



Western Cape  
Government



Western Cape Gambling and Racing Board  
**Annual Report 2021/22**



WESTERN CAPE  
GAMBLING AND RACING  
BOARD

**ANNUAL REPORT**

2021/22

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**PART A:  
GENERAL  
INFORMATION**

# GENERAL INFORMATION

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## 1. BOARD GENERAL INFORMATION

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

## 2. LIST OF ABBREVIATIONS/ACRONYMS

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

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

## GENERAL INFORMATION

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





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

### 3. FOREWORD by the CHAIRPERSON

It is my sincere pleasure to present the Western Cape Gambling and Racing Board's Annual Report for the 2021/22 financial year.

The WCGRB is incorporated by the Western Cape Gambling and Racing Act 4 of 1996, as amended, and is a Schedule 3C PFMA provincial public entity with the primary mandate of regulating the gambling industry in the Western Cape.

The Board subscribes to the principles of good corporate governance and ethical behaviour and these principles are imbedded in the Board's code of conduct and operating procedures. The Board continues to promote these principles.

#### Board Members

The WCGRB Board has a legislated authorised membership of seven members. As at 31 March 2022 and as at the time of writing this report, the Board has six appointed members.

During the year under review, Mr Lakay's term of office as Board Member and Board Chairperson concluded on 15 December 2021. I was subsequently appointed as Chairperson effective 16 December 2021. Two new Board members were appointed namely; Dr P Voges and Ms L Venter. The Board Members' term of office are outlined from page 49 to 54.

#### Broad Outline of Activities

The year 2022 marks the twenty-fifth year of the WCGRB's activities as the Western Cape's Gambling regulator.

Changing technology and the appetite for more interesting and engaging plays spurred on the evolution of gambling offers. This directed the WCGRB's training initiatives in order to effectively regulate the industry.

The WCGRB is mindful of the risks relating to gambling and embarked on a number of responsible gambling initiatives. These included awareness and information campaigns on responsible gambling, community engagement and media campaigns. The Board increased its focus on responsible gambling and resolved to form a dedicated committee for responsible gambling oversight and regulation.

While the WCGRB's primary mandate is the regulation of the gambling industry, its ancillary mandate as a corporate citizen of the Western Cape includes a contribution to the economy of the Western Cape in an innovative and socially responsible manner. These include job creation and promotion of investment.

The Board collected gambling taxes to the amount of R758 888 673 on behalf of the Provincial Revenue Fund for the 31 March 2022 year-end. Taxes and levies therefore provide significant revenue for the Western Cape Government to fund its programmes for the citizens of this fine province.

The WCGRB, in ensuring the achievement of its mandate, achieved fourteen (14) out of fifteen (15) annual targets, while at the same time attempting to perform its functions in the most cost-effective manner.

The COVID-19 pandemic has had a profound effect on the Board's operations. The Board in collaboration with the Executive delivered on its mandate through strategizing, and by adapting and reviewing its approaches.

In addition, the WCGRB is pleased to report that the industry contributed R 17 066 087 towards CSI



*Mr C Bassuday  
Chairperson of the Board*



initiatives for the financial year. The WCGRB continues to monitor the CSI commitments and performs its oversight function by visiting recipients of the CSI funding to ensure effective and sustainable use of the funding.

The WCGRB has a competent, diverse workforce to deliver on its mandate. It continues to invest in training and development to keep abreast with the latest developments in the gambling industry, which may have an impact on the Board. To ensure that it meets the challenges ahead, the Board agreed to conduct an internal study combined with an Organisational Design to review the size and shape of its staff.

### Board Awareness Programmes

The WCGRB continues to strengthen relationships with various institutions and embarked on a number of initiatives in its awareness campaigns. These included engagement with communities through participation in the Thusong programmes, newspaper campaigns, campaigns via social media and information sessions with law enforcement agencies.

### Illegal Gambling Activities

The WCGRB continues to engage with Law Enforcement Agencies in its attempt to curtail illegal gambling activities. The lessons learnt from the past have assisted in its activities being more successful.

The engagement and training of the SAPS has assisted in the WCGRB's efforts in this regard. In addition, the awareness programmes which involved public engagements, led to the public providing information on illegal gambling activities.

For the year under review, the WCGRB has investigated sixty-eight (68) reported or identified allegations of illegal gambling. The results of these investigations are reported on page 48 of this report.

### Legislative Amendments

There is a number of pending policy and legislative amendments which the board will need to analyse and give effect to.

The Western Cape Nineteenth Gambling and Racing Amendment Act, 2021 was enacted into law and published for general information on 23 June 2021. The aforementioned Act will come into operation on a date determined by the Premier by Proclamation in the Provincial Gazette.

The Western Cape Gambling and Racing Regulations (Fees and Costs), 2016: Amendment, 2022 was published on 30 March 2022 and came into operation on 1 April 2022. The fees and costs Regulations are amended annually to provide for an inflationary increase in the Board's statutory fees.

### 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 achieved through the imposition of licence conditions.

While the Casino and LPM sectors are achieving the set targets, the Board continues to engage some licence holders in the Bookmaker sector on achievement of their B-BBEE commitments. The Board's sectoral committees engage licence holders through quarterly engagements on their B-BBEE achievements, challenges and ensuring funding goes towards sustainable initiatives. The licensed industry is committed to B-BBEE compliance and is making significant strides in communities and towards the furtherance of benevolent causes, which makes a difference in the lives of many inhabitants of the Province.

### Challenges

The challenges of the Board are created by its constraints. These include:

- Vacancies on the Board that creates a quorum risk. The quorum for a board meeting is five members and accordingly, the board meetings are at risk if more than one member is unable to attend a scheduled meeting.

## GENERAL INFORMATION

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- Financial self-sustainability created by the loss of statutory fees which have as yet not been fully resolved, giving effect to the WCGRB not complying with the Policy Determinations.
- Competing stakeholder interest and priorities creating a loss of the WCGRB's credibility in the industry.
- COVID-19 which has stagnated the industry and requires time to rebuild.
- Technological advances have significantly influenced the structure and availability of gambling opportunities. However, it takes significantly longer to enable legislation to address technological developments in the gambling industry.

### Accommodation

The lease in respect of the WCGRB's current premises expires at the end of October 2023. The current lease is held by DTPW with funding provided by the WCPT.

The WCGRB has been advised that as it is an independent organisation outside of the spheres of government, it cannot rely on government structures and accordingly must seek and fund its future accommodation.

To this end, the WCGRB has secured its 2020/21 surplus of R16,8 million as a retention, ring-fenced for its future accommodation needs. The board is considering its future accommodation options.

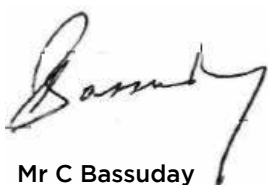
### Medium Term Goals

From the Board's perspective, there are a number of reasons which support the expansion of the industry with further modes of gambling, premised on anticipated benefits to the Province:

- The Board is currently reviewing the gambling landscape and gambling opportunities in the Western Cape and has commenced a public participation process on the roll out of additional categories of licences in the LPM sector in the Province.
- Being mindful of the socio-economic impact of gambling on the inhabitants of the Province, the Board is duty-bound to engage the public and interested parties through a public participation process before making a determination on the licensing of additional or new modes of gambling.
- There is a number of pending policy and legislative amendments which the board will need to analyse and give effect to.
- The Provincial Treasury is reviewing the Gambling Policy of the Western Cape Province.
- The High Court delivered judgement in the matter Garden Route Casino et al versus Premier of the Western Cape et al. The judgement set aside certain paragraphs of the 1999 Policy Determinations that introduced the regional exclusivity for the five casinos in the Province as invalid. In delivering its judgement, the High Court suspended the order of invalidity for a period of 12 months to afford the Provincial Government time to finalise and publish the new Policy.
- *Online* gambling, while illegal in South Africa, is growing and this requires attention at a national level. Research is required and deliberations need to take place on whether prohibition is the most effective and appropriate strategy in circumstances where such gambling activities are unregulated and untaxed. (fn. This should not be mistaken for online betting by bookmakers).

### Acknowledgements

Finally, I thank the Minister, WCPT, fellow Board members, Executive and staff of the WCGRB, SCFEOT, PAC and the Audit Committee for their excellent work, support and cooperation.



**Mr C Bassuday**

Chairperson of the Board

Western Cape Gambling and Racing Board

31 July 2022

## 4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

I am pleased to present an overview of the Western Cape Gambling and Racing Board's financial performance for the year ended 31 March 2022.

The WCGRB lost its ability to be financially self-sufficient with the expiry of the casino exclusivity fees and the LPM Operator Fees that were a major source of its legislated own revenue. The WCGRB became reliant on grants from the Western Cape Fiscus to fund its operational costs as it is not empowered to generate non-legislated own revenue. In addition, legislated gambling offers that would provide income to both the WCGRB and the Provincial Fiscus have been impeded for rollout.

The Minister approved an adjusted budget for the WCGRB with own revenue of R43 546 883, a government grant of R26 256 000 and an expenditure budget of R69 802 883. The WCGRB, being mindful of the economic climate and the concomitant financial constraints, practised financial constraint and endeavoured to effect savings wherever it was able. To this end, the WCGRB generated savings of R10 002 022 on its budgeted expenditure with actual expenditure amounting to R59 800 861 for the year under review. The Auditor General ascribes the savings as being mainly due to the effects of COVID-19 on the operations of the WCGRB.

The major savings resulted from:

- Vacancies at the WCGRB which at the time of this report has mainly been filled;
- The legal, maintenance and professional services budget being a prudent estimate and never quite the same but dependant on circumstances outside of the WCGRB's direct control which for the year under review, did not require the full budgeted amount; and
- Capital assets purchased, which however, could not be delivered due to the effect of COVID-19 on deliveries from abroad being delayed and had to be cancelled.

Revenue was over collected by R4 883 228 on the budgeted revenue because of applications and concomitant activities being demand driven and quite unpredictable. An increase in bookmaker applications for on-line bookmaker offerings was noticed during the Covid-19 pandemic. This resulted in an overall accounting surplus of R14 352 730 with a calculated cash surplus of R14 951 588 due to be paid into the Provincial Revenue Fund.

The WCGRB continues to experience challenges in rolling out legislated new gambling opportunities in the Western Cape, which will contribute towards increasing the WCGRB's revenue. The WCGRB Board continues to seek avenues to address the challenges experienced with its attempts to roll out these legislated gambling offerings.

The WCGRB had an SCM official who is assisted by members of the Chief Financial Officer's Office. Although the SCM officer has been able to perform the SCM function, it has put pressure on the officer and the SCM function required an additional resource by way of a further official to give credence to the PFMA requiring an SCM Unit. As at the date of this report, an additional SCM official has been appointed which serves to alleviate the pressure on the unit and assist in a more effective and efficient SCM process at the WCGRB.

The WCGRB achieved an unqualified audit report with no findings from the Auditor General (South Africa) for the year under review.

The WCGRB has effected all the recommendations and findings raised by the Auditor-General with the previous year audit. Some of these processes which gives effect to the findings, although having been



*Mr P Abrahams  
Chief Executive Officer*

## GENERAL INFORMATION

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enhanced, could not be tested yet as no similar activity has occurred at the WCGRB since the findings. However, the WCGRB is confident that the prescripts that were put in place would effectively mitigate any similar findings.

The WCGRB has put COVID-19 measures in place which proved to be effective and despite the relaxation of the COVID-19 regulations, the WCGRB will continue for the foreseeable future to implement the prescripts and practices it put in place during the more stringent lockdowns. The WCGRB has put into effect a work-from-home practice of three days per week at office and two days per week work-from-home. This effectively assists with social distancing, managing costs at the office and assisting employees with the ever-increasing costs of travel. The practise has proven to be successful and is being considered as a preferred model for the future.

The WCGRB is currently accommodated in a building leased by the Department of Transport and Public Works with an expiry date of 31 October 2023. The WCGRB has effectively been advised that it is an autonomous institution outside of government and cannot rely on the Western Cape Government Departments for its activities. Accordingly, it is advised that the WCGRB must seek its own accommodation once the lease expires and effectively fund the accommodation. To this end, the WCGRB intends to purchase a building and should that not be successful, it would have to lease a building for its activities.

To assist with the funding of new accommodation, the Provincial Treasury has approved the retention of the Board's 2020/21 cash surplus to the amount of R16.8 million. It is hoped that a similar arrangement could be made with the 2021/22 surplus in order for the WCGRB to fully fund the purchase of a building, with its concomitant costs, to suit its needs. As at the date of this report, the WCGRB is actively engaged in the process of seeking a suitable building to acquire as offices for its operations.

The WCGRB has no incomplete budgeted projects and will not request for the roll-over of any funds for such a purpose. The WCGRB has no discontinued operations nor plans to discontinue any operations. Furthermore, it does not have any unsolicited bid proposals and accordingly have nothing to report in this regard.

The major challenge facing the WCGRB is the maintenance of its integrity with some of its licence holders. They contend that the WCGRB fails to act on its legislated authority and in so doing, is capitulating on its authority. This could result in the licence holders not easily accepting the WCGRB's word or utterances and makes negotiations or discussions that much more difficult.

The WCGRB continues to consider itself a going-concern as there are budget commitments from the Western Cape Fiscus to grant WCGRB funding over the next two years. The 19th Amendment Act does not have an effective date as yet, therefore, the WCGRB has not considered it in any of its future planning exercises.

The Board achieved all but one of its approved annual targets while ensuring that the most cost-effective methods were utilised.

The WCGRB gratefully acknowledges the contributions of Minister DD Maynier, the Standing Committee on Finance, Economic Opportunities and Tourism, The Public Accounts Committee, the Western Cape Provincial Treasury, The Auditor General of South Africa and SizweNtsalubaGobodo Grant Thornton as Internal Audit who assisted in ensuring that the WCGRB achieves its mandate.

It is with gratitude that the WCGRB acknowledges the tremendous efforts and dedication of its Board Members, the Audit Committee and the WCGRB employees for the success of the 2021/22 financial year.



**Mr P Abrahams**  
Chief Executive Officer  
Western Cape Gambling and Racing Board  
31 July 2022

## 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 2022.



**Mr P Abrahams**  
Chief Executive Officer  
Western Cape Gambling and Racing Board  
31 July 2022



**Mr CA Bassuday**  
Chairperson of the Board  
Western Cape Gambling and Racing Board  
31 July 2022

# GENERAL INFORMATION

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## 6. STRATEGIC OVERVIEW

### 6.1 Vision

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

### 6.2 Mission

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

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

### 6.3 Values

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

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



## 7. LEGISLATIVE AND OTHER MANDATES

### 7.1 Constitutional mandate

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

### 7.2 Legislative mandate

The following national and provincial legislative enactments are applicable 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 and 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.

#### **Compensation for Occupational injuries and Diseases Act, 1993 (Act 130 of 1993) as amended**

This Act established a legal framework for compensation for disablement caused by occupational injuries or disease sustained or contracted by employees in the course of their employment or for death resulting from such injuries or diseases; and to provide for matters connected therewith.

#### **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.

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

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

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

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

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

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

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

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

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

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

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

POPI's objectives are inter alia to promote the protection of personal information processed by public and private bodies; to introduce certain conditions to establish minimum requirements for the processing of personal information and to provide for the establishment of an Information Regulator to exercise

certain powers and to perform certain duties and functions in terms of this Act. Certain provisions of POPI took effect on 11 April 2014. Sections 2 to 38; 55 to 109; 111; and 114(1), (2) and (3) commenced on 01 July 2020 and sections 110 and 114(4) commenced on 30 June 2021. The effect of this is that all organisations had to be compliant with POPIA by 1 July 2021.

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

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

#### **Skills Development Act, 1998 (Act 97 of 1998)**

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

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

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

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

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

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

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

### **7.3 Policy mandate**


#### **Western Cape Gambling and Racing Policy Determinations, 1999**

The Policy Determinations passed by the Executive Council provide policy considerations for the issuing of the different categories of licences, the application criteria to be considered and compulsory bid prescripts for casino operator licences. On 2 July 2021, the High Court declared clause 1.1(b) of the 1999 Policy Determinations that introduced the regional exclusivity for the five casinos in the Province as invalid and of no force and effect. The Court further declared that Clauses 1.1(c) and (d), which specifies the 10-year exclusivity period applicable to casino operator licences, expired by effluxion of time and is no longer operative. The Court further confirmed that the Board is authorised to consider applications for relocation of a casino in accordance with the Act.

# GENERAL INFORMATION

## 8. ORGANISATIONAL STRUCTURE

**Board**

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

**Senior Management**

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



**PART B:  
PERFORMANCE  
INFORMATION**

# PERFORMANCE INFORMATION

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## 1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

### 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. The findings are 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 82 of this Report for the Auditor's Report, published as Part E: Financial Information.

## 2. OVERVIEW OF PERFORMANCE

### 2.1 SERVICE DELIVERY ENVIRONMENT

#### 2.1.1 OVERSIGHT OF THE BOARD

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

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

#### 2.1.2 STAKEHOLDERS

The Board, as a governmental public entity, has a wide range of stakeholders. These include the Western Cape Provincial Government, Western Cape Minister of Finance and Economic Opportunities, Western Cape Provincial Treasury, WCGRB Workforce, Gambling and Betting Licensed Entities, Western Cape population, Suppliers, the Environment and the Media. Minister Mireille Wenger was appointed as Provincial Minister of Finance and Economic Opportunities from 15 May 2022. The WCGRB's stakeholder policy informs the mechanism and processes to support constructive engagements with its stakeholders. 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 to the different categories of licences couched in Section 35 of the National Gambling Act to the National Gambling Board.

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

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

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

### 2.1.3 ECONOMIC SITUATION

The economy is projected to grow by 1.9% and 1.4% in 2022 and 2023, boosted by growth in trade, tourism, mining, and manufacturing. Inflation is projected to rise to 5.8% in 2022, due to rising oil prices and likely increases in food prices resulting from the Russia-Ukraine conflict. However, inflation is projected to decrease to 4.6% in 2023. The fiscal deficit is also projected to increase to 6.2% of GDP in 2022 before falling to 5.1% of GDP in 2023 due to the consolidation measures, including higher tax revenues and a reduced wage bill. The current account deficit is projected to be 1.4% of GDP in 2022 and to swing to a surplus of 0.1% in 2023 due to the recovery in import demand and expected fall in commodity prices. Downside risks include the uncertainty linked to the COVID-19 pandemic, electricity supply constraints, and weak governance in state-owned enterprises and associated contingent liabilities.

### 2.1.4 BROAD BASED BLACK ECONOMIC EMPOWERMENT

The WCGRB, as a Regulatory and licensing entity, is legally mandated to enforce the principles of B-BBEE in the industry it regulates and set qualifying criteria for the licences and other approvals issued. In the gambling industry, this is done through the imposition of licence conditions on licence holders. The WCGRB set B-BBEE target levels for each licence holder in the different sectors of the gambling industry. These conditions are reviewed annually and different conditions are imposed to the extent that it is necessary, reasonable and justifiable, in the interest of maximising the empowerment, transformation and upliftment of persons intended to benefit from the government's transformation objectives.

The Board's mandate is to regulate the gambling industry through the licensing of suitable, qualifying persons and entities to conduct gambling and racing in the province and to ensure the industry's compliance with the national and provincial gambling legislation. Through the licensing process, the Board gives effect to economic transformation and broad-based empowerment, which are government priorities at both the national and provincial level.

The Board's sectorial committees which serves as review and advisory committees to the Board, monitors the different sectors of the industry's compliance with the licence conditions imposed by the Board. The Committees also analyse the quarterly reports from licence holders on the status and plans for achieving, maintaining and improving on the set B-BBEE target levels. Licence holders whom are not exempted 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. Where the B-BBEE targets or conditions of licence holders have not been met, such licence must submit explanatory information for such non-achievement and include the measures to be undertaken to achieve the required level or target.

The National Gambling Board of South Africa monitors and publishes data on the state of transformation and growth in the gambling industry nationally. Licenced Route Operators, Casino Operators and certain Corporatised Bookmakers have sophisticated broad-based empowerment programmes. These entities also perform well in terms of the B-BBEE level certification issued by the accredited verification agencies. Indications are that the commencement of CSI and empowerment programmes are progressing well after the COVID-19 setbacks in terms of revenue generation as licensed establishments ceased operations at different intervals as mandated through the disaster management legislative amendments published from time to time.

The financial interest and shareholding of the industry in the Western Cape Province is concentrated to a few major role players having interests in all the sectors of the gambling industry, mainly at a national level. This entrenches centralised control and similar policy execution throughout all sectors of the gambling industry rather than regionalised methodologies. This applies to the casino and Route Operator interests, with broader economic participation in LPM sites and the bookmaking industry. In licensing

## PERFORMANCE INFORMATION

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further modes of gambling, once approved, the Board will create an environment that gives impetus for the empowerment of new market entrants and provide new scope for broad-based empowerment.

