



Western Cape
Government



Western Cape Gambling and Racing Board
Annual Report 2022/23

WESTERN CAPE
GAMBLING AND RACING
BOARD

ANNUAL REPORT

2022/23

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**PART A:
GENERAL
INFORMATION**



1. BOARD GENERAL INFORMATION

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

2. LIST OF ABBREVIATIONS/ACRONYMS

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

Abbreviation/ Acronym	Description
ADFIN / Adfin	Administration and Finance
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
Board	Western Cape Gambling and Racing Board
board	Collective of Non-Executive Board Members
Capex	Capital Expenditure
CATHSSETA	Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COE	Cost of Employment
CPI	Consumer Price Index
CSI	Corporate Social Investment
Constitution	The National Constitution of the Republic of South Africa, 1996
COVID-19	Coronavirus Disease 2019
DoL	Department of Labour
DRP	Disaster Recovery Plan
DTIC	Department of Trade, Industry and Competition
DoI	Department of Infrastructure
EE	Employment Equity
EEA	Employment Equity Act
ERM	Enterprise Risk Management
EWP	Employee Well-being Programme
EXCO	Executive Committee
FIC	Financial Intelligence Centre
FICA	Financial Intelligence Centre Act, 2001
FIT	Finance, Information Technology Committee
GDP	Gross Domestic Product
GGR	Gross Gambling Revenue
GLC	Gambling Liaison Committee
GRAP	Generally Recognised Accounting Practice
HCC	Human Capital Committee
HOD	Head of Department
HR	Human Resources
HRM	Human Resource Management
ICAS	Independent Counselling and Advisory Services
ICE	International Casinos Exhibition
ICT	Information and Communication Technology
IT	Information Technology
IYM	In Year Monitoring
LSA	Long Service Award
LPM	Limited Pay-Out Machines

Abbreviation/ Acronym	Description
LRA	Labour Relations Act
MEC	Member of the Provincial Executive Council
Minister	Western Cape Minister of Finance and Economic Opportunities
MTEF	Medium Term Expenditure Framework
MTBPS	Medium Term Budget Policy Statement
NGB	National Gambling Board
NPC	Not for Profit Company
NTR	National Treasury Regulations
OD	Organisational Development
OHASA	Occupational Health and Safety Act, 1993
Opex	Operational Expenditure
PAC	Public Accounts Committee
PAIA	Promotion of Access to Information Act, 2000
PAJA	Promotion of Administrative Justice Act, 2000
PDO	Predetermined Objective
PFMA	Public Finance Management Act, 1999
PGWC	Provincial Government of the Western Cape
PLA	Provincial Licensing Authority
PI	Performance Indicator
POPI	Protection of Personal Information Act, 2013
PRMA	Post-Retirement Medical Aid
PTR	Provincial Treasury Regulations
RGC	Responsible Gambling Committee
SAPS	South African Police Services
SARGF	South African Responsible Gambling Foundation
SCA	Supreme Court of Appeal
SC	Senior Counsel
SCM	Supply Chain Management
SCFEOT	Western Cape Provincial Parliament's Standing Committee on Finance, Economic Opportunities and Tourism
SOP	Standard Operating Procedure
SR	Strategic Risk
Act	Western Cape Gambling and Racing Act, 1996
TR	Treasury Regulations
Type A LPM Site	LPM Sites with up to 5 LPMs
Type B LPM Site	LPM Sites with 6 to 20 LPMs
Type C LPM Site	LPM Sites with 21 to 40 LPMs
Type D LPM Site	Independent LPM Site Operator
UPS	Uninterrupted Power Supply
WC	Western Cape
WCDoI	Western Cape Department of Infrastructure
WCGRB	Western Cape Gambling and Racing Board
WCPT	Western Cape Provincial Treasury
Western Cape	The Province of the Western Cape
WFH	Work From Home
WSP	Work Skills Plan

3. FOREWORD BY THE CHAIRPERSON

I am pleased to present the Western Cape Gambling and Racing Board's Annual Report for the 2022/23 reporting period.

The WCGRB was incorporated with the promulgation of the Western Cape Gambling and Racing Act, Act 4 of 1996. In terms of Schedule 3C of the PFMA, the WCGRB is a provincial public entity with its parent/responsible department being the Western Cape Provincial Treasury and its responsible Minister being the Provincial Minister for Finance and Economic Opportunities.

The WCGRB's prime mandate is to regulate the gambling industry in the Western Cape. Its ancillary mandate includes contributing to the economy of the Western Cape in an innovative and socially responsible manner.

Board Members

The WCGRB is legislated to have seven non-executive members who together act as the WCGRB's Accounting Authority. The WCGRB, for the major portion of the year under review only had the quorate number of five board members.

Mr. Nicholls, an existing board member, was reappointed on 5 December 2022 for a period of 4 years after his term ended on 13 December 2022. Mr. Burton and Ms. Mvandaba were appointed effective 1 April 2023 for a period of four years.

Messrs. Bassuday and Arendse terms ended on 31 March 2023, however, their terms were extended for a period of 12 months, effective 1 April 2023. Ms. Venter's term ends on 5 November 2023, however, her term was extended for 5 months, effective 6 November 2023. These appointments effectively provide the WCGRB with seven Board Members until 31 March 2024.

Broad Outline of Activities

An amount of R 1 076 758 695 was collected in gambling taxes and levies. This is a significant increase from the gambling taxes and levies collected for the 2020/21 financial year which amounted to R 780 262 439.

However, the growth is placing an enormous strain on the Office of the Board to meet the expectations of license holders and optimally attend to the regulatory functions of the Board. The WCGRB resolved to appoint a service provider to investigate the development of an optimally functioning organisational structure for the WCGRB. This exercise seeks to optimise the ability of WCGRB to accomplish its service delivery mandate effectively and sustainably with the goal of providing an affordable, skilled, and appropriately aligned staff structure.

Concomitantly, the board recognises that opportunities for gambling and racing pose particular risks and dangers to vulnerable persons. Therefore, the WCGRB resolved to advance its approach to responsible gambling. To achieve this, the Western Cape Responsible Gambling Committee (a Committee of the Board) has replaced the Western Cape Responsible Gambling Forum. The focus has shifted from a reactive to a more proactive approach and concentrating more on responsible gambling as opposed to problem gambling.

The Board resolved to undertake a study on gambling prevalence and problem gambling incidence in the Province, to be undertaken during the 2023/24 financial year. The WCGRB has also commenced with a consultative process with the industry regarding revised or additional responsible gambling measures.

The WCGRB is pleased to report that the industry contributed R29 249 596 towards CSI programmes for the reporting period.



Mr C Bassuday, Chairperson

Furthermore, the WCGRB continued with the process for the acquisition of a suitable building to accommodate its offices and at the time of writing the transfer processes commenced.

The Board resolved that it should formalise its ethics culture and this has now been incorporated into its Code of Conduct.

The WCGRB, in ensuring the achievement of its mandate, achieved fifteen (15) out of sixteen (16) annual targets, while at the same time attempting to perform its operations in the most cost-effective manner. The Board achieved and maintained a clean audit outcome on both financial and predetermined objectives for FY2023.

Broad-Based Black Economic Empowerment

The WCGRB, as a government entity, is required to enforce the principles of B-BBEE in the industry. This is achieved through the imposition of licence conditions. The Board resolved to review its current licensing processes to ensure compliance with the SCA judgement (Tsogo Sun Caledon (Pty) Ltd and Others v Western Cape Gambling and Racing Board and Another (89/2021) [2022] ZASCA 102 (24 June 2022) and more specifically the 4-stage process when reviewing the BBBEE conditions imposed on licence holders pursuant to Section 53 of the NGA.

Medium Term Goals

In accordance with its statutory mandate, the Board will continue to regulate gambling and strive to achieve the following goals:

- Protection of society from over-stimulation of gambling;
- Protection of players, integrity, and fairness of the industry through strict control and supervision of the industry;
- The collection of taxes and levies that contribute to government revenues;
- Economic empowerment of the historically disadvantaged; and
- Promotion of economic growth, development and employment.

Acknowledgements

Finally, I wish to acknowledge and thank Provincial Minister Mireille Wenger, WCPT, fellow board members, the WCGRB Audit Committee, the Executive and staff of the WCGRB, SCFEOT and PAC for their excellent work, support and cooperation.



Mr C Bassuday
Chairperson of the Board
Western Cape Gambling and Racing Board
31 July 2023

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

I hereby present an overview of the Western Cape Gambling and Racing Board's financial performance for the year ended 31 March 2023.

The WCGRB is still unable to achieve financial self-sustainability and relies on grants from the Western Cape Government to fund its budget. Legislation meant to assist the WCGRB in achieving financial self-sufficiency was repealed with no alternative mechanism instated to replace the lost revenue brought about by the expiry of some of the WCGRB's revenue sources. It must be reiterated that the WCGRB is not empowered to generate non-legislated own revenue and the legislated gambling offerings which may result in additional revenue sources has not yet been rolled-out.

The WCGRB's approved budget was R71 527 196 with the allocation of R67 306 196 towards the Opex budget and R4 221 000 towards the Capex budget. With the amendment to the WCGRB's fees to account for inflation amounting to R1 924 000, the budgeted government grant was reduced by the same amount.

The WCGRB continues to seek avenues to perform its mandate in the most cost-effective way and seeks savings on its budget as it progresses through the year. These savings did not impede the WCGRB's mandate. The Board ensured that its mandate is performed effectively and at the most cost-effective method. To this end, the WCGRB had an actual surplus compared to budget on a comparable basis of R12 161 149. The accounting surplus achieved by the WCGRB is R15 971 260. The reasons for the savings are listed on page 123 of the annual report.

The major contributors to the surplus are:

- The influx of licence applications especially for online bookmaking together with the concomitant revenue streams on the awarding of a licence;
- Interest earned on the deposit of R32 million with the Reserve bank;
- Vacant posts not filled as the WCGRB undertook an organisational design exercise and awaits its completion before filling vacant posts; and
- The Board planned further automation processes within the Board, however; the planning in respect of this is still ongoing.

The WCGRB, for the first time, has collected taxes and levies for the WC Provincial Fiscus in excess of R1 billion for the 31 March 2023 fiscal year.

The WCGRB has not yet rolled out any further legislated gambling offerings and the WCGRB continues to seek avenues to address this delay. The legislated gambling offerings include Type B, Type C and Type D LPM offerings, Bingo and Junkets. It is envisaged that this will allow for an increased own revenue stream to the WCGRB while simultaneously increasing the tax revenue stream for the Western Cape Fiscus.

The WCGRB has effected all of the recommendations from the Auditor-General of South Africa and continue to ensure that the implementations of these recommendations remain effective. The WCGRB has relaxed its COVID-19 health and safety measures following the relaxation of COVID-19 regulations in South Africa. The WCGRB still employs a hybrid work-from-home model and is contemplating whether it should be a permanent practice going forward.

The WCGRB's office accommodation lease ends on 31 October 2023. The Western Cape Department of Infrastructure (DoI) holds the lease. The WCGRB has been advised that the Government Departments are created to service government departments and not autonomous public entities. Consequently, the lease will not be renewed by the DoI. To this end, the WCGRB has sourced a building which meets its requirements. It is close to the current



Mr P Abrahams, CEO

building, thus ensuring that WCGRB employees need not uproot themselves and their current travelling practices. Furthermore, it has backup power facilities. Towards the end of the year, the WCGRB received Ministerial approval for the WCGRB to acquire the building. At the time of writing, the WCGRB awaits the completion of the transfer documents to give effect to the transfer of the property to the WCGRB.

The WCGRB has been authorised to retain the 2020/21 and 2021/22 surpluses in the amount of R31.5 million ring-fenced for the WCGRB accommodation. This amount was invested with the Reserve Bank and will be utilised for the acquisition of the land and buildings, the refurbishment of the building, the ICT infrastructure set-up, the relocation costs as well as municipal charges for the year of the relocation.

The WCGRB has no incomplete budgeted projects other than the acquisition of a building to accommodate its office. Budgeted funds are ring-fenced for the accommodation and will be retained until the building has been acquired and prepared for accommodation.

The WCGRB continues to consider itself as a going-concern as the Western Cape Government has budgeted for the grants to support the WCGRB's financial budget. The major challenge facing the WCGRB is the completion of the transfer transaction of the purchased building aimed to accommodate the WCGRB's offices. As the lease for the current accommodation expires on 31 October 2023, time is of the essence.

The rolling out of other modes of gambling remains a challenge as the industry eagerly and impatiently awaits the completion of the process, which was started in 2017. The WCGRB fully achieved all of its set targets with the exception of one target. The reason for the one non-achievement is its reliance on third party action, which was not performed timeously.

Acknowledgements

The WCGRB gratefully acknowledges the contributions of Minister M Wenger, the Standing Committee on Finance, Economic Development and Tourism, the Public Accounts Committee, the Western Cape Provincial Treasury, The Auditor-General of South Africa, The Office of the Western Cape Premier and the Board's Internal Auditors, SizweNtsalubaGobodo Grant Thornton and MNB Chartered, 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 2022/23 financial year.



Mr P Abrahams
Chief Executive Officer
Western Cape Gambling and Racing Board
31 July 2023

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 2023.



Mr P Abrahams
Chief Executive Officer
Western Cape Gambling and Racing Board
31 July 2023



Mr CA Bassuday
Chairperson of the Board
Western Cape Gambling and Racing Board
31 July 2023

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 with regard to 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 to 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. In terms of the amendment to the legislation, the Board, together with other Provincial Gambling Boards, is no longer a supervisory body, notwithstanding the fact that the licence holders of the Board are accountable institutions.

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.

8. ORGANISATIONAL STRUCTURE

Board Members



Chief Executive Officer



Senior Management



**PART B:
PERFORMANCE
INFORMATION**

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against pre-determined objectives is included in the report to management. The findings on pre-determined objectives are reported under the "Report on annual performance report" section of the Auditor's report.

Refer to page 66 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 or 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 provincial 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 matters 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 Trade, Industry and Competition, local government authorities (municipalities) as well as the law enforcement agencies.

The Board also works closely with the South African Responsible Gambling Foundation (SARGF) in terms of training initiatives, problem gambling treatment interventions, SARGF research initiatives, problem gambling as well as statistical information with regard to self-exclusion programmes.

2.1.3 ECONOMIC SITUATION

Electricity supply shortages have constrained South Africa's growth for several years. Rolling scheduled power cuts (load-shedding) started in 2007 and have intensified exponentially, reaching close to 9 hours daily in 2022. This severe electricity shortfall has disrupted economic activity and increased operating costs for businesses, many of which rely on costly diesel generators. It has also affected other infrastructure such as water, IT, and service delivery (health and education).

