

Western Cape Gambling and Racing Board



Annual Report 2019/20

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PART A



General Information

Part A: General Information

1. BOARD GENERAL INFORMATION

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

2. LIST OF ABBREVIATIONS/ACRONYMS

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

Abbreviation/ Acronym	Description
ADFIN / Adfin	Administration and Finance
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
BBBEE	Broad Based Black Economic Empowerment
Board	Western Cape Gambling and Racing Board
board	Collective of non-executive Board members
CASA	Casino Association of South Africa
Capex	Capital Expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGICT	Corporate Governance of Information and Communication Technology
COBIT	Control Objectives for Information Technology
COE	Cost of Employment
CPI	Consumer Price Index
CSI	Corporate Social Investment
Constitution	The National Constitution of the Republic of South Africa, 1996
COVID-19	Coronavirus disease 2019
DoL	Department of Labour
DTIC	Department of Trade, Industry and Competition
DTPW	Department of Transport and Public Works
EE	Employment Equity
ERM	Enterprise Risk Management
EXCO	Executive Committee
FIC	Financial Intelligence Centre
FICA	Financial Intelligence Centre Act, 2001
FLASH	Firearm, Liquor and Second Hand dealers unit
GRAF	Gambling Regulators Africa Forum
GRAP	Generally Recognised Accounting Practice
G2E	Global Gaming Exposition
HCC	Human Capital Committee
HOD	Head of Department
HR	Human Resources
HRC	Horse Racing Committee
ICAS	Independent Counselling and Advisory Services
IAGA	International Association of Gaming Advisors
IAGR	International Association of Gaming Regulators
ICT	Information and Communication Technology
IT	Information Technology
ITIL	Information Technology Infrastructure Library
IYM	In Year Monitoring

Part A: General Information

LSA	Long Service Award
LPM	Limited Pay-out Machines
MEC	Member of the Provincial Executive Council
Minister	Western Cape Minister of Finance and Economic Opportunities
MOU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NAT JOINTS	National Joint Operation Intelligent Structure
NCEMS	National Central Electronic Monitoring System
NGB	National Gambling Board
NPC	Not for Profit Company
NTR	National Treasury Regulations
OD	Organisational Development
OHASA	Occupational Health and Safety Act, 1993
Opex	Operational Expenditure
PAC	Public Accounts Committee
PAIA	Promotion of Access to Information Act, 2000
PAJA	Promotion of Administrative Justice Act, 2000
PDO	Predetermined Objective
PFMA	Public Finance Management Act, 1999
PGWC	Provincial Government of the Western Cape
PLA	Provincial Licensing Authority
PI	Performance Indicator
POPI	Protection of Personal Information Act ,2013
PRMA	Post-Retirement Medical Aid
PTR	Provincial Treasury Regulations
SAPS	South African Police Services
SARGF	South African Responsible Gambling Foundation
SCA	Supreme Court of Appeal
SC	Senior Counsel
SCM	Supply Chain Management
SCOFEOT	Western Cape Provincial Parliament's Standing Committee on Finance, Economic Opportunities and Tourism
SCOPA	Standing Committee on Public Accounts
SOPI	Strategic Objective Performance Indicator
Act	Western Cape Gambling and Racing Act, 1996
TR	Treasury Regulations
Type B LPM Site	Sites with 6 to 20 LPMs
Type C LPM Site	Sites with 21 to 40 LPMs
WC	Western Cape
WCBD4	Western Cape Bid Document 4
WCPTPW	Western Cape Department of Transport and Public Works
WCED	Western Cape Education Department
WCGRB	Western Cape Gambling and Racing Board
WCPT	Western Cape Provincial Treasury
Western Cape	The Province of the Western Cape

3. FOREWORD by the CHAIRPERSON

Introduction

It gives me great pleasure to present the Western Cape Gambling and Racing Board's Annual Report for the 2019/20 financial year.

The Board is a Schedule 3C PFMA provincial public entity and is mandated with the regulation of the gambling industry in the Western Cape. The industry has matured by embracing ever evolving technology, punter preferences, the awareness of problem gambling and the need to assist in the treatment of problem gambling, the need to give back to the community in which it trades and the very need to be a good corporate citizen. The WCGRB, as the regulator, has to understand and embrace the very same phenomena in order to effectively regulate the industry and ensure that the industry meets its commitments and licence conditions. The WCGRB, being mindful of the financial constraints, attempts to achieve its approved targets and mandate at the least possible costs, while still remaining effective.

The Board achieved the majority of its targets with 12 being fully achieved and 4 being partially achieved. The Board also achieved seven of its Strategic Objective Performance Indicators and with one not being achieved. The major reason for the partial achievements are the COVID-19 National Disaster Regulations, and the industry and WCGRB's early response to the lockdown. With the announcement of the National Disaster Regulations and the lockdown, the WCGRB suspended audits which requires physical contact and the casinos closed their premises in order to process all logistical activities prior to the lockdown. This directly influenced the execution of specific set targets.

The Board's activities included having processed 8 736 licence applications, conducting 1138 assessments at licence holder premises, deliberated on 11 disputes and directly assisted punters with 4 self-exclusions. Generally, punters approach licence holders directly for self-exclusions.

The Board continued to engage with its Licence Holders and the beneficiaries of their various CSI initiatives. The Board is proud to report that the funds are being optimally utilised to benefit the various communities and that the Licence Holders were addressing some of the needs of their communities for the year under review. The Board engaged with 12 entities assisted by the casino and LPM sectors' CSI initiatives. The Western Cape Gambling industry contributed R27 992 238 to various CSI initiatives in the Western Cape Province.

The Board continued with its assistance of those punters who see themselves as problem gamblers. To this effect, the Board has directly engaged 4 punters in excluding themselves from legalised gambling and seeking professional assistance while the licence holders have assisted 140 punters with self-excluding themselves.

The process and national register for self-excluded individuals has as yet, not been implemented nationally, which encumbers the Board in the interim, with the responsibility of putting in place its own procedures for the Western Cape Province. The Board continues to engage the relevant authorities on the implementation of the national self-exclusion register.

Board Members

The Board has an authorised membership of seven. At the time of writing this report, the Board had six appointed members.

During the year under review two Board members were appointed effective 14 December 2019 and one of the current Board member's term was extended for one year, following the expiry of her term in May 2020. Subsequent to year-end, one Board member's term expired, one Board member was reappointed on the expiry of his term and a new Board member was appointed resulting in the current six Board members serving on the WCGRB's Board. Pages 50 to 53 expands on the Board member terms.



Mr D Lakay

Part A: General Information

The vacancy on the Board places the Board's quorum at risk should more than one member not be able to attend Board meetings.

Board Awareness Programmes

The Board enjoys partnerships with SAPS, SARGF, and WCED and have consolidated relationships with Western Cape Government Media and Law Enforcement Agencies. Regrettably, the co-ordinating officer of the FLASH unit who was instrumental in the partnership between the WCGRB and SAPS was tragically killed at his home. This setback required new liaisons within SAPS.

During the year under review, the Board endeavoured to reach as many people as possible with its participation in the Thusong Outreach programmes, radio coverage, social media outreach and information sharing pamphlet drives in conjunction with the SARGF.

Benefits arising from these interventions are community awareness and their reaction in advising of illegal gambling activities within their communities.

Illegal Gambling Activities

The WCGRB continues to investigate and assist with the prosecution of illegal gambling activities. During the year under review, the Board investigated thirty-five allegations of illegal gambling with eleven proving to be negative. Twenty-four were positive and led to the confiscation of forty-five slot machines, thirty-three computers and sixteen arrests. Eight further allegations were not investigated due to the National restrictions imposed on 16 March 2020. The prosecution and legal process vests in the relevant authorities with the further interaction of the WCGRB being as witnesses. The Casino Association of South Africa in 2015 submitted that illegal gambling costs South Africa about R110 million in taxes annually. The WCGRB has no access to current financial effects of illegal gambling on South Africa.

The Regulatory Compliance Department has engaged various policing units and has constituted partnerships with them resulting in greater synergies and results.

Legislative Amendments

There were no legislative amendments for the year under review and the regulations relevant to fees were amended effective 1 April 2019.

The WCGRB submitted its comments on the 19th and 20th Amendment Bills and eagerly awaits the culmination of this process. Further clarity on legislation are highlighted on pages 13 to 15 of this report.

Challenges

The Board's challenges are motivated by its constraints. They include:

Vacancies on the Board, which places pressure on its effectiveness to honour scheduled meetings and consequently its mandate and affecting licence holders as scheduled events, are postponed.

COVID-19 constraints places a significant constraint on the WCGRB's activities, revenue, financial and logistical arrangements. The full impact of the pandemic will be ascertained as the industry responds to the various stages and levels of lockdown and opens up to the general public in accordance with the National Lockdown Regulations.

Accommodation

The lease for the accommodation was concluded with an effective date of 1 November 2018 by the DTPW and the WCGRB moved into the new offices on 24 April 2019. The acquisition of furniture and infrastructure has been completed and meets with the COVID-19 regulations. The WCGRB is adequately accommodated for the

period of the lease which expires in October 2023. The WCGRB has engaged the WCPT with the view of securing accommodation post October 2023.

Broad-Based Black Economic Empowerment

The Board continues to engage the industry on its B-BBEE achievements and monitors the set targets for the various sectors of the industry. The Board's Committees engages the various licence holders on their B-BBEE achievements and receives and interrogates reports from these licence holders by inviting the licence holders to its meetings for these interrogations and feedback. The Board is pleased to confirm that most of the casino and LPM licence holders are either meeting or exceeding the set targets and in the case of challenges in meeting targets, plans are reviewed for meeting the set targets. The WCGRB continues to engage the bookmaker sector to ensure that they too will comply with the B-BBEE objectives.

Medium Term Goals

The WCGRB has not offered the same gambling opportunities as other provinces and is investigating the roll-out of Type B and C LPMs and bingo to the Western Cape industry.

The Board has been requested to do further research on becoming financially self-sufficient and not relying on the Western Cape Government for financial support. To this end, the WCGRB had engagements with the WCPT and provided input on its financial self-sufficiency. It is envisaged that the 19th Amendment Bill will assist with this matter and the WCGRB has provided comments on the Bill and will further investigate the issue of financial self-sufficiency once the 19th Amendment Bill process has been concluded and its effects are known.

Further, to enhance the minimisation of problem gambling, the Board will, after the lockdown, re-engage the industry and authorities on the player cards and plans to hold a seminar with the foremost international proponents on the subject.

General

I hereby acknowledge the assistance and tender the Board's sincere gratitude to the following persons:

- Minister for Finance, Economic Development and Tourism, Mr D Maynier, for his guidance and support.
- The Members of SCFEOT and Public Accounts Committee for their oversight guidance.
- The Provincial Treasury Officials for their kind assistance.
- Fellow Board members and members of the Audit Committee for their support and professional manner of conducting business.
- The staff of the Board for the diligent execution of their duties, who together have contributed immensely to the success achieved by the Western Cape Gambling and Racing Board.

I am pleased to announce that the Board has delivered on its mandate while at the same time, making considerable savings on its approved budget.

The optimal functioning of the Board would be greatly enhanced if vacancies on the Board was attended to with greater urgency, as it does impact the timing of meetings, which could delay resolutions.



Mr D Lakay
Chairperson of the Board
Western Cape Gambling and Racing Board
30 October 2020

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

It is with pleasure that I hereby present an overview of the Western Cape Gambling and Racing Board's financial performance for the year ended 31 March 2020.

The WCGRB's approved revenue budget was R77 158 231 consisting of own revenue of R38 266 231 and provincial government grants of R37 092 000 with an extra R1 800 000 for the refurbishment of the WCGRB's new accommodation. An adjustment to the provincial government grant in the amount of R571 142 was effected for the WCGRB to refund taxes which was incorrectly paid into the revenue fund due to a licence holder's system malfunction. This resulted in an adjusted revenue budget of R77 729 373.

The gradual loss of the statutory exclusivity fee from 2008 to 2015 and the statutory LPM operator fee in 2016 resulted in the WCGRB losing its financial self-sufficiency status and currently has to rely on provincial government grants to fund itself. As the WCGRB is not empowered to seek alternative forms of revenue other than the statutory fees, it will remain dependant on provincial government grants until the legislation is amended. The 19th Amendment bill aims to address this. The WCGRB is considered an agent of the WCG fiscus in that it collects and verifies via audit the Western Cape Gambling taxes. For the year under review the WCGRB collected R693 462 277 in taxes and levies.

Actual revenue exceeded budgeted revenue by R1 976 605 and is highlighted on pages 93 and 94 of this report.

The WCGRB had an approved expenditure budget of R77 158 231 for the year under review, comprising Capex of R7 140 490 and Opex of R70 017 741.

During the year adjustments were effected to the approved budget as R451 000 of budgeted capital expenditure was for licence fees and reallocated to operating expenses and a refund of taxes funded by the revenue fund which needed to be recognised. This resulted in an adjusted budget of R77 729 373 with Capex of R6 689 490 and Opex of R71 039 883.

Actual Capex was R6 595 506 and Opex was R60 311 947 resulting in an expenditure saving of R12 798 524.

The prime reasons for the savings are:

- Concerted efforts to curtail expenditure by limiting travel abroad to conferences, limiting domestic travel and sharing vehicular travel on audits;
- Vacancies on the board and in the staff structure contributed savings of R1 810 242;
- Legal fees cannot be accurately budgeted for due to the uncertainty surrounding litigation;
- The training budget for the year under review was underspent as the WCGRB performed a skills audit and updated its human capital asset register in order to determine training needs. The result of the training needs assessment will only be effected in the new year; and
- Included in the provincial government grant was an amount of R6 455 000 to reimburse LPM Operator Fees. As this amount existed in the previous financial year, the expense was accrued in the previous financial year with payment being effected within the year under review. As with the accrual system the cost does not necessarily run concurrent with the payment of the expense and accordingly, the cost of the reimbursement was recognised in the previous year and not recognised as an expense in the year under review.



Mr P Abrahams

Further clarity and explanations are provided on pages 93 and 94 of this report.

The year on year Opex expenditure shows an increase of 8.4% with the major contributor being the COE with its inflationary increase.

Audit fees shows a year on year increase of 28.6%, computer licence fees shows an increase of 20% and notional premises rental costs shows an increase of 46%. These are further clarified on pages 93 and 94 of this report. The Opex spending trends remain constant with COE being the major cost of the WCGRB.

The capex increase of 268% is due to the refurbishment of the WCGRB's new accommodation in ensuring a safe and practical environment for its employees and the automation process underway.

The acquisition of the furniture is the subject of an irregular expense and is highlighted in note 39 of the financial statements. The WCGRB, mindful of its lack of expertise in the evaluation of customised furniture and after the DTPW advised of their unavailability to assist with the acquisition, resolved to embark on a limited bidding process and awarded the manufacture and supply of furniture to the designers of the furniture and floor layout. These were the very same suppliers appointed by DTPW to supply its furniture requirements. The WCGRB, in accordance with the set process, advised the Western Cape Provincial Treasury and the Auditor General of South Africa of this deviation. Further elucidation is provided on pages 147 and 148 of this report.

The WCGRB has no 2019/20 incomplete budgeted projects and will not request for the roll-over of any funds. The WCGRB had no unsolicited bid proposals and consequently have nothing to report in this regard nor are there any discontinued operations or plans to discontinue any operations of the WCGRB.

The WCGRB's flat structure does not leave much room for upward mobility and the WCGRB serves as a stepping stone for its more upward mobile employees. Consequently, with the huge disparity in the remuneration of the WC employees compared to that of some other provincial gambling boards, as soon as the employees are well trained and become more efficient, the employee wishes to leave the WCGRB to seek greener pastures. This results in the expertise exiting the WCGRB.

The impediments to the WCGRB offering similar gambling opportunities in the Western Cape as its counterparts in the other provinces, with the definite opportunity of increasing WCGRB and provincial revenue, places a damper on the WCGRB and its standing in the gambling community of being an independent organisation implementing its mandated authority. It results in the industry requesting to approach the WCG and WCPT directly with matters which should reside with the WCGRB.

The WCGRB has a fully-fledged and capacitated SCM process in place and its policies have been approved and tested. The WCGRB takes great pains in ensuring that its transactions meet with the policies and criteria of SCM. Training and attendance at appropriate fora are encouraged and the SCM officer keeps abreast of changing circumstances.

The findings raised by the Auditor-General of South Africa following the audit of the 2018/19 fiscal year has been resolved and implemented and so attested to during the 2019/20 external audit.

The WCGRB continues to seek methods to alleviate the fiscal challenges and it could remedy it by offering similar gambling offerings as those which the other PLAs offer. This should result in a substantial increase in revenue for both the WCGRB and the provincial fiscus.

The WCGRB is reliant on the WCPT to propose amendments to legislation to allow for changes in its revenue stream and make it more financially self-sufficient. To this end, the 19th amendment bill has been published for comment and the process is in the hands of WCPT.

The major event after the reporting date is the COVID-19 pandemic and lockdown which has had debilitating

Part A: General Information

consequences for the WCGRB and the industry which it serves. The effects and measures are highlighted later in this report.

The WCGRB is confident that it remains economically viable and requires its own financial resources to be bolstered so as not to rely on grants from the WCG. The WCG continues to support the WCGRB financially until its process of amending the fee structure is fully implemented and accordingly, this ensures the financial viability of the WCGRB.

The Board achieved the majority of its targets with 12 being fully achieved and 4 being partially achieved. The Board also achieved seven of its Strategic Objective Performance Indicators and with one not being achieved. A full disclosure of these targets is set out on pages 35 to 45.

The major reason for the partial achievement is the COVID-19 lockdown as gambling institutions closed down earlier to ensure the lockdown would not affect their logistical arrangements.

It is with gratitude that the Board hereby acknowledge the contribution of the Minister DD Maynier for his leadership and encouragement, the Standing Committee on Finance, Economic Opportunities and Tourism and the Public Accounts Committee for their oversight and inputs to enhance the Board's achievements and infrastructure, the Board Members for their oversight, guidance and leadership in ensuring that the Board is able to achieve its mandate, Audit Committee for oversight and advice and ensuring proper governance and technically sound accounting practices, the Western Cape Provincial Treasury Officials for their input and guidance and the Board employees for their dedicated service and contribution in making 2019/20 a successful year.



Mr P Abrahams
Chief Executive Officer
Western Cape Gambling and Racing Board
30 October 2020

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

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

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor-General. The annual report is complete, accurate and is free from any omissions. The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury. The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the Board.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information. The Accounting Authority is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Board for the financial year ended 31 March 2020.



Mr P Abrahams
Chief Executive Officer
Western Cape Gambling and Racing Board
30 October 2020



Mr D Lakay
Chairperson
Western Cape Gambling and Racing Board
30 October 2020

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 AND OTHER 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 workplaces in South Africa and has a direct bearing on employees of the Western Cape Gambling and Racing Board.

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

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

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

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

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

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

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

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

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

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

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

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

Part A: General Information

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

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

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

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

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

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

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

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

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

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

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

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

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

The Board is a Schedule 3C Provincial Public Entity and bound by the financial and budget management 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; provides for the responsibilities of persons entrusted with financial management in government and to provide for matters connected therewith.

Skills Development Act, 1998 (Act 97 of 1998)

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

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

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

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

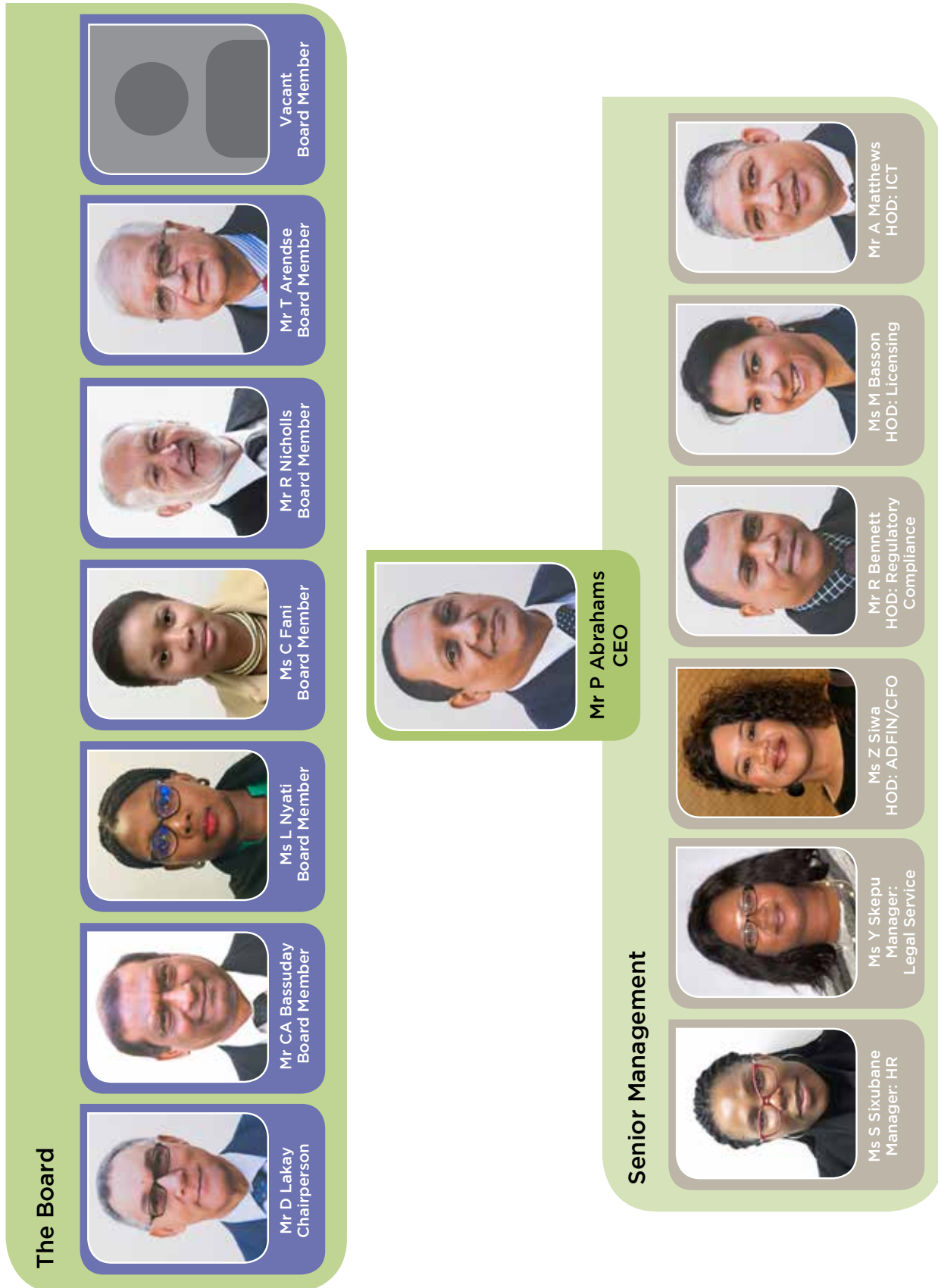
This is the Supreme law of the country and outlines inter alia South Africa's system of government, the role and responsibilities of the different spheres of government, the basic human rights of all citizens and creates a number of Constitutional institutions.

