ANNUAL REPORT 2023

MPUMALANGA
ECONOMIC REGULATOR

An Entity of the Department of Economic Development and Tourism

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PART A

GENERAL INFORMATION

1. GENERAL INFORMATION

REGISTERED NAME	Mpumalanga Economic Regulator
REGISTRATION NUMBER	N/A.
PHYSICAL ADDRESS	Mpumalanga Economic Regulator Building, First Avenue, White River, Mpumalanga Province, South Africa, 1240.
POSTAL ADDRESS	Private Bag X 9908, White River, Mpumalanga Province, South Africa, 1240.
TELEPHONE NUMBER	+ 27 (0) 13 750 8000
FAX NUMBER	+ 27 (0) 13 750 8099
EMAIL ADDRESS	ceo@mer.org.za
WEBSITE ADDRESS	www.mer.org.za
EXTERNAL AUDITORS	Auditor-General of South Africa 10 Nel Street, Sonheuwel Central, Mbombela, South Africa, 1201.
BANKERS	First National Bank, Pinnacle Building 1 Parkin Street, Mbombela, 1201. Standard Bank of South Africa Corner General Daan Pienaar & N4, Shop 2 & 3 The Crossing Centre Nelspruit, Nelspruit SP Outlying, Mbombela, 1201.
COMPANY/BOARD SECRETARY	The MER does not fall under the Companies Act, but the Legal Services Department fulfils the role of Board Secretariat.

2. LIST OF ABBREVIATIONS/ACRONYMS

ACEO	Acting Chief Executive Officer
ACFO	Acting Chief Financial Officer
ACT	Mpumalanga Economic Regulator Act
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plans
ARC	Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CONT.	Continued
COVID-19	A disease also referred to as “Coronavirus”
DEDT	Department of Economic Development and Tourism
the dtic	Department of Trade and Industry and Competition
EAP	Employee Assistance Programme
EXCO	Executive Council
FY	Financial Year
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
ICPS	Internal Control Procedures
ICT	Information Communication Technology
IIA	Institute of Internal Auditors
IT	Information Technology
LOC	Letter of Certification
LPM	Limited Payout Machines
MEC	Member of the Executive Council
MER	Mpumalanga Economic Regulator
MSP	Master Systems Plan
MTEF	Medium-Term Expenditure Framework
N/A.	Not applicable
OSH ACT	Occupational Health and Safety Act
PFMA	Public Finance Management Act
RFP	Request for Proposals
SAPS	South African Police Service
SCM	Supply Chain Management

3. FOREWORD BY THE CHAIRPERSON

As a regulator of the gambling and liquor industries within the Mpumalanga Province of South Africa, our mission is to ensure that these industries operate with integrity and in compliance with all relevant laws and regulations.

INTRODUCTION

It is my pleasure to present the 2022/23 Annual Report of the Mpumalanga Economic Regulator. This report covers the period from 1 April 2022 to 31 March 2023 and provides an overview of our organisation's performance during this time.

As a regulator of the gambling and liquor industries within the Mpumalanga Province of South Africa, our mission is to ensure that these industries operate with integrity and in compliance with all relevant laws and regulations. To achieve this, we have developed a clear strategic plan that guides our activities and ensures that we remain focused on our core objectives.

Operating in a shifting environment since the outbreak of the COVID-19 pandemic has been challenging, but I am pleased to report that our organisation has continued to perform well. Our Board, Management, and staff are all committed and dedicated to ensuring the integrity of the gambling and liquor industries through efficient regulation within the Mpumalanga Province of South Africa.

Despite these turbulent times, we have achieved good performance, with revenue collection reaching R600 million, a growth of 70% from the previous financial year. This is a testament to the commitment demonstrated by our staff in delivering on our regulatory responsibilities, even amidst the CEO position being vacant since October 2021.
I would like to extend my heartfelt gratitude to the Executive Managers who stepped up commendably, assuming their roles in an acting capacity and vigilantly safeguarding the seamless continuity of our operations.

The gambling industry saw exceptional performance across all segments, surpassing initial projections. Notably, the exponential growth of betting played a significant role, contributing to an impressive 87% of the total gambling levies collected. This success can largely be attributed to the sector's robust online offerings, which proved to be resilient even amidst the challenges posed by the global pandemic.

One of the key factors underpinning our success has been the strong strategic relationships we have developed with our stakeholders. Effective regulation requires collaboration and partnership, and we have worked hard to build strong relationships with industry operators, government agencies, and other key stakeholders.

Of course, our work has not been without its challenges. As a Board, we have had to navigate a rapidly changing environment, responding to new developments and adapting our approach as needed. However, we remain focused on delivering on our strategic objectives over the medium to long term period.

The Board's original term of office concluded on 16 April 2023, as prescribed by the specified timeframe. Nevertheless, thanks to the prudent judgment of the Responsible Member, the term of the Board was extended until June 16, 2023, ensuring continuity and effective governance. Moreover, an interim appointment has been granted to the Board Members, granting them an additional period of service that will come to an end in November 2023.

HIGH-LEVEL OVERVIEW OF THE STRATEGY AND THE PERFORMANCE OF THE MER

Our risk-based approach to regulation continues and we have continued to develop our teams within the Regulator to ensure that we have the right foundations to regulate effectively and ensure high standards are maintained by all operators who are licensed by us.

Despite the ongoing impacts of the COVID-19 pandemic, and the continued fast pace of improvements in technology, we continued our work to improve the regulatory environment throughout the past year. Some of the key highlights during the year include:

- The MER improved its control systems to comply with national laws and global trends in the gambling and liquor sector, as a way to strengthen regulatory mechanisms.

In light of our steadfast commitment to fostering a progressive and effective legislative framework, we made multiple propositions for legislative amendments in the prior years, which we have duly revisited and resubmitted to the Responsible Member for consideration.

- In respect of Licensing, the MER processed and granted a total of 672 license applications for both liquor and gambling. This demonstrates the regulator's commitment to facilitating the licensing process and supporting businesses in the province.

  Regarding the fourth casino license, the Board has initiated a fresh round of the licensing process, subsequent to the completion of an expression of interest survey conducted earlier in the financial year. The Board remains hopeful that this meticulous process will ultimately produce the outcomes it seeks to achieve.

- We have diligently conducted compliance inspections and audits on our licensees, taking appropriate actions to effectively address any non-compliance issues. Our priority is to uphold the integrity of both the gambling and liquor industries.

  Furthermore, we have placed a greater emphasis on ensuring compliance with liquor license conditions by all licensed outlets. This focus on responsible trading aims to promote consumer safety and protection within the liquor retail sector.

- In terms of revenue verification, all relevant gambling data was collected and reconciled to the monitoring systems for all the gambling establishments, to ensure completeness and accuracy of gambling levies, reliability of the central monitoring systems and compliance to the Mpumalanga Gambling legislation.