Weak structural growth and the COVID-19 pandemic have exacerbated socio-economic challenges. South Africa has recovered its pre-pandemic GDP but not its employment level. At the end of 2022, there were still close to half a million fewer jobs than at the end of 2019, with women and youth persistently more impacted. Inequality remains among the highest in the world, and poverty was an estimated 63% in 2022 based on the upper-middle-income country poverty line, only slightly below its pandemic peak. These trends have prompted growing social demands for government support, which could put the sustainability of public finances at risk if they are to be met.

The global environment remained supportive but increasingly severe domestic constraints led to GDP growth slowing to 2% in 2022 from 4.9% in 2021. Mining production plummeted while manufacturing production stagnated, as load-shedding and transport bottlenecks intensified. The services sectors (financial, transport, and personal) and domestic trade were key drivers of growth. The labour market has remained weak. The employment ratio only increased slightly to 39.4% at the end of 2022 from a pandemic low of 35.9% in September 2021. In this context, the COVID-19 Social Relief of Distress Grant, introduced in May 2020, was extended for another year until March 2024. Socio-economic challenges were further exacerbated by rising fuel and food (bread and cereals) prices, which disproportionately affected the poor. Inflation averaged 6.9% in 2022 but was 8.2% for those at the bottom 20% of the income distribution.

South Africa remains a dual economy with one of the highest and most persistent inequality rates in the world, with a consumption expenditure Gini coefficient of 0.67 in 2018. High inequality is perpetuated by a legacy of exclusion and the nature of economic growth, which is not pro-poor and does not generate sufficient jobs. Inequality in wealth is even higher, and intergenerational mobility is low, meaning inequalities are passed down from generation to generation with little change over time.¹

Despite the poor economic conditions in South Africa, the gambling industry has experienced significant growth in gross gambling revenues during FY2022.

In terms of the National Gambling Board's Statistics for FY2021/22:

- FY2021/22, the second year of the Covid-19 pandemic, saw the gambling industry rebound. While FY2020/21's restrictive coronavirus measures lowered industry gross gambling revenue (GGR) by about 30%, the easing of restrictions and general recovery across the economy led to overall growth of 48% in FY2021/22.
- Overall, GGR in FY2021/22 totalled R34.4 billion, a figure above that of the preceding year of R23.4 billion and the year before the pandemic of R32.7 billion.
- The industry collected R3.2 billion in taxes or levies in FY2021/22, matching the pre-pandemic level of R3.2 billion in FY2019/20. This figure was a 53.8% increase compared to the previous year FY2020/21 of R2.0 billion.
- While the betting industry generated the largest amount of revenue, casinos (44.5%) continue to contribute the larger share in taxes/ or levies relative to the betting (37.1%), LPM (14%) and bingo (4.4%) sectors.
- At present, the betting industry generates 44.9% of total industry GGR, followed by the casino (39.9%), LPM (10.7%) and bingo (4.4%) sectors. This is a starkly different picture to just 10 years ago when casinos held 80% of market share of the total gambling industry.

¹ The World Bank

The gambling industry in the Western Cape has generated gross gambling revenue to the amount of R8.5 billion for FY2022. This is representing 24.9% of the total gross gambling revenue generated in South Africa for FY2022. The Board, for the first time ever, collected gambling taxes and levies in excess of R1 billion for FY2023, refer to the table below:

Taxes and levies collected	31 March 2023	31 March 2022
Provincial Taxes	1 072 707 983	776 730 501
Annual Licence Fees	3 891 309	3 445 987
Interest, fines and penalties	159 403	85 951
Total collected	1 076 758 695	780 262 439

Based on aforementioned, it is evident that gross gambling revenue has significantly increased since the prior year.

2.1.4 BROAD BASED BLACK ECONOMIC EMPOWERMENT

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

The Board, as Regulator and licensing authority, 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. Section 10 of the B-BBEE Act empowers the Board to set qualifying criteria for the award of licences and other approvals in the gambling industry. The Board conducts comprehensive oversight over licensees' B-BBEE initiatives, their B-BBEE achievements and compliance levels. The Board's sectorial committees serve as review and advisory committees to the Board and monitors the different sectors of the industry's compliance with licence conditions imposed by the Board. In addition, the WCGRB set B-BBEE target levels for each licenced operator holder in the different sectors of the gambling industry. Licence holders' B-BBEE achievements are reviewed annually and different conditions are imposed to the extent that it is necessary, reasonable and justifiable. This is done in the interest of maximising the empowerment, transformation and upliftment of persons intended to benefit from the government's transformation objectives.

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 holder must submit explanatory information for such non-achievement and include the measures to be undertaken to achieve the required level or target.

In addition to the B-BBEE objectives towards transformation, licence holders made various bid commitments towards Corporate Social Investment in the different regions and for various causes concomitant to the licence awarded. These commitments are couched in licence conditions and is audited annually for compliance as part of the Board's licence renewal process. The Route Operators, Casino Operators and Corporatised Bookmakers have substantial corporate social investment projects with measurable plans and objectives. These entities also perform well in terms of the B-BBEE level certification issued by the accredited verification agencies.

On a National level, the National Gambling Board of South Africa monitors and publishes data on the state of transformation and growth in the gambling industry nationally. The data shows that, both at a national level and in the Western Cape Province, the financial interest and shareholding of the industry is concentrated to a few major role players having interests in all the sectors of the gambling industry. This established 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 further modes of gambling, once approved, the Board will create an enabling environment that gives impetus for the empowerment of new market entrants and provide new scope for broad-based empowerment.

The Supreme Court of Appeal outlined a four-stage process that the Board must give effect to in reviewing the B-BBEE commitments of licence holders annually. Guided by the Court's observations, the Board finalised a new Draft B-BBEE Policy. This requires engagement with the industry prior to its final adoption in the course of the 2023/24FY to guide the Board's implementation of B-BBEE in the industry. The purpose of this Policy is to set out the B-BBEE-objectives of the Board for the gambling and racing industry in the Western Cape. Furthermore, to outline the processes to be undertaken quarterly and annually, aimed at meeting the B-BBEE objectives in a legally compliant and a procedurally and substantively fair manner.

2.1.5 EXPANSION OF GAMBLING INDUSTRY

The Board made a determination to expand the gambling opportunities rolled out to date by the inclusion of other modes of gambling as outlined in Section 27 of the Act. These include the licensing of Junkets, Bingo and Type B, C and D LPM offerings. The Board is always mindful of its duty to guard against the overstimulation of gambling, its duty to balance the risks and benefits of gambling and take account of all competing interests of the community and an applicant for a licence. Hence, the Board undertook a public participation process inviting the public and interested parties to comment on the desirability of expanding the modes of gambling. The Board will continue to be guided by the relevant legal considerations and research.

There are currently 3000 LPMs licensed for rollout in the 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.

Apart from the economic gains to a licence holder and gambling taxes accruing to the Province, the expansion of gambling opportunities create employment and provide opportunities for new market entrants to enter the gambling industry. Furthermore, it also benefits the broader community through corporate social investment, infrastructure, development and training of staff, offering of learnerships and work exposure.

2.1.6 INDUSTRY DEVELOPMENTS

Sportsbetting

During the COVID-19 restrictions, individuals and businesses migrated towards online commerce and digitisation in many sectors. This fuelled the growth in e-commerce, which also cemented the exponential growth in remote betting transactions through online, mobile and telephone methods. Patrons can now place bets from any location without having to frequent a gambling venue or betting premises. Linked to this, the Board evidenced greater tax collections in respect of betting on sports via telephone, mobile and online methods. There has been a vast expansion of the betting contingencies and game offerings for betting products, which provides a wider variety of betting contingencies that bookmakers offer.

Horse-racing

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.

The Totalisator Operator is exploring a number of new proposals that will revamp not only the betting products, but also the look and feel of its racing venues. This should positively impact the sport of horseracing and attract customers to return to racing venues as a destination of choice.

Interactive/online gaming

The international and local expansion of e-commerce supports the call for the legalisation and regulation of interactive gambling. South Africa maintains the statutory ban on interactive or online gambling. This means that there are no legal alternatives available to the public who could participate in illegal gambling with unlicensed and unscrupulous operators. These unlicensed Operators do not pay taxes, are not bound by responsible gambling requirements and do not create meaningful employment. They inexplicably also compete with licensed Operators and it proves very difficult to permanently shut down illegal online Operators. The State has a duty to apprehend and shut down illegal gambling Operators, a feat in which the Board has made significant strides.

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 national level advocating that the mechanisms be put in place to licence and regulate interactive gambling. A Notice of Intention to Introduce a Private Member's Bill in the National Assembly of Parliament and an Invitation for Comments on the Draft Remote Gambling Bill, was published in the Government Gazette on 2 September 2022. The Board is monitoring the developments eagerly as it is better to regulate interactive gambling than to maintain the current unenforceable ban.

Draft Amendments Bills/Policy Determinations

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. The Provincial Government is conducting a Policy review, which may culminate in the adoption of a new Policy regime to guide the licensing and further roll-out of gambling modes in the Province.

The gambling landscape is shifting with a number of industry developments taking place, including the possible relocation of a casino to the metropole, shift in the major gambling tax contributors and the rollout of further modes of gambling. The High Court declared certain sections of the Policy Determinations invalid and of no force and effect whilst others have expired by the effluxion of time. The judgment paves the way for casino operators to apply to the Board for relocation from their existing licensed premises to another location since the requirement that one casino be located in each of the five regions of the Province has fallen away. The Court further directed the Board to consider applications for relocation of casinos.

Research Initiatives

The WCGRB resolved to commission research into the gambling prevalence rates in the Province, the problem-gambling incidence and examine the play management systems of licence holders.

The research outcomes are as follows:

- i. The socio-economic impact of gambling in the Western Cape;
- ii. The level of saturation, gambling prevalence and impact of licensed gambling opportunities;
- iii. Outline or assess the various harm minimisation tools and play management systems of licence holders; and
- iv. The impact of harm minimisation or responsible gambling tools on responsible gambling.

Responsible gambling

The Board adopted an enhanced focus on responsible gambling under the auspices of the Responsible Gambling Committee. The Board is also engaging Licence holders on measures to be employed by the industry to assist patrons facing difficulties in managing their gambling habits or spend, foster responsible gambling and identify persons that are excluded from participating in gambling. The Board is in the process of amending the General Rules to place an onus on each Licence holder to develop Internal Control Standards specifically to address responsible gambling.

2.1.7 BOARD AWARENESS PROGRAMMES

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

The Board continues to create awareness about the purpose and mandate of the Board, legal modes of gambling, problem gambling and service available to support people experiencing gambling harms as well as illegal gambling and the reporting thereof.

For the year under review, the Board conducted eight (8) awareness programmes. Awareness programmes included social media campaigns, radio campaigns, information sharing via newspapers as well as in-person engagements, which were conducted in conjunction with the Thusong Programme.

2.1.8 ELIMINATION OF ILLEGAL GAMBLING

During the year under review, 55 allegations of illegal gambling were reported to the Board. Details of the allegations are indicated below:

- 55 were fully investigated within 30 days;
- 36 of the allegations were confirmed as being illegal gambling establishments; and
- 19 allegations were unfounded.

The Board would like to extend its gratitude to the South African Police Services for its assistance during the year under review. Without the assistance of SAPS, the Board would not be able to successfully eliminate illegal gambling in communities.

2.1.9 CORPORATE SOCIAL INVESTMENT

The WCGRB is a PFMA 3C Provincial Public Entity who is not financially self-sufficient and relies on government grants to fund its budget.

The WCGRB relinquishes its financial surpluses to the WC Provincial Fiscus and accordingly does not retain surplus funds, unless the Board applies to retain cash surpluses for specific purposes. Therefore, the WCGRB is unable to fund any corporate social investment initiatives from its budget.

However, the WCGRB does require the gambling industry to fund corporate social investment initiatives in their various catchment areas. To this end, the WCGRB engages its licence holders on their CSI initiatives, reviewing its spend and the grantees, visit the grantees to assess the effectiveness of the CSI projects and encourages sustainable projects to be grantees.

2.1.10 IMPACT OF THE COVID-19 PANDEMIC

The WCGRB has relaxed its COVID-19 protocols in line with the relaxation of COVID-19 regulations in South Africa. The WCGRB still provides sanitation products on its premises, require its employees and visitors to sanitize and maintains its signage on the dangers of COVID-19 and the spreading thereof.

Various sectors in the gambling industry have not yet fully recovered to pre-covid trading conditions but are edging closer to the pre-covid numbers. The effect of COVID-19 had a marked effect on the topography of the gambling industry.

The Casino sector was the biggest contributor to gambling taxes prior to the COVID-19 pandemic. Post COVID-19, the Bookmaking sector now holds the majority contribution share of gambling taxes. This while the casino tax rates are much higher than the bookmaker tax rates. The subsector of on-line bookmaking has seen the biggest growth spurt in the Western Cape gambling industry.

2.1.11 TECHNOLOGY AND INFORMATION

The technological innovations, especially from an ICT perspective, are considered as main drivers for technological, social, economic and cultural changes. ICT Innovations influenced the fastest changes and stretched organisations on how they would approach normal business practices.

The unique challenges facing organisations globally still require 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 proliferation of internet traffic, connected devices and Internet of Things increases the threat of cyber-attacks. Therefore, an increase in demand for IT security products, software, services and experience is required.

The Office of the Board was not immune to these implications and had to assess its capabilities to continue functioning. WCGRB continued to strengthen its network capability for a distributed workforce, enhanced its security defence mechanisms, equipped employees with necessary tools for work from home (WFH), enabled secure remote access via virtual private networks to access WCGRB network, production systems, collaboration 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 continue to make distributed work environments possible. This allowed for the continuation of the Board, Committee and departmental meetings, information sharing, remote support and staff training. Communication with stakeholders continued through telephonic, email communication as well as video conferencing capabilities.

The Finance and IT Committee as well as 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. ICT activities were dealt with via the WCGRB Service Desk Management system, while the ICT department performed routine maintenance via a distributed methodology.

A continued focus area for the Board was its move towards business process automation. A digitised automation system, called Genesis, was developed and implemented and it continued to provide a mechanism for the industry and the Office of the Board to process applications for gambling licences online. Genesis is also continually enhanced as required to provide efficient licence processing to the Office of the Board and the industry. The advancement in technology continued to generate new and innovative methods for gambling and online betting on sport. Online betting exponentially increased over the past three years in comparison to other forms of gambling such as Casino, LPM and Totalisator. The Board ensures that staff is sufficiently trained, and resourced to address widespread and continuous technological changes.

2.1.12 CONFERENCE ATTENDANCES

Conference attendance keeps the WCGRB abreast of trends in both the gambling industry and the regulatory sphere. In addition, new methodology and practices relative to responsible gambling and problem gambling prevention or minimisation are topics on almost every gambling conference.

Networking opportunities at conferences provides a platform for knowledge sharing and learning from industry experts. Networking allows conference attendees to build strong and mutually beneficial relationships that can lead to collaborations and partnerships.