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

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

8. ORGANISATIONAL STRUCTURE

As at 30 October 2020



PART B



Performance Information

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 83 of this Report for the Auditor's Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1 SERVICE DELIVERY ENVIRONMENT

2.1.1 OVERSIGHT OF THE BOARD

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

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

There could be a dichotomy between the Board's area of responsibility and that of the Western Cape Provincial Treasury with the latter's area of focus being revenue collection and fiscal policy. The external effect of the Board's area of responsibility is centred on economic development of socially responsible economic reforms and the protection of the public while safeguarding the industry. The engagement between the Board and its oversight department must therefore be carefully managed and guided by the Board's independence as conferred by law.

2.1.2 STAKEHOLDERS

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

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

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

Licence holders of the Board are afforded the opportunity to attend Committee meetings and in certain instances, ad-hoc Board meetings, to make representations to the Board regarding the relevant gambling

sector. The general public are welcome to attend the WCGRB open board meetings and to raise questions or concerns at these meetings.

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

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

2.1.3 ECONOMIC SITUATION

The economic climate in which the industry currently operates is no different to that in which South Africa as a whole finds itself. The gambling rand now competes more vigorously with the spend on the basic needs as presented in the Maslow theory of basic needs. The effect of the COVID-19 Lockdown has an even greater strain on the economy and the socio-economic environment. The COVID-19 pandemic and the associated national lockdown with all its various regulations has had a marked effect on the economy and social welfare at large and in particular, has seen the non-essential gambling sector both suffer and grow during the lockdown period. Land based gambling has been hit hard by the lockdown while on-line betting has thrived. The continued restrictions placed on places of entertainment, alcohol sales and the general curfew has resulted in contracted economic activity for the land based gambling entities which has led to a reduced need for the number of resources required like, employees, hardware, outsourced services and acquired consumable goods among other. This has led to a reduced revenue stream with the consequence of retrenchments, lower spending and corporate social investments. The World Economic Forum suggests that "from a business perspective, companies generally cannot be successful in societies that are not functioning well." With the educational drop-out rate expected to increase due to disrupted education and reduced parental finances, a higher unemployed youth rate and increased unemployment, it will take some time for society to be functioning well again and accordingly for business economic activity to reach close to normality.

It is evident from recent tax collections and revenue statistics that the casino and horse racing sectors no longer only experience a lower growth rate, but in some periods, a negative growth rate or decline. The industry is constantly seeking new contingencies for betting or increasing gambling revenue and this places a burden on the regulator to ensure that these contingencies are lawful and that the proper protection for the public is in place.

The ongoing Eskom saga of rolling load-shedding resulting in either interrupted operations of casinos or high additional cost for alternate energy during these periods places an additional strain on the industry which, as a result of the COVID-19 pandemic and National Lockdown, already suffered massive economic losses.

2.1.4 BROAD BASED BLACK ECONOMIC EMPOWERMENT

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

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

Part B: Performance Information

2.1.5 EXPANSION OF GAMBLING INDUSTRY

The Board is conducting research on the expansion of the gambling industry into other modes of gambling not operational in the Western Cape at present. These modes include the roll out of type B and type C LPM Sites, international junkets and Bingo offerings. The Board previously conducted a socio-economic impact study to determine the impact of current gambling modes on households, the surrounding communities and gamblers. The research further probed the desirability of expansion of the industry. As part of assessing the viability of the expansion gambling modes, the Board will conduct not only a public participation process, but also test the market for expressions of interest.

There is uncertainty surrounding the relocation of an outer lying casino to the metropole and the effect such relocation may have on the gambling industry in the Province. Currently the Board has no role in the relocation process other than providing comments on the proposed amendments, which has since been published for public comment.

Provincial Treasury commissioned research into the regulation of international junkets. The research is a review of the legal, practical, economic and taxation considerations through a comparative analysis of the different jurisdictions where international junkets are operational. This research is close to finalisation.

The ultimate shareholding of the industry in the Western Cape Province continues to be contracted with a few major role players having interests in all the sectors of the gambling industry. This entrenches centralised control and similar policy execution throughout all sectors of the gambling industry rather than regionalised methodologies. The expansion of the industry will create impetus for empowerment of new market players and provide new scope for broad-based empowerment.

2.1.6 INDUSTRY DEVELOPMENTS

There were queries raised regarding pigeon racing and the allegation of betting thereon. At this stage the information gathered suggest that the money relative to this activity relates to the prize money for the owners of the winning pigeons. The matter is still being investigated. The Board had approved contingencies for bookmakers which permitted the offering of betting to the public on casino type games. This approval was granted after extensive consideration and although it resulted in the Board being named in a litigation matter with the Casino Association of South Africa, the Board was satisfied that the legal basis for such approval was sound. CASA has since dropped the matter and this case is regarded as finalised. The offering of the new contingencies was able to provide a wider variety of betting options that bookmakers could offer as there was the continuous decline in the horse racing numbers.

Horse-racing as a sport has been a struggling industry and the Board noticed a substantial decline in betting taxes over the past year. Re-invigoration of the sport of horse-racing is necessary to make it more appealing to the younger generation, which could assist the operator/s to have a turnaround in this industry.

2.1.7 BOARD AWARENESS AND RESPONSIBLE GAMBLING

In terms of the preamble of the Act, it is recognised that opportunities for gambling and racing entail particular risk and dangers to the inhabitants of the Province of the Western Cape, which justifies the imposition of appropriate restrictions and controls. It is therefore important that the Board educate the public on the dangers of gambling and require licence holders to adopt responsible gambling measures.

The Board flighted a radio media campaign on responsible gambling in the last quarter of the 2018/19 financial year. The awareness theme warned the public of the dangers associated with gambling addiction and provided contact details for persons requiring assistance with problem gambling. The effects of the campaign spilled over into the year under review in terms of referrals to the Board and persons requesting assistance with processing of self-exclusions. The self-exclusion process commences with a request from a patron to be banned from all forms of legalized gambling. The personal particulars of an excluded person are circulated to all licence holders, and the latter must ensure that an excluded person does not engage in

gambling at their establishments and that no gambling-related advertising is sent to an excluded person. A person that has previously been excluded may apply for upliftment of such self-exclusion once they can demonstrate that they received the necessary treatment and counselling for the underlying gambling addiction problem.

The effective implementation of a national exclusion programme is hampered as the National Regulations aimed at regulating same is not operational. The Minister of Trade, Industry and Competition (“DTIC”) must gazette the date these Regulations shall take effect. The Board hosted an engagement with the DTIC and the National Gambling Board to discuss, amongst other, the readiness to enact the Regulations for commencement. The Board is continually engaging the said entities to fast-track the exclusion register process, to enable the WCGRB with the the legislated mandate to enforce same.

During the middle of 2019, the Office of the Board became aware of an increase in illegal gambling in the Atlantis area. With that area also being home to a few licensed betting establishments, the Board engaged with the local SAPS officials to discuss a possible awareness workshop. The workshop took place during November 2019 after a further meeting with the local community representatives.

In an attempt to support the local businesses in the area, a media advertisement notifying residents of the awareness workshop was placed in the local community newspaper. The pamphlets that were distributed on the day was done in collaboration with a local resident who runs a printing shop from his home in Atlantis.

The workshop was held on 22 November 2019 in the Atlantis library and attracted a number of people during the day, the Board officials also walked within the community to hand out pamphlets to the public not attending the workshop. The discussion held with the community covered the following topics:

- What is illegal gambling?
- The dangers of problem gambling if left unattended
- The standards of licensed gambling and betting venues in the area
- The legislative and regulatory obligations of licence holders

The outcome was positive and there were a number of requests to have future workshops in the surrounding areas for other families and friends to attend. The Board intends to organise greater awareness and information campaigns on responsible gambling. Such initiatives will take various forms and will include, for instance, community engagements, media campaigns as well as school visits, where applicable. The Board held a workshop on best practices in the treatment of responsible gambling with two visiting professors who do extensive research on the treatment of problem gamblers and responsible gambling measures. The topic relative to responsible gambling discussed included the contra-indications that may arise in practice, depending on the culture of communities and personal beliefs of gamblers. These may impact whether gamblers utilise responsible gambling treatment measures and possible impacts the effectiveness of the responsible gambling measures adopted by regulators. The Board plans to host a conference to unpack the disciplines and facets of responsible gambling as well as for discourse between licence holders, regulators, treatment professionals and other stakeholders.

The South African Responsible Gambling Foundation is the official gambling treatment, education and awareness agency funded and established by the gambling industry. As such, the Foundation offers training to persons employed in the gambling industry as well as Regulators. It also offers treatment and education to persons affected or impacted by problem gambling. In addition, the SARGF present awareness campaigns at schools to educate learners about responsible gambling and the dangers and characteristics of problem gambling. The Board works closely with the Foundation in terms of training initiatives offered by the foundation and in respect of the Board’s own awareness programmes. The Board hosts a quarterly meeting between its licence holders and the Foundation to keep abreast of the treatment statistics, for information sharing and to drive responsible gambling initiatives.

In all decision making of the Board and the Office of the Board, the socio-economic impact of decisions is always considered. The Board is always mindful of the potential unintended consequences of gambling and embarked on a player card research to assist with responsible gambling. The idea of introducing such a system

Part B: Performance Information

is that it makes player limits and player exclusion much less complex. The gambling industry was consulted to establish the appetite for such a system and established the viability of such a system for the industry in the Western Cape. The Board resolved to commission further research into specified areas highlighted, flowing from the industry and stakeholder engagements. Further engagements with stakeholders will recommence after the lifting of the lockdown.

The Board is part of an intergovernmental community outreach project called the Thusong Programme. As part of its objectives, it aims to provide equitable and effective access to government services and information, through strategic partnerships and engagements between the government and relevant stakeholders. The primary focus of development communication and information is to empower the poor and disadvantaged. The Thusong Programme is viewed as a means to operationalise the communication approach as well as to address information and service imbalances at a local level by bringing government closer to the people.

The Office of the Board attended the quarterly Thusong Programmes organised during the year under review to educate the public about the Board, its activities, illegal gambling and responsible gambling.

2.1.8 ELIMINATION OF ILLEGAL GAMBLING

During the year under review there were 43 allegations of illegal gambling which resulted in the following:

- 35 allegations were investigated
- 8 allegations were not investigated due to the National restrictions imposed as at 16 March 2020
- 11 of the allegations were negative
- 24 of the allegations were positive which led to confiscation of 45 slot machines, 33 computers, R4 392.00 seized and 16 arrests.

Practice has shown that illegal online gambling is still continuing unabated and the ban on online gambling is not enforced effectively.

The Board has been advocating for law and policymakers to legalise and regulate online gambling. As long as citizens of South Africa do not have legal alternatives, they will not only be committing a crime by participating in illegal online gambling, but also be left to the mercy of unscrupulous operators that are not regulated in terms of fair play, return to patron percentages and probity and suitability requirements. Unlicensed online gambling operators also do not contribute to the Fiscus nor do they invest in corporate social investment. As opposed to simply fighting illegal gambling, which we support, government must put a clear research plan into action to acquire the knowledge to regulate online gambling.

The Board continues to make great strides in the fight against illegal gambling establishments with the assistance of the relevant Law Enforcement officials.

The Board has, over the years, established and maintained good relations with the relevant organisations and such relationships are enhanced with the annual workshop hosted by the Board. The primary aim of the workshop is:

- providing information on past years' achievements,
- debate aspects on mutual challenges,
- discuss the proposed plans for the year ahead,

The annual workshop allows the Board with an opportunity to thank the various individuals who assisted with the fight against illegal gambling. The annual workshop has evolved into a competitive aspect between the various SAPS stations with the industry providing token prizes for the best performance on the day.

Provincial Gambling Boards were given a boost in the fight against illegal gambling with the establishment of the Stakeholder Priority Committee. During the National Joint Operational Intelligence Structure (NAT JOINTS) meeting it was concluded that relationships between the National and Provincial Gambling

Authorities, South African Police Service, National Prosecuting Authority and other stakeholders concerned should be enhanced, to ensure that illegal gambling is addressed in an integrated and co-operative manner. A need was identified to establish Provincial Stakeholder Priority Committees to operationalise the strategic decisions taken by the National Stakeholder Priority Committee to address illegal gambling in an integrated manner at provincial level.

The Provincial Stakeholder Priority Committee established to address illegal gambling will be chaired by a member attached to the Directorate for Priority Crime Investigation (DPCI). This will be at the rank level of a Brigadier, which will mitigate the challenges currently being experienced in the investigation of organized illegal gambling related cases. The Board formed part of a Committee set up prior to the NATJOINTS instruction, which consisted of FLASH, the Board, Liquor Authority and Metro Police Vice Squad, however, since November 2019, there appeared to be a decline in the urgency for the establishment of the Provincial Stakeholder Priority Committee.

2.1.9 CORPORATE SOCIAL INVESTMENT

The Board encourages licence holders to provide corporate social investments (CSI) to organisations that are sustainable and support relevant causes.

As part of their licence conditions, the licence holders are required to expend a percentage of turnover toward Corporate Social Investment for the benefit of the communities in which they operate. Below are some of the focus areas the Board's licence holders have invested in:

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

For the year under review, the members and officials of the Board visited twelve (12) organisations as part of the Board's oversight responsibility insofar it relates to corporate social investment.

The Board's licensees invested an amount of R27 992 238 in respect of corporate investment for the year under review.

2.1.10 IMPACT OF THE COVID-19 PANDEMIC

In response to the call of the President for the country to work together to flatten the curve and the spread of the Corona virus on 15 March 2020, the licence holders in the Western Cape took the initiative and responded without the intervention of the Board. Several far reaching measures at licensed establishments were introduced with the safety of patrons being the objective. The approach from the industry was twofold, viz compliance with the necessary hygiene standards at licensed establishments and by curtailing operational activities to ensure the protection of staff at licensed establishments and the greater public. The measures introduced to enhance hygiene standards included:

- Sanitisers being available both at the entrance and within the premises
- Increased frequency of cleaning within the premises
- Staff being provided with sanitizers to be kept on their person for the duration of their shift
- High traffic areas sanitised after contact with each patron
- Enforcing social distancing

The measures introduced with respect to operational activities:

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

Part B: Performance Information

With the announcement by the President on 22 March 2020 that there would be a national lockdown as from midnight 26 March 2020, licence holders now had less than a week to make provision for this closure.

Despite being able to offer gambling at its establishments until the last day before lockdown, gambling licence holders closed four days earlier to ensure full compliance with the lockdown regulations.

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

2.1.11 TECHNOLOGY AND INFORMATION

The Board and its Finance and IT and Audit Committees have oversight responsibility for the effectiveness and adequacy of the Office of the Board's internal ICT governance and adopted King IV requirements with the CGICT Charter, COBIT and IT/ITIL Governance Framework, including policies, processes, procedures and structures.

Quarterly internal ICT and audit reports were presented to the committees to ensure effective controls for Internal ICT security were maintained. Risks and controls associated with the internal ICT function were incorporated in the Board's Risk Register. The Office of the Board's ICT related activities were dealt with via the domestic Help Desk Management system and reviewed weekly.

A key focus area for the Office of the Board was to create the foundation for its move towards business process automation. It has done this through the digitised automation project and system, called Genesis. The ultimate goal of the Genesis system is to automate the Board's licensing application business processes and create a green/paperless environment for the Office of the Board as well as for the gambling industry. The project commenced in September 2018 and earnestly progressed to have Phase 1 completed for the casino industry at the end of August 2019. Phase 1 was successfully implemented and the go-live of the system was accomplished on the 01 September 2019. Training for the casino industry and WCGRB employees were completed to allow casinos to submit their digitised licence applications via the online portal from September 2019. With the implementation of Genesis certain issues such as access from operator premises and human errors with completing new electronic forms were experienced. With the expectation of implementation issues, adequate provision was made by the Board and service provider, to effectively deal with these implementation issues. The next phase of project Genesis includes the Board's Digitised Automated Licence Application Processes for the LPM, Totalisator and Bookmaker industries.

The Office of the Board also launched its modernised Internet website aligned with the latest website design formats in Quarter 4 of the 2019-2020 financial year. The purpose of the new website is to provide visitors with an easier and better way to navigate and familiarise themselves with the Board's mandate, services, gambling license procedures, guidelines, office contacts, operator rules, WCGRB legislation and regulations, gambling statistics and more.

At the time of the national lockdown, the Office of the Board equipped specific employees with the necessary tools to work from home. This included remote access to the WCGRB network and production systems to perform their duties during the lockdown period. The WCGRB Security Policies and Oath of Secrecy, the Code of Conduct and Section 17 and 19A of the Western Cape Gambling and Racing Act, 1996 have been communicated to all WCGRB employees to ensure information and data that are accessed are safe and that employees abide by this during the lockdown period.

The advancement in technology sees new and innovative methods for gambling and identifies online betting on sport as a growing market. Regulators must ensure that they are sufficiently trained to address technological changes, widespread and continuous use of changed technology. These aspects also need to be addressed by legislative amendments to ensure alignment with the technological changes.

2.1.12 CONFERENCE ATTENDANCES

The Western Cape Gambling and Racing Board, has the legislated mandate of regulating gambling in the Province of the Western Cape. The gambling industry is in a constant state of flux as new innovations and offerings, new technology and understanding of its effects on the population comes to the fore. To effectively regulate gambling, the WCGRB must keep abreast of all these changes in the gambling industry and have the knowledge and skill set to be effective in the performance of its mandate.

The launch of new innovations and offerings, the exchange of new ideas in regulation and protection of problem gamblers are presented and deliberated at gambling related conferences. Conferences are also the breeding ground to foster relationships with inter-jurisdictional colleagues, academics, gambling statisticians and auxiliary service providers.

To this end, the Western Cape Gambling and Racing Board members and officials attended four conferences during the year under review. Details of the two international conferences attended are highlighted on pages 60 to 62 of this report.

The four conferences attended were:

- **International Association of Gaming Regulators (IAGR)**
The premium conference for gambling regulators, which members consist of gambling regulatory organisations from around the world. As a regulatory conference, it focuses on regulation, common challenges and solutions. The topics for this conference centred around problem gambling, stakeholder responsibility, responsive regulation of gambling, the threat of organised crime and the role of gambling advertising on problem gambling and tools to assist gamblers in assessing their gambling patterns and setting limits to their gambling spend among other. The WCGRB gained insight into the recognition and treatment of problem gamblers and the responsibility of licence holders to problem gamblers.
- **Global Gaming Exhibition and National Centre for Responsible Gaming Conference (G2E)**
The exhibition presents the latest technological offerings for gaming as well as new developments and future gaming products on display. The WCGRB is made aware of forthcoming developments and allows for skills development and legislative enhancements to equip the regulator for these new offerings. The conference concentrated on the treatment of gambling disorders, responsible gambling and provided the WCGRB with insights and material to enhance its responsible gambling regulatory strategies for the Western Cape licence holders.
- **National Gambling Board Conference**
This conference was hosted by the South African National Gambling Board and included regulators, operators and gambling industry service providers. The aim of the conference was to present latest gambling trends, foster collaboration with stakeholders towards common future goals and objectives, deliver a platform for robust debate and discussion between stakeholders on gambling regulation, legislation and best practices. The WCGRB participated in the panel discussions and individually with stakeholders which gave the WCGRB insight into current thinking and developments.
- **Gaming Regulators Africa Forum (GRAF)**
The membership of this forum consists of regulators throughout Africa and its aim is to foster combined education, research, regulatory development and information sharing between the African regulatory fraternity. The conference concentrated on the Fourth Industrial Revolution (4IR) and its effects on the African gambling industry both as gambling offerings and as employment in the regulatory sphere. In addition, it sought collaboration on FIC matters, crypto currencies, money laundering and Play Management Systems. The Western Cape Gambling and Racing Board gained insight into current thinking on regulating gambling within Africa and the challenges facing the African Gambling Industry and the regulation thereof.

The WCGRB officials formed valuable alliances with international gambling regulators and industry stakeholders for future research and advice by attending these conferences.

