

Western Cape Gambling and Racing Board



Annual Report 2016/17

**Western Cape
Gambling and Racing Board**

**Annual Report
2016/2017**

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Part A: GENERAL INFORMATION

1. WCGRB GENERAL INFORMATION

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EXTERNAL AUDITORS: Auditor General (SA)

BANKERS: Nedbank

BOARD SECRETARY: Heinrich Brink

2. LIST OF ABBREVIATIONS/ACRONYMS

Abbreviation / Acronym	Description
ADFIN / Adfin	Administration and Finance
AFS	Annual Financial Statements
AGSA	Auditor General of South Africa
APP	Annual Performance Plan
BBBEE	Broad Based Black Economic Empowerment
Board	Western Cape Gambling and Racing Board
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPF	Community Policing Forums
CPI	Consumer Price Index
Constitution	The National Constitution of the Republic of South Africa, 1996
EE	Employment Equity
ERM	Enterprise Risk Management
EXCO	Executive Committee
FIC	Financial Intelligence Centre
FICA	Financial Intelligence Centre Act, 2001
G2E	Global Gaming Exposition
GRAF	Gambling Regulators Africa Forum
GRAP	Generally Recognised Accounting Practice
GRC	Gambling Review Commission
HCC	Human Capital Committee
HOD	Head of Department
HR	Human Resources
HRBF	Horse Racing and Betting Forum
HRC	Horse Racing Committee
IAGA	International Association of Gaming Advisors
IAGR	International Association of Gaming Regulators
ICT	Information and Communication Technology
IT	Information Technology
IYM	In Year Monitoring
LCF	Legal Compliance Forum
LPM	Limited Pay-out Machines
MEC	Member of the Executive Council
MOU	Memorandum of Understanding
Minister	Minister for Finance

Abbreviation / Acronym	Description
MTEF	Medium Term Expenditure Framework
NGB	National Gambling Board
NRGP	National Responsible Gambling Programme
NTR	National Treasury Regulations
OD	Organisational Development
OHASA	Occupational Health and Safety Act, 1993
PAIA	Promotion of Access to Information Act, 2000
PAJA	Promotion of Administrative Justice Act, 2000
PDO	Predetermined Objective
PFMA	Public Finance Management Act, 1999
PI	Performance Indicator
POPI	Protection of Personal Information Act, 2013
PT	Provincial Treasury
PTR	Provincial Treasury Regulations
RG	Responsible Gambling
SAPS	South African Police Services
SARGF	South African Responsible Gambling Foundation
SCA	Supreme Court of Appeal
SC	Senior Counsel
SCM	Supply Chain Management
SCOF	Standing Committee on Finance
SCOPA	Standing Committee on Public Accounts
SOPI	Strategic Objective Performance Indicator
The Act	Western Cape Gambling and Racing Act, 1996
TR	Treasury Regulations
Type B LPM	Sites with 6 to 20 LPMs
Type C LPM	Sites with 21 to 40 LPMs
WCBD4	Western Cape Bid Document 4
WCGRB	Western Cape Gambling and Racing Board
Western Cape	The Province of the Western Cape

3. FOREWORD by the CHAIRPERSON

Mr T Arendse

Introduction

It is with pleasure that I present the Western Cape Gambling and Racing Board's Annual Report for the 2016/17 financial year.

The Western Cape Gambling and Racing Board is a PFMA Schedule 3C provincial public entity mandated to regulate gambling and betting in the Western Cape Province.

During the year under review, the Board achieved its set targets and honoured its mandate by inter-alia processing 8 727 Licence applications, conducting 1 202 assessments at licence holders, deliberated on 9 disputes and assisted punters with 16 self-exclusions.

In addition, the Board conducted 32 FICA audits and 29 raids on illegal gambling establishments confiscating 61 devices.

The Board had four quarterly engagements with licence holders or their representatives on industry related feedback and reports on the responsible gambling methods employed at the sites and on the responsible gambling activities for each quarter. These engagements proved fruitful sharing the best methods between licence holders and creating synergies between the licence holders and SARGF.



Board Members

The Board is authorised to have seven Board Members. During the year under review, the Board for eight months had only six Board members, placing a burden on achieving the required quorum of five Board members for Board meetings. Despite this constraint, with the commitment of the elected Board members all schedule Board meetings were held and, the Board was able to achieve its approved targets as set out in its Annual Performance Plan for the 2016/17 financial year.

The Minister appointed Ms C Fani to the Board on 17 May 2017 effectively filling all positions on the Board.

Research

The Board, on finalisation of its research into the socio-economic impact of regulated gambling, engaged its stakeholders for comment. With comment from various stakeholders, the Board is currently reviewing its strategies, and will implement them in line with its approved APP.

Board Awareness Programmes

The Board continues to engage the community through CPF's, partnering with civic movements and joining them with civic outreach programmes. In addition, the Board has engaged and signed a MOU with the SAPS Winelands Cluster in order for them to better understand the Board's functions and mandate. Pamphlets have been produced and issued at various community events with the Board effectively presenting it to a wider audience. The Board magazine is published and circulated at various public meeting places like pension payment points, libraries and police stations. This magazine is meant to inform the general public of the Board's activities and functions as well as general information about the regulatory environment.

Illegal Gambling

The Board continues to investigate all incidences of suspected illegal gambling reported to it. For the year under review, 90 allegations were reported to or identified by the Board with all 90 investigated. The Board is currently engaging other agencies (SAPS Legal Services, SAPS Flying Squad, SAPS Dog Unit, Specialised Commercial Crime Unit, Directorate of Public Prosecution, Hawks, Metro Police and Western Cape Liquor Authority) to equip them in identifying illegal gambling sites and providing them with training on the Board's legislation relative to illegal gambling. The Board, through its interaction with the SAPS, continues to equip the relevant SAPS officers with the knowledge and understanding of illegal gambling including the legislative transgressions and the negative social impact, which in the main, will enhance the Board's attempts at addressing illegal gambling in the Western Cape Province.

Legislative Amendments

During the year under review, the Board has submitted amendments to the regulatory fees keeping it in line with the CPI of 6.4% as at October 2016. The increased fees became effective on 1 April 2017.

A National Gambling Policy was gazetted during the year under review and a Draft National Gambling Amendment Bill was published for public comment. Further details on this is provided in section 2.3 on Key policy developments and legislative changes below.

BBBEE

The consultative process of engaging licence holders on the amended BBBEE codes and the 2013 Amendment Act has been concluded. The Board has imposed revised BBBEE conditions on all licence holders.

Challenges

Accommodation constraints remain one of the Board's major challenges. It hampers the Board's ability to enhance its efficiencies and effectiveness in that it does not adequately allow for resource expansion or optimum use of space.

To this end, the Board has engaged Provincial Treasury and the Department of Transport and Public Works. These two departments are investigating options for accommodating the Board in adequate premises.

Medium term goals

In addition to its mandate, the Board is busy with a comparative study of the provincial sectors of the gambling and betting industry with the aim of assessing the Western Cape sector to that of its counterparts in the other eight provinces in order to identify synergies and standardised norms and standards.

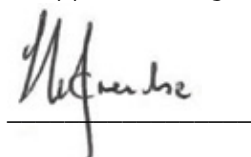
The Board is also busy researching "player cards" for the gambling and betting industry to identify the viability of rolling it out. These player cards are intended for the identification of punters to best enforce responsible gambling.

The Board has also been requested to investigate and produce a plan on becoming financially self-sufficient and consequently not relying on the Western Cape Government for financial support.

General

I hereby acknowledge the assistance and tender my thanks to the Minister for Finance Dr IH Meyer for his guidance and support, the Members of SCOF and SCOPA for their oversight guidance, the Provincial Treasury officials for their assistance, the Department of the Premier for legal assistance and the assistance in conducting the change management review, my fellow Board Members for their support and professional manner of conducting business and the staff of the Western Cape Gambling and Racing Board for the diligent execution of their duties who together have contributed immensely to the successes achieved by Western Cape Gambling and Racing Board.

In conclusion, the Board has delivered on its mandate while at the same time, making considerable savings on its approved budget.



Mr T Arendse

Chairperson of the Board

Western Cape Gambling and Racing Board
31 August 2017

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

Mr P Abrahams

I hereby present an overview of the Western Cape Gambling and Racing Board's performance for the financial year ended 31 March 2017.

The Board presented an expenditure budget of R50 780 980 of which R50 362 780 was allocated to operating expenditure and R418 200 allocated to capital expenditure. This budget was approved by Minister Dr IH Meyer on 1 February 2016.

During the year under review, the Board collected R4 203 994 more in revenue than budgeted for with the main reasons being the reintroduction of licensing gambling employees who, for a number of years, were simply registered and not licensed, coupled with the reversal of the provision for the CCMA award to the previous CEO in the amount of R1 129 866.

This resulted in the Board earning own revenue of R41 080 773 being 14.33% more than the previous year.

The Board expended R45 014 364 on operating expenditure being 4.37% more than the previous year and R390 483 on capital expenditure being 83.43% less than the previous year.

The Board underspent R130 777 on its Board Awareness programmes which was due to the Board consolidating its efforts and forming partnerships with various civic organisations to optimise its awareness programmes in conjunction with programmes run by these organisations.

R37 292 238 was spent on cost of employees resulting in a saving on budget of 5.02% due to vacancies during the year, which at year end was mainly filled. Saving on other expenditure amounted to R3 417 226 with the main contributors being concerted efforts to contain costs relative to communication, travel and professional fees. Further details are provided on page 64 of the annual report.

The above resulted in a trading surplus of R4 667 391 for the 2016/17 financial year and an accumulated surplus of R8 667 391 of which R6 235 546 as the cash surplus was paid to the provincial fiscus.

In comparison to the previous year, expenditure increased by 4.15%. The major contributor is the approved inflationary linked increase in cost of employment with marginal savings on other expenditure.

The spending trends have remained constant over the years with the major expense being cost of employment as the Board is a service-orientated organisation. It is expected that this trend will continue into the future.

Despite the savings in expenditure, the Board continued to successfully achieve its targets and perform its mandate.

The Board has been requested to identify possible avenues to become totally self-sufficient and financially independent from the provincial fiscus in having the industry bear all the costs to finance the activities of the Board. Despite this request and its challenges, the Board has prepared its financial statements on a going concern basis with the 2017/18 year budget having been approved as a balanced budget.

Notwithstanding the challenges associated with having to become financially self-sufficient, the Board has always endeavoured to perform its mandate in the most cost-effective manner and will continue to do so.


All procurement has and is acquired in compliance with the Board's approved supply chain management process which has been aligned to the national prescripts on supply chain management. The Board continues to review new trends in supply chain as well as treasury instructions to ensure that its supply chain management process complies with best practice.

The Board has not included a provision in its budget to address its accommodation and awaits the finalisation of the assessment and solution by the Department of Transport and Public Works on the Board's accommodation requirements.



Following the change management exercise performed by Mr Grootboom in the Department of the Premier, the Board has reviewed his findings and suggestions and formulated a plan to incorporate and implement his relevant findings and proposals. To this end the Board has allocated R750 000 in the 2017/18 financial year to training of its employees in enhancing their knowledge base to perform their core functions.

It is with gratitude that the Board acknowledges the contribution of the Minister, Dr IH Meyer for his leadership and encouragement, the Standing Committee for Finance and the Standing Committee for Public Accounts for their oversight and inputs to enhance the Board's activities and infrastructure, the Board Members for their oversight and leadership in ensuring that the Board is able to achieve its mandate and the Board employees for their dedicated service and contribution in making 2016/17 a successful year.



Mr P Abrahams

Chief Executive Officer

Western Cape Gambling and Racing Board

31 August 2017

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 on 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 2017.

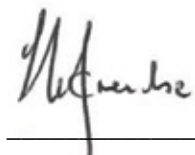
Yours faithfully



Mr P Abrahams

Chief Executive Officer

Western Cape Gambling and Racing Board
31 August 2017



Mr T Arendse

Chairperson

Western Cape Gambling and Racing Board
31 August 2017

6. STRATEGIC OVERVIEW

6.1. Vision

The vision of the Western Cape Gambling and Racing Board is “to be the leading gambling and racing regulatory authority in Africa”.

6.2. Mission

The main purpose of the Western Cape Gambling and Racing Board is to control and regulate gambling and racing within the Province of the Western Cape, in a manner that will:

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

6.3. Values

In the execution of their collective functions, the Board places the highest value on:

- **Integrity**
The quality of possessing and steadfastly adhering to a moral or ethical code and high professional standards.
- **Honesty**
The quality, condition, or characteristic of being fair, truthful, and morally upright in conduct and adherence to the facts presented.
- **Incorruptibility**
Incapable of being morally corrupted, especially incapable of being bribed or motivated by selfish-or base interests.
- **Transparency**
The principle that the Board will conduct its business in an accessible, clear and visible manner and that its activities are open to examination by its stakeholders.
- **Responsibility**
Having the authority to make decisions and following through on the expectation to make those decisions and take necessary action.
- **Accountability**
The principle that the Board is obligated to demonstrate and take responsibility for its actions, decisions and policies and that it is answerable to the public at large.
- **Human Capital Development**
Encouraging and assisting the Board’s employees to acquire new skills and/or to advance the skills, knowledge, and viewpoints by providing learning and training facilities and avenues where such new ideas can be applied.
- **Mutual respect**
Encouraging a culture of mutual respect by treating every person with dignity and equal worth.

7. LEGISLATIVE MANDATES

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 staff 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 established a legislative framework for the promotion of black economic empowerment; to empower the Minister to issue codes of good practice and to provide for matters connected therewith. The Board enforces the Broad-Based Black Economic Empowerment objectives through the imposition of licence conditions on licence holders and gives effect to the prescripts that is binding on the Board as a public entity.

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

This Act constitutes the legal framework aimed at eliminating unfair discrimination in the workplace and prescribes the processes and procedures that the Board must implement to achieve a diverse and competent work force that is broadly representative of the demographics of the Western Cape.

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

This Act established 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 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 must be processed pursuant to the right of access to information as entrenched in the Constitution of the Republic of South Africa. 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 so as 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, however the remainder of its provisions will come into operation on a date to be proclaimed by the President in the Government Gazette.