During the year under review, the WCGRB sent delegations to the following conferences:

- International Association of Gaming Regulators – Melbourne; Australia;
- G2E Gambling Exposition – Las Vegas; United States of America; and
- International Casinos Exhibition (ICE) – London; Great Britain.

The Board derived the following benefits from conference attendances for the year under review:

- Identified systems, which would be applicable to the Board while the Board is in the process of automating all of its manual processes due to both growth and advancement of the industry.
- The need to continue and expand on public awareness and education relating to both illegal gambling and problem gambling cannot be over emphasized as it is through such initiatives that other regulatory bodies observed a decline, albeit marginal, on both matters.
- The wager score is an interesting concept which requires punters to obtain such a score prior to opening a gambling account and the viability of such a concept will be explored by the Board.
- Statistics provided for online punters indicate that they have a higher risk of developing gambling problems in comparison to land-based patrons. For this reason, responsible gambling measures for online punters should be enhanced.
- Based on the panel discussion and the presentations made, the Board should reassess the current exclusion process and make recommendations on possible changes to increase flexibility and to consider a more tailor-made exclusion application, which is aimed at encouraging more persons to consider the process, such as exclusion period, exclusion limitations, etc.

- The Office of the Board should engage with the South African Responsible Gambling Foundation (SARGF) on the effectiveness of the current helpline and whether any consideration be given to:
 - Integration with other helplines;
 - Quicker response time to all calls made;
 - Caller identity even if the person ends the call before it is picked up. This is in instances where the person makes a decision to call for treatment but ends the call before it is answered by a counsellor. This will enable the SARGF to have a contact number so that this person may be contacted, and
 - Employment of additional staff
- It is critical for regulators to become involved not only in the preventative measures relating to problem gambling (which is indeed the Board's mandate) but also in the treatment thereof. While the treatment professionals can clearly deal with the clinical aspects of the individuals seeking help, the regulators and the industry can provide information that helps establish the core of the problem. The treatment professionals in turn could assist when drafting responsible gambling legislation and policy, as they will have a clinical viewpoint of the matter.
- Having considered the impact of illegal and unlawful advertising, the Office will make recommendations to the Board regarding the latter. There is not much the Board can do about illegal advertising; however, both forms of advertising are factors which contribute to problem gambling.

2.1.13 CORPORATE GOVERNANCE DISCLOSURES REQUIRED BY KING IV CODE:

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

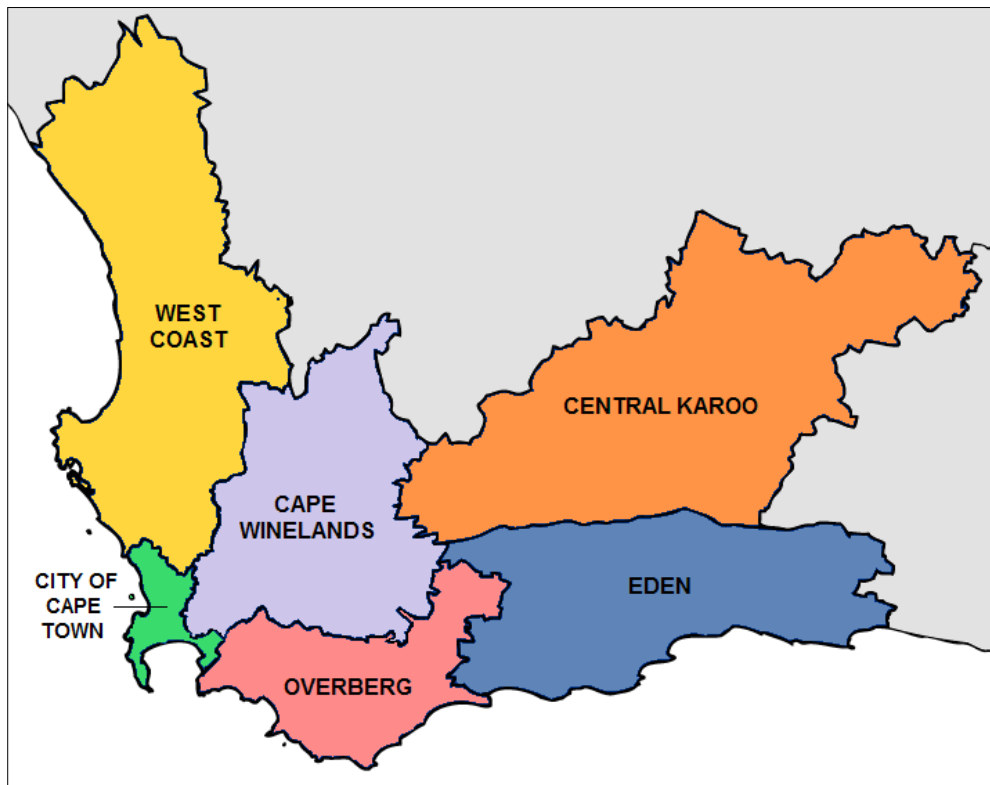
2.1.14 SERVICE DELIVERY ENVIRONMENT

As at 31 March 2023, 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 2023	31 March 2022
Licensed casinos	5	5
Licensed limited pay-out machine operators	2	2
Licensed bookmakers	58	53
Licensed totalisator	1	1
Licensed premises	702 (488 LPM 160 Bookmaker 54 Totalisator)	665 (462 LPM, 147 Bookmaker, 56 Totalisator)
Licensed gambling devices	6 798	6 717
Employee licences*	6 265	6 392

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

Western Cape Municipal Boundaries



Geographical Spread of Licensed Gambling Operations

Premises	1 City of Cape Town	2 Eden	3 Cape Winelands	4 Overberg	5 West Coast	6 Central Karoo
Casinos - 5	1	1	1	1	1	0
LPM Sites - 488	344	56	14	25	48	1
Bookmakers - 160	144	4	11	1	0	0
Totalisator - 54	45	5	4	0	0	0

2.2 ORGANISATIONAL ENVIRONMENT AND STRUCTURE

As at 31 March 2023, the Minister of Finance and Economic Opportunities appointed five (5) members to the Board. Sixty-nine posts (69) were filled out of a total of seventy-four (74) approved posts.

The existing organisational structure predominantly has remained the same since the inception of the Board although the gambling industry 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 assist with this intervention.

The recruitment process for the five vacant positions has been put on hold to enable the OD consultants to develop and finalise the review of the WCGRB'S organisational structure. The OD exercise is envisaged to be completed during the 2023/24 performance period, upon which the approval for the implementation thereof will be sought. The Board continues to implement the interventions identified in the Organisational and Leadership Culture change implementation plan. The plan contains twelve (12) distinct action points that need to be addressed by staff and management within specific timelines. These action points include, among others, the promotion of cultural diversity and strong change agency culture.

The organisational structure will be impacted by the Board's decision to expand on gambling offers (not currently offered in the Western Cape). The existing workforce may not be adequate to address the operational demands or additional volumes of licence applications. With regard to the potential additional resources that may be required, the Board is conducting an Organisational Design review to determine the Board's future operational needs.

2.2.1 ACCOMMODATION

The Western Cape Gambling and Racing Board currently occupy premises leased by the Western Cape Department of Infrastructure. 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.

At the time of writing, the WCGRB has identified a suitable building for occupation after 31 October 2023. The Board has obtained Board and Ministerial approval for the acquisition of the building and currently the property is in the process of being transferred. The Board has applied for the retention of surplus funds to the amount of R14 951 588 in respect of FY2022, which has been approved by the Provincial Treasury. The total approved accumulated surpluses, which was ring-fenced for the purposes of acquiring office accommodation, taking account the approved cash surplus of R16 573 207 in respect of FY2021, therefore amounts to R31 524 795. This amount will adequately fund the acquisition and preparation of a building to accommodate the needs of the WCGRB.

2.2.2 OCCUPATIONAL HEALTH AND SAFETY MEASURES

OHASA Occupational Health and Safety Act (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 hygiene, adequate ventilation and space provision to prevent the spread of infectious diseases. The Board conducted a risk assessment in accordance with the Code of Good Practice on Managing exposure to SARS-COV-2 in the workplace, which came into effect on 24 June 2022. In terms of the risk classification, the Board is classified as low. This category includes jobs that do not require close contact with others where workers can always maintain a 2-meter distance from co-workers, clients, and the public.

The Board has full control over its internal environment. High-contact areas of exposure, activities or work practices, as well as work processes formed part of the assessment and the current control measures were found sufficient to mitigate exposure to COVID-19.

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.

For the year under review, the Board invested R529 097 to train and develop its employees, which represents 1.06% 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 achievement of organisational strategic objectives.

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 South Africa (IODSA) 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. The attendance of conferences and industry events are utilised to keep abreast of developments in the gambling industry.

2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The gambling industry is a technology-driven industry that require rapid technological changes and quick turnaround times for regulatory approvals. The Board is constantly reviewing its regulatory processes and working towards automation of all processes in its service delivery environment.

The Western Cape Provincial Government commissioned research into the economic and policy prescripts applicable to the gambling industry in the Western Cape. An external service provider is conducting the research and the research findings and recommendations may culminate in the issue of a Green and/or White Paper on Gambling Regulation. The outcomes of the research may therefore culminate into a new Policy landscape on gambling regulation.

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 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 Free play 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. Furthermore, 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 Free play 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, where the matter was argued and judgment has been reserved.

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 two Route Operators, proportionately, pending the outcome of the Review Application. Furthermore, 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. On appeal, a Full Bench of the High Court ruled that the initial review judgement is suspended, pending the outcome of the Appeals to the SCA. The matter is still in progress and matter has been set down for hearing in the SCA for 15 August 2023. 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. The Premier and Minister for Finance filed an application for extension of the 12-month suspension period ordered by the High Court. The Application was struck from the Roll with costs as the Court held that the Application was not urgent. The High Court order took effect on 1 July 2022.

The Supreme Court of Appeal issued judgement on 24 June 2022, setting aside the B-BBEE-related licence conditions imposed on three licence holders in 1999. The Court confirmed that the Board is competent to impose B-BBEE-related licence conditions pursuant to Section 54 of the National Gambling Act, 2004 but 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 annually by the Board.

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 DTIC, with a Chief Executive Officer 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 prescribed new Casino operator fees and Route Operator fees. The coming into effect of the 19th Amendment Act, would have significantly bolstered the Board's objective of becoming self-sufficient in terms of its budgetary requirements. The Draft Western Cape Nineteenth Gambling and Racing Amendment Act Repeal Bill, 2022 ("the Repeal Bill") was published for comment on 2 December 2022 and seeks to repeal the Nineteenth Amendment Act. The Repeal Bill sets out the legislative drafting process relevant to the Nineteenth Amendment Act confirming that the objective of same was to promote and facilitate the financial self-sufficiency of the Board, for certain fees to be payable to the Board, the charging of casino operator fees, amendments to provisions relating to limited gambling machine operator fees and matters incidental thereto. The Nineteenth Amendment Act was however never brought into operation. The Repeal Bill indicates that, due to the far-reaching consequences of the COVID-19 pandemic on the gambling industry, Provincial Treasury is in the process of undertaking a comprehensive review of the gambling and racing environment in the Western Cape, with a Policy Review Process underway. Furthermore, that promoting and facilitating the financial self-sufficiency of the Board remains an important objective of the Western Cape Government. 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, 2022 were published for public comment on 10 June 2022. 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, does away with exclusivity 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 introduces an economic opportunity tax in relation to the relocation of a casino. The Bills are still under consideration by the WCPT.

A Notice of Intention to Introduce a Private Member's Bill in the National Assembly of Parliament and an Invitation for Comments on the Draft Remote Gambling Bill, 2022 was published in the Government Gazette on 2 September 2022. A major change to the Bill is that it intends for the Provinces, and not the National Gambling Board, to be in control of issuing licenses and collecting the prescribed fees, within its Province; and that the public is requested to provide proposals, comments and recommendations pertaining to the best way to regulate remote gambling.

The Western Cape Gambling and Racing Regulations, 1996: Draft Amendment, 2022 was published for comment on 10 June 2022. It prescribes the Regulations applicable to amendment of licence, the maximum number of casino operator licence in the City of Cape Town and the radius between casinos, information for applications relating to relocation of a casino and Payment of a monthly economic opportunity tax.

The Western Cape Gambling and Racing Regulations (Fees and Costs, 2016) and Draft Second Amendment (2022) was published for comment on 10 June 2022 and provides for any hearing, investigation or enquiry relating to the relocation of a business or activity contemplated in Section 41B (1) of the Act.

The Western Cape Gambling and Racing Regulations (Fees and Cost 2016): Amendment, 2023 were updated and published in the Gazette on 31 March 2023 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 1 April 2023.

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 seven (7) out of eight (8) planned outputs for the year under review, with one output being partially achieved.
- 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. The programme 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. The programme achieved all of its planned outputs for the year under review, which contributes to the Board's strategic objectives over the 5-year period.
- Innovative, functional, reliable and secure ICT solutions and systems provided. The programme applied the necessary operational efficiencies, better management, agility, good governance, reliable and secure 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, Senior Legal Advisor: 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; and
- Administration and Finance.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

No in-year changes were made during the 2022/23 financial year.

Programme 1: Board and Administration								
Outcome	Output	Output Indicator	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	Reasons for deviations
			2020/21	2021/22	2022/23	2022/23	2022/23	
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 2022/23 year	19	19	13	18	+5	<ul style="list-style-type: none"> 22 April 2022 ad-hoc meeting (Patron Dispute Hearing) 14 July 2022 ad-hoc meeting [Board self-assessment + Expansion of Gambling opportunities roll-out + RG Framework] 18 July 2022 ad-hoc meeting [Board in-camera session]. 16 Sept 2022 ad-hoc [Macro Structure options put forward by the OD Service Provider] 12 Dec 2022 ad-hoc meeting (Patron Dispute Hearings)
	Board meetings where resolutions are adopted and given effect to within specified time period.	1.2 Board resolutions actioned by next Board meeting	94%	95%	95%	94%	-1%	The Office was dependent on third party action (Senior Counsel Opinion) which was not received in time.
	Licence holders' CSI Commitments complied with.	1.3 Number of operators' CSI programmes verified by Board Committees	5	6	6	6	-	None
	Public awareness of the Board's role and functions.	1.4 Number of awareness programmes participated in	4	6	8	8	-	None
	Legal opinions drafted to guide Board and Office on legal implications of decisions taken.	1.5 Number of legal opinions prepared and submitted	36	43	36	40	+4	Actual performance exceeded the target as more legal opinions were required than anticipated. This target is based on demand and as such, the Office is unable to accurately plan for this target.

Programme 1: Board and Administration								
Outcome	Output	Output Indicator	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	Reasons for deviations
			2020/21	2021/22	2022/23	2022/23	2022/23	
The Board's structures, resources and processes utilised for effective, efficient and optimal performance of its mandate	Compliance to Human Resources regulatory reporting requirements.	1.6 Number of Regulatory reports timeously submitted to Department of Labour	1	1	1	1	-	None
	A skilled, motivated and committed workforce.	1.7 Number of reports on the implementation of the HR Plan	4	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 seven (7) of its eight (8) 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 the upliftment of children and sustainable projects.