- With regard to the evaluation of gambling equipment, the MER conducted thorough evaluations of new gambling equipment to ensure its suitability for public use and compliance with legislation. This ensures that only approved equipment is used within the province.

- In line with the objective of promoting responsible gambling and liquor trade, the MER conducted 130 awareness campaigns across the province. These campaigns aimed to educate communities about the risks of irresponsible gambling and drinking, with a focus on children and vulnerable individuals.

  Additionally, the MER continued its partnership with Crowning Miss Mpumalanga, which serves as a platform to promote social mobilisation campaigns against the adverse consequences of gambling and liquor in the province.

Overall, the MER's efforts to adapt and deliver on its regulatory responsibilities amidst challenging circumstances highlight its commitment to protecting the public and supporting responsible economic activities in Mpumalanga province. Throughout the year, we have experienced an exceptional level of performance and success despite the challenges posed by the vacant position of CEO. This achievement is a testament to the dedication, resilience, and commitment shown by each member of our organisation.

Furthermore, we are proud to announce that we have once again received a clean audit report from the Auditor-General, further reinforcing our commitment to transparency and accountability in all our operations. This report exemplifies the tireless efforts made by our talented team to uphold the highest standards of professionalism and governance. By fostering a collaborative and strategic approach, we have successfully navigated the complexities of the industry and are poised for continued growth and success in the future.

STRATEGIC RELATIONSHIPS

Establishing and cultivating strategic relationships is a fundamental aspect of the MER's approach to stakeholder management. This approach is designed to support the organisation's strategic objectives by actively engaging and influencing both external and internal environments. By effectively managing stakeholder expectations and aligning objectives, the MER aims to foster positive and productive relationships with stakeholders.

To maintain its strategic partnerships, the MER has engaged in fruitful discussions and collaborations with various key stakeholders and industry players. These include the Provincial Executive, the Responsible Member, the Provincial Treasury, the Provincial Standing Committee on Public Accounts, the Portfolio Committee, the National Gambling Policy Council, the National Liquor Regulators Forum, the National Responsible Gambling Programme, the Aware.org, and all licensed operators in the Province.

Moreover, the MER actively participates in the National Liquor Regulators Forum and the National CEO Forum. The organisation holds a voting membership in the International

3. FOREWORD BY THE CHAIRPERSON
(CONT.)

Association of Gaming Regulators and subscribes to the Gambling Regulators Africa Forum. These affiliations and memberships are vital in enhancing the MER's understanding of the industry and ensuring that its regulatory processes and procedures adhere to international and national best practices.

The MER's stakeholder management principles support its strategic objectives by interpreting and influencing both external and internal environments, and by creating positive relationships with stakeholders through the appropriate management of their expectations and agreed objectives.

The MER continues to collaborate with various stakeholders in the Province, with the view to minimise harm, and to ensure compliance with all applicable legal prescripts pertaining to the gambling and liquor industries in the province.

CHALLENGES FACED BY THE BOARD

Given the sudden and profound impact of the COVID-19 pandemic, both on a social and economic level, it is crucial for the Board to showcase its leadership strength through fair and balanced decision-making. As the needs and priorities of our key stakeholders continue to evolve, the Board is committed to actively engage with them, ensuring that their interests are thoroughly understood and taken into account during our decision-making processes.

Furthermore, the ever-present challenge of technological advancements remains a concern in our industry, particularly for regulators. The lengthy process of enacting legislative changes to enable proactive regulation further compounds this challenge. Consequently, we will continue to develop our expertise and allocate more resources towards this area, in order to effectively regulate and provide informed advice to the Government regarding the implications of technological changes and innovations.

Looking ahead, it is of utmost importance that we address the issue of illegal activities to prevent them from overshadowing the positive contributions made by the formal, regulated sectors to our province. These contributions come in the form of employment opportunities, tax revenue, and local economic growth. To tackle this challenge, we will strive to establish stronger collaborative relationships with other law enforcement agencies, working together to curb illegal forms of gambling and liquor trade.

MEDIUM- TO LONG-TERM GOALS OF MER

The MER's medium to long-term goals for the upcoming year involve bolstering oversight interventions to ensure that the regulatory framework effectively and efficiently governs the liquor and gambling industries under a single entity. By doing so, we aim to enhance our operational efficiencies, ensure the enforcement of pertinent legislation, and vigorously combat the detrimental social consequences associated with alcohol abuse and problem gambling.

Additionally, the MER will continue to engage with all stakeholders to identify avenues for industry transformation, with the aim of creating an environment that facilitates expansion and contributes to the government's objectives in terms of economic growth, job creation, and transformation.

Throughout our future endeavours, we will remain steadfast in our commitment to prioritize consumers and place them at the core of our regulatory efforts. This entails building upon existing measures to safeguard the most vulnerable individuals and upholding standards for the safe and responsible sale and consumption of liquor and gambling. Furthermore, we will concentrate on ensuring that all licensed establishments are suitable and compliant with relevant legislation.

The Board has determined that in the forthcoming year, a comprehensive study shall be commissioned to delve into the intricate socio-economic implications associated with gambling in the province of Mpumalanga. This consequential step serves as a testament to our commitment to promoting a responsible and informed approach to gambling, an industry that holds significant influence within our province. By undertaking this comprehensive study, we aspire to uncover a wealth of invaluable insights that will enable us to address diverse aspects relating to gambling in a manner that reflects the best interests of our community.

Looking ahead, we maintain our dedication to fulfilling our strategic objectives within the medium to long-term timeframe. We recognise that our work plays a crucial role in the well-being of the people of Mpumalanga, and we are resolute in upholding the highest standards of regulatory excellence to ensure that the industries we oversee operate in a responsible and sustainable manner.

3. FOREWORD BY THE CHAIRPERSON
(CONT.)

Furthermore, we recognise that the journey towards sustainable growth is an ongoing endeavour. The MER family stands united in our pursuit of excellence and relentless pursuit of our goals. We remain confident that with our dedicated team, innovative mindset, and unwavering commitment to our values, we will continue to navigate any future challenges with poise and emerge even stronger.

In conclusion, the MER annual report signifies our noteworthy accomplishments in the face of a significant leadership transition. By embracing change, harnessing the potential of our workforce, and executing our strategic vision with precision, we have demonstrated that the organisation is greater than any individual. With our sights firmly set on a prosperous future, MER stands poised to create enduring value, pioneer sustainability, and continue embodying the spirit of excellence that defines our organisation.

ACKNOWLEDGEMENTS AND APPRECIATION

The Board would like to express its profound appreciation to the exceptional team at MER for their outstanding performance during the fiscal year that concluded on March 31, 2023. This commendable achievement is particularly noteworthy, considering the daunting challenges faced by the industry, the economy, and society at large.