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

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

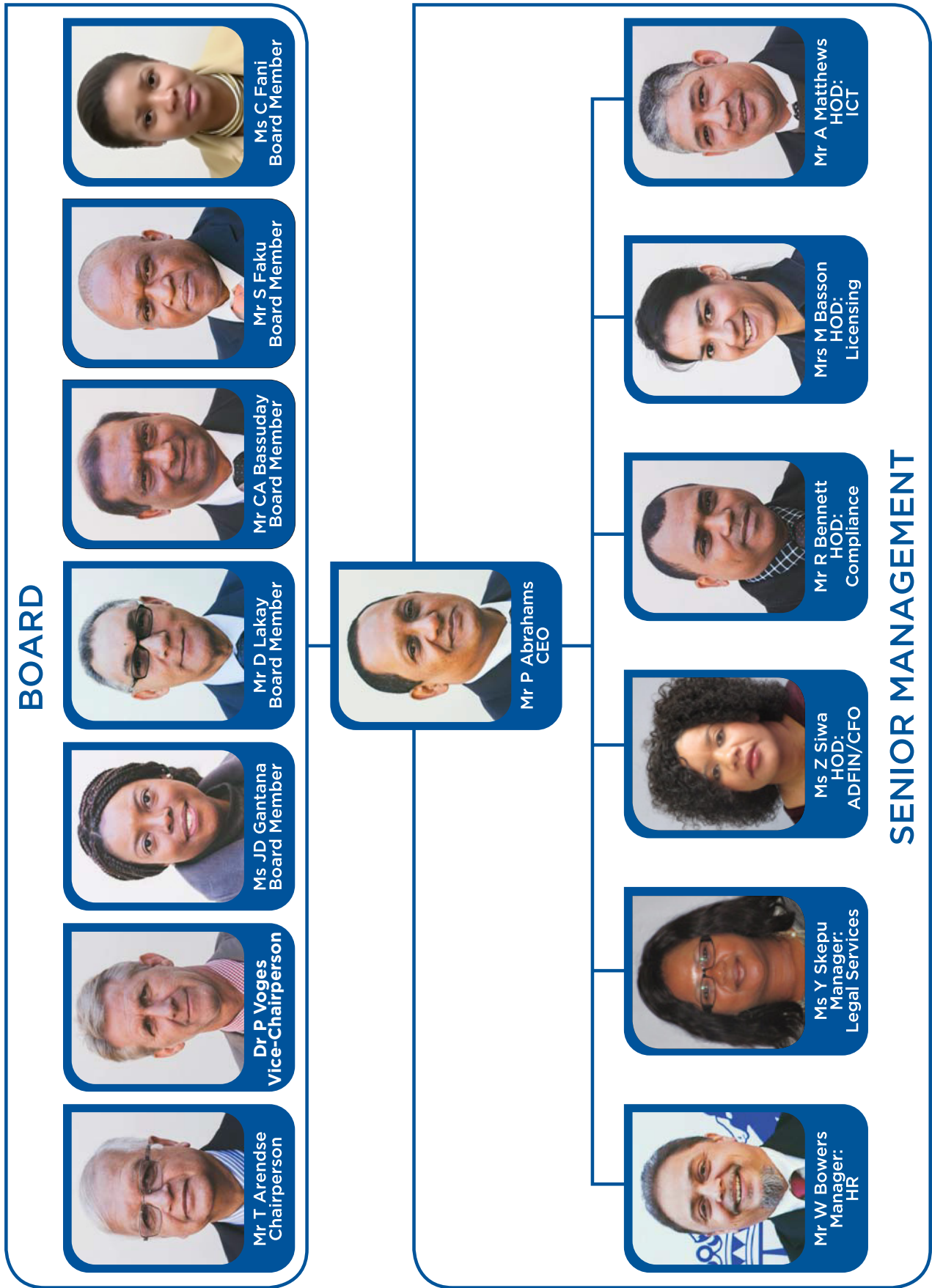
This is the Supreme law of the country and outlines inter alia South Africa's system of government, the role and responsibilities of the different spheres of government, the basic human rights of all citizens and creates a number of Constitutional institutions.

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.

8. ORGANISATIONAL STRUCTURE

As at 31 August 2017





Part B: PERFORMANCE INFORMATION

1. AUDITOR'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 54 of this Report for the Auditor's Report, published as **Part E: Financial Information**.

2. SITUATIONAL ANALYSIS

2.1. Service Delivery Environment

As at 31 March 2017 the gambling and racing industry in the Western Cape comprised of:

- 5 licensed casinos;
- 2 licensed LPM Route operators;
- 42 licensed bookmakers;
- 1 licensed totalisator;
- 658 licensed premises (401 LPM premises, 59 totalisator premises and 198 bookmaker premises);
- 5 341 licensed gambling devices; and
- 7 070 employee licences

and spans the full geographical area of the Western Cape Province.

During the year under review, the Board continued to consider licence applications in respect of Bookmakers, Bookmaker Premises, Totalisator premises, employees and LPM sites totalling 8 727 applications. In reviewing the applications for licences, the Board applied the legislative provisions applicable to applications for gambling licences and the socio – economic aspects concomitant with the licensing of a gambling venture in that area. These included the location of the premises, the impact of the proposed licensed premises on the community, existing licensed premises in the area as well as the public objections and comments.

The Board is constantly subjected to enquiries on achieving parity with other provinces relative to gambling offerings. Based on the fact that the Board does not permit bingo and type B and C LPMs for play in the Western Cape Province, the Board is accused of perpetuating a disadvantage for the Western Cape industry players relative to their counterparts in other provinces.

The licensed operators are constantly seeking new methods and contingencies for gambling and places pressure on the Board to authorise diversity in their gambling offerings and contingencies on which to bet.

Licence holders more frequently consider litigation for any dispute with the Board and the current practice is first to discuss matters in an attempt to reach consensus or resolution prior to resorting to legal remedies.

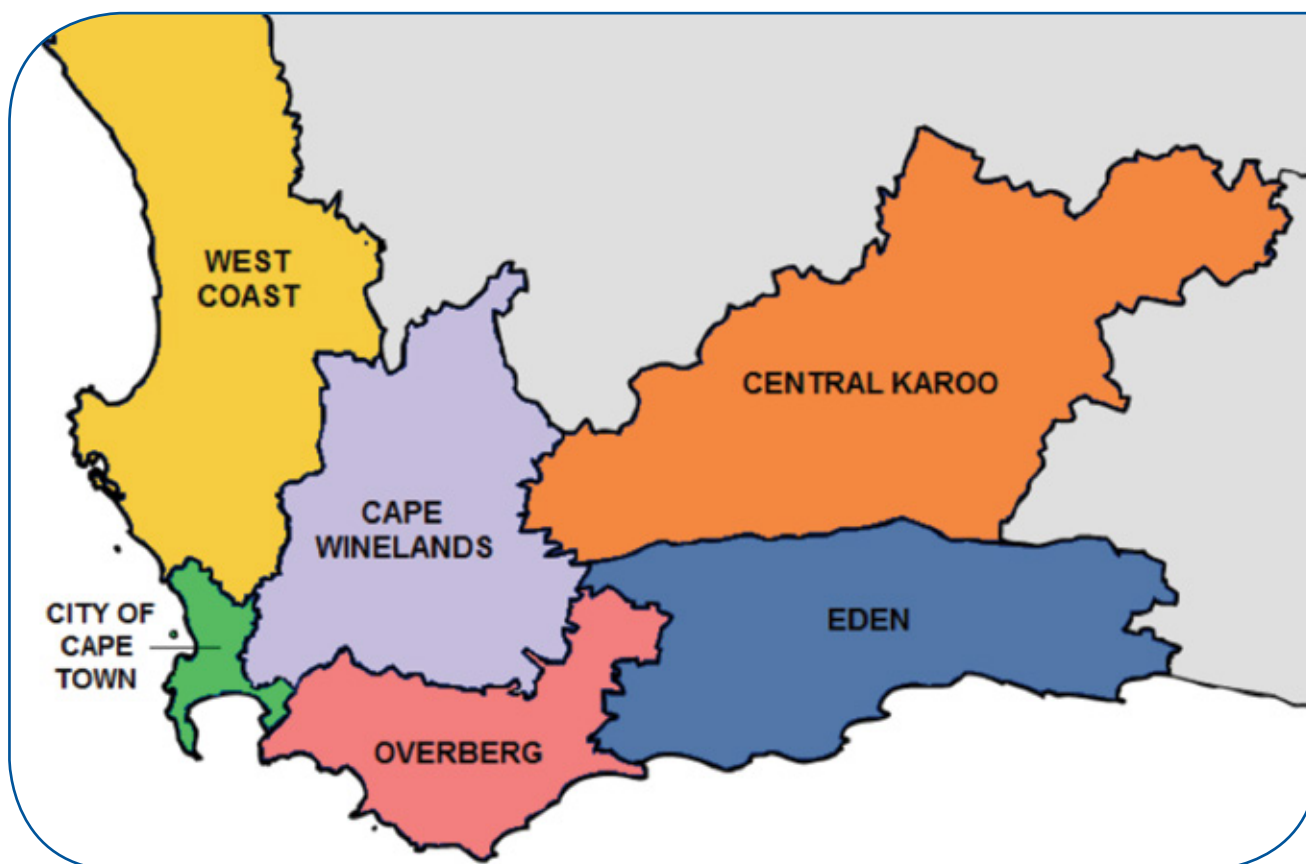
The bookmakers and totalisators continue to submit the gambling tax returns on a weekly basis and an On-line Tax Submission system have been rolled out during the 2016/2017 financial year to create operational efficiencies for both the industry and WCGRB. This allows licence holders in the betting sector to submit their gambling tax returns electronically. This electronic filing system enhances the Board's capability of reconciling and auditing tax returns from this sector.

However, the Board continues with its steadfast approach in applying its policies and procedures and will not compromise on compliance enforcement. The industry has proven to be fairly compliant with the minimal number of administrative deviations having been identified during the year.

In instances where non-compliance has been identified, the approach of the Board is not, in the first instance to impose financial penalties without considering all factors and providing the license holder an opportunity to provide mitigations for non-compliance. There are various factors that the Board will take into account including, but not limited to the following:

- Nature of the offence,
- Seriousness of the offence,
- Impact or possible impact of contravention,
- Whether such breach is the first or subsequent offence,
- The remedial steps taken by the licence holder to prevent the re-occurrence, and
- The degree of co-operation the licence holder displayed.

The Board, in order to create public awareness of the Board's functions and the negative effects of problem gambling have entered into partnerships with various public organisations (Western Cape Provincial Library, SA National Library, National Prosecuting Authority, Government Information and Communication System and SAPS) to foster combined efforts in ensuring awareness of the Board's duties and functions.



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	0
LPM Sites - 401	295	25	12	19	35	15
Bookmakers - 198	158	8	17	11	4	0
Totalisator - 59	47	2	7	0	3	0

2.2. Organisational environment

Given the restructure which occurred during 2015 when the Racing and Betting Department was absorbed into the Compliance and Licensing Departments, the Minister requested assistance from the Department of the Premier to conduct a diagnosis of the challenges being experienced at the office of the Board and to develop a culture change strategy and plan. Mr Linda Grootboom (Deputy Director General: Executive Support) undertook and finalised an organisational and leadership culture change process and provided the Board with a strategy to assist the Board in dealing with the recent restructure and concomitant impediments that arose from the restructure.

The salient outcomes of the process were as follows:

- Promote cultural diversity (annual cultural events)
- Promote a balanced work-life environment
- Open, transparent and regular dialogue and consultations
- Continued development of the talent pipeline
- Capacitate and optimise the HR and IT support functions

The Board devised a plan of action for the implementation of the relevant recommendations made by the facilitator. The limitations placed on the organisation in terms of its current accommodation was a key factor emanating from the interventions of Mr. Grootboom and is seen as a contributing factor to poor staff morale. The Board is currently implementing the recommendations of Mr. Grootboom with regular feedback to be provided to the Board's Human Capital Committee as an oversight Board functionary.

The Board has also requested the intervention of the Organisational Development Directorate at the Office of the Premier to assess the Job Functions of the staff affected by the restructure. This process is still currently underway.

The accommodation constraints, which places limitations on enhancing staff moral and an efficient and effective service is currently being addressed by the Department of Transport and Public Works. The Board continues to keep employees informed on the progress of addressing the accommodation constraints in order to assist with staff morale.

In addition to having to employ cost containment measures, the Board also has to seek methods of becoming financially self-sufficient and not be dependent on the fiscus for financial support.

2.3. Key policy developments and legislative changes

The consultative process of engaging licence holders on the amended BBBEE Codes and the 2013 Amendment Act has now been concluded. The Board imposed Draft conditions on all license holders. Both the Board and the industry embrace the BBBEE objectives and rationale for same and has committed to the objectives of the BBBEE principles.

In the previous report, the Board reported that it reviewed its application procedures in respect of applications for new bookmaker licences, totalisator and bookmaker premises licences and that it reverted to the open-ended application process. This had the effect of normalising the incidence of applications with no periodic influx of new applications.

A National Gambling Policy was gazetted on 1 April 2016. The Policy inter alia couch the objectives of transforming the National Gambling Board ("NGB") into the National Regulator, with specific functions in relation to the Central Monitoring system ("CEMS") and the national responsible gambling programme. It further outlines the rationale for clear definitions for bingo, that the number of bingo licences and seats be allocated nationally for each Province and the location of bingo sites vis-à-vis the catchment areas of casinos. The Minister of Trade and Industry also published a Draft National Gambling Amendment Bill for public comment during the year under review. The Bill essentially entrenches the policy positions adopted in the National Gambling Policy. The proposed amendments outlined in the Bill effect substantive changes to the status of the NGB, outlaws certain bet types, provides for the automatic forfeiture of unlawful winnings and introduces a limited form of regulation over the National Horseracing Authority. The Bill further strengthens the enforcement of BBBEE in the gambling industry through the insertion of section 53A and provides specific mechanisms to address non-compliance, viz.: that it will lead to corrective measures, suspension or withdrawal of a licence.

The Western Cape Gambling and Racing Fees and Cost Regulations were amended on 24 March 2017 to effect inflationary increases to the statutory application, licence and investigation fees.

The Financial Intelligence Centre Amendment Act was published for public comment during February 2017, signed into the law by the President on 2 May 2017 and will take effect on a date to be proclaimed by the Minister of Finance. These amendments to the FIC Act enhances the supervisory powers of the Financial Intelligence Centre, introduces distinct requirements for accountable institutions' verification and identification of politically exposed persons and provides for a risk-based approach to financial reporting and compliance by financial institutions. With the Board being a supervisory body in terms of the FIC Act, its audits will place an additional burden on the Board's resources.

2.4. Strategic Outcome Oriented Goal

Strategic Goal	To ensure that the Board, in pursuit of its mandate, in respect of gambling industry regulation, designs and utilises its structure, resources and processes for effective, efficient and optimal performance of its duties.
Progress	The Board regulates gambling in the Province to ensure that the industry is free from criminal element, that the maximum benefit of the licensed activities is achieved, that such activities are fair to patrons and that vulnerable persons are provided the relevant protection. In reaching these goals, the Board will maintain and enhance a credible and well-regulated industry that is highly respected both nationally and internationally.

3. PERFORMANCE INFORMATION BY PROGRAMME

3.1. Programme 1: Board and Administration

Programme Purpose

To control and regulate gambling within the Province of the Western Cape.

Programme Description

To set the strategic direction and to provide quality support services to the Board and the stakeholders.

Strategic Objective

To provide leadership and oversight on all functions of the Board to ensure an effective and efficient administration.