### 2.1.5 EXPANSION OF GAMBLING INDUSTRY

The Board is conducting internal research on those categories of licences outlined in section 27 of the Act that has to date not been rolled out in the Western Cape. These include the licensing of junkets, bingo and Type B, C and D LPM offerings.

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

To date, the Board rolled out Type A LPM site licences, which permits site operators to display up to 5 LPMs for play by patrons in their licensed LPM site establishments. Type B LPM site licences permit the rollout of up to 20 LPMs and Type C LPM site licences permits the rollout of up to 40 LPMs in a licensed LPM site. Type D LPM licence permits an independent site operator to expose up to 40 LPMs for play. These categories of LPM site licences attract additional regulatory approvals and distinct investment and regulatory requirements are prescribed for their operation. The Board is putting the necessary measures in place to facilitate the rollout of Type B and C LPM sites. The pre-rollout phase entails engaging the Board's oversight bodies, reviewing the gambling Rules and controls and prescribing the broader financial investment and statutory fees.

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

- (a) Job creation; and
- (b) Transformation and increased economic opportunities in the Western Cape.

The WCPT commissioned research into the roll-out of junkets in the Province as well as viability of the horseracing sector relative to the totalisator. The Board awaits the final decision in respect of these research initiatives. 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 Board resolved to conduct follow-up research in respect of problem gambling prevalence in the Province as well as Responsible Gambling mechanisms deployed by licence holders.

Being mindful of the socio-economic impact of gambling on the inhabitants of the Province, the Board is duty-bound to engage the public and interested parties through a public participation process before making a determination on the licensing of new modes of gambling. The Board embarked on a public participation process to invite comments from interested parties on the desirability and feasibility of expanding the industry through the rollout of additional categories licenses provided for in the Act. These include Type B, C and D LPM site licences and a third Route Operator licence. The comments received included queries on the rollout of Bingo in the Province. The Board must further balance the competing interests and rights that comes into play where economic opportunities are created and a stringent process shall be followed as and when the determination is made to licence further modes of gambling as envisaged in the Act.

### 2.1.6 INDUSTRY DEVELOPMENTS

Albeit the COVID-19 economic restrictions were eased, it significantly impacted businesses and its impact on the economy will remain for some time on different economic levels, such as the South African economy, inflation levels, revenue fund reserves, individual income and business revenue level.



During the COVID-19 restrictions, individuals and business migrated towards online commerce and digitisation in many sectors. While pre-COVID-19 consumers were increasingly living their lives online, the pandemic accelerated this online migration to an even greater degree, as consumers were forced to socially distance themselves. Many reports confirm that the pandemic resulted in many South African consumers continue to transact online for essential goods. Since the National Lockdown, the Board evidenced greater tax collections in respect of betting on sports via telephone, mobile and online betting. This is not surprising taking into account that patrons choose to gamble at home due to the convenience it provides and being able to socially distance themselves as per government regulations.

The Board continues to approve contingencies for bookmakers which permit the offering of betting to the public on casino-type games. The offering of the new contingencies provides a wider variety of betting contingencies that bookmakers could offer and these alternative offerings also serve to obviate the decline in the horse racing numbers.

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

The Board has been advocating for the legalisation and regulation of interactive gambling to protect patrons that elects to engage in this form of gambling and for the applicable taxes to accrue to the Fiscus. In the absence of legal alternatives, patrons who are participating in illegal online gambling are committing a crime. In addition, they are left at the mercy of unscrupulous operators that are not regulated in terms of fair play, return to patron percentages, probity, licensing and suitability requirements. Licensed operators are vetted through a rigorous licensing process to ensure that the industry is free from corruption and illegal activities. The Board made submissions to policy makers at both provincial and national level advocating that the mechanisms be put in place to licence and regulate interactive gambling.

Draft Amendment Bills providing for the relocation of an outer lying casino to the metropole has been published for public comment. These amendments are still under consideration by WCPT. 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. The Court delivered judgement in the matter Garden Route Casino et al versus Premier of the Western Cape et al. The judgement set aside clause 1.1(b) of the 1999 Policy Determinations that introduced the regional exclusivity for the five casinos in the Province as invalid and of no force and effect. The Court declared that Clauses 1.1(c) and (d), which specifies the 10-year exclusivity period applicable to casino operator licences, expired by effluxion of time and is no longer operative. Furthermore, the Court confirmed that the Board is authorised to consider applications for relocation of a casino in accordance with the Act. The order of invalidity of the Policy Determinations was suspended for a period of one year to allow for the gambling review process currently underway and for Cabinet to put in place a new Gambling Policy that is applicable going forward.

### **2.1.7 BOARD AWARENESS PROGRAMMES**

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.

# PERFORMANCE INFORMATION

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The Board continues to create awareness not only about the purpose and function of the Board, but also on what constitutes a legal gambling environment. While the past 24 months posed some challenges in having the face-to-face engagements, the Office of the Board conducted five (5) awareness programmes for the year and all five (5) were done in conjunction with the Thusong Programme. The awareness initiatives of the Board aim to educate and inform the targeted audience with the following information about the Board:

- Purpose and mandate of the Board;
- Legal modes of gambling and betting;
- Who may offer legal gambling and betting activities;
- Licence holder requirements;
- Monitoring of compliance of licence holders;
- Patron dispute process;
- Problem gambling and the exclusion process; and
- Illegal gambling and the reporting thereof.

It is imperative for the Board to ensure that, in the granting of economic rights and opportunities, effective and appropriate measures are in place to ensure fair play and that the harms and dangers of gambling is minimized. To this end, the Board continues to monitor the industry for any over stimulation and rapidly advancing changes.

The Board intends to organise greater awareness and information campaigns on responsible gambling. Such initiatives will take various forms including community engagements, media campaigns as well as school visits, where applicable. Due to the on-going developments within the industry, which is based on both technological development and the impact of lockdown restrictions because of COVID-19, the Board determined that responsible gambling would require a more enhanced approach. The Board resolved to convert the Western Cape Responsible Gambling Forum to the Responsible Gambling Committee which allow licence holders to attend meetings. Licence holders have been provided with an opportunity to comment on regulatory measures proposed in an effort to both encourage responsible gambling and to reduce problem gambling in the industry.

## **2.1.8 ELIMINATION OF ILLEGAL GAMBLING**

During the year under review, there were 68 allegations of illegal gambling. Details of the allegations are indicated below:

- 67 were fully investigated within 30 days;
- 1 was in the process of being investigated as at 31 March 2022;
- 30 were confirmed to be positive; and
- 37 were confirmed to be negative.

The South African Police Services has always been willing to assist in closing down illegal gambling establishments.

## **2.1.9 CORPORATE SOCIAL INVESTMENT**

The Board, as a PFMA 3C public entity, received a grant from the Western Cape Government and has to relinquish any surplus cash balances to the Western Cape Provincial Revenue Fund.

The Board currently does not generate enough own revenue to be financially self-sufficient and has to rely on the grant to fund its operations. Therefore, the Board does not fund any corporate social investment initiatives of its own accord.

The Board continues to monitor corporate social investments (CSI) by licence holders through regular interactions and visits to the recipients of the CSI funding. Predominantly, the quantum of the CSI funding is a percentage of the turnover or profitability of licensed operators.

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

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

For the year under review, the members and officials of the Board conducted oversight of seven (7) licence holders on their CSI contributions and reviewed 13 recipient projects of CSI funding from the gambling industry. The Board's licensees invested an amount of R 17 066 087 in respect of corporate social investment for the year under review.

### 2.1.10 IMPACT OF THE COVID-19 PANDEMIC

The Board continues to implement the COVID-19 measures at its offices. The industry continued to implement the COVID-19 measures as promulgated from time to time and strictly adhered to the protocols as outlined in the regulations. Industry employees were hard hit by reduced salaries and shortened working hours.

The Board collected gambling taxes to the amount of R777 million for the 31 March 2022 financial year, compared to the amount of R481 million collected for the 31 March 2021 financial year. The year-on-year tax collections increased with 61% since the prior year.

Provincial Taxes	31-Mar-22	31-Mar-21	R-Variance	% Variance
Casino	280 224 604	173 574 965	106 649 639	61%
Horse Racing and Betting	370 916 322	230 127 374	140 788 948	61%
Limited Pay Out Machines	125 589 575	77 463 014	48 126 561	62%
	<b>776 730 501</b>	<b>481 165 353</b>	<b>295 565 148</b>	<b>61%</b>

Referring to abovementioned figures, it is clear that the effect of the COVID-19 regulations had a marked effect on the revenue generated by the various sectors of the gambling industry. The Board collected operators' taxes to the amount of R34 million for December 2020. At the end of December 2020, Level 3 Regulations in respect of the Disaster Act were effective. For the month of December 2021, the Board collected operators' taxes to the amount of R45 million. Adjusted Alert Level 1 was in place during December 2021. This represents an increase of R11 million when comparing the tax collections for the same period year-on-year.

As regulations eased, the restrictive measures by the licence holders were eased accordingly and a slow recovery was experienced by most of the sectors within the gambling sector as evident from above.

### 2.1.11 TECHNOLOGY AND INFORMATION

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

The Office of the Board equipped employees with necessary tools for work from home (WFH), enabled remote access via virtual private networks to access WCGRB network, production systems, collaboration

# PERFORMANCE INFORMATION

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tools and digital platforms. The WCGRB Security Policies and Oath of Secrecy, the Code of Conduct and Section 17 and 19A of the WCGRA, have been communicated to all WCGRB employees to ensure information and data are protected.

Apart from WCGRB staff being enabled to perform tasks remotely, WCGRB video conferencing, collaboration and communication capability made distributed work environments possible. This allowed for the continuation of the Board, Committee and departmental meetings, information sharing and remote support. Communication with stakeholders was possible through telephonic and email communication as well as video conferencing capabilities.

The Finance, IT, Ethics Committee and the Audit Committee have oversight responsibility for the effectiveness and efficiency of the Board's ICT resources. Quarterly internal ICT and audit reports were presented to the committees to ensure effective controls for Internal ICT governance and security were maintained. Risks and controls associated with the internal ICT function were incorporated in the Board's Risk Register and managed accordingly. The Board's ICT activities were dealt with via the WCGRB Help Desk Management system while the ICT department performed routine maintenance remotely or at the Board's premises.

The key focus areas for the Board was its move towards business process automation and this was a strategic enabler for the business. The digitised automation project and system, called Genesis, enabled the industry to submit their applications for gambling licences online. The ultimate goal of Genesis is to automate the Board's licensing application business processes and create a green/paperless environment for the Board and the gambling industry. Project Genesis commenced in September 2018 and was completed and implemented for the Licensing department in September 2021. Licence applications for the Casino, LPM, Totalisator and Bookmaker industry can be submitted online.

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

## 2.1.12 CONFERENCE ATTENDANCES

The Board derives an immeasurable benefit from conference attendances. This include being exposed to new developments within the gambling industry, new challenges and solutions developed by national and international regulators as well as a network of industry role players who are able to assist when needed. Physical presence at conferences were still being curtailed and conferences were attended virtually, which limited networking opportunities between industry role-players.

The Board attended the following conferences and gained relevant experience and knowledge from such attendances:

Conference	Date	Benefit
International Association of Gaming Regulators – attended remotely	September 2021	<ul style="list-style-type: none"> <li>The extent to which the global pandemic negatively affected the industry and regulatory measures to be considered to mitigate the impact of such future incidents.</li> <li>How problem gambling increased during lockdown restrictions in various jurisdictions and measures to be considered to address this unintended consequence of legal gambling.</li> <li>The sophistication of the criminal masterminds in utilising the regulated gambling environment to carry out illegal activities – measures to guard against this activity.</li> <li>The change in global gaming currency and what regulators need to know about cryptocurrency.</li> <li>How artificial intelligence can assist in the reduction of problem gambling.</li> </ul> <p>The link between gaming and gambling and what regulators must be mindful of.</p>

### 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](http://www.wcgrb.co.za).

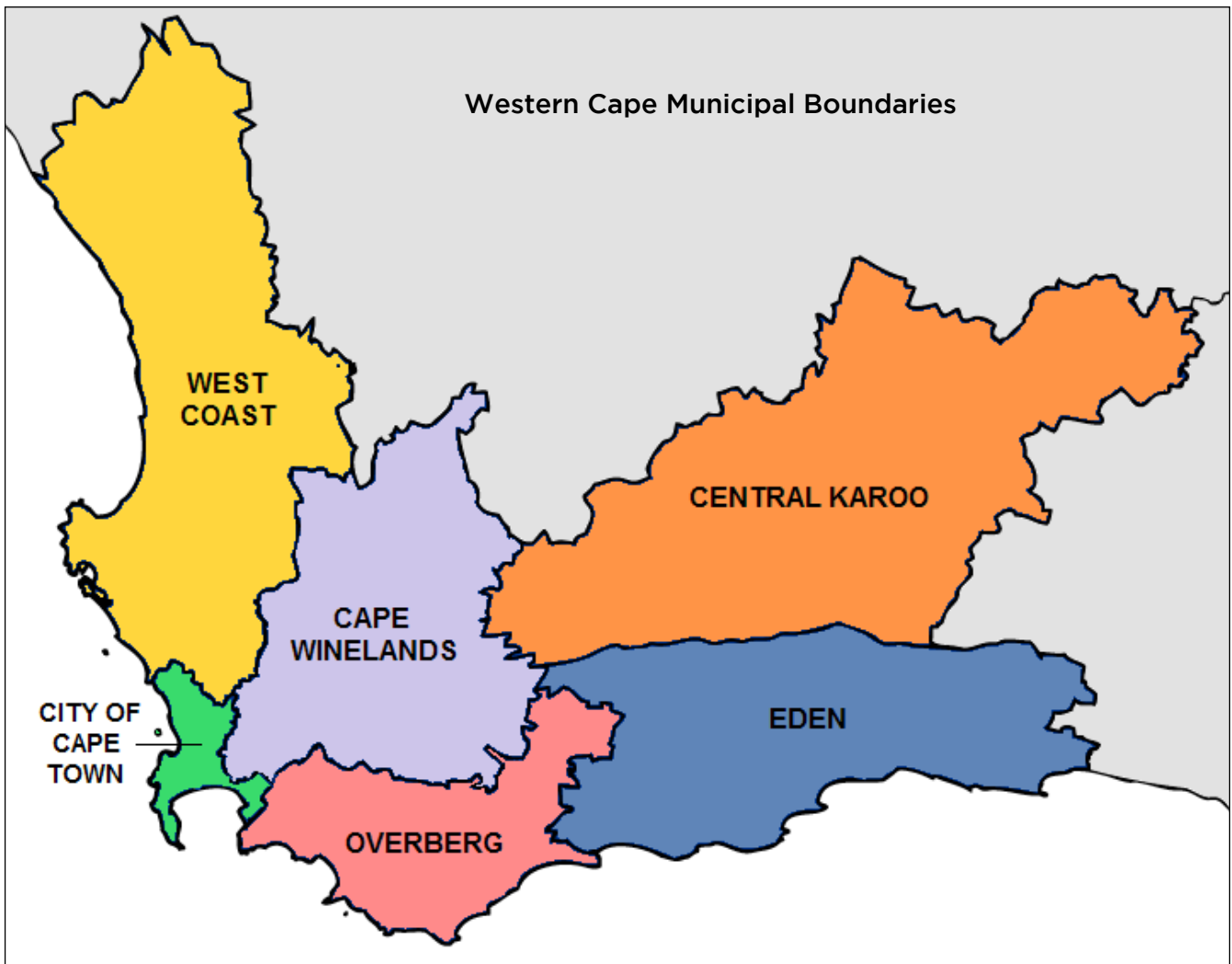
### 2.1.14 SERVICE DELIVERY ENVIRONMENT

As at 31 March 2022, the legal gambling and racing industry in the Western Cape which spans the full geographical area of the Western Cape comprised of:

License Activity	31 March 2022	31 March 2021
Licensed casinos	5	5
Licensed limited pay-out machine operators	2	2
Licensed bookmakers	53	43
Licensed totalisator	1	1
Licensed premises	665 (462 LPM, 147 Bookmaker, 56 Totalisator)	664 (447 LPM, 164 Bookmaker, 53 Totalisator)
Licensed gambling devices	6 717	6 940
Employee licences*	6 392	7 514

\* The Board only responds to the applications duly received from the industry.

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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 - 462	292	52	51	22	44	1
Bookmakers - 147	127	5	12	1	1	1
Totalisator - 56	44	5	5	0	1	1

## 2.2 ORGANISATIONAL ENVIRONMENT AND STRUCTURE

As at 31 March 2022, the Minister of Finance and Economic Opportunities appointed six (6) members to the Board.

The Board contended with delayed implementation of its resolutions and research studies due to stakeholder intervention and decisions. This results in a reputational risk to the Board.

The existing organisational structure predominantly has remained the same since the inception of the Board although the industry in which the Board operates in expand year on year. The Board resolved that its organisational structure must be reviewed to ensure an optimal organisational structure. To realise this objective, the Board appointed a service provider to conduct this assessment.

In responding to industry requests, as well as the need to expand on gambling offerings (not currently offered in the Western Cape), attention has been given to laying the groundwork for Type B, C and D LPM sites, Bingo as well as International Junkets to be rolled out in the future. The organisational structure will be impacted by the need to expand gambling offers. The existing workforce may not be adequate to address the demands or additional volumes of applications and the requisite investigations that would need to ensure that the Board responds timely and effectively to licence applications.

In respect of the potential additional resources that may be required, the Board is conducting an Organisational Design review to determine the requisite needs prior to the roll out of such additional offerings.

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

### 2.2.1 ACCOMMODATION

The Western Cape Gambling and Racing Board currently occupy premises leased by the Western Cape Department of Transport and Public Works. The lease expires on 31 October 2023.

The WCGRB has been advised that it is an autonomous public entity outside of government and accordingly cannot rely on government department services or structures and have to secure its future accommodation requirements by itself. Therefore, the Board resolved that it would be preferable for the WCGRB to purchase a building as accommodation rather than to lease one, as a purchased building would serve as an investment as well.

The WCGRB has limited expertise and skill in developing the criteria for a building that would suit government requirements or to evaluate bids of that nature. Therefore, assistance has been requested from the DTPW via WCPT.

At the time of writing, the WCGRB has assessed its protocols for work-from-home opposed to work-from-office, assessed the catchment areas of its workforce and viewed appropriate buildings that would prima-facie meet its accommodation requirements as well as the assessment of the market cost of the required accommodation.

In addition, the WCGRB has secured R16,5 million as an approved retention of its 2020/21 surplus and intends requesting the retention of its 2021/22 surplus in the amount of R15 million.

These two amounts would adequately fund the acquisition and preparation of a building to accommodate the needs of the WCGRB.

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## 2.2.2 OCCUPATIONAL HEALTH AND SAFETY MEASURES

OHASA imposes the responsibility on the employer to provide and maintain, as far as reasonably practical, a healthy working environment that is safe and without risk to the health of its employees. The Board occupies a portion of a shared building, but ensures that it remains compliant to the OHASA.

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

The Board has a functioning Occupational Health and Safety Committee (OHASA Committee) established in terms of the Occupational Health and Safety Act. 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.

## 2.2.3 TRAINING AND DEVELOPMENT

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

The total investment in training in the period under review amounted to R 585 390 which represents 1.23% of the total cost of employment. Training offered during the year under review targeted all levels of employees in the organisation. A wide range of training opportunities aims to build on employee's professional competencies, increase their knowledge, and improve their skills set to contribute to the organisational strategy.

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 on Board members to be upskilled to give meaningful effect to their mandate. To this end, Board members have been registered with the Institute of Directors to ensure that Board members have opportunities for networking with like-minded professionals. The IODSA provides practical services to Board Members, aimed at ensuring the development, understanding and application of good governance practices. 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 gambling industry operations were severely curtailed with reductions in operation capacity and hours of operation, coupled with extensive periods that gambling operations were closed as per the Disaster Management Regulations prescripts imposed. The gambling industry is progressing well in its economic recovery and resumption of operations post Covid-19 restrictions. Licenced operators operated within the Covid-19 regulations applicable during the year under review.

The Provincial Gambling landscape is currently under review by WCPT and a new Gambling Policy is currently under consideration. Once adopted, it will guide gambling operations and its licensing going forward.

### 2.3.1 LITIGATION

The gambling industry proves to be very litigious resulting in the Board's decisions and actions often challenged based on the vested economic interest of licence holders and other role-players. Some matters are purely of public interest or in certain instances, the judgement pronounced by our Courts provide legal certainty on matters where the Board and a licence holders have differing legal views. In such instances, the parties usually agree that the appropriate avenue is to obtain a declaratory order. As a regulator, the Board considers broader public interest issues and not purely the commercial interest.