As the Chairperson, I feel immensely privileged to be surrounded by Board Members who possess a remarkable diversity of skills, experiences, and perspectives that are essential for fostering a culture of accountability. Their unwavering commitment ensures that we uphold our fiduciary responsibilities with utmost dedication.

Moreover, we would like to extend our heartfelt gratitude to the Honourable MEC NE Hlophe for the unwavering support and continued commitment to our shared journey.

Lastly, I wish to express my sincere gratitude to the Provincial Executive, led by the Honourable Premier RM Mtsweni-Tsipane, for consistently providing a conducive environment that facilitates our operations. Their steadfast leadership and support have been instrumental in our pursuit of excellence.

MS. GAYLENE DEINER
Chairperson
Date: 31 July 2023

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

GENERAL FINANCIAL REVIEW OF THE MER

I am pleased to present an overview of the Mpumalanga Economic Regulator (MER) performance for the period ending March 31, 2023. It is with great satisfaction that I share our accomplishments and progress, which have been guided by our commitment to regulatory excellence and responsible oversight in the gambling and liquor industries.

MER has continued to uphold its reputation for effective governance and transparency. Our policies and practices ensure that the industries we regulate operate within the framework of law and maintain the highest standards of integrity. Our relentless efforts in monitoring licensee compliance have resulted in increased adherence to regulatory requirements. This not only promotes fair competition but also safeguards the interests of punters and the public at large. MER remains dedicated to promoting responsible gambling and liquor practices.

Both industries continue to generate revenue in the Province, with total revenue collected for the year amounting to R 600 million compared to the R353 million collected in the previous financial year. The industries continued to provide considerable employment opportunities in the gambling establishments, hotels, taverns, restaurants, and other entertainment facilities.

Through educational campaigns and collaboration with stakeholders, we have made strides in raising awareness about the potential risks of gambling and liquor abuse in ensuring that operators and licensees implement safeguards.

MER sustained the partnership with Crowning Miss Mpumalanga, an initiative that continues to create a pool of societal role models to drive our social mobilisation campaigns against social ills within the communities. The Crowning Miss Mpumalanga initiative continues to afford the MER an incredible opportunity to reach groups of people who may be vulnerable to risky gambling behaviours and alcohol abuse, mainly as women and young persons.

During the year under review, we have enhanced the licensing process, reducing processing times and simplifying procedures. This efficiency benefits both licensees and regulators, facilitating the smooth operation of gambling and liquor establishments. MER has actively engaged with various stakeholders, including industry players, communities, and law enforcement agencies. This collaboration fosters a well-rounded understanding of industry dynamics and enables us to address concerns effectively. Embracing technology, we have implemented digital solutions to streamline applications, reporting, and communication. This digital transformation enhances transparency, accessibility, and data-driven decision-making.

As we look ahead, MER is committed to building upon our achievements and addressing emerging challenges. Our priorities for the coming period include enhanced technology wherein we want to continue investing in technology to improve regulatory processes, data analytics, and communication with stakeholders, fostering a more efficient and transparent regulatory environment. MER will remain vigilant in staying abreast of industry trends, innovations, and evolving consumer behaviours. This adaptability will enable us to effectively regulate emerging forms of gambling and liquor activities. Collaboration with industry players, communities, and other regulatory bodies will remain pivotal in achieving our goals. We will foster an environment of open dialogue and cooperation.

Furthermore, the MER continued its record of clean audit reports from the Auditor- General. This is indeed an appropriate indication of the continued level of commitment to sound corporate governance and financial discipline.

The summarised results of the MER's operations for the year ended 31 March 2023 are as follows:

Details	2023 R	2022 R
Revenue from non-exchange transactions	**111 324 000**	100 801 000
Surplus for the year	**8 131 833**	2 946 077
Total Assets	**132 385 747**	98 689 504
Total Liabilities	**87 559 552**	61 995 142

SPENDING TRENDS OF MER

The MER funded its operations from an appropriation budget of R111,324 million. MER's financial management remains robust, with a focus on prudent allocation of resources. Our financial stability allows us to fulfil our regulatory duties effectively and efficiently. We have successfully managed the allocation of revenue from gambling and liquor activities.

CAPACITY CONSTRAINTS AND CHALLENGES FACING MER

No capacity constraints or challenges were experienced or faced by the MER which could have hindered the organisation from achieving the set goals.

DISCONTINUED ACTIVITIES / ACTIVITIES TO BE DISCONTINUED

There were no activities that were discontinued during the year.

NEW OR PROPOSED ACTIVITIES

There are no new or proposed activities.

REQUEST FOR ROLL OVER OF FUNDS

There were no requests to roll-over funds.

SUPPLY CHAIN MANAGEMENT

Pursuant to the Treasury guidelines, the MER adopted an integrated approach to deal with the Supply Chain Management Framework by centralising a separate unit under Corporate Services department. This was done to comply with the provisions of the Constitution, that procurement practices must be fair, equitable, transparent, competitive, and cost-effective. During the year under review, the Board continued to ensure that all its procurement was processed with the strongest fiscal governance in mind and accordingly, all procurement followed the Board's SCM prescripts.

ALL CONCLUDED UNSOLICITED BID PROPOSALS FOR THE YEAR UNDER REVIEW

There were no unsolicited bid proposals during the period under review.

CONFIRMATION OF SCM PROCESSES AND SYSTEMS IN PLACE

The SCM processes and systems were in place. Supply chain activities are conducted in line with the MER's internal control procedures, SCM Framework and the Treasury Regulations issued in terms of the PFMA.

CHALLENGES EXPERIENCED AND HOW THEY WILL BE RESOLVED

The rate of technological advancement in the gambling industry continues to pose a challenge to regulators across the globe, with remote gambling growing at a high speed. We will continue to build expertise and devote more resources to this area, so that we can regulate effectively and provide advice to Government on the implications of technological change and innovation.

AUDIT REPORT MATTERS IN THE PREVIOUS YEAR AND HOW THEY HAVE BEEN ADDRESSED

It is hereby confirmed that the findings raised by the Auditor-General in the 2021/22 review has been satisfactory addressed and so attested to by the Auditor-General in the 2022/23 review.

OUTLOOK / PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES / EVENTS AFTER REPORTING DATE

One important event to note is the end of the Board's term of office on 16 April 2023. However, the Responsible Member extended the timeframe for their term to 16 June 2023, and subsequent to that, an interim appointment was granted to the Board Members, granting them an additional period of service that will come to an end in November 2023. This extension allows the Board to continue their responsibilities and ensure a smooth transition.

Another significant subsequent event is the successful filling of the vacant position of the CEO, which was concluded and confirmed by the Office of the Premier on 4 August 2023. This appointment plays a crucial role in guiding the organisation and implementing its strategic objectives.