To provide effective and efficient management of all functions of the office of the Board.

To provide legal advisory support and research services to the Board and its Office.

To assist the Board in ensuring that it complies with HR Best practices and maintaining an appropriately skilled workforce.

To review all of ADFIN's policies and procedures for relevance and effectiveness and allocate the available resources to the purpose of the policies and processes during the period.

Programme Structure

The 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, Admin Assistant: HR, the Board Secretary and 10 approved support staff.

The programme is structured into the following sub-programmes:

- Sub-Programme 1.1: Board
- Sub-Programme 1.2: Executive
- Sub-Programme 1.2.1: Legal services
- Sub-Programme 1.2.2: Human Resources
- Sub-Programme 1.3: Administration and Finance

Strategic objectives, performance indicators planned targets and actual achievements

With the aim of informing the general public of the Board's role and assistance the Board is able to offer, it has provided information pamphlets at public forums while fielding questions on what constitutes illegal gambling. The Board also continued producing its quarterly news magazine, which highlights its role together with general information on gambling, responsible gambling and the process to follow relative to the National Responsible Gambling Programme.

The Board also partnered with the National Gambling Board and with the South African Police at Road Shows to inform the public on the its mandate and the service which the Board is mandated to offer the public.

Sub-Programme 1.1: Board

Strategic Objective

Sub-Programme 1.1: Board					
Strategic Objective Performance Indicator	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
Number of meetings at which Committee resolutions and licence applications are considered.	11	11	11	-	N/A

Key performance indicators and their targets and actual achievements

Sub-Programme 1.1: Board							
Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
Number of meetings to give effect to statutory mandate.	39	40	45	35	49	+14	<p>Variations between the planned target for the year and the actual achievement are mostly due to ad-hoc meetings.</p> <p>Additional meetings were held by the following committees on the dates stipulated:</p> <ul style="list-style-type: none"> • Licencing Committee 7 June 2016: Constituted as a new committee, meeting two-monthly since 7 June 2016. • Ad-hoc Board 29 June 2016: Three patron disputes – hearing. • Licensing Committee 5 August 2016: Constituted as a new committee, meeting two-monthly since 7 June 2016. • Ad-hoc LPM Committee 26 August 2016: To hear BBBEE licence conditions inputs from LPM industry. • Ad-hoc Casino Committee 5 September 2016: To hear BBBEE licence conditions inputs from casino industry [Sun International] • Ad-hoc Casino Committee 26 September 2016: To hear BBBEE licence conditions inputs from casino industry [Tsogo Sun]. • Ad-hoc Horseracing Committee 13 October 2016: To hear BBBEE licence conditions inputs from betting industry. • Licensing Committee: 14 October 2016: Constituted as a new committee, meeting two-monthly since 7 June 2016. • Ad-hoc Board Breakaway 25 October 2016: To deal with APP and Budget 2017/18. • Licensing Committee 5 December 2016: Constituted as a new committee, meeting two-monthly since 7 June 2016 • Ad-hoc Board 13 December 2016: To formalise Board resolution on new CFO appointment • Licensing Committee 07 February 2017: Constituted as a new committee, meeting two-monthly since 7 June 2016. • Ad-hoc Board 22 February 2017: To deal with an urgent matter relating to Legislative amendment. • Ad-hoc Audit Committee 23 February 2017: To discuss matters with the new Internal Auditors

Sub-Programme 1.1: Board

Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
Number of legislative amendments considered.	New PI	New PI	1	1	1	-	N/A

Strategy to overcome areas of under performance

There are no areas of under-performance.

Changes to planned targets

There were no changes to the planned targets during the 2016/17 financial year.

Sub-Programme 1.2: Executive

Strategic Objective

Sub-Programme 1.2: Executive

Strategic Objective Performance Indicator	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
Number of meetings, workshops and discussions to positively promote the image of the Board.	4	4	4	-	N/A

Key performance indicators and their targets and actual achievements

Sub-Programme 1.2: Executive

Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
Number of awareness programmes participated in.	New PI	3	3	2	4	+2	The following awareness programmes were conducted: <ul style="list-style-type: none"> • Workshop held with SAPS Ceres Branch on 16 August 2016. • FIC awareness roadshow on 26 October 2016.

Sub-Programme 1.2: Executive

Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
							<ul style="list-style-type: none"> • Workshop was held with SAPS on 17 February 2017 in respect of illegal gambling awareness. • Awareness drive with SAPS Woodstock and distribute pamphlets to the general public in the Woodstock area on 20 March 2017.
Percentage of Board resolutions given effect by CEO within 1 month.	New PI	New PI	New PI	95%	99%	+4%	Resolving the resolutions was less time consuming than budgeted for resulting in over-achievement of target.

Strategy to overcome areas of underperformance

There are no areas of underperformance.

Changes to planned targets

There were no changes to the planned targets during the 2016/17 financial year.

Sub-Programme 1.2.1: Legal Services

The purpose of this sub-programme is to be an in-house legal resource to the Board through rendering oral legal advice, conducting research, drafting submissions, drafting legal opinions and management of all litigation instituted by or against the Board, drafting proposed amendments to the Act, Regulations and keeping abreast of advancements through membership and attendance of relevant national and international fora.

Strategic Objective

Sub-Programme 1.2.1: Legal services

Strategic Objective Performance Indicator	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
Number of legal opinions drafted.	65	48	49	+1	Legal opinions are demand driven and target set is an estimate.

Key performance indicators and their targets and actual achievements

Sub-Programme 1.2.1: Legal services

Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
Number of reviews of the Western Cape Gambling and Racing Act, 1996.	1	1	1	1	2	+1	One urgent, extraordinary amendment was considered to address a gap in the legislation regarding certain Operator fees.

- The legal opinions drafted guides the Board on its legal mandate. There are a number of legislative and policy prescripts that impact on the Board's operations. Through legal research and the drafting of legal opinions, the Board is apprised of the applicable legal prescripts.
- The review of the Act is done to review the applicability and effectiveness of all provisions, to identify obsolete provisions and propose amendments to the Minister where necessary.

Strategy to overcome areas of underperformance

There are no areas of underperformance.

Changes to planned targets

There were no changes to the planned targets during the 2016/17 financial year.

Sub-Programme 1.2.2: Human Resources

The Sub-programme is responsible for ensuring that the Board complies with the relevant labour and employment laws.

In addition, the Human Resource sub-programme focuses on matters dealing with the recruitment and appointment of needed staff. It is further the responsibility of the sub-programme to ensure that where the need arises, staff receive the relevant training in order to not only assist them in achieving personal development goals, but also to provide them with the tools to adequately and efficiently achieve their departmental goals. The sub-programme is furthermore the custodian of all matters relating to health and safety, employment equity, union relations and staff benefits.

Strategic Objective

Sub-Programme 1.2.2: Human Resources

Strategic Objective Performance Indicator	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
Number of Human Resource Policy Reviews.	1	1	1	-	N/A

Key performance indicators and their targets and actual achievements

Sub-Programme 1.2.2: Human Resources

Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
Number of Workplace Skills Plan submitted.	1	1	1	1	1	-	N/A
Number of relevant fora to be attended.	19	18	19	19	19	-	N/A

The sub-programme has assisted the Board toward the achievement of its strategic goals by ensuring compliance with the relevant legislation and by recruiting an adequately qualified and competent workforce.

Strategy to overcome areas of underperformance

There are no areas of underperformance.

Changes to planned targets

There were no changes to the planned targets during the 2016/17 financial year.

Sub-Programme 1.3: Administration and Finance

The Department Administration and Finance provides administration and financial support services to the Board. It also serves as custodian of both the Board's intrinsic and acquired assets.

Strategic Objective

Sub-Programme 1.3: Administration and Finance

Strategic Objective Performance Indicator	Actual Achievement 2015/16	Planned Target 2016/17	Planned Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
Audit opinion obtained from AGSA for previous financial year.	Unqualified audit report	Unqualified audit report	Unqualified audit report	-	N/A

Key performance indicators and their targets and actual achievements

Sub-Programme 1.3: Administration and Finance

Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
Number of financial reports to stakeholders.	11	16	New PI	33	33	-	N/A

Sub-Programme 1.3: Administration and Finance

Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
Number of Board and Committee meetings where secretariat services are provided.	39	40	45	35	49	+14	<p>Variances between the planned target for the year and the actual achievement are mostly due to ad-hoc meetings. Additional meetings were held by the following committees on the dates stipulated:</p> <ul style="list-style-type: none"> • Licencing Committee 7 June 2016: Constituted as a new committee, meeting two-monthly since 7 June 2016. • Ad-hoc Board 29 June 2016: Three patron disputes - hearing. • Licencing Committee 5 August 2016: Constituted as a new committee, meeting two-monthly since 7 June 2016. • Ad-hoc LPM Committee 26 August 2016: To hear BBEE licence conditions inputs from LPM industry. • Ad-hoc Casino Committee 5 September 2016: To hear BBEE licence conditions inputs from casino industry [Sun International]. • Ad-hoc Casino Committee 26 September 2016: To hear BBEE licence conditions inputs from casino industry [Tsogo Sun]. • Ad-hoc Horseracing Committee 13 October 2016: To hear BBEE licence conditions inputs from betting industry. • Licencing Committee: 14 October 2016: Constituted as a new committee, meeting two-monthly since 7 June 2016. • Ad-hoc Board Breakaway 25 October 2016: To deal with APP and Budget 2017/18.

Sub-Programme 1.3: Administration and Finance

Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
							<ul style="list-style-type: none"> •Licensing Committee 5 December 2016: Constituted as a new committee, meeting two-monthly since 7 June 2016 •Ad-hoc Board 13 December 2016: To formalise Board resolution on new CFO appointment. •Licensing Committee 07 February 2017: Constituted as a new committee, meeting two-monthly since 7 June 2016. •Ad-hoc Board 22 February 2017: To deal with an urgent matter relating to Legislative amendment. •Ad-hoc Audit Committee 23 February 2017: To discuss matters with the new Internal Auditors

The Department: Administration and Finance provided an enabling environment for the Board and its Office to perform its mandated functions.

Strategy to overcome areas of underperformance

There were no areas of underperformance and the Department will continue to review and assess its procedures to ensure that it enhances its current performance.

Changes to planned targets

There were no changes to the planned targets during the 2016/17 financial year.

Linking performance with budgets

Sub- Programme Name R	2016/17			2015/16		
	Budget R	Actual Expenditure R	(Over)/Under Expenditure R	Budget R	Actual Expenditure R	(Over)/Under Expenditure R
Board and Administration	18 633 174	15 547 964	3 085 210	21 937 248	16 756 101	5 181 147

Savings resulting from vacancies at Board and Finance Department together with operational expenses. Notwithstanding the savings, the department was able to perform its functions and maintain an environment for the Board to achieve its mandate.

Programme 2: Licensing

The Licensing department is responsible for receiving and duly processing all licence applications. In processing the various entity and employee related licence applications various fees have to be processed, investigations conducted and reports/submissions detailing recommendations to the CEO and/or the Board collated.

Strategic Objective

To ensure the efficient and timely investigation of applications received, resulting in the licensing of fit and proper persons permitted to engage in gambling operations.

Programme 2: Licensing					
Strategic Objective Performance Indicator	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
Number of licence applications with recommendations submitted to the CEO and/or the Board for consideration.	8 314	7 600	8727	+1127	Applications processed as received, an accurate target is not possible. Specific licence types are both approved and then also renewed within the reporting period as a result of the timing of the processing of the licence.

Key performance indicators and their targets and actual achievements

Programme 2: Licensing							
Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
Percentage of new applications in respect of employee licences (key and gambling) received processed within 30 days of receipt.	New PI	New PI	81%	80%	92% (2553 out of 2772)	+12%	Fewer applications requiring additional information or further investigation were processed in the period under review. An increase in applicants holding multiple licences requires that only one probity be conducted, hence the turnaround time for processing the further licences is faster, hence exceeding the target set.

Key performance indicators and their targets and actual achievements

Programme 2: Licensing							
Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
Percentage of renewal applications received processed within the 3 month renewal period.	New PI	New PI	98%	95%	99% (5665 out of 5714)	+4%	Fewer applications requiring additional information or further investigation were processed in the period under review. An increase in applicants holding multiple licences requires that only one probity be conducted, hence the turnaround time for processing the further licences is faster, hence exceeding the target set.

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.

Changes to planned targets

There were no changes to the planned targets during the 2016/17 financial year.

Linking performance with budgets

Sub- Programme Name R	2016/17			2015/16		
	Budget R	Actual Expenditure R	(Over)/Under Expenditure R	Budget R	Actual Expenditure R	(Over)/Under Expenditure R
Licensing	12 184 946	11 673 776	511 170	11 715 953	11 107 247	608 705

Finance enabled the Board to make informed decisions in achieving its objectives.

Programme 3: Gambling and Betting Compliance

The purpose of the programme, while compelling licence holders to carry out all gambling activities in accordance with the legislative prescripts and the regulatory requirements, is also to ensure that all gambling and related activities in the Province are conducted in a manner which does not pose any harm or threat to the people of the Province.

Strategic Objective

To ensure that gambling and betting activities conducted in the Province is in accordance with prescribed legislative provisions and the regulatory requirements.

Programme 3: Gambling and Betting Compliance					
Strategic Objective Performance Indicator	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
The level of compliance determined resulting from on-site assessments conducted at licensed establishments.	95%	85%	85%	-	N/A

Key performance indicators and their targets and actual achievements

Programme 3: Gambling and Betting Compliance							
Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
Number of compliance assessments conducted at Casinos, Route Operators, LPM Sites, manufacturers, Bookmakers, Bookmaker premises, Totalisator and Totalisator premises.	733	760	1 161	1 200	1202	+2	The reason for the variance is as a result of the actual number of LPM Sites and Bookmaker Premises that opened and closed during the year being different to the estimated target.
Investigation of illegal gambling allegations received by the Board.	New PI	New PI	New PI	90%	100%	+10%	Strategies implemented prove to be highly successful resulting in improved performance.

In terms of the regulatory assessments at the premises of licence holders, the programme achieved to set targets for the year and in doing so contributed effectively to the objective of the Board. With respect to the timeous investigation into allegations of illegal activity, relations with the SAPS, the investigation of illegal gambling activities have improved and will in the future gain greater momentum.

Strategy to overcome areas of underperformance

There are no areas of underperformance.

Changes to planned targets

There were no changes to the planned targets during the 2016/17 financial year.

Linking performance with budgets

Sub- Programme Name R	2016/17			2015/16		
	Budget R	Actual Expenditure R	(Over)/Under Expenditure R	Budget R	Actual Expenditure R	(Over)/Under Expenditure R
Gambling and Betting Compliance	14 688 624	14 116 559	572 065	15 055 146	13 131 602	1 923 544

As our work involves a lot of travelling to the premises of licence holders, the programme employed cost effective measures in terms of such travel implemented, namely auditors travel together and conduct inspections of all premises in a specific area.