The Board therefore does not participate in all litigious matters where it is cited as an interested party, but base its determinations on whether to participate in the litigation on the nature of the relief sought and the legal implications on the Board's mandate and the industry it regulate.

A casino operator applied for a Declaratory Order confirming, amongst others, 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, citing the Board and the Provincial Minister for Finance, Western Cape as Respondents. Further, that the Court directs, should it make a determination that the Applicants indeed paid taxes that are not due in terms of the legal argument before Court, any overpayment of taxes to be refunded or set-off against the future tax liability of the Applicants. Judgement was delivered on 29 April 2020 in favour of the Applicant, where the Court held that Freeplay does not constitute part of the "drop" for purposes of the computation of adjusted gross revenue and do not form part of taxable revenue in terms of Section 64 of the Act read with Schedule III. The Board was ordered to set-off the overpaid taxes against the Applicant's future tax liabilities accruing in terms of Section 64 of the Act. The Board and the Minister was granted leave to appeal to the SCA and the appeal is in progress.

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 SCA. The SCA issued an order confirming that the Board is clothed with the competence to impose, but it set aside the 2017 B-BBEE conditions imposed as the Court opined that the Board did not satisfy the pre-conditions imposed by the empowering provision for having imposed the conditions. The 2017 conditions have been superseded by conditions imposed by the Board annually thereafter.

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

A casino operator applied for a Declaratory Order, citing the Premier of the Western Cape, the Provincial Minister for Finance and the Board as Respondents, confirming that certain paragraphs of the Western Cape Gambling and Racing Policy Determinations to be ultra vires, invalid and of no force and effect, and that the Board is competent to consider and determine the amendment of a casino licence in terms of the Act. The High Court delivered judgement on 2 July 2021 in favour of the Applicant where the Court held that the impugned Policy Determinations which create the exclusivity regime are invalid and of no force and effect, the Board is competent to consider and determine an Application by any Applicant to relocate an outlying casino to the Cape Metropole in terms of Section 41(2) of the Act, and that the declaration of invalidity is suspended for a period of one year to allow for a new regulatory policy for gambling to be put in place. Cost was awarded in favour of the Applicant. The Premier and Minister for Finance filed an application for extension of the 12-month suspension period ordered by the High Court. This application is still in progress.

# PERFORMANCE INFORMATION

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## 2.3.2 CURRENT LEGISLATIVE CONSIDERATIONS

The National Gambling Amendment Bill [B27B-2018] was published in 2018. The Bill seeks to amend the National Gambling Act (2006) to change the configuration of the National Gambling Board into a functioning entity reporting to the DTI, with a CEO at the helm of the entity. The Bill also seeks, amongst others, to introduce certain statutory fees for centralised monitoring of provincially licensed gambling operators and to deal with governance matters pertaining to the National Gambling Policy Council. The Bill was considered by both houses of Parliament and was rejected by the National Council of Provinces on 14 December 2021 and has been referred to the Mediation Committee in terms of Joint Rule 186(1)(a). The Western Cape Nineteenth Gambling and Racing Amendment Act (2021) was published in the Provincial Gazette on 23 June 2021. It indicates that the amendment Act will commence on a date to be proclaimed by the Premier in the Gazette. The 19th Amendment Act prescribes new Casino operator fees and Route Operator fees. When the 19th Amendment takes effect, it will significantly bolster the Board's objective of becoming self-sufficient in terms of its budgetary requirements. The WCGRB is reliant on the WCPT to propose amendment of legislation to allow for changes in its revenue stream.

The Twentieth and Twenty-first Amendment Bills were published for public comment. It provides for the relocation of a casino to the Metropole and makes provision for the concomitant fees and legal considerations to be taken into account by the Board, amongst others. The amendments in the Draft Western Cape Twentieth Gambling and Racing Amendment Bill predominantly provides for the relocation of a casino and addresses substantive issues pertaining to the amendment of licences. The amendments in the Draft Western Cape Twenty-First Gambling and Racing Amendment Bill predominantly introduce a new Casino exclusivity tax and economic opportunity fees in relation to the relocation of a casino. The Bills are still under consideration by the department.

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

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

## 3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Impact Statement: An optimally regulated gambling industry.

Outcomes:

- The Board's structures, resources and processes utilised for effective, efficient and optimal performance of its mandate. This programme achieved all planned eight (8) outputs for the year under review.
- Persons conducting business in the gambling industry are suitable. The programme, whilst also embarking on implementing an electronic portal for receiving and processing licence applications aimed at enhancing the process, maintains the primary focus of investigations into the suitability of persons (natural and juristic) to hold gambling licences. Whilst ensuring that all persons requiring a licence to be engaging in the gambling industry are suitable, the programme continues to process all new and renewed licences in line with the annual targets and thereby the 5 year targets as well.
- Gambling and betting activities in the Western Cape are compliant with legislative provisions and regulatory requirements (Revised). The programme has adapted its assessments process to include remote assessments to ensure that in instances where licensed establishments cannot be physically

accessed, the activities and nature of the business operations can still be monitored and effectively regulated. While during year one of the Strategic Plan the targets were severely affected because of the national lockdown restrictions, the annual targets are once again on track. Although not all set targets were met, the impact of not carrying out the assessments was mitigated by the fact that the licence holders were operating at very much reduced levels until December 2021. In addition, the Office of the Board carried out remote assessments prior to the amendment to the assessment technical criteria.

- Innovative, functional, reliable and secure ICT solutions and systems were provided. The programme applied the necessary operational efficiencies, better management, agility, good governance and reliable systems for the WCGRB to enable the essential ICT achievements and is aligned with the planned impacts and outcomes.

## 4. PROGRAMME PERFORMANCE INFORMATION

### 4.1 Programme 1: Board and Administration

#### Programme Purpose

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

#### Outcomes

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

#### Programme Structure

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

The programme is structured into the following:

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

# PERFORMANCE INFORMATION

## Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

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

Programme 1 Board and Administration									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	
The Board's structures, resources and processes utilised for effective, efficient and optimal performance of its mandate.	Board meetings where resolutions are adopted and given effect to within specified time period.	1.1 Number of quorate meetings of Board members for 2021/22 year	16	19	13	19	+6	<ul style="list-style-type: none"> <li>15 April 2021: Board met with Minister</li> <li>6 May 2021: Board met with PTWC</li> <li>23 June 2021: Patron Dispute Hearing</li> <li>25 Aug 2021: Patron Dispute Hearing</li> <li>9 Dec 2021: Ad-hoc Board meeting, following the Audit Com candidate interviews, to confirm candidate appointment and to consider response to Minister's correspondence on Salary matters</li> <li>4 March 2022: Ad-hoc Board meeting to deal with public interest responses to notices for expansion of LPM gambling, as well as to deal with APP and Budget final approvals</li> </ul>	
	Board meetings where resolutions are adopted and given effect to within specified time period.	1.2 Board resolutions given effect to before next Board meeting	97%	94%	95%	95%	-	<ul style="list-style-type: none"> <li>None</li> </ul>	

**Programme 1 Board and Administration**

Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	
The Board's structures, resources and processes utilised for effective, efficient and optimal performance of its mandate.	Licence holders' CSI Commitments complied with.	1.3 Number of operators' CSI programmes verified by Board Committees	5	5	6	6	-	None	
	Public awareness of the Board's role and functions.	1.4 Number of awareness programmes participated in	4	4	4	6	+2	Additional opportunities for awareness programmes arose	
	Legal opinions drafted to guide Board and Office on legal implications of decisions taken.	1.5 Number of legal opinions prepared and submitted	39	36	36	43	+7	More legal opinions were required by the Board and the Office which legal service had to attend to and submit.	
	Compliance to Human Resources regulatory reporting requirements	1.6 Number of Regulatory reports timeously submitted to Department of Labour	1	1	1	1	-	None	



# PERFORMANCE INFORMATION

Programme 1 Board and Administration									
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations	
The Board's structures, resources and processes utilised for effective, efficient and optimal performance of its mandate.	A skilled, motivated and committed workforce.	1.7 Number of reports on the implementation of the HR Plan	3	4	4	4	-	None	
	Effective and efficient financial administration	1.8 Number of financial reports to stakeholders	33	33	33	33	-	None	

### Analysis of performance

The Programme is tasked with ensuring that the directives and resolutions of the Board is actioned. The programme has achieved its set targets and in so doing, has implemented the resolutions of the Board who in turn took such resolutions to give effect to its legislated mandate. The Board as a whole has successfully implemented its mandate.

The Board, in appointing its employees, gave effect to its approved employment equity targets and has gone a long way in ensuring that the employment equity targets will be achieved. For the industry, the Board has set the B-BBEE targets which includes equity criteria. In addition, the Board has directed that CSI projects include upliftment of children and sustainable projects.

### Strategy to overcome areas of underperformance

There are no areas of underperformance.

### Linking performance with budgets

Programme	2021/2022			2020/2021		
	Budget R	Actual Expendi- ture R	(Over)/ Under Expendi- ture R	Budget R	Actual Expendi- ture R	(Over)/ Under Expendi- ture R
Board and Administration	27 057 558	22 677 410	4 380 148	25 852 024	17 280 445	8 571 579

Savings were realised in respect of the following expenditure items: Legal fees, maintenance, professional services and audit fees. The budget for these expenditure items is based on best estimates which are not always realised. Cost savings were also realized due to cost containment measures.

## Programme 2: Licensing

### Programme Purpose

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

### Outcomes

Persons conducting business in the gambling industry are suitable.

### Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

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

Programme 2 Licensing								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Persons conducting business in the gambling industry are suitable.	New applications processed	2.1 Percentage of new applications in respect of employee licences (key and gambling) received processed within 30 days of receipt	92%	91%	91%	89%	-2%	All applications that were required to be approved were approved timely. Other applications which were coupled to new Operator Licences could only be approved following the approval of the Operators Licences.
	Renewal applications received processed	2.2 Percentage of renewal applications received processed on or before the date of expiry of the licence	99%	99%	99%	99%	-	• None



### Analysis of performance

The Department, despite the challenges that the pandemic presented, managed to respond accordingly to process all the requisite applications received in order to allow Operators to continue with their operations, albeit under various restrictions. Whilst there were a number of gambling businesses that could not survive the hardship caused by the pandemic, there were other new businesses that were established and continue to operate. All such new businesses were accordingly probed and licensed, and in so doing adding to the revenue of the Fiscus.

In responding to new applications received for employees linked to licensed operators, the Department contributes to the commencement of employment and gambling related activities of persons as soon as possible.

### Strategy to overcome areas of underperformance

With regard to the underperformance of the licensing of new employees, it should be noted that the target set included applications that are coupled to new Operator Licence applications. The target has been adjusted accordingly for example, to only measure the number of applications for new employees processed within the set timeframe and already linked to licensed operators.

### Linking performance with budgets

Programme	2021/2022			2020/2021		
	Budget R	Actual Expendi- ture R	(Over)/ Under Expendi- ture R	Budget R	Actual Expendi- ture R	(Over)/ Under Expendi- ture R
Licensing	14 506 095	13 959 272	546 823	15 871 148	12 718 405	3 152 743

The underspending of the Licensing budget relates mostly to cost of employment. As at 31 March 2022, the department had two (2) vacancies. Savings in respect of communication costs and conferences fees were generated.

## Programme 3: Regulatory Compliance

### Programme Purpose

The Regulatory Compliance is responsible for enforcing gambling and related compliance in respect to legislative provisions and regulatory requirements on all licence holders who expose gambling and betting activities for public pay as well as the timely investigation of allegations of illegal gambling activities in the Province.

### Outcomes

Gambling and betting activities in the Western Cape are compliant with legislative provisions and regulatory requirements (Revised).

### Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

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

Programme 3 Regulatory Compliance								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Gambling and betting activities in the Western Cape are compliant with legislative provisions and regulatory requirements (Revised)	Licensed establishments carrying out gambling and betting activities that are in accordance with legislation.	3.1 Number of compliance assessments conducted	1 138	29	1 300	1 368	+68	Joint operations were not planned and remote assessments enabled the Office of the Board to perform more assessments.
	Known illegal gambling operation are shut down.	3.2 Percentage of investigations initiated within 30 days of allegations of illegal gambling received by the Board	81.4%	40%	100%	100%	-	• None

### Analysis of performance

The Board and the Programme carried out assessments of the licence holders both remotely as well as on site assessments. During the latter part of the financial year, there was a move towards more on-site assessments which is likely to continue into the following financial year. As some of the assessments were carried out remotely, it was possible to exceed the planned target. Another contributing factor for exceeding the planned target was that the Programme carried out joint inspections at specific licensed establishments together with other law enforcements agencies, who requested our presence.

In ensuring that all planned assessments were carried out, the Programme satisfied the Board's requirement that gambling and betting activities are carried out in a manner that is compliant, legal and within the confines of the regulatory framework. All allegations of illegal gambling were fully investigated within the 30-day period.

### Strategy to overcome areas of underperformance

There are no areas of underperformance.

### Linking performance with budgets

Programme	2021/2022			2020/2021		
	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R
Regulatory Compliance	18 013 892	17 230 334	783 558	19 621 354	16 024 462	3 596 892

The underspending of the Compliance budget relates mostly to cost of employment. As at 31 March 2022, the department had three (3) vacancies. Savings in respect of communication costs, conference fees and travel and accommodation were generated.

**Programme 4: Information and Communication Technology**

**Programme Purpose**

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

**Outcomes**

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

**Outcomes, Outputs, Output Indicators, Targets and Actual Achievements**

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

Programme 4 Information and Communication Technology								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement 2021/2022	Reasons for deviations
Innovative, functional, reliable and secure ICT solutions and systems provided.	Continuous ICT systems management for the organisation	4.1 Percentage of ICT maintenance events performed to maintain and improve current information technology infrastructure	New output Indicator	98.5%	96%	98%	+2%	Positive deviation due to consistent management and performance of the WCGRB computer, software, application and infrastructure systems.
		4.2 Number of ICT talent capacity competency activities accomplished	71	99	68	78	+10	<ul style="list-style-type: none"> <li>The Department attended additional online training and provided Additional training to the industry on the online licensing system.</li> </ul>
	Continuous knowledge and skills enhancement	4.3 Average percentage ICT information systems availability / uptime	99.87%	99.92%	97%	99.96%	+2.96%	<ul style="list-style-type: none"> <li>Positive deviation due to proficient management of WCGRB ICT infrastructure.</li> </ul>

### Analysis of performance

The ICT Department provided significant contributions to the achievement of the Board's objectives and mandate, albeit the new norm. As the Board and the Office of the Board continued to operate remotely, there was continued pressure on the capabilities of ICT.

Despite facing challenges during the 2021-2022 financial year, the ICT Department accomplished its outcomes. This was achieved through the constant and professional management, governance and securing of the WCGRB infrastructure, including enabling the availability of critical ICT systems.

The ICT Department's continuous learning practice (formal, informal, self-study) added professional capabilities, through additional attendance of online training and the provision of training to the gambling industry. This ensured appropriate knowledge acquired, value of ICT solutions could be achieved and enable the Office of the Board to experience the value of implemented ICT solutions.

### Strategy to overcome areas of underperformance

There are no areas of underperformance.

### Linking performance with budgets

Programme	2021/2022			2020/2021		
	Budget R	Actual Expendi- ture R	(Over)/ Under Expendi- ture R	Budget R	Actual Expendi- ture R	(Over)/ Under Expendi- ture R
Information and Communication Technology	10 225 338	5 933 845	4 291 493	8 626 012	7 138 349	1 487 663

- The underspending in the ICT department relates mostly to underspending in capital assets. Due to the ongoing COVID-19 pandemic, the Board had issues with the delivery of capital assets as most of the IT hardware is imported from abroad. Some of the procurement of these items had to be cancelled as a result of non-delivery. The Board also planned further automation processes within the Board; however, the planning process in respect of this is still ongoing.
- Savings were generated in respect of communication, computer software annual licence fees and consulting fees.

**Reporting on the Institutional Response to the COVID-19 Pandemic**

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

**Progress on Institutional Response to the COVID-19 Pandemic**

Programme	Intervention	Geographic location	No. of beneficiaries	Disaggregation of beneficiaries	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP	Immediate outcomes
Regulatory Compliance	Gambling premises inspections	City of Cape Town Metropolitan	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Compliance Checking covered Covid-19 protocols. Procedures now form part of the compliance assessments for indicator 3.1

## 5. REVENUE COLLECTION

Sources of revenue		2020/2021			2019/2020		
		Estimate R	Actual Amount Collected R	(Over)/ Under Collection R	Estimate R	Actual Amount Collected R	(Over)/ Under Collection R
a)	Application fees	1 459 939	3 448 815	(1 988 876)	2 590 236	3 045 130	(454 894)
b)	Investigation fees	33 317 053	33 008 197	308 856	30 112 794	32 850 389	(2 737 595)
c)	Interest	1 056 000	1 465 060	(409 060)	1 120 000	1 126 946	(6 946)
d)	Inspector charge outs	4 713 890	7 948 369	(3 234 479)	8 403 507	6 109 255	2 294 252
e)	Limited Pay-out Machine Operator Fees	3 000 000	3 000 000	-			
f)	Transfers	26 256 000	26 256 000	-	27 744 000	27 744 000	-
g)	Services in-kind	-	4 332 399	(4 332 399)	-	5 067 522	(5 067 522)
h)	Miscellaneous	-	237 235	(237 235)	-	101 009	(101 009)
i)	Retention of surplus funds	-	-	-	-	-	-
<b>Total</b>		<b>69 802 883</b>	<b>79 696 075</b>	<b>-9 893 192</b>	<b>69 970 537</b>	<b>76 044 251</b>	<b>(6 073 407)</b>

- The Board is only permitted to collect revenue and other fees from licence holders as prescribed by law. Unless there is an increase in gambling licence applications there is no other way the Board can increase its revenue. Thus, when preparing the budget, the Board relies on past trends to estimate the revenue it anticipates to collect for the financial year.
- Services in-kind represent the benefit obtained in respect of occupying a building at no cost managed by the Department of Transport and Public Works.







**PART C:**  
**GOVERNANCE**

# GOVERNANCE

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## 1. INTRODUCTION

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

## 2. PORTFOLIO COMMITTEES

The Standing Committee on Finance, Economic Opportunities and Tourism is responsible for maintaining oversight of the Western Cape Gambling and Racing Board.

For the year under review, the Board met with the Committee on the following matters:

- 3 February 2022: Briefing on the Board's 2020/21 Annual Report;
- 11 February 2022: Briefing by the Board on the various sectors in the gambling industry and the compliance requirements of each of those sectors.

Resolutions emanating from those meetings are depicted on pages 61 and 62 of this annual report.

## 3. EXECUTIVE AUTHORITY

The Minister of Finance and Economic Opportunities is the designated Executive Authority for the Western Cape Gambling and Racing Board. The Executive Authority appoints the members of the Board while the Board reports to the Minister. All reports that the Board is mandated to produce 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, that is comprised of six (6) non-executive members at year-end, is 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

The Western Cape and Racing Board was established with the main object of controlling and regulating gambling and racing and all other accompanying activities 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;
- 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;
- Attend regulatory forums and conferences in order to keep abreast of the latest developments of the industry; and
- Generally, exercise all powers and perform the functions specified in the Act and any conferred by any other law.

## Board Charter

The Board's powers and functions are 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.