These subsequent events have a direct impact on the operations and future plans of the Mpumalanga Economic Regulator. They reflect the continued commitment to effective governance and leadership within the organisation.

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW (CONT.)

ECONOMIC VIABILITY

The MER's continued support from the Provincial Government is acknowledged and appreciated. We wish to confirm that the grant received was utilised for the intended purpose, as per the approved annual performance plans of the MER. We are confident that the entity has put in place the right strategy and that we have a highly motivated, committed, and competent team who will enable us to deliver on our strategy. Through this strategy and as the economy improves, we expect to deliver more good returns to stakeholders.

ACKNOWLEDGEMENTS AND APPRECIATION

I extend my appreciation to our dedicated team, our regulated industries, and the broader community for their support and collaboration. Together, we will continue to uphold MER's mission of being at the forefront of gambling and liquor regulation liquor activities for the benefit of all. In closing I further wish to express my sincere gratitude to our provincial government for the unwavering support during the year and to thank the Members of the Board for the support and strategic guidance.

OTHER (INFORMATION THAT NEEDS TO BE COMMUNICATED TO USERS OF AFS)

There is no matter which the Board wishes to draw attention to that has not already been highlighted elsewhere in the Annual Report.

MR. V MTSWENI
Acting Chief Executive Officer
Date: 31 July 2023

5. STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

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

- All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General of South Africa. The Chief Executive Officer (CEO) is responsible for preparing the MER's Annual Report and financial statements, and for the judgements made in this information.
- The Annual Financial Statements have been prepared according to the Generally Recognised Accounting Practice (GRAP) as well as the relevant frameworks and guidelines issued by the National Treasury. In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the MER for the financial year that ended 31 March 2023.
- The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury. The Report is complete, accurate and is free from any omissions.
- The Board is responsible for establishing and implementing a system of internal control to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements. The Board is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.
- 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, performance information, human resources information and financial affairs of the entity for the financial year ended 31 March 2023.

Yours faithfully,

GA DEINER
Chairperson of the Board
Date: 31 July 2023

MR. V MTSWENI
Acting Chief Executive Officer
Date: 31 July 2023

6. STRATEGIC OVERVIEW

6.1 VISION

To be at the forefront of the effective regulation of the gambling and liquor industries.

6.2 MISSION

To ensure the integrity of the gambling and liquor industries through efficient regulation within the Mpumalanga Province of South Africa.

6.3 VALUES

Integrity is pivotal to the business activities of the MER. Therefore, Staff and Board Members constantly strive to conduct themselves with the utmost integrity in their internal and external business relationships..

Excellence is central to our regulation of the gambling and liquor industries in the Province. Our internal stakeholders strive to live the Mission and Vision of the MER by ensuring that we achieve the highest level of excellence and remain one of the world's leading gambling and liquor regulators.

Cooperation, reliability, and responsiveness are key determining factors of MER's quest for quality services. The organisational culture of the MER promotes dedication, commitment, responsibility, and accountability to all our stakeholders.

Initiating and embracing change is fundamental to the business continuity of the MER. We constantly strive to encourage, nurture, and support the creativity – as well as innovation - of its stakeholders thereby promoting a culture of continuous improvement in all business and regulatory processes.

Respect for the individual and community within which we conduct our business is of fundamental importance for maintaining the trust and confidence of all our stakeholders thereby providing them with the assurance of efficient and effective gambling and liquor regulation.

7. LEGISLATIVE AND OTHER MANDATES

7.1 CONSTITUTIONAL MANDATE

The MER is listed as a Schedule 3C Public Entity responsible for gambling and liquor regulation in the Province.

7.2 LEGISLATIVE MANDATE

This section sets out the specific constitutional and other legislative, functional and policy mandates that inform what the MER does as well as how these functions are implemented:

- The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- The National Gambling Act, 2004 (Act No. 7 of 2004),
- The National Liquor Act, 2003 (Act No. 59 of 2003),
- The National Gambling Regulations, 2004,
- The National Liquor Regulations, 2004,
- The National Gambling Regulations on Limited Pay out Machines, 2000,
- The Mpumalanga Economic Regulator Act, 2017 (Act No. 2 of 2017),
- The Mpumalanga Gambling Act, 1995 (Act No. 5 of 1995) Regulations, 2014 and Rules,
- The Mpumalanga Gambling Levies Act, 2007 (Act No. 5 of 2007) and Regulations, 2010,
- The Mpumalanga Liquor Licensing Act, 2006 (Act No. 5 of 2006) and Regulations, 2015, and
- The Public Finance Management Act, 1999 (Act No. 1 of 1999) and Treasury Regulations, 2001.

The MER has been charged with the responsibility of performing all functions assigned to it in terms of the Mpumalanga Economic Regulator Act, 2017 (Act No 2 of 2017), or any other legislation by advising, reporting, or making recommendations to the Responsible Member on any matter relating to the regulation of the gambling and liquor industries in Mpumalanga.

The MER - in compliance with the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended ("PFMA"), in particular the provisions as contained in sections 50 and 51 thereof - is committed to the principles of openness, integrity and accountability. Furthermore, the MER adheres to the principles of good governance, as reflected in the King IV Report on Governance for South Africa 2016 ("King IV Report").

7.3 OBJECTIVES

The objectives of the MER are to regulate the gambling and liquor industries in the Province in terms of the relevant legislation:

a) To ensure the suitability of all persons wishing to participate in the gambling and liquor industries within Mpumalanga;

b) To ensure the effective and efficient regulation of gambling and liquor industries in terms of the relevant legislation;

c) To ensure that the MER operates in accordance with national, provincial, and international gambling and liquor policies and standards;

d) To conduct research to advise Government on the socio-economic impact of gambling and liquor within the Province;

e) To perform its functions in accordance with acceptable corporate governance practices;

f) To promote responsible gambling, liquor trade and consumption in Mpumalanga through public awareness campaigns;

g) To promote transformation and sustainability of the gambling and liquor industries in the Province; and

h) To provide assurance that complete and accurate gambling levies are paid as prescribed.

8. ORGANISATIONAL STRUCTURE

MEC: DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM

BOARD

CHIEF EXECUTIVE OFFICER
Vusi Mtsweni

EXECUTIVE MANAGER: LICENSING
André Otto

EXECUTIVE MANAGER: COMPLIANCE
Vacant

EXECUTIVE MANAGER: AUDIT
Carla Bastos

EXECUTIVE MANAGER: LEGAL SERVICES
Vacant

CHIEF FINANCIAL OFFICER
Lucas Maseko

EXECUTIVE MANAGER: COMMUNICATIONS
Cedrick Chiloane

EXECUTIVE MANAGER: RESEARCH AND PLANNING
Nivard Lubisi

PART B

PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Refer to page 83 of the Report of the AG to the Mpumalanga Provincial Legislature on the AFS for the 2022/23 FY.