Programme 4: Information Technology

The Department: Information Technology provides all the necessary information technology services to the Board. It also serves as custodian of the board's electronic information.

Strategic Objective

To provide innovative and practical ICT solutions to the WCGRB both on a strategic and functional level.

Programme 4: Information Technology					
Strategic Objective Performance Indicator	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
Minimum information systems uptime over 328.5 days.	99.52%	90%	99.64%	+9.64%	No major downtime experienced with the replacement of all datacentre infrastructure equipment during the 2016-2017 financial year and this contributed to the achievement of uptime.

Key performance indicators and their targets and actual achievements

Programme 4: Information Technology							
Performance Indicator	Actual Achievement 2013/14	Actual Achievement 2014/15	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target for 2016/17	Comment on variances
Number of instances to maintain current information technology systems, hardware, software and network infrastructure.	1 223 *	1 431 **(6 633)	3 764 **(5 138)	4 000	13 032	+9032	The method for Microsoft security deployments was improved / corrected to contain deployments for all updates, which include both: <ul style="list-style-type: none"> critical and security updates non-critical and non-security updates
Number of scheduled preventative and knowledge empowerment activities conducted.	New PI	58	71	58	66	+8	Achievement are attributable due to training on the new infrastructure equipment, new systems and processes implemented at the Board.

* Volumes are not available.

** Denotes restated volumes based on improved/corrected calculation method for Microsoft Deployments.

The IT Department has contributed to the achievement of the Board's goals and mandate by implementing, maintaining and improving relevant and secure ICT solutions for the Board.

ICT employees are continuously educated through formal, informal or self-study mechanisms. This is to ensure appropriate knowledge requirements are achieved in enabling the department to derive the envisaged benefit from operating ICT solutions implemented at the Board.

Strategy to overcome areas of underperformance

There were no areas of underperformance as the improvements in the necessary development of employees, systems, processes and procedures, aid in the overall functioning and performance of the department.

Changes to planned targets

There were no changes to the planned targets during the 2016/17 financial year.

Linking performance with budgets

Sub- Programme Name R	2016/17			2015/16		
	Budget R	Actual Expenditure R	(Over)/Under Expenditure R	Budget R	Actual Expenditure R	(Over)/Under Expenditure R
Information Technology	5 274 236	4 066 544	1 207 691	6 132 618	4 489 647	1 642 971

Information Technology enabled the Board to make informed decisions in achieving its objectives through operational efficiencies resulting in cost savings.

4. REVENUE COLLECTION

Sources of revenue	2016/17			2015/16		
	Estimate R	Actual Amount Col- lected R	(Over)/Under Collection R	Estimate Amount R	Actual Amount Col- lected R	(Over)/Under Collection R
Application fees	1 351 776	1 835 135	(483 359)	900 862	2 106 070	(1 205 208)
Investigation fees	24 201 284	24 598 995	(397 711)	23 147 048	20 761 583	2 385 465
Investigation fees Temp	-	1 036	(1 036)	-	718	(718)
Operators' fees	5 151 367	6 455 700	(1 304 333)	5 151 367	5 842 264	(690 897)
(Loss) or gain on actuarial valuations	-	(229 406)	229 406	-	(45 902)	45 902
Interest	960 000	1 053 862	(93 862)	840 000	1 229 018	(389 018)
Inspector charge outs	5 212 352	5 966 567	(754 215)	5 100 588	5 945 396	(844 808)
Transfers	9 908 000	9 908 000	-	10 488 000	5 244 000	5 244 000
Profit on disposal of Assets	-	75 533	(75 533)	-	2 617	(2 617)
Miscellaneous	-	1 169 478	(1 169 478)	-	47 606	(47 606)
Total	46 784 779	50 834 900	(4 050 121)	45 627 865	41 133 370	4 494 495

It is important to highlight that the WCGRB is only permitted to collect revenue and other fees from licensees as prescribed by law. Therefore, the WCGRB is prescribed to increase the amount of fees and other revenue it collects from operators. Unless there is an increase in gambling license applications and the penalties the Board may impose for various regulatory violations, there is no other way the Board can increase its revenue. Thus, when preparing a budget, the WCGRB relies on past trends to estimate the revenue it anticipates to receive for the financial year.



Part C: GOVERNANCE

1. INTRODUCTION

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

2. 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.

3. THE ACCOUNTING AUTHORITY - THE BOARD

Introduction

The Board, who is comprised of seven non-executive members appointed by the Executive Authority is the designated Accounting Authority.

The Board forms 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:

- Invite applications for licences in terms of the Act;
- Receive and investigate 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;
- 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;
- Protect the public from illegal gambling and instil / ensure public confidence and trust in legalized gambling;
- Detect illegal gambling activities and ensure prosecution thereof;
- Administer, calculate and collect taxes and levies due to the provincial fiscus and all statutory fees as prescribed by the Act;
- 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;
- Impose appropriate licence conditions for effective regulation;
- Attend regulatory forums and conferences in order to keep abreast of the latest developments of the industry; and
- 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 circumscribed in the Act. The Board has adopted a Charter for each of the sub-committees outlining their mandate. The Board reviews its corporate governance annually.

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	Other Committees (e.g.: Audit committee)	No. of Committee Meetings held	No. of Committee Meetings attended	Total No. of meetings attended
Ms A Lapoorta	Chairperson Board	22 May 2013	21 May 2016	B.Com CA(SA)	Auditing and Accounting	Western Cape Gambling & Racing Board	[15]	4 of 5	Finance and IT Committee	[4]	1 of 1	7 of 8
	Board Chairperson & member term extended	22 May 2016	21 November 2016			Ku-humelela Trading (Pty) Ltd			Horsereading Committee	[5]	1 of 1	
			Resigned 2 August 2016			Kuhumelela Advisory Services (Pty)			Human Capital Committee	[4]	1 of 1	
Mr T Arendse	Board Member	11 Feb 2014	11 Feb 2017	CTA CA(SA)	Auditing and Accounting	Western Cape Gambling & Racing Board	15	15	Audit Committee (ex officio/invitee)	5	5	35 of 35
	Board Chairperson	12 August 2016	11 Feb 2017						Casino Committee	[6]	1 of 1 as invitee	
	Board Chairperson & member term extended	11 Feb 2017	11 Feb 2018						Finance & IT Committee	[4]	3 of 3	
									Human Capital Committee	[4]	1 of 1 Co-opted until new members were assigned	
									Licensing Committee	5	5	
Mr CA Bassuday	Board Member	1 April 2016	31 March 2019	B.Proc. LLB LLM PG Diploma in Criminal Justice & Forensic Auditing	Law	Board member: Western Cape Gambling & Racing Board	15	15	LPM Committee	5	5	28 of 28
									Horsereading Committee	5	5	
									Human Capital Committee	[4]	3 of 3	
									Licensing Committee	5	5	

Board Member information (continued)

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	Other Committees (e.g.: Audit committee)	No. of Committee Meetings held	No. of Committee Meetings attended	Total No. of meetings attended
Mr S Faku	Board Member	1 April 2016	31 March 2019	Master of Science degree Bachelor Of Education (Hons) Bachelor of Arts Senior Teachers Diploma Human Resources Programme Graduate Diploma In Company Direction Housing Finance Course Real Estate NQF 5 Qualification Leadership In Local Government	Governance Strategy Human Resource Development Education	Board member: Western Cape Gambling & Racing Board Board member: Office of Home-loans Disclosure Audit Committee Chairman: Department of Human settlements Audit & Risk committee member: Department of Education, Eastern Cape Audit, Risk and Compliance Committee member: Engineering Council of South Africa Board and Council member: Buffalo City TVET College Non-Executive Director and Shareholder: Stonevest Property Group	15	15	Casino Committee Human Capital Committee	6 [4]	6 3 of 3	24 of 24

Board Member information (continued)

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	Other Committees (e.g.: Audit committee)	No. of Committee Meetings held	No. of Committee Meetings attended	Total No. of meetings attended
Ms JD Gantana	Board Member	10 March 2016	9 March 2019	Baccalaureus Atrium, Higher Diploma in Education, Hon BA (Psychology), Masters in Business Leadership	Financial Management	Western Cape Gambling & Racing Board	15	9	Finance & IT Committee	4	4	17 of 26
									Horsereading Committee	5	4	
									Human Capital Committee	[4]	0 of 2	
Mr D Lakay	Board Member	10 Dec 2014	10 Dec 2017	B.Com Accounting	Accounting and Financial Management	Western Cape Gambling & Racing Board WC Economic Development Partnership	15	15	Casino Committee	6	6	34 of 34
									Finance & IT Committee	4	4	
									Horsereading Committee	[5]	4 of 4	
									LPM Committee	5	5	
Dr P Voges	Board Member	10 March 2016	9 March 2019	B Comm, HOD Honours Economics M Comm Doctorate Economic and Planning	Economic Development Strategy Town Planning Project Management Investment Promotion	Board member: Western Cape Gambling & Racing Board Board member: Mandela Bay Chamber of Commerce Board member: Eastern Cape Gambling & Betting Board Board member: International Association of Ports and Cities (Paris)	15	12	Casino Committee	6	3	23 of 31
									Licensing Committee	5	4	
									LPM Committee	5	4	

External Audit Committee Members

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of Expertise	Directorships (List the entities)	Other Committees (e.g. Audit committee)	No. of Meetings held	No. of Meetings attended
Mr MR Burton	Audit Committee: Independent non-executive member	8 Dec 2011 17 Feb 2015	7 Dec 2014 16 Feb 2018	B. Compt. Hons CA(SA)	Auditing and Accounting	Cape Nature Board SAMSA Board Ascension Properties Limited WPBTS NPC Board Messaris (PTY)LTD	Audit Committee	5	5
Mr G Harris	Audit Committee: Independent non-executive member	29 Feb 2016	28 Feb 2019	B. Com Hons CA(SA) F.Inst.D	Governance Risk Management Audit Committee HR Finance	Booyco Engineering (Pty) Ltd SABS Commercial SOC Limited Roots Of Modern Human Behaviour Foundation GB Business Catalysts (Pty) Ltd trading as KLOP Accelerator Novelquip (Pty) Ltd trading as Multipit Empowerment Through Enterprise Trust – Shonaquip	Audit Committee	5	5
Mr C Whittle	Audit Committee: Independent non-executive member	29 Feb 2016	28 Feb 2019	B.Com, PGDA, CA(SA)	Financial Management, Accounting, Auditing, Financial Analysis, Risk Management	Willesme (Pty) Ltd	Audit Committee	5	5

Committee	No. of meetings held	No. of members	Name of members
Board	15	6	Ms A Lapoorta (Chairperson) [Resigned from Board on 2 August 2016] Mr T Arendse (Chairperson) [Appointed as Board Chairperson on 12 August 2016] [Term as Board member expired on 11 February 2017] [Term as Board member and Chairperson extended from 11 February 2017 until 11 February 2018.] Mr CA Bassuday (Member) Mr S Faku (Member) Ms JD Gantana (Member) Mr D Lakay (Member) Dr P Voges (Member)
Audit Committee	5	4	Mr PK Slack (External non-executive member) [Chairperson] [Term as Audit Committee member expired on 4 February 2016] Mr MR Burton (External non-executive member) [Appointed as Audit Committee Chairperson on 29 February 2016, to run concurrently with term.] Mr G Harris (External non-executive member) [Appointed to Committee on 29 February 2016] Mr C Whittle [Appointed to Committee on 29 February 2016] Mr T Arendse (Member) [On SCOF recommendation, Mr Arendse was withdrawn from the Audit Committee on 27 October 2015, to continue as the Board's appointee to the Audit Committee, but in ex-officio capacity.]
Casino Committee	6	3	Dr P Voges (Chairperson) Mr D Lakay (Member) Mr S Faku (Member)
Finance & IT Committee	4	3	Ms JD Gantana (Chairperson) Mr T Arendse (Member) [Appointed as Committee member from 30 August 2016] Mr D Lakay (Member) Ms A Lapoorta (Member) [Resigned from Board on 2 August 2016]
Horsereading Committee	5	3	Mr CA Bassuday (Chairperson) Ms JD Gantana (Member) Mr D Lakay (Member) [Appointed as Committee member from 30 August 2016] Ms A Lapoorta (Member) [Resigned from Board on 2 August 2016]
Human Capital Committee	4	3	Mr S Faku (Chairperson) Mr CA Bassuday (Member) Ms JD Gantana (Member) [Appointed as Committee member from 30 August 2016] Ms A Lapoorta (Member) [Resigned from Board on 2 August 2016]
Licensing Committee	5	3	Mr T Arendse (Chairperson) Mr CA Bassuday (Member) Dr P Voges (Member)
LPM Committee	5	3	Mr D Lakay (Chairperson) Mr T Arendse (Member) Dr P Voges (Member)

Board remuneration arrangements

Board meetings:

The remuneration for Board meetings held at the offices is a fixed amount of **R4 491.68**, irrespective of the length of the meeting, and is all inclusive of preparation time, travel time and kilometres travelled.

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 **R561.46** 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.

Chairperson -:

Board meetings: **R5 780.56** per meeting

Board committees and other events: **R722.57** per hour up to a maximum of 8 hours.

Vice Chairperson -:

Board meetings: **R4 491.68** per meeting

Board committees and other events: **R561.46** per hour up to a maximum of 8 hours.

Acting as Chairperson -:

Board meetings: **R5 032.72** per meeting

Board committees and other events: **R629.09** per hour up to a maximum of 8 hours.

Board member remuneration

Name	Remuneration	Other allowance	Other reimbursements	Total
BOARD	R	R	R	R
Mr TC Arendse (Chairperson)	204 958.31	-	8 976.58	213 934.89
Dr P Voges (Vice-Chairperson)	121 384.88	-	2 417.57	123 802.45
Mr CA Bassuday	130 258.74	-	3 068.82	133 327.56
Mr S Faku	148 225.44	-	4 311.43	152 536.87
Mr DT Lakay	163 164.38	-	8 214.93	171 379.31
Mr DN Polovin	428.95	-	-	428.95
Mr DA Fredericks	886.43	-	-	886.43
Ms AT Lapoorta	33 796.16	-	1 091.40	34 887.56
Total	803 103.29	-	28 080.73	831 184.02

Board member travel abroad

There was no overseas travel for Board members and staff during the financial year.

Standing committee resolutions resulting from the 2015/16 Annual Report

Standing committee on public accounts		
Date of resolution	Details	Implementation progress
11 October 2016	That the Entity briefs the Committee on the mandate and function of the Western Cape Responsible Gambling Forum.	SCOF to arrange meeting with the Board.
11 October 2016	That the Internal Audit Unit, as mentioned on page 58 of the 2015/16 Annual Report, briefs the Committee on the methodology used to select the respective focus areas when conducting its internal audit reviews.	SCOF to arrange meeting with the Board.
11 October 2016	That the Entity briefs the Committee on its material under-spending and saving mechanisms that were implemented for the 2015/16 financial year.	SCOF to arrange meeting with the Board.