Strategy to overcome areas of underperformance

For indicator 1.2 Board resolutions actioned by next Board meeting - there are no real corrective measures other than continuous follow up as WCGRB is at the mercy of third party responses. The deviation did not impact the mandate or timelines for the specific action dependent on the opinion.

Linking performance with budgets

Programme	2022/2023			2021/2022		
	Budget	Actual	Expenditure	Budget	Actual	Expenditure
	R	R	R	R	R	R
Board and Administration	27 404 810	27 131 737	273 073	27 057 558	22 677 410	4 380 148

For FY2023, there is no significant variance between actual and budgeted expenditure.

4.2 PROGRAMME 2: LICENSING

Programme Purpose

The Licensing Department is responsible for the co-ordination of an efficient licence application process. It receives duly completed licence applications and conducts probity investigations linked to applications received. Based on the resultant findings, reports containing recommendations for approval or denial are submitted to the CEO and/or Board for consideration. In respect of the targets reflected below, the Department strives to have newly appointed employees, at licensed establishments, duly licensed in a timely manner and thus able to commence their respective duties accordingly. In order to ensure the continued suitability of existing licence holders, renewal applications for all licence types received, are processed prior to the expiry of the licence. No licence is valid for a period longer than 12 months, and all licences must be renewed annually.

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 2022/23 financial year.

Programme 2: Licensing								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to Actual Achievement 2022/23	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) linked to licensed operators received, processed within 30 days of receipt.	91%	89%	91%	92%*	+1%	• The Office were able to exceed this target due to more simplistic applications, which did not require requests for additional information.
	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

*Actual achievement has been calculated as: New applications (key and gambling) processed within 30 days of receipt divided by total number of new applications processed multiplied by 100.

**Actual achievement has been calculated as: Total number of renewal applications processed on or before the date of expiry of the licence renewal period divided by total number of renewals processed multiplied by 100.

Analysis of performance

The Department continues in its endeavours to respond timely and efficiently to the ever growing volumes of licence applications received. New and renewal applications received are processed timely in order to allow Operators to engage in authorised gambling operations. The Department, albeit that it is renewing licences throughout the year, continues to receive applications for new businesses and employees entering the gambling industry. These applicants are accordingly probed and licensed, and in so doing adding to the revenue of the Fiscus.

Strategy to overcome areas of underperformance

There are no areas of underperformance.

Linking performance with budgets

Programme	2022/2023			2021/2022		
	Budget	Actual	Expenditure	Budget	Actual	Expenditure
	R	R	R	R	R	R
Licensing	15 383 035	14 356 202	1 026 833	14 506 095	13 959 272	546 823

The underspending in Licensing relates to cost of employment. As at 31 March 2023, the department had one (1) middle-management vacancy.

4.3 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.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

No in-year changes were made during the 2022/23 financial year.

Programme 3: Regulatory Compliance								
Outcome	Output	Output Indicator	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	Reasons for deviations
			2020/21	2021/22	2022/23	2022/23	2022/23	
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	29	1 368	1 350	1 421	+71	<ul style="list-style-type: none"> The LPM assessments exceeded the target for two reasons: The Office is not able to accurately determine the number of LPM sites which may open or close for a particular year. The LPM assessments carried out with other authorities, being the Joint Operations were not considered at the time of the planning but will be taken into account going forward.

Programme 3: Regulatory Compliance								
Outcome	Output	Output Indicator	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	Reasons for deviations
			2020/21	2021/22	2022/23	2022/23	2022/23	
	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	40%	100%	100%	100%	-	None
	Identified Regulatory Compliance Business Process improvements.	3.3. Research report on the challenges and opportunities in respect of automation processes in the Regulatory Compliance department.	New output indicator	New output indicator	1	1	-	None

Analysis of performance

The Programme carried out assessments at the premises of the licence holders as well as a few remote assessments. During the years, there are a number of LPM Sites which have either closed down or opened, and as such this number can never be determined at the time of planning. The Programme also carry out joint operations with other law enforcement agencies when requested.

In ensuring that all planned assessments were carried out, the Programme satisfies the Board's requirement that gambling and related 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. With the significant increase in the betting sector activities, a need for an automated system has been identified. The Office of the Board completed the first part of this process, by compiling a report on the challenges and opportunities relevant to such an automated process.

Strategy to overcome areas of underperformance

There are no areas of underperformance.

Linking performance with budgets

Programme	2022/2023			2021/2022		
	Budget	Actual	Expenditure	Budget	Actual	Expenditure
	R	R	R	R	R	R
Regulatory Compliance	18 039 341	17 615 636	423 705	18 013 892	17 230 334	783 558

The underspending in Regulatory Compliance relates to cost of employment. As at 31 March 2023, the department had one (1) vacancy.

4.4 PROGRAMME 4: INFORMATION AND COMMUNICATION TECHNOLOGY

Programme Purpose

This programme provides and maintains ICT products, solutions and services for the Office of the Board. The programme has established a cohesive, enterprise-wide ICT infrastructure to support the 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.

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 2022/23 financial year.

Programme 3: Regulatory Compliance								
Outcome	Output	Output Indicator	Audited Actual Performance	Audited Actual Performance	Planned Annual Target	Actual Achievement	Deviation from planned target to Actual Achievement	Reasons for deviations
			2020/21	2021/22	2022/23	2022/23	2022/23	
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	98.5%	98%	97%	98%	+1%	• Positive variance due to dependable performance and management of the WCGRB computer, software, application and infrastructure systems.
	Continuous knowledge and skills enhancement.	4.2 Number of ICT talent capacity competency activities accomplished	99	78	80	94	+14	The Department participated in additional training, development and consultation activities to enhance ICT and personal knowledge and skills
	Continuous availability of ICT systems.	4.3 Average percentage ICT information systems availability / uptime	99.92%	99.96%	98%	99.9%	+1.9%	Positive variance due to dependable performance and management of the WCGRB computer, software, application and infrastructure systems.

Analysis of performance

The dependability on ICT was not without its biggest challenge, energy. Albeit energy supply threatening operational stability, the ICT Department accomplished its outcomes. This was achieved by ensuring persistent and professional management, supply of efficient battery operated equipment to the Office of the Board, persistent governance and securing of the WCGRB infrastructure and network connectivity against any failures and/or cyber-attacks, efficient uninterruptable power supply, including enabling the availability of critical ICT systems at the Office of the Board.

The performance delivered by ICT Department support and infrastructure contributed to the achievement of the Board's objectives and mandate. The WCGRB remote work model, continued efficiently as a functional hybrid work environment and was accomplished through the ICT operational, infrastructure and network stability.

The ICT Department continued knowledge and education practices (formal, informal, self-study) to enhance its professional capabilities. This was achieved through the participation and attendance of online or in-person development, training and consultation events. This ensured appropriate knowledge gained, on the job transfer or acquiring of critical experience and realisation of ICT value for the Office of the Board.

Strategy to overcome areas of underperformance

There are no areas of underperformance.

Linking performance with budgets

Programme	2022/2023			2021/2022		
	Budget	Actual	Expenditure	Budget	Actual	Expenditure
	R	R	R	R	R	R
Information and Communication Technology	10 700 010	9 591 582	1 108 428	10 225 338	5 933 845	4 291 493

The underspending in Regulatory Compliance relates to cost of employment. As at 31 March 2023, the department had one (1) vacancy.

The underspending in Information and Communication Technology relates mostly to software development costs. The Board planned further automation processes within the Board; however, the planning process in respect of this is still ongoing.

Reporting on the Institutional Response to the COVID-19 Pandemic

Progress on Institutional Response to the COVID-19 Pandemic

There were no COVID-19 interventions for the 2022/23 financial year.

5. REVENUE COLLECTION

Sources of revenue		2022/23			2021/2022		
		Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
		R	R	R	R	R	R
a)	Application fees	2 406 081	4 663 948	(2 257 867)	1 459 939	3 448 815	(1 988 876)
b)	Investigation fees	34 412 273	35 545 254	(1 132 981)	33 317 053	33 008 197	308 856
c)	Interest	1 008 000	3 464 133	(2 456 133)	1 056 000	1 465 060	(409 060)
d)	Inspector charge outs	5 332 342	8 909 075	(3 576 733)	4 713 890	7 948 369	(3 234 479)
e)	Limited Pay-out Machine Operator Fees	3 292 500	3 232 500	60 000	3 000 000	3 000 000	-
f)	Transfers	25 076 000	25 076 000	-	26 256 000	26 256 000	-
g)	Services in-kind	-	5 817 204	(5 817 204)	-	4 332 399	(4 332 399)
h)	Miscellaneous	-	197 439	(197 439)	-	237 235	(237 235)
i)	Retention of surplus funds	-	-	-	-	-	-
Total		71 527 196	86 905 553	(15 378 357)	69 802 883	79 696 075	(9 893 192)

- 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 Infrastructure.

A close-up photograph of a wooden abacus, likely from a historical instrument like a lute. The abacus is made of dark wood with a reddish-brown inlay. It features several compartments, each containing a white ball. The text "PART C: GOVERNANCE" is overlaid in white, bold, sans-serif font. The lighting is warm and directional, highlighting the textures of the wood and the smooth surface of the ball.

PART C:
GOVERNANCE

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:

- 1 November 2022: Briefing on the Board's 2021/22 Annual Report.

Resolutions emanating from those meetings are depicted on page 46 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 Council 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, who is comprised of seven non-executive members appointed by the Executive Authority, is the designated Accounting Authority. The Board constituted several sub-committees from its members to oversee specific operational activities of its Office. In addition, the Board appoints three external members to serve on its Audit Committee.

THE ROLE OF THE BOARD

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 Western Cape Gambling and Racing Act. 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 as at 31 March 2023

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 T Arendse	Board Member	1 April 2020	31 March 2023	<ul style="list-style-type: none"> CTA CA(SA) 	<ul style="list-style-type: none"> Auditing and Accounting 	<ul style="list-style-type: none"> Board member: Western Cape Gambling & Racing Board 	18	18	Casino Committee [*Attendance as alternate member]	[4]	1 of 1	43 of 44
	Board member term extended for 1 year	1 April 2023	31 March 2024						Finance & IT Committee Horsing and Betting Committee Human Capital Committee Licensing Committee [*Attendance as alternate member] Responsible Gambling Committee Board's representative (non-voting) to the Audit Committee.	6 4 4 [5] 4 [7]	6 4 4 2 of 2 4 4 of 5	
Mr CA Bassuday	Board Member	1 April 2016	31 March 2019	<ul style="list-style-type: none"> B.Proc. LLB LLM PG Diploma in Criminal Justice & Forensic Auditing 	<ul style="list-style-type: none"> Law 	<ul style="list-style-type: none"> Board member: Western Cape Gambling & Racing Board Director: Legal Services, University of Cape Town Non-Executive Director: Johannesburg City Parks and Zoo 	18	18	Casino Committee	4	4	37 of 37
	Board member term extended for 1 year	1 April 2019	31 March 2020						Finance & IT Committee	6	6	
	Board member reappointed for 3 years	1 April 2020	31 March 2023						Horsing and Betting Committee	4	4	
	Appointment as Chair-person until Board member contract expires	16 December 2021	31 March 2023						LPM Committee [*Attendance as alternate member]	[4]	1 of 1	
Board Chairperson & member term extended for 1 year	1 April 2023	31 March 2024						Responsible Gambling Committee	4	4		

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of Expertise	Board Directorships (List the entities)	No of Board meetings held	No of Board meetings attended	Other Committees (e.g.: Audit committee)	No. of Committee meetings held	No. of Committee meetings attended	Total No. of meetings attended
Ms C Fani	Board Member	17 May 2017	16 May 2020	<ul style="list-style-type: none"> Bachelor's Public Administration B. Admin Honours Public Management 	<ul style="list-style-type: none"> Policy Analysis and Policy Development 	<ul style="list-style-type: none"> Board member/ Vice Chairperson: Western Cape Gambling & Racing Board Board member/ Deputy Chairperson: William Humphrey's Art Gallery Board member: uMunduzi Museum KZN Tribunal member: Western Cape Liquor Authority 	18	17	Casino Committee	4	3 of 4	31 of 35
	Board member term extended for 1 year	17 May 2020	16 May 2021					Human Capital Committee	4	3 of 4		
	Appointment as Vice Chairperson until Board member contract expires	14 Dec 2020	16 May 2021					Licensing Committee	5	5		
	Board Vice Chairperson & member term extended	27 May 2021	26 May 2024					LPM Committee	4	3 of 4		
Mr RG Nicholls	Board Member	14 Dec 2019	13 Dec 2022	<ul style="list-style-type: none"> B.Comm. Rhodes University CA (SA) CIA Computer Audit Qualification - NACCA Registered Accountant and Auditor Fellow member of the IOD 	<ul style="list-style-type: none"> Finance Governance Compliance 	<ul style="list-style-type: none"> Board member: Western Cape Gambling and Racing Board The South African Council for the Architectural Profession Member: TakeShape Properties CC Member: Southern Ambition CC 	18	18	Finance & IT Committee	6	6	38 of 40
	Board member reappointed for 4 years	5 Dec 2022	4 Dec 2026					Horsing and Betting Committee	4	4		
								Human Capital Committee [*Attendance as alternate member]	[4]	2 of 2		
								Licensing Committee	5	3 of 5		
								LPM Committee	4	4		
								Board's representative (non-voting) to the Audit Committee. [*Attendance as alternate member to Mr Arendse]	[7]	1 of 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 Committee meetings held	No. of Committee meetings attended	Total No. of meetings attended
Ms L Venter	Board Member	6 Nov 2020	5 Nov 2023	<ul style="list-style-type: none"> • B. Comm (Law) • LL.B. 	<ul style="list-style-type: none"> • Law 	<ul style="list-style-type: none"> • Board member: Western Cape Gambling and Racing Board • External College Council Member: False Bay TVET College 	18	18	Casino Committee	4	4	38 of 39
									Human Capital Committee	4	3 of 4	
									Licensing Committee	5	5	
									LPM Committee	4	4	
Dr P Voges	Board member	27 Oct 2021	26 Oct 2024	<ul style="list-style-type: none"> • B Comm, • HOD • Honours Economics • M Comm • Doctorate Economic and Planning 	<ul style="list-style-type: none"> • Economic Development • Strategy • Town Planning • Project Management • Investment Promotion 	<ul style="list-style-type: none"> • Board member: Western Cape Gambling & Racing Board 	4 of 7	[18]			4 of 7	
	Resignation		18 August 2022									