Part B: Performance Information

2.1.13 CORPORATE GOVERNANCE DISCLOSURES REQUIRED BY KING IV CODE:

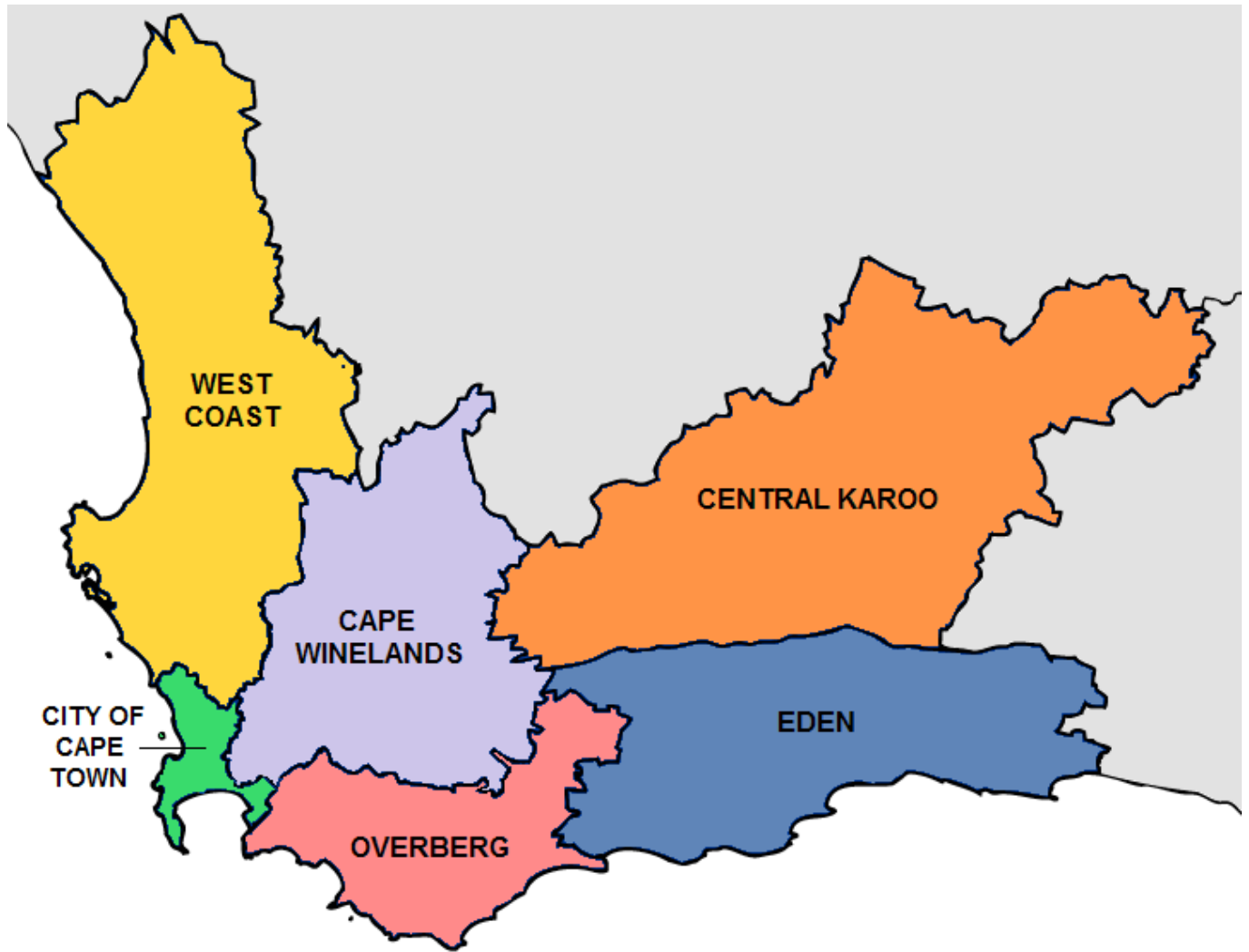
In terms of the King IV Code, the Board is required to make certain disclosures pertaining to corporate governance. The Board's King IV report is accessible on the Board's website at www.wcgrb.co.za

As at 31 March 2020 the legal gambling and racing industry in the Western Cape which spans the full geographical area of the Western Cape comprised of:

2.1.14 SERVICE DELIVERY ENVIRONMENT

License Activity	31 March 2020	31 March 2019
Licensed casinos	5	5
Licensed limited payout machine operators	2	2
Licensed bookmakers	43	43
Licensed totalisator	1	1
Licensed premises	664 (447 LPM, 164 Bookmaker, 53 Totalisator)	640 (432 LPM, 154 Bookmaker, 54 Totalisator)
Licensed gambling devices	6 940	6 040
Employee licences	7 514	7 195

Western Cape Municipal Boundaries



Geographical Spread of Licensed Gambling Operations

Premises	1 City of Cape Town	2 Eden	3 Cape Winelands	4 Overberg	5 West Coast	6 Central Karoo
Casinos - 5	1	1	1	1	1	0
LPM Sites - 447	299	44	43	22	38	1
Bookmakers - 164	144	7	11	0	2	0
Totalisator - 53	44	2	4	0	3	0

Part B: Performance Information

The number of licence applications to the Board is based on industry demand. The Board's application process is either preceded by an invitation for application or open-ended by law. Casino, route operator and totalisator licences applications, can only be submitted upon an invitation by the Board. Whereas for bookmaker and LPM Site licences, applicants submit applications as and when viable business opportunities arise. It is therefore difficult to accurately budget for the Board's own income as the Board's revenue streams are based on the number of new applications as well as licence renewals in a particular year.

The industry is highly regulated and to ensure that the role players comply with statutory suitability requirements, an intensive licencing process is carried out prior to the issue of a licence. Licence holders submit annual renewal applications, that is also vetted and probed for compliance with the suitability requirements to hold the respective licences.

Although the Board continues to monitor the gaming revenue on a monthly basis, there will be a greater focus on the variances and trends which could assist the Board in taking decisions which may have an impact on the future of the industry. The trends have been skewed by the COVID-19 Lockdown and must be calibrated for its effects.

With rapid advancement of technology coupled with industry changes, effective regulation requires legislative amendments, however this is a lengthy process and the WCGRB often finds itself hamstrung by the sheer length of time of such amendments.

2.1.15 THE FOURTH INDUSTRIAL REVOLUTION

The Trade and Industrial Policy Strategies (TIPS) report for the Department of Trade, Industry and Competition (DTIC) on the World Economic Forum and the Fourth Industrial Revolution in South Africa advises that *"This new phase of technological advancement is forecasting the widespread application of robotics and automation, artificial intelligence, nanotechnology and material sciences to traditional and new industries. This is expected to change future production processes significantly and as a result affect the development and implementation of future industrial strategies."*¹

With the afore-mentioned observation in mind and the rapid advance in innovative technology within the gambling industry, the Board wisely decided to digitise and automate its licensing procedures. This conscious decision was naturally executed to keep up with the necessary changes and typically promote an efficient, effective and enhanced business process. This realistically is the essential step in the desired direction of a more enhanced capability and will lay the foundation for the productive remainder of the organisation business processes. The Board has to adapt to changes within the gambling industry, from a structural, complex system and human resource perspective to positively enhance its operational capability.

To ensure the Board is adequately capacitated, it endeavours to strengthen its capabilities through necessary education, improved skills development, better infrastructure, greater stakeholder collaboration and toughen specific legal/policy frameworks. This will be prudently performed to properly secure data, positively enhance licence processing, advance compliance monitoring, standardise gambling regulations, develop flexible technical standards, appropriately safeguard the consuming public and ultimately deliver on its direct mandate as a regulator.

¹ World Economic Forum and the Fourth Industrial Revolution in South Africa (Trade & Industrial Policy Strategies research for the Department of Trade and Industry), November 2018

2.2 ORGANISATIONAL ENVIRONMENT

As at 31 March 2020, the Minister of Finance and Economic Opportunities had appointed a full complement of seven (7) Board members to the Board.

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

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

In order to ensure the successful completion of its mandate, Board members and the executive committee had to keep employees motivated and inspired. It is pleasing to know that despite all of the aforementioned; the Board achieved its mandate and successfully fulfilled the majority of its targets for the year under review.

2.2.1 ACCOMMODATION

With the oversight of Provincial Treasury (PT), the Department of Transport and Public Works (DTPW) secured a five-year office accommodation lease for the Office of the Board in November 2018. The new office preparation was conducted as per the Western Cape Government norms and standards for office workspaces. DTPW with the service provider performed the project management and the WCGRB provided input into the layout of the office space.

The Office of the Board successfully relocated to its new premises with limited downtime at the end of April 2019 and have mitigated the limitations placed on the organisation in terms of accommodation. Secure access to the new premises with 24/7/365 security, ensures for the safety of employees, vehicles and personal belongings. The centralised location of the new WCGRB premises allows for the limitation of vehicle congestion and ease of access to and from operator sites and speed up travelling time for employees, operators and service providers.

The WCGRB refurbished its offices during the 2019-2020 financial year to ensure adequate housing of its employees with its new infrastructure and workspace layout. The office layout, unbeknown to the emerging health pandemic at the time, conforms to the COVID-19 regulations and the Office of the Board did not have to make changes to the office layout.

Permanent accommodation for the Office of the Board is a standing agenda item on the agenda of the Board and the Minister of Finance and Economic Opportunities' quarterly meetings. A task team comprising PT, DTPW and WCGRB will need to be established at least three years prior to the expiration of the current lease, to provide sufficient time for DTPW to secure a permanent accommodation for the Office of the Board.

2.2.2 ORGANISATIONAL STRUCTURE

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

In respect of the potential additional resources that may be required, the Board intends conducting an internal study combined with an Organisational Design review to determine the requisite needs prior to the roll out of such additional offerings. It should be noted that the existing structure in respect of the already

Part B: Performance Information

licensed offerings has remained stagnant albeit that the current licensed industry expands year on year, more so in respect of the LPM and Bookmaker industries.

The Board has taken the necessary steps to move towards a green/paperless environment with the introduction of an online portal for the submission of licence applications. The introduction of the system in no way takes away the need for manpower in that the investigation process is still the main focus of the department, resulting in the recommendations to either grant or deny the applications made. The only position within the Licensing Department that is mostly impacted by the new system would be the Registry Clerk position, however currently the role covers more than simply receiving and registering applications, hence no position is made redundant. The teething pains experienced (internally and externally) in respect of moving from a paper driven environment to a digitally driven environment remains a focus point that is managed accordingly.

2.2.3 OCCUPATIONAL HEALTH AND SAFETY MEASURES

To conform to the Regulations issued in terms of the Disaster Management Act, 2002, the Occupational Health and Safety Act, 1993 and the Directive issued by the Minister of Employment and Labour, the Board took special measures to limit employees' exposure to COVID -19 infection. These include:

- Suspension of all on-site assessments and all face to face interactions;
- The procurement of hand sanitisers, masks, face shields and temperature scanners to both monitor and protect employees from possible exposure to COVID-19;
- Minimising the number of employees at the workplace through rotation, and remote working arrangements, in order to achieve social distancing and to limit congestion in public transport and at the workplace;
- Enclosed workstations with adequate shielding provided by the screens;
- Disinfecting all work surfaces and equipment before the return to work;
- Regular cleaning of commonly touched areas; and
- Functional Occupational Health and Safety Committee and capacitated representatives.

2.2.4 TRAINING AND DEVELOPMENT

Key to the skills development programme was conducting a skills audit, which is aimed at identifying the skills gap and how the organisation will address the identified gaps through training and development.

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

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

2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The South African President declared a state of National Disaster on 15 March 2020 following the outbreak of the corona virus in South Africa. The measures put in place did not stem the growth in confirmed cases of the COVID-19 pandemic. Consequently, the President declared a twenty-one-day national lockdown effective midnight 26 March 2020. After assessment of the measures put in place, the President announced a further national lockdown until 30 April 2020. Pursuant to the national lockdown declared, the gambling industry ceased operations on 26 March 2020 and commenced business operations during July 2020. The offering of betting through interactive platforms, i.e. online and mobile betting continued to operate during the lockdown period.

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

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

2.3.1 LITIGATION

The gambling industry proves to be very litigious resulting in the Board's decisions and actions often challenged based on the vested economic interest of licence holders and other role-players. Some matters are purely of public interest or to provide legal certainty on matters where the Board and a licence holder have differing legal views. In such instances, the parties usually agree that the appropriate avenue is to obtain a declaratory order. As a regulator, the Board considers broader public interest issues and not purely the commercial interest. This results in the Board making sufficient litigation budget available and expending considerable time to participate in litigation processes.

A casino operator applied for a Declaratory Order, citing the Board and the Provincial Minister of Finance, Western Cape as Respondents, declaring that Freeplay credits do not constitute a "drop" for the purpose of the computation of adjusted gross revenue and does not form part of the taxable revenue per Section 64 of the Act read with Schedule III. Furthermore, for any overpayment of taxes to be refunded or set-off against future tax liabilities of the Applicant. Judgement was delivered on 29 April 2020 in favour of the Applicant, where the Court held that Freeplay does not constitute part of the "drop" for purposes of the computation of adjusted gross revenue and do not form part of taxable revenue in terms of Section 64 of the Act read with Schedule III. The Board was ordered to set-off the overpaid taxes against the Applicant's future liabilities to pay gambling tax in terms of Section 64 of the Act. The Board and the Minister have both filed Applications for Leave to Appeal and the hearing of the application for leave to appeal is enrolled for hearing on a date still to be confirmed for hearing of the applications for leave to appeal.

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

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The Casino Association of South Africa, presenting the interests of casino operators collectively, challenged the Bookmaker and Totalisator offerings of bets on “casino-style” games as unlawful and unconstitutional. The matter was opposed by a number of Bookmakers nationally. CASA has since withdrawn the legal challenge and Court will therefore not pronounce on the matter.

2.3.2 CURRENT LEGISLATIVE CONSIDERATIONS

A briefing was held by the Department of Trade and Industry before the National Council of Provinces Trade and Industry, Economic Development, Small Business Development, Tourism, Employment and Labour on 16 July 2019 on the Draft National Gambling Amendment Bill. The scope of the Bill was substantially reduced from the version initially published for comment. The Bill deliberated in the Legislature focused on the reconfiguration of the National Gambling Board, the expansion of the national central electronic management system to other modes of gambling and addressing the governance issues affecting the National Policy Council. The Bill has not been passed during the Fifth Parliament, even though it had gone through all the necessary processes and therefore it lapsed as per the Rules of Parliament. The matter of the revival of Bills was handled by the Secretaries of both Houses of Parliament and the Bill was revived on 17 October 2019 by the National Council of Provinces. The Bill has to date not been passed.

The Western Cape Gambling and Racing Regulations (Fees and Cost 2016) were amended on 25 March 2020 to effect inflationary increases to the statutory application, licence and investigation fees. These fees are adjusted annually for inflation.

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

The Draft Western Cape Nineteenth Gambling and Racing Amendment Bill, 2018 was first published for comment on 28 February 2018. The Bill was re-published on 2 May 2019, with its scope reduced to dealing with the statutory fees prescribed for Route Operator and Casino Operator licence holders. The Draft Nineteenth Gambling and Racing Amendment Bill was published for public comment on 24 April 2020, inviting comments to be submitted to the Standing Committee on Finance, Economic Opportunities and Tourism by 29 May 2020. These fees in the main replace the casino exclusivity and Route Operator fees that expired in terms of the 10-year limitation prescribed in the Act. When these statutory fees are enacted, it will significantly bolster the Board’s objective of becoming self-sufficient in terms of its budgetary requirements. The WCGRB is reliant on the WCPT to propose amendment of legislation to allow for changes in its revenue stream.

The Board received an invitation, per letter from the Western Cape Provincial Parliament’s Standing Committee on Finance, Economic Opportunities and Tourism on 25 June 2020 to submit comments by 31 July 2020 on the Western Cape Nineteenth Gambling and Racing Amendment Bill, 2020. The Board was subsequently invited to make oral submissions before the Standing Committee on 9 September 2020.

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

3. STRATEGIC OUTCOME ORIENTATED GOAL

The Strategic Plan focuses on strategic outcomes oriented goals for the entity as a whole, and objectives for each of its main service-delivery areas aligned to its budget programmes and, where relevant, also its budget sub-programmes.

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.

4. PERFORMANCE INFORMATION BY PROGRAMME

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

The programme is structured into the following 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 its awareness campaigns to inform the public and public institutions of its mandate and the dangers associated with gambling addictions and illegal gambling. The campaigns included outreach to schools, presence at community information sessions and training and collaboration with the SAPS.

Sub-Programme 1.1: Board

Strategic Objective

Sub-Programme 1.1: Board					
Strategic Objective Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
Number of Board meetings at which resolutions are adopted and licence applications are considered.	14	15	16	+1	Ad-hoc Board meeting on 13 Mar '20, to deal with introduction of new forms of gambling in WC.

Key performance indicators and their targets and actual achievements

Sub-Programme 1.1: Board							
Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
Number of meetings to give effect to statutory mandate.	49	49	44	42	49	+7	<p>Seven ad-hoc meetings held:</p> <ul style="list-style-type: none"> • Ad-hoc Fin & IT Com on 23 July '19 to deal with AFS, AGSA Management report and draft External Audit Report. • Ad-hoc Board meeting 30 July to deal with AFS, AGSA Management report and draft External Audit Report. • Ad-hoc Board meeting on 6 Aug '19 with National Lotteries Commission. • Ad-hoc Audit Com meeting on 10 Sept '19, to deal with Risk Workshop. • Ad-hoc LPM Com meeting on 17 Oct '19 to deal with PDI and Niveus trusts of Vukani. • Ad-hoc Casino Com meeting on 12 Feb '20, with Empower-co, to deal with MOI issues. • Ad-hoc Board meeting on 13 Mar '20, to deal with introduction of new forms of gambling in WC.

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 2019/20 financial year.

Part B: Performance Information

Sub-Programme 1.2: Executive

Strategic Objective

Sub Programme 1.2: Executive					
Strategic Objective Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
Number of interventions to positively promote awareness of the Board.	4	4	4	-	None

Key performance indicators and their targets and actual achievements

Sub Programme 1.2: Executive							
Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
Number of awareness programmes participated in.	4	9	4	4	4	-	None
Percentage of Board resolutions given effect by CEO within 1 month.	99%	100%	93% (150 out of 162)	95%	97% (66 out of 68)	+2%	Majority of resolutions could be processed within the targeted timeframe.
Number of operators monitored for compliance with CSI commitments.	New PI	7	4	4	5	+1	During Q2 both Route Operators (Grand Gaming and Vukani) were reviewed within the same period.

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 2019/20 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 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
Number of legal opinions drafted.	48	36	39	+3	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 2016/17	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
Disseminate the draft Research Report into the legal aspects of introducing a compulsory player card system in the Western Cape and consult industry and other stakeholders.	New PI	New PI	New PI	1	1	-	None
Update the draft Research Report post the industry engagements.	New PI	New PI	New PI	1	1	-	None

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 2019/20 financial year.

Part B: Performance Information

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 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
Number of material HR audit findings.	0	0	0	-	None

Key performance indicators and their targets and actual achievements

Sub-Programme 1.2.2: Human Resources							
Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
Number of Regulatory reports timeously submitted to Department of Labour.	1	1	1	1	1	-	None
Number of reports on the implementation of the HR Plan.	New PI	4	4	4	3	-1	The HR Manager resigned in April 2019.
Percentage of performance reviews completed timeously.	New PI	50%	49% (70 out of 142)	95% (142)	61% (86 out of 142)	-34%	The Performance Management System was opened for capturing in December 2019, when most of the officials were already on leave.

Strategy to overcome areas of underperformance

The new HR Manager was appointed with effect from 1 July 2019.

Arrangements will be made to open the system in advance to allow officials to complete their Performance Reviews before they go on leave in December.

Changes to planned targets

There were no changes to the planned targets during the 2019/20 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 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
Audit opinion obtained from AGSA for previous financial year.	Unqualified audit report without material findings	Unqualified audit report without material findings	Unqualified audit report with findings	-1	Non-compliance with GRAP Standards disclosure requirements.

Key performance indicators and their targets and actual achievements

Sub Programme 1.3: Administration and Finance							
Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
Number of financial reports to stakeholders.	33	33	33	33	33	-	None

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

Attendance of GRAP training and independent review of financial statements.

Changes to planned targets

There were no changes to the planned targets during the 2019/20 financial year.

Linking performance with budgets

Programme	2019/20			2018/19		
	Budget R	Actual Expenditure R	(Over)/Under Expenditure R	Budget R	Actual Expenditure R	(Over)/Under Expenditure R
Board and Administration	27 091 566	25 505 770	1 585 796	23 327 766	21 781 191	1 546 575

Part B: Performance Information

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

The major portion of the under expenditure relates to training and board awareness programmes. For the majority of the year, the Human Resources Department conducted a skills audit to better understand the training needs of the organisation. Board Awareness Programmes are not conducted with a different approach. The Board will increase its presence on social media as awareness programmes can be conducted by targeting specific audiences.

4.2 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 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
Number of licence applications with recommendations submitted to the CEO and/or the Board for consideration.	8 335	8 250	8 736	+486	Target is set on an average processed over 3-year period. Auto-renewals i.e. new employee licences issued within 6 months of the expiry of the Operator's licence they are employed with, are issued with a renewed licence in the same year.

Key performance indicators and their targets and actual achievements

Programme 2: Licensing							
Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
Percentage of new applications in respect of employee licences (key and gambling) received processed within 30 days of receipt.	92%	90% (2 193 out of 2 433)	90% (2 114 out of 2 347)	89%	92% (2 249 out of 2 451)	+3%	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.
Percentage of renewal applications received processed within the 3-month renewal period.	99%	99% (5 568 out of 5 632)	99% (5 807 out of 5 865)	98%	99% (5 982 out of 6 063)	+1%	Less instances of outstanding information or requests for further information related to employee applications, hence the majority of applications processed timeously.

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 2019/20 financial year.

Linking performance with budgets

Programme	2019/20			2018/19		
	Budget R	Actual Expenditure R	(Over)/Under Expenditure R	Budget R	Actual Expenditure R	(Over)/Under Expenditure R
Licensing	20 936 860	14 175 268	6 761 592	13 665 498	13 737 602	(72 104)

Provincial Treasury has provided an amount of R6 455 000 in the budget to reimburse the LPM Operators for fees overpaid in prior years. As per agreement with both operators, the reimbursement was to be paid in April 2019. The reimbursement was included in the Board's cash surplus, which was finalised at 31 July 2019 and confirmed by the auditors to be accurate at 31 July 2019 as the correct accounting treatment could only be confirmed by the auditors at the end of the audit process. The excess cash is payable to Provincial Treasury in October 2020.

Part B: Performance Information

4.3 PROGRAMME 3: REGULATORY COMPLIANCE

The Programme performs tasks to ensure that all licensed gambling and betting establishments conduct their activities in line with legislative provisions as well as with regulatory requirements.

Illegal gambling carried out in the Province is also investigated by the Programme and this is done in conjunction with the relevant law enforcement agencies.

Although there has been a fair measure of success with respect to the closing down of illegal gambling establishments, specifically internet cafes, the Programme intends to improve the strategy to have a wider reach and to be more effective.

Generally, the level of Compliance of licence holders are at an acceptable level, however, there are continuous efforts to review processes and systems to enhance such levels of compliance.