4. RISK MANAGEMENT

Risk management is an integral part of the Board's overall activities. Through the use of Enterprise Risk Management, the Board aims to ensure that it continues to succeed in achieving its strategic objectives.

The WCGRB's risk management includes:

- 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.

Risk management strategies to identify and manage risks at WCGRB include the following considerations:

- the Board, Departmental Heads and Managers have responsibility for overseeing risk management;
- the Board, Departmental Heads and Management adopt an open and receptive approach to solving risk problems;
- the Departmental Heads and Management support, advise on and implement policies approved by the Board;
- the WCGRB makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks and opportunities;
- the Chief Executive Officer, Departmental Heads and Managers are responsible for encouraging good risk management practices within their units; and
- key risk indicators will be identified and monitored on a quarterly basis.

The Board, its Departmental Heads and Managers periodically assess the organisational risks in terms of the guidelines and methods provided to it by the Executive Authority through the MEC. Accordingly, each department's risks are reviewed along with the annual performance plan (APP) and the overall budget.

5. INTERNAL CONTROL

The Board's internal controls are effective as audited by the Auditor-General of South Africa. The Board has in place a number of policies and standard operating procedures specifically designed for control and proper governance of Board affairs. The responsibility to implement these control measures is entrusted in the CEO. However, both the external and internal auditors test whether the controls are not only effective but also comport with the prescripts of the PFMA.

During the year under review, a risk register was compiled, ongoing review of controls was conducted to mitigate identified risks, reports were submitted to the Finance and IT Committee and the Audit Committee and consequent recommendations were presented to the Board.

6. INTERNAL AUDIT AND AUDIT COMMITTEES

The purpose of performing internal audits twice a year is to provide to the Board an independent and objective assurance counselling services designed to help improve the Board's operations. The internal auditors help bring a systematic and disciplined approach of evaluating the effectiveness of the Board's risk management, control and governance process.

The head of internal audit reports administratively to the CEO and functionally to the Audit Committee.

The Audit Committee members' meeting attendance were:

Name of member	Number of meetings attended
1. Mr M Burton [Chairperson]	5 of 5
2. Mr G Harris	5 of 5
3. Mr C Whittle	5 of 5
4. Mr T Arendse [Ex-officio only, representing Board]	5 of 5

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		17 Feb 2015		5
G Harris	B. Com Hons CA(SA)	External		29 February 2016		5
C Whittle	B.Com, PGDA, CA(SA)	External		29 February 2016		5
T Arendse	CTA CA(SA)	Internal	Board Member	26 February 2014	[In ex-officio capacity from 27 October 2015]	5

7. COMPLIANCE WITH LAWS AND REGULATIONS

The Board complies with every provision of all relevant laws and Regulations.

8. FRAUD AND CORRUPTION

The WCGRB approved a Fraud and Anti-Corruption policy during the 2011 financial year. The policy has been fully implemented and provides for reporting of fraud via the national hotline and directly to the CEO who then reports to the Board.

Submissions are investigated by a dedicated Fraud Committee and reported to the CEO who considers the matters and reports to the Board.

9. MINIMISING CONFLICT OF INTEREST

During the month of April each year, the WCGRB receives from each Board member a declaration of their shareholdings and business interests. These are then recorded and kept on file. These declarations are reviewed to ascertain that no Board member is compromised by an interest the Board member may have.

In addition, at each Board meeting, Board members must declare whether they have any interest that might influence their judgement when deliberating matters that are before the Board.

In addition all service providers are required to complete a WCBD4 form to certify that there is no relationship between the service provider and any employee of the WCGRB.

10. CODE OF CONDUCT

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

The Code ensures the delivery of high standards by guiding WCGRB 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 WCGRB'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 of.

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.

11. 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 monthly intervals through the year to assess the Health and Safety environment at the Board and to address any matters that may arise.

12. 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.

13. 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 ills of gambling.

14. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2017.

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. During the 2016/17 financial year, 5 meetings were held.

Name of member	Number of meetings attended
1. Mr M Burton [Chairperson]	5 of 5
2. Mr C Whittle	5 of 5
3. Mr G Harris	5 of 5
4. Mr T Arendse [Ex-officio only, representing Board]	5 of 5



Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 51(a) of the Public Finance Management Act and Treasury Regulation 27.1.10. The Audit Committee further reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all 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 III Report on Corporate Governance, its own charter and terms of reference, the relevant National Treasury Regulations and the Public Finance Management Act. The Committee has complied with all the respective requirements.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the Board revealed certain weaknesses, which were then raised with the Board and corrective steps were implemented or to be implemented to minimise the risks.

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 III 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 various reports of the Internal Auditors and the Audit Report on the Annual Financial Statements, the management report of the Auditor-General, it was noted that no matters were reported indicating any material deficiencies in the system of internal control nor any deviations therefrom. Accordingly, we can report that the system of internal control for the period under review was efficient and effective.

The Audit Committee is satisfied that the internal audit function, which is outsourced, is operating effectively and that it has addressed 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 on the following focus areas:

- Review of draft Annual Financial Statements 2015-2016 and 2016-2017
- Review of Performance Information on Predetermined Objectives (PDO's)
- Follow-up work on previous internal and external audit findings
- Asset verification
- Review of the Racing and Betting Department
- Review of IT Department
- Review of the Compliance Department
- Review of the Board activities
- Review of Chief Executive Officer's office
- Review of the Licensing Department
- Review of the Adfin Department
- Review of the Legal Division
- Review of HR Division

The Audit Committee requested specific additional work on supply chain management and Information Technology.

In-Year Management and Monthly/Quarterly Report

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

Evaluation of Financial Statements

We have:

- Reviewed and discussed the audited Annual Financial Statements 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 significant adjustments resulting from the audit.

We have reviewed the audited Annual Financial Statements prepared by the Board.

External Auditor's Report

We have reviewed the Board's implementation plan for audit issues raised in the prior year and we are 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



Part D: HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The Human Resources (HR) department provides services and support to the Board and its office in ways that embrace the Board's mission to provide a stable, just, consistent and effective regulatory environment. It does so by ensuring the Board's employees are given the support and developmental opportunities to carry out its mandate effectively.

The HR department continuously strives to provide quality advice and services to the Board and its employees. During the 2016/17 reporting period the HR department has moved the Board's HR processes away from paper based administration toward a more technological process by the procurement of an online Human Resources system; Softline HR Premier.

The Board's HR processes such as annual leave, performance management, staff development, training requests, disciplinary processes and various other HR administrative processes will now be available to all staff online. The Board undertook this project to create efficiency and improvement in service delivery to its employees.

The HR department has once again received a clean audit for the year under review indicating the Board's continued focus on people management and its belief that its employees are its most valuable asset.

During the year under review the HR department with the support of the Board embarked on an exercise to source gambling regulatory training for the employees of the Board. It is proud to report that it has been able to successfully arrange a partnership between the University of Las Vegas's International Gaming Institute and a local service provider to provide regulatory training to not only the employees at the Board but also to gambling regulators throughout South Africa as well as other African countries. The training programmes will commence during the 2017/18 financial year.

Although the Board is still facing the challenge of adequate accommodation for its employees, it is continuously engaging the Minister and Provincial Treasury to find alternative accommodation. Both the Minister as well as Provincial Treasury has given the Board its support in finalising this pressing issue during the next financial year with various options to be presented in the near future.

The Western Cape Gambling and Racing Board is committed to cultivating a service-orientated culture and to provide staff with benefits that promote health, wellness and a sound work life balance. Through employee orientation and professional development, we strive to foster the values of inclusiveness, camaraderie, long-term employee engagement and lifelong learning opportunities.

The HR department has bolstered its administrative support to employees by the appointment of a Human Resources administrator to assist the HR Manager in administration and the provision of HR support services to staff. The WCGRB's employee wellbeing programmes continues to be an active source of assistance to employees to encourage them to choose healthier, more balanced lifestyles.

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*	15 548	10 711	69%	36	298
Compliance	14 117	12 960	92%	26	498
Licensing	11 674	11 420	98%	26	439
IT	4 067	2 201	54%	6	367
TOTAL	45 405	37 292	82%	94	397

*Administration programme includes the Board, the Administration and Finance Department and Executive Management

#Total Expenditure excludes depreciation and amortisation, 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	1 217	3.44%	1	1 217
Senior Management	5 193	14.69%	6	866
Professional qualified	8 371	23.68%	13	644
Skilled	16 432	46.49%	35	469
Semi-skilled	4 132	11.69%	17	243
Unskilled	-	-	-	-
TOTAL	*35 346		72	491

* Excludes Board members' remuneration of R831 183, housing allowance of R706 920, temps' remuneration of R91 367 and net salary accruals/provisions of R298 500.

Performance Rewards

Programme	Performance rewards (R' 000)	Personnel Expenditure (R' 000)	% of performance rewards to total personnel cost
Top Management	20	1 217	1%
Senior Management	53	5 193	1%
Professional qualified	108	8 371	1%
Skilled	181	16 432	1%
Semi-skilled	50	4 150	1%
Unskilled	-	-	0%
TOTAL	412	*35 364	1%

* Excludes Board members' remuneration of R831 183, housing allowance of R706 920, temps' remuneration of R91 367 and net salary accruals/provisions of R298 500.

Training Costs

Directorate/ Business Unit	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	869	10	1.15%	5	2
Executive	5 695	26	0.46%	9	3
Administration & Finance	4 147	98	2.36%	21	5
Compliance	12 960	159	1.22%	14	11
Licensing	11 420	149	1.30%	25	6
IT	2 201	14	0.64%	4	4
TOTAL	37 292	456	1.22%	78	6

Employment and vacancies

Programme	2015/16 No. of Employees	2016/17 Approved Posts	2016/17 No. of Employees	2016/17 Vacancies	% of vacancies
Administration	9	9	9	-	0%
Executive	5	7	7	-	0%
Management	6	7	7	-	0%
Compliance	23	25	24	1	4%
Licensing	21	22	21	1	5%
IT	4	4	4	-	0%
TOTAL	68	74	72	2	3%

Programme	2015/16 No. of Employees	2016/17 Approved Posts	2016/17 No. of Employees	2016/17 Vacancies	% of vacancies
Top Management	1	1	1	-	-
Senior Management	5	6	6	-	-
Professional qualified	13	13	13	-	-
Skilled	34	36	35	1	3%
Semi-skilled	15	18	17	1	5%
Unskilled	-	-	-	-	-
TOTAL	68	74	72	2	3%

Employment changes

Salary Band	Employment at begin- ning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	-	-	1
Senior Management	5	1	-	6
Professional qualified	10	-	-	10
Skilled	30	2	1	31
Semi-skilled	22	4	2	24
Unskilled	-	-	-	-
TOTAL	68	7	3	72

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	2	67%
Dismissal	-	-
Retirement	1	33%
Ill health	-	-
Expiry of contract	-	-
Other	-	-
TOTAL	3	100%

Staff resignations were less than 10% of the WCGRB workforce of 74. Both resignations were employees who took up posts outside the Board at positions that are more senior or at a higher salary.

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	-	-	-	-	-
Senior Management	-	1	3	3	-	-	-	-
Professional qualified	2	2	2	2	1	-	4	1
Skilled	6	7	7	8	-	-	3	3
Semi-skilled	-	3	3	5	-	1	1	1
Unskilled	-	-	-	-	-	-	-	-
TOTAL	8	13	16	18	1	1	8	5

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	1	-	-	-	-	-	-
Senior Management	-	-	3	2	-	-	-	1
Professional qualified	-	1	2	1	-	-	2	1
Skilled	6	7	13	8	-	1	-	3
Semi-skilled	2	2	8	5	1	-	2	2
Unskilled	-	-	-	-	-	-	-	-
TOTAL	8	11	26	16	1	1	4	7

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

1. Report of the auditor-general to the Western Cape Provincial Parliament on 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 58 to 90, which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget to actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Western Cape Gambling and Racing Board as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act (Act No. 1 of 1999) (PFMA) and the Western Cape Gambling and Racing Act, 1996 (Act No. 4 of 1996).

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' Code of ethics for professional accountants (IESBA code), together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified opinion.

Emphasis of matter

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

Material underspending of the budget

7. As disclosed in the Statement of Comparison of Budget and Actual Amounts as at 31 March 2017, the entity has materially underspent the overall operating expenditure budget with R5 348 416 (10.6%). As stated in explanatory notes 3 and 4, the saving was mainly due to saving on employee costs as a result of vacancies, saving measures on communication, travel and subsistence, conference fees, ICT enhancement/upgrade fees, legal fees, audit fees and professional services.

Responsibilities of the accounting authority

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act (Act No. 1 of 1999) (PFMA) and the Western Cape Gambling and Racing Act, 1996 (Act No. 4 of 1996), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting authority is responsible for assessing the Western Cape Gambling and Racing Board's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the 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

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 1 - Board and Administration	19 - 26
Programme 3 - Gambling and Betting Compliance	28 - 30

15. 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.

Predetermined objectives

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
 - Programme 1 - Board and Administration
 - Programme 3 - Gambling and Betting Compliance

Report on audit of compliance with legislation

Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
18. I did not identify any instances of material non-compliance in respect of the compliance criteria for the applicable subject matters.