### 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 Com- mittee meetings held	No. of Com- mittee meetings attended	Total No. of meetings attended
<b>Mr T Arendse</b>	Board Member	1 April 2020	31 March 2023	CTA CA(SA)	Auditing and Accounting	Board member: Western Cape Gambling & Racing Board	19	19	Casino Committee [*Attendance as alternate member]	[4]	2 of 2	37 of 37
									Finance, IT & Ethics Committee	6	6	
									Horse racing and Betting Committee	4	4	
									Human Capital Committee	4	4	
									Responsible Gambling Committee	1	1	
									Board's representative (non-voting) to the Audit Committee.]	[9]	1 of 1	

# GOVERNANCE

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of expertise	Board Directorships (List the entities)	No of Board meetings held	No of Board meetings attended	Other committees (e.g.: Audit committee)	No. of Com-mittee meetings held	No. of Com-mittee meetings attended	Total No. of meetings attended
<b>Mr CA Bassuday</b>	Board Member	1 April 2016	31 March 2019	B.Proc. LLB LLM	Law	Board member: Western Cape Gambling & Racing Board	19	19	Casino Committee	4	4	34 of 34
	Board member term extended for 1 year	1 April 2019	31 March 2020	PG Diploma in Criminal Justice & Forensic Auditing					Finance, IT & Ethics Committee	[6]	1 of 1	
	Board member reappointed for 3 years	1 April 2020	31 March 2023			Director: Legal Services, University of Cape Town			Horsereading and Betting Committee	[4]	1 of 1	
	Appointment as Chairperson until Board member contract expires	16 December 2021	31 March 2023			Non-Executive Director: Johannesburg City Parks and Zoo			Licensing Committee	[5]	4 of 4	
									LPM Committee	[5]	4 of 4	
									Responsible Gambling Committee	1	1	

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 Com-mittee meetings held	No. of Com-mittee meetings attended	Total No. of meetings attended
<b>Ms C Fani</b>	Board Member	17 May 2017	16 May 2020	Bachelor's Public Administration	B.Admin Honours	Board member/Vice member	19	17	Casino Committee	4	2	29 of 33
	Board member term extended for 1 year	17 May 2020	16 May 2021		Public Management, Policy	Chairperson: Western Cape Gambling & Racing Board			Human Capital Committee	4	4	
	Appointment as Vice Chairperson until Board member contract expires	14 Dec 2020	16 May 2021		Analysis and Policy Development	Board member/ Deputy Chairperson: William Humphrey's Art Gallery			Licensing Committee	5	5	
	Board Vice Chairperson & member term extended	27 May 2021	26 May 2024			Board member: uMsunduzi Museum KZN Tribunal member: Western Cape Liquor Authority			LPM Committee	[5]	1 of 1	



# GOVERNANCE

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of expertise	Board Directorships (List the entities)	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	[19]	15 of 15	Casino Committee	[4]	3 of 3	34 of 34
	Board member term extended	10 Dec 2017	10 March 2018						Finance, IT & Ethics Committee	[6]	5 of 5	
	Appointment as Chairperson until Board member contract expires	12 Feb 2018	10 March 2018			Non-Executive Director: Western Cape Economic Development Partnership			Horsereading and Betting Committee [*Attendance as alternate member]	[4]	1 of 1	
	Board Chairperson & member term extended	10 March 2018	10 Dec 2018						LPM Committee	[5]	4 of 4	
	Board Chairperson & member term extended	11 Dec 2018	10 Dec 2020						Board's representative (non-voting) to the Audit Committee]	[9]	6 of 6	
	Extended Appointment as Chairperson	16 Dec 2020	15 Dec 2021									

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 Com-mittee meetings held	No. of Com-mittee meetings attended	Total No. of meetings attended
<b>Mr RG Nicholls</b>	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	B.Comm. Rhodes University CA (SA) CIA Computer Audit Qualification - NACCA Registered Accountant and Auditor Fellow member of the IOD	Board member: Western Cape Gambling and Racing Board The South African Council for the Architectural Profession Member: TakeShape Properties CC Member: Southern Ambition CC	19	17	Finance, IT & Ethics Committee Horse racing and Betting Committee Licensing Committee LPM Committee	6 4 [5] 5	6 3 1 of 1 4	31 of 35



# 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 Com-mittee meetings held	No. of Com-mittee meetings attended	Total No. of meetings attended
<b>Ms L Venter</b>	Board Member	6 Nov 2020	5 Nov 2023	B.Comm (Law) LL.B.	Law	Board member: Western Cape Gambling and Racing Board External College Council Member: False Bay TVET College	19	19	Casino Committee Horse racing and Betting Committee Human Capital Committee Licensing Committee Responsible Gambling Committee	[4] [4] 4 5 1	1 of 1 3 of 3 4 5 1	33 of 33
<b>Dr P Voges</b> <i>[Board acknowledged request for member not to be elected to serve on any of the Committees]</i>	Board member	27 Oct 2021	26 Oct 2024	B Comm, HOD Honours Economics M Comm Doctorate Economic and Planning	Economic Development Strategy Town Planning Project Management Investment Pro-motion	Board member: Western Cape Gambling & Racing Board	[19]	4 of 5	-	-	-	4 of 5

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



## 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
<b>Mr Burton</b>	Audit Committee: Independent non-executive member and Chairperson  Re-Appointment as Chairperson	1 Mar 2019  1 Mar 2022	28 Feb 2022  28 Feb 2025	B. Compt. Hons  CA(SA)	Auditing and Accounting  Governance  Strategic Management  Finance  Performance Management	Cape Nature Board  Cullinan Holdings Ltd  Burvyn Importers and Traders CC  Rebosis Property Fund Ltd  L&C Messaris (PTY) Ltd	Audit Committee	9	9



# 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
<b>Mr L Nene</b>	Audit Committee: Independent non-executive member	17 Feb 2021	16 Feb 2024	Bachelor of Commerce - BCom (Accounting) Post Graduate Diploma in Management (Specialising in Corporate Governance) Master of International Business CCSA (Certification in Control Self-Assessment) - 2006 GIA (SA) (General Internal Auditor-SA) FIIASA (Fellow of the Institute of Internal Auditors SA) - 2013 Certification in Risk Management Assurance (CRMA) - 2014 CCP (SA) - Certified Compliance Professional of the Compliance Institute of South Africa CPrac (SA) - Compliance Practitioner Risk Management Strategies in the Public Sector Management Development Programme	Corporate Governance Audit (Internal and external) Risk management Business continuity management Compliance Ethics Business process improvement IT	Non - Executive Director for PetroSA Ghana SOC Ltd Non - Executive Director for PetroSA Equatorial Guinea SOC Ltd City of Cape Town Audit Committee ETDP Seta Audit Committee Coega Development Corporation (PTY) LTD, Audit Committee CCMA (Commission for Conciliation, Mediation & Arbitration) Audit Committee	Audit Committee	9	9

## 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
<b>Mr A Seymour</b>	Audit Committee: Independent non-executive member	1 March 2022	28 Feb 2025	B.Comm (Accounting) Hons B Compt Chartered Accountant (South Africa) Banking Board Leadership development Programme	Management: Strategic Planning and Management Financial reporting and Treasury Business Solutions Governance Client Retention	Director: Boland 90 Interclub Hiking Competition NPC  Director: InnesFree Capital (Pty) Ltd  Director: Caban Capital Partners P\A	Audit Committee	[9]	1 of 1
<b>Ms J Williams</b>	Audit Committee: Independent non-executive member	21 June 2019	20 June 2022  Resignation as from 23 March 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	9	9



# GOVERNANCE

## Board and Committees membership

Board & committees	No. of meetings held	No. of members	Name of members
Board	19	7	<p><b>Mr DT Lakay</b> (Chairperson) [Term expired as Board member and Chairperson on 15 December 2021.]</p> <p><b>Mr CA Bassuday</b> (Member) [Reappointed as Board member from 1 April 2020 until 31 March 2023.] [Appointed as Chairperson from 16 December 2021 until term expires on 31 March 2023.]</p> <p><b>Ms C Fani</b> (Member) [Term extended from 17 May 2020 until 16 May 2021.] [Appointed as Vice Chairperson from 14 December 2020 until term expires on 16 May 2021.] [Reappointed as Board member and Vice Chairperson from 27 May 2021 until term expires on 26 May 2024.]</p> <p><b>Mr T Arendse</b> (Member) [Appointed as Board member from 1 April 2020 until 31 March 2023.]</p> <p><b>Mr RG Nicholls</b> (Member) [Appointed to Board from 14 December 2019 until 13 December 2022.]</p> <p><b>Ms L Venter</b> (Member) [Appointed to Board from 6 November 2020 until 5 November 2023.]</p> <p><b>Dr P Voges</b> (Member) [Appointed to Board from 27 October 2021 until 26 October 2024.]</p>
Audit Committee	9	4	<p><b>Mr M Burton</b> (Chairperson) [Appointed Audit Committee member and Chairperson from 1 March 2019 until 28 February 2022.] [Re-appointed as member and Chairperson from 1 March 2022 until 28 February 2025.]</p> <p><b>Mr L Nene</b> (External non-executive member) [Appointed to Committee on 17 February 2021 until 16 February 2024.]</p> <p><b>Mr AC Seymour</b> (External non-executive member) [Appointed to Committee on 1 March 2022 until 28 February 2025.]</p> <p><b>Mrs J Williams</b> (External non-executive member) [Appointed to Committee on 21 June 2019 until 20 June 2022.] [Resignation effective from 23 March 2022.]</p> <p><b>Mr D Lakay</b> (Board member) [Board's representative (non-voting) to the Audit Committee.] [Term as Board member and Chairperson expired on 15 December 2021.]</p> <p><b>Mr T Arendse</b> (Board member) [Board's representative (non-voting) to the Audit Committee as from 1 January 2022.] [Term as Board member expires on 31 March 2023.]</p>
Casino Committee	4	3	<p><b>Mr D Lakay</b> (Chairperson) [Board term expired 15 December 2021.]</p> <p><b>Mr C Bassuday</b> (Chairperson) [Appointed as Chairperson from 16 December 2021.]</p> <p><b>Ms C Fani</b> (Member)</p> <p><b>Ms L Venter</b> (Member) [Appointed as Committee member from 1 January 2022.]</p>
Finance, IT & Ethics Committee	6	3	<p><b>Mr RG Nicholls</b> (Chairperson)</p> <p><b>Mr T Arendse</b> (Member)</p> <p><b>Mr C Bassuday</b> (Member) [Appointed as Committee member from 1 January 2022.]</p> <p><b>Mr D Lakay</b> (Member) [Board term expired 15 December 2021.]</p>

Board & committees	No. of meetings held	No. of members	Name of members
Horseracing & Betting Committee	4	3	<p><b>Mr T Arendse</b> (Chairperson)</p> <p><b>Mr RG Nicholls</b> (Member)</p> <p><b>Mr C Bassuday</b> (Member) [Appointed as Committee member from 1 January 2022.]</p> <p><b>Ms L Venter</b> (Member) [Appointed as Committee member from 26 January 2021 until 1 January 2022.]</p>
Human Capital Committee	4	3	<p><b>Ms C Fani</b> (Chairperson)</p> <p><b>Mr T Arendse</b> (Member)</p> <p><b>Ms L Venter</b> (Member)</p>
Licensing Committee	5	3	<p><b>Ms L Venter</b> (Chairperson)</p> <p><b>Ms C Fani</b> (Member)</p> <p><b>Mr RG Nicholls</b> (Member) [Appointed as Committee member from 1 January 2022.]</p> <p><b>Mr C Bassuday</b> (Member) [Appointed as Committee member from 8 July 2019 until 1 January 2022.]</p>
LPM Committee	5	3	<p><b>Ms L Venter</b> (Chairperson) [Appointed as Chairperson from 1 January 2022.]</p> <p><b>Ms C Fani</b> (Member) [Appointed as Committee member from 1 January 2022.]</p> <p><b>Mr RG Nicholls</b> (Member)</p> <p><b>Mr C Bassuday</b> (Chairperson) [Appointed as Committee Chairperson from 30 June 2020 until 1 January 2022.]</p> <p><b>Mr D Lakay</b> (Member) [Board term expired 15 December 2021.]</p>
Responsible Gambling Committee (RGC)	1	3	<p><b>Mr T Arendse</b> (Chairperson) [Appointed as Chairperson from 1 January 2022.]</p> <p><b>Mr C Bassuday</b> (Member) [Appointed as Committee member from 1 January 2022.]</p> <p><b>Ms L Venter</b> (Member) [Appointed as Committee member from 1 January 2022.]</p>

# GOVERNANCE

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## 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 and travel time. Reimbursement for kilometres travelled.

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

#### CHAIRPERSON

Board meetings: **R6 433.92** per meeting.

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

#### VICE CHAIRPERSON

Board meetings: **R4 999.36** per meeting.

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

#### ACTING AS CHAIRPERSON

Board meetings: **R5 601.52** per meeting.

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

### Board committees and other events:

- The remuneration for other meetings and events, such as committee meetings and public hearings is based on an hourly rate. 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.
- Members are required to indicate to the Secretary at the start of each meeting 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 indicated to the Board Secretary individually.

## Board and Committees membership

Name	Remuneration - Board meetings	Remuneration - Committee meetings and Other*	Remuneration - Conference attendances	Subsistence allowance	Other re-imbursments	Total member remuneration
	R	R	R	R	R	R
<b>Mr D Lakay</b> (Chairperson- Term expired as Board member and Chairperson on 15 December 2021)	96 508.80	120 367.92	8 042.40	1 190.21	-	226 109.33
<b>Mr TC Arendse</b>	94 987.84	83 010.21	6 249.20	459.43	-	184 706.68
<b>Mr CA Bassuday</b> (Chairperson with effect from 16/12/2021)	100 726.08	78 927.17	1 614.36	2 247.79	-	183 515.40
<b>Ms C Fani</b> (extended Vice- Chairperson with effect from 27/05/2021)	84 989.12	57 336.42	2 010.16	600.25	-	144 935.95
<b>Mr R Nicholls</b>	79 989.76	62 127.46	1 386.24	-	-	143 503.46
<b>Ms L Venter</b>	94 987.84	62 492.01	5 280.57	2 491.91	-	165 252.33
<b>Dr P Voges**</b>	-	-	-	211.64	-	211.64
<b>Total</b>	<b>552 189.44</b>	<b>464 261.19</b>	<b>24 582.93</b>	<b>7 201.23</b>	<b>-</b>	<b>1 048 234.80</b>

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

\*\* Dr. P Voges is an employee of the Provincial Government of the Western Cape and is therefore not entitled to additional remuneration as a Board Member of the Western Cape Gambling and Racing Board.

## BOARD MEMBER TRAVEL ABROAD

There was no overseas travel for the year under review.

## STANDING COMMITTEE RESOLUTIONS RESULTING FROM THE 2020/21 ANNUAL REPORT

There were no resolutions from the Public Accounts Committee (PAC) at the meeting held on 28 March 2022.

# GOVERNANCE

## STANDING COMMITTEE ON FINANCE, ECONOMIC OPPORTUNITIES AND TOURISM RESOLUTIONS RESULTING FROM THE 2020/21 ANNUAL REPORT

Date of resolution	Details	Implementation progress
3 February 2022	The Committee kindly requests the following:	
	<ol style="list-style-type: none"> <li>1. A report comparing the different licence fees and different income streams received by the Western Cape Gambling and Racing Board to those received by the Gauteng Gambling Board;</li> <li>2. An update on the filling of the vacancies in respect of the Regulatory Compliance and Licensing posts;</li> <li>3. A copy of the latest judgement on the court case that the Board has appealed (Tsogo Sun and 3 Others v WCGRB &amp; 1 Other, case number: 21344/17); and</li> <li>4. A copy of the research commissioned on digital e-commerce as well as the international research that was finalised.</li> </ol>	The required information has been submitted to SCFEOT on 21 July 2022.

## 5. RISK MANAGEMENT

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

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

The Board's objectives in managing risk include:

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

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

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

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



The Risk Management Committee consists of the full Executive Committee. The Risk Management Committee meets quarterly to table the Board's key strategic risks and any emerging risks identified as well as the status of mitigating action plans. Key strategic risks, mitigating actions, as well as emerging risks identified are reported to the Audit Committee and FITEC quarterly. All FITEC and Audit Committee meetings are attended by the Chief Executive Officer, the Chief Financial Officer and the risk officer, who formally report to the committee at each meeting.

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

During the financial period under review the office of the Board conducted the following:

- Reviewing the ERM Risk Policy and Risk Maturity
- Quarterly review of the Risk Register by EXCO
- Quarterly reporting to the Audit Committee and FITEC

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

Strategic Risks	Mitigating Controls
<p>SR1: Board rendered ineffective due to:</p> <ul style="list-style-type: none"> <li>• Outdated and ambiguous legislation and policies.</li> <li>• Delays in legislative reform process.</li> </ul>	<ul style="list-style-type: none"> <li>• Submission to PT and Minister recommending amendments as and when necessary.</li> <li>• Office engagement with licence holders.</li> <li>• Committee engagement with licence holders.</li> <li>• External legal advice/opinions when necessary.</li> </ul>
<p>SR2: Board unable to perform its mandate due to:</p> <ul style="list-style-type: none"> <li>• Uncertainty of funding of the Boards operations.</li> <li>• Decline in statutory fees collected from Licenced Operators (retrenchments or migrating to other Provinces).</li> </ul>	<ul style="list-style-type: none"> <li>• Adoption of the 19th Amendment Act currently under consideration which seeks to address the Boards funding gap.</li> <li>• Cost structure review to identify cost savings.</li> <li>• Adequate budget process to address possible relocations.</li> <li>• Follow norms and standards which become applicable to the South African industry.</li> </ul>
<p>SR3: Board rendered ineffective due to delays in achieving timeous appointment of new Board members.</p>	<ul style="list-style-type: none"> <li>• Board advises Minister in a timely manner of pending vacancies on the Board.</li> <li>• Minister extends Board Member terms.</li> <li>• Board employs rescheduling of meetings and in emergencies, round robin processes to ensure that the Board remains effective.</li> <li>• Proposed amendments submitted to PT and Standing Committee to address quorum risk.</li> </ul>
<p>SR4: Ineffective and inefficient utilisation of the Boards structures and resources due to:</p> <ul style="list-style-type: none"> <li>• Skills gap</li> <li>• Organisational design</li> <li>• Resource constraints</li> <li>• Undue influence by stakeholders</li> <li>• Low staff morale and resistance to change</li> </ul>	<ul style="list-style-type: none"> <li>• WSP, training, conferences, national fora.</li> <li>• Proper planning and Budgetary processes.</li> <li>• Declaration of interest processes.</li> <li>• Meetings with MEC, GLC meetings.</li> <li>• Change management interventions.</li> <li>• Regular staff engagements.</li> </ul>

## GOVERNANCE

Strategic Risks	Mitigating Controls
SR5: Incorrect decisions brought about by the Board as a result of inadequate and/or inaccurate information.	<ul style="list-style-type: none"> <li>• Four tier review process.</li> <li>• Continuous development of staff.</li> <li>• Sophisticated verification systems and processes.</li> <li>• Interrogation and review of information by various Sub-Committees of the Board.</li> <li>• Stakeholders meetings and interviews where necessary.</li> <li>• Exco deliberations.</li> <li>• Attendance of national and international regulatory conferences and Forums.</li> <li>• HR asset register review and relevant placements.</li> </ul>
SR6: Loss of stakeholder trust due to undue influence into the decision making of the Board.	<ul style="list-style-type: none"> <li>• The Chairperson continues to engage the Minister on the mandate of the Board and its independent authority as espoused in the WCGRA, with the separation of powers being adhered to.</li> <li>• Awareness programmes and Public engagements.</li> <li>• Continuous relevant interaction with Licence Holders.</li> <li>• GLC interventions.</li> </ul>
SR7: Significant disruption to critical business operations due to any adverse events.	<ul style="list-style-type: none"> <li>• Business continuity management plan in place to sustain the operation of critical business services following a disaster or adverse event.</li> <li>• Business continuity plan continually reviewed for all WCGRB business operations in response to disruptions.</li> <li>• Implementation of the policy guidelines on pandemics.</li> </ul>
SR8: Mandate threatened due to undue influence by parent department/minister.	<ul style="list-style-type: none"> <li>• Perform the core functions of the mandate.</li> <li>• One-on-one meeting between Minister and WCGRB Chairperson with intention to regain control of mandate.</li> </ul>
SR9: Loss of licence holders to other provinces that are able to offer emerging gaming contingencies, resulting in the Board's own revenue being eroded.	<ul style="list-style-type: none"> <li>• Reviewing the offerings and Regulatory Compliance HoD in consultation with other PLA's to determine norms and standards for offerings.</li> <li>• Allowing offerings which meets the standards of the WCGRB.</li> </ul>
SR10: POPIA Non-compliance due to employees not being adequately trained on the Board's POPIA procedures in time, could result in the incorrect actions being taken.	<ul style="list-style-type: none"> <li>• Training of employees on Board's POPIA policy and practices.</li> <li>• Contracted an expert to ensure that the WCGRB's policies, process and Administrative Compliance registrations meet the standards of the POPI Act.</li> <li>• Approval by Board of all relevant policies and practices.</li> <li>• Entrenching a POPIA culture through constant awareness programmes.</li> </ul>
SR11: Resources stretched resulting in sub-standard work due to increased workload.	<ul style="list-style-type: none"> <li>• Temporary employees employed to assist.</li> <li>• Deploy employees with free time to assist where needed.</li> <li>• Structure workload in order to alleviate excessive periods.</li> </ul>

Strategic Risks	Mitigating Controls
SR12: Accommodation logistics being left to the last minute resulting in undue administrative wrangling with the uncertainty of future accommodation for the Board.	<ul style="list-style-type: none"> <li>• Early negotiations on finding appropriate accommodation.</li> <li>• Early identification of accommodation needs.</li> <li>• UAMP completed timely in order for DTPW to be aware of the WCGRB's accommodation needs.</li> <li>• Minister advised of current situation and seeking affirmation of assistance from Minister or his portfolio department.</li> </ul>
SR13: Non-compliance with legislative prescripts e.g. Lack of review of organisational development and design in terms of Public Policy Prescripts.	<ul style="list-style-type: none"> <li>• Review of applicable prescripts to ensure awareness thereof.</li> <li>• Ensure WCPT includes the WCGRB in all correspondence indicating prescripts to be followed.</li> </ul>
SR14: Unsuitable persons are recommended for licensing due to: <ul style="list-style-type: none"> <li>• Skills gap in terms of investigation techniques</li> <li>• Insufficient resources</li> <li>• Undue influence by stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Declaration of interest process.</li> <li>• Work Skills Plan identifies training needs for staff.</li> <li>• Use of internal and external sources (Building relationships with SARS SAPS).</li> <li>• Standard operating procedures.</li> <li>• Rotation policy.</li> <li>• Secondment process.</li> <li>• 3 tier review process.</li> <li>• Sub-Committees deliberations.</li> </ul>
SR15: Inability to detect non-compliance with legislative provisions and regulatory requirements due to: <ul style="list-style-type: none"> <li>• Audit techniques and approach not suitable</li> <li>• Undue influence by licence holders</li> <li>• Inadequate resources</li> </ul>	<ul style="list-style-type: none"> <li>• Attendance at industry specific conferences, workshops and training forums, both nationally and internationally.</li> <li>• Staff declarations of interest.</li> <li>• Adherence to the Departmental SOP.</li> <li>• Regular meetings with Chiefs after audits.</li> <li>• 3 tier approval process.</li> <li>• Staff rotation within the divisions in the department.</li> </ul>
SR16: Proliferation of illegal gambling operations impacting on the provincial economy.	<ul style="list-style-type: none"> <li>• Regular engagement with enforcement agencies.</li> <li>• Attendance at Enforcement Forum meetings.</li> <li>• Training provided to Enforcement officials where required'</li> <li>• Network of Confidential Informers.</li> <li>• Follow-up on allegations of illegal gambling.</li> </ul>
SR17: ICT systems and solutions are not functional, reliable, innovative and secure due to: <ul style="list-style-type: none"> <li>• Resource constraints, data breaches, malware, power failures or network outages.</li> </ul>	<ul style="list-style-type: none"> <li>• Proper planning, budget, capacity (number of staff) and skilled resources.</li> <li>• Security controls-implemented.</li> <li>• Implemented policies and procedures.</li> <li>• Ongoing monitoring, administration and managing of the ICT environment.</li> <li>• Implemented ICT DRP and UPS.</li> <li>• Continuous attending training, seminars, meetings for talent development.</li> <li>• Keeping abreast of the latest developments in ICT,</li> <li>• Reporting to oversight Committees on ICT developments.</li> </ul>

## 6. INTERNAL CONTROL UNIT

The Board does not have an in-house Internal Audit Unit but outsources this function to firms with appropriate experience and holders of professional membership with the Institute of Internal Auditors or The Independent Regulatory Board for Auditors. For the year under review, the Board appointed SizweNtsalubaGobodo 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.

