. These aspects also need to be addressed by legislative amendments to ensure alignment with the technological changes.

2.1.12 CONFERENCE ATTENDANCES

Conference attendance ensures that the WCGRB remains abreast of new trends and innovations in the industry as well as the regulatory changes. It also provides a platform to meet new players in the industry and form bonds for future assistance.

PERFORMANCE INFORMATION

The lockdown regulations have however curtailed attendance at physical conferences and the interaction with new players are not promoted through this lockdown. Sports Betting Community (“SBC”) is a news, media and events company that works with industry leaders to develop the betting and gaming industry and their services include advertising, editorial and consultancy work, as well as conferences, exhibitions, seminars and industry awards. SBC had approached the Board to request that a representative of the Board do a presentation on the relevant topics at its digital conferences:

- SBC Digital Summit Africa 2020 - Problem Gambling: The SA Approach
- SBC Digital Summit Africa 2021 – Safer Gambling: Leading by Example

Board officials also attended the following two digital conferences without direct involvement from the Office of the Board:

- SBC Digital Summit Barcelona
- The Face of the Disordered Gambler

The Board has and will continue to attend virtual conferences and webinars during the lockdown periods.

2.1.13 CORPORATE GOVERNANCE DISCLOSURES REQUIRED BY KING IV CODE:

In terms of the King IV Code, the Board is required to make certain disclosures pertaining to corporate governance. The Board’s King IV report is accessible on the Board’s website at www.wcgrb.co.za

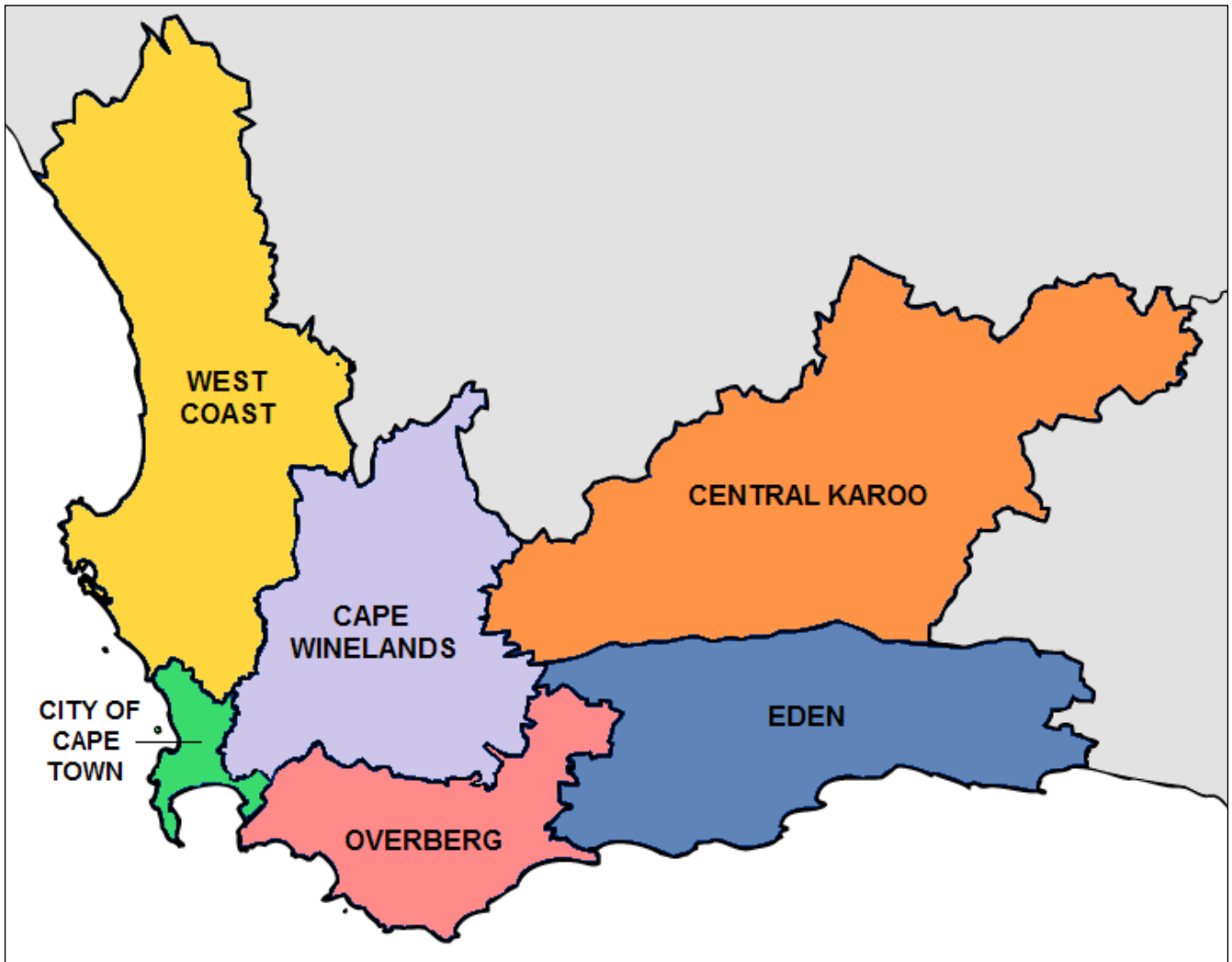
2.1.14 SERVICE DELIVERY ENVIRONMENT

As at 31 March 2021 the legal gambling and racing industry in the Western Cape which spans the full geographical area of the Western Cape comprised of:

License Activity	31 March 2021	31 March 2020
Licensed casinos	5	5
Licensed limited payout machine operators	2	2
Licensed bookmakers	48	43
Licensed totalisator	1	1
Licensed premises	657 (446 LPM, 148 Bookmaker, 63 Totalisator)	664 (447 LPM, 164 Bookmaker, 53 Totalisator)
Licensed gambling devices	6 888	6 940
Employee licences*	6 021	7 514

**The Board only responds to the applications duly received from the industry. In this period less renewal applications were received as a result of resignations, contract terminations, site closures etc. Less new applications were also processed in this period under review.*

Western Cape Municipal Boundaries



Geographical Spread of Licensed Gambling Operations

Premises	1 City of Cape Town	2 Eden	3 Cape Winelands	4 Overberg	5 West Coast	6 Central Karoo
Casinos - 5	1	1	1	1	1	-
LPM Sites - 446	291	51	42	19	42	1
Bookmakers - 148	127	6	11	2	2	-
Totalisator - 63	51	5	5	1	1	-

PERFORMANCE INFORMATION

2.1.15 THE FOURTH INDUSTRIAL REVOLUTION

The Human Sciences Research Council report for the National Gambling Board on the research to determine the potential impact of the fourth industrial revolution on the current and future regulation of gambling in South Africa reflects that “The 4IR paradigm is dynamic, and at its conceptual core is the notion of change – the interplay between technological change, economic change, social changes, and political change. The exponential growth of computing power and internet connectivity continues to drive rapid global technological development, which in turn acts as a driver of social and economic change.”

The Trade and Industrial Policy Strategies (TIPS) report for the Department of Trade, Industry and Competition (DTIC) on the World Economic Forum and the Fourth Industrial Revolution in South Africa advises that “This new phase of technological advancement is forecasting the widespread application of robotics and automation, artificial intelligence, nanotechnology and material sciences to traditional and new industries. This is expected to change future production processes significantly and as a result affect the development and implementation of future industrial strategies.”

With the afore-mentioned observations in mind and the rapid advance in innovative technology within the gambling industry, the Board wisely decided to digitise and automate its licensing procedures. This decision was executed to keep up with the necessary changes to promote an efficient, effective and enhanced business process which in turn enhance the gambling industry capability for license application through a digital platform. This essential step in the desired direction of a more enhanced capability laid the foundation for the productive remainder of the organisation business processes.

The Board should also adapt to changes within the gambling industry, from a structural, complex system and human resource perspective to positively enhance its operational capability. To ensure the Board is adequately capacitated, it endeavours to strengthen its capabilities through necessary education, improved skills development, better infrastructure, greater stakeholder collaboration and toughen specific legal/policy frameworks that is in turn adaptable, protective of society from demand for gambling, prevention of illegal gambling and safer gambling. This will be prudently performed to properly secure data, positively enhance licence processing, advance compliance monitoring, standardise gambling regulations, develop flexible technical standards, appropriately safeguard the consuming public and ultimately deliver on its direct mandate as a regulator.

2.2 ORGANISATIONAL ENVIRONMENT

As at 31 March 2021, six (6) Board members were appointed by the Minister of Finance and Economic Opportunities.

The Board contended with delayed implementation of its resolutions and studies due to stakeholder intervention and decisions. This resulted in the Board losing credibility with the industry and tarnished the Board’s reputation within the industry causing the Board to repeatedly having to explain itself to the industry.

The failure in re-grading the administrative employees who had increased their duties remain a challenge, resulting in those employees not being willing to accept any duties outside of their agreed job descriptions and those activities were removed from their daily routine and alternative procedures were implemented to ensure the completion of those functions.

It is pleasing to know that despite all of the aforementioned; the Board achieved its mandate and successfully fulfilled the majority of its targets for the year under review. This achievement can be attributed to dedication and commitment of the Board, executive and employees of the Board.

2.2.1 ACCOMMODATION

Permanent accommodation for the Office of the Board is a standing item on the agenda of the Board and the Minister of Finance and Economic Opportunities' quarterly meetings.

The Board is engaging its oversight department and DTPW about the Board's accommodation arrangement upon expiry of the current lease. As the date of this writing, a two-year period remains in terms of the current lease.

2.2.2 ORGANISATIONAL STRUCTURE

The existing structure has remained the same even though the industry in which the Board operates expands year on year.

In responding to industry requests, as well as the need to expand on gambling offerings (not currently offered in the Western Cape) to boost revenue streams in the Board's quest for self-sufficiency, attention has been given to laying the groundwork for Type B and Type C LPM sites, Bingo and International Junkets to be rolled out in the future, based on the findings of the research being conducted and the outcome of public participation processes. In doing this will have an impact on the existing organisational structure in that the existing workforce may not be adequate to address the demands or additional volumes of applications and the requisite investigations that would need to ensure that the Board responds timely and effectively.

In respect of the potential additional resources that may be required, the Board intends conducting an internal study combined with an Organisational Design review to determine the requisite needs prior to the roll out of such additional offerings. It should be noted that the existing structure in respect of the already licensed offerings has remained stagnant albeit that the current licensed industry expands year on year, more so in respect of the LPM and Bookmaker industries.

2.2.3 OCCUPATIONAL HEALTH AND SAFETY MEASURES

OHASA imposes the responsibility on the employer to provide and maintain, as far as reasonably practical, a healthy working environment that is safe and without risk to the health of its employees.

The Board occupies parts of buildings of which it is not the custodian, but ensures that it remains compliant to the Act by providing and maintaining, as far as possible a working environment that is safe and without risks to the health and safety of the employees.

In light of the COVID-19 pandemic, particular attention is being paid to prevention. This includes implementation of risk control measures of isolation, hygiene, adequate ventilation, space provision and provision of Personal Protective Equipment to prevent the spread of infectious diseases.

During this financial year, the BCP was reviewed due to changes in the external environment. This plan outlines the steps the Board will take to recover business activities, including systems and access processes to continue with critical business functions during and after a disruption.

Furthermore, the Occupational Health and Safety Representatives attended the COVID-19 workplace preparedness, Health, Safety and Claims Management course.

2.2.4 TRAINING AND DEVELOPMENT

Re-skilling and up-skilling of staff remains a key priority for the Board. This will continue to ensure that it utilises and develops its human capital optimally.

One of the work areas mostly affected by the COVID-19 global health crisis has been employee learning and development. The mandate to move employees to working from home has made it impossible to provide in person or classroom -based skills training. The Board has had to resort to online training. The

PERFORMANCE INFORMATION

results thus far indicate this shift had little or no effect on the quality of employee skills training received online.

The Board also invested in training its staff on an online portal for the submission of licence applications. Should the expansion of gambling offerings come to fruition, the portal (Genesis) would need to be expanded/updated along with the need to conduct training to new users (applicants) of the portal seeing as the use of the system is not once off. The Board licences annually and hence renewal applications are also to be submitted via the portal. The system is one which is dynamic and should further enhancements be required, requests for same will be made.

With the changing gambling environment, it cannot be expected that Board Members will of their own accord have the required knowledge base to make decisions on the changing environment. It is therefore incumbent that both the WCGRB employees and Board be upskilled to give meaningful effect to their mandate. To this end, Board members have been registered with the Institute of Directors to ensure current corporate governance and ethics skills sets. In addition, online seminars and conferences are utilised to keep abreast of current gambling and regulatory trends and responsible gambling best practices.

2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The national state of disaster as declared in terms of the Disaster Management Act continues to impact the Board's operations and the gambling industry as well as commerce in general.

The consequential effect of the national lockdown on the Board's operations and the industry were in the main:

- The Western Cape provincial Fiscus' loss of gambling taxes;
- Gambling industry (except on-line betting) loss of revenue and consequential business activity;
- Possible closure of financially weaker establishments as businesses become unprofitable and liabilities cannot be met;
- Migration of punters to on-line betting as they might see the advantages during the lockdown period;
- The revenue for the WCGRB is being delayed as the operators do not have the funds to pay the required fees on time; and
- Industry making proposals to regulators to consider the relaxation of certain licence conditions, financial commitments and fees payable.

The National Gambling Amendment Bill, 2018, will change the legal status of the National Gambling Board and effect certain changes in the gambling industry and the decision-making processes of the National Gambling Policy Council, amongst others. This couched in more detail below.

The Twentieth and Twenty-first Amendment Bills that were published for public comment, will change the casino landscape in the Province in that it provides for the relocation of a casino to the Metropole, with the concomitant fees and legal considerations to be taken into account by the Board, amongst others.

The Provincial Gambling landscape is currently under review and a new Gambling Policy will be put in place to guide gambling operations and the licensing thereof going forward.

2.3.1 LITIGATION

The gambling industry proves to be very litigious resulting in the Board's decisions and actions often challenged based on the vested economic interest of licence holders and other role-players. Some matters are purely of public interest or in certain instances, the judgement pronounced by our Courts provide legal certainty on matters where the Board and a licence holders have differing legal views. In

such instances, the parties usually agree that the appropriate avenue is to obtain a declaratory order. As a regulator, the Board considers broader public interest issues and not purely the commercial interest. The Board therefore does not participate in all Court challenges, as some of these are commercially driven challenges.

A casino operator applied for a Declaratory Order, citing the Board and the Provincial Minister of Finance, Western Cape as Respondents, declaring that Freeplay credits do not constitute a “drop” for the purpose of the computation of adjusted gross revenue and does not form part of the taxable revenue per Section 64 of the Act read with Schedule III. Further, that the Court directs, should it make a determination that the Applicants indeed paid taxes that are not due in terms of the legal argument before Court, any overpayment of taxes to be refunded or set-off against the future tax liability of the Applicants. Judgement was delivered on 29 April 2020 in favour of the Applicant, where the Court held that Freeplay does not constitute part of the “drop” for purposes of the computation of adjusted gross revenue and do not form part of taxable revenue in terms of Section 64 of the Act read with Schedule III. The Board was ordered to set-off the overpaid taxes against the Applicant’s future liabilities to pay gambling tax in terms of Section 64 of the Act. The Board and the Minister have both filed Applications for Leave to Appeal, the applications for leave to appeal were considered on the papers and judgement is awaited.

The legal challenge to the Board’s authority to impose conditions to foster and give effect to broad-based empowerment has been argued in the Western Cape High Court and judgement was delivered on 11 December 2019, in favour of the Board. The Court held that the Board is empowered to impose conditions on existing licence holders, did not rigidly fetter its discretion in deciding to impose the impugned condition and it did not act unreasonably nor irrationally when it imposed the impugned condition. The review Application was dismissed with costs, however the Applicants filed an Application for Leave to Appeal to the Supreme Court of Appeal (“SCA”), on 30 January 2020. The Applicants were granted leave to appeal and the matter is in progress in the SCA.

A licence holder took the Board’s decision in a patron dispute outcome on review. The matter was heard on 10 November 2020 and judgement was delivered on 22 February 2021. The main issue which the Court had to decide was whether the licence holder was correct in voiding the bets placed by the patron due to incorrect odds that were generated as a result of a computer malfunction. The Court held that the Board adopted an unduly narrow interpretation of what constitutes a “computer malfunction”, and that the Board erred in various factual findings that it had reached. The Court therefore reviewed and set aside the decision of the Board and replaced it with a decision of dismissing the patron’s claim for payment against BetXchange. Cost was awarded in favour of the Applicant.

A role-player in the gambling industry applied for a review, coupled with an Interdict in the High Court, requesting the Court to direct that the Board refrains from implementing its decision to allocate the remaining 1000 LPMs to the existing Route Operators proportionately pending the outcome of the Review Application. Further, that the Board’s decision as aforementioned be reviewed and set aside. Judgement was electronically handed down on 20 April 2021. The review application was successful and granted in favour of the Applicants. The Board filed an application for leave to appeal and is also opposing the Applicant’s application for immediate execution of the High Court judgement. The Applicant also filed a cross-appeal against certain aspects of the judgement.

2.3.2 CURRENT LEGISLATIVE CONSIDERATIONS

The National Gambling Amendment Bill [B27B-2018] was published during 2018. The Bill seeks to amend the National Gambling Act, 2006, to change the configuration of the National Gambling Board into a functioning entity reporting to the DTI, with a CEO at the helm of the entity. The Bill also seeks, amongst others, to introduce certain statutory fees for centralised monitoring of provincially licensed gambling operators and to deal with governance matters pertaining the National Policy Council. The Bill was considered by both houses of Parliament and has date not been finally adopted.

The Draft Nineteenth Gambling and Racing Amendment Bill was published for public comment on 24 April 2020, inviting comments to be submitted to the Standing Committee on Finance, Economic

PERFORMANCE INFORMATION

Opportunities and Tourism by 29 May 2020. The Standing Committee convened a public hearing for the industry and interested parties to make oral submissions to the Standing Committee. The Western Cape Gambling and Racing 19th Amendment Act was published in the Provincial Gazette on 23 June 2021, and indicates that the amendment Act will commence on a date to be proclaimed by the Premier in the Gazette. The Amendment Act prescribes new Casino operator fees and Route Operator fees that replaces the casino exclusivity and Route Operator fees that expired in terms of the 10-year limitation prescribed in the Act. When the Amendment Bill takes effect, it will significantly bolster the Board's objective of becoming self-sufficient in terms of its budgetary requirements. The WCGRB is reliant on the WCPT to propose amendment of legislation to allow for changes in its revenue stream.

The Draft Western Cape Twentieth Gambling and Racing Amendment Bill, 2020 and the Draft Western Cape Twenty-First Gambling and Racing Amendment Bill, 2020 was published for public comment on 8 May 2020. The amendments in the Draft Western Cape Twentieth Gambling and Racing Amendment Bill in the main provides for the relocation of a casino and addresses substantive issues pertaining the amendment of licences. The amendments in the Draft Western Cape Twenty-First Gambling and Racing Amendment Bill in the main introduces a new Casino exclusivity tax and economic opportunity fees in relation to the relocation of a casino. The Bills are still under consideration by the department.

The Western Cape Gambling and Racing Regulations (Fees and Cost 2016) were updated and published in the Gazette on 9 April 2021 to effect inflationary increases to the statutory application, licence and investigation fees. These fees are adjusted annually for inflation and the adjusted fees too effect on 12 April 2021.

Western Cape Gambling and Racing Regulations (Fees and Costs 2016), Draft Second Amendment, 2020 was published for comment on 8 May 2020 and prescribes the Application fee for amendment of a casino operator licence for purposes of relocation.