Strategic Objective

To ensure that gambling and betting activities conducted in the Province conform to the legislative provisions and regulatory requirements.

Programme 3: Regulatory Compliance					
Strategic Objective Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
The level of compliance determined resulting from on-site assessments conducted at licensed establishments.	95%	80%	88%	+8%	Better understanding by licence holders of what is required.

Key performance indicators and their targets and actual achievements

Programme 3: Regulatory Compliance							
Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
Number of compliance assessments conducted at licenced gambling premises.	1 202	1 227	1 306	1 300	1 138	-162	No compliance assessments could be conducted from 15 March 2020
Percentage of investigations conducted timely for all allegations of illegal gambling received by the Board.	100%	100%	100%	100%	81,4%	-18,6%	No investigations could be conducted from 15 March 2020.

Due to National Disaster, two of the targets of this department were partially met as preventative measures were implemented to decrease the risk of coronavirus. Audits are conducted at licensed gambling premises; in the case of investigations, the law enforcement officers are required to travel to various locations to perform their duties. No travelling was undertaken since 15 March 2020 to reduce the risk of contracting the coronavirus by staff members.

Strategy to overcome areas of underperformance

The underperformance was a result of circumstances outside the Board's control (pandemic). The Office is to look into alternative ways to conduct audits and perform investigations into illegal gambling to ensure licensees are conducting business within the legislative rules and guidelines.

Changes to planned targets

There were no changes to the planned targets during the 2019/20 financial year.

Linking performance with budgets

Programme	2019/20			2018/19		
	Budget R	Actual Expenditure R	(Over)/Under Expenditure R	Budget R	Actual Expenditure R	(Over)/Under Expenditure R
Regulatory Compliance	18 221 662	17 038 636	1 183 026	16 450 631	16 232 344	218 287

The underspending in Regulatory Compliance is due to vacancies during the year.

This department realised savings on travel and substance due to cost containment measures and utilisation of the Board's own vehicles to conduct departmental operational activities.

Part B: Performance Information

4.4 PROGRAMME 4: INFORMATION AND COMMUNICATION TECHNOLOGY

The Department: Information Technology provides all the necessary information and communication technology services to the Board. It also serves as the 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 and Communication Technology					
Strategic Objective Performance Indicator	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
Minimum Information systems uptime over 350 days.	99.86%	95.9%	99.87%	+3,97%	+3,97% better performance due to effective infrastructure management.

Key performance indicators and their targets and actual achievements

Programme 4: Information and Communication Technology							
Performance Indicator	Actual Achievement 2016/17	Actual Achievement 2017/18	Actual Achievement 2018/19	Planned Target 2019/20	Actual Achievement 2019/20	Deviation from planned target to Actual Achievement for 2019/20	Comment on deviations
Number of events to maintain current information technology systems, hardware, software and network infrastructure.	13 032	13 312	18 418	14 000	20 529	+6 529	Deviation due to efficient deployment of Anti-Virus, Firewall, Software Updates and Patches to WCGRB infrastructure.
Number of preventative and knowledge empowerment activities conducted.	66	65	71	64	71	+7	Deviation due to the implementation of the WCGRB Licence Automation Project.

The IT Department successfully contributed to the achievement of the Board’s objectives and mandate, through the implementation, maintenance, improvement and security of essential IT solutions and systems for the Board. The standard practice of continual learning (formal, informal, self-study) by the IT Department, ensured appropriate knowledge gained to support and enable the Office of the Board in achieving the envisaged value of implemented IT solutions.

Strategy to overcome areas of underperformance

There were no areas of underperformance.

Changes to planned targets

There were no changes to the planned targets during the 2019/20 financial year.

Linking performance with budgets

Programme	2019/20			2018/19		
	Budget R	Actual Expenditure R	(Over)/Under Expenditure R	Budget R	Actual Expenditure R	(Over)/Under Expenditure R
Information and Communication Technology	11 479 142	10 187 799	1 291 343	9 015 610	6 957 220	2 058 390

Information and Communication Technology realised savings on the Licensing Automation Project.

Part B: Performance Information

5. REVENUE COLLECTION

Sources of revenue	2019/20			2018/19		
	Estimate Amount R	Actual Amount Collected R	(Over)/ Under Collection R	Estimate Amount R	Actual Amount Collected R	(Over)/ Under Collection R
a) Application fees	1 850 000	3 089 725	(1 239 725)	1 714 427	2 332 661	(618 234)
b) Investigation fees	27 687 797	30 092 204	(2 404 407)	26 378 263	27 618 936	(1 240 673)
c) (Loss) or gain on actuarial valuations	-	531 771	(531 771)	-	559 000	(559 000)
d) Interest	1 050 000	1 718 836	(668 836)	1 050 000	1 088 562	(38 562)
e) Inspector charge outs	7 678 434	7 041 062	637 372	6 452 747	7 608 454	(1 155 707)
f) Transfers	37 663 142	37 663 142	-	26 864 068	26 864 068	-
g) Profit on disposal of Assets	-	-	-	-	-	-
h) Services in-kind	-	4 355 623	(4 355 623)	-	2 985 924	(2 985 924)
i) Miscellaneous	-	195 900	(195 900)	-	1 116 780	(1 116 780)
j) Retention of surplus funds	1 800 000	-	1 800 000	-	-	-
Total	77 729 373	84 688 263	(6 958 890)	62 459 505	70 174 385	(7 714 880)

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

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

PART C



Governance

1. INTRODUCTION

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

2. PORTFOLIO COMMITTEES

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

During the year under review the Board met with the committee twice at which meetings the Board presented the remuneration structure and adjustment process of the Board and at the other meeting, presented the non-financial information of its 2018/19 fiscal year.

Resolutions emanating from those meetings are depicted on page 63 of this annual report.

3. EXECUTIVE AUTHORITY

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

4. THE ACCOUNTING AUTHORITY - THE BOARD

Introduction

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

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

The role of the Board is as follows:

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

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

- Ensure on-going compliance in the licensed industry and impose administrative penalties or such measures as the Board deems appropriate for contraventions of the law;
- Invite applications for licences in terms of the Act;
- Receive, investigate and consider applications for national and provincial licences;
- Issue national and provincial licences to qualifying or suitable persons, subject to such conditions as the Board deems appropriate;
- Probe the suitability of persons acquiring an interest in a licensee or the business to which a licence relates;
- Conduct hearings and investigations into the conduct of licences or pertaining to any matter that the Board must administer in terms of the Act;
- Detect illegal gambling activities and assist relevant government agencies in the prosecution thereof;
- Administer, calculate and collect taxes and levies due to the provincial fiscus and all statutory fees as prescribed by the Act;
- Attend regulatory forums and conferences in order to keep abreast of the latest developments of the industry; and

- Conduct on-going research into gambling and racing throughout the Province and elsewhere to keep abreast of and detect deficiencies in the Act and regulatory practices of the Board;
- Generally, exercise all powers and perform the functions specified in the Act and any conferred by any other law.

Board Charter

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

Part C: Governance

Board Member information

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of Expertise	Board Directorships (List the entities)	No of Board meetings held	No of Board meetings attended	Other Committees (e.g.: Audit committee)	No. of Committee meetings held	No. of Committee meetings attended	Total No. of meetings attended
Mr CA Bassuday	Board Member	1 April 2016	31 March 2019	B.Proc. LLB	Law	Board member: Western Cape Gambling & Racing Board	16	16	Casino Committee [*Attendance as alternate member]	[4]	1 of 1	30 of 32
	Board member term extended for 1 year	1 April 2019	31 March 2020	LLM PG Diploma in Criminal Justice & Forensic Auditing		Director: Legal Services, University of Cape Town			Licensing Committee	[5]	3 of 4	
	Board member reappointed for 3 years	1 April 2020	31 March 2023						LPM Committee	4	4	
									Horsereading Committee	4	4	
									Human Capital Committee	[4]	2 of 3	
Mr S Faku	Board Member	1 April 2016	31 March 2019	Master of Science degree	Governance Strategy	Board member: Western Cape Gambling & Racing Board	16	15	Casino Committee	4	2	25 of 28
	Board member term extended for 1 year	1 April 2019	31 March 2020	Bachelor of Education (Hons) Bachelor of Arts Senior Teachers Diploma Human Resources Programme Graduate Diploma in Company Direction Real Estate NQF 5 Qualification Leadership In Local Government	Human Resource Development Education	Board member: Office of Homeloans 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			Finance & IT Committee [*Attendance as alternate member]	[5]	1 of 1	
									Licensing Committee	[5]	3 of 3	
									Human Capital Committee	4	4	

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

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of Expertise	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 C Fani	Board Member	17 May 2017	16 May 2020	Bachelor's Public Administration	Public Management, Policy Analysis and Policy Development	Board member: Western Cape Gambling & Racing Board	16	16	Finance & IT Committee	[5]	2 of 3	32 of 33
	Board member term extended for 1 year	17 May 2020	16 May 2021	B.Admin Honours		Board member: Western Cape Cultural Commission			Horsereading Committee	4	4	
						Tribunal member: Western Cape Liquor Tribunal			Human Capital Committee	4	4	
									Licensing Committee	5	5	
Ms JD Gantana	Board Member	10 March 2016	Resignation from Board effective 1 June 2019	Baccalaureus Atrium, Higher Diploma in Education, Hon BA (Psychology), Masters in Business Leadership	Financial Management	Western Cape Gambling & Racing Board	[16]	1 of 3	Finance & IT Committee	[4]	1 of 1	2 of 6
									Licensing Committee	[5]	0 of 1	
									Horsereading Committee	[4]	0 of 1	

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

Part C: Governance

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of Expertise	Board Directorships (List the entities)	No of Board meetings held	No of Board meetings attended	Other Committees (e.g.: Audit committee)	No. of Committee meetings held	No. of Committee meetings attended	Total No. of meetings attended
Mr DT Lakay	Board Member	10 Dec 2014	10 Dec 2017	B.Com Accounting	Accounting and Financial Management	Board member: Western Cape Gambling & Racing Board	16	16	Casino Committee	4	4	33 of 34
	Board member term extended	10 Dec 2017	10 March 2018			Non-Executive Director: Western Cape Economic Development Partnership			Finance & IT Committee	5	5	
	Appointment as Chairperson until Board member contract expires	12 Feb 2018	10 March 2018						Licensing Committee	[5]	0 of 1	
	Board Chairperson & member term extended	10 March 2018	10 Dec 2018						LPM Committee	[4]	3 of 3	
	Board Chairperson & member term extended	11 Dec 2018	10 Dec 2020						Board's representative (non-voting) to the Audit Committee.	5	5	

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

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 N Magazi	Board Member	15 June 2018	14 June 2019	Bachelor of Commerce (Financial Accounting	Financial Management	Board member: Western Cape Gambling and Racing Board	16	15	Casino Committee	4	4	31 of 32	
	Board member term extended	11 June 2019	10 June 2020	Postgraduate Diploma in Development Finance	Auditing and Accounting		Fin & IT Committee	5		Fin & IT Committee	5		5
				Master of Commerce in Development Finance	Project Management		Horsereading Committee	[4]		Horsereading Committee	[4]		2 of 2
					Finance and Social Investment		Human Capital Committee	[4]		Human Capital Committee	[4]		1 of 1*
Mr RG Nicholls	Board Member	14 Dec 2019	13 Dec 2022	B.Comm. Rhodes University CA (SA) CIA Computer Audit Qualification - NACCA Registered Accountant and Auditor Fellow member of the IOD	Finance Governance Compliance	Board member: Western Cape Gambling and Racing Board The South African Council for the Architectural Profession	[16]	3 of 4	Fin & IT Committee	[5]	1 of 1	5 of 7	
									Horsereading Committee	[4]	1 of 1		
									LPM Committee	[4]	0 of 1		
Ms L Nyati	Board Member	14 Dec 2019	13 Dec 2022	B.Com (Law) LL.B.	Law	Board member: Western Cape Gambling and Racing Board	[16]	3 of 4	Licensing Committee	[5]	1 of 1	5 of 6	
									Human Capital Committee	[4]	1 of 1		

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

Part C: Governance

External Audit Committee Members

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees (e.g.: Audit committee)	No. of meetings held	Total No. of meetings attended
Mr MR Burton	Audit Committee member and Chairperson	1 Mar 2019	28 Feb 2022	B. Compt. Hons CA (SA)	Auditing and Accounting Governance Strategic Management Finance Performance Management	Cape Nature Board SAMSA Board Cullinan Holdings Ltd Burvyn Importers and Traders CC WCBS L&C Messaris (PTY) LTD Ilimaletu Consulting Pty Ltd	Audit Committee	5	5
Mr G Harris	Audit Committee: Independent non-executive member Term as Audit Committee member only extended for three months	29 Feb 2016 17 Feb 2018 1 March 2019	28 Feb 2018 28 Feb 2019 31 May 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]	1 of 1
Mr R Kingwill	Audit Committee: Independent non-executive member	17 Feb 2018	16 Feb 2021	B. Com CTA CA(SA)	Strategic Planning Corporate Governance Performance Management	Centre for Genomic & Proteomic Research Western Cape Liquor Authority On Demand Investments CC Parel Vallei Advanced Education Trust Somerset West Country Club NPC Furtherance of Golf Nomads Foundation Artisan Biomed	Audit Committee	5	5

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

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees (e.g.: Audit committee)	No. of meetings held	Total No. of meetings attended
Ms J Williams	Audit Committee: Independent non-executive member	21 June 2019	20 June 2022	B. Com Hons CA (SA) B Sc Hons, H Dip Ed.	Auditing and Accounts	Board member: Medical Research Council of South Africa Council member: Boland TVET College Audit and Risk Committee member: Stellenbosch Municipality Audit and Performance Audit Committee member: Breede Valley Municipality Audit, Risk and IT Committee member: Robben Island Museum	Audit Committee	[5]	4 of 4

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

Part C: Governance

Committees

Committee	No. of meetings held	Authorised number of members	Name of members
Board	16	7	<p>Mr DT Lakay (Chairperson) [Extended term as Board member and Chairperson expired on 10 December 2018] [Reappointed as Board member and Chairperson until 10 December 2020.]</p> <p>Mr CA Bassuday (Member) [Board member term expired on 31 March 2019] [Term extended until 31 March 2020] [Reappointed as Board member until 31 March 2023.]</p> <p>Mr S Faku (Member) [Board member term expired on 31 March 2019] [Term extended until 31 March 2020]</p> <p>Ms C Fani (Member) [Appointed to Board from 17 May 2017 until 16 May 2020]</p> <p>Ms N Magazi (Member) [Appointed as Board member from 15 June 2018 until 14 June 2019] [Term extended until 10 June 2020]</p> <p>Ms L Nyati (Member) [Appointed to Board from 14 December 2019 until 13 December 2022]</p> <p>Mr RG Nicholls (Member) [Appointed to Board from 14 December 2019 until 13 December 2022]</p> <p>Ms JD Gantana (Member) [Board term expired on 9 March 2019] [Term extended until 9 March 2020] [Resignation from Board effective 1 June 2019]</p>
Audit Committee	5	3	<p>Mr M Burton (Chairperson) [Appointed to Audit Committee member and Chairperson and from 1 March 2019 until 28 February 2022]</p> <p>Mr R Kingwill (External non-executive member) [Appointed to Committee on 17 February 2018 until 16 February 2021]</p> <p>Mrs J Williams (External non-executive member) [Appointed to Committee on 21 June 2019 until 20 June 2022]</p> <p>Mr G Harris (External non-executive member) [Extended one-year term from 17 February 2018 until 28 February 2019 extended with a further three months, from 1 March 2019 until 31 May 2019]</p> <p>Mr D Lakay (Board member) [Board's representative (non-voting) to the Audit Committee.] [Term as Board member expires on 10 Dec 2020.]</p>
Casino Committee	4	3	<p>Mr D Lakay (Chairperson)</p> <p>Mr S Faku (Member)</p> <p>Ms N Magazi (Member) [Appointed as Committee member from 26 June 2018]</p>

Committee	No. of meetings held	Authorised number of members	Name of members
Finance & IT Committee	4	3	<p>Ms JD Gantana (Chairperson) [Resignation from Board committees effective 1 June 2019]</p> <p>Mr D Lakay (Member) [Appointed as Chairperson 8 July 2019 until 28 January 2020]</p> <p>Mr RG Nicholls (Chairperson) [Appointed as Chairperson on 28 January 2020]</p> <p>Ms C Fani (Member) [Appointed as Committee member from 8 July 2019, until 28 January 2020]</p> <p>Ms N Magazi (Member) [Appointed as Committee member from 26 June 2018]</p>
Horseracing Committee	4	3	<p>Mr CA Bassuday (Chairperson)</p> <p>Ms JD Gantana (Member) [Resignation from Board effective 1 June 2019]</p> <p>Ms C Fani (Member) [Appointed as Committee member from 26 June 2018]</p> <p>Ms N Magazi (Member) [Appointed as Committee member from 8 July 2019, until 28 January 2020]</p> <p>Mr RG Nicholls (Member) [Appointed as Committee member from 28 January 2020]</p>
Human Capital Committee	4	3	<p>Mr S Faku (Chairperson)</p> <p>Mr CA Bassuday (Member) [Ceased to be a Committee member from 28 January 2020]</p> <p>M C Fani (Member)</p> <p>Ms L Nyati (Member) [Appointed as Committee member from 28 January 2020]</p>
Licensing Committee	5	3	<p>Ms C Fani (Chairperson)</p> <p>Mr S Faku (Member) [Ceased to be a Committee member from 29 October 2019]</p> <p>Mr CA Bassuday (Member) [Appointed as Committee member from 8 July 2019]</p> <p>Ms JD Gantana [Appointed as Committee member from 26 June 2018] [Resignation from Board committees effective 1 June 2019]</p> <p>Mr DT Lakay (Member) [Appointed as Committee member from 29 October 2019, until 28 January 2020]</p> <p>Ms L Nyati (Member) [Appointed as Committee member from 28 January 2020]</p>
LPM Committee	5	3	<p>Ms N Magazi (Member) [Appointed as Committee member from 26 June 2018] [Appointed as Committee Chairperson from 30 October 2018]</p> <p>Mr C Bassuday (Member)</p> <p>Mr D Lakay (Member) [Committee Chairperson until 30 Oct 2018] [Ceased to be a Committee member from 28 January 2020]</p> <p>Mr RG Nicholls (Member) [Appointed as Committee member from 28 January 2020]</p>

Board remuneration arrangements

Board meetings

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

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

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

Board committees and other events

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

Chairperson

Board meetings: **R6 433.92** per meeting

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

Vice Chairperson

Board meetings: **R4 999.36** per meeting

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

Acting as Chairperson

Board meetings: **R5 601.52** per meeting

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

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BOARD MEMBER REMUNERATION

	Remuneration - Board meetings	Remuneration - Committee meetings and Other*	Remuneration - Conference attendances	Subsistence allowance	Other re-imbursments	Total member remuneration
Name	R	R	R	R	R	R
Mr D Lakay (Chairperson)	90 074.88	209 102.40	38 603.52	8 066.68	8 008.90	353 856.38
Mr CA Bassuday	69 991.04	93 790.08	-	-	6 852.92	170 634.04
Mr S Faku**	69 991.04	75 354.94	24 996.80	15 678.84	-	186 021.62
Ms C Fani	69 991.04	86 343.12	24 996.80	16 469.74	1 651.61	199 452.31
Ms N Magazi	64 991.68	122 692.63	24 996.80	6 551.25	6 068.31	225 300.67
Mr R Nicholls	14 998.08	11 040.26	-	-	1 111.90	27 150.24
Ms L Nyati***	-	-	-	-	809.03	809.03
Ms J Gantana***	-	-	-	-	372.00	372.00
Total	380 037.76	598 323.43	113 593.92	46 766.51	24 874.67	1 163 596.29

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

**Board member resides outside of the Province of the Western Cape and is remunerated on an 8-hour basis for Committee meetings to taken into account preparation time, attendance time as well as traveling time.

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

BOARD MEMBER TRAVEL ABROAD

Conference: IAGR Conference, Montego Bay, Jamaica, 29 September 2019 to 5 October 2019

Benefits derived from attendance: The conference centred on gambling industry stakeholders ensuring a wholesome, safe and responsible gaming experience which is sustainable. To ensure this, it advocated the use of behavioural insights into the reasons for gambling, punter education, destigmatising the call for help with gambling problems, training of staff to recognise and assist problem gamblers, renewed assurance measures that gambling is conducted in an honest, competitive and safe environment with only licensed operators, responsible and acceptable advertising and player monitoring.

Name	Designation	Accommodation R	Subsistence Allowance R	Transfers R	Air Ticket R	Other R	Conference fees R	Fees R	Total R
Mr D Lakay	Board Chairperson	28 838.81	8 066.68	4 691.82	46 374.65	405.00	13 442.39	38 603.52	140 422.87
Ms N Magazi	Board Member	33 653.94	6 551.25	5 874.92	31 477.93	495.00	13 422.38	24 996.80	116 472.22
Total		62 492.75	14 617.93	10 566.74	77 852.58	900.00	26 864.77	63 600.32	256 895.09

Conference: G2E 2019 Conference, Las Vegas, United States of America, 11 to 19 October 2019

Benefits derived from attendance: Importance of licence holders making responsible gambling a part of their overall strategy of the operations as opposed to a separate strategy. Discussions on the introduction of gambling blocking software. The on-going training for staff is critical to ensure our enforcement methods are effective. The technological advancements with respect to betting with specific reference to betting kiosks. Promotional bets by bookmakers and how to deal with the challenges we currently experience.