International Standards for the Professional Practice of Internal Auditing (IIA) 1312 requires an external assessment to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The Board's internal audit function has been assessed in accordance of Standard 1312 during the year under review.

**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] [Re-appointed as Chairperson from 1 March 2022 until 28 February 2025]	9 of 9
2. Mr L Nene [Appointed from 17 February 2021 until 16 February 2024]	9 of 9
3. Ms J Williams [Appointed from 21 June 2019 until 20 June 2022]	9 of 9
4. Mr A Seymour [Appointed from 1 March 2022 until 28 February 2025]	1 of 1

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	9
L Nene	Bachelor of Commerce - BCom (Accounting)	External	Not applicable	17 February 2018	Not applicable	9
J Williams	B. Com Hons CA(SA), B Sc Hons, H Dip Ed.	External	Not applicable	21 June 2019	23 March 2022	9
A Seymour	B. Compt. Hons CA(SA)	External	Not applicable	1 March 2022	Not applicable	1

## 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 that 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 2021/22 financial year, the Board was not sanctioned for any contraventions of any Laws or Regulations.

## 9. FRAUD AND CORRUPTION

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

The Board's Fraud and Anti-Corruption Committee is set to review any reported incidences of fraud and the Board's Governance officer reports on any reported incidences to the Finance and Information Technology Committee and the Audit and Risk Committee. For the year under review, no incidences of fraud or corruption were reported via any of the Board's established mechanisms for reporting on fraud or corruption.

## 10. MINIMISING CONFLICT OF INTEREST

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

For any conflict of interest, Board Members must notify the Chairperson and either recuse themselves or participate in the discussion if the Board considers that no material conflict exists. WCGRB employees are also required to declare any conflict of interest at Board and Committee meetings and on any discussion, interview and resolutions taken by the Office.

The Board continues with its efforts to ensure independence as well as to be viewed as independent. All transactions are done at arm's length while the industry are fully aware of the Board's practice of not accepting gifts and therefore no longer offering it 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. 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.

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

## 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, as defined by the Companies Act. However, it has a unit of four 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 resolved to convert the Western Cape Responsible Gambling Forum to the Responsible Gambling Committee. This Committee is responsible to address the potential social ills of gambling.

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

## 15. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2022.

### Audit Committee members and attendance

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

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
1. Mr M Burton [Audit Committee Chairperson] [Appointed from 1 March 2019 until 28 February 2022] [Re-appointed from 1 March 2022 until 28 February 2025]	9 of 9
2. Mr L Nene [Appointed from 17 February 2021 until 16 February 2024]	9 of 9
3. Ms J Williams [Appointed from 21 June 2019 until 24 March 2022]	9 of 9
4. Mr A Seymour [Appointed from 1 March 2022 until 28 February 2025]	1 of 1



*Mr M Burton,  
Chairperson of Audit Committee*

During the 2021/22 financial year, 9 meetings were held and member's attendance is tabulated above.

### Audit Committee Responsibility

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

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

### Meetings

Nine (9) meetings were held during this year and member's attendance is tabulated above. The external and internal auditors attend Committee meetings, have unrestricted access to the Committee and its Chair, and have had the opportunity to address the Committee without management being present to ensure their independence.

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

### The Effectiveness of Internal Control

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

# GOVERNANCE

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The system of controls is designed to provide cost-effective assurance to ensure that assets are safeguarded and that liabilities and working capital are efficiently managed. The system applied by the Board for 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 of the controls and processes.

No material deficiencies in the system of internal control were identified in reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, and the management report of the Auditor-General. The Audit Committee is satisfied that the internal audit function, which is outsourced, is operating effectively and that it has covered the mitigations/controls relating to the risks pertinent to the Board in its audit.

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

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

- Review of draft Annual Financial Statements 2021/2022
- Review of Performance Information on Predetermined Objectives (PDO's)
- Follow-up work on previous internal and external audit findings
- Asset verification
- Review of IT Department
- Review of the Regulatory Compliance Department
- Review of the Board activities
- Review of Chief Executive Officer's office
- Review of the Licensing Department
- Review of the Administration and Finance Department
- Review of the Legal Division
- Review of HR Division

## In-Year Management and Quarterly Report

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

## Finance Function

The preparation of financial reports, including the annual financial statements, was completed under the supervision of Ms Z Siwa CA(SA). The Committee reviewed and are satisfied that the expertise and experience of Ms Siwa, the Chief Financial Officer, is appropriate.

The Committee further reviewed and was satisfied that the expertise and resources within the finance function were appropriate and effective.

## Combined Assurance

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

The internal audit plan is compiled using a risk-based methodology, in consultation with management. In addition, internal and external auditors work in a collaborative manner. For the 2021/2022 financial year, the Committee has considered the risks presented by management. The Committee evaluated and approved the plans of the internal audit function and the external auditors, and the outcome of the audit work performed.



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

## Evaluation of Financial Statements

We have:

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

## Internal auditors

The Committee has considered the independence and effectiveness of the internal audit function. The Committee has reviewed and approved the internal audit charter and the internal audit plan for 2022 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 are presented 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. The assessment 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 2022 audit by the Board. The Committee has also evaluated the performance and conduct of the external auditors for the reporting period and is satisfied with the quality of the external audit function.

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

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



**Mervyn Burton**

Chairperson of the Audit Committee  
Western Cape Gambling and Racing Board  
Date: 31 July 2022

## 16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

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



**PART D:**  
**HUMAN RESOURCE  
MANAGEMENT**

## 1. INTRODUCTION

The Board has an approved staff structure of seventy-four (74) employees with sixty-eight (68) positions filled and six (6) posts vacant as at 31 March 2022.

The Human Resource Division provides services and support to the Board and its office on recruitment, talent retention and performance management, industrial relation, staff development, staff wellness and Human Resources related policy development. The payroll administration function resides with the Department of Administration and Finance.

### OVERVIEW OF HUMAN RESOURCES (HR) MATTERS AT THE BOARD

The following were set HR priorities for the year under review:

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

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

Human Resource continues to drive its core strategies to address the workforce challenges identified. The employment needs of the Board are met by the recruiting and selecting of candidates for appointment according to their ability, experience and qualifications to fulfil job requirements.

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

A transparent and objective approach to appointments is currently being followed where an Employment Equity Committee representative is privy to the short-listing process and is invited to interviews as observers. The HR department further ensures that interviews are fair, objective, consistent, transparent and non-discriminatory.

### Employee performance management framework

The Board has an approved performance management policy, which provides guidelines for management processes to be directed at measuring and enhancing employee and organisational performance.

On-going feedback on work performance is given to employees whilst formal appraisals are performed every six months. All employees are required to complete their second performance review by 30 June each year.

### Employee wellness programmes

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

Through the establishment of the Employee Well-being Programme (EWP) the organization is also committed to creating a caring and supportive working environment that is people-centered and people-driven. The programme is aimed at assisting employees to overcome some of their personal, emotional and social challenges that may impede on their work performance and well-being. The Programme is monitored through quarterly utilisation reports that provides a trend analysis of utilisation, risk identification and its impact on productivity.

### Policy development

During the year under review, the division reviewed the Financial Assistance Policy for part-time studies as well as the Recruitment and Selection Policy.

The Board continuously check on the Western Cape Provincial Treasury policies for any changes to be effected and the related amendments are processes to the Board's relevant policies.

### Achievements

During the year under review, the division assisted with:

- Review of Human Resource Policies.
- Recruitment and Selection of competent staff to enable the organisation to deliver on its strategic objectives and operational priorities.
- Submission of WSP and Training Implementation Report as per CATHSSETA requirements.
- Coordinate the implementation of training and development initiatives contained in the WSP.
- Timeous submission of Employment Equity progress report to DoL in terms of the EEA.
- Human resources information management that ensures improved efficiency in HRM processes.
- Continuous marketing of Employee Assistance Programme to ensure sustained awareness and engagement with the programme.
- Maintaining a safe working environment.

### Challenges

The COVID-19 pandemic affected some of the projects and policies that were planned to be rolled out during the reporting period. These include training and development, rotation policy as well as wellness programmes. However, the gradual easing of the lockdown assisted in ensuring that momentum was gained on some projects.

The Board's flat structure does not leave much room for career development. After significant efforts, time and resources spent on training to develop employees, employees leave the employment of the Board to seek better opportunities. This results in expertise exiting the Board.

Future HR plans /goals

The Board is committed to:

- The attraction, growth and retention of people with the skills necessary to add value to the organisation.
- In line with the new EE Plan address the under-representation of designated groups (based on both Provincial and national demographic targets, where applicable).
- Continuous professional Development and training to equip employees with the necessary technical competencies to perform their functions.
- Creating and maintaining a safe working environment.
- Creating a Performance oriented environment.
- Creating a caring and supportive working environment that is people centred and people driven.
- Improve efficiency in HR processes.
- Conducting organisational culture assessment.
- On-going review of HR policies.
- Job evaluation to ensure job descriptions and titles remain appropriate and accurate.

# HUMAN RESOURCE MANAGEMENT

## 2. HUMAN RESOURCE OVERSIGHT STATISTICS

### 2.1 Personnel Cost by programme

#### 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**	22 677	14 408	64%	34	424
Licensing	13 959	13 764	99%	22	626
Regulatory Compliance	17 230	16 462	96%	25	658
ICT	5 934	2 915	49%	5	583
<b>TOTAL</b>	<b>59 801</b>	<b>47 549</b>	<b>80%</b>	<b>86</b>	<b>553</b>

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

\* Administration programme includes the Board, the Administration and Finance Department, Executive Management and four (4) temporary workers.

#### 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	1 500	3%	1	1 500
Senior Management	7 480	17%	6	1 247
Professional qualified	9 870	22%	11	897
Skilled	21 422	48%	35	612
Semi-skilled	4 733	11%	15	316
Unskilled	-	0%	0	-
<b>TOTAL</b>	<b>45 005</b>		<b>68</b>	<b>662</b>

\*\* Excludes Board member's remuneration of R1 048 234, housing allowance of R899 615, remuneration of temporary workers of R515 974 and net salary accruals/provisions of R137 630.

## Performance Rewards

No Performance Bonuses were paid for the 2021/2022 financial year.

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

## Training Costs

Programme	Personnel Expenditure (R'000)**	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee (‘000)
Board	1 180	14	1.19%	10	1
Executive	7 519	131	1.74%	25	5
Administration & Finance	5 767	52	0.90%	22	2
Regulatory Compliance	16 462	289	1.76%	67	4
Licensing	13 764	89	0.65%	32	3
ICT	2 915	10	0.34%	11	1
<b>TOTAL</b>	<b>47 607</b>	585	1.23%	167	4

\*\* Personnel Expenditure as disclosed in Note 21 to the financial statements.

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

# HUMAN RESOURCE MANAGEMENT

## Employment and vacancies

Programme	2020/21 No. of Employees	2021/22 Approved Posts	2021/22 No. of Employees	2021/22 Vacancies	% of vacancies
Administration	7	9	8	1	11%
Executive	7	7	7	-	-
Management	7	7	7	-	-
Regulatory Compliance	22	25	22	3	12%
Licensing	19	22	20	2	9%
ICT	4	4	4	-	-
<b>TOTAL</b>	<b>66</b>	<b>74</b>	<b>68</b>	<b>6</b>	<b>8%</b>

Programme	2020/21 No. of Employees	2021/22 Approved Posts	2021/22 No. of Employees	2021/22 Vacancies	% of vacancies
Top Management	1	1	1	-	-
Senior Management	6	6	6	-	-
Professional qualified	11	13	11	2	15%
Skilled	32	36	34	2	6%
Semi-skilled	16	18	16	2	11%
Unskilled	-	-	-	-	1%
<b>TOTAL</b>	<b>66</b>	<b>74</b>	<b>68</b>	<b>6</b>	<b>8%</b>

## Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	-	-	1
Senior Management	6	-	-	6
Professional qualified	11	1	1	11
Skilled	32	1	-	33
Semi-skilled	16	3	2	17
Unskilled	-	-	-	-
<b>TOTAL</b>	<b>66</b>	<b>5</b>	<b>3</b>	<b>68</b>



## Employment changes

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	3	100%
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of contract	-	-
Other	-	-
<b>TOTAL</b>	<b>3</b>	<b>100%</b>

Two employees resigned to further their career via new career paths. The Board's organisational structure and size are such that upward mobility is limited; resignations are therefore inevitable. One employee resigned based on personal circumstances.

## Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	-
Written Warning	-
Final Written Warning	1
Dismissal	-
<b>TOTAL</b>	<b>-</b>

## Equity Target and Employment Equity Status

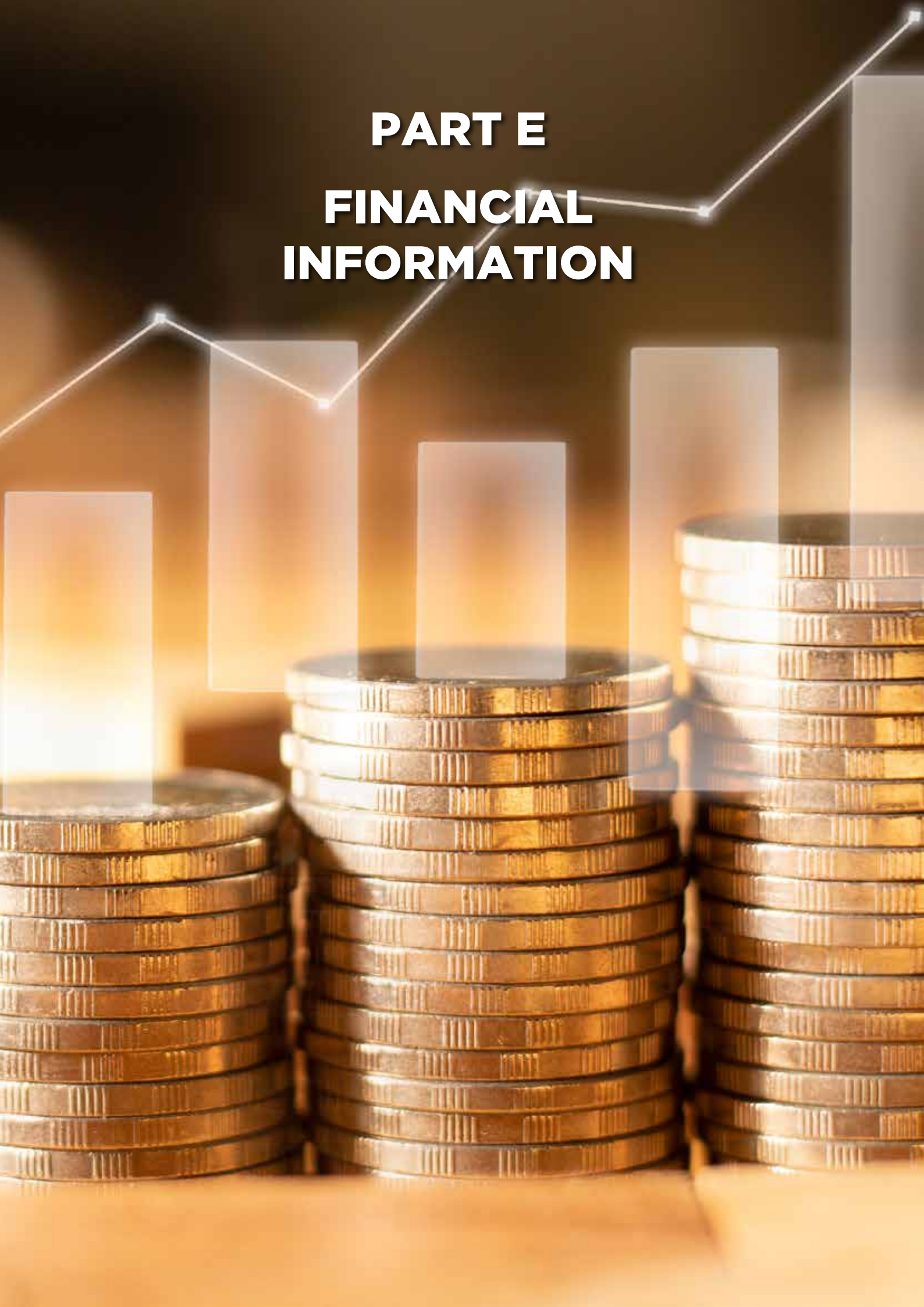
Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	1	1	-	-	-	-	-
Senior Management	-	-	2	2	-	-	-	-
Professional qualified	2	2	1	2	1	-	4	1
Skilled	5	7	11	10	-	-	2	3
Semi-skilled	3	2	1	4	-	-	1	1
Unskilled	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>10</b>	<b>12</b>	<b>16</b>	<b>18</b>	<b>1</b>	<b>0</b>	<b>7</b>	<b>5</b>

# HUMAN RESOURCE MANAGEMENT

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	12	12	-	1	-	3
Semi-skilled	2	3	7	4	1	-	2	2
Unskilled	-	-	-	-	-	-	-	-
TOTAL	7	11	23	20	1	2	4	5

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

**PART E**  
**FINANCIAL**  
**INFORMATION**



## Report of the auditor-general to 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 88 to 146, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Western Cape Gambling and Racing board as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act No. 1 of 1999 (PFMA).

#### Basis for opinion

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

#### Emphasis of matters

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

#### Restatement of corresponding figures

7. As disclosed in note 41 to the financial statements, the corresponding figures for 31 March 2021 were restated as a result of errors in the financial statements of the entity at, and for the year ended, 31 March 2022.

#### Underspending of the budget

8. As disclosed in the statement of comparison of budget and actual amounts, the entity materially underspent the budget by R10 002 022 (14%). The underspending is mainly due to the effect of Covid-19 on the operations of the entity and cost saving measures implemented.