3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Impact Statement: An optimally regulated gambling industry

Outcomes:

- The Board's structures, resources and processes utilised for effective, efficient and optimal performance of its mandate. This programme planned eight (8) outputs for the year under review of which six (6) were achieved and two (2) were partially achieved. The COVID-19 pandemic impacted the Board's ability to conduct oversight visits in terms of licence holders' CSI commitments. Due to the postponement of resolutions, not all board resolutions could be given effect before the next Board meeting. Despite the challenges brought about by the COVID-19 pandemic, the programme managed to perform its mandated functions and as such, contributed to the desired impact of an optimally regulated gambling industry.
- Persons conducting business in the gambling industry are suitable - The programme, whilst also embarking on implementing an electronic portal for receiving and processing licence applications aimed at enhancing the process, maintains the primary focus of investigations into the suitability of persons (natural and juristic) to hold gambling licences. Whilst ensuring that all persons requiring a licence to be engaging in the gambling industry are suitable, the programme continues to process all new and renewed licences in line with the annual targets and thereby the 5 year targets as well.
- Gambling and betting activities at licensed establishments audited for compliance with legislative provisions and regulatory requirements - The programme have adapted its assessments process to include remote assessments to ensure that where there are instances where licensed establishments cannot be physically accessed, the activities and nature of the business operations can still be monitored and effectively regulated. The targets for 2020/2021 was severely impacted by the both the hard lockdown under Alert Level 5 as well as restrictions placed under subsequent and current Alert Levels. The technical descriptive indicators were amended and there should be no issue in achieving the targets in the subsequent years.
- Innovative, functional, reliable and secure ICT solutions and systems provided - Progress of ICT achievements are aligned with the planned impacts and outcomes.

PERFORMANCE INFORMATION

4. PROGRAMME PERFORMANCE INFORMATION

4.1 Programme 1: Board and Administration

Programme Purpose

To assist the Minister and to give effect to the legislative mandate placed on the Western Cape Gambling and Racing Board.

Outcomes

The Board's structures, resources and processes utilised for effective, efficient and optimal performance of its mandate.

Programme Structure

The approved programme consists of seven Board Members, the Chief Executive Officer, the Legal Manager, and the Professional Assistant: Legal Services, the Chief Financial Officer, the Senior Financial Officer, the Senior Administration Officer, Human Resource Manager, Administrator: HR, the Board Secretary and 10 approved support staff.

The programme is structured into the following:

- Board
- Executive
- Legal Services
- Human Resources
- Administration and Finance

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

No in-year changes were made during the 2020/2021 financial year.

Programme 1 Board and Administration

Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
The Board's structures, resources and processes utilised for effective, efficient and optimal performance of its mandate.	Board meetings where resolutions are adopted and given effect to within specified time period.	Number of quorate meetings of Board members for 2020/21 year	14	16	13	19	+6	<ul style="list-style-type: none"> 24 June 2020 Suitability Hearing by Board in respect of a Director of a licensee July 2020 Suitability Consideration by Board on outcome of Suitability Hearing in respect of a Director of a licensee and Board consideration of Dispensations requested by the Gambling Industry 15 Oct 2020 Patron Dispute hearing by Board 30 Nov 2020 Patron Dispute hearing by Board 21 Jan 2021 – Audit Com interviews and decision 12 March 2021 APP 2021/22 Review on Minister request
	Board meetings where resolutions are adopted and given effect to within specified time period.	Board resolutions given effect to before next Board meeting	93%	97%	95%	94%	-1%	Resolutions postponed to new month as new information affecting the resolutions became available.
	Licence holders' CSI Commitments complied with.	Number of CSI programmes verified by Board Committees	4	5	6	5	-1	Lockdown influenced the visits.

PERFORMANCE INFORMATION

Programme 1 Board and Administration									
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations	
The Board's structures, resources and processes utilised for effective, efficient and optimal performance of its mandate.	Public awareness of the Board's role and functions.	Number of awareness programmes participated in	4	4	4	4	-	None	
	Legal opinions drafted to guide Board and Office on legal implications of decisions taken.	Number of legal opinions prepared and submitted	48	39	36	36	-	None	
	Compliance to Human Resources regulatory reporting requirements	Number of Regulatory reports timeously submitted to Department of Labour	1	1	1	1	-	None	
A skilled, motivated and committed workforce. Effective and efficient financial administration		Number of reports on the implementation of the HR Plan	4	3	4	4	-	None	
		Number of financial reports to stakeholders	33	33	33	33	-	None	

Analysis of performance

The Board and Administration division of the Western Cape Gambling and Racing Board were able to achieve the majority of its set targets. These were to ensure Board meetings were held to resolve on mandated issues, Board resolutions were performed and actioned in a timely manner to ensure relevance and a speedy response to important issues, the monitoring of industry CSI commitments to ensure that the industry is contributing to the environment in a socially responsible manner, conducting awareness programmes to assist the public in knowing where, how and to whom they may turn when encountering any gambling related impediments.

In addition, legal opinions were offered to ensure that the Board maintains a legally sound decision making process and human resource targets were met to ensure compliance to labour regulations while the Board continued to practice sound fiscal administration.

This all ensured sound governance practices at the Board while fostering an industry which promotes B-BBEE structures and socially responsible practices.

The Board, as far as was possible during the pandemic, employed persons to meet its EE targets and set B-BBEE targets for the industry which it monitors on a quarterly basis for all sectors of the industry.

The Board, serving the gambling industry ensured that CSI projects targeted the development of youth through funding and supporting of educational, health and entrepreneurial endeavours.

Strategy to overcome areas of underperformance

In terms of the indicator “Board resolutions given effect to before next Board meeting” there is no remedial action as the non-performance was due to a revision of the submission dates as new information became available resulting in a change of the reports.

The non-performance for the indicator “Number of CSI programmes verified by Board Committees” was due to the COVID-19 inspired lockdown regulations which resulted in visitations not taking place. Virtual visits and recorded material will be researched as alternatives to physical visitations.

Linking performance with budgets

Programme	2020/2021			2019/2020		
	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R
Board and Administration	25 852 024	17 280 445	8 571 579	27 091 566	25 505 770	1 585 796

In order to honour the call for savings, the Programme implemented cost-cutting measures in the following areas: conference fees, travel and subsistence, responsible gambling awareness, employee wellness, training, stationery and printing, capital expenditure, consultancy services and audit fees.

The Board forecasts its potential spend on legal fees, based on the number of active litigation and costs incurred in past legal challenges. The Board cannot accurately determine its litigation exposure and hence make adequate provision based on the number of active legal matters and anticipating the legal costs for potential new legal matters to ensue during the financial year.

Savings were also realised in respect of cost of employment. No salary increases or performance were payable for the 2021 financial year. Pay progression of 1.5% was paid to eligible employees.

PERFORMANCE INFORMATION

4.2 Programme 2: Licensing

Programme Purpose

The Licensing Department is responsible for co-ordinating the licensing process. It receives licence applications and conducts probity investigations linked to applications received. Based on the resultant findings the department then makes recommendations for approval or denial to the CEO and/or Board.

Outcomes

Persons conducting business in the gambling industry are suitable.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

No in-year changes were made during the 2020/2021 financial year.

Programme 2 Licencing								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Persons conducting business in the gambling industry are suitable.	New applications processed	Percentage of new applications in respect of employee licences (key and gambling) received processed within 30 days of receipt.	90%	92%	91%	91%	-	None
	Renewal applications received processed	Percentage of renewal applications received processed on or before the date of expiry of the licence	99%	99%	99%	99%	-	None

Analysis of performance

The Licensing department, in responding to its mandate, processes all applications received from applicants required to be duly licensed in order to engage in the gambling industry within the Province. Processing of such applications involve the co-ordination of public notices in soliciting any comments and objections in respect of applications, conducting probity investigations to determine the suitability of applicants to hold a licence, making informed recommendations resulting in the approval or denial of applications and the issuing of licences for distribution.

Strategy to overcome areas of underperformance

There are no areas of underperformance.

Linking performance with budgets

Programme	2020/2021			2019/2020		
	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R
Licensing	15 871 148	12 718 405	3 152 743	20 936 860	14 175 268	6 761 592

The underspending of the Licensing budget relate mostly to cost of employment. As at 31 March 2021, the department had three (3) vacant positions. Further to this, no salary increases or performance bonuses were payable for the 2021 financial year. Pay progression of 1.5% was paid to eligible employees.

In order to honour the call for savings, the Licensing Department implemented cost-cutting measures in respect of travel and subsistence.

PERFORMANCE INFORMATION

4.3 Programme 3: Regulatory Compliance

Programme Purpose

The purpose of the programme is to enforce gambling and related compliance in respect to legislative provisions and regulatory requirements on all licence holders who expose gambling and betting activities for public play. Timely response to allegations of illegal gambling or unknown operators is key to the programme to maintain public confidence and industry that is the Board.

Outcomes

Gambling and betting activities at licensed establishments audited for compliance with legislative provisions and regulatory requirements.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

No in-year changes were made during the 2020/2021 financial year.

Programme 3 Regulatory Compliance								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Gambling and betting activities at licensed establishments audited for compliance with legislative provisions and regulatory requirements	Licensed establishments carrying out gambling and betting activities that are in accordance with legislation.	Number of compliance audits conducted	1 306	1 138	1 400	29	-1 371	During quarter 1 under Alert Level 5 lockdown restrictions, the industry with physical establishments were closed and movement was limited. Assessments were conducted when the industry opened on 28 June. All such assessments conducted were remote assessments with only 29 on site assessments carried out. Although a further 790 assessments were carried out, they were remote assessments and therefore did not meet the requirements of the technical indicator description.
	Known illegal gambling operation are shut down.	Percentage of investigations conducted within 30 days of allegations of illegal gambling received by the Board.	100%	81.4%	100%	40%	-60%	Due to the lockdown it was not possible to physically inspect the premises where it was alleged that illegal gambling was taking place. Investigations thus took longer than the required 30 days, however all allegations do get investigated.

Analysis of performance

As a result of Covid-19 the set targets could not be achieved.

While there was performance conducted which provided a level of assurance as to the compliant nature of the gambling and betting activities, such performance could not be recorded as an activity as the nature of the assessment conducted did not conform to the prescripts of the description as set out in the technical indicators. So for the new financial year the TID's have been amended accordingly to include the type of assessments which was conducted during the lockdown period. The Programme had developed the assessments to accommodate more effective remote monitoring.

Strategy to overcome areas of underperformance

Assessments usually carried out at the premises of licence holders were now being conducted remotely.

Linking performance with budgets

Programme	2020/2021			2019/2020		
	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R
Regulatory Compliance	19 621 354	16 024 462	3 596 892	18 221 662	17 038 636	1 183 026

The underspending of the Regulatory Compliance budget relate mostly to cost of employment. As at 31 March 2021, the department had three (3) vacant positions. Further to this, no salary increases or performance bonuses were payable for the 2021 financial year. Pay progression of 1.5% was paid to eligible employees.

In order to honour the call for savings, the Compliance department implemented cost-cutting measures in the following areas: communication, conference fees, travel and subsistence and storage cost.

PERFORMANCE INFORMATION

4.4 Programme 4: Information and Communication Technology

Programme Purpose

This programme provides and maintains ICT products, solutions and services for the office of the Board. The programme has established a cohesive, enterprise-wide ICT architecture to support Board's strategic objectives. The ICT environment has advanced and are evolving in support of 4IR through digitalisation and automation of the Board's business processes. The department has an additional role of providing strategic and innovative solutions to several programmes of the Board.

Outcomes

Innovative, functional, reliable and secure ICT solutions and systems provided.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

No in-year changes were made during the 2020/2021 financial year.

Programme 4 Information and Communication Technology								
Outcome	Output	Output Indicator	Audited Actual Performance 2018/2019	Audited Actual Performance 2019/2020	Planned Annual Target 2020/2021	Actual Achievement 2020/2021	Deviation from planned target to Actual Achievement 2020/2021	Reasons for deviations
Innovative, functional, reliable and secure ICT solutions and systems provided.	Continuous ICT systems management for the organisation	Percentage of ICT maintenance events performed to maintain and improve current information technology infrastructure.	New output Indicator	New output Indicator	95%	98.5%	+3.5%	Efficient management in maintaining WCGRB computer, software, application and data centre infrastructure.
	Continuous knowledge and skills enhancement	Number of ICT talent capacity competency activities accomplished.	71	71	68	99	+31	More remote facilitation, attendance and providing of on-line training and consultation meeting and Forum sessions.
	Continuous availability of ICT systems	Average percentage ICT information systems availability / uptime	99.86%	99.87%	97%	99.92%	+2.92%	Positive deviation due to efficient management of WCGRB Information systems infrastructure.

Analysis of performance

The ICT Department made a significant contribution to the achievement of the Board's objectives and mandate, despite the challenges brought about by the Covid-19 pandemic. The Board and the Office of the Board were forced to operate remotely during the lockdown period and there was and still is immense pressure on the capabilities of ICT.

Notwithstanding the challenges, the ICT Department through continuous and efficient management, maintenance, governance, securing and the availability of critical ICT systems, achieved the outputs and targets required for the organisation to accomplish its outcomes.

The practice of continuous learning (formal, informal, self-study) by the ICT Department amplified due to the attendance of more available remote online training opportunities. The Department also facilitated and provided on-line training and meeting sessions to enhance its competencies and therefore increased its ICT capabilities, ensured appropriate knowledge gained and enabled the Office of the Board in achieving the envisaged value of implemented ICT solutions.

Strategy to overcome areas of underperformance

There are no areas of underperformance.

Linking performance with budgets

Programme	2020/2021			2019/2020		
	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R
Information and Communication Technology	8 626 012	7 138 349	1 487 663	11 479 142	10 187 799	1 291 343

In order to honour the call for savings, the IT department implemented cost-cutting measures in the following areas: communication, travel and subsistence, computer software annual licence fees and capital expenditure.

Savings were also realised in respect of cost of employment. No salary increases or performance were payable for the 2021 financial year. Pay progression of 1.5% was paid to eligible employees.

PERFORMANCE INFORMATION

Reporting on the Institutional Response to the COVID-19 Pandemic

Compliance assessments usually carried out at the premises of licence holders were now being conducted remotely.

Progress on Institutional Response to the COVID-19 Pandemic

Programme	Intervention	Geographic location	No. of beneficiaries	Disaggregation of beneficiaries	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP	Immediate outcomes
Regulatory Compliance	Verification of closure of Licensed Premises	Western Cape Province	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Establishments were closed.
	Gambling premises inspections	City of Cape Town Metropolitan	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Compliance Checking covered Covid-19 protocols

5. REVENUE COLLECTION

Sources of revenue		2020/2021			2019/2020		
		Estimate R	Actual Amount Collected R	(Over)/ Under Collection R	Estimate R	Actual Amount Collected R	(Over)/ Under Collection R
a)	Application fees	2 590 236	3 045 130	(454 894)	1 850 000	2 928 219	(1 078 219)
b)	Investigation fees	30 112 794	32 850 389	(2 737 595)	27 687 797	30 014 347	(2 326 550)
c)	Interest	1 120 000	1 126 946	(6 946)	1 050 000	1 718 836	(668 836)
d)	Inspector charge outs	8 403 507	6 109 255	2 294 252	7 678 434	6 913 406	765 028
e)	Transfers	27 744 000	27 744 000	-	37 663 142	37 663 142	-
f)	Services in-kind	-	5 067 522	(5 067 522)	-	4 355 623	(4 355 623)
g)	Miscellaneous	-	101 009	(101 009)	-	195 900	(195 900)
h)	Retention of surplus funds	-	-	-	1 800 000	-	1 800 000
Total		69 970 537	76 044 251	(6 073 407)	77 729 373	83 789 473	(6 060 100)

In the current year, “gain on actuarial valuations” and “profit on disposal of assets” have been excluded from the table above as these line items do not represent revenue as defined in the GRAP standards.

It is important to highlight that the Board is only permitted to collect revenue and other fees from licensees as prescribed by law. Unless there is an increase in gambling licence applications there is no other way the Board can increase its revenue. Thus, when preparing the budget, the Board relies on past trends to estimate the revenue it anticipates to receive for the financial year.

Services in-kind represent the benefit obtained in respect of occupying a building at no cost managed by the Department of Transport and Public Works.

PART C:

GOVERNANCE



GOVERNANCE

1. INTRODUCTION

The Board's governance framework is guided by the Western Cape Gambling and Racing Act, the Public Finance Management Act (PFMA) and it is practised in tandem with the Protocol on Corporate Governance found in the King IV Reports on Corporate Governance.

2. PORTFOLIO COMMITTEES

The Board has as its provincial parliamentary oversight body the Standing Committee on Finance, Economic Opportunities and Tourism.

During the year under review the Board met with the committee twice at which meetings the Board presented the remuneration structure and adjustment process of the Board and at the other meeting, presented the non-financial information of its 2019/20 fiscal year.

Resolutions emanating from those meetings are depicted on page 62 of this annual report.

3. EXECUTIVE AUTHORITY

The Minister for Finance is the designated Executive Authority for the Western Cape Gambling and Racing Board. The Executive Authority appoints the members of the Board with the Board reporting to the Minister. All reports that the Board is mandated to produce and submit are submitted to the Minister. In addition, the Board is bound by the policy determinations of the Executive Authority.

4. THE ACCOUNTING AUTHORITY - THE BOARD

Introduction

The designated Accounting Authority is the Board. The Board comprise of non-executive members appointed by the Executive Authority. At year-end, six (6) Board Members were appointed to the Board.

The Board constituted several sub-committees from its members to oversee specific operational activities of its office. In addition, the Board appoints three external members to serve on its Audit Committee.

The role of the Board is as follows:

The Western Cape and Racing Board was established with the main object of controlling and regulating gambling and racing and all other activities incidental thereto in the Western Cape.

Its functions and powers are outlined in Section 12 of the Act, 1997. In summary the role of the Board is to:

- Ensure on-going compliance in the licensed industry and impose administrative penalties or such measures as the Board deems appropriate for contraventions of the law;
- Invite applications for licences in terms of the Act;
- Receive, investigate and consider applications for national and provincial licences;
- Issue national and provincial licences to qualifying or suitable persons, subject to such conditions as the Board deems appropriate;
- Probe the suitability of persons acquiring an interest in a licensee or the business to which a licence relates;
- Conduct hearings and investigations into the conduct of licences or pertaining to any matter that the Board must administer in terms of the Act;

- Detect illegal gambling activities and assist relevant government agencies in the prosecution thereof;
- Administer, calculate and collect taxes and levies due to the provincial fiscus and all statutory fees as prescribed by the Act;
- Attend regulatory forums and conferences in order to keep abreast of the latest developments of the industry; and
- Conduct on-going research into gambling and racing throughout the Province and elsewhere to keep abreast of and detect deficiencies in the Act and regulatory practices of the Board;
- Generally, exercise all powers and perform the functions specified in the Act and any conferred by any other law.

Board Charter

The Board's powers and functions are prescribed in the Act. The Board has adopted a Charter for each of the sub-committees outlining their mandates. The Board reviews its corporate governance annually.