[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	No. of meetings attended
Mr Burton	Audit Committee: Independent non-executive member and Chairperson Re-Appointment as independent non-executive member and Chairperson	1 Mar 2019 1 Mar 2022	28 Feb 2022 31 March 2023	<ul style="list-style-type: none"> B. Compt. Hons CA(SA) 	<ul style="list-style-type: none"> Auditing and Accounting Governance Strategic Management Finance Performance Management 	<ul style="list-style-type: none"> Cape Nature Board Cullinan Holdings Ltd Burvyn Importers and Traders CC Rebois Property Fund Ltd L&C Messaris (Pty) Ltd 	Audit Committee	7	6
Mr L Nene	Audit Committee: Independent non-executive member	17 February 2021	16 February 2024	<ul style="list-style-type: none"> 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) IIASA (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 	<ul style="list-style-type: none"> Corporate governance Audit (Internal and external) Risk management Business continuity Compliance Ethics Business process improvement IT 	<ul style="list-style-type: none"> 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	7	7
Mr A Seymour	Audit Committee: Independent non-executive member	1 March 2022	28 Feb 2025	<ul style="list-style-type: none"> B.Comm (Accounting) Hons B Compt Chartered Accountant (South Africa) Banking Board Leadership development Programme 	<ul style="list-style-type: none"> Management: Strategic Planning and Management Financial reporting and Treasury Business Solutions Governance Client Retention 	<ul style="list-style-type: none"> Director: Boland 90 Interclub Hiking Competition NPC Director: InnesFree Capital (Pty) Ltd Director: Caban Capital Partners P\L 	Audit Committee	7	7

Board and Committees membership as at 31 March 2023

Committee	No. of meetings held	No. of members	Name of members
Board	18	5	Mr CA Bassuday (Chairperson) Ms C Fani (Vice-Chairperson) Mr T Arendse (Member) Mr RG Nicholls (Member) Ms L Venter (Member) Dr P Voges (Member) [Resignation effective from 18 August 2022.]
Audit Committee	7	3	Mr M Burton (Chairperson) Mr L Nene (External non-executive member) Mr AC Seymour (External non-executive member) Mr T Arendse (Board member) [Board's representative (non-voting) to the Audit Committee]
Casino Committee	4	3	Mr CA Bassuday (Chairperson) Ms C Fani (Member) Ms L Venter (Member)
Finance & IT Committee	6	3	Mr RG Nicholls (Chairperson) Mr T Arendse (Member) Mr CA Bassuday (Member)
Horseracing & Betting Committee	4	3	Mr T Arendse (Chairperson) Mr RG Nicholls (Member) Mr CA Bassuday (Member)
Human Capital Committee	4	3	Ms C Fani (Chairperson) Mr T Arendse (Member) Ms L Venter (Member)
Licensing Committee	5	3	Ms L Venter (Chairperson) Ms C Fani (Member) Mr RG Nicholls (Member)
LPM Committee	4	3	Ms L Venter (Chairperson) Ms C Fani (Member) Mr RG Nicholls (Member)
Responsible Gambling Committee (RGC)	4	3	Mr T Arendse (Chairperson) Mr CA Bassuday (Member) Ms L Venter (Member)

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. Board members are reimbursed for business 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 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 member remuneration

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
Mr TC Arendse	89 988.48	108 788.17	4 374.44	-	1 982.68	205 133.77
Mr CA Bassuday (Chairperson of the Board)	115 810.56	124 654.52	57 905.28	21 625.63	4 629.84	324 625.83
Ms C Fani (Vice-Chairperson of the Board)	84 989.12	66 866.45	54 992.96	15 377.84	3 368.27	225 594.64
Mr RG Nicholls	94 987.84	102 903.50	4 999.36	-	1 693.23	204 583.93
Ms L Venter	89 988.48	87 176.35	64 991.68	30 160.44	6 149.77	278 466.72
Total	475 764.48	490 388.99	187 263.72	67 163.91	17 823.79	1 238 404.89

*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.

STANDING COMMITTEE RESOLUTIONS RESULTING FROM THE 2021/22 ANNUAL REPORT

There were no resolutions from the Public Accounts Committee (PAC) at the meeting held on 1 November 2022.

STANDING COMMITTEE ON FINANCE, ECONOMIC OPPORTUNITIES AND TOURISM RESOLUTIONS RESULTING FROM THE 2021/22 ANNUAL REPORT

There were no resolutions from the Standing Committee at the meeting held on 1 November 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 FIT Committee quarterly. All FIT Committee 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 and FIT Committee 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; and
- Quarterly reporting to the Audit Committee and FIT Committee.

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

Strategic Risks	Mitigating Controls
SR1: Inability for the Entity to perform its mandate	<ol style="list-style-type: none"> 1. Funding in terms of the PFMA 2. Adequate budget process (resource planning) 3. 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 4. Seek Senior Counsel opinions 5. Status of Board member appointments are discussed at Gambling Liaison Committee (GLC) 6. Board employs rescheduling of meetings and in emergencies, round robin processes to ensure that the Board remains effective 7. Full complement of Board Members with their members appointed to 31 March 2024
SR2: Ineffective and inefficient Entity	<ol style="list-style-type: none"> 1. Submission to PT and Minister recommending amendments to the Act as and when necessary 2. Engagement with licence holders to clarify legislation interpretation 3. Legal advice/opinions when necessary 4. Status of Board member appointments are discussed at Gambling Liaison Committee (GLC) 5. Funding in terms of the PFMA 6. Adequate budget process (resource planning) 7. Four tier review process 8. Implementation of the workplace plan 9. Interrogation and review of information by various Sub-Committees of the Board 10. Stakeholders meetings and interviews where necessary 11. WSP, training, conferences, national forums 12. One-on-one meeting between Minister and WCGRB Chairperson 13. Continuously reviewing the Act for relevance and to determine gaps/ deficiencies
SR3: Ineffective and inefficient utilisation of the entity and resources	<ol style="list-style-type: none"> 1. WSP, training, conferences, national forums 2. Proper planning and Budgetary processes 3. Regular staff engagements 4. Temporary employees employed to assist 5. Structure workload in order to alleviate excessive periods
SR4: Loss of stakeholder trust	<ol style="list-style-type: none"> 1. Continuous relevant interaction with Stakeholders 2. Awareness programmes and Public engagements 3. Seek senior Counsel opinions
SR5: Disruption to critical business operations	<ol style="list-style-type: none"> 1. Business continuity management plan in place to sustain the operation of critical business services following a disaster or adverse event 2. Business continuity plan continually reviewed for all WCGRB business operations in response to disruptions 3. Implementation of the policy guidelines on state of disaster, where applicable
SR6: Non-compliance with legislative prescripts	<ol style="list-style-type: none"> 1. Regular review of Policies and procedures 2. Legal department subscribes legal publications. 3. Provincial Treasury communicates practice notes and circulars 4. Review and approval of all relevant policies and practices 5. Review, consultation and approval with stakeholders on changes and development of new policies 6. Induction to new staff and board members 7. Communication of policy changes 8. Publish policies on Intranet
SR7: Unable to secure office accommodation	<ol style="list-style-type: none"> 1. Approved plan (Board) for sourcing accommodation. 2. Funds available 3. Option to extend current lease by the Department of Public Works

Strategic Risks	Mitigating Controls
SR8: Unsuitable persons are recommended for licensing	<ol style="list-style-type: none"> 1. Declaration of interest process 2. Work Skills Plan identifies training needs for staff 3. Use of internal and external verification sources 4. Standard operating procedures 5. Multiple-tier review process
SR9: Inability to detect non-compliance with legislative provisions and regulatory requirements	<ol style="list-style-type: none"> 1. Attendance at industry specific conferences, workshops and training forums, both nationally and internationally 2. Staff declarations of interest 3. Adherence to the Departmental SOP and HR policies 4. Regular meetings with Chiefs after audits 5. Multiple-tier review process
SR10: Inability to detect illegal gambling operations	<ol style="list-style-type: none"> 1. Regular engagement with enforcement agencies 2. Attendance at Enforcement Forum meetings 3. Training provided to Enforcement officials where required 4. Network of Confidential Informers 5. Annual Enforcement Workshop 6. Follow-up on allegations of illegal gambling 7. Public awareness programmes
SR11: ICT systems and solutions are not functional, reliable, innovative and secure.	<ol style="list-style-type: none"> 1. Proper planning, budget, capacity (number of staff) and skilled resources 2. Implemented Security controls 3. Implemented policies and procedures 4. On-going monitoring, administration and managing of the ICT environment 5. Implemented ICT DRP, Generator and UPS capabilities, 6. Continuous attending training, seminars, meetings for talent development 7. Keeping abreast of the latest developments in ICT 8. Reporting to oversight Committees on ICT developments 9. Internal and External audit (Cyber security review)

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. The contract of the previous internal auditors, SizweNtsalubaGobodo Grant Thornton, ended on 31 July 2022. The Board appointed MNB Chartered Accountants as its Internal Auditors, effective 1 August 2022.

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 31 March 2022 financial year. The recommendations resulting from this assessment are in the process of being implemented.

The Audit Committee members' meeting attendance is presented below:

Name of member	Number of meetings attended
1. Mr M Burton [Audit Committee Chairperson] [Appointment on 01 March 2019 until 28 February 2022, re-appointment on 01 March 2022 and subsequent resignation on 31 March 2023]	6 of 7
2. Mr L Nene [Appointed from 17 February 2021 until 16 February 2024]	7 of 7
3. Mr A Seymour [Appointed from 1 March 2022 until 28 February 2025]	7 of 7

Name	Qualifications	Internal or external	If internal, position in the Board	Date appointed	Date Resigned	No. of Meetings attended
M Burton	B. Compt. Hons	External	Not applicable	Re-appointment date: 1 March 2022	31 March 2023	6
L Nene	Bachelor of Commerce - BCom (Accounting)	External	Not applicable	17 February 2018	Not applicable	7
A Seymour	B. Compt. Hons CA(SA)	External	Not applicable	1 March 2022	Not applicable	7

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 2022/23 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 as required. 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 Office of the Board reports on any reported incidences to the Finance and IT Committee and the Audit and Risk Committee.

For the year under review, anonymous allegations of nepotism, corruption and other appointment irregularities were made against members of the Western Cape Gambling and Racing Board's Executive Committee. This was reported via the Fraud Hotline on 9 July 2022. These allegations were shared with the Western Cape Provincial Treasury and the Western Cape Gambling and Racing Board's Board Members. The Western Cape Gambling and Racing Board's Board resolved that it would be prudent to have the Western Cape Provincial Forensics Service Unit investigate the allegations rather than utilise its internal policies and procedures.

The Western Cape Provincial Forensics Unit conducted their investigation over a period of five months and the Western Cape Gambling and Racing Board's Board were provided with a concluded report in December 2022. The report concluded that no evidence was found to substantiate the allegations of nepotism, corruption and appointment irregularities and that the allegations were in fact unfounded.

10. MINIMISING CONFLICT OF INTEREST

The WCGRB Board members, at the beginning of each fiscal year, complete 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. 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. However, Mr Brink is appointed as Board Secretary.

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 2023.

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
Mr M Burton [Audit Committee Chairperson] [Appointment on 01 March 2019 until 28 February 2022, reappointment on 01 March 2022 and subsequent resignation on 31 March 2023.]	6 of 7
Mr L Nene [Appointed from 17 February 2021 until 16 February 2024]	7 of 7
Mr A Seymour [Appointed from 1 March 2022 until 28 February 2025]	7 of 7



*Linda Nene
Chairperson of the Audit Committee*

During the 2022/23 financial year, 7 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

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.

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 of South Africa.

The Audit Committee is satisfied that the internal audit function, which is outsourced, is operating effectively and that it has covered the mitigations or 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;
- Business Continuity Management;
- Cyber Security Risk Review;
- Supply Chain Management Review;
- Revenue Audit;
- 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; and
- Review of Human Resource 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 2022/2023 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; and
- Reviewed adjustments resulting from the audit.

INTERNAL AUDITORS

The Committee has considered the independence and effectiveness of the internal audit function. The Committee has reviewed and approved the internal audit charter and the internal audit plan for 2023 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 2023 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.



Linda Nene
Chairperson of the Audit Committee
Western Cape Gambling and Racing Board
Date: 31 July 2023

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. Furthermore, 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-nine (69) positions filled and five (5) posts vacant as at 31 March 2023.

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;
- On-going review of HR policies;
- Job evaluation to ensure job descriptions and titles remain appropriate and accurate; and
- An optimised and aligned organisational design.

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

The performance management process requires a mid-year review and an annual assessment to be conducted, and that the operational targets linked to the performance agreement are monitored on an on-going basis.

In instances where performance expectations are not met, the gaps are addressed through the management of poor performance, which is in accordance with the procedures as laid down in the Labour Relations Act.

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 for 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 and annual utilisation reports that provides a trend analysis of utilisation of services (i.e. 24/7/365 telephonic counselling service, e-care, face-to-face counselling, trauma and critical incidents etc.), risk identification and its impact on productivity and recommendations on targeted interventions.

Policy development

Based on the directive from the Western Cape Provincial Treasury (WCPT), the Board resolved that the WCGRB human resources policies be aligned with that of the Western Cape Government and in particular with that of the Western Cape Provincial Treasury. Consequently, the Board continuously check on the WCPT's policies for any changes to be effected and the related amendments are processed to the WCGRB relevant policies.

Human resource policies are developed through a process of consultation with relevant stakeholders to ensure wide participation and buy-in. During the year under review, the division reviewed the Employment Equity Plan, Prevention and Elimination of Harassment in the workplace, Grievance Policy and Procedure and the policy on mobile devices.

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;
- Co-ordinate 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;
- Organisational and leadership culture change survey;
- Continuous marketing of Employee Assistance Programme to ensure sustained awareness and engagement with the programme; and
- Maintaining a safe working environment.

Challenges

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 HR Plan is reviewed in line with WCGRB Strategic Plan and the Annual Performance Plan. The following are key HR priorities:

- Continuous professional development and training to equip employees with the necessary technical competencies to perform their functions;
- The attraction 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;
- 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;
- Implementation of organisational and leadership culture change plan; and
- On-going review of HR policies.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

2.1 Personnel related expenditure

Personnel Cost by programme

Programme	Total Expenditure for the entity	Personnel Expenditure	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee
	(R' 000)**	(R' 000)	%		(R' 000)
Administration*	27 132	16 218	60%	33	491
Licensing	14 356	13 953	97%	22	634
Regulatory Compliance	17 616	16 334	93%	24	681
ICT	9 592	3 022	32%	5	604
TOTAL	68 695	49 527	72%	84	590

** 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	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
	(R' 000)	%		(R' 000)
Top Management	1 609	3%	1	1 609
Senior Management	7 637	17%	6	1 273
Professional qualified	9 515	21%	11	865
Skilled	22 346	48%	35	638
Semi-skilled	5 147	11%	16	322
Unskilled	-	0%	0	-
TOTAL	46 253		69	670

** Excludes Board member's remuneration of R1 238 405, housing allowance of R931 297, remuneration of temporary workers of R1 043 367 and net salary accruals/provisions of R64 201.