Name	Designation	Accommodation R	Subsistence Allowance R	Transfers R	Air Ticket R	Other R	Conference fees R	Fees R	Total R
Mr S Faku	Board Member	26 164.51	15 678.84	1 780.00	23 750.93	2 820.00	36 193.71	24 996.80	131 384.79
Ms C Fani	Board Member	26 164.51	16 469.74	1 328.00	29 544.15	450.00	36 193.71	24 996.80	135 146.91
Total		52 329.02	32 148.58	3 108.00	53 295.08	3 270.00	72 387.42	49 993.60	266 531.70

Total / Conference	Accommodation R	Subsistence Allowance R	Transfers R	Air Ticket R	Other R	Conference fees R	Fees R	Total R
IAGR	62 492.75	14 617.93	10 566.74	77 852.58	900.00	26 864.77	63 600.32	256 895.09
G2E	52 329.02	32 148.58	3 108.00	53 295.08	3 270.00	72 387.42	49 993.60	266 531.70
Total	114 821.77	46 766.51	13 674.74	131 147.66	4 170.00	99 252.19	113 593.92	523 426.79

STAFF TRAVEL ABROAD

Conference: IAGR Conference, Montego Bay, Jamaica, 29 September 2019 to 5 October 2019

Benefits derived from attendance: The conference centred on gambling industry stakeholders ensuring a wholesome, safe and responsible gaming experience which is sustainable. To ensure this, it advocated the use of behavioural insights into the reasons for gambling, punter education, destigmatising the call for help with gambling problems, training of staff to recognise and assist problem gamblers, renewed assurance measures that gambling is conducted in an honest, competitive and safe environment with only licensed operators, responsible and acceptable advertising, and player monitoring.

Name	Designation	Accommodation R	Subsistence Allowance R	Transfers R	Air Ticket R	Other R	Conference fees R	Fees R	Total R
Mr P Abrahams	CEO	19 288.53	6 501.65	5 070.92	30 928.93	2 027.00	13 422.38	-	77 239.41
Mr G Victor	Senior Admin Officer	19 288.53	6 501.65	5 734.77	30 928.93	2 827.67	13 422.38	-	78 703.93
Total		38 577.06	13 003.30	10 805.69	61 857.86	4 854.67	26 844.76	-	155 943.34

Conference: G2E 2019 Conference, Las Vegas, United States of America, 11 to 19 October 2019

Benefits derived from attendance: Importance of licence holders making responsible gambling a part of their overall strategy of the operations as opposed to a separate strategy. Discussions on the introduction of gambling blocking software. The on-going training for staff is critical to ensure our enforcement methods are effective. The technological advancements with respect to betting with specific reference to betting kiosks. Promotional bets by bookmakers and how to deal with the challenges we currently experience.

Name	Designation	Accommodation R	Subsistence Allowance R	Transfers R	Air Ticket R	Other R	Conference fees R	Fees R	Total R
Mr A Matthews	HOD:ICT	26 164.51	16 937.85	1 328.00	29 544.15	2 770.00	36 310.83	-	113 055.34
Mr R Bennett	HOD: Regulatory Compliance	26 164.51	16 469.74	2 673.75	29 544.15	450.00	36 310.83	-	111 612.98
Total		52 329.02	33 407.59	4 001.75	59 088.30	3 220.00	72 621.66	-	224 668.32

Total / Conference	Accommodation R	Subsistence Allowance R	Transfers R	Air Ticket R	Other R	Conference fees R	Fees R	Total R
IAGR	38 577.06	13 003.30	10 805.69	61 857.86	4 854.67	26 844.76	-	155 943.34
G2E	52 329.02	33 407.59	4 001.75	59 088.30	3 220.00	72 621.66	-	224 668.32
Total	90 906.08	46 410.89	14 807.44	120 946.16	8 074.67	99 466.42	-	380 611.66

STANDING COMMITTEE RESOLUTIONS RESULTING FROM THE 2018/19 ANNUAL REPORT

Standing Committee on Public Accounts		
Date of resolution	Details	Implementation progress
5 December 2019	That the Entity brief the Committee on the key risks identified and considered during the 2018/19 financial year, and that all future annual reports of the Entity reports on such risks.	Implemented. The Board briefed the Committee on 11 September 2020. Future annual reports will include the risks as requested by the Committee.
5 December 2019	That the Entity implements a long-term sustainability plan to include various communities or stakeholders in the trust plans of the Entity, and that it briefs the Committee on such a sustainability plan.	Implemented. The Board briefed the Committee on the trust funds as disclosed in the Board's financial statements on 11 September 2020.
5 December 2019	That the Entity brief the Committee on the terms and conditions which relates to application of licensees of the WCGRB.	Implemented. The Board briefed the Committee on the terms and conditions which relates to the application process on 11 September 2020.

5. RISK MANAGEMENT

Risk is an inherent part of any venture and organisation. Risk management is therefore a necessity to ensure the success of any organisation.

Risks are assessed annually together with the Annual Performance Plan and the setting of targets. Risks are reviewed on a quarterly basis for successful implication of mitigating controls and emerging risks.

The Board's appointed risk management officer is vested in the senior administrative officer in the office of the Chief Financial Officer. The appointed officer has extensive experience in risk management having been in the employ of external audit and internal audit.

The Risk Management Committee consists of the full Executive Committee with the risk register being considered a living document and reviewed at least on a quarterly basis.

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

Key strategic risks facing the entity are included in the table below:

Risk	Mitigating Controls
Board rendered ineffective due to lack of quorum.	<ul style="list-style-type: none"> • Board advises Minister in a timely manner of pending vacancies on the Board. • Board meetings scheduled well ahead of time to ensure that Board Members are timely and well-advised of the meeting dates. • Reminders of meetings are sent to Board members. • Minister extends Board Member terms. • Round robin process.
Incorrect decisions brought about by inadequate and/or inaccurate information.	<ul style="list-style-type: none"> • Four tiers for preparation and reviewing of information and submissions before presentation to the Board. • Circulate any new publications on gambling to all Board Members and advise them of any new matter affecting the industry. • Committee structures in place to advise the Board.
Loss of public trust due to undue influence into the decision making process of the Board.	<ul style="list-style-type: none"> • Maintaining a professional and arms-length approach when dealing with all stakeholders. • Declaration of interest completed by Board members. • Code of conduct for all Board members.
Litigation as Board's authority and mandate being compromised by external stakeholder interference.	<ul style="list-style-type: none"> • Meetings by WCGRB Chair with external stakeholders to enforce Board's independence.

6. INTERNAL CONTROL UNIT

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

7. INTERNAL AUDIT AND AUDIT COMMITTEE

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

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

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

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

The Audit Committee members' meeting attendance were:

Name of member	Number of meetings attended
1. Mr M Burton [Audit Committee Chairperson] [Appointed from 1 March 2019 until 28 February 2022]	5 of 5
2. Mr G Harris [Extended term expired 31 May 2019]	1 of 1
3. Mr R Kingwill [Appointed from 17 February 2018 until 16 February 2021]	5 of 5
4. Ms J Williams [Appointed from 21 June 2019 until 20 June 2022]	4 of 4

Name	Qualifications	Internal or external	If internal, position in the Board	Date appointed	Date Resigned	No. of Meetings attended
M Burton	B. Compt. Hons CA(SA)	External	Not applicable	1 March 2019	Not applicable	5
G Harris	B. Com Hons CA(SA)	External	Not applicable	1 March 2019	Not applicable	1
R Kingwill	B.Com CTA CA(SA)	External	Not applicable	17 February 2018	Not applicable	5
J Williams	B. Com Hons CA(SA), B Sc Hons, H Dip Ed.	External	Not applicable	21 June 2019	Not applicable	4

8. COMPLIANCE WITH LAWS AND REGULATIONS

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

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

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

For the 2019/20 financial year, the Board was not sanctioned for any contraventions of any Laws or regulations.

9. FRAUD AND CORRUPTION

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

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

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

10. MINIMISING CONFLICT OF INTEREST

The WCGRB Board members, at the beginning of each fiscal year, completes and provide a listing of all interests that might conflict with their duties as Board Members.

At the beginning of each board or committee meeting, Board members make a declaration on and conflict of interest they may have with any matter on the agenda.

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

Employees are also required to declare and conflict of interest at Board and committee meetings and on any discussion, interview and decision meetings of the office.

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

11. CODE OF CONDUCT

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

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

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

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

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

13. COMPANY SECRETARY

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

14. SOCIAL RESPONSIBILITY

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

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

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

15. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2020.

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 2019/20 financial year, 5 meetings were held.

Name of member	Number of meetings attended
1. Mr M Burton [Audit Committee Chairperson] [Appointed from 1 March 2019 until 28 February 2022]	5 of 5
2. Mr G Harris [Extended term expired 31 May 2019]	1 of 1
3. Mr R Kingwill [Appointed from 17 February 2018 until 16 February 2021]	5 of 5
4. Ms J Williams [Appointed from 21 June 2019 until 20 June 2022]	4 of 4



*Mr M Burton,
Chairperson of Audit Committee*

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 51(1)(a)(ii) 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 executed its mandate in compliance with this charter and has discharged its responsibilities as contained therein.

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

Meetings

The external and internal auditors attend Committee meetings and have unrestricted access to the Committee and its Chair and have had the opportunity to address the Committee without management being present to ensure their independence.

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

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted, revealed certain weaknesses, which were then referred to Management and corrective steps 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 IV Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the Internal Auditors and the Audit Report on the Annual Financial Statements, including the management report of the Auditor-General, it was noted that except for the two matters reported there were no other material deficiencies in the system of internal control. The Auditor-General made two findings, which did have a material impact on the Annual Financial Statements, namely one on Supply Chain Management and one matter of disclosure. These were adjusted for by management. We accepted the Auditor-General's findings and proposed amendments, but in addition we have asked Management to obtain an opinion from the Accounting Standards Board on the disclosure matter, as this is based on an interpretation of a new GRAP standard, namely 109. The outcome of this opinion will not impact these financials, but could in future. Accordingly, we can report that the system of internal control for the period under review was efficient and effective, except for the two matters stated above.

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

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

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

- Review of draft Annual Financial Statements 2019-2020
- Review of Performance Information on Predetermined Objectives (PDO's)
- Follow-up work on previous internal and external audit findings
- Asset verification
- Review of IT Department
- Review of the Regulatory Compliance Department
- Review of the Board activities
- Review of Chief Executive Officer's office
- Review of the Licensing Department
- Review of the Adfin Department
- Review of the Legal Division
- Review of HR Division

In-Year Management and Quarterly Report

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

Finance Function

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

Combined Assurance

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

The internal audit plan is compiled using a risk-based methodology, in consultation with management. In addition, internal and external auditors work in a collaborative manner. For the 2020 financial year, the Committee has considered the risks presented by management, evaluated and approved the plans of the internal audit function and the external auditors, and the outcome of the audit work performed.

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

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.
- Reviewed the audited Annual Financial Statements prepared by the Board.

Internal auditors

The Committee has considered the independence and effectiveness of the internal audit function. The Committee has reviewed and approved the internal audit charter and the internal audit plan for 2020 and is satisfied, through the declarations made by the internal auditors, that the assurances provided to the Committee are aligned to the Code of Ethics of the Institute of Internal Auditors.

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

External auditors

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

The Committee recommended the approval of the audit strategy for the 2020 audit by the Board. The Committee has also evaluated the performance and conduct of the external auditors for the reporting period and is satisfied with the quality of the external audit function.

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

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



Mervyn Burton
Chairperson of the Audit Committee
Western Cape Gambling and Racing Board
5 October 2020

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

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

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

PART D



Human Resource Management

Part D: Human Resource Management

1. INTRODUCTION

The Board has an approved staff structure of seventy-four employees with sixty-six positions filled and eight posts vacant as at 31 March 2020.

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

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

During the year under review, the division assisted with:

- The alignment of the Board's HR related policies with that of the WCPT;
- The recruitment of two employees;
- The skills audit for the development of Workplace Skills Plan for the year 2020/21
- The processing of six terminations;
- The preparation and submission of the Employment Equity reports to the DoL;
- The administration and procurement of an employee wellness break-a-way;
- Promoting a balanced work-life environment through quarterly social events;
- The conducting and reporting on four EE Committee and OHASA Committee meetings.

Annual salary reviews and increases were advised to the Board by the WCPT in accordance with the instruction of the Executive Authority which came into effect for 1 April 2019.

Performance management bonuses were awarded to employees after the performance assessments were completed. The reported performance bonus of R249 590 was awarded to sixty-eight employees resulting in a simple average of R3 670.44 per employee as a performance bonus for the year under review.

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

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

The Board has a competent, diverse workforce to deliver on its mandate. It has invested in training and development to keep abreast with the latest development in the gambling industry and other relevant developments which may have an impact on the Board. The Board further supports employment equity and endeavours to create a healthy workplace environment for its employees.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel Cost by programme

Programme	#Total Expenditure for the entity (R' 000)	Personnel Expenditure (R' 000)	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee (R' 000)
Administration*	25 506	14 080	55%	41	343
Compliance	17 039	15 875	93%	26	611
Licensing	14 175	13 973	99%	24	582
ICT	10 188	2 635	26%	6	439
TOTAL	67 160	46 563	70%	97	480

* Administration programme includes the Board, the Administration and Finance Department, Executive Management and 13 temporary workers.

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

Personnel cost by salary band

Level	Personnel Expenditure ** (R' 000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R' 000)
Top Management	1 444	3%	1	1 444
Senior Management	6 842	16%	6	1 140
Professional qualified	9 847	23%	12	821
Skilled	19 770	46%	32	618
Semi-skilled	5 009	12%	15	334
Unskilled	-	0%	-	-
TOTAL	42 912		66	650

** Excludes Board member's remuneration of R1 163 597, housing allowance of R952 020, remuneration of temporary workers of R777 089 and net salary accruals/provisions of R758 767.

Part D: Human Resource Management

Performance Rewards

Level	Performance rewards (R' 000)	Personnel Expenditure ** (R' 000)	% of performance rewards to total personnel cost
Top Management	12	1 444	0.83%
Senior Management	36	6 842	0.53%
Professional qualified	61	9 847	0.62%
Skilled	114	19 770	0.58%
Semi-skilled	27	5 009	0.54%
Unskilled	-	-	-
TOTAL	250	42 912	0.58%

** Excludes Board member's remuneration of R1 163 597, housing allowance of R952 020, remuneration of temporary workers of R777 089 and net salary accruals/provisions of R758 767.

Training Costs

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Average training cost per employee (R'000)
Board	1 172	-	0.00%	-	-
Executive	6 646	41	0.61%	7	6
Administration & Finance	6 262	10	0.16%	2	5
Compliance	15 875	63	0.40%	12	5
Licensing	13 973	-	0.00%	-	-
ICT	2 635	-	0.00%	-	-
TOTAL	46 563	114	0.24%	21	5

The training expenditure excludes financial assistance for part-time studies and training interventions provided with zero cost.

Board Officials attended training interventions at zero cost for the year under review. Examples of such training interventions are outlined below:

- Training on the Revised Framework for Strategic Plans and Annual Performance Plans 25 – 27 Sep 2019
- GRAP training attended by Senior Financial Officer offered by Provincial Treasury
- Workshop with SARS on SCM Matters

Employment and vacancies

Programme	2018/19 No. of Employees	2019/20 Approved Posts	2019/20 No. of Employees	2019/20 Vacancies	% of vacancies
Administration	8	9	8	1	11%
Executive	6	7	5	2	28%
Management	7	7	7	-	-
Compliance	23	25	23	2	8%
Licensing	22	22	19	3	14%
ICT	3	4	4	-	-
TOTAL	69	74	66	8	11%

Level	2018/19 No. of Employees	2019/20 Approved Posts	2019/20 No. of Employees	2019/20 Vacancies	% of vacancies
Top Management	1	1	1	-	-
Senior Management	6	6	6	-	-
Professional qualified	13	13	12	1	8%
Skilled	33	36	32	4	11%
Semi-skilled	16	18	15	3	17%
Unskilled	-	-	-	-	-
TOTAL	69	74	66	8	11%

Part D: Human Resource Management

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	-	-	1
Senior Management	6	1	1	6
Professional qualified	13	-	1	12
Skilled	33	2	3	32
Semi-skilled	16	-	1	15
Unskilled	-	-	-	-
TOTAL	69	3	6	66

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	6	8%
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of contract	-	-
Other	-	-
Total	6	8%

Staff resignations were less than 10% of the Board's workforce of 74. Three employees resigned to seek better opportunities abroad, one employee resigned to take care of her frail mother, one employee resigned to further her career via a new career path and one employee resigned to enter the private sector at a much higher remuneration level. The Board's organisational structure and size are such that upward mobility is limited; resignations are inevitable.

Labour Relations: Misconduct and disciplinary action

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

Equity Target and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	1	1	-	-	-	-	-
Senior Management	-	-	2	2	-	-	-	-
Professional qualified	2	2	2	2	1	-	4	1
Skilled	4	7	11	10	-	-	2	3
Semi-skilled	-	3	2	4	-	-	1	1
Unskilled	-	-	-	-	-	-	-	-
TOTAL	6	13	18	18	1	0	7	5

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

Part D: Human Resource Management

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

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

The image is a collage of financial symbols. On the left, there is a stack of gold coins. In the center and right, there are several line graphs with fluctuating lines in blue and orange. In the bottom right, there is a bar chart with four vertical bars of increasing height. The background is a warm, golden-yellow color with faint, glowing numbers like '+0.45', '-0.25', and '+0.20'.

PART E

Financial Information

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Western Cape Gambling and Racing Board set out on pages 89-148, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information 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 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the entity in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 37 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of errors in the financial statements of the entity at, and for the year ended, 31 March 2020.

Taxes and levies collected during the year

8. As disclosed in note 23 to the financial statements, taxes and levies are collected and distributed to other entities and institutions.

Uncertainty relating to future outcome of litigation

9. With reference to note 31 to the financial statements, the entity was a defendant in a claim lawsuit. Judgement was delivered on 29 April 2020 in favour of the applicants. The entity is opposing the claim, as it believes that there is prospects of success on appeal. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

Subsequent event that may impact future operations

10. I draw attention to note 30 to the financial statements, which deals with subsequent events, and specifically the possible effects and future implications of the covid-19 pandemic on the entity's future prospects, performance and cash flows. Management has also described how it plans to deal with these events and circumstances. My opinion is not modified in respect of this matter.

Responsibilities of the accounting authority for the financial statements

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

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

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

Report on the audit of the annual performance report

Introduction and scope

15. 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 on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
16. My procedures address the usefulness and reliability of 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 do not examine whether the actions taken by the entity enabled service delivery. My procedures also do 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.
17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the entity for the year ended 31 March 2020:

Programmes	Pages in the annual performance report
Programme 3 - regulatory compliance	42 to 43

Part E: Financial Information

Report of the Auditor-General

18. 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.
19. I did not raise any material findings on the usefulness and reliability of the reported performance information for this programme.

Other matter

20. I draw attention to the matter below.

Achievement of planned targets

21. Refer to the annual performance report on pages 42 to 43 for information on the achievement of planned targets for the year and explanations provided for the under- or overachievement of targets.

Report on the audit of compliance with legislation

Introduction and scope

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
23. The material finding on compliance with specific matters in key legislation is as follows:

Procurement and contract management

24. Some goods and services with a transaction value above R500 000 were procured without inviting competitive bids, as deviations were approved by the accounting authority although it was practical to invite competitive bids, as required by treasury regulations 16A6.1 and 16A6.4.

Other information

25. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
26. 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.
27. 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.
28. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

29. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
30. The control and review processes designed to ensure compliance with relevant supply chain management prescripts were not effectively implemented.

Auditor-General

Cape Town
30 September 2020



ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

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

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also 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, where applicable, actions taken to eliminate threats or safeguards applied.