GOVERNANCE

Board Member information

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of expertise	Board Directorships (List the entities)	No of Board meetings held	No of Board meetings attended	WCGRB committees	No. of Committee meetings held	No. of Committee meetings attended	Total No. of meetings attended
Mr T Arendse	Board member	1 April 2020	31 March 2023	CTA CA(SA)	Auditing and Accounting	Board member: Western Cape Gambling & Racing Board	19	19	Casino Committee [* Attendance as alternate member]	[4]	2	35 of 35
Mr CA Bassuday	Board member	1 April 2016	31 March 2019	B.Proc. LLB LLM	Law	Board member: Western Cape Gambling & Racing Board	19	19	Finance, IT & Ethics Committee	[6]	5 of 5	31 of 31
	Board member term extended for 1 year	1 April 2019	31 March 2020	PG Diploma in Criminal Justice & Forensic Auditing					Horsereading and Betting Committee	4	4	
	Board member reappointed for 3 years	1 April 2020	31 March 2023						Human Capital Committee	4	4	
									Licensing Committee	[5]	1 of 1	
									Casino Committee	4	4	
									Licensing Committee	[5]	4 of 4	
									LPM Committee	4	4	

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of expertise	Board Directorships (List the entities)	No of Board meetings held	No of Board meetings attended	WCGRB committees	No. of Committee meetings held	No. of Committee meetings attended	Total No. of meetings attended
Ms C Fani	Board member	17 May 2017	16 May 2020	Bachelor's Public Administration	Public Management, Policy Analysis and Policy Development	Board member: Western Cape Gambling & Racing Board	19	16	Casino Committee	[4]	1 of 3	27 of 32
	Board member term extended for 1 year	17 May 2020	16 May 2021	B.Admin Honours					Horsing Committee	[4]	1 of 1	
	Appointment as Vice Chairperson until Board member contract expires	14 Dec 2020	16 May 2021			Board member: Western Cape Cultural Commission Tribunal member: Western Cape Liquor Tribunal			Human Capital Committee	4	4	
									Licensing Committee	5	5	
Mr DT Lakay	Board member	10 Dec 2014	10 Dec 2017	B.Com Accounting	Accounting and Financial Management	Board member: Western Cape Gambling & Racing Board	19	19	Casino Committee	4	4	36 of 37
	Board member term extended	10 Dec 2017	10 March 2018						Finance, IT & Ethics Committee	6	6	
	Appointment as Chairperson until Board member contract expires	12 Feb 2018	10 March 2018			Non-Executive Director: Western Cape Economic Development Partnership			LPM Committee	[4]	3 of 3	
	Board Chairperson & member term extended	10 March 2018	10 Dec 2018						Board's representative (non-voting) to the Audit Committee.	[6]	4 of 6	
	Board Chairperson & member term extended	11 Dec 2018	10 Dec 2020									
	Extended Appointment as Chairperson	16 Dec 2020	15 Dec 2021									

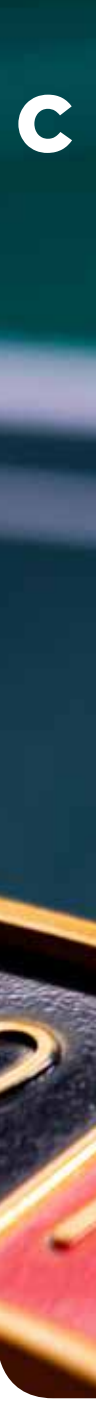


GOVERNANCE

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of expertise	Board Directorships (List the entities)	No of Board meetings held	No of Board meetings attended	WCGRB committees	No. of Committee meetings held	No. of Committee meetings attended	Total No. of meetings attended
Ms N Magazi	Board member	15 June 2018	14 June 2019	Bachelor of Commerce (Financial Accounting) Postgraduate Diploma in Development Finance Master of Commerce in Development Finance	Financial Management Auditing and Accounting Project Management Development Finance and Social Investment	Board member: Western Cape Gambling and Racing Board	[19]	2 of 2	Casino Committee	[4]	1 of 1	6 of 6
									Finance, IT & Ethics Committee	[6]	1 of 1	
									Human Capital Committee [*Attended as alternate member]	[4]	1	
									LPM Committee	[4]	1 of 1	
Mr RG Nicholls	Board member	14 Dec 2019	13 Dec 2022	B.Comm. Rhodes University CA (SA) CIA Computer Audit Qualification - NACCA Registered Accountant and Auditor Fellow member of the IOD	Finance Governance Compliance	Board member: Western Cape Gambling and Racing Board The South African Council for the Architectural Profession	19	18	Finance, IT & Ethics Committee	6	6	31 of 33
									Horsing Committee	4	4	
									LPM Committee	4	3	

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of expertise	Board Directorships (List the entities)	No of Board meetings held	No of Board meetings attended	WCGRB committees	No. of Committee meetings held	No. of Committee meetings attended	Total No. of meetings attended
Ms L Nyati	Board member Resigned due to impending circumstances	14 Dec 2019	13 Dec 2022 31 Jan 2021	B.Com (Law) LL.B.	Law	Board member: Western Cape Gambling and Racing Board	[16]	12 of 16	Horsereading Committee	[4]	2 of 2	21 of 26
							[4]		Human Capital Committee	[4]	2 of 3	
							4		Licensing Committee	4	4	
							[4]		LPM Committee [* Attended as alternate member]	[4]	1 of 1	
Ms L Venter	Board member	6 Nov 2020	5 Nov 2023	B.Comm (Law) LL.B.	Law	Board member: Western Cape Gambling and Racing Board External College Council Member: False Bay TVET College	[8]	7 of 8	Horsereading Committee	[1]	1 of 1	10 of 11
							[1]		Human Capital Committee	[1]	1 of 1	
							[1]		Licensing Committee	[1]	1 of 1	

[Bracketed numbers]* Denote total meetings held, but not required to attend, due to a member's term commencing or ending during the financial year



GOVERNANCE

External Audit Committee Members

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of expertise	Board Directorships (List the entities)	Other committees (e.g. Audit committee)	No. of meetings held	No. of meetings attended
Mr M Burton	Audit Committee member and Chairperson	1 Mar 2019	28 Feb 2022	B. Compt. Hons CA(SA)	Auditing and Accounting Governance Strategic Management Finance Performance Management	Cape Nature Board SAMSA Board Cullinan Holdings Ltd Burvyn Importers and Traders CC WCBS L&C Messaris (PTY) LTD Ilimaletu Consulting Pty Ltd	Audit Committee	6	6
Mr R Kingwill	Audit Committee: Independent non-executive member	17 Feb 2018	16 Feb 2021	B.Com CTA CA(SA)	Strategic Planning, Corporate Governance, Performance Management	Centre for Genomic & Proteomic Research Western Cape Liquor Authority On Demand Investments CC Parel Vallei Advanced Education Trust Somerset West Country Club NPC Furtherance of Golf Nomads Foundation Artisan Biomed	Audit Committee	[6]	5 of 5

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of expertise	Board Directorships (List the entities)	Other committees (e.g. Audit committee)	No. of meetings held	No. of meetings attended
Mr L Nene	Audit Committee: Independent non-executive member	17 Feb 2021	16 Feb 2024	Bachelor of Commerce - BCom (Accounting) Post Graduate Diploma in Management (Specialising in Corporate Governance) Master of International Business CCSA (Certification in Control Self-Assessment) - 2006 GIA (SA) (General Internal Auditor-SA) FIIASA (Fellow of the Institute of Internal Auditors SA) - 2013 Certification in Risk Management Assurance (CRMA) - 2014 CCP (SA) - Certified Compliance Professional of the Compliance Institute of South Africa CPrac(SA)- Compliance Practitioner Risk Management Strategies in the Public Sector Management Development Programme	Corporate governance Audit (Internal and external) Risk management Business continuity management Compliance Ethics Business process improvement IT	Non - Executive Director for PetroSA Ghana SOC Ltd Non - Executive Director for PetroSA Equatorial Guinea SOC Ltd	Audit Committee	[6]	1 of 1



GOVERNANCE

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of expertise	Board Directorships (List the entities)	Other committees (e.g. Audit committee)	No. of meetings held	No. of meetings attended
Ms J Williams	Audit Committee: Independent non-executive member	21 June 2019	20 June 2022	B.Com Hons CA(SA), B Sc Hons H Dip Ed.	Auditing and Accounts	Board member: Medical Research Council of South Africa Council member: Boland TVET College	Audit Committee	6	6

Board and Committees membership

Board & committees	No. of meetings held	No. of members	Name of members
Board	19	6	<p>Mr DT Lakay (Chairperson) [Extended term as Board member and Chairperson expired on 10 December 2018] [Reappointed as Board member and Chairperson until 10 December 2020.] [Term extended as Board member and Chairperson until 15 December 2021.]</p> <p>Mr TC Arendse [Appointed to Board from 1 April 2020 until 31 March 2023]</p> <p>Mr CA Bassuday (Member) [Board member term expired on 31 March 2019] [Term extended until 31 March 2020] [Reappointed as Board member until 31 March 2023.]</p> <p>Ms C Fani (Member) [Appointed to Board from 17 May 2017 until 16 May 2020.] [Term extended until 16 May 2021.] [Appointed as Vice Chairperson from 14 December 2020 until term expires on 16 May 2020.]</p> <p>Ms N Magazi (Member) [Appointed as Board member from 15 June 2018 until 14 June 2019.] [Term extended until 10 June 2020.] [Board term expired on 10 June 2020.]</p> <p>Ms L Nyati (Member) [Appointed to Board from 14 December 2019 until 13 December 2022.] [Resignation from Board effective 31 January 2021.]</p> <p>Mr RG Nicholls (Member) [Appointed to Board from 14 December 2019 until 13 December 2022.]</p> <p>Ms L Venter (Member) [Appointed to Board from 6 November 2020 until 5 November 2023.]</p>
Audit Committee	5	3	<p>Mr M Burton (Chairperson) [Appointed to Audit Committee member and Chairperson and from 1 March 2019 until 28 February 2022]</p> <p>Mr R Kingwill (External non-executive member) [Appointed to Committee on 17 February 2018 until 16 February 2021]</p> <p>Mr L Nene (External non-executive member) [Appointed to Committee on 17 February 2021 until 16 February 2024]</p> <p>Mrs J Williams (External non-executive member) [Appointed to Committee on 21 June 2019 until 20 June 2022]</p> <p>Mr D Lakay (Board member) [Board's representative (non-voting) to the Audit Committee.] [Term as Board member expires on 10 Dec 2020.] [Term extended as member and Chairperson until 15 December 2021.]</p>
Casino Committee	4	3	<p>Mr D Lakay (Chairperson)</p> <p>Mr C Bassuday (Member)</p> <p>Ms N Magazi (Member) [Board term expired on 10 June 2020.]</p>
Finance, IT & Ethics Committee	6	3	<p>Mr RG Nicholls (Chairperson) [Appointed as Chairperson on 28 January 2020]</p> <p>Mr T Arendse (Member) [Appointed as Committee member from 30 June 2020]</p> <p>Mr D Lakay (Member)</p> <p>Ms N Magazi (Member) [Board term expired on 10 June 2020.]</p>

GOVERNANCE

Board & committees	No. of meetings held	No. of members	Name of members
Horsereading & Betting Committee	4	3	<p>Mr T Arendse (Chairperson) [Appointed as Chairperson on 30 June 2020]</p> <p>Mr RG Nicholls (Member) [Appointed as Committee member from 28 January 2020]</p> <p>Ms L Nyati (Member) [Resignation from Board committees effective 31 January 2021]</p> <p>Ms L Venter (Member) [Appointed as Committee member from 26 January 2021]</p>
Human Capital Committee	4	3	<p>Ms C Fani (Chairperson) [Appointed as Chairperson from 26 January 2021]</p> <p>Mr T Arendse (Member)</p> <p>Ms L Venter (Member) [Appointed as Committee member from 26 January 2021]</p> <p>Ms L Nyati (Member) [Appointed as Committee member from 28 January 2020] [Resignation from Board committees effective 31 January 2021]</p>
Licensing Committee	5	3	<p>Ms L Venter (Chairperson) [Appointed as Chairperson from 26 January 2021]</p> <p>Mr CA Bassuday (Member) [Appointed as Committee member from 8 July 2019]</p> <p>Ms C Fani (Member)</p> <p>Ms L Nyati (Member) [Appointed as Committee member from 28 January 2020] [Resignation from Board committees effective 31 January 2021]</p>
LPM Committee	4	3	<p>Ms C Bassuday (Member) [Appointed as Committee Chairperson from 30 June 2020]</p> <p>Mr D Lakay (Member) [Appointed as Committee member from 30 June 2020]</p> <p>Ms N Magazi (Member) [Board term expired on 10 June 2020.]</p> <p>Mr RG Nicholls (Member) [Appointed as Committee member from 28 January 2020]</p>

BOARD REMUNERATION ARRANGEMENTS

Board meetings

An ordinary or special meeting where the Board deliberate and decide on matters falling within its statutory powers and functions.

The remuneration for Board meetings is a fixed amount of R4 999.36, irrespective of the length of the meeting, and is all inclusive of preparation time and travel time. Reimbursement for kilometres travelled.

The remuneration payable for Board meeting attendances by the Chairperson, Vice Chairperson and Acting Chairperson is set out below:

Chairperson

Board meetings: **R6 433.92** per meeting

Board committees and other events: **R804.24** per hour up to a maximum of 8 hours.

Vice Chairperson

Board meetings: **R4 999.36** per meeting

Board committees and other events: **R624.92** per hour up to a maximum of 8 hours.

Acting as Chairperson

Board meetings: **R5 601.52** per meeting

Board committees and other events: **R700.19** per hour up to a maximum of 8 hours.

Board committees and other events

- The remuneration for other meetings and events, such as committee meetings and public hearings, for example, is based on an hourly rate, which in addition to the time attended, extends also to time travelled, preparation time and reimbursement for kilometres travelled.
- The hourly amount is **R624.92** per hour.
- This remuneration is payable up to the equivalent of a maximum of 8 hours, plus kilometres travelled.
- The practice is for members to indicate to the Secretary at the start of each meeting what had been their preparation time for a particular meeting.
- The kilometres travelled in instances where the routes varied from the usual route to the office of the Board, are also given to the Board Secretary individually.

GOVERNANCE

Board member remuneration

Name	Remuneration - Board meetings	Remuneration - Committee meetings and Other*	Remuneration - Conference attendances	Other re-imbursments	Total member remuneration
	R	R	R	R	R
Mr D Lakay (Chairperson)	122 244.48	148 717.38	-	274.86	271 236.72
Mr TC Arendse	94 987.84	88 322.03	-	-	183 309.87
Mr CA Bassuday	94 987.84	61 815.01	4 999.36	166.26	161 968.47
Ms C Fani	79 989.76	64 627.16	-	-	144 616.92
Ms M Magazi	9 998.72	12 081.79	-	-	22 080.51
Mr R Nicholls	89 988.48	77 073.47	-	-	167 061.95
Ms L Venter	34 995.52	35 568.37	-	380.89	70 944.78
Ms L Nyati**	-	-	-	350.95	350.95
Total	527 192.64	488 205.21	4 999.36	1 172.96	1 021 570.17

*Include ad-hoc meetings outside Board and Committee meetings, for example – meetings with Provincial Treasury and the Minister for Finance, as well as time spent on other Board matters.

**Employees of National, Provincial and Local Government or Institutions, Agencies and Entities of Government serving as office-bearers on Public Entities/Institutions are not entitled to additional remuneration. Ms Nyati is employed by the City of Cape Town and is therefore not remunerated by the Board.

BOARD MEMBER TRAVEL ABROAD

There was no overseas travel for the financial period.

STANDING COMMITTEE RESOLUTIONS RESULTING FROM THE 2019/2020 ANNUAL REPORT

Standing committee on public accounts		
Date of resolution	Details	Implementation progress
23 April 2021	Some departments and entities, including the Auditor-General of South Africa (AGSA), will be requested to brief the Committee on the status of the B-BBEE compliance of Western Cape Government during the 2019/20 and 2020/21 financial years.	The Board awaits further communication in this regard.

5. RISK MANAGEMENT

The Board is committed to establishing an institution that ensures risk management is an integral part of all its activities and a core capability. Enterprise Risk Management (ERM) aims to ensure the continued growth and success of the Board. The ERM function assists all levels of the administration in achieving the Board's strategic outcomes by bringing a systematic approach to evaluating and improving the effectiveness of risk management and control.

ERM is designed to identify potential events and trends that may significantly affect the Board's ability to achieve its strategic outcomes or maintain its operations either positively or negatively. These are defined as risks. Through the ERM process, identified risks are assessed against Board's level of risk tolerance, to provide reasonable assurance regarding the achievement of the Board's objectives.

The Board's objectives in managing risk include:

- Integrating risk management into the culture and strategic decision-making of the WCGRB;
- Anticipating and responding to changing social, environmental and legislative conditions;
- Managing risk in accordance with best practice, and demonstrating due diligence in decision making;
- Regarding legal compliance as a minimum standard;
- Balancing the cost of managing risk with the anticipated benefits; and,
- Raising awareness of the need for risk management.

The Board and Executive Committee have responsibility for overseeing risk management within the Board, with the Executive Committee providing management support, advise on and implementation of policies approved by the Board.

The Board annually reviews its strategic risks, Annual Performance Plan and targets, together with the Executive Committee, as part of the Board's annual strategic session. These risks are then reviewed on a quarterly basis for successful implication of mitigating controls and to ensure that all risks identified are managed within acceptable tolerance levels.

The Board's appointed risk management officer is vested in the senior administrative officer in the office of the Chief Financial Officer and is responsible for the administration of the risk register and quarterly risk reports.

The Risk Management Committee consists of the full Executive Committee. The Risk Management Committee meets quarterly to table the Board's key strategic risks and any emerging risks identified as well as the status of mitigating action plans. Key strategic risks, mitigating actions, as well as emerging risks identified are reported to the Audit Committee and FITEC quarterly.

All FITEC and Audit Committee meetings are attended by the Chief Executive Officer, the Chief Financial Officer and the risk officer, who formally report to the committee at each meeting.

The Board's sub-committee, FITEC reviews the risks and risk register with specific emphasis placed on emerging risks. The Audit Committee serves as the Risk Committee with oversight of among other, the risks of the Board. The Risk Committee is assisted by the outsourced Internal Audit Functionary and reports to the Board.

GOVERNANCE

Outlined below are the key strategic risks facing the Board, along with the relevant mitigating controls, which have been implemented:

Strategic Risks	Mitigating Controls
<p>Board rendered ineffective due to:</p> <ul style="list-style-type: none"> Outdated and ambiguous legislation and policies Delays in legislative reform process 	<ul style="list-style-type: none"> Round robin process. Submission to PT and Minister recommending amendments as and when necessary.
<p>Board rendered ineffective due to delays in achieving timeous appointment of new Board members.</p>	<ul style="list-style-type: none"> Board advises Minister in a timely manner of pending vacancies on the Board. Board meetings scheduled well ahead of time to ensure that Board Members are timely and well-advised of the meeting dates. Reminders of meetings are sent to Board members. Minister extends Board Member terms. Round robin process. Urgent correspondence addressed to the Minister, requesting that the current members' terms be extended if the appointment process for new members is not concluded. Board employs rescheduling of meetings and in emergencies, round robin processes to ensure that the board remains effective.
<p>Ineffective and inefficient utilisation of the Boards structures and resources due to:</p> <ul style="list-style-type: none"> Skills gap Organisational design Resource constraints Undue influence by stakeholders Low staff morale and resistance to change 	<ul style="list-style-type: none"> WSP, training, conferences, national fora Organisational structure review Proper planning and budgetary Declaration of interest process Meetings with MEC, GLC meetings etc. Change management interventions Regular staff engagements
<p>Incorrect decisions brought about by the Board as a result of inadequate and/or inaccurate information.</p>	<ul style="list-style-type: none"> Four tier review process Continuous development of staff Sophisticated verification systems and processes. Interrogation and review of information by various Sub-Committees of the Board. Stakeholders meetings and interviews where necessary. Bi-weekly Exco deliberations. Attendance of national and international regulatory conferences and Forums.
<p>Loss of stakeholder trust due to undue influence into the decision making of the Board.</p>	<ul style="list-style-type: none"> The Chairperson continues to engage the Minister on the mandate of the Board and its independent authority as espoused in the WCGRA, with the separation of powers being adhered to. Awareness programmes and Public engagements.
<p>Significant disruption to critical business operations due to the COVID-19 pandemic.</p>	<ul style="list-style-type: none"> Business continuity management plan in place to sustain the operation of critical business services following a disaster or adverse event. Business continuity plan reviewed for all WCGRB business operations in response to the national lockdown.