## Responsibilities of the accounting authority for the financial statements

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

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

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

## Report on the audit of the annual performance report

### Introduction and scope

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

Programme	Page in the annual performance report
Programme 2 - licensing	38

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
17. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
  - Programme 2 – licensing

### Other matter

18. I draw attention to the matter below.

#### Achievement of planned targets

19. Refer to the annual performance report on page 38 for information on the achievement of planned targets for the year and management's explanations provided for the under achievement of targets.

## Report on the audit of compliance with legislation

### Introduction and scope

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

### Other information

22. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.
23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

### Internal control deficiencies

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

*Auditor-General*

Cape Town  
31 July 2022



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Regulating gaming industry
<b>Board members</b>	Mr DT Lakay (Term expired: 15 December 2021) Mr CA Bassuday Ms C Fani Mr RG Nicholls Mr TC Arendse Ms L Venter Mr P Voges (Appointed: 27 October 2021)
<b>Business address</b>	100 Fairway Close Parow Cape Town Republic of South Africa 7500
<b>Postal address</b>	PO Box 8175 Roggebaai 8012
<b>Bankers</b>	Nedbank
<b>Auditors</b>	Auditor General (SA)
<b>Secretary</b>	Heinrich Brink



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

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**PA Abrahams**  
**Chief Executive Officer**

# FINANCIAL INFORMATION

Western Cape Gambling and Racing Board  
Annual Financial Statements for the year ended 31 March 2022

## Statement of Financial Position as at 31 March 2022

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	3	42 789 780	26 997 794
Inventories	4	67 987	60 896
Prepayments	5	698 611	804 478
Receivables from exchange transactions	6	1 291 508	662 063
Receivables from non-exchange transactions	7	42 498 618	36 700 622
Cash and cash equivalents - Trust funds (securities)	8	18 317 883	15 901 272
Cash and cash equivalents - Trust funds (trust)	8	11 440 412	12 720 791
Cash and cash equivalents - ILSF Housing Fund	9	531 451	426 343
		<b>117 636 250</b>	<b>94 274 259</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	10	3 586 316	3 551 690
Intangible assets	11	4 969 282	4 688 680
Prepayments	5	136 792	247 102
		<b>8 692 390</b>	<b>8 487 472</b>
<b>Total Assets</b>		<b>126 328 640</b>	<b>102 761 731</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trust creditors (securities)	8	18 317 883	15 901 272
Trust creditors (probity costs)	8	9 954 302	10 222 891
Payables from exchange transactions	12	2 165 964	1 207 777
Taxes and transfers payable	13	64 242 054	60 909 562
Provisions	14	900 000	300 000
Employee Benefits	15	4 716 242	4 867 383
		<b>100 296 445</b>	<b>93 408 885</b>
<b>Non-Current Liabilities</b>			
Employee Benefits	15	4 973 000	4 268 000
<b>Total Liabilities</b>		<b>105 269 445</b>	<b>97 676 885</b>
<b>Net Assets</b>		<b>21 059 195</b>	<b>5 084 846</b>

\* See note 37

# FINANCIAL INFORMATION

Western Cape Gambling and Racing Board  
Annual Financial Statements for the year ended 31 March 2022



## Statement of Financial Performance for the year ended 31 March 2022

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Interest income	16	1 465 060	1 126 946
Operating revenue	17	47 405 381	42 004 774
Sundry income	18	237 235	101 009
<b>Total revenue from exchange transactions</b>		<b>49 107 676</b>	<b>43 232 729</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants	19	26 256 000	27 744 000
Services in-kind	20	4 332 399	5 067 522
<b>Total revenue from non-exchange transactions</b>		<b>30 588 399</b>	<b>32 811 522</b>
<b>Total revenue</b>	18	<b>79 696 075</b>	<b>76 044 251</b>
<b>Expenditure</b>			
Amortisation: Intangible assets	11	391 522	291 715
Depreciation: Property, plant and equipment	10	1 200 790	1 349 384
Elimination of illegal gambling operations		19 200	2 800
Employee related costs	21	47 606 791	46 249 891
Finance costs	15	606 000	441 271
General expenses	22	13 368 133	12 653 297
Legal fees		1 359 160	772 771
Rental expenses		259 599	264 880
Travel and subsistence		633 963	51 409
<b>Total expenditure</b>		<b>(65 445 158)</b>	<b>(62 077 418)</b>
<b>Operating surplus</b>		<b>14 250 917</b>	<b>13 966 833</b>
(Gain)/Loss on disposal of assets		7 969	(14 889)
Actuarial (gains)/losses	15	(109 782)	(105 757)
		101 813	120 646
<b>Surplus for the year</b>		<b>14 352 730</b>	<b>14 087 480</b>

\* See note 37

# FINANCIAL INFORMATION

## Statement of Changes in Net Assets

Western Cape Gambling and Racing Board  
Annual Financial Statements for the year ended 31 March 2022

Figures in Rand

	Accumulated surplus	Total net assets
<b>Balance at 01 April 2020</b>	<b>7 570 573</b>	<b>7 570 573</b>
Surplus for the year	14 087 480	14 087 480
Surplus paid to the Provincial Revenue Fund	(16 573 207)	(16 573 207)
Total changes	(2 485 727)	(2 485 727)
<b>Balance at 31 March 2021</b>	<b>5 084 846</b>	<b>5 084 846</b>
Surplus for the year	14 352 730	14 352 730
Retention of surplus funds approved: 31 March 2021	16 573 207	16 573 207
Surplus payable to the Provincial Revenue Fund: 31 March 2022	(14 951 588)	(14 951 588)
Total changes	15 974 349	15 974 349
<b>Balance at 31 March 2022</b>	<b>21 059 195</b>	<b>21 059 195</b>

# FINANCIAL INFORMATION

## Cash Flow Statement

Western Cape Gambling and Racing Board  
Annual Financial Statements for the year ended 31 March 2022



Figures in Rand	Note(s)	2022	2021 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Taxes and levies collected		780 262 439	484 480 218
Operating revenue		46 727 816	43 967 519
Government grant		26 256 000	27 744 000
Interest income		1 465 060	1 126 946
Sundry Income		237 235	101 009
		<b>854 948 550</b>	<b>557 419 692</b>
<b>Payments</b>			
Employee costs		(47 549 150)	(44 537 853)
Suppliers		(9 488 513)	(10 027 139)
Finance costs		-	(2 560)
Taxes and levies distributed		(781 110 074)	(481 823 178)
		<b>(838 147 737)</b>	<b>(536 390 730)</b>
<b>Net cash flows from operating activities</b>	27	<b>16 800 813</b>	<b>21 028 962</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(1 243 439)	(75 044)
Proceeds from sale of property, plant and equipment		54	37 892
Capitalised development IT costs	11	(672 124)	(1 176 105)
<b>Net cash flows from investing activities</b>		<b>(1 915 509)</b>	<b>(1 213 257)</b>
<b>Cash flows from financing activities</b>			
Surplus paid to the Provincial Revenue Fund		-	(13 413 532)
Net receipts and payments for trust funds		2 148 023	3 583 910
<b>Net cash flows from financing activities</b>		<b>2 148 023</b>	<b>(9 829 622)</b>
<b>Net increase in cash and cash equivalents</b>		<b>17 033 326</b>	<b>9 986 083</b>
Cash and cash equivalents at the beginning of the year		56 046 200	46 060 117
<b>Cash and cash equivalents at the end of the year</b>	3	<b>73 079 526</b>	<b>56 046 200</b>

\* See note 41

# FINANCIAL INFORMATION

Western Cape Gambling and Racing Board  
Annual Financial Statements for the year ended 31 March 2022

## Statement of Comparison of Budget and Actual Amounts

### Budget on Cash Basis

Figures in Rand

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

#### Revenue

##### Non-tax revenue

Sale of goods and services other than capital assets	38 374 883	4 116 000	<b>42 490 883</b>	46 727 816	<b>46 727 816</b>	(1)
Entity revenue other than sales	1 056 000	-	<b>1 056 000</b>	1 702 295	<b>646 295</b>	(2)
Transfers received Departmental transfers	30 372 000	(4 116 000)	<b>26 256 000</b>	26 256 000	-	
<b>Total revenue</b>	<b>69 802 883</b>	-	<b>69 802 883</b>	<b>74 686 111</b>	<b>4 883 228</b>	

#### Expenses

Compensation of employees	(47 740 398)	(945 107)	<b>(48 685 505)</b>	(47 549 150)	<b>1 136 355</b>	(3)
Goods and services	(18 931 485)	1 245 107	<b>(17 686 378)</b>	(10 336 148)	<b>7 350 230</b>	(4)
Payments for capital assets	(3 131 000)	(300 000)	<b>(3 431 000)</b>	(1 915 563)	<b>1 515 437</b>	(5)
<b>Total expenditure</b>	<b>(69 802 883)</b>	-	<b>(69 802 883)</b>	<b>(59 800 861)</b>	<b>10 002 022</b>	
<b>Surplus / (Deficit)</b>	-	-	-	<b>14 885 250</b>	<b>14 885 250</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	-	-	-	<b>14 885 250</b>	<b>14 885 250</b>	

## 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 2021 to 31 March 2022.

The budget and the accounting basis differ. The financial statements are prepared on the accrual basis using a classification on the nature of the expenses in the statement of financial performance. The financial statements differ from the budget, which is approved on the cash basis. Refer to note 35 for the reconciliation between budget and statement of financial performance.

Refer to note 36 for the differences between budget and actual amounts of preparation and presentation as well as explanations regarding the changes between approved and final adjusted budget, where applicable.

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

#### Explanations for variances:

1. It is difficult to accurately budget for the Board's own revenue as applications are based on industry demands. New licence applications received and processed exceeded industry demands. Board inspector 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 in April of each year.
2. The Minister of Finance and Economic Opportunities approved the retention of cash surplus to the amount of R16.5 million. This amount was deposited into the Board's primary bank account from September to March 2022 and earned interest which was not budgeted for. The Board also earned interest on the surplus funds deposited into an investment account until September 2021.
3. The underspending in compensation of employees is due to vacancies during the year. Recruitment takes significant time and as such, the Board was unable to fill all vacancies at year end.
4. The underspending in goods and services is due to the following: The Board is unable to accurately budget for expenditure items such as legal fees, maintenance, professional services and audit fees. The budget for these expenditure items is based on best estimates which are not always realised. Cost savings were also realized due to cost containment measures.
5. The underspending in capital assets is due to the following: Due to the ongoing COVID-19 pandemic, the Board had issues with the delivery of capital assets as most of the IT hardware is imported from abroad. Some of the procurement of these items had to be cancelled as a result of non delivery. The Board also planned further automation processes within the Board however the planning process in respect of this is still ongoing.

## 1. Presentation of Annual Financial Statements

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

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

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

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

### 1.1 Presentation currency

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

### 1.2 Going concern assumption

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

### 1.3 Significant judgements and sources of estimation uncertainty

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

#### **Receivables from exchange transactions**

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

#### **Fair value estimation**

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

#### **Provisions**

Provisions were recognised based on management's best estimate based on the information available. Contingent liabilities are disclosed on the same principle. Provisions are discounted where the time value effect is material.

#### **Property, plant and equipment and intangible assets**

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



### **Post-retirement benefits**

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

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

Other key assumptions for post retirement benefits, such as future salary increases, mortality rates and future pension increases, are based on current market conditions. Additional information is disclosed in Note 15. Due to the long term nature of the plans, there is significant uncertainty.

### **Other long term employee benefits**

The present value of other long term employee benefits 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 other long term employee benefits.

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 other long term employee benefits. In determining the appropriate discount rate, the entity considers the interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related long service awards.

Other key assumptions for long service awards, such as future salary increase, mortality rates, etc. are based on current market conditions. Additional information is disclosed in Note 15. Due to the long term nature of long service awards, there is significant uncertainty.

### **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.

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.

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

### **Current employee benefits**

Staff leave is accrued to employees according to the Board's leave policy. Provision is made for the full cost of accrued leave at the reporting date. This accrual will be realised as employees take leave or terminate employment.

### 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 - 20 Years
Equipment and furniture	Straight line	2 - 30 Years
Computers	Straight line	3 - 25 Years
Computer accessories	Straight line	2 - 25 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 31).

### 1.5 Intangible assets

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

Intangible assets shall be measured initially at cost.

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.

- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

The amortisation period and the amortisation method (useful lives and residual value) for intangible assets are reviewed at each reporting period. The change will be accounted for as a change in estimate.

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

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

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

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 11).

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

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

A financial asset is:

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

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

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

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

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

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

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

### Classification

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

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents: Trust funds (securities)	Financial asset measured at amortised cost
Cash and cash equivalents: Trust funds (trust)	Financial asset measured at amortised cost
Cash and cash equivalents: ILSF Housing Fund	Financial asset measured at amortised cost.

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

Class	Category
Payables from exchange transactions	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 at amortised cost, using the effective interest method.

### Impairment of financial assets

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

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

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

All impairment losses are recognised in surplus or deficit.

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

Reversals of impairment losses are recognised in surplus or deficit.

### De-recognition

The Board de-recognises a financial assets only when:

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

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

Any liabilities that are waived, forgiven or assumed by another entity by way of non exchange transaction, are accounted for in accordance with GRAP 23.

### Receivables from exchange transactions

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 receivables from exchange transactions are uncollectable, it is written off against the provision account for receivables from exchange transactions. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, in hand and short term fixed deposits.

## 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.

### Recognition

The entity recognises statutory receivables as follows:

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

### Initial measurement

The entity initially measures statutory receivables at their transaction amount.

### Subsequent measurement

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

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

### Accrued interest

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

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

### Impairment losses

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

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

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

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

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

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

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

**De-recognition**

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

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

Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of 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.

**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.

Where inventories are acquired through a non exchange transaction, their cost shall be measured at their fair value as at the date of acquisition.

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

Inventories are measured at the lower of cost and net realisable value where they are held for;

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

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

Redundant and slow moving inventories are identified and written down. The amount of any reversal of any write down or inventories arising from an increase in net realisable value or current replacement cost



is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

### 1.11 Impairment of cash generating assets

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

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

#### Identification

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

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

#### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

#### Reversal of impairment loss

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

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

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

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

#### Re-designation

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

## 1.12 Employee benefits

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

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

### Short-term employee benefits

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

Short term employee benefits include items such as:

- wages, salaries and social security contributions;
- short term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and 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 to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

### Post-employment benefits: Defined benefit plans

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

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

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

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

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

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

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

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

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

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

### **Actuarial assumptions**

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

### **Other long term employee benefits**

Long service awards are provided to employees who achieve certain pre determined milestones of service within the Board. The expected costs of these benefits are accrued over the period of employment. The Board's obligation in respect of this benefit is valued by independent actuaries annually and the corresponding liability is raised.

The amount recognised as a liability for long service awards is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The Board recognises the net total of the following amounts 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 right;
- 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.

The Board uses the Projected Unit Credit Method to determine the present value of its long service awards obligation and the related current service cost, and where applicable, past service cost.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs

## **1.13 Provisions and contingencies**

Provisions are recognised when:

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

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

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

Contingent assets and contingent liabilities are not recognised. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable. Contingencies are disclosed in note 34.

### 1.14 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

### 1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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 Board also collects national application fees in terms of section 28(1)(a) (b) of the National Gambling Regulations. The revenue is recognised on invoice at time of application.

**LPM Operator fees**

This represents a fee payable in terms of section 44C of the Western Cape Gambling and Racing Board (Act 4 of 1996) as amended. The revenue is recognised on invoice at the granting or renewal of an operator licence.

**1.16 Revenue from non-exchange transactions**

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

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

**Government grants**

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

**Services in-kind**

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

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

**1.17 Interest income**

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

**1.18 Accounting by principals and agents****Identification**

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

**Binding arrangement**

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

**Assessing which entity benefits from the transactions with third parties**

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

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

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

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

### **Recognition**

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

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

### **1.19 Trust funds**

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

### **1.20 Comparative figures**

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

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

### **1.21 Fruitless and wasteful expenditure**

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

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

### **1.22 Irregular expenditure**

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

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

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

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded

appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

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

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

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

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

### 1.23 Segment information

A segment is an activity of an entity:

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

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

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

### 1.24 Budget information

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

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 35.

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. A person is considered to be a close member of the family of another person if they:

- are married or live together in a relationship similar to a marriage; or
- are separated by no more than two degrees of natural or legal consanguinity or affinity.

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

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

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

### 1.26 Events after reporting date

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

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

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

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

### 1.27 Materiality

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

### 1.28 Tax and levies collection

The Western Cape Gambling and Racing Act, 1996 (Act 4 of 1996) provides for the imposition of statutory taxes and fees payable by licence holders, as well as administrative penalties for non compliance. The Board collects gambling taxes and levies on gambling transactions on behalf of the Provincial Revenue Fund and other beneficiaries. Taxes and levies are collected based on the tax arrangements as set out in the Western Cape Gambling and Racing Act. Taxes and levies collected are disclosed in Note 26 and Note 37 to the financial statements.

## 2. New standards and interpretations

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

In the current year, there were no new standards and interpretations that are effective for the current financial year and that are relevant to the Board's operations.

### 2.2 Standards and interpretations issued, but not yet effective

The Guideline for Accounting for Landfill Sites has been approved but is not yet effective as the Minister of Finance has not yet determined an effective date. This guideline is not applicable to the Board as no such transactions are expected in the foreseeable future.

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### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances

42 789 780

26 997 794

The Board's bank balances are held at Nedbank. The interest rate for funds held in the primary bank account is 3.65% as at 31 March 2022.

The bank balance of R42 789 780 include an amount of R16 573 207 which represent the cash surplus which was approved for retention by the Provincial Treasury. The cash surplus is to assist the Board to fund its accommodation needs when the current lease agreement comes to an end.

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

Trust funds (securities) - Refer to Note 8

18 317 883

15 901 272

Trust funds (trusts) - Refer to Note 8

11 440 412

12 720 791

ILSF Housing Fund - Refer to Note 9

531 451

426 343

Cash and cash equivalents (as per above)

42 789 780

26 997 794

**73 079 526**

**56 046 200**

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

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

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

### 4. Inventories

Stationery and computer consumables on hand

67 987

60 896

Inventories recognised as an expense during the year

45 567

72 717

There were no write-downs or reversal of write-down of inventories to net realizable value for the year under review. No inventory was pledged as security for liabilities.

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### 5. Prepayments

Annual licence fees: software	739 755	1 020 250
Membership fees	12 122	5 831
Subscription fees	22 064	25 279
Travel and accommodation	61 241	-
TV Licence fees	221	220
	<b>835 403</b>	<b>1 051 580</b>

#### As disclosed in the statement of financial position

Current assets	698 611	804 478
Non-current assets	136 792	247 102
	<b>835 403</b>	<b>1 051 580</b>

### 6. Trade and other receivables

Amounts due in respect of regulation operations	1 258 931	592 471
Amounts due in respect of other activities	32 577	69 592
	<b>1 291 508</b>	<b>662 063</b>

#### Statutory receivables included in receivables from exchange transactions are as follows:

Licence application fees	82 746	84 138
Board Inspector's Charge out fees	583 717	148 945
Investigation fees	558 740	355 347
	<b>1 225 203</b>	<b>588 430</b>

#### Financial asset receivables included in receivables from exchange transactions above

	<b>66 305</b>	<b>73 633</b>
<b>Total receivables</b>	<b>1 291 508</b>	<b>662 063</b>

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

##### 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, 2021

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## 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:** 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, 2021.

### Interest or other charges levied/charged

No interest was levied/charged for statutory receivables for the year under review.

### Discount rate applied to the estimated future cash flows

Statutory receivables are not discounted.

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

#### Significant impairment losses recognised or reversed

There were no impairment losses recognised or reversed for the year under review (2021: nil).

#### Other impairment losses recognised or reversed

There were no other impairment losses recognised or reversed for the year under review (2021: nil).

### 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 2022, statutory receivables of R59 031 (2021: R122 732) were past due but not impaired. These relate to existing licence holders with no defaults in the past. All amounts were subsequently recovered.

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

31 - 60 days past due	38 926	122 732
61 - 90 days past due	18 805	-
91 and over past due	1 300	-
	<b>59 031</b>	<b>122 732</b>

### 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	66 305	73 633
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Group 1 - new customer (less 6 months).

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

### Trade and other receivables neither past due nor impaired

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

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### 7. Receivables from non exchange transactions

Statutory Receivables from non-exchange transactions	42 498 618	36 700 622
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**Statutory receivables included in receivables from non exchange transactions above are as follows:**

<b>Annual Licence Fees</b>	136 981	120 061
Gambling Taxes	42 330 437	36 580 561
Penalties	31 200	-
	<b>42 498 618</b>	<b>36 700 622</b>

**Financial asset receivables included in receivables from non exchange transactions above**

	-	-
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**Total receivables from non exchange transactions**

	42 498 618	36 700 622
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#### Statutory receivables general information

##### Transaction(s) arising from statute

**Annual licence fees:** In terms of section 44(2) of the Act, the prescribed annual licence 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

**Annual licence fees:** Annual 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, 2021.

**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.

##### Interest or other charges levied/charged

No interest was levied/charged for statutory receivables for the year under review.