Performance Rewards

No Performance Bonuses were paid for the 2022/23 financial year.

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

Training Costs

Programme	Personnel Expenditure	Training Expenditure	Training Expenditure as a % of Personnel Cost	No. of employees trained	Avg training cost per employee
	(R' 000)**	(R' 000)	%		(R' 000)
Board	1 237	10	0%	2	5
Executive	8 482	66	4.02%	9	7
Administration & Finance	6 502	97	0.29%	10	10
Regulatory Compliance	16 334	158	0.55%	20	8
Licensing	13 953	136	0%	19	7
ICT	3 022	62	2.61%	5	12
TOTAL	49 530	529	1.06%	65	8

** Personnel Expenditure as disclosed in Note 20 to the financial statements.

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

Employment and vacancies

Programme	2021/22 No. of Employees	2022/23 Approved Posts	2022/23 No. of Employees	2022/23 Vacancies	% of vacancies
Administration	8	10	8	2	20%
Executive	7	7	7	-	-
Management	7	7	7	-	-
Regulatory Compliance	22	24	22	2	8%
Licensing	20	22	21	1	5%
ICT	4	4	4	-	-
TOTAL	68	74	69	5	7%

Level	2021/22 No. of Employees	2022/23 Approved Posts	2022/23 No. of Employees	2022/23 Vacancies	% of vacancies
Top Management	1	1	1	-	-
Senior Management	6	6	6	-	-
Professional qualified	11	13	11	2	15%
Skilled	34	36	35	1	3%
Semi-skilled	16	18	16	2	11%
Unskilled	-	-	-	-	-
TOTAL	68	74	69	5	7%

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	34	2	1	35
Semi-skilled	16	1	1	16
Unskilled	-	-	-	-
TOTAL	68			69

Reasons for staff leaving

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

The official left the organisation due to personal reasons. An official has been appointed to act in the position until the organisational structure design exercise is finalised.

Labour Relations: Misconduct and disciplinary action

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

Equity Target and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-		1	1	-	-	-	-
Senior Management	-	1	2	1	-	-	-	-
Professional qualified	2	3	-	3	-	-	4	1
Skilled	5	8	12	9	1	-	3	3
Semi-skilled	3	4	2	4	-	-	-	1
Unskilled	-	-	-	-	-	-	-	-
TOTAL	10	16	17	18	1	0	7	5

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	-	-
Senior Management	-	1	3	1	-	-	-	-
Professional qualified	1	2	2	2	-	-	1	1
Skilled	4	7	10	8	-	-	2	3
Semi-skilled	2	3	8		-	-	1	1
Unskilled	-	-	-	-	-	-	-	-
TOTAL	7	13	23	15	-	-	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

1. Report of the External Auditor

Report of the auditor-general to the Western Cape Provincial Legislature on vote no. 3: 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 75- 127, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Western Cape Gambling and Racing Board as at 31 March 2023 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 responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

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

Restatement of corresponding figures

7. As disclosed in note 38 to the financial statements, the comparative figures for 31 March 2022 were adjusted to enhance the relevance of the financial statements of the entity at, and for the year ended, 31 March 2023.

Other matter

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

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

9. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure (UIFW expenditure). Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in either the annual report or the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 37 and note 40 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of Western Cape Gambling and Racing Board. The disclosure of these movements (e.g. condoned, recoverable,

1. Report of the External Auditor

removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

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

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

12. 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.
13. 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 annual performance report

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
15. I selected the following material performance indicators related to Programme 2: Licencing and Programme 3: Regulatory compliance presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Percentage of new applications, in respect of employee licences (key and gambling) linked to licensed operators received, processed within 30 days of receipt
 - Percentage of renewal applications received processed on or before the date of expiry of the licence
 - Number of compliance assessments conducted
 - Percentage of investigations initiated within 30 days of allegations of illegal gambling received by the Board
16. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
17. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives

1. Report of the External Auditor

- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
18. I performed the procedures for the purpose of reporting material findings only.
19. I did not identify any material findings on the reported performance information for the selected material performance indicators.

Other matter

20. I draw attention to the matter below.

Achievement of planned targets

21. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements.

Report on compliance with legislation

22. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
23. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
24. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
25. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

26. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
27. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

1. Report of the External Auditor

28. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. I have nothing to report in this regard.

Internal control deficiencies

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

Auditor-General

Cape Town
31 July 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

1. Report of the External Auditor

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

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

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

1. Report of the External Auditor

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1(b)(ii); 16A9.1; 16A9; 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c) Treasury Regulation 31.2.1 Treasury Regulation 31.3.3 Treasury Regulation 33.1.1; 33.1.3
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4(a); 4.4 (c) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6

FINANCIAL INFORMATION

Western Cape Gambling and Racing Board

Annual Financial Statements
for the year ended 31 March 2023

1. Report of the External Auditor

Legislation	Sections or regulations
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Par. 4.3.2; 4.3.3
Competition Act	Section 4(1)(b)(ii)
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1

2. Annual Financial Statements

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Regulating gambling industry
Board members	Mr CA Bassuday Ms C Fani Mr RG Nicholls Mr TC Arendse Ms L Venter
Business address	100 Fairway Close Parow Cape Town Republic of South Africa 7500
Postal address	PO Box 8175 Roggebaai 8012
Bankers	Nedbank
Auditors	Auditor General (SA)
Secretary	Heinrich Brink

FINANCIAL INFORMATION

Western Cape Gambling and Racing Board

Annual Financial Statements

for the year ended 31 March 2023

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PA Abrahams
for the Western Cape Gambling and Racing Board

Statement of Financial Position as at 31 March 2023

Annual Financial Statements
for the year ended 31 March 2023

Figures in Rand	Note(s)	2023	2022
Assets			
Current Assets			
Cash and cash equivalents	3	62 486 245	42 789 780
Inventories		55 318	67 987
Prepayments	4	1 068 132	698 611
Receivables from exchange transactions	5	1 605 472	1 291 508
Receivables from non-exchange transactions	6	44 464 729	42 498 618
Cash and cash equivalents - Trust funds (securities)	7	31 040 211	18 317 883
Cash and cash equivalents - Trust funds (trust)	7	13 645 263	11 440 412
Cash and cash equivalents - ILSF Housing Fund	8	519 612	531 451
		154 884 982	117 636 250
Non-Current Assets			
Property, plant and equipment	9	5 149 545	3 586 316
Intangible assets	10	4 598 593	4 969 282
Prepayments	4	183 107	136 792
		9 931 245	8 692 390
Total Assets		164 816 227	126 328 640
Liabilities			
Current Liabilities			
Trust creditors (securities)	7	31 040 211	18 317 883
Trust creditors (probity costs)	7	11 349 824	9 954 302
Payables from exchange transactions	11	669 322	2 165 964
Taxes and transfers payable	12	73 461 057	64 242 054
Provisions	13	600 000	900 000
Employee Benefits	14	4 641 198	4 716 242
		121 761 612	100 296 445
Non-Current Liabilities			
Employee Benefits	14	4 876 000	4 973 000
Total Liabilities		126 637 612	105 269 445
Net Assets		38 178 615	21 059 195

FINANCIAL INFORMATION

Statement of Financial Performance

Western Cape Gambling and Racing Board

Annual Financial Statements
for the year ended 31 March 2023

Figures in Rand	Note(s)	2023	2022
Revenue			
Revenue from exchange transactions			
Interest income	15	3 464 133	1 465 060
Operating revenue	16	52 350 777	47 405 381
Sundry income	17	197 439	237 235
Total revenue from exchange transactions		56 012 349	49 107 676
Revenue from non-exchange transactions			
Transfer revenue			
Government grants	18	25 076 000	26 256 000
Services in-kind	19	5 817 204	4 332 399
Total revenue from non-exchange transactions		30 893 204	30 588 399
Total revenue		86 905 553	79 696 075
Expenditure			
Amortisation: Intangible assets	10	392 539	391 522
Depreciation: Property, plant and equipment	9	1 292 414	1 200 790
Elimination of illegal gambling operations		28 600	19 200
Employee related costs	20	49 529 820	47 606 791
Finance costs	14	574 000	606 000
General expenses	21	16 377 374	13 368 133
Legal fees		1 302 392	1 359 160
Rental expenses		453 268	259 599
Travel and subsistence		1 721 994	633 963
Total expenditure		(71 672 401)	(65 445 158)
Operating surplus		15 233 152	14 250 917
(Gain)/Loss on disposal of assets		10 737	7 969
Actuarial (gains)/losses	14	(748 845)	(109 782)
		738 108	101 813
Surplus for the year		15 971 260	14 352 730

FINANCIAL INFORMATION

Statement of Changes in Net Assets

Western Cape Gambling and Racing Board

Annual Financial Statements
for the year ended 31 March 2023

Figures in Rand

	Accumulated surplus/deficit	Total net assets
Balance at 01 April 2021	5 084 846	5 084 846
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
Balance at 1 April 2022	21 059 195	21 059 195
Surplus for the year	15 971 260	15 971 260
Retention of surplus funds approved: 31 March 2022	14 951 588	14 951 588
Surplus payable to the Provincial Revenue Fund: 31 March 2023	(13 803 428)	(13 803 428)
Total changes	17 119 420	17 119 420
Balance at 31 March 2023	38 178 615	38 178 615

FINANCIAL INFORMATION

Western Cape Gambling and Racing Board

Cash Flow Statement

Annual Financial Statements
for the year ended 31 March 2023

Figures in Rand	Note(s)	2023	2022
Cash flows from operating activities			
Receipts			
Taxes and levies collected	25	1 076 758 695	780 262 439
Operating revenue		52 118 734	46 727 816
Government grant		25 076 000	26 256 000
Interest income		3 464 133	1 465 060
Sundry Income		197 439	237 235
		1 157 615 001	854 948 550
Payments			
Employee costs		(49 527 019)	(47 549 150)
Suppliers		(16 342 754)	(9 488 513)
Taxes and levies distributed		(1 068 363 043)	(781 110 074)
		(1 134 232 816)	(838 147 737)
Net cash flows from operating activities	26	23 382 185	16 800 813
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(2 872 382)	(1 243 439)
Proceeds from sale of property, plant and equipment		6 002	54
Capitalised development IT costs	10	-	(672 124)
Purchase of other intangible assets	10	(21 850)	-
Net cash flows from investing activities		(2 888 230)	(1 915 509)
Cash flows from financing activities			
Net receipts and payments for trust funds		14 117 850	2 148 023
Net increase in cash and cash equivalents		34 611 805	17 033 326
Cash and cash equivalents at the beginning of the year		73 079 526	56 046 200
Cash and cash equivalents at the end of the year	3	107 691 331	73 079 526

Statement of Comparison of
Budget and Actual AmountsAnnual Financial Statements
for the year ended 31 March 2023

Budget on Cash Basis

Figures in Rand

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Non-tax revenue						
Sale of goods and services other than capital assets	43 519 196	1 924 000	45 443 196	52 118 734	6 675 538	(1)
Entity revenue other than sales	1 008 000	-	1 008 000	3 661 572	2 653 572	(2)
Transfers received Departmental transfers	27 000 000	(1 924 000)	25 076 000	25 076 000	-	
Total revenue	71 527 196	-	71 527 196	80 856 306	9 329 110	
Expenses						
Compensation of employees	(50 868 074)	-	(50 868 074)	(49 527 019)	1 341 055	(3)
Goods and services	(16 438 122)	-	(16 438 122)	(16 273 906)	164 216	
Payments for capital assets	(4 221 000)	-	(4 221 000)	(2 894 232)	1 326 768	(4)
Total expenditure	(71 527 196)	-	(71 527 196)	(68 695 157)	2 832 039	
Surplus / (Deficit)	-	-	-	12 161 149	12 161 149	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	12 161 149	12 161 149	

FINANCIAL INFORMATION

Budget and Actual Comparative Statement

Western Cape Gambling and Racing Board

Annual Financial Statements
for the year ended 31 March 2023

The budget and the accounting basis differ. Refer to note 34 for the reconciliation between budget and statement of financial performance.

Refer to note 35 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 approved cash surplus of R31.5 million was deposited into the Board's primary bank account from 1 April 2022 until 19 December 2022. An amount of R32 million was then deposited into a CPD account at the Reserve Bank, earning interest of 7.15%. It was the Board's intention to finalise the procurement of the office accommodation during the 2022/23 financial year. Due to delays in the procurement process, the procurement of the office accommodation was not finalized at year end. At such, the cash surplus was not utilised at year end, resulting in the Board earning interest on the cash surplus for the full year under review. The interest received was not included in the Board's original budget.
3. The underspending in compensation of employees is due to vacancies during the period. The Board is currently conducting an Organisational Structure Review to ensure the best fit for the organization. This exercise includes the review of all job descriptions to ensure that they remain appropriate and accurate. For this reason, it was resolved that the recruitment process for the vacant positions be put on hold to enable the Organisation Design Consultants to develop appropriate Job Descriptions for the positions. This process is envisaged to be concluded early in the new financial year, upon which the procurement process to fill the vacant positions will commence.
4. The underspending in respect of payment for capital expenditure relates to software development costs. The Board 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.

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 provincial entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. 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.

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 14. 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 14. 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

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.

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.

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 depreciation charge for each period is recognised in surplus or deficit.

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 30).

1.5 Intangible assets

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.

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.

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.

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

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

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

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.6 Financial instruments

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

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.

Derecognition

The Board derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the Board transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the Board, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case the Board 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, bad debts written off are recognised in operating expenses in surplus or deficit.

Cash and cash equivalents

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

1.7 Statutory receivables

Identification

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.

Impairment losses

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

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

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

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

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

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

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory

receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The 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) (l) 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 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 current replacement cost.

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

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

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.

The carrying amounts of inventories are recognised as an expense in the period in which the inventory is distributed.

1.11 Impairment of cash-generating assets

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

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

An impairment loss is recognised immediately in surplus or deficit.

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.

1.12 Employee benefits

Short-term employee benefits

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 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: 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.

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 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.

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.

Long service awards

Long service awards are provided to employees who achieve certain pre determined milestones of service

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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 liability is recognised as the present value of the defined benefit obligation at the reporting date.

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.

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 33.

1.14 Capital commitments

Capital commitments disclosed in the annual financial statements represent the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.15 Revenue from exchange transactions

Measurement

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

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.

Interest income

Refer to section 1.17 for the accounting policy for Interest Income.

Other income

Other income is recognised when it is probable that future economic benefits will flow to the entity and when the amount can be measured reliably.

1.16 Revenue from non-exchange transactions

Government grants

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

Services-in-kind

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).

Assessing which entity benefits from the transactions with third parties

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 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 2022/04/01 to 2023/03/31.

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 34.

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.

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 25 and Note 36 to the financial statements.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, 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 table below outlines the new pronouncements or amendments that are effective for financial periods commencing on or after 1 April 2023.