Strategic Risks	Mitigating Controls
<p>Unsuitable persons are recommended for licensing due to:</p> <ul style="list-style-type: none"> • Skills gap in terms of investigation techniques • Insufficient resources • Undue influence by stakeholders 	<ul style="list-style-type: none"> • Declaration of interest process • Work Skills Plan identifies training needs for staff • Use of internal and external sources (Building relationships with SARS and SAPS) • Standard operating procedures • Rotation policy • Secondment process • 4 tier approval process • Sub-Committees deliberations
<p>Licence holders not conducting gambling and betting activities in accordance with legislative provisions and regulatory requirements, due to:</p> <ul style="list-style-type: none"> • Skills gap in audit techniques and approach • Undue influence by licence holders • Inadequate resources 	<ul style="list-style-type: none"> • Attendance at industry specific conferences, workshops and training forums, both nationally and internationally • Staff rotation within the divisions in the department • Staff declarations of interest • Department SOP • Regular meetings with Chiefs after audits • 3 tier approval process
<p>Proliferation of illegal gambling operations impacting on the provincial economy.</p>	<ul style="list-style-type: none"> • Regular engagement with enforcement agencies • Attendance at Enforcement Forum meetings • Training provided to Enforcement officials where required • Network of Confidential Informers • Annual Enforcement Workshop
<p>ICT systems and solutions are not functional, reliable, innovative and secure due to:</p> <ul style="list-style-type: none"> • Resource constraints, data breaches, malware, power failures or network outages. 	<ul style="list-style-type: none"> • Proper planning, budget, capacity (number of staff) and skilled resources, • Security controls-implemented • Implemented policies and procedures, • Ongoing monitoring, administration and managing of the ICT environment, • Implemented ICT DRP and UPS, • Continuous attending training, seminars, meetings for talent development, • Keeping abreast of the latest developments in ICT and • Reporting to oversight Committees on ICT developments.

6. INTERNAL CONTROL UNIT

The Board does not have an in-house Internal Audit Unit but outsources this function to firms with appropriate experience and holders of professional membership with the Institute of Internal Auditors or the South African Institute of Chartered Accountants. For the year under review, the Board appointed SNG Grant Thornton as its Internal Auditors.

7. INTERNAL AUDIT AND AUDIT COMMITTEE

The Board's risk management oversight has been delegated to the Audit and Risk Committee with the purpose of assisting the Board in discharging its duties per the PFMA.

In this regard, the Audit and Risk Committee oversees that:

- Policies are in place to identify, mitigate and control risks;
- A system of review of both risks and internal control systems are in place;
- A system of identifying emerging risks and evaluating existing controls;
- An effective system of internal control exists; and
- All uninsured risks are appropriately reviewed and managed.

The outsourced Internal Audit Functionary reports administratively to the CEO and functionally to the Audit and Risk Committee.

The Audit Committee members' meeting attendance were:

Name of member	Number of meetings attended
1. Mr M Burton [Audit Committee Chairperson] [Appointed from 1 March 2019 until 28 February 2022]	6 of 6
2. Mr R Kingwill [Appointed from 17 February 2018 until 16 February 2021]	5 of 5
3. Mr L Nene [Appointed from 17 February 2021 until 16 February 2024]	1 of 1
4. Ms J Williams [Appointed from 21 June 2019 until 20 June 2022]	6 of 6

Name	Qualifications	Internal or external	If internal, position in the Board	Date appointed	Date Resigned	No. of Meetings attended
M Burton	B. Compt. Hons CA(SA)	External	Not applicable	1 March 2019	Not applicable	6
R Kingwill	B.Com CTA CA(SA)	External	Not applicable	17 February 2018	Term ended 16 February 2021	5
L Nene	Bachelor of Commerce – BCom (Accounting)	External	Not applicable	17 February 2018	Not applicable	1
J Williams	B. Com Hons CA(SA), B Sc Hons, H Dip Ed.	External	Not applicable	21 June 2019	Not applicable	6

8. COMPLIANCE WITH LAWS AND REGULATIONS

The Board implements policies and processes to ensure compliance with all relevant compliance laws and regulations.

The Board has identified the laws and regulations which it is obliged to comply with and has implemented a framework to ensure compliance by all of its staff with all these laws and regulations.

The Board's Legal Services Department subscribes to various online Law Services Institutions which provides notifications of new or amended legislation and provides a platform for identifying judgments in various court cases. The Legal Department identifies changes via these subscriptions and notifies employees of the change and any analysis thereof.

For the 2020/21 financial year, the Board was not sanctioned for any contraventions of any Laws or Regulations.

9. FRAUD AND CORRUPTION

The Board has implemented a Fraud and Anti-corruption policy which is reviewed annually. The procedures include a national hotline and an anonymous reporting box.

The Board's Fraud and Anti-Corruption Committee is set to review any reported incidences of fraud and the Board's Governance officer reports on any reported incidences to the Finance and Information Technology Committee and the Audit and Risk Committee.

For the year under review, no incidences of fraud or corruption were reported via any of the Board's established mechanisms for reporting on fraud or corruption.

10. MINIMISING CONFLICT OF INTEREST

The WCGRB Board members, at the beginning of each fiscal year, completes and provide a listing of all interests that might conflict with their duties as Board members. Board members are required to declare any interest they may have with any matter on the agenda before each board or committee meeting.

For any conflict of interest, Board members must notify the Chairperson and either recuse themselves or participate in the discussion if the Board considers that no material conflict exists.

WCGRB employees are also required to declare any conflict of interest at Board and Committee meetings and on any discussion, interview and resolutions taken by the Office.

The Board continues in its efforts to not only ensure independence but also to be seen to be independent. All transactions as are done at arm's length, with the industry being fully aware of the Board's practice of not accepting gifts and these are no longer offered to the Board. At the beginning of each year, Board members make a declaration of their financial interests and a declaration of no interest is done at each Board related meeting. The Auditor-General also tests for any conflict of interest with the annual audit.

11. CODE OF CONDUCT

The Code of Conduct is central to the Board achieving its mission to inspire public confidence and trust and to provide a stable, just, consistent and effective regulatory environment.

The Code requires the delivery of high standards by guiding Board employees and Board members toward best practice and continued improvement in standards.

The Code of Conduct is readily available to all employees and Board members online via the Board's intranet to which every individual has access. At the commencement of employment of a new employee and the appointment of Board members, the Code forms part of the induction pack, which all individuals are required to sign receipt thereof.

Compliance with the Code of Conduct is strictly enforced and monitored and any breaches thereof are dealt with in terms of the Board's disciplinary code and procedure.

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Board has an established Occupational Health and Safety Committee (OHASA Committee) established in terms of the Occupational Health and Safety Act 85 of 1993. The OHASA committee, which has representatives of all departments at the Board, meets at set quarterly intervals through the year to assess the Health and Safety environment at the Board and to address any matters that may arise.

13. COMPANY SECRETARY

The Board does not have a Company Secretary. However, it has a unit of three staff members within the Executive Department who serve as its Secretariat.

14. SOCIAL RESPONSIBILITY

While the Board itself did not have any social responsibility programmes for the year, the Board does impose certain conditions on licence holders to ensure that they do allocate resources to assist poor communities.

The Board also established the Western Cape Responsible Gambling Forum to address the potential social ills of gambling.

The Board has partnered with various governmental social institutions and presents at the various community outreach programmes to educate the communities on the Board and the social ills of gambling.

15. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2021.

Audit Committee members and attendance

The audit committee consists of the members listed hereunder and meets at least 4 times per annum as per its approved terms of reference.

Name of member	Number of meetings attended
1. Mr M Burton [Audit Committee Chairperson] [Appointed from 1 March 2019 until 28 February 2022]	6 of 6
2. Mr R Kingwill [Appointed from 17 February 2018 until 16 February 2021]	5 of 5
3. Mr L Nene [Appointed from 17 February 2021 until 16 February 2024]	1 of 1
4. Ms J Williams [Appointed from 21 June 2019 until 20 June 2022]	6 of 6



*Mr M Burton,
Chairperson of Audit Committee*

During the 2020/21 financial year, 6 meetings were held and member's attendance is tabulated above.

Audit Committee Responsibility

The Audit Committee has complied with its responsibilities arising from Section 51(1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1.10. It has adopted appropriate formal terms of reference as its Audit Committee Charter, has executed its mandate in compliance with this charter and has discharged its responsibilities as contained therein.

The Committee has performed an annual self-assessment in respect of its own compliance in terms of the required functions in accordance with the King IV Report on Corporate Governance, its own charter and terms of reference, the relevant National Treasury Regulations and the Public Finance Management Act. It has complied with the requirements.

Meetings

Six meetings were held in this year and member's attendance is tabulated below. The external and internal auditors attend Committee meetings and have unrestricted access to the Committee and its Chair and have had the opportunity to address the Committee without management being present to ensure their independence.

The Committee reviewed reports from the external auditors and internal auditors, the outcomes of which were reported to the Board by their Ex Officio representative on the Audit Committee regularly and the Chairperson of the Audit Committee annually.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted, revealed certain weaknesses, which were then referred to Management and corrective steps have been implemented or will be implemented to minimise the risks.

GOVERNANCE

The system of controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. The system applied by the Board over financial risk and risk management is effective, efficient and transparent.

In line with the Public Finance Management Act and the King IV Report on Corporate Governance requirements, 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.

From the reports of the Internal Auditors and the Audit Report on the Annual Financial Statements, and the management report of the Auditor-General, it was noted that there were no material deficiencies in the system of internal control.

The Audit Committee is satisfied that the internal audit function, which is outsourced, is operating effectively and that it has covered the mitigations/controls relating to the risks pertinent to the Board in its audit.

The following internal audit work was completed during the year under review:

A review of the implementation and effectiveness of internal control measures were performed during the year in the following focus areas:

- Review of draft Annual Financial Statements
- Review of Performance Information on Predetermined Objectives (PDO's)
- Follow-up work on previous internal and external audit findings
- Asset verification
- Review of IT Department
- Review of the Regulatory Compliance Department
- Review of the Board activities
- Review of Chief Executive Officer's office
- Review of the Licensing Department
- Review of the Administration and Finance Department
- Review of the Legal Division
- Review of HR Division

In-Year Management and Quarterly Report

The Board has submitted quarterly reports to the Executive Authority. The Audit Committee is satisfied with the content and quality of the quarterly reports prepared and issued by the Board during the year under review.

Finance Function

The preparation of financial reports, including the annual financial statements, was completed under the supervision of Ms Z Siwa CA(SA). The Committee reviewed and satisfied itself that the expertise and experience of Ms Siwa, the Chief Financial Officer, is appropriate. The Committee further reviewed and was satisfied that the expertise and resources within the finance function were appropriate and effective.

Combined Assurance

Assurance is obtained from a number of assurance providers in a coordinated manner, to avoid duplication of effort.

The internal audit plan is compiled using a risk-based methodology, in consultation with management. In addition, internal and external auditors work in a collaborative manner. For the 2021 financial year, the

Committee has considered the risks presented by management, evaluated and approved the plans of the internal audit function and the external auditors, and the outcome of the audit work performed.

The Committee is satisfied that the independent assurance providers' work undertaken, together with the internal control designed by management, is adequate.

Evaluation of Financial Statements

We have:

- Reviewed and discussed the audited Annual Financial Statements prepared by the Board to be included in the Annual Report, with the Auditor-General of South Africa, management and the Board;
- Reviewed the Auditor-General's management report and management's response thereto;
- Reviewed the Board's compliance with legal and regulatory provisions; and
- Reviewed adjustments resulting from the audit.

Internal auditors

The Committee has considered the independence and effectiveness of the internal audit function. The Committee has reviewed and approved the internal audit charter and the internal audit plan for 2021 and is satisfied, through the declarations made by the internal auditors, that the assurances provided to the Committee are aligned to the Code of Ethics of the Institute of Internal Auditors.

Internal Audit reports to the Committee at each meeting and through these reports provides the Committee with a reflection of the internal control environment. The Committee is satisfied with the effectiveness of Internal Audit.

External auditors

The Audit Committee is satisfied with the independence and objectivity of the external auditors, which includes consideration of the extent of other work undertaken and the compliance with criteria relating to independence or conflict of interest as prescribed by the Independent Regulatory Board for Auditors (IRBA).

The Committee recommended the approval of the audit strategy for the 2021 audit by the Board. The Committee has also evaluated the performance and conduct of the external auditors for the reporting period and is satisfied with the quality of the external audit function.

The Committee reviewed the Board's implementation plan for audit issues raised in the prior year and is satisfied that the matters have been adequately resolved.

The Audit Committee concurs and accepts the Auditor-General's conclusions on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.



Mervyn Burton
Chairperson of the Audit Committee
Western Cape Gambling and Racing Board
Date: 31 July 2021

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the guideline of the Department of Trade and Industry.

Has the Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 - 8) with regards to the following:		
Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	Yes	The Board imposes licence conditions on the different sectors of the industry, indicating a minimum B-BBEE compliance level to be achieved. Further, that such status be confirmed in a verification certificate issued by an accredited verification agency.
Developing and implementing a preferential procurement policy?	Yes	The Board implemented its SCM Policy, taking into account the requirements as set out in the Treasury Regulations, Treasury Instructions, the Preferential Procurement Regulations and all relevant legislation pertaining to supply chain management.
Determining qualification criteria for the sale of state-owned enterprises?	No	The Board is not a State-owned Enterprise.
Developing criteria for entering into partnerships with the private sector?	No	The Board is not a service delivery entity. It is a regulatory and licensing authority.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	The Board will set such criteria as and when it offers incentives, grants and investment schemes in support of Black Economic Empowerment.



PART D:
HUMAN
RESOURCE
MANAGEMENT

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The Board has an approved staff structure of seventy-four employees with sixty-six positions filled and eight posts vacant as at 31 March 2021.

The Human Resource Division provides services and support to the Board and its office on recruitment, talent retention and performance management, industrial relation, staff development, staff wellness and Human Resources related policy development.

The payroll administration function resides with the Department: Administration and Finance.

OVERVIEW OF HUMAN RESOURCES (HR) MATTERS AT THE BOARD

- Set HR priorities for the year under review and the impact of these priorities
- Procuring staff with the necessary competencies, thus enabling the organisation to deliver on its strategic and operational priorities
- Competent and diverse workforce to ensure the equitable representation of designated groups in all occupational categories and levels in the workforce as well as Fair treatment in employment
- Continuous professional Development and training to equip employees with the necessary technical competencies to perform their functions as per their Personal Development Plans
- Creating and maintaining a safe working environment
- Performance oriented environment
- Creating a caring and supportive working environment that is people centred and people driven.
- Ongoing review of HR policies
- Job evaluation to ensure job descriptions and titles remain appropriate and accurate

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

The employment needs of the Board are met by the recruiting and selecting of candidates for appointment according to their ability, experience and qualifications to fulfil the job requirements.

All advertisements must adhere to the provisions of the Employment Equity Act (EEA) and its intention to promote equitable representation in line with the approved EE Plan, without introducing absolute barriers.

The appropriate media for advertising (inclusive of the internet) is selected on a cost efficiency basis with the aim to attract the specific target market nationally. All posts are advertised internally as well as externally to reach the widest possible number of people within the designated groups.

Employee performance management framework

The Board strives to establish a performance driven culture by encouraging performance excellence through reward and recognition.

Ongoing feedback on work performance is given to employees whilst formal appraisal is done twice a year, every six months. In instances where targets or performance expectations are not met, the gaps are addressed through the management of poor work performance.

The Cabinet approved the decision by the Western Cape Government's Provincial Top Management (PTM) that performance bonuses for the 2019/2020 performance cycle would not be paid to employees within the Western Cape Government.

This decision was made incumbent upon all provincial public entities. The employees however received their pay progressions, based on attaining at least a satisfactory performance Level as determined by the Performance Incentive Policy.

Employee wellness programmes

The Board acknowledges its responsibility towards preventing and/mitigating the psychological stress and personal challenges of its employees (including their families) and is therefore committed to promoting and maintaining healthy lifestyles. It recognises the risk associated with employees personal and work-related problems both for the employee and the organisation. Organisational consequences of such problems are understood to include heightened absenteeism, lowered productivity and moral, high staff turnover and risk for incapacity.

Through the establishment of the Employee Health and Wellness programme, the organisation is also committed to creating a caring and supportive working environment that is people centred and people driven.

The programme offers primary services (24/7/365 telephonic counselling service, online e-Care service and reporting) and secondary services (face-to face counselling, group and individual trauma, training and targeted intervention, Life Management services, which include legal and financial wellbeing as well as managerial service).

The programme is monitored through quarterly reports that provides a trend analysis of utilisation, risk identification and its impact on production. The report is provided by ICAS, the Employee Wellness programme service provider.

Policy development

Based on the directive from the Western Cape Provincial Treasury (WCPT), the Board resolved that the WCGRB human resources policies be aligned with that of the Western Cape government and in particular with that of the Western Cape Provincial Treasury.

Consequently, the Board continuously check on the WCPT's policies for any changes to be done and the related amendments are processed to the WCGRB relevant policies.

During the year under review, the division assisted with a review of the Recruitment and Selection policy.

Achievements

During the year under review, the division assisted with:

- The alignment of the Board's HR related policies with that of the WCPT;
- The recruitment of two employees;
- The development and submission of Workplace Skills Plan for the year 2021/22
- The preparation and submission of the Employment Equity reports to the DoL;
- Work from home survey to assess its impact on employee engagement productivity and wellbeing;
- Research and development of COVID-19 Guidelines for returning to work.
- Procurement of a wellness programme service provider.

Challenges

The industry in which the Board operates expands year on year, however the existing organisational structure has remained stagnant.

The failure in re-grading the administrative employees who had increased their duties remain a challenge and the delay in conducting a job evaluation exercise has had an impact on staff morale.

Further to this, the organisation is required to function within an environment, which demands that managers do more with less.

Despite the changing patterns and demands impacting on the modern workplace, the Board successfully achieved its mandate and targets. This achievement can be attributed to dedication and commitment of the Board, executive managers and employees of the Board.

HUMAN RESOURCE MANAGEMENT

Future HR plans /goals

The Board is committed to progress positively in up-skilling its staff and towards the achievement of its Employment Equity and Affirmative Action objectives.

The Board continues in its attempts to enhance staff morale and with its practice to offer quarterly staff-funded socials as a means for the various departments to interact and to foster better working relations and camaraderie.

The HR practices are designed to ensure a work-life balance for its employees with quasi-flexi time working hours and employee and family wellness programmes via ICAS.

The Board further encourages a performance conducive environment and endeavours to create and maintain, as far as possible a working environment that is safe and without risks to the health and safety of the employees.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel Cost by programme

Programme	#Total Expenditure for the entity (R' 000)	Personnel Expenditure (R' 000)	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee (R' 000)
Administration*	17 280	13 446	78%	37	363
Licensing	12 718	12 546	99%	20	627
Regulatory Compliance	16 024	15 791	99%	24	657
ICT	7 138	2 755	39%	5	551
TOTAL	53 162	44 538	84%	86	518

*Administration programme includes the Board, the Administration and Finance Department, Executive Management and seven (7) temporary workers.

#Total Expenditure excludes depreciation and amortisation, services in-kind and other non-cash items, but includes capital expenditure.

Personnel cost by salary band

Level	**Personnel Expenditure (R' 000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R' 000)
Top Management	1 530	4%	1	1 530
Senior Management	6 916	16%	6	1 153
Professional qualified	9 303	22%	11	846
Skilled	19 484	46%	32	609
Semi-skilled	4 973	12%	16	311
Unskilled	-	0%	-	-
TOTAL	42 205		66	639

** Excludes Board member's remuneration of R1 021 571, housing allowance of R927 944, remuneration of temporary workers of R400 182 and net salary accruals/provisions of R748 561.