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

2. ANNUAL FINANCIAL STATEMENTS

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Regulating gaming industry
Board members	Mr DT Lakay Mr CA Bassuday Mr S Faku Ms C Fani Ms J Gantana (Resigned: 1 Jun 2019) Ms N Magazi Mr RG Nicholls (Appointed: 14 Dec 2019) Ms L Nyati (Appointed: 14 Dec 2019)
Business address	100 Fairway Close Parow Cape Town Republic of South Africa 7500
Postal address	PO Box 8175 Roggebaai 8012
Bankers	Nedbank
Auditors	Auditor General (SA)
Secretary	Heinrich Brink

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Index

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

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Cash Flow Statement for the year ended 31 March 2020	92
Statement of Comparison of Budget and Actual Amounts	93
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The annual financial statements set out on pages 89-148 which have been prepared on the going concern basis, were approved by the members on 31 July 2020 and were signed on its behalf by:



PA Abrahams
Chief Executive Officer

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Statement of Financial Position as at 31 March 2020

Figures in Rand		2020	2019
	Note(s)	R	Restated R
Assets			
Current Assets			
Cash and cash equivalents	3	21 762 762	11 438 679
Inventories	4	61 769	53 681
Prepayments	5	1 244 031	1 393 506
Trade and other receivables	6	27 867 027	54 945 087
Cash and cash equivalents Trust funds (securities)	7	12 512 968	10 994 620
Cash and cash equivalents Trust funds (trust)	7	11 408 649	9 725 366
Cash and cash equivalents ILSF Housing Fund	8	375 738	229 158
		75 232 944	88 780 097
Non Current Assets			
Property, plant and equipment	9	4 697 726	2 894 989
Intangible assets	10	3 804 290	404 592
Prepayments	5	135 610	79 953
		8 637 626	3 379 534
Total Assets		83 870 570	92 159 631
Liabilities			
Current Liabilities			
Trust funds (securities)	7	12 512 968	10 994 620
Trust creditors (probity costs)	7	10 364 344	9 725 366
Trade and other payables	11	46 116 581	62 213 802
Employee Benefits	12	3 318 939	2 671 699
		72 312 832	85 605 487
Non Current Liabilities			
Employee Benefits	12	3 771 452	3 735 000
Total Liabilities		76 084 284	89 340 487
Accumulated Surplus		7 786 286	2 819 144

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Statement of Financial Performance for the year ended 31 March 2020

Figures in Rand

	Note(s)	2020 R	2019 Restated R
Revenue			
Revenue from exchange transactions			
Actuarial gains	12	531 771	559 000
Interest income	13	1 718 836	1 088 562
Operating revenue	14	40 222 991	38 330 051
Sundry income	15	195 900	1 116 780
Total revenue from exchange transactions		42 669 498	41 094 393
Revenue from non-exchange transactions			
Transfer revenue			
Government grants	16	37 663 142	26 864 068
Services in kind	17	4 355 623	2 985 924
Total revenue from non-exchange transactions		42 018 765	29 849 992
Total revenue		84 688 263	70 944 385
Expenditure			
Amortisation: Intangible assets	10	146 484	10 751
Depreciation: Property, plant and equipment	9	1 177 266	1 065 765
Elimination of illegal gambling operations		123 462	109 470
Employee related costs	18	46 563 473	44 155 724
Finance costs		360 000	322 146
Legal fees		1 095 656	828 332
Loss on disposal of assets		15 427	143 974
Other expenses	19	14 221 940	12 080 233
Rental Expenses		472 995	153 488
Travel and subsistence		2 130 886	2 254 207
Total expenditure		(66 307 589)	(61 124 090)
Surplus for the year		18 380 674	9 820 295

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Statement of Changes in Net Assets

Figures in Rand

	Accumulated surplus R	Total net assets R
Opening balance as previously reported	(6 455 700)	(6 455 700)
Adjustments		
Correction of error (see note 37)	792 000	792 000
Balance at 01 April 2018 as restated	(5 663 700)	(5 663 700)
Surplus for the year	9 820 295	9 820 295
Surplus paid to Western Cape Government	(1 337 451)	(1 337 451)
Total changes	8 482 844	8 482 844
Restated Balance at 01 April 2019	2 819 144	2 819 144
Surplus for the year	18 380 674	18 380 674
Surplus payable to Western Cape Government	(13 413 532)	(13 413 532)
Total changes	4 967 142	4 967 142
Balance at 31 March 2020	7 786 286	7 786 286

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Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Cash Flow Statement for the year ended 31 March 2020

Figures in Rand		2020	2019
	Note(s)	R	Restated R
Cash flows from operating activities			
Receipts			
Taxes and levies collected		693 462 277	652 336 052
Operating revenue		40 128 100	36 370 650
Government grant		37 663 142	26 864 068
Interest income		1 718 836	1 088 562
Sundry Income		195 900	116 780
		773 168 255	716 776 112
Payments			
Employee costs		(45 708 010)	(43 645 221)
Suppliers		(17 213 159)	(13 388 286)
Finance costs		-	(1 146)
Taxes and levies distributed		(690 853 056)	(651 240 995)
		(753 774 225)	(708 275 648)
Net cash flows from operating activities	24	19 394 030	8 500 464
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(3 050 162)	(1 437 830)
Proceeds from sale of property, plant and equipment		53 894	52 177
Capitalised development IT costs	10	(3 545 344)	(345 000)
Purchase of other intangible assets	10	-	(7 860)
Net cash flows from investing activities		(6 541 612)	(1 738 513)
Cash flows from financing activities			
Net receipts and payments for trust funds		2 157 326	(421 440)
Surplus payable to Western Cape Government redeemed		(1 337 451)	(3 536 732)
Net cash flows from financing activities		819 876	(3 958 172)
Net increase in cash and cash equivalents		13 672 294	2 803 779
Cash and cash equivalents at the beginning of the year		32 387 823	29 584 041
Cash and cash equivalents at the end of the year	3	46 060 117	32 387 823

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget R	Adjustments R	Final Budget R	Actual amounts on comparable basis R	Difference between final budget and actual R	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sundry income	-		-	195 900	195 900	(1)
Rendering of services	37 216 231		37 216 231	40 128 100	2 911 869	(2)
Interest received	1 050 000		1 050 000	1 718 836	668 836	(3)
Total revenue from exchange transactions	38 266 231	-	38 266 231	42 042 836	3 776 605	
Revenue from non exchange transactions						
Transfer revenue						
Government grants & subsidies	37 092 000	571 142	37 663 142	37 663 142	-	
Retention of surplus funds	1 800 000	-	1 800 000	-	(1 800 000)	(4)
Total revenue from non exchange transactions	38 892 000	571 142	39 463 142	37 663 142	(1 800 000)	
Total revenue	77 158 231	571 142	77 729 373	79 705 978	1 976 605	
Expenditure						
Personnel	(47 518 252)	-	(47 518 252)	(45 708 010)	1 810 242	(5)
Operating expenses	(22 499 489)	(1 022 142)	(23 521 631)	(14 603 937)	8 917 694	(6)
Total expenditure	(70 017 741)	(1 022 142)	(71 039 883)	(60 311 947)	10 727 936	
Net operating receipts/(payments)	7 140 490	(451 000)	6 689 490	19 394 030	12 704 541	
Acquisition of capital assets	(7 140 490)	451 000	(6 689 490)	(6 595 506)	93 984	
Net receipts/(payments)	-	-	-	12 798 524	12 798 524	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	12 798 524	12 798 524	

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

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 2019 to 31 March 2020.

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. Refer to note 32 for the reconciliation between budget and statement of financial performance.

Refer to note 33 for the differences between budget and actual amounts of preparation and presentation as well as explanations regarding the changes between approved and final adjusted budget.

In terms of paragraph 12(c) of GRAP 24, the comparison of budget and actual amounts shall be 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 0.5% of total expenditure were deemed to be material and therefore explanations have only been provided for those differences exceeding the threshold.

Explanations for variances

1. The Board does not budget for sundry income.
2. It is difficult to accurately budget for the Board's own revenue as applications received are based on industry demands. New licence applications received and processed exceeded projected figures. Board inspector charge out fees as well as investigation fees are based on the number of new applications as well as licence renewals in a particular year. Provision is made for an annual inflationary adjustment which comes into effect on April, 1st each year.
3. The government grant has been requested early in the financial year. The government grant in the current financial year increased by R11 million and as a result the interest earned on these funds were higher.
4. An amount of R1.8 million was budgeted for relocation costs. However, the Board had sufficient funds to fund the relocation and therefore the relocation funding was not required.
5. The underspending in employee related costs is due to vacancies during the year.
6. The underspending in operating expenditure is due to the following:
 - Provincial Treasury has provided an amount of R6 455 000 in the budget to reimburse the LPM Operators for fees overpaid in prior years. As per agreement with both operators, the amount payable of R5 455 700 was payable by the Board in April 2019. The amount to repay the LPM Operators was included in the Board's cash surplus calculation which was finalised at 31 July 2019 and confirmed by the auditors to be accurate at 31 July 2019 as the correct accounting treatment could only be confirmed by the auditors at the end of the audit process. The excess cash is payable to Provincial Treasury at the end of October 2020.
 - Savings were realised in respect of travel and subsistence due to cost containment measures.
 - The Board underspent on its legal fees budget as the Board cannot accurately budget for this expenditure item.
 - The Board underspent on training and awareness programmes. For the majority of the year, the Human Resources Department conducted a skills audit to better understand the training needs of the organisation. Board Awareness Programmes are now conducted with a different approach the Board will increase its presence on social media as awareness programmes can be conducted by targeting specific audiences.

1. Presentation of Annual Financial Statements

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

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables

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

Fair value estimation

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

Provisions

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

Property, plant and equipment and intangible assets

The Board assesses the useful life and residual values of these assets based on the condition of the assets and the replacement policy of the Board.

Post retirement benefits

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

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

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Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for post retirement benefits are based on current market conditions. Additional information is disclosed in Note 12.

Impairment of statutory receivables

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

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

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

1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

Item	Depreciation method	Average useful life
Motor vehicles	Straight line	4 - 10 Years
Equipment and furniture	Straight line	2 - 25 Years
Computers	Straight line	3 - 25 Years
Computer accessories	Straight line	2 - 15 Years
Leased assets	Straight line	2 - 6 Years

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

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

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

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

The gain or loss arising from the 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.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 28).

1.5 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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Accounting Policies

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

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

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
WCGRB Database Software	Straight line	10 Years
Licensing Automation Project	Straight line	15 Years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

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

1.6 Financial instruments

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

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

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

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

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

A financial asset is:

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

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

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

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

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

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

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

Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Trade and other receivables	Financial asset measured at amortised cost
Trust funds (securities)	Financial asset measured at amortised cost
Trust funds (trust)	Financial asset measured at amortised cost
ILSF Housing Fund	Financial asset measured at amortised cost

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

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Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Accounting Policies

Class	Category
Trade and other payables	Financial liability measured at amortised cost
Trust creditors (securities)	Financial liability measured at amortised cost
Trust creditors (probity costs)	Financial liability measured at amortised cost

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

Initial recognition and measurement

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

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

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

Subsequent measurement of financial assets and financial liabilities

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

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

Impairment of financial assets

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

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

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

All impairment losses are recognised in surplus or deficit.

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

Reversals of impairment losses are recognised in surplus or deficit.

Trade and other receivables

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

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

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

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

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

Trade and other payables

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

Cash and cash equivalents

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

1.7 Statutory receivables

Identification

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

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

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

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

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

Recognition

The Board recognises statutory receivables as follows:

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

Initial measurement

The Board initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

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

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

Impairment losses

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

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

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

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

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

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

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

Derecognition

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

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

1.8 Taxation

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

1.9 Leases

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

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

Finance leases lessee

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

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

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

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

Operating leases lessee

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

1.10 Inventories

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

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

Inventories are initially measured at cost.

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.

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

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

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

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

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

1.11 Impairment of cash generating assets

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the

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systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

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

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

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

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

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

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

Useful life is either:

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

Identification

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

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

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

1.12 Employee benefits

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

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long term employee benefits are employee benefits (other than post employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short term employee benefits

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

Short term employee benefits include items such as:

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

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

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

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

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

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

Post employment benefits

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

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

Post employment benefits: Defined contribution plans

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

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

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

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

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to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Post employment benefits: Defined benefit plans

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

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post employment benefits or other long term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

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

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement
- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

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

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

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

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

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

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

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

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

The rate used to discount post employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post employment benefit obligations.

Post employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

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

1.13 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

1.14 Commitments

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

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Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

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

Measurement

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

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

Operating revenue consists of:

Board Inspectors' Charge Out Fees

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

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

Investigation fees

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

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

Licence application fees

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

The revenue is recognised on invoice at time of application.

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

1.16 Revenue from non exchange transactions

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

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Non exchange transactions are transactions that are not exchange transactions. In a non exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Services in kind

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

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

1.17 Interest income

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

1.18 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

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

Identifying whether an entity is a principal or an agent

When the entity is party to a principal agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

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

Assessing which entity benefits from the transactions with third parties

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

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

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

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

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

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

1.19 Trust funds

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

1.20 Comparative figures

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

1.21 Fruitless and wasteful expenditure

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

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

1.22 Irregular expenditure

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

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

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

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

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

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial

statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.23 Research and development expenditure

Expenditure on research is recognised as an expense when it is incurred.

An asset arising from development is recognised when:

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

1.24 Budget information

The approved budget covers the fiscal period from 2019/04/01 to 2020/03/31.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 32.

Comparative information is not required.

1.25 Related parties

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

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

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

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

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

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

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

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

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

1.26 Events after reporting date

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

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

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

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

Refer to Note 30 to the financial statements in respect of disclosure regarding the COVID 19 pandemic and its effect on the Board.

1.27 Materiality

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

1.28 Tax and levies collection

The Western Cape Gambling and Racing Act, 1996 (Act 4 of 1996) provides for the imposition of statutory taxes and fees payable by licence holders, as well as administrative penalties for non compliance. The Board collects gambling taxes and levies on gambling transactions on behalf of the Western Cape Provincial Government and other beneficiaries. Taxes are collected and paid over to the Provincial Government and other beneficiaries on a cash basis. Tax collections are disclosed in Note 23 to the financial statements.

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/Interpretation	Effective date: Years beginning on or after	Expected Impact
GRAP 1: Presentation of Financial Statements	1 April 2019	Not material.
GRAP 2: Cash Flow Statements	1 April 2019	Not material.
GRAP 3: Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2019	Not material.
GRAP 9: Revenue from Exchange Transactions	1 April 2019	Not material.
GRAP 12: Inventories	1 April 2019	Not material.
GRAP 13: Leases	1 April 2019	Not material.
GRAP 14: Events after the reporting date	1 April 2019	Not material.
GRAP 17: Property, plant and equipment	1 April 2019	Not material.
GRAP 18: Segment reporting	1 April 2019	Not material.
GRAP 19: Provisions, Contingent Liabilities and Contingent Assets	1 April 2019	Not material.
GRAP 20: Related Party Disclosures	1 April 2019	Not material.
GRAP 21: Impairment of Non cash generating Assets	1 April 2019	Not material.
GRAP 23 (as amended 2016): Revenue from Non exchange Transactions	1 April 2019	Not material.
GRAP 24: Presentation of Budget Information in Financial Statements	1 April 2019	Not material.
GRAP 25: Employee benefits	1 April 2019	Not material.
GRAP 26: Impairment of Cash generating assets	1 April 2019	Not material.
GRAP 31: Intangible assets	1 April 2019	Not material.
GRAP 104: Financial Instruments	1 April 2019	Not material.
GRAP 108: Statutory Receivables	1 April 2019	Material.
GRAP 109: Accounting by Principals and Agents	1 April 2019	Material.

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2020 or later periods:

Standard/Interpretation	Expected Impact
GRAP 34: Separate Financial Statements	No such transactions are expected in the foreseeable future.
GRAP 35: Consolidated Financial Statements	No such transactions are expected in the foreseeable future.
GRAP 36: Investments in Associates and Joint Ventures	No such transactions are expected in the foreseeable future.
GRAP 37: Joint Arrangements	No such transactions are expected in the foreseeable future.
GRAP 38: Disclosure of Interests in Other Entities	No such transactions are expected in the foreseeable future.
GRAP 110: Living and Non living Resources	No such transactions are expected in the foreseeable future.
IGRAP 19: Liabilities to Pay Levies	No such transactions are expected in the foreseeable future.

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand	2020 R	2019 R
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Petty cash	6 000	4 000
Bank balances	11 756 762	11 434 679
Short term deposits	10 000 000	-
	21 762 762	11 438 679
The Board's bank balances are held at Nedbank. The interest rate for funds held in the primary bank account is 4.5% as at 31 March 2020. The interest rate on the short term bank deposit held at Nedbank is 7.5%.		
Cash and cash equivalents in the cash flow statement consist of:		
Trust funds (securities) (Refer to Note 7)	12 512 968	10 994 620
Trust funds (trusts) (Refer to Note 7)	11 408 649	9 725 366
ILSF Housing Fund (Refer to Note 8)	375 738	229 158
Cash and cash equivalents (as per above)	21 762 762	11 438 679
	46 060 117	32 387 823
4. Inventories		
Consumable stores	61 769	53 681
Inventories recognised as an expense during the year	128 216	125 453
Inventory comprise of stationery and computer consumables consumed within a short term period in the normal course of business and are not held for resale.		
5. Prepayments		
Membership fees	5 508	5 914
Training costs	2 473	-
Software upgrade fees	1 349 517	1 450 384
Subscription fees	21 988	17 006
TV Licence fees	155	155
	1 379 641	1 473 459
As disclosed in the statement of financial position		
Prepayments: current assets	1 244 031	1 393 506
Prepayments: non-current assets	135 610	79 953
	1 379 641	1 473 459

Prepayments represent, mainly, the payments made in respect of software licencing fees which are paid upfront and expensed over a longer period of time and relates mainly to the licence fees for the Licencing Automation Project.

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand

	2020 R	2019 R
6. Trade and other receivables		
Amounts due in respect of trading operations	27 814 715	54 779 665
Amounts due in respect of other activities	52 312	165 422
	27 867 027	54 945 087
Statutory receivables included in trade and other receivables are as follows:		
Licence application fees	249 140	346 867
Board Inspector's Charge out fees	786 748	983 710
Investigation fees	493 349	87 850
Annual Licence Fees	196 536	33 311
Gambling Taxes	24 418 108	51 607 021
Penalties	2 900	-
	26 146 781	53 058 759
Financial asset receivables included in receivables from exchange transactions above	1 720 246	1 886 328
Total receivables	27 867 027	54 945 087

Statutory receivables general information

Transaction(s) arising from statute

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

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

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

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

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

Determination of transaction amount

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

Notes to the Annual Financial Statements

Figures in Rand

2020	2019
R	R

6. Trade and other receivables (continued)

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

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

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

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

Receivables past due but not impaired

Relating specifically to Statutory Receivables

Statutory Receivables outstanding for more than 30 days are considered as past due but not impaired. At 31 March 2020, statutory receivables of R488 448 (2019: R101 793) were past due but not impaired. These relate to existing licence holders with no defaults in the past. All the amounts were subsequently recovered.

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

31 - 60 days past due	473 196	101 784
61 - 90 days past due	-	9
91 and over past due	15 252	-
	488 448	101 793

Disaggregation of trade and other receivables

Trade and other receivable from exchange transactions	3 446 019	3 338 066
Trade and other receivable from non exchange transactions	24 421 008	51 607 021
	27 867 027	54 945 087

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

Credit quality of trade and other receivables

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

Counterparties without external credit rating

Group 1	1 720 246	1 886 328
Group 2	-	-
Group 3	-	-
	1 720 246	1 886 328

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand

2020	2019
R	R

6. Trade and other receivables (continued)

Group 1 – new customer (less 6 months).

Group 2 – existing customer (more than 6 months) with no defaults in the past.

Group 3 – existing customer (more than 6 months) with some defaults in the past. All defaults were fully recovered.

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

Trade and other receivables past due but not impaired

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

At 31 March 2020, the amount of trade and other receivables which falls in the above category amounts to R1 720 246 (2019: R1 886 328).

Recoverability of trade and other receivables

The Board holds R11 408 649 (2019: R9 725 366) in trust funds from debtors and is able to withdraw funds from the trust accounts for amount due to the Board.

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

7. Trust Funds

Trust funds (securities)	12 512 968	10 994 620
Trust funds (trusts)	11 592 496	9 589 121
Total	24 105 464	20 583 741
Add: Amount (payable) / receivable to/from current account		
Trusts	(183 847)	136 245
	23 921 617	20 719 986

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.

Currently disclosed in the financial statements

Current assets

Trust funds (securities)	12 512 968	10 994 620
Trust funds (trust)	11 408 649	9 725 366
Total	23 921 617	20 719 986

Current liabilities

Trust creditors (securities)	12 512 968	10 994 620
Trust creditors (probity costs)	10 364 344	9 725 366
Total	22 877 312	20 719 986

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand

	2020 R	2019 R
8. Cash and cash equivalents Individual Linked Savings Facility		
ILSF Housing Fund	375 738	229 158

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

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

9. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Motor vehicles	1 772 406	(530 840)	1 241 566	1 170 644	(316 614)	854 030
Equipment & furniture	3 492 008	(1 298 034)	2 193 974	2 108 245	(1 738 047)	370 198
Computers	3 825 654	(2 661 259)	1 164 395	4 578 285	(3 042 531)	1 535 754
Computer accessories	841 208	(743 417)	97 791	856 805	(723 545)	133 260
Leased assets	-	-	-	6 987	(5 239)	1 747
Total	9 931 276	(5 233 550)	4 697 726	8 720 966	(5 825 976)	2 894 989

Reconciliation of property, plant and equipment 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Motor vehicles	854 030	601 762	-	(214 226)	1 241 566
Equipment & furniture	370 198	2 081 565	(47 104)	(210 685)	2 193 974
Computers	1 535 754	351 677	(20 697)	(702 339)	1 164 395
Computer accessories	133 260	15 158	(1 774)	(48 853)	97 791
Leased assets	-	-	(583)	(1 164)	-
	2 894 989	3 050 162	70 158	(1 177 266)	4 697 726

Reconciliation of property, plant and equipment 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Motor vehicles	460 230	493 324	-	(99 524)	854 030
Equipment & furniture	840 933	7 328	(185 160)	(292 903)	370 198
Computers	1 202 569	935 244	(9 086)	(592 973)	1 535 754
Computer accessories	212 434	1 934	(1 905)	(79 203)	133 260
Leased assets	2 913	-	-	(1 166)	1 747
	2 719 079	1 437 830	(196 151)	(1 065 765)	2 894 989

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand

2020	2019
R	R

9. Property, plant and equipment (continued)

Pledged as security

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

Other information

Property, plant and equipment procured by the Board to the amount of R104 288 could not be delivered by 31 March 2020. These assets are included in Additions of R3 050 162.

These items were scheduled to be delivered to the Board's premises before the end of March 2020. However, due to the announcement of the National Disaster and subsequent lockdown by President Cyril Ramaphosa, service providers were unable to deliver these assets on or before 31 March 2020.

The Board has since taken delivery of all these assets and payment for these assets have been effected subsequent to delivery

10. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	111 437	(62 326)	49 111	108 817	(49 225)	59 592
Internally generated computer software	3 005 254	(135 165)	2 870 089	-	-	-
Intangible assets under development	885 090	-	885 090	345 000	-	345 000
Total	4 001 781	(197 491)	3 804 290	453 817	(49 225)	404 592

Reconciliation of intangible assets 2020

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

Notes to the Annual Financial Statements

Figures in Rand

10. Intangible assets (continued)

Reconciliation of intangible assets 2019

	Opening balance	Additions	Amortisation	Total
Computer software	62 483	7 860	(10 751)	59 592
Intangible assets under development	-	345 000	-	345 000
Total	62 483	352 860	(10 751)	404 592

	2020 R	2019 R
Intangible assets in the process of being constructed or developed		

Cumulative expenditure recognised in the carrying value of Intangible assets

Computer software, internally generated	885 091	345 000
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Included in the carrying value of intangible assets is an amount related to the development of a new licensing automation project. The development cost of R345 000 for the prior year relates to Phase I of the Automation Project. Phase I of the Project has been completed at the end of September 2019 and therefore the Board capitalised Phase I of the Project as an internally generated intangible asset in September 2019.

The development cost of R885 091 relates to the development of Phase II of the Automation Project. At year end Phase II was still in development.

No delays have been encountered during the year under review.