Standard/Interpretation	Expected impact
GRAP 25: Employee Benefits IGRAP 7: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	The expected impact on the financial statements is not significant.
GRAP 1: Presentation of Financial Statements	The expected impact on the financial statements is not significant.
Standards of GRAP: Improvements to the Standard of GRAP 2020	The expected impact on the financial statements is not significant.
IGRAP 21: The Past Effect of Decisions on Materiality	The expected impact on the financial statements is not significant.
Guideline: Accounting for Landfill Sites	No such transactions are expected in the foreseeable future.

2.3 Standards and interpretations not yet effective or relevant

The following standards of GRAP, or amendments to the Standards, are not yet effective or no effective date has been determined by the Minister:

Standard/Interpretation	Expected impact
GRAP 104: Financial Instruments	There could be a significant impact on the classification of financial instruments and the calculation of impairment losses.
GRAP 103: Heritage Assets	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	30 486 245	42 789 780
Short-term deposits	32 000 000	-
	62 486 245	42 789 780

The Board's bank balances are held at Nedbank. The interest rate for funds held in the primary bank account is 7.15% as at 31 March 2023 (31 March 2022: 3.65%).

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

Trust funds (securities) - Refer to Note 7	31 040 211	18 317 883
Trust funds (trusts) - Refer to Note 7	13 645 263	11 440 412
ILSF Housing Fund - Refer to Note 8	519 612	531 451
Cash and cash equivalents (as per above)	62 486 245	42 789 780
	107 691 331	73 079 526

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

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

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

4. Prepayments

Annual licence fees: software	1 209 552	739 755
Membership fees	11 923	12 122
Subscription fees	29 543	22 064
Travel and accommodation	-	61 241
TV Licence Fees	221	221
	1 251 239	835 403

As disclosed in the statement of financial position

Current assets	1 068 132	698 611
Non-current assets	183 107	136 792
	1 251 239	835 403

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5. Receivables from exchange transactions

Amounts due in respect of regulation operations	1 426 209	1 258 931
Amounts due in respect of other activities	179 263	32 577
	1 605 472	1 291 508

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

Licence application fees	118 502	82 746
Board Inspector's Charge-out fees	368 200	583 717
Investigation fees	236 771	558 740
	723 473	1 225 203

Financial asset receivables included in receivables from exchange transactions above

	881 999	66 305
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Total receivables

	1 605 472	1 291 508
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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, 2022.

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, 2022.

Interest or other charges levied/charged

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

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5. Receivables from exchange transactions (continued)

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 (31 March 2022: nil).

Other impairment losses recognised or reversed

There were no other impairment losses recognised or reversed for the year under review (31 March 2022: 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 2023, there were no statutory receivables outstanding for more than 30 days (31 March 2022: R59 031). For the prior year balance, these outstanding balances related to existing licence holders with no defaults in the past. All amounts were recovered during the current year.

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

Group 1: 31 - 60 days past due	-	38 926
Group 2: 61 - 90 days past due	-	18 805
Group 3: 91 and over past due	-	1 300
	-	59 031

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	881 999	66 305
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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 as at year end, were neither past due nor impaired (31 March 2022: Rnil).

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6. Receivables from non-exchange transactions

	2023	2022
Statutory Receivables from non-exchange transactions	44 464 729	42 498 618

Statutory receivables included in receivables from non-exchange transactions above are as follows:

Annual Licence Fees	86 260	136 981
Gambling Taxes	44 378 469	42 330 437
Penalties	-	31 200
	44 464 729	42 498 618

Financial asset receivables included in receivables from non-exchange transactions above	-	-
Total receivables from non-exchange transactions	44 464 729	42 498 618

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, 2022.

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 period 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 at 31 March 2023, there were no statutory receivables outstanding for more than 30 days (31 March 2022: Rnil).

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7. Cash and cash equivalents - Trust funds

Trust funds (securities)	30 929 898	18 317 883
Trust funds (trusts)	13 214 168	11 213 675
Total	44 144 066	29 531 558

Add: Amount (payable) / receivable to/from current account

Securities	110 313	-
Trusts	431 095	226 737
	44 685 474	29 758 295

Currently disclosed in the financial statements**Current assets**

Trust funds (securities) - Refer to Note 3	31 040 211	18 317 883
Trust funds (trust) - Refer to Note 3	13 645 263	11 440 412
Total	44 685 474	29 758 295

Current liabilities

Trust creditors (securities)	31 040 211	18 317 883
Trust creditors (probity costs)	11 349 824	9 954 302
Total	42 390 035	28 272 185

Variance: trust assets and trust liabilities	2 295 439	1 486 110
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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 the end of reporting period each year.

8. Cash and cash equivalents - ILSF Housing Fund

ILSF Housing Fund	519 612	531 451
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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 2015.

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.

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9. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Motor vehicles	1 772 406	(1 387 867)	384 539	1 772 406	(1 148 035)	624 371
Equipment & furniture	3 566 644	(2 467 833)	1 098 811	3 563 352	(2 086 001)	1 477 351
Computers	5 603 000	(2 052 720)	3 550 280	4 463 670	(3 088 901)	1 374 769
Computer accessories	898 695	(782 780)	115 915	886 966	(777 141)	109 825
Total	11 840 745	(6 691 200)	5 149 545	10 686 394	(7 100 078)	3 586 316

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Motor vehicles	624 371	-	-	(239 832)	384 539
Equipment & furniture	1 477 351	4 907	-	(383 447)	1 098 811
Computers	1 374 769	2 809 903	(15 836)	(618 556)	3 550 280
Computer accessories	109 825	57 572	(903)	(50 579)	115 915
Total	3 586 316	2 872 382	(16 739)	(1 292 414)	5 149 545

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
Total	3 551 690	1 243 439	(8 023)	(1 200 790)	3 586 316

Pledged as security

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

Restricted title

As at 31 March 2023, 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.

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9. Property, plant and equipment (continued)

Other information

Refer to Note 29 for capital commitments in respect of property, plant and equipment.

The Board has reviewed the useful lives of its assets as at 31 March 2023. Refer to Note 41 where the change in estimate is disclosed.

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

For the period 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 30 to the financial statements.

10. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	133 287	(94 457)	38 830	111 437	(84 490)	26 947
Internally generated computer software	5 738 574	(1 178 811)	4 559 763	5 738 574	(796 239)	4 942 335
Total	5 871 861	(1 273 268)	4 598 593	5 850 011	(880 729)	4 969 282

Reconciliation of intangible assets - 2023

	Opening balance	Additions	Amortisation	Total
Computer software	26 947	21 850	(9 967)	38 830
Internally generated computer software	4 942 335	-	(382 572)	4 559 763
Total	4 969 282	21 850	(392 539)	4 598 593

Reconciliation of intangible assets - 2022

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

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10. Intangible assets (continued)

Intangible assets in the process of being constructed or developed

As at 31 March 2023, 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 2023, the Board did not have intangible assets whose title is restricted.

Other information

As at 31 March 2023, 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 4 559 763 as at 31 March 2023 (31 March 2022: R4 942 335).

The remaining amortization period of the Licensing Automation Project is 11 years.

11. Payables from exchange transactions

Accounts payable

669 322

2 165 964

Payments due to creditors are settled within 30 days from receipt of invoice.

12. Taxes and transfers payable

Provincial Revenue Fund (see note 24)

72 593 030

63 865 841

Kenilworth Racing (Betting Levy)

868 027

376 213

73 461 057

64 242 054

13. Provisions

Reconciliation of provisions - 2023

	Opening balance	Utilised during the year due to payments	Reversed during the year	Total
Legal proceedings	900 000	(105 000)	(195 000)	600 000

Reconciliation of provisions - 2022

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

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13. Provisions (continued)

Legal proceedings provisions

Judgement in respect of one litigation matter was delivered on 22 February 2021. The court ruled in favour of the applicant regarding a dispute related to pay out of winnings and cost was awarded against the Board. During the year under review, the Board and applicant reached a settlement agreement and an amount of R105 000 was paid to the applicant. Before this matter was finalised, the estimate for the applicant's legal cost was R300 000.

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. The Board awaits the Bill of Cost to be set down for taxation.

14. Employee benefits

Employee Benefits

Current Liabilities	4 641 198	4 716 242
Non-Current Liabilities	4 876 000	4 973 000
	9 517 198	9 689 242

Current Liabilities - Employee Benefits

Accrual for leave pay	3 245 724	3 464 232
Accrual for bonus	608 862	584 559
Subtotal	3 854 586	4 048 791
Current portion of Post Retirement Medical Aid	95 000	77 000
Current portion of Long Service Awards	172 000	59 000
ILSF: Housing allowance	519 612	531 451
	4 641 198	4 716 242

Non-Current Employee Benefits

Long Service Awards	829 000	828 000
Post-Retirement Medical Aid	4 314 000	4 281 000
Subtotal	5 143 000	5 109 000
Less: Current Liability	(267 000)	(136 000)
	4 876 000	4 973 000

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14. Employee benefits (continued)

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

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 January 2023 was R3 402 per month (R4 248 per month on 1 January 2022) and is expected to increase by 9.34% on 1 January 2024.

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

Opening balance	5 109 000	4 458 000
Net expense recognised in the statement of financial performance	34 000	651 000
	5 143 000	5 109 000

Accrued Liability

Long Service Award

Current liability	172 000	59 000
Non-current liability	657 000	769 000

Post-Retirement Medical Aid

Current liability	95 000	77 000
Non-current liability	4 219 000	4 204 000
	5 143 000	5 109 000

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14. Employee benefits (continued)

Net expense recognised in the statement of financial performance

Current service cost: Long Service Awards*	39 219	(10 218)
Current service cost: Medical Aid Benefit*	169 626	165 000
Interest cost: Long Service Awards	50 000	57 000
Interest cost: Medical Aid Benefit	524 000	549 000
Actuarial loss/(gain): Long Service Awards	(88 219)	(41 782)
Actuarial loss/(gain): Medical Aid Benefit	(660 626)	(68 000)
	34 000	651 000

*These items are included as part the information disclosed in Note 20 to the financial statements (medical aid company contributions and long service awards).

Key assumptions used

Assumptions used at the reporting date:

Long Service Awards	31 March 2023	31 March 2022
Discount rate	8.82%	6.18%
CPI (Consumer Price Inflation)	4.96%	4.92%
Normal Salary Increase Rate	5.96%	5.92%
Net Effective Discount Rate	2.70%	0.25%
Pre-retirement mortality	SA 85-90 (light)	SA 85-90 (light)

Post-Retirement Medical Aid	31 March 2023	31 March 2022
Discount rate	13.50%	11.84%
Medical CPI (Consumer Price Inflation)	8.34%	7.63%
Medical Aid Contribution Inflation	9.34%	8.63%
Net Effective Discount Rate	3.80%	2.96%

Demographic Assumptions	31 March 2023	31 March 2022
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%

Figures in Rand

14. Employee benefits (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.

Figures in Rand

14. Employee benefits (continued)

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%

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%

Figures in Rand

14. Employee benefits (continued)

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 2023 is impacted by changes in the assumptions and secondly how the income statement expenses (interest and service cost) are impacted by changes in assumptions.

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 illustrate 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 4 668 000	R 4 314 000	R 4 015 000
Interest Cost	R 648 000	R 597 000	R 554 000
Service Cost	R 224 000	R 204 000	R 187 000

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 illustrate 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 4 030 000	R 4 314 000	R 4 506 000
Interest Cost	R 557 000	R 597 000	R 624 000
Service Cost	R 189 000	R 204 000	R 213 000

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 illustrate 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 850 000	R 829 000	R 809 000
Current Service Cost	R 83 000	R 81 000	R 79 000
Interest Cost	R 77 000	R 75 000	R 73 000

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14. Employee benefits (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 822 000	R 829 000	R 836 000
Current Service Cost	R 80 000	R 81 000	R 82 000
Interest Cost	R 74 000	R 75 000	R 76 000

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 660 369 (2022: R4 530 166) represents contributions payable to the fund as specified in the rules of the fund (as disclosed Note 20 to the financial statements).

Other disclosures

Amounts for the current and previous four years are disclosed below:

	2023	2022	2021	2020	2019
Defined benefit obligation	5 143 000	5 109 000	4 458 000	3 893 128	3 758 000
Experience adjustments on plan liabilities	(748 845)	(109 782)	(105 757)	(531 771)	(559 000)

The current service cost for the ensuing year is estimated to be R285 000, whereas the interest cost for the next year is estimated to be R672 000.

15. Interest Income

Interest revenue

Bank	2 799 483	1 320 156
Other Financial Institutions	664 650	144 904
	3 464 133	1 465 060

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16. Operating Revenue		
Board Inspector Charge Out Fees	8 909 075	7 948 369
Investigation Fees	35 545 254	33 008 197
Licence application fees	4 663 948	3 448 815
Limited Pay-out Machine Operator Fees	3 232 500	3 000 000
	52 350 777	47 405 381
17. Sundry Income		
Other miscellaneous income	197 439	237 235
18. Government Grant		
Provincial Revenue Fund	25 076 000	26 256 000
The grant has no conditions attached to it. The grant is recognised in surplus/deficit on receipt thereof.		
19. Services in-kind		
Services in-kind benefit revenue	5 817 204	4 332 399
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 21 to the financial statements.		
20. Employee related costs		
Basic salary	36 399 628	34 717 076
Bonus	2 639 672	2 499 132
Medical aid - company contributions	2 801 719	2 770 190
UIF	153 931	144 805
Leave pay	418 982	675 752
Non-pensionable cash allowance	1 271 454	1 207 018
Defined contribution plans	4 660 369	4 530 166
Car allowances	12 120	23 230
Overtime payments	2 840	1 133
Long-service awards	86 000	104 000
Acting allowances	151 808	34 674
Housing benefits and allowances	931 297	899 615
	49 529 820	47 606 791

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20. Employee related costs (continued)

Remuneration of executive management

The emoluments of the executive management, as disclosed in Note 22 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 22 to the financial statements, are included in the employee related costs as disclosed in this note.