HUMAN RESOURCE MANAGEMENT

Performance Rewards

No Performance Bonuses were payable for 2020/2021.

Level	Performance rewards (R' 000)	Personnel Expenditure (R' 000)	% of performance rewards to total personnel cost (R' 000)
Top Management	-	-	-
Senior Management	-	-	-
Professional qualified	-	-	-
Skilled	-	-	-
Semi-skilled	-	-	-
Unskilled	-	-	-
TOTAL	-	-	-

Training Costs

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee (R'000)
Board	1 095	19	1.74%	7	3
Executive	7 042	24	0.34%	8	3
Administration & Finance	6 903	40	0.58%	7	6
Regulatory Compliance	15 791	130	0.82%	11	12
Licensing	12 546	15	0.12%	8	2
ICT	2 755	10	0.36%	5	2
TOTAL	46 132	238	0.52%	46	5

** Personnel Expenditure as disclosed in Note 19 to the financial statements.

The training expenditure includes financial assistance for part-time studies.

Employment and vacancies

Programme	2019/20 No. of Employees	2020/21 Approved Posts	2020/21 No. of Employees	2020/21 Vacancies	% of vacancies
Administration	7	9	7	2	29%
Executive	7	7	7	-	-
Management	7	7	7	-	-
Regulatory Compliance	22	25	22	3	14%
Licensing	19	22	19	3	16%
ICT	4	4	4	-	-
TOTAL	66	74	66	8	12%

Level	2019/20 No. of Employees	2020/21 Approved Posts	2020/21 No. of Employees	2020/21 Vacancies	% of vacancies
Top Management	1	1	1	-	-
Senior Management	6	6	6	-	-
Professional qualified	12	13	11	2	18%
Skilled	32	36	32	4	13%
Semi-skilled	15	18	16	2	13%
Unskilled	-	-	-	-	-
TOTAL	66	74	66	8	12%

The recruitment and selection process for all vacant posts was put on hold due to the COVID-19 global pandemic. All these posts are now in a process of being filled.

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	-	-	1
Senior Management	6	-	-	6
Professional qualified	12	-	1	11
Skilled	32	1	1	32
Semi-skilled	15	1	-	16
Unskilled	-	-	-	-
TOTAL	66	2	2	66

HUMAN RESOURCE MANAGEMENT

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	1	50%
Resignation	-	
Dismissal	-	
Retirement	1	50%
Ill health	-	
Expiry of contract	-	
Other	-	
Total	2	100%

One staff member retired during the year under review. There was one termination due to death during the review period. As it is a critical post within finance, the post was immediately advertised and an appointment has been made.

Even though the nature of employment with a flat organisational structure limits career progression, there were no staff resignations for the year under review.

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	-
Written Warning	-
Final Written Warning	-
Dismissal	-
TOTAL	-

Equity Target and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	1	1	-	-	-	-	-
Senior Management	-	-	2	2	-	-	-	-
Professional qualified	2	2	2	2	1	-	4	1
Skilled	4	7	10	10	-	-	2	3
Semi-skilled	1	3	2	4	-	-	1	1
Unskilled	-	-	-	-	-	-	-	-
TOTAL	7	13	17	18	1	0	7	5

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	-	-
Senior Management	1	1	3	2	-	1	-	-
Professional qualified	-	1	1	2	-	-	2	-
Skilled	4	6	11	12	-	1	-	3
Semi-skilled	2	3	7	4	1	-	2	2
Unskilled	-	-	-	-	-	-	-	-
TOTAL	7	11	22	20	1	2	4	5

HUMAN RESOURCE MANAGEMENT

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	-	-	-	-
Senior Management	-	-	-	-
Professional qualified	-	-	-	-
Skilled	-	-	-	-
Semi-skilled	-	-	1	1
Unskilled	-	-	-	-
TOTAL	-	-	1	1

The major variances between targets and the current workforce profile is due to lack of qualified equity candidates at the remuneration rate offered to fill available posts. All posts are advertised internally as well as externally to reach the widest possible number of people within the designated groups and qualifications are not defined solely in terms of educational attainment, but also include skills and relevant experience.

PART E:

FINANCIAL INFORMATION



REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL PARLIAMENT ON THE WESTERN CAPE GAMBLING AND RACING BOARD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Western Cape Gambling and Racing Board set out on pages 90 to 149, which comprise the statement of financial position as at 31 March 2021, 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 Western Cape Gambling and Racing Board as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act No. 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the 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 matters

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

Restatement of corresponding figures

7. As disclosed in note 37 to the financial statements, the corresponding figures for 31 March 2020 were restated as a result of errors in the financial statements of the entity at, and for the year ended, 31 March 2021.

Underspending of the budget

8. As disclosed in the statement of comparison of budget and actual amounts, the entity materially underspent the budget by R16 808 876. The underspending was mainly due to the effect of covid-19 on the operations of the entity.

Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting authority is responsible for assessing the 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 entity or to cease operations, or has no realistic alternative but to do so.

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

11. 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.
12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the entity's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 3: regulatory compliance	42

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
 - Programme 3: regulatory compliance

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. Refer to the annual performance report on page 42 for information on the achievement of planned targets for the year and management's explanations provided for the under-achievement of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

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

OTHER INFORMATION

22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact.
26. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

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

Auditor-General

Century City
31 July 2021



Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

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

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Regulating gaming industry
Board members	Mr DT Lakay Mr CA Bassuday Ms C Fani Ms N Magazi (Term Expired: 10 Jun 2020) Mr RG Nicholls Ms L Nyati (Resigned: 31 Jan 2021) Mr TC Arendse (Appointed: 1 Apr 2020) Ms L Venter (Appointed: 6 Nov 2020)
Business address	100 Fairway Close Parow Cape Town Republic of South Africa 7500
Postal address	PO Box 8175 Roggebaai 8012
Bankers	Nedbank
Auditors	Auditor General (SA)
Secretary	Heinrich Brink

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

	Page
Statement of Financial Position	90
Statement of Financial Performance for the year ended 31 March 2021	91
Statement of Changes in Net Assets	92
Cash Flow Statement for the year ended 31 March 2021	93
Statement of Comparison of Budget and Actual Amounts	94
Accounting Policies	96
Notes to the Annual Financial Statements	115

The annual financial statements set out on pages 90 to 149 which have been prepared on the going concern basis, were approved by the Board on 31 May 2021 and were signed on its behalf by:



PA Abrahams
Chief Executive Officer

FINANCIAL INFORMATION

Western Cape Gambling and Racing Board
Annual Financial Statements for the year ended 31 March 2021

Statement of Financial Position as at 31 March 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	26 997 794	21 762 762
Inventories	4	60 896	61 769
Prepayments	5	804 478	1 244 031
Trade and other receivables	6	37 362 685	27 162 949
Cash and cash equivalents - Trust funds (securities)	7	15 901 272	12 512 968
Cash and cash equivalents - Trust funds (trust)	7	12 720 791	11 408 649
Cash and cash equivalents - ILSF Housing Fund	8	426 343	375 738
		94 274 259	74 528 866
Non-Current Assets			
Property, plant and equipment	9	3 551 690	4 849 032
Intangible assets	10	4 688 680	3 804 290
Prepayments	5	247 102	135 610
		8 487 472	8 788 932
Total Assets		102 761 731	83 317 798
Liabilities			
Current Liabilities			
Trust creditors (securities)	7	15 901 272	12 512 968
Trust creditors (probity costs)	7	10 222 891	10 027 285
Trade and other payables	11	62 117 339	46 116 581
Provisions	12	300 000	-
Employee Benefits	13	4 867 383	3 318 939
		93 408 885	71 975 773
Non-Current Liabilities			
Employee Benefits	13	4 268 000	3 771 452
Total Liabilities		97 676 885	75 747 225
Net Assets		5 084 846	7 570 573

* See note 37

Statement of Financial Performance for the year ended 31 March 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Interest income	14	1 126 946	1 718 836
Operating revenue	15	42 004 774	39 855 972
Sundry income	16	101 009	195 900
Total revenue from exchange transactions		43 232 729	41 770 708
Revenue from non-exchange transactions			
Transfer revenue			
Government grants	17	27 744 000	37 663 142
Services in-kind	18	5 067 522	4 355 623
Total revenue from non-exchange transactions		32 811 522	42 018 765
Total revenue		76 044 251	83 789 473
Expenditure			
Amortisation: Intangible assets	10	291 715	146 484
Depreciation: Property, plant and equipment	9	1 349 384	1 025 960
Elimination of illegal gambling operations		2 800	123 462
Employee related costs	19	46 131 519	46 563 473
Finance costs	13	255 312	360 000
Legal fees		772 771	1 095 656
Other expenses	20	12 653 297	14 221 940
Rental expenses		264 880	472 995
Travel and subsistence		51 409	2 130 886
Total expenditure		(61 773 087)	(66 140 856)
Operating surplus		14 271 164	17 648 617
(Gain)/Loss on disposal of assets		(14 889)	15 427
Actuarial (gains)/losses	13	198 574	(531 771)
		(183 685)	516 344
Surplus for the year		14 087 480	18 164 961

* See note 37

FINANCIAL INFORMATION

Statement of Changes in Net Assets

Western Cape Gambling and Racing Board
Annual Financial Statements for the year ended 31 March 2021

Figures in Rand

	Accumulated surplus	Total net assets
Balance at 01 April 2019	2 819 144	2 819 144
Surplus for the year	18 380 674	18 380 674
Surplus paid to the Provincial Revenue Fund	(13 413 532)	(13 413 532)
Total changes	4 967 142	4 967 142
Balance at 31 March 2020 as previously reported	7 786 286	7 786 286
Adjustments		
Correction of errors (see note 37)	(215 713)	(215 713)
Restated Balance at 31 March 2020	7 570 573	7 570 573
Surplus for the year	14 087 480	14 087 480
Surplus payable to the Provincial Revenue Fund	(16 573 207)	(16 573 207)
Total changes	(2 485 727)	(2 485 727)
Balance at 31 March 2021	5 084 846	5 084 846

Cash Flow Statement for the year ended 31 March 2021

Figures in Rand	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Taxes and levies collected		484 480 218	693 462 277
Operating revenue		43 967 519	40 465 159
Government grant		27 744 000	37 663 142
Interest income		1 126 946	1 718 836
Sundry Income		101 009	195 900
		557 419 692	773 505 314
Payments			
Employee costs		(44 537 853)	(45 708 010)
Suppliers		(10 027 139)	(17 213 159)
Finance costs		(2 560)	-
Taxes and levies distributed		(481 823 178)	(690 853 056)
		(536 390 730)	(753 774 225)
Net cash flows from operating activities	25	21 028 962	19 731 089
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(75 044)	(3 050 162)
Proceeds from sale of property, plant and equipment		37 892	53 894
Capitalised development IT costs	10	(1 176 105)	(3 545 344)
Net cash flows from investing activities		(1 213 257)	(6 541 612)
Cash flows from financing activities			
Net receipt and payments for trust funds		3 583 910	1 820 267
Cash surplus paid to the Provincial Revenue Fund	23	(13 413 532)	(1 337 451)
Net cash flows from financing activities		(9 829 622)	482 816
Net increase in cash and cash equivalents		9 986 083	13 672 294
Cash and cash equivalents at the beginning of the year		46 060 117	32 387 823
Cash and cash equivalents at the end of the year	3	56 046 200	46 060 117

* See note 37

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand

	Approved budget	Adjustment	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Statement of Financial Performance

Revenue

Non-tax revenue

Sale of goods and services other than capital assets	41 106 537	-	41 106 537	43 967 519	2 860 982	(1)
Entity revenue other than sales	1 120 000	-	1 120 000	1 227 955	107 955	
Transfers received Departmental transfers	27 744 000	-	27 744 000	27 744 000	-	
Total revenue	69 970 537	-	69 970 537	72 939 474	2 968 937	

Expenses

Compensation of employees	(51 338 803)	-	(51 338 803)	(44 537 853)	6 800 950	(2)
Goods and services	(16 695 224)	-	(16 695 224)	(7 372 659)	9 322 565	(3)
Payments for capital assets	(1 936 510)	-	(1 936 510)	(1 251 149)	685 361	(4)
Total expenditure	(69 970 537)	-	(69 970 537)	(53 161 661)	16 808 876	
Surplus / (Deficit)	-	-	-	19 777 813	19 777 813	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	19 777 813	19 777 813	

Statement of Comparison of Budget and Actual Amounts

The budget is approved on a cash basis by functional classification. The approved budget covers the period from 1 April 2020 to 31 March 2021.

The budget and the accounting basis differ. The financial statements are prepared on the accrual basis using a classification on the nature of the expenses in the statement of financial performance. The financial statements differ from the budget, which is approved on the cash basis. Refer to note 33 for the reconciliation between budget and statement of financial performance.

Refer to note 34 for the differences between budget and actual amounts of preparation and presentation as well as explanations regarding the changes between approved and final adjusted budget, where applicable.

In terms of paragraph 12(c) of GRAP 24, the comparison of budget and actual amounts shall be presented separately, by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts. For this purpose, all differences exceeding 0.5% of total expenditure were deemed to be material and therefore explanations have only been provided for those differences exceeding the threshold.

Explanations for variances:

1. It is difficult to accurately budget for the Board's own revenue as applications are based on industry demands. New licence applications received and processed exceeded projected figures. Board inspector charge out fees as well as investigation fees are based on the number of new applications as well as licence renewals in a particular year. Provision is made for an annual inflationary adjustment which comes into effect on April, 1st of each year.
2. The underspending in compensation of employees is due to vacancies during the year. During the COVID 19 pandemic, to assist with the Western Cape Provincial Recovery Plan, the Board was requested to put a moratorium on non critical positions. Processes to fill vacant positions have been started towards the end of the financial year.
3. The underspending in goods and services is due to the following: During the COVID 19 pandemic, Provincial Treasury has requested the Board to identify savings in the Board's expenditure budget to assist the Province with the Western Cape Recovery Plan. Savings were identified in respect of the following line items: Travel, transport and subsistence, entertainment, conference fees, capital assets, board awareness programmes and training. Even though the Board's budget was not adjusted during the Adjustment Budget Process, the Board continued to incur expenditure within the cost cutting parameters.
4. As part of the cost cutting measures disclosed in number 4 above, the Board has identified savings in its capital expenditure budget. The Board continued to incur expenditure within the cost cutting parameters.

1. Presentation of Annual Financial Statements

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

These annual financial statements 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. They are presented in South African Rand.

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

All amounts disclosed in the financial statements and notes have been rounded off to the nearest rand currency units unless otherwise stated.

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 entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Indicators such as significant difficulty of debtors and adverse change in local economic conditions, amongst others, are considered when assessing whether an impairment loss should be recognised.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short term nature of these assets and liabilities.

Provisions

Management judgment is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Property, plant and equipment and intangible assets

The Board assesses the useful life and residual values of these assets based on the condition of the assets and the replacement policy of the Board. Management also considers the impact of technology, availability of capital funding and service requirements to determine the optimum useful life expectation, where appropriate.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the entity considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for post retirement benefits are based on current market conditions. Additional information is disclosed in Note 13.

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures and impairment loss. The impairment loss is measured as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, are reduced, either directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

In estimating the future cash flows, the entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable are revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Management uses the aging of outstanding statutory receivables to make a determination as to whether statutory receivables may be impaired. Statutory receivables with long outstanding balances (debtors with financial difficulty) are assessed for impairment.

1.4 Property, plant and equipment

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

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.

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.

Accounting Policies

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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

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

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

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

Item	Depreciation method	Average useful life
Motor vehicles	Straight line	4 - 10 Years
Equipment and furniture	Straight line	2 - 25 Years
Computers	Straight line	3 - 25 Years
Computer accessories	Straight line	2 - 15 Years

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

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

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the de-recognition 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.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 29).

1.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets shall be measured initially at cost.

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.

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.

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.

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.

The amortisation period and the amortisation method (useful lives and residual value) for intangible assets are reviewed at each reporting period. The change will be accounted for in accordance with GRAP 3.

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.

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
WCGRB Database Software	Straight line	10 Years
Licensing Automation Project	Straight line	15 Years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 10).

Intangible assets are derecognised:

- 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 de-recognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.6 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.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Financial instruments at amortised cost are non derivative financial assets or non derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Trade and other receivables	Financial asset measured at amortised cost
Trust funds (securities)	Financial asset measured at amortised cost
Trust funds (trust)	Financial asset measured at amortised cost
ILSF Housing Fund	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	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 and deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition and measurement

Financial instruments are recognised initially when the Board becomes a party to the contractual provisions of the instruments. The Board classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

The Board measures a financial asset and financial liability initially at its fair value.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial instruments after initial recognition using the following categories:

- Financial assets at amortised cost, using the effective interest method, less accumulated impairment losses.
- Financial liabilities consist of trade and other payables and trust funds. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

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

A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. If there is evidence, then the recoverable amount is estimated and an impairment loss is recognised.

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

All impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit.

De-recognition

The Board derecognises a financial assets 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 shall derecognise the asset and recognise separately any rights and obligations created or retained in the transfer.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in surplus or deficit.

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

The difference between the carrying amount of a financial liability (or part of financial liability) extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, shall be recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non exchange transaction, are accounted for in accordance with GRAP 23.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in surplus or deficit within operating expenses.

When a trade receivable is uncollectable, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, in hand and short term fixed deposits. Cash and cash equivalents are measured at amortised cost with changes being included in surplus or deficit.

1.7 Statutory receivables

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non exchange transaction, using the policy on Revenue from non exchange transactions (Taxes and transfers); or
- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

The entity measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

Accrued interest

Where the entity levies interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate.

Interest on statutory receivables is recognised as revenue in accordance with the policy on Revenue from exchange transactions or the policy on Revenue from non exchange transactions (Taxes and transfers), whichever is applicable.

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or a group of statutory receivables, may be impaired.

In assessing whether there is any indication that a statutory receivable, or group of statutory receivables, may be impaired, the entity considers, as a minimum, the following indicators:

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and

the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit.

In estimating the future cash flows, an entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows.

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

De-recognition

The entity derecognises a statutory receivable, or a part thereof, when:

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

1.8 Taxation

The Board's income is exempt from taxation in terms of Section 10(1)(cA) (i) of the Income Tax Act, 1962.

1.9 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 prime interest rate.

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

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

Operating leases - lessee

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

1.10 Inventories

Inventories are assets in the form of materials or supplies to be consumed or distributed in the rendering of services or distribution in the ordinary course of business.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost of the inventories can be measured reliably.

Inventories are initially measured at cost.

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;

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

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

Redundant and slow moving inventories are identified and written down. The amount of any reversal of any write down or inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Inventory comprise of stationery and computer consumables that shall be consumed within a short term period in the normal business of the board and not held for sale.

1.11 Impairment of cash generating assets

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

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

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.

Recognition and measurement

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.

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.

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.

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.

- 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.

Re-designation

The re-designation of assets from a cash generating asset to a non cash generating asset or from a non cash generating asset to a cash generating asset only occur when there is clear evidence that such a re-designation is appropriate.

1.12 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not 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

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.

The accruals for employee entitlements to salaries and annual leave represents the amount which the Board has a present obligation to pay as a result of employees' service provided for at the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates.

Post-employment benefits

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

Post-employment benefit plans are formal or informal arrangements under which an entity provides post employment benefits for one or more employees.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an 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 contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount 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 obligation.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post employment benefit obligations (both funded and unfunded) reflect 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 post employment benefit obligations.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

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.

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.

Provisions are not recognised for future operating surplus (deficit).

Contingent assets and contingent liabilities are not recognised. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable. Contingencies are disclosed in note 32.

1.14 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.15 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.

Revenue from exchange transactions refer to revenue that accrued to the Board directly in return for services rendered, the value of which approximates the consideration received or receivable.