2. OVERVIEW OF THE PUBLIC ENTITY'S PERFORMANCE

2.1 SERVICE DELIVERY ENVIRONMENT

The MER is a juristic persona established in terms of the Mpumalanga Economic Regulator Act, 2017 (Act No. 2 of 2017) and has been charged with the responsibility of performing all functions assigned to it in terms of the same Act or any other legislation by advising, reporting, or making recommendations to the Responsible Member on any matter relating to the regulation of the gambling and liquor industries in Mpumalanga.

The MER has a critical role to play in terms of adjudicating and promoting fair play, responsible gambling, liquor trade and consumption. This minimises economic and social harm.

Our role as a Regulator of the gambling and liquor industries provides us with the unique opportunity to assist Government in collecting revenue, which is legally due to the provincial fiscus, by ensuring that the licensees comply with the gambling and liquor licensing legislation. During the year under review, the MER collected and transferred over R600 million to the Provincial Revenue Fund, reflecting a significant growth compared to the previous year.

The MER is committed to the ethical principles of honesty, transparency, integrity, non-discrimination, respect for human dignity, professionalism and accountability. All employees are ultimately accountable to all the MER's stakeholders for ensuring that its business is conducted in accordance with the highest standards of corporate governance as well as ethical and moral behaviours.

The environment within which the MER operates requires the heightened awareness and enforcement of mechanisms to curb the negative social ills that are associated with gambling addiction and alcohol abuse within our communities. The MER maintained its partnership with Crowning Miss Mpumalanga, which is an initiative that continues to create a pool of societal role models to drive social mobilisation campaigns against social ills within communities. The operating environment also requires the Regulator to ensure regulatory compliance of all gambling and liquor operations, as well as gambling equipment, while combating all forms of prohibited gambling, illegal liquor trade and supply within the entity's control.

In terms of the Board's overall performance related to the strategic outcome-oriented goals, it achieved all of its Annual Performance Plan targets for the year.

With regards to the effective regulation strategic goal, the gambling and liquor industries in the Province continue to be well regulated and consistent with licensing objectives. This ensures that the gambling and liquor trade is conducted in a fair and open way, protecting vulnerable persons from being harmed or exploited.

2.2 ORGANISATIONAL ENVIRONMENT

The MER is committed to good corporate governance and accountability through the implementation of effective management best practices. These are important elements in ensuring that the MER carries out its constitutional mandate in line with good corporate values and principles. It maintains the confidence and trust of the people of the Province and all its stakeholders at every level.

The operating environment of the entity is generally stable, owing to the strict adherence and continued improvement of internal controls. The approved staff structure provides for a staff compliment of 80 employees. On 31 March 2023, the MER had 75 employees with five vacancies.

The MER continues to ensure that it builds on lessons learned from the outcomes and findings of the internal and external audits carried out to improve the integrity and reliability of its internal systems.

2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

There were no key policy developments and legislative changes during the period under review.

2.4 PROGRESS TOWARDS THE ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

IMPACT: Effective regulation of gambling and liquor industries.

OUTCOMES	FIVE-YEAR TARGET	PROGRESS
Accountable, effective and efficient administration and management of the MER through strategy direction, implementation, and monitoring	One Strategic Plan	One Strategic Plan compiled
	Five Annual Performance Plans.	Three Annual Performance Plans compiled
	20 Quarterly Performance Reports	Twelve Quarterly Performance reports compiled
	Five Annual Performance Reports	Three Annual reports compiled
Suitable applicants and licensees	1 980 Investigations	1 523 Investigations
	1 500 Employee registrations	2 194 Employee registrations
	250 Re-Investigations	177 Re-Investigations
	25 000 Licence renewals	14 914 Licence renewals
Compliant gambling and liquor operations and equipment	33 097 Inspections	18 060 Inspections conducted
	22 700 Evaluations	22 227 Evaluations conducted
Complete and accurate gambling levies paid, as prescribed	1 848 Gambling levy verifications	1 166 Gambling levy verifications conducted
	140 Audits	78 Audits conducted
Effective and efficient gambling and liquor legislation	Five reviews of Mpumalanga Gambling Rules	Three Reviews of Mpumalanga Gambling Rules
	Five reviews of Mpumalanga Gambling, Gambling Levies and Liquor Licensing Acts and Regulations	Three Reviews of Mpumalanga Gambling, Gambling Levies and Liquor Licensing Acts and Regulations
Compliance with Corporate Governance best practices	40 Status review reports of compliance with laws and litigation matters	24 Status review reports of compliance with laws and litigation matters
	Facilitate and minute 95 Board and Committee meetings	67 Board and Committee meetings facilitated and minuted.
	20 Status review reports of corporate governance practices	Eight Status review reports of corporate governance practices

2. SITUATIONAL ANALYSIS
(CONT.)

OUTCOMES	FIVE-YEAR TARGET	PROGRESS
Efficient and effective financial management	60 Financial performance reports	36 Financial Performance Reports
	Five Annual Budgets	Three Annual Budgets
	Five Annual Financial Statements	Three Annual Financial Statements
	Five Procurement Plans	Three Procurement Plans
	Five updated B-BBEE Scorecards	Three updated B-BBEE Scorecards facilitated
	20 Internal Audits	12 Internal Audits facilitated
	20 Risk Management Reports	12 Risk Management Reports
Enhanced workforce	Five Annual ICP reviews	Three Annual Training Plans
	Five Annual Training Plans	Three Annual Training Plans
	Five Annual Salary Reviews	Three Annual Salary Reviews
	Five Annual Staff disclosures	Three Annual Staff disclosures
Public awareness on gambling and liquor regulation, and its related social ills	20 Media Monitoring reports	12 Media Monitoring reports
	650 Public Awareness campaigns	292 Public Awareness campaigns
	Five Annual Miss Mpumalanga sponsorship evaluation reports	Three Annual Miss Mpumalanga Sponsorship Evaluation reports
Reliable and integrated information and technology systems	Five MSP Reviews	Three MSP Reviews
	Five IT and Records Management Policy Reviews	Three IT and Records Management Policy reviews
	20 IT Governance Reports	12 IT Governance reports
Coordination of Policy development	20 Industry Analysis reports	12 Industry Analysis reports
	One Socio-Economic Impact Study on Gambling and Liquor in Mpumalanga	One achieved and one planned for the 2023/24 FY
	One Stakeholder Satisfaction Survey Planned for the 2024/25 FY	Planned for the 2024/25 FY
	Eight industry research studies facilitated	Four industry research studies facilitated
Coordination of planning and reporting for MER	One Strategic Plan	One Strategic Plan coordinated
	Five Annual Performance Plans	Three Annual Performance Plans coordinated
	20 Quarterly Performance Reports	Twelve Quarterly Performance reports coordinated
	Five Annual Performance Reports	Three Annual Performance Reports coordinated