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

11. Trade and other payables

Trade payables	3 186 216	6 795 400
Western Cape Provincial Government	41 979 471	54 549 480
Kenilworth Racing	939 249	859 017
South African Responsible Gambling Foundation	11 645	9 905
	46 116 581	62 213 802

12. Employee benefit obligations

Employee Benefits		
Current Liabilities	3 318 939	2 671 699
Non Current Liabilities	3 771 452	3 735 000
	7 090 391	6 406 699
Current Liabilities - Employee Benefits		
Accrual for leave pay	2 241 014	1 855 059
Accrual for bonus	580 511	564 482
Subtotal	2 821 525	2 419 541
Current portion of Post Retirement Medical Aid	35 526	23 000
Current portion of Long Service Awards	86 150	-
ILSF: Housing allowance	375 738	229 158
	3 318 939	2 671 699

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand

	2020 R	2019 R
12. Employee benefit obligations (continued)		
Non-Current Employee Benefits		
Long Service Awards	784 282	559 000
Post Retirement Medical Aid	3 108 846	3 199 000
Subtotal	3 893 128	3 758 000
Less: Current Liability	(121 676)	(23 000)
	3 771 452	3 735 000

Long service awards

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

The table below sets out the Long Service Award policy:

Completed Service (in years)	Employed before 23 March 2017	Employed before 23 March 2017
10 years	A cash amount equal to the monthly benefit salary of the employee at his/her 10 year anniversary	A cash amount equal to the monthly benefit salary of the employee at his/her 10 year anniversary
20 years	R 11 346	R 11 346
30 years	R 22 691	R 22 691
40 years	R 30 256	R 30 256

Valuation of assets

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

Post retirement medical aid plan

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

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

The subsidy as at 1 April 2020 was R2 812 per month (R2 602 per month on 1 April 2019) and is expected to increase by 7.17% on 1 January 2021.

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand

	2020 R	2019 R
12. Employee benefit obligations (continued)		
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	3 758 000	3 783 000
Benefits paid	-	(175 000)
Net expense recognised in the statement of financial performance	135 128	150 000
The amounts recognised in the statement of financial position	3 893 128	3 758 000
Accrued Liability		
Long Service Award		
Current liability	86 150	-
Non current liability	698 132	559 000
Post Retirement Medical Aid		
Current liability	35 526	23 000
Non current liability	3 893 128	3 758 000
Net expense recognised in the statement of financial performance		
Current service cost LSA*	85 000	98 000
Current service cost PRMA*	264 000	290 000
DPSA cash award inflation*	(42 101)	-
Interest cost LSA	47 000	41 000
Interest cost PRMA	313 000	280 000
Actuarial losses/(gains) LSA	135 383	(3 000)
Actuarial losses/(gains) PRMA	(667 154)	(556 000)
	135 128	150 000

*These items are included in the information disclosed in Note 18 to the financial statements.

Key assumptions used

Assumptions used at the reporting date:

Long Service Awards	31 March 2020	31 March 2019
Discount rate	9.00%	8.47%
General earnings inflation rate (long term)	5.36%	5.95%
Net of earning inflation discount rate	3.45%	2.38%
CPI inflation rate	4.36%	not applied
Net of CPI inflation rate	4.45%	not applied
Pre retirement mortality	SA 85 90 (light)	SA 85 90 (light)

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

12. Employee benefit obligations (continued)

Post Retirement Medical Aid	31 March 2020	31 March 2019
Discount rate	12.03%	9.81%
Health care cost inflation rate	7.67%	7.44%
Net of health care cost inflation discount rate	4.05%	2.21%
Maximum subsidy inflation rate	7.17%	6.94%
Net of maximum subsidy inflation discount rate	4.53%	2.68%

Demographic Assumptions	31 March 2020	31 March 2019
Pre retirement Mortality	SA 85 90 (light)	SA 85 90 (light)
Post retirement Mortality	PA (90) rated down 2 years and 1% annual improvement from 2006	PA (90) rated down 2 years and 1% annual improvement from 2006 (PRMA)
Average retirement age	63	63
Proportion with spouse dependent at retirement	85%	85%
Continuation of membership at retirement	80%	80%

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

Discount Rate	GRAP 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.
General Earning and CPI Inflation	The general earnings inflation assumption is more stable relative to the growth in Consumer Price Index (CPI) than in absolute terms. In most industries, experience has shown, that over the long term, earnings inflation is between 1.0% and 1.5% above CPI inflation.
Health Care Cost Inflation Rate	This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective.
Earnings Inflation Rate	This assumption is required to reflect the estimated growth in earnings of the eligible employees until retirement.
Average Retirement Age	The normal retirement age of employees is 65. It has been assumed that employees will retire at age 63 on average, which then implicitly allows for expected rates of ill health and early retirement.

Notes to the Annual Financial Statements

12. Employee benefit obligations (continued)

Impact of COVID 19:

It is difficult to estimate what impact the pandemic is likely to have on the Board's employee liabilities at this stage. There is much uncertainty as to how it will affect mortality, and whether (and when) a treatment or vaccine will become available. If the return to economic normalcy is extended, then the Board's experience regarding resignations may also be affected. Medical scheme contributions are also likely to increase by more than expected.

31 March 2020 long term government bond yields increased dramatically from the previous month. This pushes up the net discount rate which in turn reduces the liability. It is impossible to say how long lasting this volatility in the prescribed discount rate and its consequent impact on the liability is likely to be.

Promotional Salary Increase Rates

The following promotional salary increases were assumed:

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

In service Employee Withdrawal

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

20 24	15%
25 29	10%
30 34	7%
35 39	4%
40 44	2%
45+	0%

Sensitivity Analysis

The results of the valuation are dependent on the assumptions used. The tables below outline firstly how the accrued liability as at 31 March 2020 is impacted by changes in the assumptions and secondly how the income statement expenses (interest and service cost) are impacted by changes in assumptions.

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

12. Employee benefit obligations (continued)

Post Retirement Medical Aid

In Service and Continuation Members	Accrued Service Liabilities as at 31 March 2020	% Increase/Decrease
No change in assumptions	R 3 109 000	
Discount Rate		
Increased by 1% p.a.	R 2 577 000	-17%
Reduced by 1% p.a.	R 3 800 000	22%
Health care inflation rate		
Increased by 1% p.a.	R 3 334 000	7%
Reduced by 1% p.a.	R 2 837 000	-9%
Post employment mortality		
Increased by 1 year	R 3 041 000	-2%
Decreased by 1 year	R 3 175 000	2%
Average retirement age		
Reduced by 1 year	R 3 349 000	8%
Continuation of membership at retirement		
Reduced by 10%	R 2 757 000	-11%

In Service and Continuation Members	Income Statement Expenses for the Year Ending 31 March 2021	% Increase/Decrease
No change in assumptions	R 608 600	
Discount Rate		
Increased by 1% p.a.	R 523 000	-14%
Reduced by 1% p.a.	R 716 700	18%
Health care inflation rate		
Increased by 1% p.a.	R 653 200	7%
Reduced by 1% p.a.	R 551 900	-9%
Post employment mortality		
Increased by 1 year	R 595 600	-2%
Decreased by 1 year	R 621 500	2%
Average retirement age		
Reduced by 1 year	R 655 600	8%
Continuation of membership at retirement		
Reduced by 10%	R 329 600	-11%

12. Employee benefit obligations (continued)

Long Service Awards

In Service Members	Accrued Service Liabilities as at 31 March 2020	% Increase/Decrease
No change in assumptions	R 784 000	
General earnings inflation rate		
Increased by 1% p.a.	R 795 000	1%
Reduced by 1% p.a.	R 774 000	-1%
Discount rate		
Increased by 1% p.a.	R 743 000	-5%
Reduced by 1% p.a.	R 830 000	6%
Average retirement age		
Decreased by 2 years	R 740 000	-6%
Increased by 2 years	R 830 000	6%
Withdrawal Assumption		
Withdrawal rate doubled	R 736 000	-6%
Withdrawal rate halved	R 811 000	3%

In Service Members	Income Statement Expenses for the Year Ending 31 March 2021	% Increase/Decrease
No change in assumptions	R 165 100	
General earnings inflation rate		
Increased by 1% p.a.	R 168 500	2%
Reduced by 1% p.a.	R 161 700	-2%
Discount rate		
Increased by 1% p.a.	R 163 800	-1%
Reduced by 1% p.a.	R 166 300	1%
Average retirement age		
Decreased by 2 years	R 157 300	-5%
Increased by 2 years	R 173 300	5%
Withdrawal Assumption		
Withdrawal rate doubled	R 152 600	-8%
Withdrawal rate halved	R 172 000	4%

Post retirement benefit plan

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

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

The total cost charged to income of R4 364 709 (2019: R4 149 012) represents contributions payable to the fund as specified in the rules of the fund (as disclosed Note 18 to the financial statements).

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

12. Employee benefit obligations (continued)

Other disclosures

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

	2020	2019	2018	2017	2016
Defined benefit obligation	3 893 128	3 758 000	3 783 000	654 884	488 000
Actuarial (gains)/losses	(531 771)	(559 000)	120 000	229 406	45 902
Experience adjustments on plan liabilities (gains)/losses	1 530 521	(8 000)	25 000	(38 664)	46 000

Figures in Rand

13. Interest income

Interest revenue

	2020 R	2019 R
Bank	1 633 425	1 088 562
Other Financial Institutions	85 411	-
	1 718 836	1 088 562

14. Operating Revenue

Board Inspectors Charge Out Fees	7 041 062	7 608 454
Investigation fees	30 092 204	27 618 936
Licence application fees	3 089 725	3 102 661
	40 222 991	38 330 051

15. Sundry Income

Parking income	2 250	30 20
Other miscellaneous income	193 650	86 580
Discount received	-	1 000 000
	195 900	1 116 780

16. Government Grant

Western Cape Government	37 663 142	26 864 068
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The grant is to assist in funding the loss of the Casino Exclusivity Fee as well as the Limited Pay out Machine Operator Fees and had no conditions attached to it. The grant is recognised in surplus/deficit on receipt thereof.

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand

	2020 R	2019 R
17. Services in kind		
Services in kind benefit revenue	4 355 623	2 985 924

The Board occupies a building at no cost managed by the Department of Transport and Public Works. This building is located at 100 Fairway Close, Parow, Cape Town.

The services in kind revenue for the prior year was based on market related rentals for similar buildings in Cape Town, CBD. The Board relocated to its new offices at the end of April 2019.

The current year amount includes the rental for April 2019 which was based on market related rentals for similar buildings in Cape Town, CBD.

The amount in the current year is based on the rental amounts paid by the Department of Transport and Public Works.

The current year amount also include payments made in respect of utilities, whereas utilities are excluded in the prior year disclosed amount. The Board is unable to accurately measure the fair value of the services in kind benefit where it pertain to utilities paid on the Board's behalf in the prior year and for that reason the prior year figure excludes the benefit received in respect of utilities.

The Board recognises the corresponding amount as an expense for the consumption of services in kind as disclosed in Note 19 to the financial statements

18. Employee related costs

Basic salary	34 590 870	32 882 920
Bonus	2 775 238	2 670 557
Medical aid company contributions	2 692 503	2 484 849
UIF	127 011	129 199
Leave pay	814 766	691 174
Defined contribution plans	4 364 709	4 149 012
Car allowances	105 880	130 980
Overtime payments	61 968	40 273
Long service awards	42 899	98 432
Acting allowances	35 609	16 977
Housing benefits and allowances	952 020	861 351
	46 563 473	44 155 724

Remuneration of executive management

The emoluments of executive management, as disclosed in Note 20 to the financial statements, are included in the employee related costs as disclosed in this note.

Remuneration of Board Members

Fees paid to the Board Members, as disclosed in Note 20 to the financial statements, are included in the employee related costs as disclosed in this note.

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
	R	R
19. Other expenses		
Advertising	15 751	24 658
Auditors remuneration	2 237 663	1 739 689
Bank charges	15 783	18 009
Cleaning	251 605	200 764
Computer software annual licences	2 600 806	2 167 438
Conferences and membership fees	333 461	325 373
Consulting and professional fees	488 966	544 834
Consumables	93 901	119 912
Courier services	-	1 337
Entertainment	72 047	54 117
Insurance	294 954	407 651
Levies	406 162	391 653
Postage	2 455	4 335
Printing and stationery	267 228	331 042
Publications	8 407	2 700
Recruitment costs	176 526	15 070
Rental of equipment	271 751	344 111
Repairs and maintenance (see note 28)	346 041	215 183
Responsible Gambling Awareness	102 698	508 064
Security services	201 431	13 595
Services in kind (see note 17)	4 355 623	2 985 924
Services: Translations/Subscriptions/Transcriptions	135 225	136 831
Staff welfare	305 963	187 270
Telephone and communications	654 056	677 280
Refund of taxes paid	350 000	-
Training	113 913	663 393
Transportation costs	119 524	-
	14 221 940	12 080 233

The decrease in expenditure relating to Board Awareness Programmes is due to the fact that awareness programmes are now conducted with a different approach. The Board will increase its presence on social media as awareness programmes can be conducted by targeting specific audiences.

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand

20. Member's emoluments

Executive

2020

	Emoluments	Retirement Fund	Bonus	Other	Total
Chief Executive Officer	1 276 688	68 501	89 630	20 010	1 454 829
Manager: Legal services	1 101 680	58 829	74 055	38 804	1 273 368
HOD: Admin & Finance	977 962	52 223	66 676	31 913	1 128 774
HOD: Licensing	1 101 680	58 829	74 054	2 815	1 237 378
HOD: Compliance	1 209 866	60 075	86 428	55 779	1 412 148
HOD: Information Technology	1 007 527	53 802	67 725	22 998	1 152 052
Manager: Human Resources (until 11 April 2019)	34 667	-	1 983	16 114	52 764
Manager: HR (from 1 July 2019)	584 559	31 830	23 578	418	640 385
	7 294 629	384 089	484 129	188 851	8 351 698

2019

	Salary	Retirement Fund	Bonus	Other	Total
Chief Executive Officer	1 195 397	63 909	82 703	80 878	1 422 887
Manager: Legal services	1 032 101	54 735	69 125	133 328	1 289 289
HOD: Admin & Finance	916 208	48 588	75 202	57 045	1 097 043
HOD: Licensing	1 032 101	54 735	69 125	96 406	1 252 367
HOD: Compliance	1 155 057	56 662	71 214	48 723	1 331 656
HOD: Information Technology	943 902	50 057	63 218	6 748	1 063 925
Manager: Human Resources	957 169	42 279	64 378	64 707	1 128 533
	7 231 935	370 965	494 965	487 835	8 585 700

Board members

2020

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

Note 1

Ms JD Gantana: Resignation from Board effective 1 June 2019.

Mr RG Nicholls: Appointed to Board from 14 December 2019 until 13 December 2022.

Ms L Nyati: Appointed to Board from 14 December 2019 until 13 December 2022.

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand

20. Member's emoluments

Board members

2019

Mr DT Lakay
Mr CA Bassuday
Mr S Faku
Ms C Fani
Ms J Gantana
Ms N Magazi

	Members' fees	Other fees	Total
Mr DT Lakay	383 811	44 968	428 779
Mr CA Bassuday	189 507	17 774	207 281
Mr S Faku	184 976	3 025	188 001
Ms C Fani	153 366	4 735	158 101
Ms J Gantana	-	28 853	28 853
Ms N Magazi	138 680	10 585	149 265
	1 050 340	109 940	1 160 280

Figures in Rand

21. Operating leases

Minimum lease payments due

- within one year
- in second to fifth year inclusive

Present value of minimum lease payments

	2020 R	2019 R
- within one year	106 757	152 889
- in second to fifth year inclusive	49 433	156 190
Present value of minimum lease payments	156 190	309 079

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

22. Related parties

The following promotional salary increases were assumed:

Relationships

Western Cape Provincial MEC for Finance and Economic Opportunities: Mr D Maynier	No direct transactions
Western Cape Provincial Head Official: Mr D Savage	No direct transactions
Western Cape Provincial Government	Government grant as disclosed in Note 16.
Western Cape Provincial Treasury	Taxes and levies as disclosed in Note 23.
Non Executive Members of the Board	Fees for attendance of meetings as disclosed in Note 20.
Executive Management of the Board	Remuneration of Executive Committee in Note 20.
The Department of Transport and Public Works	The Board occupies a building at no cost managed by the Department as disclosed in Note 17.
Department of the Premier	The Board received corporate services free of charge from Enterprise Risk Management and Legal Services.

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand

	2020 R	2019 R
22. Related parties (continued)		
Related party balances		
Amounts payable to related parties		
Western Cape Provincial Treasury	28 566 327	53 212 029
Western Cape Provincial Government – Cash Surplus	13 413 532	1 337 451

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

Amounts included in Trade receivables regarding related parties

Western Cape Provincial Treasury	24 151 992	51 135 358
Western Cape Provincial Government	1 562 000	-

Amounts due to the Board on 31 March 2020 included Annual Licence Fees, Gambling Taxes and Penalties, which is payable to the Provincial Revenue Fund.

The amount of R1 562 000 due by the Western Cape Provincial Government is in respect of the overpayment of licence fees in previous years (see note 37).

Key management information

Class	Description	Number
Non executive Board Members	The Board consist of Members appointed on a part time time basis by the Executive Council.	Seven (7) Members were appointed to the Board as at 31 March 2020.
Executive management	The Executive Management Committee consist of the Chief Executive Officer, the Head of Department of the following departments: Regulatory Compliance, Licensing, Administration and Finance and Technology as well as the well as the Legal and Human Resources Managers.	Seven (7) Members were appointed to the Executive Committee as at 31 March 2020.

Figures in Rand

	2020 R	2019 R
23. Taxes and levies collected during the year		
Provincial taxes		
Casino	427 712 477	428 481 241
Horse Racing	121 366 458	93 781 893
Limited Pay Out Machines	140 909 377	125 711 109
	689 988 312	647 974 243
Levies		
Casino	2 161 555	2 194 246
Horse Racing	359 254	1 064 996
Limited Pay Out Machines	845 527	784 077
	3 366 336	4 043 319

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand

	2020 R	2019 R
23. Taxes and levies collected during the year (continued)		
Interest, fines and penalties		
Casino	538	566
Horse Racing	57 479	38 524
Limited Pay Out Machines	49 225	279 400
	107 242	318 490
Total collected	693 462 277	652 336 052
Distributable to:		
Provincial Government Western Cape	670 865 974	629 354 371
South African Responsible Gambling Foundation	115 969	226 121
Kenilworth Racing	22 480 334	22 755 560
	693 462 277	652 336 052

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

The Board is party to a principal agent arrangement with the Western Cape Provincial Government. Information regarding this agreement is disclosed in Note 35 to the financial statements.

24. Cash generated from operations

Surplus	18 380 674	9 820 295
Adjustments for:		
Depreciation tangible assets	1 177 266	1 065 765
Amortisation intangible assets	146 484	10 751
Loss/(Gain) on sale of assets	15 427	143 974
Changes in working capital:		
Inventories	(8 088)	28 116
Trade and other receivables	(94 891)	(1 959 401)
Prepayments	93 818	(846 432)
Trade and other payables	(1 000 352)	(35 107)
Employee benefits	683 692	272 503
	19 394 030	8 500 464

Notes to the Annual Financial Statements

Figures in Rand

2020
R2019
R**25. Risk management****Financial risk management**

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

Liquidity risk

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

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

The Board has minimised its liquidity risk by ensuring that it has adequate banking facilities and funds in trust for any claim against its trade receivables. As at 31 March 2020, management did not consider there to be any significant concentration of risk which had not been adequately provided for.

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

Trade and other payables	46 116 582	62 213 802
Trust creditors (securities)	12 512 968	10 994 620
Trust creditors (probity costs)	10 364 344	9 725 366

Credit risk management

Credit risk is managed on a group basis.

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

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

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

The amount outstanding in respect of trade and other receivables, which do not represent statutory receivables, amounts to R1 720 246 at year end. The Board holds no specific collateral for this balance. Management considers the amount of R1 720 246 to be fully recoverable as no impairment indicators exist for this balance.

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

As at 31 March 2020, management did not consider there to be any significant concentration of risk which had not been adequately provided for.

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

Cash and cash equivalents	21 762 762	11 438 679
Trade and other receivables	1 720 246	1 886 328
Trust funds (securities)	12 512 968	10 994 620
Trust funds (trusts)	11 408 649	9 725 366
ILSF Housing Fund	375 738	229 158

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand

25. Risk management (continued)

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 and other financial liabilities approximate fair value.

26. Financial instruments

Categories of financial instruments

2020

Financial assets

Cash and cash equivalents
Trade and other receivables
Trust funds (securities)
Trust funds (trust)
ILSF Housing Fund

At amortised cost	Total
21 762 762	21 762 762
1 720 246	1 720 246
12 512 968	12 512 968
11 408 649	11 408 649
375 738	375 738
47 780 363	47 780 363

Financial liabilities

Trade and other payables
Trust creditors (securities)
Trust creditors (probity costs)

46 116 582	46 116 582
12 512 968	12 512 968
10 364 344	10 364 344
68 993 894	68 993 894

2019

Financial assets

Cash and cash equivalents
Trade and other receivables
Trust funds (securities)
Trust funds (trust)
ILSF Housing Fund

At amortised cost	Total
11 438 679	11 438 679
1 886 328	1 886 328
10 994 620	10 994 620
9 725 366	9 725 366
229 158	229 158
34 274 151	34 274 151

Financial liabilities

Trade and other payables
Trust creditors (securities)
Trust creditors (probity costs)

62 213 802	62 213 802
10 994 620	10 994 620
9 725 366	9 725 366
82 933 788	82 933 788

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand	2020 R	2019 R
27. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Intangible assets	216 149	2 615 100
Total capital commitments		
Already contracted for but not provided for	216 149	2 615 100
Authorised operational expenditure		
Already contracted for but not provided for		
ICT	5 446 695	5 817 724
Pest Control Services	6 596	-
Cleaning services	212 800	-
Internal audit services	745 840	-
Employee wellness	22 317	104 469
Security services	3 516	8 180
Storage services	-	84 000
Training services	51 750	-
Insurance	-	26 084
	6 489 514	6 040 457
Total commitments		
Total commitments		
Authorised capital expenditure	216 149	2 615 100
Authorised operational expenditure	6 489 514	6 040 457
	6 705 663	8 655 557
Contractual capital commitments represent the Licensing Automation Project.		
Contractual operating commitments are included to provide meaningful information to the users		
28. Repairs and maintenance		
Repairs and maintenance: Building	173 780	65 729
Repairs and maintenance: Equipment	164 765	140 782
Repairs and maintenance: Vehicles	7 496	8 672
	346 041	215 183

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

29. Segment information

General information

Identification of segments

It is the view of management that the programmes of the WCGRB are not segments in terms of the definition in GRAP 18 and therefore segment reporting is not required. Management's considerations whether segments exist are the following: Grap 18, paragraph 5 defines a segment as follows: "A segment is an activity of an entity:

(a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);

(b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and for which separate financial information is available."