Measurement

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

The amount of revenue arising on a transaction which is statutory (non contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non contractual) arrangement (see the accounting policy on Statutory Receivables).

Operating revenue consists of:

Board Inspectors' Charge Out Fees

This represents the hourly charge out rate for board inspectors performing probities and application investigations.

The revenue is recognised on invoice for the hours the inspectors performed the duties of probity and investigations.

Investigation fees

This represents fees paid by licensed operators in terms of section 44 of the Western Cape Gambling and Racing Act (Act 4 of 1996) as amended.

The revenue is recognised on invoice at the granting or renewal of an operator licence.

Licence application fees

This represents a fee payable in terms of section 44 of the Western Cape Gambling and Racing Act (Act 4 of 1996) as amended.

The revenue is recognised on invoice at time of application.

1.16 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.

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.

Government grants

Government grants without conditions attached to it, are recognised as revenue when the asset is recognised.

Services in-kind

Except for financial guarantee contracts, the entity recognises services in kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in kind received during the reporting period.

1.17 Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

1.18 Accounting by principals and agents

Identification

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

Binding arrangement

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

Assessing which entity benefits from the transactions with third parties

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

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

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

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

Recognition

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

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

1.19 Trust funds

Trust funds represent deposits by gaming enterprises for the purposes of covering costs and defaults incurred in terms of section 34 and section 39 of the Western Cape Gambling and Racing Act, 1996 (Act 4 of 1996), as amended.

1.20 Comparative figures

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

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements or comparative information. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as practicable, and the prior year comparatives are restated accordingly.

1.21 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the 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.

1.22 Irregular expenditure

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

- a. this Act; or

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

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

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

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

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

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

Irregular expenditure recovered is recognised as revenue in the Statement of Financial Performance.

1.23 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.

It is management's view that the Board do not have segments as the programmes are support functions and do not generate economic benefits or service potential.

1.24 Budget information

The approved budget covers the fiscal period from 2020/04/01 to 2021/03/31.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 33.

Comparative information is not required.

1.25 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

Remuneration of management includes remuneration derived for services provided to the entity in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the entity for services in any capacity other than as an employee or a member of management do not satisfy the definition of remuneration. Remuneration of management excludes any consideration provided solely as reimbursement for expenditure incurred by those persons for the benefit of the reporting entity, such as the reimbursement of accommodation costs associated with work related travel.

1.26 Events after reporting date

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

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

The 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.

1.27 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 0.5% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.28 Tax and levies collection

The Western Cape Gambling and Racing Act, 1996 (Act 4 of 1996) provides for the imposition of statutory taxes and fees payable by licence holders, as well as administrative penalties for non compliance. The Board collects gambling taxes and levies on gambling transactions on behalf of the Provincial Revenue Fund and other beneficiaries. Taxes and levies are collected based on the tax arrangements as set out in the Western Cape Gambling and Racing Act. Taxes and levies collected are disclosed in Note 24 and Note 36 to the financial statements.

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	Impact
IGRAP 20: Accounting for Adjustments to Revenue	1 April 2020	Not material.

2.2 Standards and interpretations issued, but not yet effective

Standards of GRAP approved which are not yet effective, or for which the Minister of Finance has not yet determined an effective date, that entities may consider in formulating an accounting policy.

Standard/Interpretation	Expected Impact
Guideline: Accounting for Landfill Sites	No such transactions are expected in the foreseeable future.

Notes to the Annual Financial Statements

Figures in Rand

2021	2020
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3. **Cash and cash equivalents**

Cash and cash equivalents consist of:

Cash on hand	-	6 000
Bank balances	26 997 794	11 756 762
Short-term deposits	-	10 000 000
	26 997 794	21 762 762

The Board's bank balances are held at Nedbank. The interest rate for funds held in the primary bank account is 2.9% as at 31 March 2021.

Cash and cash equivalents in the cash flow statement consist of:

Trust funds (securities) - (Refer to Note 7)	15 901 272	12 512 968
Trust funds (trusts) - (Refer to Note 7)	12 720 791	11 408 649
ILSF Housing Fund - (Refer to Note 8)	426 343	375 738
Cash and cash equivalents (as per above)	26 997 794	21 762 762
	56 046 200	46 060 117

Monies held in trust funds (trust and securities) are held in terms of section 34 and 39 of the Western Cape Gambling and Racing Act (the "Act").

In terms of section 34 of the Act, any person who submits an application under this Act and any licence holder which is the subject of a hearing, an investigation or enquiry under this Act, shall be liable and pay to the Board in the prescribed manner all costs reasonably incurred by or on behalf of the Board in conducting any hearing, investigations or enquiries provided for in this Act.

In terms of section 39 of the Act, the Board may require any applicant for a licence, before commencing or, in the case of a holder of such a licence, continuing to carry on the business authorised under that licence, to give security for the payment of all taxes, fees and gambling obligations due, or which may become due, under this Act in such amount and form as the Board may determine.

4. **Inventories**

Stationery and computer consumables on hand	60 896	61 769
Inventories recognised as an expense during the year	72 717	128 216

Inventory comprise of stationery and computer consumables consumed within a short term period in the normal course of business and are not held for resale.

There were no write downs or reversal of write down of inventories to net realisable value for the year under review.

Notes to the Annual Financial Statements

Figures in Rand

	2021	2020
5. Prepayments		
Membership fees	5 831	5 508
Training costs	-	2 473
Software upgrade fees	1 020 250	1 349 517
Subscription fees	25 279	21 988
TV Licence fees	220	155
	1 051 580	1 379 641
As disclosed in the statement of financial position		
Prepayments: current assets	804 478	1 244 031
Prepayments: non-current assets	247 102	135 610
	1 051 580	1 379 641
<p>Prepayments represent, mainly, the payments made in respect of software licencing fees which are paid upfront and expensed over a longer period of time and relate mainly to the licence fees for the Licencing Automation Project.</p>		
6. Trade and other receivables		
Amounts due in respect of trading operations	37 293 093	27 110 637
Amounts due in respect of other activities	69 592	52 312
	37 362 685	27 162 949
<p>Statutory receivables included in trade and other receivables are as follows:</p>		
Licence application fees	84 138	7 666
Board Inspector's Charge out fees	148 945	457 530
Investigation fees	355 347	421 487
Annual Licence Fees	120 061	135 412
Gambling Taxes	36 580 561	24 418 108
Penalties	-	2 500
	37 289 052	25 442 703
Financial asset receivables included in receivables from exchange transactions above	73 633	1 720 246
Total receivables	37 362 685	27 162 949

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

6. Trade and other receivables (continued)

Statutory receivables general information

Transaction(s) arising from statute

Licence application fees: In terms of section 44(1) of the Act (Western Cape Gambling and Racing Act, Act 4 of 1996), the prescribed new licence application fee shall be paid by every applicant for a licence on submission of a new licence application.

Board Inspector’s Charge out Fees: In terms of section 34(1) of the Act, any person who submits an application under this Act shall be liable for and pay to the Board in the prescribed manner all costs reasonably incurred by or on behalf of the Board in conducting any hearings, investigations or enquiries provided for in this Act.

Investigation fees and annual licence fees: In terms of section 44(2) of the Act, the prescribed annual licence and investigation fees shall be paid by a licence holder upon issue of the licence and thereafter annually upon renewal thereof.

Gambling Taxes: In terms of section 64(1) of the Act, from time to time and in the manner prescribed there shall be paid to the Board gambling and betting taxes by the holders of licences as provided for in Schedules III and IV.

Penalties: In terms of section 75A of the Act, if the Board is satisfied, on a balance of probabilities, from evidence adduced at any hearing conducted in terms of this Act or produced as a result of any investigation or enquiry pursuant to this Act, that a provision of the Act has been contravened or has not been complied with, the Board may hold any or all such licence holders liable for such contravention as the case may be, and impose a penalty contemplated in subsection (2).

Determination of transaction amount

Licence application fees: New licence application fees are set out in “Annexure B: New Licence Application Fees” in the Western Cape Gambling and Racing Regulations (Fees and Costs), 2016: Amendment, 2019.

Board Inspector’s Charge out Fees: Board Inspectors Charge Out Fees represent the hourly charge out rates for board inspectors performing probities and application investigations. The Board also charged flat rates for key employee and gambling employee licence applications.

Annual investigation fees and annual licence fees: Annual investigation and licence fees are set out in “Annexure C: Annual Licence and Investigation Fees” in the Western Cape Gambling and Racing Regulations (Fees and Costs), 2016: Amendment, 2019.

Gambling Taxes: The determination of amounts payable for taxes on gambling activities is provided for in Schedules III and IV to the Western Cape Gambling and Racing Act.

Penalties: The Board may impose penalties in terms of section 75(A)(2) of the Act.

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivables

Significant impairment losses recognised or reversed

There were no impairment losses recognised or reversed for the year under review (2020: Rnil).

Other impairment losses recognised or reversed

There were no other impairment losses recognised or reversed for the year under review (2020: Rnil).

Notes to the Annual Financial Statements

Figures in Rand

2021	2020
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6. Trade and other receivables (continued)

Receivables past due but not impaired

Relating specifically to Statutory Receivables

Statutory Receivables outstanding for more than 30 days are considered as past due but not impaired. At 31 March 2021, statutory receivables of R 122 732 (2020: R 289 289) were past due but not impaired. These relate to existing licence holders with no defaults in the past. All the amounts were subsequently recovered.

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

31 - 60 days past due	122 732	279 852
61 - 90 days past due	-	-
91 and over past due	-	9 437
	122 732	289 289

Disaggregation of trade and other receivables

Trade and other receivable from exchange transactions	782 124	2 742 341
Trade and other receivable from non-exchange transactions	36 580 561	24 420 608
	37 362 685	27 162 949

Trade and other receivables from non exchange transactions comprise of amounts due for Gambling Taxes and Penalties at year end.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Counterparties without external credit rating

Group 1	73 633	1 720 246
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Group 1 – new customer (less 6 months).

None of the financial assets that are fully performing have been renegotiated in the last year.

Trade and other receivables neither past due nor impaired

Trade and other receivables, which do not represent statutory receivables at year end, were neither past due nor impaired.

At 31 March 2021, the amount of trade and other receivables which falls in the above category amounts to R73 633 (2020: R1 720 246).

Recoverability of trade and other receivables

The Board holds R12 720 791 (2020: R11 408 649) in trust funds from debtors and is able to withdraw funds from the trust accounts for amount due to the Board.

Consequently, the majority of the Board's trade and other receivables are secured by trust accounts in possession of the Board.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
7. Trust Funds		
Trust funds (securities)	15 901 272	12 512 968
Trust funds (trusts)	11 567 873	11 592 496
Total	27 469 145	24 105 464
Add: Amount (payable) / receivable to/from current account		
Trusts	1 152 918	(183 847)
	28 622 063	23 921 617
Currently disclosed in the financial statements		
Current assets		
Trust funds (securities) - Refer to Note 3	15 901 272	12 512 968
Trust funds (trust) - Refer to Note 3	12 720 791	11 408 649
Total	28 622 063	23 921 617
Current liabilities		
Trust creditors (securities)	15 901 272	12 512 968
Trust creditors (probity costs)	10 222 891	10 027 285
Total	26 124 163	22 540 253
8. Cash and cash equivalents - Individual-Linked Savings Facility		
ILSF Housing Fund	426 343	375 738

The individual linked savings facility is established in terms of clauses 4.5.6.3 and 4.5.6.4 of the Public Service Co-ordinating Bargaining Council Resolution 7 of 2016.

Accumulated savings shall only be accessed for the purpose of acquiring homeownership, building and/or improving a home acquired for ownership.

Refer to Note 3 - Cash and cash equivalents in the cash flow statement.

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Motor vehicles	1 772 406	(835 406)	937 000	1 772 406	(522 779)	1 249 627
Equipment & furniture	3 512 816	(1 693 811)	1 819 005	3 492 008	(1 288 894)	2 203 114
Computers	3 806 021	(3 092 910)	713 111	3 825 654	(2 545 269)	1 280 385
Computer accessories	840 683	(758 109)	82 574	841 208	(725 302)	115 906
Total	9 931 926	(6 380 236)	3 551 690	9 931 276	(5 082 244)	4 849 032

Reconciliation of property, plant and equipment- 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Motor vehicles	1 249 627	-	-	(312 627)	937 000
Equipment & furniture	2 203 114	41 981	(4 790)	(421 300)	1 819 005
Computers	1 280 385	31 108	(17 799)	(580 583)	713 111
Computer accessories	115 906	1 955	(414)	(34 873)	82 574
	4 849 032	75 044	(23 003)	(1 349 384)	3 551 690

Reconciliation of property, plant and equipment- 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Motor vehicles	854 030	601 762	-	(206 165)	1 249 627
Equipment & furniture	370 198	2 081 565	(47 104)	(201 545)	2 203 114
Computers	1 535 754	351 677	(20 697)	(586 349)	1 280 385
Computer accessories	133 260	15 158	(1 774)	(30 738)	115 906
Leased assets	1 747	-	(583)	(1 164)	-
	2 894 989	3 050 162	(70 158)	(1 025 960)	4 849 032

Pledged as security

None of the property, plant and equipment have been provided as a guarantee for liabilities.

Other information

Refer to Note 28 for capital commitments in respect of property, plant and equipment.

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to maintain property, plant and equipment is disclosed in note 29 to the financial statements.

Notes to the Annual Financial Statements

Figures in Rand

10. Intangible assets

	2021			2020		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	111 437	(73 608)	37 829	111 437	(62 326)	49 111
Internally generated computer software	4 896 824	(415 599)	4 481 226	3 005 254	(135 165)	2 870 089
Intangible assets under development	169 625	-	169 625	885 090	-	885 090
Total	5 177 886	(489 207)	4 688 680	4 001 781	(197 491)	3 804 290

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	49 111	-	-	(11 282)	37 829
Internally generated computer software	2 870 089	1 006 480	885 090	(280 433)	4 481 226
Intangible assets under development	885 090	169 625	(885 090)	-	169 625
Total	3 804 290	1 176 105	-	(291 715)	4 688 680

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Transfers	Other changes, movements	Amortisation	Total
Computer software	59 592	-	-	838	(11 319)	49 111
Internally generated computer software	-	-	3 005 254	-	(135 165)	2 870 089
Intangible assets under development	345 000	3 545 344	(3 005 254)	-	-	885 090
Total	404 592	3 545 344	-	838	(146 484)	3 804 290

2021

2020

Intangible assets in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of Intangible assets

Computer software, internally generated	169 625	885 091
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Figures in Rand

2021

2020

10. Intangible assets (continued)

Included in the carrying value of intangible assets is an amount related to the development of a new licensing automation project. The development cost of R885 091 for the prior year relates to Phase II of the Automation Project. Phase II of the Project has been completed at the end of July 2020 and therefore the Board capitalised Phase II of the Project as an internally generated intangible asset in August 2020.

The development cost of R169 625 relates to the development of Phase III of the Automation Project. At year end Phase III was still in development.

No delays have been encountered during the year under review.

None of the intangible assets have been provided as a guarantee for liabilities.

Other information

Refer to Note 28 for capital commitments in respect of intangible assets.

Material individual intangible asset

The Licensing Automation Project is an individual intangible asset which is material to the Board's financial statements.

The carrying value of the capitalised development costs for the Licensing Automation Project amounted to R 4 481 226 as at 31 March 2021.

The remaining amortisation period of the Licensing Automation Project is 13 years.

11. Trade and other payables

Trade payables	1 207 777	3 186 216
Provincial Revenue Fund (see note 23)	60 031 134	41 979 471
Kenilworth Racing (Betting Levy)	878 428	939 249
South African Responsible Gambling Foundation	-	11 645
	62 117 339	46 116 581

12. Provisions

Reconciliation of provisions - 31 March 2021

	Opening Balance	Additions	Total
Legal proceedings	-	300 000	300 000

Legal proceedings provision

A licence holder issued papers on 23 January 2020, for the review and setting aside of the Board's decision, taken on 10 October 2019, that dismissed the Applicant's appeal against the decision in relation to a dispute pertaining the pay out of winnings. The matter was heard on 10 November 2020 and judgement was delivered on 22 February 2021. The Court reviewed and set aside the decision of the Board and replaced it with a decision of dismissing the patron's claim for payment against the defendant. Cost was awarded in favour of the Applicant.

The cost estimate for the applicant's legal costs is R300 000. The amount of R300 000 is based on the Board's average costs incurred in a High Court matter. The Board awaits the Bill of Cost to be set down for taxation.

Notes to the Annual Financial Statements

Figures in Rand

	2021	2020
13. Employee benefit obligations		
Employee Benefits		
Current Liabilities	4 867 383	3 318 939
Non-Current Liabilities	4 268 000	3 771 452
	9 135 383	7 090 391
Current Liabilities - Employee Benefits		
Accrual for leave pay	3 670 226	2 241 014
Accrual for bonus	580 814	580 511
Subtotal	4 251 040	2 821 525
Current portion of Post Retirement Medical Aid	37 000	35 526
Current portion of Long Service Awards	153 000	86 150
ILSF: Housing allowance	426 343	375 738
	4 867 383	3 318 939

The accrual for leave pay increased significantly since the prior year. As most employees take leave in December, the lockdown delayed the taking of leave and accordingly, due to the covid induced position of not taking leave in the normal course, the increase occurred. Employees will however have to take their leave in due course or forfeit their leave.

Non-Current Employee Benefits

Long Service Awards	823 000	784 282
Post-Retirement Medical Aid	3 635 000	3 108 846
Subtotal	4 458 000	3 893 128
Less: Current Liability	(190 000)	(121 676)
	4 268 000	3 771 452

Long service awards

The Board offers employees Long Service Awards for every ten (10) years of unbroken service completed, from ten years of service to forty (40) years of service, inclusive.

The table below sets out the Long Service Award policy:

Completed Service (in years)	Employed before 23 March 2017	Employed after 23 March 2017
10 years	A cash amount equal to the monthly benefit salary of the employee at his/her 10 year anniversary	None
20 years	R 10 899	R 10 899
30 years	R 21 797	R 21 797
40 years	R 29 064	R 29 064

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

13. Employee benefit obligations (continued)

Valuation of assets

The long service awards liability for the Board is provided for. However, no dedicated assets have been set aside to meet this liability.

Post-retirement medical aid plan

Employees of the Board participate on a medical scheme of their choosing. The Board shall continue to provide a medical assistance subsidy of 75% of medical scheme contributions if an employee:

- Exited or exits the service of the Board because of retirement (including early retirement), death or dismissal on account of incapacity due to ill health or injury;
- Has attained at least fifty (50) years of age;
- Has remained a principal member of a registered medical scheme for twelve (12) months immediately before the date he/she exited the service of the Board;
- If an employee or former employee die(s) and his or her spouse becomes the principal member of a registered medical scheme, then the spouse becomes eligible to receive the subsidy.

The subsidy as at 1 April 2021 was R3 052 per month (R2 812 per month on 1 April 2020) and is expected to increase by 10.9% on 1 January 2022.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	3 893 128	3 758 000
Net expense recognised in the statement of financial performance	564 872	135 128
The amounts recognised in the statement of financial position	4 458 000	3 893 128
Accrued Liability		
Long Service Award		
Current liability	153 000	86 150
Non-current liability	670 000	698 132
Post-Retirement Medical Aid		
Current liability	37 000	35 526
Non-current liability	3 598 000	3 073 320
	4 458 000	3 893 128
Net expense recognised in the statement of financial performance		
Current service cost: Long Service Awards*	15 617	85 000
Current service cost: Medical Aid Benefit*	97 929	264 000
DPSA cash award inflation*	-	(42 101)
Interest cost: Long Service Awards	66 793	47 000
Interest cost: Medical Aid Benefit	185 959	313 000
Actuarial loss/(gain): Long Service Awards	(43 692)	135 383
Actuarial loss/(gain): Medical Aid Benefit	242 266	(667 154)
	564 872	135 128

*These items are included in the information disclosed in Note 19 to the financial statements.