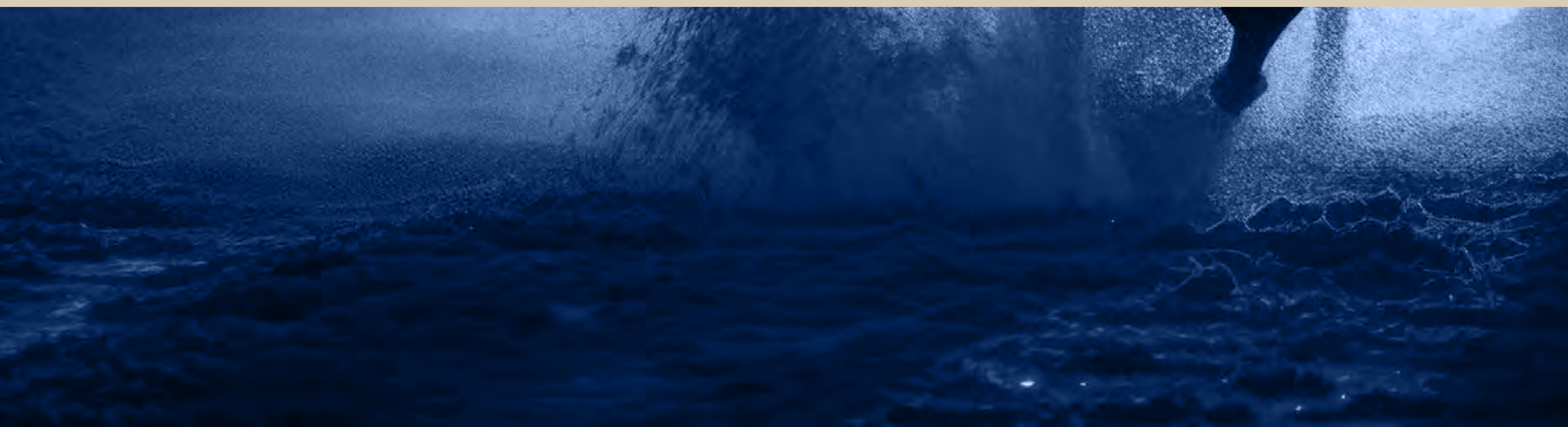
Performance is not just about achieving results, but also about the journey and the dedication put into it.

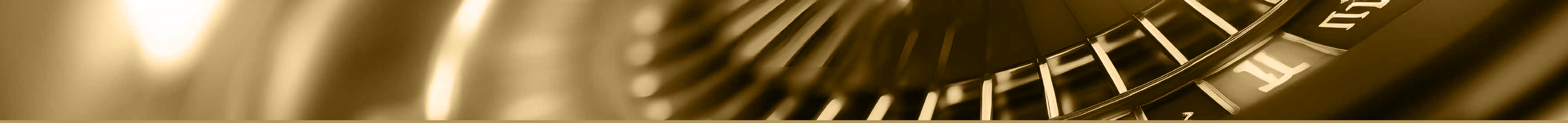
Unknown

Success is not achieved by individual brilliance alone, but by the symphony of talent woven together through teamwork.

Unknown

PERFORMANCE INFORMATION BY PROGRAMME





3. PERFORMANCE INFORMATION BY PROGRAMME

3.1 PROGRAMME 1: EXECUTIVE OFFICE

PURPOSE: This programme provides strategic leadership, centralised administration and executive support to the organisation whilst ensuring that the MER's mandate is executed, achieved and reported correctly.

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 FOR 2022/23	REASONS FOR DEVIATIONS
Accountable, effective, and efficient administration and management of the MER through strategy direction, implementation, and monitoring.	Annual Performance Plan.	Approved Annual Performance Plan.	One	One	One	One	None.	N/A.
Accountable, effective, and efficient administration and management of the MER through strategy direction, implementation, and monitoring	Quarterly Performance Reports.	Approved Quarterly Performance Reports.	Four	Four	Four	Four	None	N/A.
	Annual Report.	Approved Annual Reports.	One	One	One	One	None.	N/A.

3. PERFORMANCE INFORMATION BY PROGRAMME (CONT.)

3.1 PROGRAMME 1: EXECUTIVE OFFICE (CONT.)

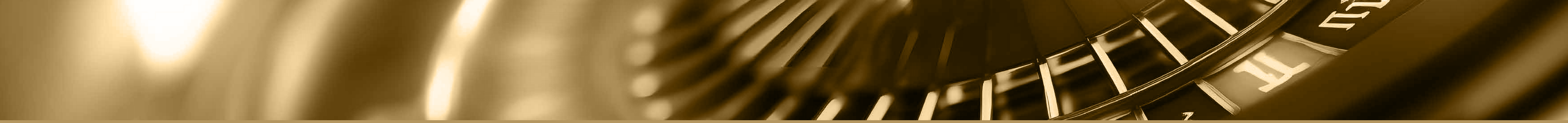
EXECUTIVE OFFICE	2022/23			2020/21		
	BUDGET R '000	ACTUAL EXPENDITURE R '000	(OVER)/UNDER EXPENDITURE R '000	BUDGET R '000	ACTUAL EXPENDITURE R '000	(OVER)/UNDER EXPENDITURE R '000
Staff Remuneration	1 739	1 738	1	2 874	2 872	2
Subsistence and Travelling	322	321	1	76	76	-
TOTAL	**2 061**	**2 059**	**2**	**2 950**	**2 948**	**2**

LINKING PERFORMANCE WITH BUDGET

The funds spent in this programme were used by the MER to account to the oversight bodies that are, among others, the Department of Economic Development and Tourism, the Office of the Premier and the Legislature. Part of the reports will include work done by the operational and support departments within the MER to lead to in the achievement of effective regulation of both the gambling and liquor industries in the Province.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

No strategies required in this regard since all targets were achieved.



3. PERFORMANCE INFORMATION BY PROGRAMME (CONT.)

3.2 PROGRAMME 2: LICENSING

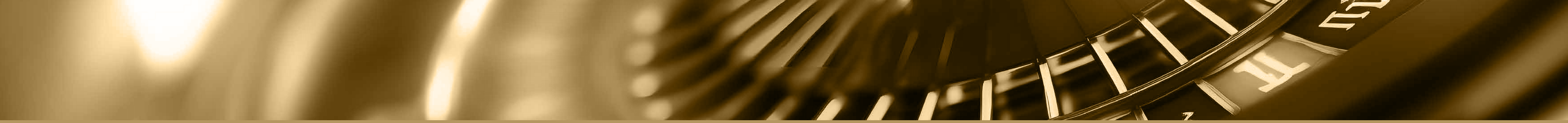
PURPOSE: This programme investigates the suitability of applicants for licensing including shareholders, premises and employees as well as holders of licences including licence amendments and renewals as per the requirements of gambling and liquor legislation.