Taking the Board's programmes into consideration and the types of internal management reports as well as the annual financial statements, the following can be deduced when assessed against the definition of segment reporting:

Administration and ICT Programmes are support functions to the entity that do not generate economic benefits and therefore these programmes cannot be seen as segments. Licensing, Racing & Betting and Gambling Compliance Programmes on the other hand do generate economic benefits, but reporting is done on an aggregated economic reporting level. Programmes are based on the Board's functional activities of Licensing and Gambling Compliance with support service departments bearing the cost of a general nature. Accordingly data is not analysed for allocation to individual departments

The entity is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

30. Events after the reporting date

President Cyril Ramaphosa declared a state of National Disaster on 15 March 2020 following the outbreak of the coronavirus in South Africa. The measures put in place did not stem the growth in confirmed cases of the COVID 19 pandemic. Consequently, the President declared a twenty one day national lockdown effective midnight 26 March 2020.

Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

Horse racing and sports events have been cancelled or postponed since the coronavirus outbreak. Casinos, LPM premises and other gambling establishments have been closed since 26 March 2020. The risk adjusted strategy of the National Government made provision for limited gambling activity for casinos and LPM's since 1 July 2020.

This resulted in loss of gambling taxes for the Western Cape Government, loss of revenue and consequential business activity for the gambling industry (except on line betting establishments) and delayed income for the Western Cape Gambling and Racing Board as the operators do not have the funds to pay the required fees on time.

The Board has determined that these events are non adjusting subsequent events. Accordingly, the financial position and financial performance as of and for the year ended 31 March 2020 have not been adjusted to reflect the impact of COVID 19.

30. Events after the reporting date (continued)

The duration and impact of the COVID 19 pandemic remains unclear at this time. The Board's projected cash flows are sufficient to cover the Board's commitments and liabilities for the next twelve (12) months and therefore there is not significant doubt on the Board's ability to continue as a going concern in the foreseeable future.

Management is of the opinion that there are no significant changes in the extent or manner in which the Board's assets are being utilised and concluded that the Board's property, plant and equipment as well as intangible assets are appropriately valued as at 31 March 2020.

The Board holds R11 408 649 in trust from its licensees and is able to withdraw funds from the trust accounts for amounts due to the Board. Management has concluded the trade and other receivables are appropriately valued as at 31 March 2020. No impairment indicators were identified as a result of the COVID 19 pandemic.

31. Contingencies

Three licence holders commenced review proceedings on 22 November 2017. The Applicants applied to the Western Cape High Court, Cape Town for the review, setting aside and declaring unlawful and invalid the Board's decision to impose BBBEE conditions of licence on the Applicants as licence holders. Further, that the Court award costs against any party opposing the Application. The matter was heard on 5 March 2019. Judgement was delivered on 11 December 2019, in favour of the Board. The licence holders applied for Leave to Appeal to the Supreme Court of Appeal, on 30 January 2020. The hearing of the application for Leave to Appeal has been set down for 7 August 2020. Should the Board not be successful in these proceedings, the likely estimate for the applicant's legal costs is R150 000.

On 8 February 2018, two licence holders applied for a declaratory order in the Western Cape High Court, for an order in the following terms:

(a) Declaring that Freeplay credits do not constitute a "drop" for the purpose of the computation of adjusted gross revenue and does not form part of the taxable revenue per Section 64 of the Act read with Schedule III;

(b) Ordering that the Minister For Finance, in his capacity as the custodian of the provincial revenue fund, refund the Applicants R44 570 465 and R1 763 983, respectively in relation to taxes paid;

(c) Alternatively that the Board offset the referenced amounts against the Applicants' future liability to pay gambling tax;

Judgement was delivered on 29 April 2020 in favour of the Applicants. The Board resolved to appeal the judgement, after having obtained legal advice on the prospects of success on appeal. The Minister and the Board filed Applications for Leave to Appeal.

Interdict proceedings were launched on 25 March 2019. The Applicant seeks an Interdict, directing that the Board refrains from implementing its decision to allocate the remaining 1000 LPMs to the existing two Route Operators proportionately, pending the outcome of the Review Application. Furthermore, the Applicant seeks an order that the Board's decision as aforementioned be reviewed and set aside. Further that the Board and any other opposing party pays the costs of the Applicant. The Applicant subsequently abandoned the interdict aspect of its application. The matter was set down for hearing on 18 and 19 March 2020 but due to the ill health of the Judge the hearing could not proceed. The new enrolment date for hearing of the matter is awaited. Should the Board not be successful in these proceedings, the likely estimate for the applicant's legal costs is R150 000.

A licence holder issued papers on 23 January 2020, for the review and setting aside of the Board's decision, taken on 10 October 2019, that dismissed the Applicant's appeal against the decision of the Manager: Legal Services in relation to a dispute pertaining the pay out of winnings. Further that any party opposing the application be directed to pay the costs of the Application. The Board resolved to oppose this Application. All Pleadings have closed and a set down date for the hearing of the matter is awaited. Should the Board not be successful in these proceedings, the likely estimate for the applicant's legal costs is R150 000.

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand

	2020 R	2019 R
32. Reconciliation between budget and statement of financial performance		
Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:		
Net surplus per the statement of financial performance	18 380 674	9 820 295
Adjusted for:		
Depreciation: tangible assets	1 177 266	1 065 765
Amortisation: intangible assets	146 484	10 751
Services in kind revenue	(4 355 623)	(2 985 924)
Services in kind expense	4 355 623	2 985 924
Loss/(Gain) on the sale of assets	15 427	143 974
Movement in inventories	(8 088)	28 116
Movement in receivables	(94 891)	(1 959 401)
Movement in prepayments	93 818	(846 432)
Movement in payables	(1 000 352)	(35 107)
Movement in employee benefits	683 692	272 503
Net surplus per approved budget	19 394 030	8 500 464

Notes to the Annual Financial Statements

33. Budget differences**Differences between budget and actual amounts basis of preparation and presentation**

The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. Adjustments to amounts in the annual financial statements were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the following table.

	Actual (accrual basis)	Adjustments	Adjusted to comparable basis (cash)	Notes on adjustments
Actuarial gains	531 771	(531 771)	-	Non cash item
Interest income	1 718 836	-	1 718 836	
Operating revenue	40 222 991	(94 891)	40 128 100	Movement in accounts receivable
Sundry income	195 900	-	195 900	
Government grants	37 663 142	-	37 663 142	
Services in kind	4 355 623	(4 355 623)	-	Non cash item
Total revenue	84 688 263	(4 982 285)	79 705 978	
Employee related costs	(46 563 473)	855 463	(45 708 010)	Movement in employee benefits and non cash items
Finance Costs	(360 000)	360 000	-	Non cash item
Operating expenses	(19 384 116)	4 780 179	(14 603 937)	Accruals, movement in inventories and prepayments, non cash items
Total expenditure	(66 307 589)	5 995 642	(60 311 947)	
Net operating receipts/(payments)	18 380 674	1 013 356	19 394 030	
Acquisition of property, plant and equipment	(6 595 506)	-	(6 595 506)	
Net receipts/(payments)	11 785 168	1 013 356	12 798 524	

Changes from the approved budget to the final budget

Government grant: The government grant has been increased with an amount of R571 000 to make provision for the repayment of over collection of taxes by one of the Board's operators.

Operating expenditure: The increase in the operating expenditure budget is a result of the virement of R451 000 between the capital and operating expenditure as well as the resultant increase of operating expenditure of R571 000 (repayment of over collection of taxes).

Acquisition of capital assets: Virement of R451 000 between the capital and operating budget.

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

34. Comparative figures

Certain comparative figures have been reclassified.

The reasons for the reclassifications are as follow:

Repairs and maintenance expenditure incurred in respect of the Board's vehicles were incorrectly included under Travel and Subsistence.

Cleaning costs have been included in the repairs and maintenance in the prior year audited financial statements. The expenditure incurred to clean the premises has been included under "Cleaning costs" for the year under review based on the nature of the expenditure item.

The amount of R47 562 represented amounts paid for housing allowances and benefits and was incorrectly disclosed as Transport allowance in the prior year.

The reclassification in respect of Trade and Other Receivables is as a result of the adoption of GRAP 108 Statutory Receivables.

The effects of the reclassification are as follows:

Statement of Financial Performance	As previously reported	Reclassification	Restated
Travel and subsistence	2 262 879	(8 672)	2 254 207
Repairs and maintenance - Vehicles	-	8 672	8 672

Other Expenses (Note 19)	As previously reported	Reclassification	Restated
Repairs and maintenance	407 275	(200 764)	206 511
Cleaning costs	-	200 764	200 764

As a result of the above adjustments, the total restated amount in respect of Repairs and Maintenance is R215 183.

Employee related costs (Note 18)	As previously reported	Reclassification	Restated
Transport allowance	47 562	(47 562)	-
Housing benefits and allowances	813 789	47 562	861 351

Risk Management (Note 25) Financial Instruments (Note 26)	As previously reported	Reclassification	Restated
Trade and other receivables	1 792 056	(1 467 727)	324 329
Statutory Receivables	-	1 467 727	1 467 727

Statutory Receivables are disclosed in Note 5 to the financial statements.

Notes to the Annual Financial Statements

Figures in Rand

2020	2019
R	R

35. Accounting by principals and agents

The entity is a party to a principal agent arrangement.

Details of the arrangement is as follows:

In terms of section 12(13) of the Western Cape Gambling and Racing Act (The Act), the powers and functions of the Board shall be to collect and administer in accordance with the provisions of this Act, taxes, levies, duties and licence fees imposed by or under this Act.

In terms of section 3(1) of Part B of the Act, any amount of tax, licence fee, penalty or interest payable in terms of this Act shall, when it becomes due and payable, be a debt due to the Province and shall be recoverable for the benefit of the Provincial Revenue Fund by the Chief Executive Officer as hereinafter provided.

The Board is an agent as it collects taxes, licence fees, penalties and interest on behalf of the Western Cape Government.

The function of the Board to collect and administer taxes and levies for the benefit of the Provincial Revenue Fund is mandated by the Western Cape Gambling and Racing Act, Act 4 of 1996. No other binding arrangement exist.

There were no changes during the reporting period insofar it relates to the Board's powers and functions to collect and administer taxes, levies, duties and licence fees.

Payments in respect of taxes, licence fees and penalties are paid to the Western Cape Provincial Treasury as Provincial Treasury is a conduit for the taxes and other revenue collected by the Board to the Provincial Revenue Fund.

Entity as agent

Resources held on behalf of the principal(s), but recognised in the entity's own financial statements

Certain amounts included in Trade and other Receivables are fees payable to the Provincial Revenue Fund. Refer to the table below for detail:

Annual Licence Fees	196 536	33 311
Gambling Taxes	23 952 556	51 102 047
Penalties	2 900	-
	24 151 992	51 135 358

Revenue recognised

The Board is not compensated for the transactions carried out on behalf of the principal. The Board received a government grant to the amount of R37 663 142 for the year under review. The grant is to assist in funding the loss of the Casino Exclusivity Fee as well as the Limited Pay out Machine Operator Fees and had no conditions attached to it.

Liabilities and corresponding rights of reimbursement recognised as assets

The Board has not incurred any liabilities on behalf of the principal and as a result has not recognised any corresponding right of reimbursement as assets.

Additional information

Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal agent arrangement

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

Figures in Rand

2020	2019
R	R

35. Accounting by principals and agents (continued)

Categories of revenue received or to be received on behalf of the principal, are:

Categories

Gambling Taxes

Annual Licence Fees

Interest, fines and penalties

Refer to Note 23 Taxes and levies collected during the year for additional information regarding the revenue collected on behalf of the Western Cape Government.

Category of expenses paid or accrued on behalf of the principal is:

Categories

Refund of taxes paid.

The Board does not, in the normal course of business, incur expenditure on behalf of the Western Cape Government. In the current year, the Board incurred expenditure in respect of the refund of overpayment of taxes to one of its operators. The amount was reimbursed in the form of an increased government grant.

Amount of revenue received on behalf of the principal during the reporting period

Gambling Taxes	667 508 366	625 218 683
Annual Licence Fees	3 250 366	3 817 198
Interest, fines and penalties	107 242	318 490
	670 865 974	629 354 371

Amount of expenses paid on behalf of the principal during the reporting period

Refund of taxes paid	350 000	-
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Reconciliation of accounts payable as a result of collection of taxes and levies

Opening balance	53 212 029	50 127 599
Taxes and levies collected on behalf of the principal	618 998 349	580 136 452
Taxes and levies paid to the principal	(668 378 148)	(628 292 267)
Revenue principal is entitled to	24 734 097	51 240 245
Amount payable to the principal at year end	28 566 327	53 212 029

Refer to Note 22 where amounts payable to related parties are disclosed.

Receivables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of receivables

Opening balance	51 135 358	49 063 732
Revenue that principal is entitled to	644 464 325	631 530 884
Taxes and levies paid to the principal	(668 378 148)	(628 292 267)
Taxes and levies received in cash but not distributed to principal at year end	(3 029 749)	(781 568)
Other	(39 794)	(385 423)
	24 151 992	51 135 358

35. Accounting by principals and agents (continued)

The newly implemented GRAP 109 requires the Board to recognise a receivable for taxes to be collected based on the Board's function of collecting and administering taxes on behalf of the Western Cape Government. A corresponding liability has been recognised in the financial statements as these taxes are payable to the Western Cape Government.

36. Changes in accounting policy

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Standard	Impact on the financial statements
GRAP 108: Statutory Receivables	In terms of GRAP 108, the carrying amounts of statutory receivables must be separately disclosed in the notes to the financial statements, clearly distinguishing statutory receivables from receivables which are not, amongst other disclosures. The Board's statutory receivables have been separately disclosed in the notes to the financial statements. The adoption of the Standard only impacted the Board's disclosure of the relevant information in the financial statements. No prior period error was recognised as the carrying amount of Statutory Receivables are calculated on the same basis (cost) as the remaining amounts due to the Board.
GRAP 109: Accounting by Principles and Agents	The Board collects taxes and levies on behalf and for the benefit of the Western Cape Provincial Government. GRAP 109 requires certain disclosures as a result of the principal agent relationship. The Board previously disclosed in the notes to the financial statements Taxes and Levies collected on behalf of the Western Cape Provincial Government. The disclosures in the Board's financial statements have been expanded to include the disclosure requirements in terms of GRAP 109. Refer to Note 37 for the prior period error adjustment as a result of implementation of GRAP 109.
GRAP 20: Related Party Disclosures	The adoption of GRAP 20 had no significant impact on the financial statements as the Board always disclosed related party transactions and balances in terms of GRAP 20.

37. Prior period errors and adjustments

Property, plant and equipment

The Board re assessed the useful lives of fully depreciated assets in the prior year. Depreciation to the amount of R380 455 was understated in the prior year with a corresponding understatement of accumulated depreciation with the same amount. The correction was done in the current year to correctly allocate depreciation to the 2019 financial year.

Overpayment of licence fees to Provincial Treasury

The Board, as a provincial licencing authority, is mandated to issue certain national gambling licences in terms of the National Gambling Act. Fees are stipulated in the National Gambling Regulations in respect of new national licence applications as well as renewal fees for different categories of national licences. These fees were incorrectly paid to Provincial Treasury as part of taxes and levies collected on behalf of the Western Cape Government in prior years. The Board has applied the prescription of debt principles set out in the Prescription Act to account for the repayment of monies to the Board. In terms of the Prescription Act, the periods of prescription of debt shall be, save where an Act of Parliament provides otherwise, three years in respect of any other debt. The Board has recorded a correction of error for fees overpaid since 1 April 2017 until 31 March 2019. In the current financial year, the Board has correctly included national licence application fees in the Board's operating income.

Part E: Financial Information

Western Cape Gambling and Racing Board: Annual Financial Statements for the year ended 31 March 2020

Notes to the Annual Financial Statements

37. Prior period errors and adjustments (continued)

It should be noted that the correction of prior year error does not affect the information disclosed in Note 23 in respect of the prior year. Taxes and levies collected as disclosed in Note 23 are disclosed on a cash basis as disclosed in the Board's accounting policy (1.25 Tax and levies collection). These taxes and levies have been collected and paid over to the Provincial Revenue Fund and corresponds to the information disclosed in the cash flow statement insofar it relates to the collection of taxes and levies for the prior year.

The Board recognised the correction of error to disclose what the Board's operating revenue would have been in 2019 had the Board not incorrectly overpaid fees to the Provincial Revenue Fund. To correct this overpayment, a debtor of R1 562 000 has been raised against the Provincial Revenue Fund for the overpayment of fees in the current year.

It should be noted that the correction of prior year error does not affect the information disclosed in Note 23 in respect of the prior year. Taxes and levies collected as disclosed in Note 23 are disclosed on a cash basis as disclosed in the Board's accounting policy (1.25 Tax and levies collection). These taxes and levies have been collected and paid over to the Provincial Revenue Fund and corresponds to the information disclosed in the cash flow statement insofar it relates to the collection of taxes and levies for the prior year.

The Board recognised the correction of error to disclose what the Board's operating revenue would have been in 2019 had the Board not incorrectly overpaid fees to the Provincial Revenue Fund. To correct this overpayment, a debtor of R1 562 000 has been raised against the Provincial Revenue Fund for the overpayment of fees in the current year.

Receivables and payables recognised in terms of GRAP 109: Principals and Agents

As a result of the newly adopted GRAP 109, the Board had to recognise a receivable for taxes to be collected which was due on 31 March 2019. A corresponding liability was recognised in terms of GRAP 109.

Statement of financial position	As previously reported	Adjustments	Restated
Accumulated surplus	1 637 599	1 181 545	2 819 144
Accumulated depreciation	(5 445 521)	(380 455)	(5 825 976)
Trade and other receivables	1 792 056	53 153 031	54 945 087
Trade and other payables	(10 622 771)	(51 591 031)	(62 213 802)
Total	(12 638 637)	2 363 090	(10 275 547)

Statement of financial position	As previously reported	Adjustments	Restated
Operating revenue	37 560 051	770 000	38 330 051
Depreciation	(685 310)	(380 455)	(1 065 765)
Total	36 874 741	389 545	37 264 286

Figures in Rand

Fruitless and wasteful expenditure

Irregular expenditure

Adjustments made

	2020 R	2019 R
Adjustments made	-	462 457

Notes to the Annual Financial Statements

Figures in Rand

2020
R

2019
R

37. Prior period errors and adjustments (continued)

The Board deviated from the normal supply chain procedures when procuring gambling related training services from the University of Las Vegas in the 2019 financial year. The Office of the Board failed to obtain the tax status of these foreign suppliers as required in terms of National Treasury Regulation 9 of 2017/18. The total amount paid in respect of training amounted to R462 457. A decision was made not to disclose the amount in the 2019 financial statements due to the immaterial nature of the amount.

It is the view of the Office of the Board that the matter should be dealt with in accordance with the provisions under the Irregular Expenditure Framework and for that reason the amount has been disclosed in the current year financial statements.

38. Change in estimate

Property, plant and equipment

An assessment has been made of the useful lives of the Board's property, plant and equipment effective 31 March 2020.

Management is of the opinion that the useful lives of the assets are in line with the current circumstances.

The re assessment of useful lives led to a decrease in depreciation as the changes were applied prospectively.

The effect in the current year is an increase in net surplus of R70 086, resulting in a future decrease in net surplus of R70 086 over the next years.

39. Irregular expenditure

Opening balance as previously reported

Prior year adjustment (refer to Note 37)

Opening balance as restated

Add: Irregular Expenditure current year

Closing balance

462 457	-
-	462 457
462 457	462 457
1 554 894	-
2 017 351	462 457

Incidents/cases identified in the current year include those listed below:

Competitive bids not invited

1 554 894	-
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Cases under investigation

The Board deviated from the normal supply chain procedures when procuring gambling related training services from the University of Las Vegas in the 2019 financial year. The Office of the Board failed to obtain the tax status of foreign suppliers as required in terms of National Treasury Regulation 9 of 2017/18. The total amount paid in respect of training amounted to R462 457. A decision was made not to disclose the amount in the 2019 financial statements due to the immaterial nature of the amount.

The Office of the Board has met with SARS in February 2020 to adequately understand the process as well as the reporting requirements set out in National Treasury Regulation 9 of 2017/18.

It is the view of the Office of the Board that the matter should be dealt with in accordance with the provisions under the Irregular Expenditure Framework and for that reason the amount has been disclosed in the current year financial statements.

The issue is still under investigation and it is the expectation that the irregular expenditure will be presented to Provincial Treasury to be condoned.

Part E: Financial Information

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2020
R

2019
R

39. Irregular expenditure (continued)

The SCM Official appointed at the time of incurring the training cost is no longer employed by the Board.

The Board has not incurred any losses as a result of the non compliance to National Treasury Regulation 9 of 2017/18 as value for money was achieved through the attendance of gambling related training which is not readily available in South Africa.

Irregular expenditure in the current year

The Board deviated from the competitive bidding process for the manufacturing of office furniture required as a result of relocation to the Board's new office accommodation. The Office used a limited bidding process without inviting competitive bids even though it was practical to invite competitive bids. The decision to deviate from a competitive bidding process was done in the context of the overall interest of the Board and the project. The matter will be investigated in terms of the Irregular Expenditure Framework and the appropriate steps will be taken by the Board to ensure effective consequences management.

40. Fruitless and wasteful expenditure

Opening balance as previously reported

- 24 275

Opening balance as restated

- 24 275

Less: Amount written off current

- (24 275)

Closing balance

- -

Fruitless and wasteful expenditure in the prior year relate to travel arrangements made for a senior official of Provincial Treasury for the attendance of the Gaming Regulators African Forum Conference in Botswana. Subsequent to making payment, the senior official could no longer attend the conference due to other work commitments.

41. BBBEE Performance

Information on compliance with the B BBEE Act is included in the annual report under the section titled B BBEE Compliance Performance Information.

To obtain additional copies of this document, please contact:

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Afrikaans and isiXhosa versions of the publication are available on request.

PR248/2020

ISBN: 978-0-621-48667-4