Other information

19. The Western Cape Gambling and Racing Board 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 thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
20. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Internal control deficiencies

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

Auditor-General

Cape Town
31 July 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected 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 the 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 related to events or conditions that may cast significant doubt on the Western Cape Gambling and Racing Board’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause an entity to cease to continue as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

2. ANNUAL FINANCIAL STATEMENTS

Index

The statements set out below comprise the Western Cape Gambling and Racing Board's annual financial statements presented to the Board:

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The annual financial statements set out on pages 59-90, which have been prepared on the going concern basis, were approved by the members on 31 May 2017 and were signed on its behalf by:



PA Abrahams
Chief Executive Officer

Western Cape Gambling and Racing Board

Annual Financial Statements for the year ended 31 March 2017

Statement of Financial Position as at 31 March 2017

	Note(s)	2017 R	2016 R
Assets			
Current Assets			
Cash and cash equivalents	3	8 793 616	6 408 487
Inventories	4	44 859	30 191
Prepayments		582 362	190 823
Trade and other receivables from exchange transactions	5	1 884 522	2 891 246
Cash and cash equivalents - Trust funds (securities)	6	9 612 193	9 001 493
Cash and cash equivalents - Trust funds (trust)	6	9 109 431	9 156 189
Cash and cash equivalents - ILSF housing fund	7	72 054	35 100
		30 099 037	27 713 529
Non-Current Assets			
Property, plant and equipment	8	2 190 439	3 033 758
Intangible assets	9	67 238	40 339
		2 257 677	3 074 097
Total Assets		32 356 714	30 787 626
Liabilities			
Current Liabilities			
Trade and other payables	10	8 664 297	5 465 425
Provisions	11	-	1 129 866
Employee benefits	12	2 081 895	1 747 653
Trust Funds (securities)	6	9 612 193	9 001 493
Trust funds (trust)	6	9 109 431	9 156 189
		29 467 816	26 500 626
Non-Current Liabilities			
Employee benefits	12	457 053	287 000
Total Liabilities		29 924 869	26 787 626
Net Assets		2 431 845	4 000 000

Western Cape Gambling and Racing Board

Annual Financial Statements for the year ended 31 March 2017

Statement of Financial Performance for the year ended 31 March 2017

	Note(s)	2017 R	2016 R
Revenue			
Revenue from exchange transactions			
Investment income	13	1 053 862	1 229 018
Operating revenue	14	38 857 433	34 656 032
Sale of notes and sundry	15	1 169 478	47 606
Total revenue from exchange transactions		41 080 773	35 932 656
Revenue from non-exchange transactions			
Transfer revenue			
Government grant	16	9 908 000	5 244 000
Total revenue		50 988 773	41 176 656
Expenditure			
Amortisation: Intangible assets	9	7 615	6 128
Board awareness programmes		119 223	115 265
Depreciation: Property, plant and equipment	8	1 145 530	1 194 950
Elimination of illegal gambling operations		50 120	124 564
Employee related costs	17	37 292 238	35 048 689
Finance costs		42 114	31 569
Legal fees		255 689	266 183
Other expenses	18	5 721 087	5 539 873
Rental		109 407	90 476
Travel and subsistence		1 424 486	1 912 106
Total expenditure		46 167 509	44 329 803
Operating (deficit)/ surplus		4 821 264	(3 153 147)
Gain on disposal of assets		75 533	2 617
Loss on actuarial valuations	12	(229 406)	(45 902)
		(153 873)	(43 285)
(Deficit)/surplus for the year		4 667 391	(3 196 432)

Western Cape Gambling and Racing Board

Annual Financial Statements for the year ended 31 March 2017

Statement of Changes in Net Assets for the year ended 31 March 2017

	Accumulated Surplus R	Total net assets R
Balance at 01 April 2015	9 368 000	9 368 000
Deficit for the year	(3 196 433)	(3 196 433)
Surplus payable to Western Cape Government	(2 171 567)	(2 171 567)
Total changes	(5 368 000)	(5 368 000)
Balance at 01 April 2016	4 000 000	4 000 000
Surplus for the year	4 667 391	4 667 391
Surplus payable to Western Cape Government	(6 235 546)	(6 235 546)
Total changes	(1 568 155)	(1 568 155)
Balance at 31 March 2017	2 431 845	2 431 845

Western Cape Gambling and Racing Board

Annual Financial Statements for the year ended 31 March 2017

Cash Flow Statement for the year ended 31 March 2017

	Note(s)	2017 R	2016 R
Cash flows from operating activities			
Receipts			
Taxes and Levies collected		595 036 044	575 145 467
Sale of goods and services		39 457 950	33 010 332
Government grant		9 908 000	5 244 000
Interest income		1 053 862	1 229 018
Sale of notes and sundry		1 169 478	47 606
		<u>646 625 334</u>	<u>614 676 423</u>
Payments			
Employee costs		(37 292 238)	(35 048 689)
Suppliers		(8 556 361)	(8 157 765)
Finance costs		(42 114)	(31 569)
Provision		(1 129 866)	280 342
Taxes and levies distributed		(594 749 913)	(575 123 861)
		<u>(641 770 492)</u>	<u>(618 081 542)</u>
Net cash flows from operating activities	24	<u>4 854 842</u>	<u>(3 405 119)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(355 969)	(2 355 872)
Proceeds from sale of property, plant and equipment	8	129 291	18 955
Purchase of other intangible assets	9	(34 514)	-
Net cash flows from investing activities		<u>(261 192)</u>	<u>(2 336 917)</u>
Cash flows from financing activities			
Net receipts and payments for trust funds		563 942	1 589 263
Surplus payable to Western Cape Government redeemed		(2 171 567)	(6 701 177)
Net cash flows from financing activities		<u>(1 607 625)</u>	<u>(5 111 914)</u>
Net (decrease)/increase in cash and cash equivalents		<u>2 986 025</u>	<u>(10 853 950)</u>
Cash and cash equivalents at the beginning of the year		24 601 269	35 455 219
Cash and cash equivalents at the end of the year	3	<u>27 587 294</u>	<u>24 601 269</u>

Western Cape Gambling and Racing Board

Annual Financial Statements for the year ended 31 March 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of notes and sundry	-	-	-	1 169 478	1 169 478	1
Rendering of services	35 916 779	-	35 916 779	38 857 433	2 940 654	2
Interest received - investment	960 000	-	960 000	1 053 862	93 862	
Total revenue from exchange transactions	36 876 779	-	36 876 779	41 080 773	4 203 994	
Revenue from non-exchange transactions						
Transfer revenue						
Government grant	9 908 000	-	9 908 000	9 908 000	-	
Total revenue	46 784 779	-	46 784 779	50 988 773	4 203 994	
Expenditure						
Personnel	(39 265 542)	-	(39 265 542)	(37 292 238)	1 973 304	3
Finance costs	-	-	-	(42 114)	(42 114)	
General Expenses	(11 097 238)	-	(11 097 238)	(7 680 012)	3 417 226	4
Total expenditure	(50 362 780)	-	(50 362 780)	(45 014 364)	5 348 416	
Net operating receipts/(payments)	(3 578 001)	-	(3 578 001)	5 974 409	9 552 410	
Acquisition of property, plant and equipment	(418 200)	-	(418 200)	(390 482)	27 718	
Net receipts/(payments)	(3 996 201)	-	(3 996 201)	5 583 927	9 580 128	
Reconciliation						
Net operating receipts/(payments)				5 974 409		
Basis difference						
Depreciation and amortisation				(1 153 145)		
Actuarial loss				(229 406)		
Gain on disposal of assets				75 533		
Actual Amount in the Statement of Financial Performance				4 667 391		

Western Cape Gambling and Racing Board

Annual Financial Statements for the year ended 31 March 2017

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 2016 to 31 March 2017.

The budget and the accounting base 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.

The amounts in the 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.

A reconciliation between the actual amounts on a comparable basis as presented in the statement of comparison of budget and actual amounts and the actual amounts in the cash flow statement for the period ended 31 March 2017 is presented above. The financial statements and budget documents are prepared for the same period. There is a basis difference: the budget is prepared on a cash basis and the financial statements on the accrual basis.

In terms of paragraph 12(c) of GRAP 24, the comparison of budget and actual amounts shall present 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 0.50% of total expenditure were deemed to be material and therefore explanations have only been provided for those differences exceeding the above threshold.

Explanation for variances

1. The Board does not budget for sundry income. Included in the actual amount on comparable basis is an amount of R1 129 866 in respect of the reversal of the provision relating to the legal matter with the previous Chief Executive Officer. Refer to Note 11 to the financial statements for more detail.
2. New licence applications received and processed exceeded projected figures due to the fact that gambling employees are now required to be licensed whereas they were only required to pay a registration fee in prior years. This increase in licence applications resulted in the increase of investigation fees and inspector charge out fees as these income streams directly relates to licence applications. The over collection in operator's fee is due to prudent budgeting based on the non-finalisation of the fee structure by Provincial Treasury.
3. The saving of R1 973 304 under Personnel expenditure is due to vacant positions in Finance and Administration, Licensing and IT departments only being filled towards the end of the financial year. At year-end, there were only two vacant positions: Law Enforcement Officer and one Board member. Actual salaries paid in respect of new appointments were made on entry level scales which is lower than budgeted amounts.
4. The saving of R3 417 226 under general expenses is mostly due to cost containment measures and relates to savings of communication, travel and subsistence, conference fees, ICT enhancement/upgrade fees, legal fees, audit fees and professional services.

Western Cape Gambling and Racing Board

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives 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. All figures have been rounded to the nearest Rand.

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

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

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated.

1.1. Going concern assumption

The annual financial statements have been prepared on a going concern basis.

1.2. Significant judgments 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 judgment 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 judgments include:

Impairment of trade receivables

The Board 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, management makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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 and contingencies

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.

1.3. Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services 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.

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.

Property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses. Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation Method	Average useful Life
Motor vehicles	Straight line	4 - 10 years
Equipment & furniture	Straight line	2 - 25 years
Computers	Straight line	3 - 25 years
Computer accessories	Straight line	2 - 15 years
Assets less than R5000	Straight line	2 - 15 years
Leased assets	Straight line	2 - 6 years

At each reporting date, management assesses whether there is any indication that the Board's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exist, changes to the expected useful life and/or residual value is accounted for as a change in accounting estimate.

In assessing whether there is an indication that the expected useful life of an asset has changed, management takes into account factors such as changes in the composition or the use of the asset, planned repairs and maintenance, environmental factors, etc.

In assessing whether there is any indication that the expected residual value of an asset has changed, management considers whether there has been any change in the expected timing of the disposal of the assets as well as other relevant factors.

The depreciation method of each asset is reviewed at the end of each reporting date. If there has been 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 accounting estimate.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

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 derecognition 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 derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Repairs and maintenance disclosed in the notes to the financial statements represents actual costs incurred paid or payable to third parties.

1.4. Intangible assets

Intangible asset are initially recognised at cost at the date of acquisition. An intangible asset is recognised when:

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

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

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.

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
WCGRB Database softwar	10 years

1.5. Financial instruments

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

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

- Financial assets
- Financial liabilities

Classification

The Board classifies financial assets and financial liabilities into the following categories as reflected on the face of the statement of financial position or in the notes thereto:

Financial Assets	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 allowance	Financial asset measured at amortised cost

Financial liabilities	Category
Trade and other payables	Financial liability measured at amortised cost
Trust fund (securities)	Financial liability measured at amortised cost
Trust fund (trust)	Financial liability measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

Initial recognition 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 Board 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 Board 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.

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 (more than 3 months overdue) 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.

1.6. Taxation

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

1.7. 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 return 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.

1.8. 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.

Inventories are stated at the lower of cost or net realisable value while cost is determined on a first-in-first-out basis. Net realisable value represents the estimated selling price in the ordinary course of business less any costs incurred in selling and distribution.

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 resale. Losses and write-downs due to obsolescence or shrinkage are recognised through the surplus or deficit.

1.9. Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follow:

1.10. Employee benefits

Short-term employee benefits

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service.

The provisions 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 provisions have been calculated at undiscounted amounts based on current salary rates.

Long term employee benefits

The Board has an obligation to provide long-term service benefits to all of its employees. According to the policy of the longterm service allowance scheme, which the board instituted and operates, an employee is entitled to a cash allowance, calculated in terms of the policy, after 10 years of continued service.

The Board's liability is based on an actuarial valuation. The projected unit credit method is used to value the liabilities. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for long-term service awards 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.

The Board recognises the net total of the following amounts as expense or revenue, 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 right recognised as an asset;
- actuarial gains and losses, which is recognised immediately;
- past service cost, which is recognised immediately; and
- the effect of curtailments or settlements.

Retirement benefits

Retirement benefits are provided for employees through a separate provident fund to which the board contributes.

The fund is regulated by the Pension Funds Act and is operated as a defined contribution plan, and is managed by an independent board of trustees.

Retirement benefits are determined by the contributions to the fund and contributions are charged against income in the year in which they become payable.

1.11. 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.

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note .

1.12. 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.

1.13. 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 refers to revenue that accrued to the board directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable. At the time of initial recognition the full amount of revenue is recognised. It is a subsequent event if the board does not enforce its obligation to collect the revenue.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates. Revenue is recorded on the accrual basis to the extent that it is probable that economic benefits will flow to the entity and the revenue can be reliably measured.

Investment income

Interest is recognised on a time proportion basis which takes into account the effective yield on the asset over the period it is expected to be held.

Operating revenue consists of:

Board inspectors' charge out

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.

Exclusivity fees

Exclusivity fees represent fees paid by casino operators in terms of section 44A 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 a casino operator licence for a period of ten years from the first granting of a licence. The exclusivity fees of all casinos have since expired.

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.

Operator's fee

Operator fees represent fees paid by route operators in terms of schedule 44C 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 a route operator licence.

1.14. Revenue from non-exchange transactions

Government grants

This represent grants from government to meet budget obligations.

This grant is recognised as revenue at the time it is received.

Services in-kind

Except for financial guarantee contracts, the entity recognise 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.

1.15. Borrowing costs

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

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.16. Trust funds

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

1.17. Comparative figures

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

1.18. Fruitless and wasteful expenditure

Fruitless 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.

1.19. Irregular expenditure

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

- (a) the PFMA; 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 the Western Cape 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.

1.20. Related parties

Individuals as well as their close family members and /or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

Key management personnel are defined as the Chief Executive Officer and all other management reporting directly to the Chief Executive Officer or as designated by the Chief Executive Officer.

The Western Cape Gambling and Racing Board operates as a Provincial Public Entity with its parent department being the Western Cape Provincial Treasury and it is therefore regarded as a related party.

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

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

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

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.21. 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.

1.22. 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.

2. New standards and interpretations

2.1. Standards and interpretations effective and adopted in the current year

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

Standard/Interpretation	Effective Date: Years Beginning on or After	Expected Impact
GRAP 1 (as amended 2016): Presentation of Financial Statements	1 April 2016	Not material.
GRAP 2 (as amended 2016): Cash flow statements	1 April 2016	Not material.
GRAP 3 (as amended 2016): Accounting Policies, Changes in Accounting Estimates and Errors 1 April 2016	1 April 2016	Not material.
GRAP 9 (as amended 2016): Revenue from exchange transactions	1 April 2016	Not material.
GRAP 12 (as amended 2016): Inventories	1 April 2016	Not material.
GRAP 13 (as amended 2016): Leases	1 April 2016	Not material.
GRAP 14 (as amended 2016): Events after the reporting date	1 April 2016	Not material.
GRAP 17 (as amended 2016): Property, plant and equipment	1 April 2016	Not material.
GRAP 18 (as amended 2016): Segment reporting	1 April 2016	Not material.
GRAP 19 (as amended 2016): Provisions, Contingent Liabilities and Contingent Assets	1 April 2016	Not material.
GRAP 21 (as amended 2016): Impairment of Non-cash-generating Assets	1 April 2016	Not material.
GRAP 23 (as amended 2016): Revenue from Non-exchange Transactions	1 April 2016	Not material.
GRAP 24 (as amended 2016): Presentation of Budget Information in Financial Statements	1 April 2016	Not material.
GRAP 25 (as amended 2016): Employee benefits	1 April 2016	Not material.
GRAP 26 (as amended 2016): Impairment of Cash-generating assets	1 April 2016	Not material.
GRAP 31 (as amended 2016): Intangible assets	1 April 2016	Not material.
GRAP 104 (as amended 2016): Financial Instruments	1 April 2016	Not material.