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 FOR 2022/23	REASONS FOR DEVIATIONS
Suitable applicants and licensees.	Gambling and liquor investigations.	Number of gambling and liquor investigations conducted.	316	535	450	672	222	More applications received than planned.

3. PERFORMANCE INFORMATION BY PROGRAMME (CONT.)

3.2 PROGRAMME 2: LICENSING (CONT.)

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 FOR 2022/23	REASONS FOR DEVIATIONS
Suitable applicants and licensees.	Employee registrations.	Number of Employee registrations considered.	478	723	400	993	593	More applications received than planned.
	Gambling and Liquor Re-Investigations.	Number of gambling and liquor Re-Investigations conducted.	50	52	50	75	25	More matters that required further investigation identified than planned.
	Gambling and Liquor Licence Renewals.	Number of gambling and liquor Licence Renewals considered.	4 559	5 229	5 000	5 126	126	More matters that required further investigation identified than planned.



3.2 PROGRAMME 2: LICENSING (CONT.)

LICENCING	2022/23			2021/22		
	BUDGET R '000	ACTUAL EXPENDITURE R '000	(OVER)/UNDER EXPENDITURE R '000	BUDGET R '000	ACTUAL EXPENDITURE R '000	(OVER)/UNDER EXPENDITURE R '000
Staff Remuneration	14 290	14 289	1	13 809	13 804	5
Subsistence and Travelling	10	9	1	-	-	-
TOTAL	**14 300**	**14 298**	**2**	**13 809**	**13 804**	**5**

LINKING PERFORMANCE WITH BUDGET

The funds spent in this programme were used by the MER to investigate the suitability of applicants for licensing including shareholders, premises and employees as well as holders of licences including licence amendments and renewals as per the requirements of gambling and liquor legislation.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

No strategies required in this regard since all targets were achieved.

3. PERFORMANCE INFORMATION BY PROGRAMME (CONT.)

3.3 PROGRAMME 3: COMPLIANCE

PURPOSE:

This programme ensures regulatory compliance with all gambling and liquor operations and gambling equipment while combating all forms of prohibited gambling, illegal liquor trade and supply within the MER's control.

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 FOR 2022/23	REASONS FOR DEVIATIONS
Compliant gambling and liquor operations and equipment.	Casino inspections.	Number of Casino inspections conducted.	Six	12	12	12	None.	N/A.
	LPM Operations inspections.	Number of LPM Operations inspections conducted.	100	215	230	230	None.	N/A.
	Totalisator inspections.	Number of Totalisator inspections conducted.	One	23	23	23	None.	N/A.

3. PERFORMANCE INFORMATION BY PROGRAMME (CONT.)

3.3 PROGRAMME 3: COMPLIANCE (CONT.)

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/21	ACTUAL ACHIEVEMENT 2021/22	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2022/23	REASONS FOR DEVIATIONS
Compliant gambling and liquor operations and equipment.	Bookmaker inspections.	Number of Bookmaker inspections conducted.	30	Six	60	60	None.	N/A.
	Bingo inspections.	Number of Bingo Centre inspections conducted.	15	30	30	30	None.	N/A.
	Liquor outlets inspections.	Number of liquor outlets inspections conducted.	4 050	6 554	6 500	6 651	151	More Inspections conducted owing to the investigation of complaints and joint operations conducted with SAPS.
	New gambling equipment evaluations.	Number of new gambling equipment (LoCs) evaluations conducted.	372	417	400	436	36	More applications received than planned.

3. PERFORMANCE INFORMATION BY PROGRAMME (CONT.)

3.3 PROGRAMME 3: COMPLIANCE (CONT.)

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/21	ACTUAL ACHIEVEMENT 2021/22	PLANNED ANNUAL TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2022/23	REASONS FOR DEVIATIONS
Compliant gambling and liquor operations and equipment.	Distribution request evaluations.	Number Of Distribution request evaluations conducted.	3 596	5 673	4 000	6 863	2 863	More requests received than planned.
	Machine moves and conversion evaluations.	Number of machine moves and conversion evaluations conducted.	1 193	1 933	1 200	1 744	544	More applications received than planned.

3. PERFORMANCE INFORMATION BY PROGRAMME

3.3 PROGRAMME 3: COMPLIANCE (CONT.)

COMPLIANCE	2022/23			2021/22		
	BUDGET R '000	ACTUAL EXPENDITURE R '000	(OVER)/UNDER EXPENDITURE R '000	BUDGET R '000	ACTUAL EXPENDITURE R '000	(OVER)/UNDER EXPENDITURE R '000
Staff Remuneration	23 171	23 171	-	22 905	22 899	6
Subsistence and Travelling	2 269	2 271	(2)	1 825	1 822	3
TOTAL	**25 440**	**25 442**	**(2)**	**24 730**	**24 721**	**9**

LINKING PERFORMANCE WITH BUDGET

The funds spent in this programme were used by the MER to ensure regulatory compliance with all gambling and liquor operations and gambling equipment while combating all forms of prohibited gambling, illegal liquor trade and supply within the MER's control.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

No strategies required in this regard since all targets were achieved.

3. PERFORMANCE INFORMATION BY PROGRAMME (CONT.)

3.4 PROGRAMME 4: AUDIT

PURPOSE:

This programme ensures that gambling levies are complete, accurately calculated and paid timeously, as prescribed.

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 FOR 2022/23	REASONS FOR DEVIATIONS
Complete and accurate gambling levies paid as prescribed.	Gambling Levy verifications.	Number of Gambling Levy verifications conducted.	324	401	432	441	9	More licensees operational than anticipated.
	Casino audit.	Number of Casino audits conducted.	Three	Three	Three	Three	None.	N/A.
	Route Operator audits.	Number of Route Operator audits conducted.	Two	Two	Two	Two	None.	N/A.
	Independent Site Operator audits.	Number of Independent Site Operator audits conducted.	One	Two	Two	Two	None.	N/A.

3. PERFORMANCE INFORMATION BY PROGRAMME

3.4 PROGRAMME 4: AUDIT (CONT.)

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 FOR 2022/23	REASONS FOR DEVIATIONS
Complete and accurate gambling levies paid, as prescribed.	Totalisator audits.	Number of Totalisator audits conducted.	One	One	One	One	None.	N/A.
	Bookmaker audits.	Number of Bookmaker audits conducted.	10	13	13	13	None.	N/A.
	Bingo Centre audits.	Number of Bingo Centre audits conducted.	Six	Six	Six	Six	None.	N/A.