21. General expenses

Advertising	-	112 083
Auditors remuneration	2 449 007	2 317 976
Bank charges	7 217	16 219
Cleaning	222 634	309 947
Computer software annual licences	1 983 314	1 839 685
Conferences and membership fees	276 563	207 766
Consulting and professional fees	1 518 693	1 011 063
Consumables	55 171	66 579
Courier services	782	-
Entertainment	23 541	24 652
Insurance	310 984	323 442
Levies	444 130	424 285
Postage	2 590	2 703
Printing and stationery	167 358	148 012
Publications	16 179	-
Recruitment costs	-	65 171
Rental of equipment	207 292	227 457
Repairs and maintenance (see note 30)	60 269	144 691
Responsible Gambling Awareness	894 204	206 995
Security services	34 227	32 334
Services in-kind (see note 19)	5 817 204	4 332 399
Services: Translations/Subscriptions/Transcriptions	154 709	144 163
Staff welfare	352 845	51 525
Telephone and communications	657 070	641 083
Staff development and training	529 087	585 390
Utilities	192 304	132 513
	16 377 374	13 368 133

Figures in Rand

22. Emoluments

Executive

31 March 2023

	Emoluments	Retirement Fund	Bonus	Other*	Total
Chief Executive Officer	1 375 906	73 522	83 611	75 671	1 608 710
Manager: Legal services	1 186 854	63 062	71 717	61 740	1 383 373
HOD: Admin & Finance	1 053 586	55 981	64 356	84 381	1 258 304
HOD: Licensing	1 186 854	63 062	71 717	25 035	1 346 668
HOD: Compliance	1 186 854	63 062	78 213	96 823	1 424 952
HOD: Information Technology	1 085 430	57 673	65 588	27 910	1 236 601
Manager: Human Resources	840 513	44 660	50 789	51 019	986 981
	7 915 997	421 022	485 991	422 579	9 245 589

*Other benefits comprise leave paid, travel and subsistence claims and cash allowances.

31 March 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
	7 756 712	419 759	469 644	319 120	8 965 235

Board members

31 March 2023

	Members' fees	Other fees*	Total
Mr CA Bassuday	298 370	26 255	324 625
Ms C Fani	206 849	18 746	225 595
Mr RG Nicholls	202 891	1 693	204 584
Mr TC Arendse	203 151	1 983	205 134
Ms L Venter	242 157	36 310	278 467
	1 153 418	84 987	1 238 405

*Other fees comprise of claims for business kilometres and subsistence allowances.

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22. Emoluments (continued)

Board members

31 March 2022

	Members' fees	Other fees*	Total
Mr DT Lakay (Term expired: 15 Dec 2021)	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 (Resigned: 17 Aug 2022)	-	212	212
	1 039 647	8 587	1 048 234

23. Operating leases

Minimum lease payments due

- within one year	192 200	105 942
- in second to fifth year inclusive	249 789	20 951

Present value of minimum lease payments

441 989	126 893
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Operating lease payments represent rentals payable by the Board for equipment hire.

24. Related parties

Relationships

Executive Authority - Western Cape Provincial Treasury: Ms M Wenger	No direct transactions
Western Cape Provincial Head Official: Mr D Savage	No direct transactions
Provincial Revenue Fund	Government grant as disclosed in Note 18.
Western Cape Provincial Treasury	Taxes and levies as disclosed in Note 25.
Non-Executive Members of the Board	Fees for attendance of meetings as disclosed in Note 22.
Executive Management of the Board	Remuneration of Executive Management as disclosed in Note 22.
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 19.
Department of the Premier	The Board has access to corporate services free of charge from the Department of the Premier. The Board utilised corporate services from the Department of the Premier for the period under review.

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24. Related parties

Related party balances

Amounts payable to related parties

Western Cape Provincial Treasury (see note 12)	58 789 602	48 914 253
Provincial Revenue Fund - Cash Surplus (see note 12)	13 803 428	14 951 588

Amounts payable to Provincial Treasury relate to taxes and levies payable at the end of the reporting period. 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 receivable regarding related parties

Western Cape Provincial Treasury (See note 36)	44 464 729	42 478 399
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Amounts due to the Board at the end of the reporting period included annual licence fees and gambling taxes, which is payable to the Provincial Revenue Fund.

Key management information

Class	Description	Number
Non-executive board members	The Board consist of Members appointed on a part time basis by the Executive Council.	Five (5) Members were appointed to the Board as at 31 March 2023.
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 2023.

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25. Taxes and levies collected during the year

Provincial taxes

Casino	372 570 595	280 224 604
Horse Racing and Betting	552 043 321	370 916 322
Limited Pay-out Machines	148 094 067	125 589 575
	1 072 707 983	776 730 501

Levies

Casino	2 418 878	2 183 329
Horse Racing and Betting	445 973	331 082
Limited Pay-out Machines	1 026 458	931 576
	3 891 309	3 445 987

Interest, fines and penalties

Casino	-	15 000
Horseracing and Betting	39 403	70 951
Limited Pay-out Machines	120 000	-
	159 403	85 951

Total collected

	1 076 758 695	780 262 439
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Distributable to:

Provincial Revenue Fund	1 038 284 416	758 888 673
Kenilworth Racing	38 474 279	21 373 766
	1 076 758 695	780 262 439

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

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

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26. Cash generated from operations

Surplus	15 971 260	14 352 730
Adjustments for:		
Depreciation - tangible assets	1 292 414	1 200 790
Amortisation - intangible assets	392 539	391 522
Movement in provisions	(300 000)	600 000
Movement in employee benefits	(172 044)	553 859
Loss/(Gain) on sale of assets	10 737	7 969
Services in-kind revenue	(5 817 204)	(4 332 399)
Services in-kind expenditure	5 817 204	4 332 399
Changes in working capital:		
Inventories	12 669	(7 091)
Receivables	(232 043)	(677 565)
Prepayments	(415 836)	216 177
Payables	6 822 489	162 422
	23 382 185	16 800 813

27. Risk management

Financial risk management

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

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future contractual commitments. The entity 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 2023, 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	644 388	2 050 392
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27. Risk management (continued)

Credit risk management

Credit risk is managed on a group basis.

Credit risk consists mainly of bank balances, 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 outstanding in respect of receivables from exchange transactions, which do not represent statutory receivables, amounts to R871 536 (31 March 2022: R66 305) at the end of the reporting period. The Board holds no specific collateral for this balance. Management considers the amount of R871 536 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 2023, management did not consider there to be any significant concentration of risk which had not been adequately provided for.

As at 31 March 2023, there were no outstanding balances for more than 30 days.

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

Cash and cash equivalents	62 486 245	42 789 780
Receivables from exchange transactions	881 999	66 305
Cash and cash equivalents - trust funds (securities)	31 040 211	18 317 883
Cash and cash equivalents - trust funds (trust)	13 645 263	11 440 412
Cash and cash equivalents - ILSF Housing Fund	519 612	531 451

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.

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28. Financial instruments

Categories of financial instruments

31 March 2023**Financial assets**

	At amortised cost	Total
Cash and cash equivalents	62 486 245	62 486 245
Receivables from exchange transactions	881 999	881 999
Cash and cash equivalents - trust funds (securities)	31 040 211	31 040 211
Cash and cash equivalents - trust funds (trust)	13 645 263	13 645 263
Cash and cash equivalents - ILSF Housing Fund	519 612	519 612
	108 573 330	108 573 330

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	644 388	644 388

31 March 2022**Financial assets**

	At amortised cost	Total
Cash and cash equivalents	42 789 780	42 789 780
Receivables from exchange transactions	66 305	66 305
Cash and cash equivalents - trust funds (securities)	18 317 883	18 317 883
Cash and cash equivalents - trust funds (trust)	11 440 412	11 440 412
Cash and cash equivalents - ILSF Housing Fund	531 451	531 451
	73 145 831	73 145 831

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	2 050 392	2 050 392

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29. Commitments

Authorised capital expenditure

Already contracted for but not provided for

- Property, plant and equipment

57 906

261 248

Total capital commitments

Already contracted for but not provided for

57 906

261 248

30. Repairs and maintenance

Repairs and maintenance: Building

5 228

6 916

Repairs and maintenance: Equipment

20 862

97 588

Repairs and maintenance: Vehicles

34 179

40 187

60 269**144 691**

Refer to Note 21 to the financial statements where repairs and maintenance has been disclosed.

31. 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.

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32. Events after the reporting date

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

33. 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 her 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 Board and Minister for Finance were granted leave to Appeal to the SCA against the whole judgment and that the costs of the application is to be costs in the Appeal. The appeal was heard in the Supreme Court of Appeal on 22 November 2022 and judgement has been reserved. 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.

In part A of its Application, the Applicant, Goldrush, 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. In Part B, 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 application. The Applicant subsequently abandoned the interdict aspect of its application. The Board and two Route Operators opposed the 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 and both Route Operators sought leave to appeal the judgement and were granted Leave to Appeal to the SCA. the Applicant was granted Leave to Cross Appeal; and the Order. A hearing date for the Appeal at the Supreme Court of Appeal is awaited. Should the Board not be successful in these proceedings, the likely estimate for the applicant's legal costs is R850 000, which costs shall be paid jointly and severally by the Board and two Route Operators. The best estimate for the applicant's legal cost for the Board is therefore R283 333.

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34. 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	15 971 260	14 352 730
Adjusted for:		
Depreciation: tangible assets	1 292 414	1 200 790
Amortisation: intangible assets	392 539	391 522
Services in-kind revenue	(5 817 204)	(4 332 399)
Services in-kind expenditure	5 817 204	4 332 399
Loss/(Gain) on the sale of assets	10 737	7 969
Movement in inventories	12 669	(7 091)
Movement in receivables	(232 043)	(677 565)
Movement in prepayments	(415 836)	216 177
Movement in payables	(1 504 315)	162 422
Movement in employee benefits	(172 044)	553 859
Movement in provisions	(300 000)	600 000
Net surplus per approved budget	15 055 381	16 800 813

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35. 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)	Adjustments	Adjusted to comparable basis (cash)	Notes on adjustments
Sale of goods and services other than capital assets	52 350 777	(232 043)	52 118 734	Movement in accounts receivable
Entity revenue other than sales	9 478 776	(5 817 204)	3 661 572	Non-cash item
Departmental transfers	25 076 000	-	25 076 000	
Total revenue	86 905 553	(6 049 247)	80 856 306	
Compensation of employees	(49 529 820)	2 801	(49 527 019)	
Goods and services	(21 404 473)	5 130 567	(16 273 906)	Accruals, movement in inventories and prepayments, non-cash items
Total expenditure	(70 934 293)	5 133 368	(65 800 925)	
Net operating surplus/(deficit)	15 971 260	(915 879)	15 055 381	
Payment for capital assets	(2 894 232)	-	(2 894 232)	
Net Surplus/(Deficit)	13 077 028	(915 879)	12 161 149	

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 R1 924 000 due to an inflationary adjustment to statutory fees which was approved subsequent to the Budget Approval Process.

Departmental transfers (government grant)

The government grant was decreased with an amount of R1 924 000 based on the increase of the Board's own revenue.

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36. 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 C 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 will 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	86 260	136 981
Gambling Taxes	44 378 469	42 310 218
Penalties	-	31 200
	44 464 729	42 478 399

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 R25 076 000 for the year under review.

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.

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36. Accounting by principals and agents (continued)

Additional information**Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal agent arrangement****Categories of revenue received or to be received on behalf of the principal, are:****Categories**

Gambling Taxes

Annual Licence Fees

Interest, fines and penalties

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	1 034 233 704	755 356 735
Annual Licence Fees	3 891 309	3 445 987
Interest, fines and penalties	159 403	85 951
	1 038 284 416	758 888 673

Refer to Note 25 - 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	58 526 888	48 584 928
Annual Licence Fees	262 714	236 478
Interest and penalties	-	92 847
	58 789 602	48 914 253

Reconciliation of accounts payables in respect of taxes and levies

Opening balance	48 914 253	43 457 927
Taxes and levies principal is entitled to	1 040 270 746	765 065 734
Taxes and levies paid to the principal	(1 030 395 397)	(759 609 408)
	58 789 602	48 914 253

Refer to Note 24 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	42 478 399	36 301 338
Taxes and levies principal is entitled to	1 040 270 746	765 065 734
Taxes and levies received on behalf of the principal	(1 038 284 416)	(758 888 673)
	44 464 729	42 478 399

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 24 where resources held on behalf of the principal are disclosed.

Refer to Note 6 Receivables from non exchange transactions.

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37. Fruitless and wasteful expenditure

Opening balance as previously reported	-	2 560
Less: Amount written off - prior period	-	(2 560)
Closing balance	-	-

38. Comparative figures**Operational Commitments**

GRAP 1 refers to the disclosure of unrecognized contractual commitments in paragraph 124(d)(i) of GRAP 1 and deals with the order in which information is to be included in the financial statements. The Standards of GRAP require the disclosure of commitments related to:

- Operating leases
- The purchase, construction, development, or repair and maintenance of investment property
- The acquisition of property, plant and equipment and intangible assets
- The acquisition, maintenance and restoration of heritage assets.

In the prior year, operational commitments have been disclosed to provide meaningful information to the users of the financial statements. In the current year, contractual commitments have been disclosed as required by the GRAP Standards, and as such, the disclosure of the operational commitments have been omitted from the financial statements.

Inventories

In the prior year, disclosures have been made in respect of inventories. The value of inventories amount to R55 318 at 31 March 2023. This balance is immaterial to the financial statements and as such, the disclosures in respect of inventories have been omitted from the financial statements for the current and prior year.

Employee Benefits

In terms of GRAP 25, an entity shall disclose the following information about defined benefit plans: the amounts for the current annual reporting period and previous four annual reporting period of the experience adjustments arising on the plan assets expressed either as (1) an amount or (2) a percentage of the plan assets at the reporting date.

The Board has disclosed the above information regarding the Board's defined benefits plans as at 31 March 2022, however, the Board does not have plan assets and as such, this disclosure has been omitted from the financial statements in the current year.

Note 21 - Other expenses

In the prior year, the Board included payments for Uninterrupted Power Supply and Diesel Recovery as part of repairs and maintenance: building. In the current year, based on the nature of these expenditure items, these payments have been disclosed as Utilities in Note 21 to the financial statements and the corresponding figures have been amended accordingly. See table below for the effect of the reclassification:

As disclosed in Note 21: General expenses	As previously reported	Reclassification	Restated
Repairs and maintenance	277 204	(132 513)	144 691
Utilities	-	132 513	132 513
Total	277 204	-	277 204

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38. Comparative figures (continued)

Note 23 - Operating leases

In the prior year, the Board omitted the leasing of the Board's cloud based telephone system for disclosure in terms of Note 23. The disclosure of operating leases in the current year include the leasing of the cloud based telephone system and therefore the disclosure in the prior year has been amended accordingly. Refer to the table below for the effect of the adjustment:

As disclosed in Note 23: Operating leases	As previously reported	Adjustment	Restated
Minimum lease payments due within one year	52 343	53 599	105 942

Note 26 - Cash generated from operations

During the current year, Note 26 has been updated with the following adjustments, with the same amendments made to the prior year disclosure:

- Services in kind revenue and services in kind expenditure has been included as adjustments in Note 26 to the financial statements.
- The movement in employee benefits has been excluded from "Changes in working capital" and has been moved to heading "Adjustments for".

39. 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.

40. Irregular expenditure

Add: Irregular Expenditure - current

58 389

-

The tax compliance status of a foreign supplier was not confirmed, as required. At year end, the irregular expenditure was still to be investigated.

41. 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 2023.

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 R130 547, resulting in a future decrease in net surplus of R130 547 over the next years.

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**Western Cape
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