2.2. Standards and interpretations issued, but not yet effective

At the date of authorisation of the financial statements for the year ended 31 March 2017, the following standards were issued but not yet effective. Management is of the opinion that the impact of the application of the standard will be as follows:

Standard/Interpretation	Expected impact
GRAP 20: Related Party Disclosures	The statement will not have an effect on the financial statements as the Board currently subscribes to the requirements of this Standard.
GRAP 32: Service Concession Arrangements: Grantor	No such transactions or events are expected in the foreseeable future
GRAP 34: Separate Financial Statements	No such transactions or events are expected in the foreseeable future
GRAP 35: Consolidated Financial Statements	No such transactions or events are expected in the foreseeable future
GRAP 36: Investments in Associates and Joint Ventures	No such transactions or events are expected in the foreseeable future
GRAP 37: Joint Arrangements	No such transactions or events are expected in the foreseeable future
GRAP 38: Disclosure of Interests in Other Entities	No such transactions or events are expected in the foreseeable future
GRAP 108: Statutory Receivables	No significant impact is expected.
GRAP 109: Accounting by Principals and Agents	No significant impact is expected.
GRAP 110: Living and Non-living Resources	No such transactions or events are expected in the foreseeable future
IGRAP 17: Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset	No such transactions or events are expected in the foreseeable future
IGRAP 18: Recognition and Derecognition of Land	No such transactions or events are expected in the foreseeable future

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3. Cash and cash equivalents

	2017 R	2016 R
Petty cash	4 000	4 000
Bank balances	8 789 616	6 404 487
	8 793 616	6 408 487
Current assets	8 793 616	6 408 487
Cash and Cash equivalents in the cashflow statement		
Trust funds (securities)	9 612 193	9 001 493
Trust funds (trusts)	9 109 431	9 156 189
ILSF Housing allowance	72 054	35 100
Cash and cash equivalents (as per above)	8 793 616	6 408 487
	27 587 294	24 601 269

4. Inventories

Stationery and computer consumables on hand	44 859	30 191
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5. Trade and other receivables from exchange transactions

Amounts due in respect of trading operations	724 299	1 747 785
Amounts due in respect of other activities	1 160 223	1 143 461
	1 884 522	2 891 246

Trade and other receivables can be analysed as follow:

Neither past nor due	1 883 378	2 874 521
Past due but not impaired	1 144	16 725
Past due and impaired	-	-
	1 884 522	2 891 246

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to the internal credit ratings:

Group 1 - new or existing customers with transactions less than 60 days

Group 2 - existing customers with transactions more than 60 days but with no defaults in the past.

Group 3 - existing customers with transactions more than 60 days with some default in the past. All defaults are fully recoverable.

Counterparties without external credit rating

Group 1	1 883 378	2 773 959
Group 2	-	100 562
Group 3	-	-
	1 883 378	2 874 521
Past due but not impaired	1 144	16 725

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5. Trade and other receivables from exchange transactions (continued)

Trade and other receivables past due but not impaired

At 31 March 2017, trade and other receivables of R 1 144 - (2016: R 16 725) were past due but not impaired. These relate to existing licence holders with no defaults in the past. All the amounts were subsequently fully recovered.

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

90 days due past due	1 144	16 725
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Credit risk

The board's credit risk is primarily attributable to its trade and other receivables. The amount presented in the statement of financial position is net of allowances for doubtful receivables, estimated by the board's management based on prior experience and the current economic environment.

The board holds **R9 109 431** (2016: R9 156 189) in trust from its debtors and is able to withdraw funds from the trust accounts for amounts due to the board.

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

The credit risk on liquid funds is limited because the counter parties are banks with high credit ratings assigned by international credit rating agencies.

The board holds no specific collateral for its credit risk exposure other than the trust accounts

The board has no significant concentration of credit risk.

6. Trust funds

Trust funds (securities)	9 602 193	8 991 493
Trust funds (trusts)	9 085 777	9 077 985
Total	18 687 970	18 069 478
Add: Amount (payable) / receivable to/from current account		
Securities	10 000	10 000
Trusts	23 654	78 204
	18 721 624	18 157 682

Currently disclosed in the financial statements

Current assets

Trust funds (securities)	9 612 193	9 001 493
Trust funds (trusts)	9 109 431	9 156 189
Total	18 721 624	18 157 682

Current liabilities

Trust funds (securities)	9 612 193	9 001 493
Trust funds (trusts)	9 109 431	9 156 189
Total	18 721 624	18 157 682

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7. Cash and cash equivalents - ILSF housing fund

In terms of the PSCBC resolution 7 of 2015 the following determinations (effective 1 July 2015) were made:

Employees who assumed duty after 27 May 2016 and are approved to access the housing allowance for rental purposes will have the full value of R1200 paid into an Individually Linked Savings Facility (ILSF). Such employees will not receive any housing allowance paid directly into their salary.

Employees who assumed duty before 27 May 2016 and are currently receiving a housing allowance for rental purposes will have the following options:

Option 1: R900 paid directly into salary and R300 paid into ILSF, or

Option 2: The full value of R1200 paid into ILSF.

Such employees were requested to make a choice between Option 1 and 2 by 1 April 2016 (implementation date).

8. Property, plant and equipment

	2017		2016		2015	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Motor vehicles	230 000	(230 000)	-	230 000	(203 739)	26 261
Equipment & furniture	3 419 125	(2 828 563)	590 562	3 361 110	(2 692 054)	669 056
Computers	3 784 094	(2 420 946)	1 363 148	4 053 067	(2 005 600)	2 047 467
Computer accessories	668 360	(623 579)	44 781	668 360	(589 861)	78 499
Assets less than R5000	540 947	(353 076)	187 871	519 861	(312 628)	207 233
Leased assets	6 987	(2 910)	4 077	6 987	(1 745)	5 242
Total	8 649 513	(6 459 074)	2 190 439	8 839 385	(5 805 627)	3 033 758

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Motor vehicles	26 261	-	-	(26 261)	-
Equipment & furniture	669 056	125 463	(8 198)	(195 759)	590 562
Computers	2 047 467	173 054	(30 613)	(826 760)	1 363 148
Computer accessories	78 499	-	-	(33 718)	44 781
Assets less than R5000	207 233	57 452	(14 950)	(61 864)	187 871
Leased assets	5 242	-	-	(1 165)	4 077
	3 033 758	355 969	(53 761)	(1 145 527)	2 190 439

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Motor vehicles	54 782	-	-	(28 521)	26 261
Equipment & furniture	783 119	132 793	(5 415)	(241 441)	669 056
Computers	743 581	2 064 645	(1 968)	(758 791)	2 047 467
Computer accessories	110 934	70 115	-	(102 550)	78 499
Assets less than R5000	190 355	88 319	(8 958)	(62 483)	207 233
Leased assets	6 406	-	-	(1 164)	5 242
	1 889 177	2 355 872	(16 341)	(1 194 950)	3 033 758

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8. Property, plant and equipment (continued)

Fully depreciated PPE still in use	Motor vehicles	Equipment & furniture	Computers	Computer accessories	Assets less than R5000	Total
Cost price	230 000	1 733 392	1 368 659	598 245	124 400	4 054 696

The above-mentioned items of Property, plant and equipment are fully depreciated and still in use. The useful lives and depreciation method were appropriately estimated based on information available at previous reporting dates. These assets were scheduled to be replaced but due to the current economic climate and cost containment measures enforced by National and Provincial Government, the Board is unable to replace the assets. In addition, due to the fact that the Board is experiencing accommodation constraints, a relocation of the Board's offices within the foreseeable future is not excluded. For this reason, together with the reasons mentioned above, the office of the Board is unable to replace the fully depreciated assets at this time.

9. Intangible assets

2017	2016	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software		95 789	(28 551)	67 238	61 275	(20 936)	40 339

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	40 339	34 514	(7 615)	67 238

Reconciliation of intangible assets - 2016

	Opening balance	Amortisation	Total
Computer software	46 467	(6 128)	40 339

10. Trade and other payables

Trade payables	740 438	1 889 807
WCG and WP Racing Club taxes and levies	7 923 859	3 573 749
Finance lease obligations	-	1 869
	8 664 297	5 465 425

11. Provisions

Reconciliation of provisions - 2017

	Opening balance	Reversed during the year	Total
Provisions	1 129 866	(1 129 866)	-

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11. Provisions (continued)

Reconciliation of provisions - 2016

	Opening balance	Additions	Utilised during the year	Total
Provisions	849 524	1 129 866	(849 524)	1 129 866

Dr Matsapola lodged an Unfair Dismissal dispute at the CCMA on the grounds that he had a reasonable expectation that his contract of employment would be extended. The CCMA rendered its award on 7 December 2015, in favour of Dr Matsapola and held that he was unfairly dismissed and ordered that he be compensated in the amount of R1 129 866. The Board applied to review the CCMA award in the Labour court. The review application was heard on 16 September 2016 and judgment was granted in favour of the Board. There was no award made as to costs. The Respondent's has filed an Application with the Labour Court requesting reasons for the judgment that was handed down. An Application for Leave to appeal and a Condonation Application for the late filing of the leave to appeal was filed by the Respondent on 27 March 2017. The Board resolved to oppose both the Application for Leave to Appeal and the Condonation Application. On 12 May 2017, the Respondent's application for leave to appeal was dismissed by the Labour Court. In terms of Rule 4 of the Labour Appeal Court, the Respondent had ten court days to petition for leave to appeal. The ten-day period expired on 26 May 2017 and prior to this date, the Board did not receive any notice of further legal action to be taken by the Respondent. On this basis, the Board has no legal obligation to pay the amount of R1 129 866. Based on aforementioned, the provision was reversed and recognised as other income in the financial statements.

12. Employee benefit obligations

Accrual for leave pay	1 311 331	1 073 635
Accrual for bonus	500 679	437 918
Subtotal	1 812 010	1 511 553
Current portion of long service awards	197 831	201 000
ILSF: Housing allowance	72 054	35 100
	2 081 895	1 747 653

Long service awards

As per the Board's policy an employee shall qualify for long service awards in terms of leave days credits for the various periods of continuous service completed at the same employer. The conversion is based on a 12 months working year and therefore the benefits awarded can be expressed as follows:

Completed Years of Service	Total Long Service Benefit Award	Formula Used to Calculate Total Long Service Benefit Award
10,00	One Month's Salary	$(1/12) \times \text{Annual Salary} = 8.33\%$

Prior to 1 April 2017, long service benefits were awarded in the form of a 13th cheque (equivalent to one month's additional salary) that is awarded to employees upon completion of 10 years in service. No benefit was payable upon completion of subsequent 10 yearly intervals, i.e. 20, 30 or 40 years of service.

The Board's long service policy was updated with effect from 1 April 2017 (refer to the table below). The actuarial valuation as disclosed in note 12 to the financial statements was based on the new policy of the Board.

Western Cape Gambling and Racing Board

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12. Employee benefit obligations (continued)

Long service award policy with effect from 1 April 2017:

Long Service Award		
Years Served	Employed before 23 March 2017	Employed after 23 March 2017
10 years	Employed before equal to the monthly benefit salary of the employee at his/her 10-year anniversary	None
20 years	R 9 886	R 9 886
30 years	R 19 771	R 19 771
40 years	R 26 362	R 26 362

Valuation of assets

The long service awards liability of the board is unfunded. No dedicated assets have been set aside to meet this liability.

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

Opening balance	488 000	435 000
Benefits paid	(191 522)	(95 902)
Net expense recognised in the statement of financial performance	358 406	148 902
The amounts recognised in the statement of financial position	654 884	488 000

Long service awards

Current liability	197 831	201 000
Non-current liability	457 053	287 000
	654 884	488 000

Net expense recognised in the statement of financial performance

Current service cost	87 000	72 000
Interest cost	42 000	31 000
Actuarial loss/(gain)	229 406	45 902
	358 406	148 902

Key assumptions used

Financial Variable	Assumed Value 31-03-2017 (Current Valuation)	Assumed Value at 31-03-2016 (Preceding Valuation)
Discount Rate	8,30%	8,67%
CPI (Consumer Price Inflation)**	5,29%	6,80%
Normal Salary Increase Rate	6,29%	7,80%
Net Effective Discount Rate	1,89%	0,81%

**CPI was derived from the differential between yields from the BEASSA fixed interest zero-coupon government bond yield curve and the BEASSA index-linked zero-coupon government bond yield curve corresponding with the duration of the liability as at 31 March 2017 sourced from JSE as at 31 March 2017. After an allowance for an inflation risk premium of 0.5% to the abovementioned yield differential, CPI resulted in 5.29% as at 31 March 2017.

Western Cape Gambling and Racing Board

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12. Employee benefit obligations (continued)

Promotional Salary Increase Rates

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

Early Retirement

A table setting out 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 - 64	5%	10%
65	100%	100%

Withdrawal Decrements

A table setting out the assumed rates of withdrawal from service is set out below:

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%

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Mortality Rates: Mortality before retirement has been based on the SA 85-90 mortality tables.

Normal Retirement Age: The normal retirement age for all active employees was assumed to be 65 years.

Withdrawal rate:

The effect of 20% p.a. change in the assumed level of withdrawal rates is as follows:

	-20% Withdrawal rate	Valuation Assumption	+20% Withdrawal rate
Total Accrued Liability	R 690 107	R 654 884	R 622 729
Current Service Cost	R 98 277	R 91 059	R 84 590
Interest Cost	R 49 075	R 46 151	R 43 482

Normal salary inflation

The cost of the long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase will thus have a direct effect on the liability of future employees. The effect of 1% p.a. change in the normal salary inflation assumption is as follows:

	-1% Salary rate	Valuation Assumption	+1% Salary rate
Total Accrued Liability	R 645 002	R 654 884	R 665 128
Current Service Cost	R 87 981	R 91 059	R 94 309
Interest Cost	R 45 337	R 46 151	R 46 995

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12. Employee benefit obligations (continued)

Other disclosures

	2017 R	2016 R	2015 R	2014 R	2013 R
Amounts for the current and previous four years are as follows:					
Defined benefit obligation	654 884	488 000	435 000	458 000	400 000
Experience adjustments on plan liabilities	229 406	45 902	(55 519)	(6 365)	3 833

13. Investment revenue

Interest revenue

	2017 R	2016 R
Bank	1 053 862	1 229 018

14. Operating Revenue

Board Inspectors Charge-out	5 966 567	5 945 396
Investigation fees	24 600 031	20 762 301
Licence application fees	1 835 135	2 106 070
Operator's fee	6 455 700	5 842 264
	38 857 433	34 656 031

15. Sale of notes and sundry

Parking income	39 612	47 606
Employee related cost provision reversed	1 129 866	-
	1 169 478	47 606

Refer to Note 11 in the financial statements in respect of the reversal of the provision.

16. Government Grant

The Board received a grant from the Western Cape Government of 9 908 000 5 244 000

The grant was to assist in funding the loss of the exclusivity fee and had no conditions attached to it.