Notes to the Annual Financial Statements

13. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Long Service Awards	31 March 2021	31 March 2020
Discount rate	6.83%	9.00%
CPI (Consumer Price Inflation)	4.26%	4.36%
Normal Salary Increase Rate	5.26%	5.36%
Net Effective Discount Rate	1.49%	3.45%
Pre retirement mortality	SA 85-90 (light)	SA 85-90 (light)
Pre retirement mortality	SA 85-90 (light)	SA 85-90 (light)

Post-Retirement Medical Aid	31 March 2021	31 March 2020
Discount rate	14.36%	12.03%
Medical CPI (Consumer Price Inflation)	9.90%	6.17% (0.5% risk premium adjustments)
Medical Aid Contribution Inflation	10.90%	7.67%
Net Effective Discount Rate	3.12%	4.05%

Demographic Assumptions	31 March 2021	31 March 2020
Pre-retirement Mortality	SA 85-90 (light)	SA 85-90 (light)
Post-retirement Mortality	PA (90) rated down 2 years and 1% annual improvement from 2006	PA (90) rated down 2 years and 1% annual improvement from 2006 (PRMA)
Average retirement age	65	63
Proportion with spouse dependent at retirement	85%	85%
Continuation of membership at retirement	80%	80%

Notes to the Annual Financial Statements

13. Employee benefit obligations (continued)

Refer to the table below for more information regarding key assumptions:

Discount Rate	GRAP 25 defines the determination of the Discount rate assumption to be used as follows: The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.
Normal Salary Inflation Rate	The underlying future rate of consumer price index inflation (CPI inflation) was derived from the relationship between the (yield curve based) Conventional Bond Rate and the (yield curve based) Inflation linked Bond rate for the time period indicated by the valuation’s implied duration. The assumed rate of salary inflation was set as the assumed value of CPI plus 1%.
Medical Aid Inflation	The Medical Aid Contribution Inflation rate was set with reference to the past relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period. South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year. In the previous valuation conducted by Arch Actuarial consulting it was however assumed that medical aid contributions will increase by CPI + 1.5%. However, this was applied with a risk premium adjustment of 0.5%, effectively setting the medical aid inflation at medical CPI + 1%.
Average Retirement Age	The average retirement age for all active employees was assumed to be 65 years. This assumption implicitly allows for ill health and early retirements.
Mortality Rates	Mortality before retirement has been based on the SA 85 90 mortality tables. These are the most commonly used tables in the industry. Mortality post employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

Promotional Salary Increase Rates

The following promotional salary increases were assumed:

Age Band	Promotional Increase
20 - 24	5%
25 - 29	4%
30 - 34	3%
35 - 39	2%
40 - 44	1%
45 and over	0%

Notes to the Annual Financial Statements

13. Employee benefit obligations (continued)

Withdrawal Decrements: Long Service Awards

Allowance for withdrawals was made based on age, as summarised in the table below:

Age Band	Withdrawal Rate - Males	Withdrawal Rate - Females
20 - 24	16%	24%
25 - 29	12%	18%
30 - 34	10%	15%
35 - 39	8%	10%
40 - 44	6%	6%
45 - 49	4%	4%
50 - 54	2%	2%
55 - 59	1%	1%
60+	0%	0%

Withdrawal Decrements: Post-Retirement Medical Aid

Allowance for withdrawals was made based on age, as summarised in the table below:

Age Band	Withdrawal Rate - Males	Withdrawal Rate - Females
20 - 24	15%	15%
25 - 29	10%	10%
30 - 34	7%	7%
35 - 39	4%	4%
40 - 44	2%	2%
45 +	0%	0%

Early Retirement: Long Service Awards

The assumed rates of early retirement is set out below:

Age Band	Decrement for Males - NRA 65	Decrement for Females - NRA 65
20 - 54	0%	0%
55 - 59	5%	10%
60 - 64	5%	10%
65	100%	100%

Sensitivity Analysis

The results of the valuation are dependent on the assumptions used. The tables below outline firstly how the accrued liability as at 31 March 2021 is impacted by changes in the assumptions and secondly how the income statement expenses (interest and service cost) are impacted by changes in assumptions.

Notes to the Annual Financial Statements

13. Employee benefit obligations (continued)

Post-Retirement Medical Aid

Mortality Rate

Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the organisation. If the actual rates of mortality turn out higher than the rates assumed in the valuation basis, the cost to the organisation in the form of subsidies will reduce and vice versa.

The table below illustrates the effect of higher and lower mortality rates by increasing and decreasing the mortality rates by 20%. The effect is as follows:

	-20% Mortality Rate	Valuation Assumption	+20% Mortality Rate
Total Accrued Liability	R 3 967 000	R 3 635 000	R 3 358 000
Interest Cost	R 600 000	R 549 000	R 506 000
Service Cost	R 247 000	R 224 000	R 204 000

Medical aid inflation

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

The table below illustrates the effect of a 1% p.a. change in the medical aid inflation assumption. The effect is as follows:

	-1% Medical aid inflation	Valuation Assumption	+1% Medical aid inflation
Total Accrued Liability	R 3 425 000	R 3 635 000	R 3 809 000
Interest Cost	R 517 000	R 549 000	R 576 000
Service Cost	R 208 000	R 224 000	R 235 000

Long Service Awards

Withdrawal rate

Deviations from the assumed level of withdrawal experience of the eligible employees will have a large impact on the actual cost to the organisation. If the actual rate of withdrawal turns out to be higher than the rates assumed in the valuation basis, then the cost to the organisation in the form of benefits will reduce and vice versa.

The table below illustrates the effect of higher and lower withdrawal rates by increasing and decreasing the withdrawal rates by 20%. The effect is as follows:

	-20% Mortality Rate	Valuation Assumption	+20% Mortality Rate
Total Accrued Liability	R 854 000	R 823 000	R 794 000
Current Service Cost	R 109 000	R 104 000	R 99 000
Interest Cost	R 60 000	R 57 000	R 55 000

Notes to the Annual Financial Statements

Figures in Rand

13. Employee benefit obligations (continued)

Normal salary inflation

The cost of the long service awards is dependent on the increase in the annual salaries paid to the employees. The rate at which salaries increase will thus have a direct effect on the liability of future employees.

The table below illustrate the effect of a 1% p.a. change in the Normal Salary inflation assumption. The effect is as follows:

	-20% Mortality Rate	Valuation Assumption	+20% Mortality Rate
Total Accrued Liability	R 810 000	R 823 000	R 836 000
Current Service Cost	R 101 000	R 104 000	R 107 000
Interest Cost	R 56 000	R 57 000	R 58 000

Post-retirement benefit plan

The Board operates a single retirement benefit plan domiciled in the Republic of South Africa and is governed by the Pension Funds Act, 1956 (Act no. 24 of 1956). All permanent staff are covered by the retirement benefit plan.

The Board operates a defined contribution retirement plan for all permanent staff. The assets of the fund are held separate from those of the board, in funds under the control of trustees.

The total cost charged to income of R4 327 395 (2020: R4 364 709) represents contributions payable to the fund as specified in the rules of the fund (as disclosed Note 19 to the financial statements).

Other disclosures

Amounts for the current and previous four years are as follows:

	2021	2020	2019	2018	2017
Defined benefit obligation	4 458 000	3 893 128	3 758 000	3 783 000	654 884
Actuarial (gains)/losses	198 574	(531 771)	(559 000)	120 000	229 406
Experience adjustments on plan liabilities (gains)/losses	(250 426)	1 530 521	(8 000)	25 000	(38 664)

14. Interest income

Interest revenue

	2021	2020
Bank	846 878	1 633 425
Other Financial Institutions	280 068	85 411
	1 126 946	1 718 836

15. Operating Revenue

Board Inspectors Charge Out fees	6 109 255	6 913 406
Investigation fees	32 850 389	30 014 347
Licence application fees	3 045 130	2 928 219
	42 004 774	39 855 972

Notes to the Annual Financial Statements

Figures in Rand

	2021	2020
16. Sundry Income		
Parking income	-	2 250
Other miscellaneous income	101 009	193 650
	101 009	195 900

Miscellaneous income

The Board retired of some of its assets as at 31 March 2020. These assets could not be sold until the lockdown has been lifted and as such, miscellaneous income represents mostly proceeds from the sale of property, plant and equipment.

17. Government Grant

Provincial Revenue Fund	27 744 000	37 663 142
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The grant is to assist in funding the loss of the Casino Exclusivity Fee as well as the Limited Pay out Machine Operator Fees and had no conditions attached to it. The grant is recognised in surplus/deficit on receipt thereof.

17. Services in-kind

Services in-kind benefit revenue	5 067 522	4 355 623
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The Board occupies a building at no cost managed by the Department of Transport and Public Works. This building is located at 100 Fairway Close, Parow, Cape Town.

The amount disclosed is based on the rental amounts paid by the Department of Transport and Public Works as well as payments made by the Department in respect of utilities.

The Board recognises the corresponding amount as an expense for the consumption of services in kind as disclosed in Note 20 to the financial statements.

18. Employee related costs

Basic salary	33 530 419	34 590 870
Bonus	2 412 647	2 775 238
Medical aid - company contributions	2 605 987	2 692 503
UIF	122 519	127 011
Leave pay	2 019 036	814 766
Defined contribution plans	4 327 395	4 364 709
Car allowances	25 770	105 880
Overtime payments	-	61 968
Long service awards	98 281	42 899
Acting allowances	61 521	35 609
Housing benefits and allowances	927 944	952 020
	46 131 519	46 563 473

Remuneration of executive management

The emoluments of executive management, as disclosed in Note 21 to the financial statements, are included in the employee related costs as disclosed in this note.

Remuneration of Board Members

Fees paid to the Board Members, as disclosed in Note 21 to the financial statements, are included in the employee related costs as disclosed in this note.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
20. Other expenses		
Advertising	250	15 751
Auditors remuneration	1 758 820	2 237 663
Bank charges	13 050	15 783
Cleaning	323 328	251 605
Computer software annual licences	2 142 874	2 600 806
Conferences and membership fees	98 370	333 461
Consulting and professional fees	498 888	488 966
Consumables	70 818	93 901
Entertainment	1 201	72 047
Insurance	325 741	294 954
Levies	273 681	406 162
Postage	1 965	2 455
Printing and stationery	217 826	267 228
Publications	-	8 407
Recruitment costs	126 679	176 526
Rental of equipment	243 357	271 751
Repairs and maintenance (see note 29)	286 495	346 041
Responsible Gambling Awareness	2 022	102 698
Security services	211 962	201 431
Services in-kind (see note 18)	5 067 522	4 355 623
Services: Translations/Subscriptions/Transcriptions	101 603	135 225
Staff welfare	69 413	305 963
Telephone and communications	579 789	654 056
Refund of taxes paid	-	350 000
Staff development and training	237 643	113 913
Transportation costs	-	119 524
	12 653 297	14 221 940

Notes to the Annual Financial Statements

Figures in Rand

21. Member's emoluments

Executive

2021	Emoluments	Retirement Fund	Bonus	Other	Total
Chief Executive Officer	1 295 086	70 391	78 795	83 747	1 528 019
Manager: Legal services	1 117 533	60 377	67 585	33 475	1 278 970
HOD: Admin & Finance	992 048	53 597	60 218	23 131	1 128 994
HOD: Licensing	1 118 883	61 727	67 585	-	1 248 195
HOD: Compliance	1 117 084	60 827	56 321	172	1 234 404
HOD: Information Technology	1 022 031	55 217	61 809	1 074	1 140 131
Manager: Human Resources	788 343	42 758	47 864	-	878 965
	7 451 008	404 894	440 177	141 599	8 437 678

2020	Emoluments	Retirement Fund	Bonus	Other	Total
Chief Executive Officer	1 276 688	68 501	89 630	20 010	1 454 829
Manager: Legal services	1 101 680	58 829	74 055	38 804	1 273 368
HOD: Admin & Finance	977 962	52 223	66 676	31 913	1 128 774
HOD: Licensing	1 101 680	58 829	74 054	2 815	1 237 378
HOD: Compliance	1 209 866	60 075	86 428	55 779	1 412 148
HOD: Information Technology	1 007 527	53 802	67 725	22 998	1 152 052
Manager: Human Resources	34 667	-	1 983	16 114	52 764
Chief Executive Officer	584 559	31 830	23 578	418	640 385
	7 294 629	384 089	484 129	188 851	8 351 698

Board members

2021	Members' fees	Other fees	Total
Mr DT Lakay	270 962	275	271 237
Mr CA Bassuday	161 802	166	161 968
Ms C Fani	144 617	-	144 617
Ms N Magazi (see note 1 below)	22 081	-	22 081
Mr RG Nicholls	167 062	-	167 062
Ms L Nyati (see note 1 below)	-	351	351
Mr TC Arendse (see note 1 below)	183 310	-	183 310
Ms L Venter (see note 1 below)	70 564	381	70 945
	1 020 398	1 173	1 021 571

Note 1

Ms Magazi: Term expired 10 June 2020

Ms L Nyati: Resignation from Board effective 31 January 2021

Mr TC Arendse: Appointed to the Board from 1 April 2020 until 31 March 2023

Ms L Venter: Appointed to Board from 6 November 2020 until 5 November 2023

Notes to the Annual Financial Statements

Figures in Rand

21. Member's emoluments (continued)

Board members

2020

	Members' fees	Other fees	Total
Mr DT Lakay	337 781	16 076	353 857
Mr CA Bassuday	163 781	6 853	170 634
Mr S Faku	170 343	15 679	186 022
Ms C Fani	181 331	18 121	199 452
Ms J Gantana	-	372	372
Ms N Magazi	212 681	12 620	225 301
Ms A Lapoorta	26 038	1 112	27 150
Mr TC Arendse	-	809	809
	1 091 955	71 642	1 163 597

22. Operating leases

Minimum lease payments due

- within one year

- in second to fifth year inclusive

Present value of minimum lease payments

	2021	2020
- within one year	99 716	106 757
- in second to fifth year inclusive	71 235	49 433
Present value of minimum lease payments	170 951	156 190

Operating lease payments represent rentals payable by the Board for equipment hire.

23. Related parties

Relationships

Western Cape Provincial MEC for Finance and Economic Opportunities: Mr D Maynier	No direct transactions
Western Cape Provincial Head Official: Mr D Savage	No direct transactions
Provincial Revenue Fund	Government grant as disclosed in Note 17.
Western Cape Provincial Treasury	Taxes and levies as disclosed in Note 24.
Non-Executive Members of the Board	Fees for attendance of meetings as disclosed in Note 21.
Executive Management of the Board	Remuneration of Executive Management as disclosed in Note 21.
The Department of Transport and Public Works	The Board occupies a building at no cost managed by the Department of Public Works as disclosed in Note 18.
Department of the Premier	The Board has access to corporate services free of charge from the Department of the Premier. The Board did not utilise any corporate services from the Department of the Premier for the year under review.

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

23. Related parties (continued)

Related party balances

Amounts payable to related parties

Western Cape Provincial Treasury (see note 11)	43 457 927	28 566 327
Provincial Revenue Fund - Cash Surplus (see note 11)	16 573 207	13 413 532

Amounts payable to Provincial Treasury relate to taxes and levies payable as at 31 March each year.

Amounts included in Trade receivables regarding related parties

Western Cape Provincial Treasury	36 301 338	24 090 468
Provincial Revenue Fund	-	1 562 000

Amounts due to the Board on 31 March 2021 included Annual Licence Fees and Gambling Taxes, which is payable to the Provincial Revenue Fund.

Key management information

Class	Description	Number
Non-executive Board Members	The Board consist of Members appointed on a part time basis by the Executive Council.	Six (6) Members were appointed to the Board as at 31 March 2021.
Executive management	The Executive Committee consist of the Chief Executive Officer, the Head of Departments of the following departments: Regulatory Compliance, Licensing, Administration and Finance and ICT as well as the Legal and Human Resources Managers.	Seven (7) Members were appointed to the Executive Committee as at 31 March 2021.

24. Taxes and levies collected during the year

Provincial taxes

Casino	173 574 965	427 712 477
Horse Racing and Betting	230 127 374	121 366 458
Limited Pay Out Machines	77 463 014	140 909 377
	481 165 353	689 988 312

Levies

Casino	2 075 742	2 161 555
Horse Racing and Betting	336 172	359 254
Limited Pay Out Machines	885 138	845 527
	3 297 052	3 366 336

Interest, fines and penalties

Casino	-	538
Horse Racing and Betting	17 813	57 479
Limited Pay Out Machines	-	49 225
	17 813	107 242

Total collected

	484 480 218	693 462 277
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Notes to the Annual Financial Statements

Figures in Rand

2021

2020

24. Taxes and levies collected during the year (continued)

Distributable to:

Provincial Revenue Fund	461 847 287	670 865 974
South African Responsible Gambling Foundation	61 350	115 969
Kenilworth Racing	22 571 581	22 480 334
	484 480 218	693 462 277

The Western Cape Gambling and Racing Act (Act 4 of 1996, as amended) provides for the imposition of statutory taxes and fees payable by licence holders, as well as administrative penalties for non-compliance. The Board collects gambling taxes and levies on gambling transactions on behalf of the Provincial Revenue Fund and other beneficiaries.

The Board is party to a principal agent arrangement with the Provincial Revenue Fund. Information regarding this agreement is disclosed in Note 36 to the financial statements.

25. Cash generated from operations

Surplus	14 087 480	18 164 961
Adjustments for:		
Depreciation - tangible assets	1 349 384	1 025 960
Amortisation - intangible assets	291 715	146 484
Movements in provisions	300 000	-
Loss/(Gain) on sale of assets	(14 889)	15 427
Changes in working capital:		
Inventories	873	(8 088)
Trade and other receivables	1 962 745	609 187
Prepayments	328 061	93 818
Trade and other payables	678 601	(1 000 352)
Employee benefits	2 044 992	683 692
	21 028 962	19 731 089

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

26. Risk management

Financial risk management

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

Liquidity risk

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

The Board's financial liabilities are payable within a period of twelve (12) months.

The Board has minimised its liquidity risk by ensuring that it has adequate banking facilities and funds in trust for any claim against its trade receivables. As at 31 March 2021, management did not consider there to be any significant concentration of risk which had not been adequately provided for.

The Board's maximum exposure to liquidity risk at reporting date is disclosed below:

Trade and other payables	1 193 899	1 235 328
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Credit risk management

Credit risk is managed on a group basis.

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board.

The amount presented in the statement of financial position is net of allowances for doubtful debt receivables, estimated by management based on prior experience and the current economic environment.

The amount outstanding in respect of trade and other receivables, which do not represent statutory receivables, amounts to R73 633 at year end. The Board holds no specific collateral for this balance. Management considers the amount of R73 633 to be fully recoverable as no impairment indicators exist for this balance.

The Board holds no specific collateral for its credit risk exposure other than the trust accounts. For the year under review the Board has not renegotiated the credit terms of any of its debtors.

As at 31 March 2021, management did not consider there to be any significant concentration of risk which had not been adequately provided for.

Refer to Note 6 to the financial statements where an analysis of the age of financial statements that are past due but not impaired, is disclosed.

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

Cash and cash equivalents	26 997 794	21 762 762
Trade and other receivables	73 633	1 720 246
Trust funds (securities)	15 901 272	12 512 968
Trust funds (trust)	12 720 791	11 408 649
ILSF Housing Fund	426 343	375 738

Notes to the Annual Financial Statements

Figures in Rand

26. Risk management (continued)

Interest rate management

The Board does not pay any material amounts of interest and as a consequence, the Board is not exposed to any material interest risk.

Cash funds are managed to daily operational needs and surplus funds are placed at favourable rates with reputable financial institutions in South Africa.