##### Discount rate applied to the estimated future cash flows

Statutory receivables are not discounted.

##### Statutory receivables past due but not impaired

Statutory receivables outstanding for more than 30 days are considered as past due but not impaired. As 31 March 2022, there were no statutory receivables outstanding for more than 30 days (2021: Nil).

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### 8. Trust Funds

Trust funds (securities)	18 317 883	15 901 272
Trust funds (trusts)	11 213 675	11 567 873
<b>Total</b>	<b>29 531 558</b>	<b>27 469 145</b>
<b>Add: Amount (payable) / receivable to/from current account</b>		
Trusts	226 737	1 152 918
	<b>29 758 295</b>	<b>28 622 063</b>

#### Currently disclosed in the financial statements

##### Current assets

Trust funds (securities) - Refer to Note 3	18 317 883	15 901 272
Trust funds (trust) - Refer to Note 3	11 440 412	12 720 791
<b>Total</b>	<b>29 758 295</b>	<b>28 622 063</b>

##### Current liabilities

Trust creditors (securities)	18 317 883	15 901 272
Trust creditors (probity costs)	9 954 302	10 222 891
<b>Total</b>	<b>28 272 185</b>	<b>26 124 163</b>

Variance: trust assets and trust liabilities	1 486 110	2 497 900
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The variance as indicated above is due to the settlement of outstanding amounts payable by licence holders from monies held in trust for respective licence holders as at 31 March each year.

### 9. Cash and cash equivalents - Individual-Linked Savings Facility

ILSF Housing Fund	531 451	426 343
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The individual linked savings facility is established in terms of clauses 4.5.6.3 and 4.5.6.4 of the Public Service Co-ordinating Bargaining Council Resolution 7 of 2016.

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

Refer to Note 3 - Cash and cash equivalents.



Figures in Rand

## 10. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Motor vehicles	1 772 406	(1 148 035)	624 371	1 772 406	(835 406)	937 000
Equipment & furniture	3 563 352	(2 086 001)	1 477 351	3 512 816	(1 693 811)	1 819 005
Computers	4 463 670	(3 088 901)	1 374 769	3 806 021	(3 092 910)	713 111
Computer accessories	886 966	(777 141)	109 825	840 683	(758 109)	82 574
<b>Total</b>	<b>10 686 394</b>	<b>(7 100 078)</b>	<b>3 586 316</b>	<b>9 931 926</b>	<b>(6 380 236)</b>	<b>3 551 690</b>

### Reconciliation of property, plant and equipment: 2022

	Opening balance	Additions	Disposals	Depreciation	Total
Motor vehicles	937 000	-	-	(312 629)	624 371
Equipment & furniture	1 819 005	66 661	(3 346)	(404 969)	1 477 351
Computers	713 111	1 116 335	(2 349)	(452 328)	1 374 769
Computer accessories	82 574	60 443	(2 328)	(30 864)	109 825
	<b>3 551 690</b>	<b>1 243 439</b>	<b>(8 023)</b>	<b>(1 200 790)</b>	<b>3 586 316</b>

### Reconciliation of property, plant and equipment: 2021

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

#### Pledged as security

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

#### Restricted title

As at 31 March 2022, the Board did not have property, plant and equipment whose title is restricted.

#### Compensation received for losses on property, plant and equipment - included in operating profit.

The Board did not receive any compensation from third parties for items of property, plant and equipment that were impaired, lost or given up.

#### Other information

Refer to Note 30 for capital commitments in respect of property, plant and equipment.

#### Property, plant and equipment in the process of being constructed or developed

For the year under review, the Board did not have property, plant and equipment which is in the process of being constructed or developed.

#### Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to maintain property, plant and equipment is disclosed in note 31 to the financial statements.

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### 11. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	111 437	(84 490)	26 947	111 437	(73 608)	37 829
Internally generated computer software	5 738 574	(796 239)	4 942 335	4 896 824	(415 599)	4 481 226
Intangible assets under development	-	-	-	169 625	-	169 625
<b>Total</b>	<b>5 850 011</b>	<b>(880 729)</b>	<b>4 969 282</b>	<b>5 177 886</b>	<b>(489 207)</b>	<b>4 688 680</b>

#### Reconciliation of intangible assets - 2022

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	37 829	-	-	(10 882)	<b>26 947</b>
Internally generated computer software	4 481 226	841 749	-	(380 640)	4 942 335
Intangible assets under development	169 625	672 124	(841 749)	-	-
<b>Total</b>	<b>4 688 680</b>	<b>1 513 873</b>	<b>(841 749)</b>	<b>(391 522)</b>	<b>4 969 282</b>

#### Reconciliation of intangible assets - 2021

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

**2022**

**2021**

#### Intangible assets in the process of being constructed or developed

##### Cumulative expenditure recognised in the carrying value of Intangible assets

Computer software, internally generated	-	169 625
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### 11. Intangible assets (continued)

The Licensing Automation Project was completed in September 2021 and therefore all development costs have been transferred to the cost of the project.

As at 31 March 2022, the Board had no intangible assets which are in the process of being developed.

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

#### Restricted title

As at 31 March 2022, the Board did not have intangible assets whose title is restricted.

#### Other information

As at 31 March 2022, the Board did not have any contractual commitments for the acquisition of intangible assets.

#### Material individual intangible asset

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

The carrying value of the capitalised development costs for the Licensing Automation Project amounted to R 4 942 335 as at 31 March 2022.

The remaining amortization period of the Licensing Automation Project is 12 years.

### 12. Payables from exchange transactions

Accounts payable

2 165 964

1 207 777

### 13. Taxes and transfers payable (non-exchange)

Provincial Revenue Fund (see note 25)

63 865 841

60 031 134

Kenilworth Racing (Betting Levy)

376 213

878 428

**64 242 054**

**60 909 562**

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### 14. Provisions

#### Reconciliation of provisions - 2022

	Opening Balance	Additions	Total
Legal proceedings	300 000	600 000	900 000

#### Reconciliation of provisions - 2021

	Opening Balance	Additions	Total
Legal proceedings	-	300 000	300 000

#### Legal proceedings provision

A licence holder issued papers on 23 January 2020, for the review and setting aside of the Board's decision, taken on 10 October 2019, that dismissed the Applicant's appeal against the decision in relation to a dispute pertaining the pay out of winnings. The matter was heard on 10 November 2020 and judgement was delivered on 22 February 2021. The Court reviewed and set aside the decision of the Board and replaced it with a decision of dismissing the patron's claim for payment against the defendant. Cost was awarded in favour of the Applicant. The cost estimate for the applicant's legal fees is R300 000. The amount of R300 000 is based on the Board's average costs incurred in a High Court matter. The Board awaits the Bill of Cost to be set down for taxation.

Three licence holders commenced review proceedings on 22 November 2017. The Applicants applied to the Western Cape High Court, Cape Town for the review, setting aside and declaring unlawful and invalid the Board's decision to impose BBBEE conditions of licence on the Applicants as licence holders. Further, that the Court award costs against any party opposing the Application. Judgement was delivered on 11 December 2019, in favour of the Board. The licence holders applied for Leave to Appeal to the Supreme Court of Appeal, on 30 January 2020. The Applicant's leave to appeal was granted on 15 December 2020. The matter was argued before the Supreme Court of Appeal on 24 May 2022. Judgement was delivered on 24 June 2022. The Appeal was upheld with cost and the order of the Court a quo was set aside. The cost estimate for the applicants' legal fees is R600 000.

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## 15. Employee benefit obligations

### Employee Benefits

Current Liabilities	4 716 242	4 867 383
Non-Current Liabilities	4 973 000	4 268 000
	<b>9 689 242</b>	<b>9 135 383</b>

### Current Liabilities - Employee Benefits

Accrual for leave pay	3 464 232	3 670 226
Accrual for bonus	584 559	580 814
Subtotal	4 048 791	4 251 040
Current portion of Post Retirement Medical Aid	77 000	37 000
Current portion of Long Service Awards	59 000	153 000
ILSF: Housing allowance	531 451	426 343
	<b>4 716 242</b>	<b>4 867 383</b>

The COVID-19 pandemic delayed the taking of leave which resulted in a significant leave accrual as at 31 March each year. Employees who do not take their leave by 30 June 2022, will forfeit their leave.

### Non-Current Employee Benefits

Long Service Awards	828 000	823 000
Post-Retirement Medical Aid	4 281 000	3 635 000
Subtotal	5 109 000	4 458 000
Less: Current Liability	(136 000)	(190 000)
	<b>4 973 000</b>	<b>4 268 000</b>

### Long service awards

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

The table below sets out the Long Service Award policy:

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

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## 15. Employee benefit obligations (continued)

### Valuation of assets

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

### Post-retirement medical aid plan

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

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

The subsidy as at 1 April 2022 was R3 248 per month (R3 052 per month on 1 April 2021) and is expected to increase by 8.63% on 1 January 2023.

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

Opening balance	4 458 000	3 893 128
Net expense recognised in the statement of financial performance	651 000	564 872
<b>The amounts recognised in the statement of financial position</b>	<b>5 109 000</b>	<b>4 458 000</b>

### Accrued Liability

#### Long Service Award

Current liability	59 000	153 000
Non-current liability	769 000	670 000

#### Post-Retirement Medical Aid

Current liability	77 000	37 000
Non-current liability	4 204 000	3 598 000
	<b>5 109 000</b>	<b>4 458 000</b>

### Net expense recognised in the statement of financial performance

Current service cost: Long Service Awards*	(10 218)	15 617
Current service cost: Medical Aid Benefit*	165 000	216 301
Interest cost: Long Service Awards	57 000	66 793
Interest cost: Medical Aid Benefit	549 000	371 918
Actuarial loss/(gain): Long Service Awards	(41 782)	(43 692)
Actuarial loss/(gain): Medical Aid Benefit	(68 000)	(62 065)
	<b>651 000</b>	<b>564 872</b>

\*These items are included in the information disclosed in Note 21 to the financial statements.

## 15. Employee benefit obligations (continued)

### Key assumptions used

Assumptions used at the reporting date:

Long Service Awards	31 March 2022	31 March 2021
Discount rate	6.18%	6.83%
CPI (Consumer Price Inflation)	4.92%	4.26%
Normal Salary Increase Rate	5.92%	5.26%
Net Effective Discount Rate	0.25%	1.49%
Pre retirement mortality	SA 85 90 (light)	SA 85 90 (light)

Post-Retirement Medical Aid	31 March 2022	31 March 2021
Discount rate	11.84%	14.36%
Medical CPI (Consumer Price Inflation)	7.63%	9.90%
Medical Aid Contribution Inflation	8.63%	10.90%
Net Effective Discount Rate	2.96%	3.12%

Demographic Assumptions	31 March 2022	31 March 2021
Pre-retirement Mortality	SA 85 90 (light)	SA 85 90 (light)
Post-retirement Mortality	PA (90) rated down 2 years and 1% annual improvement from 2006	PA (90) rated down 2 years and 1% annual improvement from 2006 (PRMA)
Average retirement age	65	65
Proportion with spouse dependent at retirement	85%	85%
Continuation of membership at retirement	80%	80%

## 15. Employee benefit obligations (continued)

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

Discount Rate	GRAP 25 defines the determination of the Discount Rate assumption to be used as follows: The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.
Normal Salary Inflation Rate	The underlying future rate of consumer price index inflation (CPI inflation) was derived from the relationship between the (yield curve based) Conventional Bond Rate and the (yield curve based) Inflation linked Bond rate for the time period indicated by the valuation's implied duration. The assumed rate of salary inflation was set as the assumed value of CPI plus 1%.
Medical Aid Inflation	<p>The Medical Aid Contribution Inflation rate was set with reference to the past relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period.</p> <p>South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year. These increases are not considered to be sustainable and it was assumed that medical aid contribution increases would out strip general inflation by 1% per annum over the foreseeable future.</p>
Average Retirement Age	The average retirement age for all active employees was assumed to be 65 years. This assumption implicitly allows for ill health and early retirements.
Mortality Rates	Mortality before retirement has been based on the SA 85 90 mortality tables. These are the most commonly used tables in the industry. Mortality post employment (for pensioners) has been based on the PA (90) ultimate mortality tables. No explicit assumption was made about additional mortality or health care costs due to AIDS.

### Promotional Salary Increase Rates

The following promotional salary increases were assumed:

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



## 15. Employee benefit obligations (continued)

### Withdrawal Decrements: Long Service Awards

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

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

### Withdrawal Decrements: Post-Retirement Medical Aid

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

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

### Early Retirement: Long Service Awards

The assumed rates of early retirement is set out below:

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

### Sensitivity Analysis

The results of the valuation are dependent on the assumptions used. The tables below outline firstly how the accrued liability as at 31 March 2022 is impacted by changes in the assumptions and secondly how the income statement expenses (interest and service cost) are impacted by changes in assumptions.

## 15. Employee benefit obligations (continued)

### Post-Retirement Medical Aid

#### Mortality Rate

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

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

	-20% Mortality Rate	Valuation Assumption	+20% Mortality Rate
Total Accrued Liability	R 4 659 000	R 4 281 000	R 3 963 000
Interest Cost	R 572 000	R 524 000	R 484 000
Service Cost	R 244 000	R 221 000	R 201 000

#### Medical aid inflation

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

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

	-1% Medical Aid inflation	Valuation Assumption	+1% Medical Aid inflation
Total Accrued Liability	R 3 976 000	R 4 281 000	R 4 498 000
Interest Cost	R 486 000	R 524 000	R 551 000
Service Cost	R 202 000	R 221 000	R 233 000

### Long Service Awards

#### Withdrawal rate

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

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

	-20% Withdrawal Rate	Valuation Assumption	+20% Withdrawal Rate
Total Accrued Liability	R 857 000	R 828 000	R 800 000
Current Service Cost	R 90 000	R 86 000	R 83 000
Interest Cost	R 52 000	R 50 000	R 49 000

## 15. Employee benefit obligations (continued)

### Normal salary inflation

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

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

	1% Normal salary inflation	Valuation Assumption	+1% Normal salary inflation
Total Accrued Liability	R 818 000	R 828 000	R 837 000
Current Service Cost	R 85 000	R 86 000	R 88 000
Interest Cost	R 50 000	R 50 000	R 51 000

### Post-retirement benefit plan

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

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

The total cost charged to income of R4 530 166 (2021: R4 327 395) represents contributions payable to the fund as specified in the rules of the fund (as disclosed Note 21 to the financial statements).

### Other disclosures

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

	2022	2021	2020	2019	2018
Defined benefit obligation	5 109 000	4 458 000	3 893 128	3 758 000	3 783 000
Experience adjustments on plan liabilities	(109 782)	(105 757)	(531 771)	(559 000)	120 000
Experience adjustments on plan assets	(311 782)	(250 426)	1 530 521	(8 000)	25 000

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## 16. Interest income

### Interest revenue

	2022	2021
Bank	1 320 156	846 878
Other Financial Institutions	144 904	280 068
	<b>1 465 060</b>	<b>1 126 946</b>

## 17. Operating Revenue

Board Inspector Charge Out Fees	7 948 369	6 109 255
Investigation Fees	33 008 197	32 850 389
Licence application fees	3 448 815	3 045 130
Limited Pay-out Machine Operator Fees	3 000 000	-
	<b>47 405 381</b>	<b>42 004 774</b>

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### 18. Sundry Income

Other miscellaneous income

237 235

101 009

#### Miscellaneous income

Miscellaneous income represents mostly withdrawals from the Individual Linked Savings Account (ILSF) and refunds in respect of study fees, Skills Development Levies, employees' taxes and legal fees.

### 19. Government Grant

Provincial Revenue Fund

26 256 000

27 744 000

The grant is to assist in funding the loss of the Casino Exclusivity Fee and had no conditions attached to it. The grant is recognised in surplus/deficit on receipt thereof.

### 20. Services in-kind

Services in-kind benefit revenue

4 332 399

5 067 522

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

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

The Board recognises the corresponding amount as an expense for the consumption of services in kind as disclosed in Note 22 to the financial statements.

### 21. Employee related costs

Basic salary

34 717 076

33 530 419

Bonus

2 499 132

2 412 647

Medical aid company contributions

2 770 190

2 724 359

UIF

144 805

122 519

Leave pay

675 752

2 019 036

Non pensionable cash allowance

1 207 018

-

Defined contribution plans

4 530 166

4 327 395

Car allowances

23 230

25 770

Overtime payments

1 133

-

Long service awards

104 000

98 281

Acting allowances

34 674

61 521

Housing benefits and allowances

899 615

927 944

47 606 791

46 249 891

#### Remuneration of executive management

The emoluments of the executive management, as disclosed in Note 23 to the financial statements, are included in the employee related costs as disclosed in this note.

#### Remuneration of Board Members

Fees paid to the members of the Board, as disclosed in Note 23 to the financial statements, are included in the employee related costs as disclosed in this note.

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### 22. Other expenses

	<b>2022</b>	<b>2021</b>
Advertising	112 083	250
Auditors remuneration	2 317 976	1 758 820
Bank charges	16 219	13 050
Cleaning	309 947	323 328
Computer software annual licences	1 839 685	2 142 874
Conferences and membership fees	207 766	98 370
Consulting and professional fees	1 011 063	498 888
Consumables	66 579	70 818
Entertainment	24 652	1 201
Insurance	323 442	325 741
Levies	424 285	273 681
Postage	2 703	1 965
Printing and stationery	148 012	217 826
Recruitment costs	65 171	126 679
Rental of equipment	227 457	243 357
Repairs and maintenance (see note 31)	277 204	286 495
Responsible Gambling Awareness	206 995	2 022
Security services	32 334	211 962
Services in kind (see note 20)	4 332 399	5 067 522
Services: Translations/Subscriptions/Transcriptions	144 163	101 603
Staff welfare	51 525	69 413
Telephone and communications	641 083	579 789
Staff development and training	585 390	237 643
	<b>13 368 133</b>	<b>12 653 297</b>

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### 23. Emoluments

#### Executive

##### 2022

	Emoluments	Retirement Fund	Bonus	Other	Total
Chief Executive Officer	1 316 128	73 301	79 976	28 140	1 497 545
Manager: Legal services	1 135 581	62 873	68 599	53 400	1 320 453
HOD: Admin & Finance	1 008 069	55 813	61 121	43 818	1 168 821
HOD: Licensing	1 318 614	62 873	68 599	66 623	1 516 709
HOD: Compliance	1 135 581	62 873	80 032	86 459	1 364 945
HOD: Information Technology	1 038 537	57 500	62 736	20 340	1 179 113
Manager: Human Resources	804 202	44 526	48 581	20 340	917 649
	<b>7 756 712</b>	<b>419 759</b>	<b>469 644</b>	<b>319 120</b>	<b>8 965 235</b>

\*Other benefits comprise of leave paid out and cash allowances.

##### 2021

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

#### Board members

##### 2022

	Members' fees	Other fees	Total
Mr DT Lakay	224 919	1 190	226 109
Mr CA Bassuday	181 268	2 248	183 516
Ms C Fani	144 336	600	144 936
Mr RG Nicholls	142 117	1 386	143 503
Mr TC Arendse	184 247	459	184 706
Ms L Venter	162 760	2 492	165 252
Dr P Voges (See note 1 below)	-	212	212
	<b>1 039 647</b>	<b>8 587</b>	<b>1 048 234</b>

#### Note 1

*Dr. P Voges is an employee of the Provincial Government of the Western Cape and is therefore not entitled to additional remuneration as a Board Member of the Western Cape Gambling and Racing Board.*

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## 23. Emoluments (continued)

### Board members

#### 2021

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

2022

2021

## 24. Operating leases

### Minimum lease payments due

- within one year	52 343	99 716
- in second to fifth year inclusive	20 951	71 235
<b>Present value of minimum lease payments</b>	<b>73 294</b>	<b>170 951</b>

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

## 25. Related parties

### Relationships

Executive Authority Western Cape Provincial Treasury: Mr D Maynier	No direct transactions
Western Cape Provincial Head Official: Mr D Savage	No direct transactions
Provincial Revenue Fund	Government grant as disclosed in Note 19.
Western Cape Provincial Treasury	Taxes and levies as disclosed in Note 26.
Non Executive Members of the Board	Fees for attendance of meetings as disclosed in Note 23.
Executive Management of the Board	Remuneration of Executive Management as disclosed in Note 23.
The Department of Transport and Public Works	The Board occupies a building at no cost managed by the Department of Public Works as disclosed in Note 20.
Department of the Premier	The Board has access to corporate services free of charge from the Department of the Premier. The Board did not utilise any corporate services from the Department of the Premier for the year under review.