The grant was recognised in surplus / deficit on receipt thereof.

Western Cape Gambling and Racing Board

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	Note(s)	2017 R	2016 R
17. Employee related costs			
Basic salary		27 652 609	26 622 337
Bonus		2 450 156	2 397 359
Medical aid - company contributions		1 977 544	1 754 507
UIF		126 721	121 422
Leave pay		411 833	287 249
Defined contribution plans		3 566 820	3 128 182
Travel, motor car, accommodation, subsistence and other allowances		107 795	107 660
Overtime payments		41 312	76 050
Long-service awards		86 999	72 000
Acting allowances		123 329	170 223
Transport allowance		43 200	54 000
Housing benefits and allowances		703 920	257 700
		37 292 238	35 048 689

18. Other expenses

Advertising		31 666	33 592
Auditors remuneration		1 426 706	1 263 971
Bank charges		15 403	16 367
Consulting and professional fees		257 381	127 645
Consumables		87 785	94 034
Entertainment		45 485	45 899
Insurance		362 536	339 869
Conference & membership fees		121 259	220 291
Levies		327 987	311 322
Publications		2 264	11 596
Recruitment costs		71 163	250 031
Courier services		1 781	830
Printing and stationery		244 457	387 919
Security services		9 048	28 397
Computer software annual licences		607 855	488 552
Staff welfare		37 790	30 000
Telephone and communications		604 593	623 854
Training		456 292	123 960
Postage		4 290	4 496
Repairs and maintenance	28	580 673	700 029
Services - Transcriptions / Translations		48 019	85 157
Rental of equipment		376 654	352 062
		5 721 087	5 539 873

Western Cape Gambling and Racing Board

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Notes to the Annual Financial Statements

19. Member's emoluments

Executive

2017

	Salary	Retirement fund	Bonus	Other	Total
Chief Executive Officer	1 038 224	56 114	83 403	39 133	1 216 874
Manager: Legal services	899 841	47 799	67 627	43 600	1 058 867
HOD: Admin & Finance (1)	134 347	7 315	-	871	142 533
HOD: Licensing	899 841	47 799	67 627	3 521	1 018 788
HOD: Compliance	927 041	49 244	69 671	85 975	1 131 931
HOD: Information Technology	821 877	43 714	49 501	940	916 032
Manager: Human Resources	833 351	45 377	62 994	569	942 291
	5 554 522	297 362	400 823	174 609	6 427 316

2016

	Salary	Retirement fund	Bonus	Other	Total
Chief Executive Officer	451 326	18 393	26 951	128 459	625 129
Manager: Legal services	844 188	45 074	70 833	401 934	1 362 029
HOD: Admin & Finance	453 473	23 994	21 068	44 664	543 199
HOD: Licensing	844 188	45 074	70 833	36 890	996 985
HOD: Compliance	855 154	42 884	72 974	55 437	1 026 449
HOD: Information Technology	452 130	24 619	15 631	1 093	493 473
Manager: Human Resources	670 000	35 798	55 546	433 312	1 194 656
Chief Executive Officer	499 746	27 424	56 665	4 358	588 193
	5 070 205	263 260	390 501	1 106 147	6 830 113

1. The HOD: Admin & Finance was appointed on 1 February 2017.

Payments included in "Other" represents leave pay-outs as well as the payment of long service awards to the HOD: Compliance.

Board members

2017

	Members' fees	Other	Total
Mr TC Arendse	204 958	8 977	213 935
Dr P Voges	121 385	2 418	123 803
Mr CD Bassuday	130 259	3 069	133 328
Mr DT Lakay	163 164	8 215	171 379
Mr S Faku	148 225	4 311	152 536
Ms A Lapoorta	33 796	1 091	34 887
Mr D Polivin	429	-	429
Mr D Fredericks	886	-	886
	803 102	28 081	831 183

Western Cape Gambling and Racing Board

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Notes to the Annual Financial Statements

2017
R

2016
R

19. Member's emoluments (continued)

	Members' fees	Other	Total
Mr TC Arendse	198 019	19 368	217 387
Dr P Voges	4 382	26	4 408
Mr DT Lakay	215 411	21 492	236 903
Ms A Lapoorta	215 950	5 421	221 371
Mr D Polivin	126 013	8 059	134 072
Mr D Fredericks	222 258	9 412	231 670
Mr H Malila	-	9 342	9 342
	982 033	73 120	1 055 153

20. Finance lease obligation

Finance lease arrangements

Minimum lease payments under finance leases.

At the statement of financial position date, the board had outstanding commitments under non cancellable leases which fall due as follows:

Minimum lease payments due

- within one year	-	1 920
	-	1 920

less: future finance charges

- within one year	-	(51)
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Present value of minimum lease payments

	-	1 869
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The board leases cellular phones and electronic tablets on fixed term contracts. The leases were classified as finance leases because all of the risks and rewards of ownership have substantially been transferred to the board. The average term of these contracts is two years.

Operating lease arrangements

Minimum lease payments under operating leases

At the statement of financial position date, the board had outstanding commitments under non-cancellable operating leases, which fall due as follows:

-within one year	174 775	127 660
- in the second to fifth year	139 545	132 908
	314 320	260 568

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

21. 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 R3 566 819 (2016: R3 128 182) represents contributions payable to the fund as specified in the rules of the fund.

Western Cape Gambling and Racing Board

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2017
R

2016
R

22. Related parties

Related party relationships exist within the Board. During the year all purchasing and selling transactions were concluded at arms length. Details of related parties and related party transactions are as follows:

Related party	Related party transaction
Western Cape Provincial MEC for Finance - Dr IH Meyer	No direct transactions
Western Cape Provincial Head Official: PT - Mr Z Hoosain	No direct transactions
Western Cape Provincial Treasury	Taxes and levies as reflected in note 23.
Members of the Board	Fees for attendance of meetings as reflected in note 19.
Executive Management of the Board	Remuneration as reflected in note 19.
Western Cape Provincial Department of Transport and Public Works	The Board occupies a building free of charge managed by the Department of Transport and Public Works.
Department of the Premier	The Board received corporate services free of charge from Enterprise Risk Management and Legal Services. In addition to above, services free of charge in respect of internal management consultancy services were received for the year under review.

23. Taxes and levies collected during the year

Provincial taxes

Casino	422 854 380	423 366 361
Horse racing	64 789 259	58 293 998
Limited payout machines	103 580 011	89 885 556
	591 223 650	571 545 915

Levies

Casino	2 022 474	2 452 540
Horse racing	1 084 885	360 979
Limited payout machines	681 860	557 960
	3 789 219	3 371 479

Interest, fines and penalties

Casino	-	13 925
Horse racing	-	29 425
Limited payout machines	23 175	184 723
	23 175	228 073

Total collected

595 036 044 **575 145 467**

Distributable to:

Provincial Government Western Cape	576 097 446	557 648 757
National Responsible Gambling Programme	259 480	126 246
Kenilworth Racing	18 679 118	17 370 464
	595 036 044	575 145 467

Western Cape Gambling and Racing Board

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

24. Cash generated from (used in) operations

(Deficit)/surplus	4 667 391	(3 196 433)
Adjustments for:		
Depreciation - tangible assets	1 145 530	1 194 951
Amortisation - intangible assets	7 615	6 128
(Gain)/loss on sale of assets	(75 533)	(2 617)
Movements in provisions	(1 129 866)	280 342
Changes in working capital:		
Inventories	(14 668)	4 361
Trade and other receivables from exchange transactions	1 006 724	(1 498 913)
Prepayments	(391 539)	(151 147)
Trade and other payables	3 198 872	(4 768 923)
Employee benefits	504 295	197 522
Surplus payable to WCG	(4 063 979)	4 529 610
	4 854 842	(3 405 119)

25. Risk management

Liquidity risk

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.

Maximum exposure to liquidity risk at reporting date

Trade and other payables	8 664 297	5 465 425
Trust Funds (securities)	9 612 193	9 001 493
Trust Funds (trust)	9 109 431	9 156 189

Credit risk management

Potential concentrations of credit risk consist primarily of cash investments, trade receivables and short term receivables.

Short term cash surpluses are invested with major banks of high quality credit standing.

As at 31 March 2017, management did not consider there to be any significant concentration of risk which had not been adequately provided for.

Maximum exposure to credit risk at reporting date

Trade and other receivables	1 884 522	2 891 246
Trust Funds (securities)	9 612 193	9 001 493
Trust Funds (trust)	9 109 431	9 156 189
ILSF Housing Fund	72 054	35 100

Interest rate management

The Board is not exposed to any material interest risk and as a consequence does not pay any material amounts of interest. 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, provisions and financial liabilities approximate fair value.

Western Cape Gambling and Racing Board

Annual Financial Statements for the year ended 31 March 2017

Notes to the Annual Financial Statements

26. Financial instruments

In accordance with GRAP104.45 the financial liabilities and assets of the board are classified as follows:

Financial Assets

Financial Instruments at amortised cost:	Classification		
Cash and Cash equivalents	Financial Instruments at amortised cost	8 793 616	6 408 487
Trade and other receivables	Financial Instruments at amortised cost	1 884 522	2 891 246
Trust Funds (securities)	Financial Instruments at amortised cost	9 612 193	9 001 493
Trust Funds (trust)	Financial Instruments at amortised cost	9 109 431	9 156 189
ILSF Housing fund	Financial Instruments at amortised cost	72 054	35 100
Total Financial Assets		29 471 816	27 492 515

Financial liability

Financial Instruments at amortised cost:	Classification		
Trade and other payables	Financial Instruments at amortised cost	8 664 297	5 465 425
Trust Funds (securities)	Financial Instruments at amortised cost	9 612 193	9 001 493
Trust Funds (trust)	Financial Instruments at amortised cost	9 109 431	9 156 189
Total Financial Liabilities		27 385 921	23 623 107

27. Commitments

Authorised operational expenditure

Commitments contracted as at 31 March

• Maintenance indoor plants	45 600	72 000
• Cleaning services building	246 032	19 338
• Hygiene services	16 068	2 569
• Storage services	252 000	20 792
• Employee wellness	-	33 222
• Publications	51 138	153 414
• Pest control services	5 187	8 892
• ICT services	1 283 788	415 912
	1 899 813	726 139

28. Repairs and maintenance

Repairs and maintenance - Building	372 228	507 956
Repairs and maintenance - Furniture	669	-
Repairs and maintenance - Equipment	106 457	77 094
Repairs and maintenance - Motor Vehicle	24 541	27 950
Repairs and maintenance - Other	76 778	87 029
	580 673	700 029

Notes to the Annual Financial Statements

29. Segment Reporting

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:

Grp 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

30. Events after the reporting date

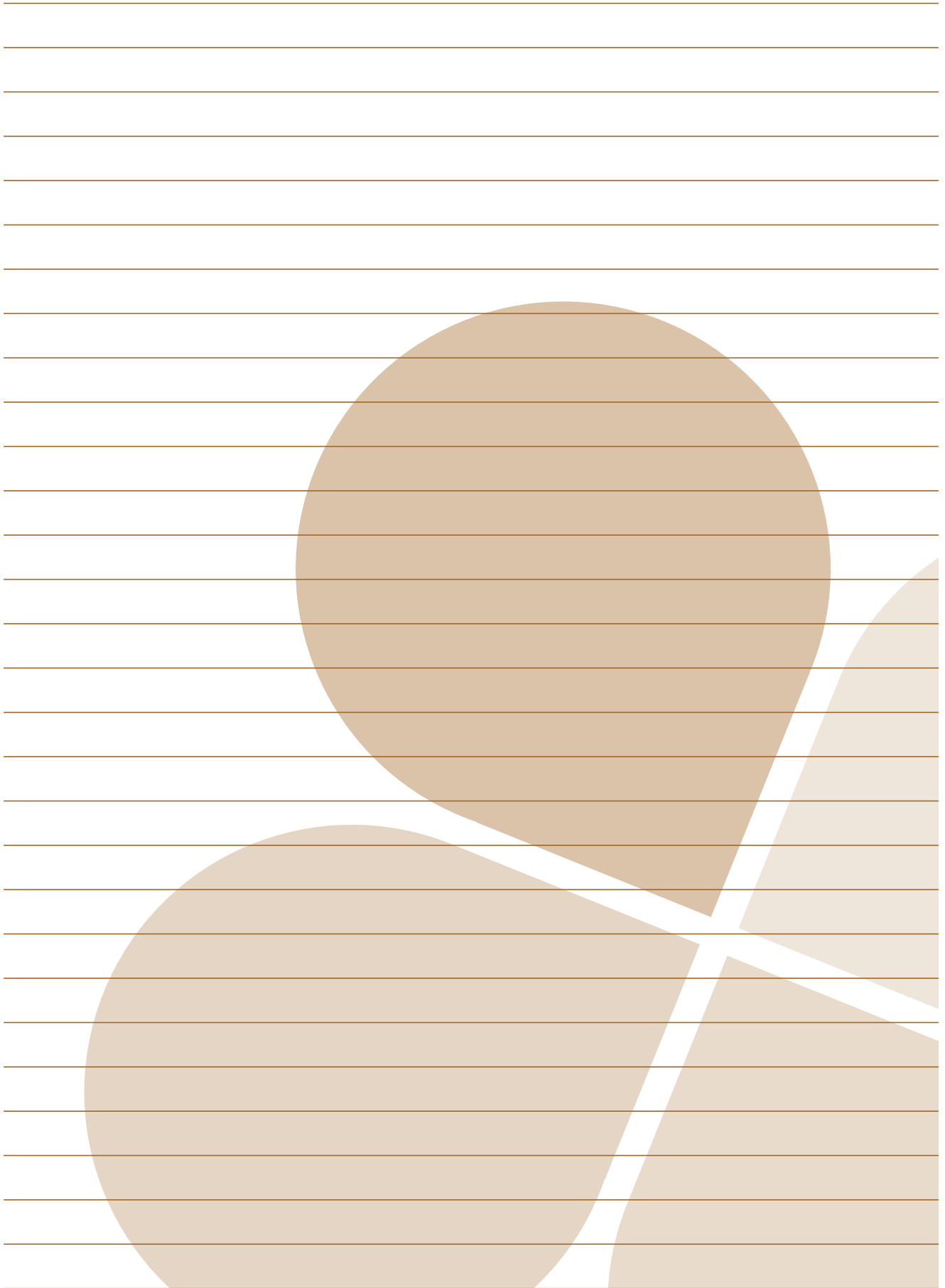
There were no events after the reporting date that could materially affect the financial statements.

31. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	1 739	-
Written off during the year as irrecoverable	(1 739)	-
	<hr/>	<hr/>
	-	-

Fruitless and wasteful expenditure was incurred due to an error made by an employee when booking travel arrangements (incorrect month). Fruitless and wasteful expenditure was caused by human error and as a result, no criminal or disciplinary steps have been taken in respect of above.

NOTES



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