Fair value of financial instruments

The carrying amounts reported in the statement of financial position for trade and other receivables, cash and cash equivalents, trade and other payables and other financial liabilities approximate fair value.

27. Financial instruments

Categories of financial instruments

2021

Financial assets	At amortised cost	Total
Cash and cash equivalents	26 997 794	26 997 794
Trade and other receivables	73 633	73 633
Trust funds (securities)	15 901 272	15 901 272
Trust funds (trust)	12 720 791	12 720 791
ILSF Housing Fund	426 343	426 343
	56 119 833	56 119 833
Financial liabilities		
Trade and other payables	1 193 899	1 193 899

2020

Financial assets	At amortised cost	Total
Cash and cash equivalents	21 762 762	21 762 762
Trade and other receivables	1 720 246	1 720 246
Trust funds (securities)	12 512 968	12 512 968
Trust funds (trust)	11 408 649	11 408 649
ILSF Housing Fund	375 738	375 738
	47 780 363	47 780 363
Financial liabilities		
Trade and other payables	1 235 328	1 235 328

Notes to the Annual Financial Statements

Figures in Rand

	2021	2020
28. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
Property, plant and equipment	29 999	-
Intangible assets	668 444	1 844 549
	698 443	1 844 549
Total capital commitments		
Already contracted for but not provided for	698 443	1 844 549
Authorised operational expenditure		
Already contracted for but not provided for		
ICT	2 528 243	3 818 295
Pest Control Services	3 298	6 596
Cleaning services	117 748	212 800
Internal audit services	555 673	745 840
Employee wellness	110 800	22 317
Security services	5 039	3 516
Training services	60 400	51 750
Professional services	17 250	-
	3 398 451	4 861 114
Total commitments		
Total commitments		
Authorised capital expenditure	698 443	1 844 549
Authorised operational expenditure	3 398 451	4 861 114
	4 096 894	6 705 663

Contractual intangible assets commitments represent the Licensing Automation Project.

Contractual operating commitments are included to provide meaningful information to the users.

28. Repairs and maintenance

Repairs and maintenance: Building	143 597	173 780
Repairs and maintenance: Equipment	128 337	164 765
Repairs and maintenance: Vehicles	14 561	7 496
	286 495	346 041

Refer to Note 20 to the financial statements where repairs and maintenance has been disclosed.

30. Segment information**General information****Identification of segments**

It is the view of management that the programmes of the WCGRB are not segments in terms of the definition in GRAP 18 and therefore segment reporting is not required. Management's considerations whether segments exist are the following: GRAP 18, paragraph 5 defines a segment as follows: "A segment is an activity of an entity:

- a. that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- b. 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."

Taking the Board's programmes into consideration and the types of internal management reports as well as the annual financial statements, the following can be deduced when assessed against the definition of segment reporting:

Administration and ICT Programmes are support functions to the entity that do not generate economic benefits and therefore these programmes cannot be seen as segments. Licensing, Racing & Betting and Gambling Compliance Programmes on the other hand do generate economic benefits, but reporting is done on an aggregated economic reporting level. Programmes are based on the Board's functional activities of Licensing and Gambling Compliance with support service departments bearing the cost of a general nature. Accordingly data is not analysed for allocation to individual departments.

The entity is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

31. Events after the reporting date

The national state of disaster has been extended until 15 June 2021. Other than the COVID 19 pandemic, the Board had no other significant events after the reporting date. The Board has determined that the national disaster is a non adjusting subsequent event. Accordingly, the financial position and financial performance as of and for the year ended 31 March 2021 have not been adjusted to reflect the impact of COVID 19.

Notes to the Annual Financial Statements

32. Contingencies

Three licence holders commenced review proceedings on 22 November 2017. The Applicants applied to the Western Cape High Court, Cape Town for the review, setting aside and declaring unlawful and invalid the Board's decision to impose BBBEE conditions of licence on the Applicants as licence holders. Further, that the Court award costs against any party opposing the Application. Judgement was delivered on 11 December 2019, in favour of the Board. The licence holders applied for Leave to Appeal to the Supreme Court of Appeal, on 30 January 2020. The Applicant's leave to appeal was granted on 15 December 2020. The Applicants filed their Notice of Appeal to the Supreme Court of Appeal on 1 February 2021, wherein they are appealing against the whole of the judgement and order, including the cost order. Should the Board not be successful in these proceedings, and the Court award costs against the Board, the likely estimate for the applicant's legal cost is R300 000.

On 8 February 2018, two licence holders applied for a declaratory order in the Western Cape High Court, for an order in the following terms:

- a. Declaring that Freeplay credits do not constitute a "drop" for the purpose of the computation of adjusted gross revenue and does not form part of the taxable revenue per Section 64 of the Act read with Schedule III;
- b. Ordering that the Minister For Finance, in his capacity as the custodian of the provincial revenue fund, refund the Applicants R44 570 465 and R1 763 983, respectively in relation to taxes paid;
- c. Alternatively that the Board offset the referenced amounts against the Applicants' future liability to pay gambling tax.

Judgement was delivered on 29 April 2020 in favour of the Applicants. The Board resolved to appeal the judgement, after having obtained legal advice on the prospects of success on appeal. Judgement on the applicant for leave to appeal is still awaited. The Board and the Applicants agreed that each party will be liable for their own legal costs in the review application. The Court will therefore not impute liability on the Board to pay the costs of the other Applicants should they succeed and vice versa.

Interdict proceedings were launched on 25 March 2019. The Applicant seeks an Interdict, directing that the Board refrains from implementing its decision to allocate the remaining 1000 LPMs to the existing two Route Operators proportionately, pending the outcome of the Review Application. Furthermore, the Applicant seeks an order that the Board's decision as aforementioned be reviewed and set aside. Further that the Board and any other opposing party pays the costs of the Applicant. The Applicant subsequently abandoned the interdict aspect of its application. Judgement was electronically handed down on 20 April 2021. The review application was successful and granted in favour of the Applicants, with costs awarded against the Respondents that opposed the application. The Board resolved to appeal the judgement. The Application for Leave to Appeal has been filed on 11 May 2021. The Applicant also launched a cross appeal against certain aspects of the High Court judgement. The Board will be opposing the application and relief sought in the cross appeal. Should the Board not be successful in these proceedings, the likely estimate for the applicant's legal costs is R300 000.

Employees of the Board had previously received yearly cost of living increases in accordance with the DPSA's authorised compensation levels; however, owing to an ongoing disagreement between the National Treasury and labour unions, the pay increases for the 2020/21 fiscal year were not implemented. If the decision is against the employer, the entity may be obliged to pay back-pay to employees. The total amount cannot be established because the case is still being heard.

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

33. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus per the statement of financial performance	14 087 480	18 164 961
Adjusted for:		
Depreciation: tangible assets	1 349 384	1 025 960
Amortisation: intangible assets	291 715	146 484
Services in-kind revenue	(5 067 522)	(4 355 623)
Services in-kind expense	5 067 522	4 355 623
Loss/(Gain) on the sale of assets	(14 889)	15 427
Movement in inventories	873	(8 088)
Movement in receivables	1 962 745	609 187
Movement in prepayments	328 061	93 818
Movement in payables	678 601	(1 000 351)
Movement in employee benefits	2 044 992	683 692
Movement in provisions	300 000	-
Net surplus per approved budget	21 028 962	19 731 090

Notes to the Annual Financial Statements

34. Budget differences**Differences between budget and actual amounts basis of preparation and presentation**

The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. Adjustments to amounts in the annual financial statements were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the following table.

	Actual (accrual basis)	Adjustments	Adjusted to comparable basis (cash)	Notes on adjustments
Interest income	1 126 946	-	1 126 946	
Operating revenue	42 004 774	1 962 745	43 967 519	Movement in accounts receivable
Sundry income	101 009	-	101 009	
Government grants	27 744 000	-	27 744 000	
Services in-kind	5 067 522	(5 067 522)	-	Non-cash item
Total revenue	76 044 251	(3 104 777)	72 939 474	
Employee related costs	(46 131 519)	1 593 666	(44 537 853)	Movement in employee benefits and non-cash items
Finance Costs	(255 312)	252 752	-2 560	Non-cash item
Operating expenses	(15 386 256)	8 016 157	(7 370 099)	Accruals, movement in inventories and prepayments, non- cash items
Total expenditure	(61 773 087)	9 862 575	(51 910 512)	
Net operating receipts/ (payments)	14 271 164	6 757 798	21 028 962	
Acquisition of property, plant and equipment	(1 251 149)	-	(1 251 149)	
Net receipts/(payments)	13 020 015	6 757 798	19 777 813	

Changes from the approved budget to the final budget

There were no changes (adjustments/virements) to the approved budget for the year under review.

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

35. Comparative figures

The comparative figures for commitments have been reclassified.

An amount of R1.6 million has been reclassified from operating commitments to capital commitments. This relates to the commitment for the Licensing Automation Project. At the inception of the project, the determination of capital and operational commitment was made based on management's best estimate. This estimate has been revisited and is the result of the reclassification.

The effect of the reclassification is disclosed in the table below:

Disclosure items	As previously reported	Reclassification	Restated
Capital commitments	216 149	1 628 400	1 844 549
Operating commitments	6 489 514	(1 628 400)	4 861 114

36. Accounting by principals and agents

The entity is a party to a principal agent arrangement.

Details of the arrangement is as follows:

In terms of section 12(13) of the Western Cape Gambling and Racing Act (The Act), the powers and functions of the Board shall be to collect and administer in accordance with the provisions of this Act, taxes, levies, duties and licence fees imposed by or under this Act.

In terms of section 3(1) of Part B of the Act, any amount of tax, licence fee, penalty or interest payable in terms of this Act shall, when it becomes due and payable, be a debt due to the Province and shall be recoverable for the benefit of the Provincial Revenue Fund by the Chief Executive Officer as hereinafter provided.

The Board is an agent as it collects taxes, licence fees, penalties and interest on behalf of the Provincial Revenue Fund.

The function of the Board to collect and administer taxes and levies for the benefit of the Provincial Revenue Fund is mandated by the Western Cape Gambling and Racing Act, Act 4 of 1996. No other binding arrangement exist.

There were no changes during the reporting period insofar it relates to the Board's powers and functions to collect and administer taxes, levies, duties and licence fees.

Payments in respect of taxes, licence fees and penalties are paid to the Western Cape Provincial Treasury as Provincial Treasury is a conduit for the taxes and other revenue collected by the Board to the Provincial Revenue Fund.

Entity as agent

Resources held on behalf of the principal(s), but recognised in the entity's own financial statements

Certain amounts included in Trade and other Receivables are fees payable to the Provincial Revenue Fund. Refer to the table below for detail:

Annual Licence Fees	120 061	135 412
Gambling Taxes	36 181 277	23 952 556
Penalties	-	2 500
	36 301 338	24 090 468

Notes to the Annual Financial Statements

Figures in Rand

2021

2020

36. Accounting by principals and agents (continued)

Revenue recognised

The Board is not compensated for the transactions carried out on behalf of the principal. The Board received a government grant to the amount of R27 744 000 for the year under review. The grant is to assist in funding the loss of the Casino Exclusivity Fee as well as the Limited Pay-out Machine Operator Fees and had no conditions attached to it.

Liabilities and corresponding rights of reimbursement recognised as assets

The Board has not incurred any liabilities on behalf of the principal and as a result has not recognised any corresponding right of reimbursement as assets.

Additional information

Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal agent arrangement

Categories of revenue received or to be received on behalf of the principal, are:

Categories

Gambling Taxes

Annual Licence Fees

Interest, fines and penalties

Refer to Note 24 - Taxes and levies collected during the year for additional information regarding the revenue collected on behalf of the Provincial Revenue Fund.

Category of expenses paid or accrued on behalf of the principal is:

Categories

Refund of taxes paid.

The Board does not, in the normal course of business, incur expenditure on behalf of the Provincial Revenue Fund. In the prior year, the Board incurred expenditure in respect of the refund of overpayment of taxes to one of its operators. The amount was reimbursed in the form of an increased government grant.

Amount of revenue received on behalf of the principal during the reporting period

Gambling Taxes	458 595 254	667 508 366
Annual Licence Fees	3 234 220	3 250 366
Interest, fines and penalties	17 813	107 242
	461 847 287	670 865 974

Amount of expenses paid on behalf of the principal during the reporting period

Refund of taxes paid	-	350 000
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Reconciliation of accounts payable as a result of collection of taxes and levies

Opening balance	28 566 327	53 212 029
Taxes and levies principal is entitled to	474 075 649	643 732 446
Taxes and levies paid to the principal	(459 184 049)	(668 378 148)
Amount payable to the principal at year-end	43 457 927	28 566 327

Notes to the Annual Financial Statements

Figures in Rand

2021	2020
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36. Accounting by principals and agents (continued)

The reconciliation of accounts payables has been realigned to the disclosure requirements of GRAP 109 in the current year. In the prior year, the reconciliation of accounts receivables has been disclosed as follows:

Opening balance	53 212 029
Taxes and levies collected on behalf of the principal	618 998 349
Taxes and levies paid to the principal	(668 378 148)
Revenue principal is entitled to	24 734 097
Amount payable to the principal at year end	28 566 327

Refer to Note 23 where amounts payable to related parties are disclosed.

Receivables recognised based on the rights and obligations established in the binding arrangement

Reconciliation of the carrying amount of receivables

Opening balance	24 090 468	51 135 358
Revenue that principal is entitled to	474 075 649	643 732 446
Taxes and levies received on behalf of the principal	(461 864 779)	(670 777 336)
	36 301 338	24 090 468

GRAP 109 requires the Board to recognise a receivable for taxes to be collected based on the Board's function of collecting and administering taxes on behalf of the Provincial Revenue Fund. A corresponding liability has been recognised in the financial statements as these taxes are payable to the Provincial Revenue Fund.

The reconciliation of accounts receivables has been realigned to the disclosure requirements of GRAP 109 in the current year. In the prior year, the reconciliation of accounts receivables has been disclosed as follows:

Opening balance	51 135 358
Revenue that principal is entitled to	644 464 325
Taxes and levies paid to the principal	(668 378 148)
Taxes and levies received in cash but not distributed to principal at year-end	(3 029 749)
Other	(39 794)
	24 151 992

The difference of R 61 524 in the closing balance of accounts receivable as at 31 March 2020 is as a result of the settlement from the trust accounts as disclosed in Note 37 to the financial statements.

Refer to Note 23 where resources held on behalf of the principal is disclosed.

Notes to the Annual Financial Statements

37. Prior period errors and adjustments**Property, plant and equipment**

The Board reassessed the useful lives of fully depreciated assets as at 31 March 2021. The reassessment was inadvertently calculated as a retrospective adjustment. On reversal of this error, an amount of R151 306 could not be reversed as the system recalculated a new depreciation rate for some of these assets and as a result, recalculated the net book value of assets as at 31 March 2020. This error been disclosed as a prior year error. Accumulated depreciation was understated with R151 306 as at 31 March 2020 and depreciation overstated with the same amount for the year ended 31 March 2020.

Trade and other receivables

- An amount of R367 019 was incorrectly invoiced to one of the Board's licenced operators in the prior year. Accounts receivables were therefore overstated by R367 019 as at 31 March 2020 and operating revenue for the year were overstated by the same amount.
- The Board recognised accounts receivables to the amount of R337 059 as at 31 March 2020. The Board held monies in trust funds from which the amount of R337 059 should have been recovered. This error resulted in trade and other receivables being overstated by R337 059 and trust creditors being overstated by the same amount.

The comparative figures in Note 6 to the financial statements were adjusted accordingly.

Trust creditors

The Board recognised accounts receivables to the amount of R337 087 as at 31 March 2020. The Board held monies in trust funds from which the amount of R337 059 should have been recovered. This error resulted in trade and other receivables being overstated by R337 059 and trust creditors being overstated by the same amount.

Financial Liabilities

In terms of GRAP 104 - Financial Instruments, a financial liability is any liability that is a contractual obligation. In terms of the application guideline of GRAP 104, assets and liabilities arising out of non contractual arrangements do not meet the definition of a financial asset or financial liability.

The cash surplus payable to the Provincial Revenue Fund is legislated in terms of section 53(3) of the Public Finance Management Act.

Taxes and levies are collected and paid based on the tax arrangements as set out in the Western Cape Gambling and Racing Act.

Trust accounts held in trust funds (trusts and securities) are held in terms of section 34 and section 39 of the Western Cape Gambling and Racing Act. The resulting liabilities (trust creditors) are therefore executed in terms of section 34 and section 39 of the Western Cape Gambling and Racing Act.

As such, the cash surplus payable to the Provincial Revenue Fund, taxes and levies payable to the Provincial Revenue Fund, Kenilworth Racing and the South African Responsible Gambling Forum as well as the trust creditors (securities and probity costs) are not financial liabilities since the transactions/balances are executed in terms of legislation as opposed to a contract.

An amount of R 1 950 887 was included in accounts payable at 31 March 2020 as a payment received in advance from a licence holder. In terms of paragraph 24 of the Application Guide of GRAP 104, the payment received in advance is not a financial liability because the outflow of economic benefits associated with it is the delivery of goods or services rather than a contractual obligation to pay cash or another financial asset. This amount was therefore incorrectly included in financial liabilities at 31 March 2020.

Refer to the information below for the impact of the prior year errors on the statement of financial position, statement of financial performance, cash flow statement and disclosure notes.

Notes to the Annual Financial Statements

37. Prior period errors and adjustments (continued)

Statement of financial position	As previously reported	Adjustments	Restated
Accumulated surplus	(7 786 286)	215 713	(7 570 573)
Accumulated depreciation	(5 233 550)	151 306	(5 082 244)
Trade and other receivables	27 867 027	(704 078)	27 162 949
Trust creditors (probity costs)	(10 364 344)	337 059	(10 027 285)
Total	4 482 847	-	4 482 847

Statement of financial performance	As previously reported	Adjustments	Restated
Depreciation	1 177 266	(151 306)	1 025 960
Operating revenue	(40 222 991)	367 019	(39 855 972)
Total	(39 045 725)	215 713	(38 830 012)

Cash Flow Statement	As previously reported	Adjustments	Restated
Operating revenue	40 128 100	337 059	40 465 159
Net receipts and payments for trust funds	2 157 326	(337 059)	1 820 267
Total	42 285 426	-	42 285 426

Financial Liabilities (Note 26 and 27)	As previously reported	Adjustments	Restated
Trade and other payables	46 116 582	(44 881 254)	1 235 328
Trust creditors (securities)	12 512 968	(12 512 968)	-
Trust creditors (probity costs)	10 364 344	(10 364 344)	-
Total	68 993 894	(67 758 566)	1 235 328

38. Change in estimate

Property, plant and equipment

An assessment has been made of the useful lives of the Board's property, plant and equipment effective 31 March 2021.

Management is of the opinion that the useful lives of the assets are in line with the current circumstances.

The re-assessment of useful lives led to a decrease in depreciation as the changes were applied prospectively.

The effect in the current year is an increase in net surplus of R 305 538, resulting in a future decrease in net surplus of R305 538 over the next years.

Notes to the Annual Financial Statements

Figures in Rand

	2021	2020
39. Irregular expenditure		
Opening balance as previously reported	2 017 351	462 457
Opening balance as restated	2 017 351	462 457
Add: Irregular Expenditure - current year	-	1 554 894
Less: Irregular expenditure condoned	(2 017 351)	-
Irregular Expenditure awaiting condonation	-	2 017 351
40. Fruitless and wasteful expenditure		
Add: Expenditure identified - current	2 560	-

Fruitless and wasteful expenditure relates to interest payable to the South African Revenue Services for failure to pay value added tax (VAT) on imported services.

41. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

To obtain additional copies of this document, please contact:

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Afrikaans and isiXhosa versions of the publication are available on request.