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## 25. Related parties (continued)

### Related party balances

#### Amounts payable to related parties

Western Cape Provincial Treasury (see note 13)	48 914 253	43 457 927
Provincial Revenue Fund - Cash Surplus (see note 13)	14 951 588	16 573 207

Amounts payable to Provincial Treasury relate to taxes and levies payable as at 31 March each year. Payments in respect of taxes and levies are paid to the Provincial Treasury as Provincial Treasury is a conduit for the taxes and levies collected by the Board to the Provincial Revenue Fund.

#### Amounts included in Trade receivables regarding related parties

Western Cape Provincial Treasury (See note 37)	42 478 399	36 301 338
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Amounts due to the Board on 31 March 2022 included Annual Licence Fees, Gambling Taxes and Penalties, which is payable to the Provincial Revenue Fund.

### Key management information

Class	Description	Number
Non-executive Board Members	The Board consist of Members appointed on a part time basis by the Executive Council.	Six (6) Members were appointed to the Board as at 31 March 2022.
Executive management	The Executive Committee consist of the Chief Executive Officer, the Head of Departments of the Licensing, Regulatory Compliance, Administration and Finance and ICT as well as the Legal and Human Resources Managers.	Seven (7) Senior Managers were appointed to the Executive Committee as at 31 March 2022.

## 26. Taxes and levies collected during the year

### Provincial taxes

Casino	280 224 604	173 574 965
Horse Racing and Betting	370 916 322	230 127 374
Limited Pay Out Machines	125 589 575	77 463 014
	<b>776 730 501</b>	<b>481 165 353</b>

### Levies

Casino	2 183 329	2 075 742
Horse Racing and Betting	331 082	336 172
Limited Pay Out Machines	931 576	885 138
	<b>3 445 987</b>	<b>3 297 052</b>

### Interest, fines and penalties

Casino	15 000	-
Horse Racing and Betting	70 951	17 813
	<b>85 951</b>	<b>17 813</b>

### Total collected

	<b>780 262 439</b>	<b>484 480 218</b>
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## 26. Taxes and levies collected during the year (continued)

### Distributable to:

Provincial Revenue Fund	758 888 673	461 847 287
South African Responsible Gambling Foundation	-	61 350
Kenilworth Racing	21 373 766	22 571 581
	<b>780 262 439</b>	<b>484 480 218</b>

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

The Board is party to a principal agent arrangement with the Provincial Revenue Fund. Information regarding this agreement is disclosed in Note 37 to the financial statements.

## 27. Cash generated from operations

Surplus	14 352 730	14 087 480
<b>Adjustments for:</b>		
Depreciation - tangible assets	1 200 790	1 349 384
Amortisation - intangible assets	391 522	291 715
Movements in provisions	600 000	300 000
Loss/(Gain) on sale of assets	7 969	(14 889)
<b>Changes in working capital:</b>		
Inventories	(7 091)	873
Receivables	(677 565)	1 962 745
Prepayments	216 177	328 061
Payables	162 422	678 601
Employee benefits	553 859	2 044 992
	<b>16 800 813</b>	<b>21 028 962</b>

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## 28. Risk management

### Financial risk management

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

### Liquidity risk

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

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 2022, 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:

Payables from exchange transactions	2 050 392	1 193 899
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### Credit risk management

Credit risk is managed on a group basis.

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

Receivables from exchange transactions 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 receivables from exchange transactions, which do not represent statutory receivables, amounts to R66 305 (2021: R73 633) at year end. The Board holds no specific collateral for this balance. Management considers the amount of R66 305 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 2022, management did not consider there to be any significant concentration of risk which had not been adequately provided for.

Refer to Note 6 to the financial statements where an analysis of the age of financial statements that are past due but not impaired, is disclosed.

Financial assets exposed to credit risk at 31 March end were as follows:

Cash and cash equivalents	42 789 780	26 997 794
Receivables from exchange transactions	66 305	73 633
Trust funds (securities)	18 317 883	15 901 272
Trust funds (trust)	11 440 412	12 720 791
ILSF Housing Fund	531 451	426 343

Figures in Rand

## 28. Risk management (continued)

### Interest rate management

The Board does not pay any material amounts of interest and as a consequence, the Board is not exposed to any material interest risk.

Cash funds are managed to daily operational needs and surplus funds are placed at favourable rates with reputable financial institutions in South Africa.

### Fair value of financial instruments

The carrying amounts reported in the statement of financial position for receivables from exchange transactions, cash and cash equivalents, payables from exchange transactions and other financial liabilities approximate fair value.

## 29. Financial instruments

### Categories of financial instruments

#### 2022

#### Financial assets

Cash and cash equivalents	
Receivables from exchange transactions	
Trust funds (securities)	
Trust funds (trust)	
ILSF Housing Fund	

At amortised cost	Total
42 789 780	42 789 780
66 305	66 305
18 317 883	18 317 883
11 440 412	11 440 412
531 451	531 451
<b>73 145 831</b>	<b>73 145 831</b>

#### Financial liabilities

Payables from exchange transactions	
-------------------------------------	--

2 050 392	2 050 392
-----------	-----------

#### 2021

#### Financial assets

Cash and cash equivalents	
Receivables from exchange transactions	
Trust funds (securities)	
Trust funds (trust)	
ILSF Housing Fund	

At amortised cost	Total
26 997 794	26 997 794
73 633	73 633
15 901 272	15 901 272
12 720 791	12 720 791
426 343	426 343
<b>56 119 833</b>	<b>56 119 833</b>

#### Financial liabilities

Payables from exchange transactions	
-------------------------------------	--

1 193 899	1 193 899
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### 30. Commitments

#### Authorised capital expenditure

##### Already contracted for but not provided for

Property, plant and equipment

261 248

29 999

Intangible assets

-

668 444

**261 248**

**698 443**

#### Total capital commitments

Already contracted for but not provided for

261 248

698 443

#### Authorised operational expenditure

##### Already contracted for but not provided for

ICT

1 243 405

2 528 243

Pest control services

432

3 298

Cleaning services

309 027

117 748

Internal audit services

122 882

460 633

Employee wellness

62 952

106 920

Security services

5 321

5 039

Training services

36 312

60 400

Professional services

1 043 657

17 250

Travel and accommodation

18 376

-

Rental of equipment

255 044

-

Responsible gambling awareness

58 523

-

**3 155 931**

**3 299 531**

#### Total commitments

##### Total commitments

Authorised capital expenditure

261 248

698 443

Authorised operational expenditure

3 155 931

3 299 531

**3 417 179**

**3 997 974**

Contractual operating commitments are included to provide meaningful information to users.

### 31. Repairs and maintenance

Repairs and maintenance: Building

139 429

143 597

Repairs and maintenance: Equipment

97 588

128 337

Repairs and maintenance: Vehicles

40 187

14 561

**277 204**

**286 495**

Refer to Note 22 to the financial statements where repairs and maintenance has been disclosed.

### 32. 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 has considered the definition of a segment in terms of GRAP 18 to consider whether segments exist.

In terms of par 5 of GRAP 18, a segment is defined “as an activity of an entity that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity) and 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 and Regulatory Compliance 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 Regulatory Compliance with support service departments bearing the cost of a general nature. Accordingly, data is not analysed for allocation to individual departments.

### 33. Events after the reporting date

The national state of disaster has been extended until 4 April 2022. The Board has determined that the national disaster is a non-adjusting subsequent event. Accordingly, the financial position and financial performance as of and for the year ended 31 March 2022 have not been adjusted to reflect the impact of COVID-19. The National State of Disaster has been lifted as from 5 April 2022.

Judgement in respect of one litigation matter was delivered on 24 June 2022. Cost was awarded against the Board. On submission of the financial statements this matter was disclosed as a contingent liability. The contingent liability was subsequently removed and a provision in terms of GRAP 19 was recognised. Disclosure in respect of Provisions is made in Note 14 to the financial statements.

### 34. Contingencies

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 Applicants were granted leave to Appeal to the SCA against the whole judgment and the order was made by the Full Court; cost of the application is to be costs in the Appeal. The Board’s Notice of Appeal was filed at the SCA on 28 October 2021. The Board’s Heads of Argument was filed on 6 April 2022. The matter is still ongoing. The Board and the Applicants agreed that each party will be liable for their own legal costs in the review application. The Court will therefore not impute liability on the Board to pay the costs of the other Applicants should they succeed and vice versa.

Interdict proceedings were launched on 25 March 2019. The Applicant seeks an Interdict, directing that the Board refrains from implementing its decision to allocate the remaining 1000 LPMs to the existing two Route Operators proportionately, pending the outcome of the Review Application. Furthermore, the Applicant seeks an order that the Board’s decision as aforementioned be reviewed and set aside. Further that the Board and any other opposing party pays the costs of the Applicant. The Applicant subsequently abandoned the interdict aspect of its application. Judgement was electronically handed down on 20 April 2021. The review application was successful and granted in favour of the Applicants, with costs awarded against the Respondents that opposed the application. The Board resolved to appeal the judgement. The Board’s attorneys filed a Notice to Oppose the Application for Leave to Cross Appeal. The Board’s Answering Affidavit in the Section 18(3) Application was filed on 11 June 2021. The Board’s Application for Leave to Appeal, the Applicant’s Cross Appeal and Section 18(3) Application was heard on 25 November 2021, where judgement was reserved. Should the Board not be successful in these proceedings, the likely estimate for the applicant’s legal costs is R300 000.

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### 35. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus per the statement of financial performance	14 352 730	14 087 480
<b>Adjusted for:</b>		
Depreciation: tangible assets	1 200 790	1 349 384
Amortisation: intangible assets	391 522	291 715
Services in kind revenue	4 332 399	(5 067 522)
Services in kind expense	(4 332 399)	5 067 522
Loss/(Gain) on the sale of assets	7 969	(14 889)
Movement in inventories	(7 091)	873
Movement in receivables	(677 565)	1 962 745
Movement in prepayments	216 177	328 061
Movement in payables	162 422	678 601
Movement in employee benefits	553 859	2 044 992
Movement in provisions	600 000	300 000
<b>Net surplus per approved budget</b>	<b>16 800 813</b>	<b>21 028 962</b>

## 36. Budget differences

### Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting bases differ. 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. Refer to the Statement of Comparison of Budget and Actual Amounts where the amounts based on the comparable basis (cash) have been disclosed.

The amounts of these adjustments are identified in the table below.

	Actual (accrual basis)	Adjust- ments	Adjusted to comparable basis (cash)	Notes on adjustments
Sale of goods and services other than capital assets	47 405 381	(677 565)	46 727 816	Movement in accounts receivable
Entity revenue other than sales	6 034 694	(4 332 399)	1 702 295	Non cash item
Departmental transfers	26 256 000	-	26 256 000	
<b>Total revenue</b>	<b>79 696 075</b>	<b>(5 009 964)</b>	<b>74 686 111</b>	
Compensation of employees	(47 606 791)	57 641	(47 549 150)	
Goods and services	(17 736 554)	7 400 406	(10 336 148)	Accruals, movement in inventories and pre-payments, non cash items
<b>Total expenditure</b>	<b>(65 343 345)</b>	<b>7 458 047</b>	<b>(57 885 298)</b>	
<b>Net operating surplus/(deficit)</b>	<b>14 352 730</b>	<b>2 448 083</b>	<b>16 800 813</b>	
Payment for capital assets	(1 915 563)	-	(1 915 563)	
<b>Net Surplus/(Deficit)</b>	<b>12 437 167</b>	<b>2 448 083</b>	<b>14 885 250</b>	

### Changes from the approved budget to the final budget

#### Sale of goods and services other than capital assets

The Board's own budgeted revenue has increased with an amount of R4 116 000 due to the following reasons:

- Increase of 3.3% to statutory fees approved subsequent to the Budget Approval process to the amount of R1.1 million.
- Collection of R3 million in respect of LPM Operator Fees which was not included in the original budget.

#### Departmental transfers (government grant)

The government grant was decreased with the amount of R4 116 000 based on the increase of the Board's own revenue.

#### Compensation of employees

The budget for compensation of employees increased with R945 107. The increase is as a result of the implementation of the 2021 Wage Agreement which was not budgeted for.

#### Goods and services

The budget for goods and services was decreased with an amount of R1 245 107. The decrease in the budget of goods and services was to fund the implementation of the 2021 Wage Agreement as well as a further virement from operating expenditure to capital expenditure to the amount of R300 000.

#### Payments for capital assets

The budget for capital assets increased with an amount of R300 000 as additional funding was required for computer equipment.



Figures in Rand

2022

2021

### 37. Accounting by principals and agents

The Board is a party to a principal agent arrangement.

#### Details of the arrangement is as follows:

In terms of section 12(13) of the Western Cape Gambling and Racing Act (The Act), the powers and functions of the Board shall be to collect and administer in accordance with the provisions of this Act, taxes, levies, duties and licence fees imposed by or under this Act.

In terms of section 3(1) of Part B of the Act, any amount of tax, licence fee, penalty or interest payable in terms of this Act shall, when it becomes due and payable, be a debt due to the Province and shall be recoverable for the benefit of the Provincial Revenue Fund by the Chief Executive Officer as hereinafter provided.

The Board is an agent as it collects taxes, licence fees, penalties and interest on behalf of the Provincial Revenue Fund.

The function of the Board to collect and administer taxes and levies for the benefit of the Provincial Revenue Fund is mandated by the Western Cape Gambling and Racing Act, Act 4 of 1996. No other binding arrangement exist.

There were no changes during the reporting period insofar it relates to the Board's powers and functions to collect and administer taxes, levies, duties and licence fees.

Payments in respect of taxes, licence fees and penalties are paid to the Western Cape Provincial Treasury as Provincial Treasury is a conduit for the taxes and other revenue collected by the Board to the Provincial Revenue Fund.

#### Entity as agent

##### Resources held on behalf of the principal(s), but recognised in the entity's own financial statements

Certain amounts included in Trade and other Receivables are fees payable to the Provincial Revenue Fund. Refer to the table below for detail:

Annual Licence Fees	136 981	120 061
Gambling Taxes	42 310 218	36 181 277
Penalties	31 200	-
	<b>42 478 399</b>	<b>36 301 338</b>

#### 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 R26 256 000 for the year under review. The grant is to assist in funding the loss of the Casino Exclusivity Fee 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

Figures in Rand

2022

2021

### 37. Accounting by principals and agents (continued)

**Categories of revenue received or to be received on behalf of the principal, are:**

Gambling Taxes  
Annual Licence Fees  
Interest, fines and penalties

**Category of expenses paid or accrued on behalf of the principal**

The Board does not, in the normal course of business, incur expenditure on behalf of the Provincial Revenue Fund.

**Amount of revenue received on behalf of the principal during the reporting period**

Gambling Taxes	755 356 735	458 595 254
Annual Licence Fees	3 445 987	3 234 220
Interest, fines and penalties	85 951	17 813
	<b>758 888 673</b>	<b>461 847 287</b>

Refer to Note 26 - Taxes and levies collected during the year for information regarding the revenue collected on behalf of the Provincial Revenue Fund.

**Payables recognised based on the rights and obligations established in the binding arrangements**

Gambling Taxes	48 584 928	43 248 630
Annual Licence Fees	236 478	192 429
Interest and penalties	92 847	16 868
	<b>48 914 253</b>	<b>43 457 927</b>

To provide meaningful information to the users of the financial statements, the different categories of payables have been included in the current year. This information was not disclosed in the prior year financial statements.

**Reconciliation of accounts payables in respect of taxes and levies**

Opening balance	43 457 927	28 566 327
Taxes and levies principal is entitled to	765 065 734	474 075 649
Taxes and levies paid to the principal	(759 609 408)	(459 184 049)
	<b>48 914 253</b>	<b>43 457 927</b>

Refer to Note 25 where amounts payable to related parties are disclosed.

**Receivables recognised based on the rights and obligations established in the binding arrangement**

**Reconciliation of the carrying amount of receivables**

Opening balance	36 301 338	24 090 468
Taxes and levies principal is entitled to	765 065 734	474 075 649
Taxes and levies received on behalf of the principal	(758 888 673)	(461 864 779)
	<b>42 478 399</b>	<b>36 301 338</b>

GRAP 109 requires the Board to recognise a receivable for taxes-to-be-collected based on the Board's function of collecting and administering taxes on behalf of the Provincial Revenue Fund. A corresponding liability has been recognised in the financial statements as these taxes are payable to the Provincial Revenue Fund.

Refer to Note 25 where resources held on behalf of the principal are disclosed.

Figures in Rand

	2022	2021
<b>38. Irregular expenditure</b>		
Opening balance as previously reported	-	2 017 351
<b>Opening balance as restated</b>	-	<b>2 017 351</b>
Less: Irregular expenditure condoned	-	(2 017 351)
<b>Irregular Expenditure awaiting condonation</b>	-	-

### 39. Fruitless and wasteful expenditure

Opening balance as previously reported	2 560	-
Add: Fruitless and wasteful expenditure identified - current	-	2 560
Less: Amount written off - prior period	(2 560)	-
<b>Closing balance</b>	-	<b>2 560</b>

### 40. B-BBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

### 41. Prior period errors and adjustments

In terms of par 79 of GRAP 1: Presentation of Financial Statements, as a minimum, the face of the statement of financial position shall include line items that present the following amounts: (j) receivables from non-exchange transactions (taxes and transfers), (k) receivables from exchange transactions, (l) taxes and transfers payable and (m) payables from exchange transactions.

As at 31 March 2021, an amount of R37 362 685 was presented as Trade and other receivables on the face of the statement of financial position. This amount included receivables from non-exchange transactions as well as receivables from exchange transactions. The correction in the current year is to comply with the disclosure requirements of GRAP 1.

Similarly, the amount of R62 117 339 was disclosed as Trade and other payables on the face of the statement of financial position on 31 March 2021. This amount included taxes and transfers payable as well as payables from exchange transactions. The correction in the current year is to comply with the disclosure requirements of GRAP 1.

During the prior year, in calculating the valuation of the Board's employee benefits liability at year end, the actuaries inadvertently accounted for 50% of the interest cost and the current service cost in the reconciliation of the present value of the liability. 100% of the interest cost and current service cost should be accounted for if the valuation is done once a year, which is the case for the Board. The correction in the current year is to rectify this error.

Commitments in the prior year inadvertently included an amount of R98 920 which was included in accounts payable at year-end. Commitments were therefore overstated with the amount of R98 920 as at 31 March 2021.

Refer to the information below for the impact of the prior year errors on the statement of financial position, statement of financial performance, cash flow statement and disclosure notes, where applicable:

## 41. Prior period errors and adjustments (continued)

Statement of financial position	As previously reported	Correction	Restated
Receivables from exchange transactions (Previously: Trade and other receivables)	37 362 685	(36 700 622)	662 063
Receivables from non-exchange transactions	-	36 700 622	36 700 622
Payables from exchange transactions (Previously: Trade and other payables)	(62 117 339)	60 909 562	(1 207 777)
Taxes and transfers payable	-	(60 909 562)	(60 909 562)
<b>Total</b>	<b>(24 754 654)</b>	<b>-</b>	<b>(24 754 654)</b>

Statement of financial performance	As previously reported	Correction	Restated
Employee related costs	46 131 519	118 372	46 249 891
Finance costs	255 312	185 959	441 271
Actuarial (gains)/losses	198 574	(304 331)	(105 757)
<b>Total</b>	<b>46 585 405</b>	<b>-</b>	<b>46 585 405</b>

Net expense recognised in the statement of financial performance (Note 15)	As previously reported	Correction	Restated
Current service cost: LSA	15 617	-	15 617
Current service cost: PRMA	97 929	118 372	216 301
Interest cost: LSA	66 793	-	66 793
Interest cost: PRMA	185 959	185 959	371 918
Actuarial loss/(gain): LSA	(43 692)	-	(43 692)
Actuarial loss/(gain): PRMA	242 266	(304 331)	(62 065)
<b>Total</b>	<b>564 872</b>	<b>-</b>	<b>564 872</b>

Employee related costs (Note 21)	As previously reported	Correction	Restated
Medical aid - company contributions	2 605 987	118 372	2 724 359

Commitments (Note 30)	As previously reported	Correction	Restated
Operational expenditure	3 398 451	(98 920)	3 299 531

## 42. 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 2022.

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 R122 132, resulting in a future decrease in net surplus of R122 132 over the next years.

To obtain additional copies of this document, please contact:

**Western Cape Gambling and Racing Board**

100 Fairway Close

Parow

7500

**Tel:** 021 480 7400

**E-mail:** [ceo@wcgrb.co.za](mailto:ceo@wcgrb.co.za)

**Website:** [www.wcgrb.co.za](http://www.wcgrb.co.za)

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