3. PERFORMANCE INFORMATION BY PROGRAMME (CONT.)

3.4 PROGRAMME 4: AUDIT (CONT.)

AUDIT	2022/23			2021/22		
	BUDGET R '000	ACTUAL EXPENDITURE R '000	(OVER)/UNDER EXPENDITURE R '000	BUDGET R '000	ACTUAL EXPENDITURE R '000	(OVER)/UNDER EXPENDITURE R '000
Employee Compensation	10 034	10 033	1	9 912	9 917	(5)
Subsistence and Travelling	161	161	-	-	5	(5)
TOTAL	**10 195**	**10 194**	**1**	**9 912**	**9 922**	**(10)**

LINKING PERFORMANCE WITH BUDGET

The funds spent in this programme were used by the MER to provide assurance that gambling levies are complete, accurately calculated and paid timeously, as prescribed by Government.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

No strategies required in this regard since all targets were achieved.

3. PERFORMANCE INFORMATION BY PROGRAMME (CONT.)

3.5 PROGRAMME 5: LEGAL SERVICES

PURPOSE:

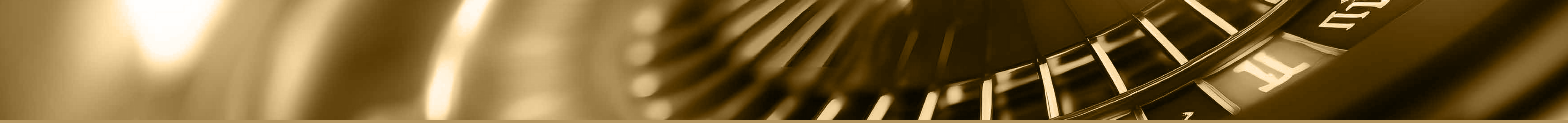
This programme ensures effective and efficient gambling and liquor legislation and further ensures that the MER complies with corporate governance best practices.

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	PLANNED TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2022/23	REASONS FOR DEVIATIONS
Effective and efficient gambling and liquor legislation.	Review of Mpumalanga Gambling Rules.	Number of Mpumalanga Gambling Rules reviews conducted.	One	One	One	One	None.	N/A.
	Review of Mpumalanga Gambling Act, Gambling Levies Act and Regulations; Liquor Licensing Act and Regulations.	Number of reviews of Mpumalanga Gambling Act, Gambling Levies Act and Regulations; Liquor Licensing Act and Regulations conducted.	One	One	One	One	None.	N/A.

3. PERFORMANCE INFORMATION BY PROGRAMME (CONT.)

3.5 PROGRAMME 5: LEGAL SERVICES (CONT.)

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 FOR 2022/23	REASONS FOR DEVIATIONS
Compliance with Corporate Governance best practices.	Status review reports on compliance with laws.	Number of status review reports on compliance to laws compiled.	Four	Four	Four	Four	None.	N/A.
	Status review reports on litigation matters by or against the MER.	Number of status review reports on litigation matters compiled.	Four	Four	Four	Four	None.	N/A.
	Facilitate and minute Board meetings in accordance with approved meeting schedule.	Number of Board meetings minuted.	Six	12	Six	Six Meetings and Two Special Meetings.	Two Special Board meetings.	More special meetings held than planned owing to operational requirements.
	Facilitate and minute Board Committee meetings in accordance with approved meeting schedule.	Number of Board Committee meetings minuted.	Nine	15	13	13 Meetings and Four Special Committee meetings.	Four Special Committee meetings.	More special meetings held than planned owing to operational requirements.



3. PERFORMANCE INFORMATION BY PROGRAMME (CONT.)

3.5 PROGRAMME 5: LEGAL SERVICES (CONT.)

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 FOR 2022/23	REASONS FOR DEVIATIONS
Compliance with Corporate Governance best practices.	Status review reports on corporate governance practices of the MER.	Number of status review reports on corporate governance practices of the MER compiled.	Four	Four	Four	Four	None.	N/A.

3. PERFORMANCE INFORMATION BY PROGRAMME (CONT.)

3.5 PROGRAMME 5: LEGAL SERVICES (CONT.)

LEGAL SERVICES	2022/23			2021/22		
	BUDGET R '000	ACTUAL EXPENDITURE R '000	(OVER)/UNDER EXPENDITURE R '000	BUDGET R '000	ACTUAL EXPENDITURE R '000	(OVER)/UNDER EXPENDITURE R '000
Employee Compensation	4 134	4 134	-	4 026	4 025	1
Subsistence and Travelling	16	14	2	-	-	-
TOTAL	**4 150**	**4 148**	**2**	**4 026**	**4 025**	**1**

BOARD

BOARD	2022/23			2021/22		
	BUDGET R '000	ACTUAL EXPENDITURE R '000	(OVER)/UNDER EXPENDITURE R '000	BUDGET R '000	ACTUAL EXPENDITURE R '000	(OVER)/UNDER EXPENDITURE R '000
Board Remuneration	648	647	1	740	823	(83)
Subsistence and Travelling	214	215	(1)	217	205	12
TOTAL	**862**	**862**	**-**	**957**	**1 028**	**(71)**

LINKING PERFORMANCE WITH BUDGET

The funds spent in this programme were used by the MER to ensure effective and efficient gambling and liquor legislation. These further ensure that the MER complies with corporate governance best practices.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

No strategies required in this regard since all targets were achieved.

3. PERFORMANCE INFORMATION BY PROGRAMME (CONT.)

3.6 PROGRAMME 6: CORPORATE SERVICES

PURPOSE: This programme ensures efficient and effective human resource and financial management.

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 FOR 2022/23	REASONS FOR DEVIATIONS
Efficient and effective financial management.	Financial Performance Reports.	Number of Financial Performance Reports compiled.	12	12	12	12	None.	N/A.
	Approved Budgets.	Number of Annual budgets compiled.	One (Budget for 2022 FY)	One (Budget for 2023 FY)	One (Budget for 2024FY	One (Budget for 2024FY)	None.	N/A.
	Risk Assessment Reports.	Number of Risk Assessment Reports compiled.	Four	Four	Four	Four	None.	N/A.

3. PERFORMANCE INFORMATION BY PROGRAMME (CONT.)

3.6 PROGRAMME 6: CORPORATE SERVICES (CONT.)

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 FOR 2022/23	REASONS FOR DEVIATIONS
Efficient and effective financial management.	Updated B-BBEE scorecards.	Number of B-BBEE scorecards facilitated.	One	One	One	One	None.	N/A.
	Internal Audits.	Number of Internal Audits facilitated.	Four	Four	Four	Four	None.	N/A.
	Procurement plans.	Number of Procurement Plans compiled.	One	One	One	One	None.	N/A.
	Annual Financial Statements.	Number of Annual Financial Statements compiled.	One	One	One	One	None.	N/A.

3. PERFORMANCE INFORMATION BY PROGRAMME (CONT.)

3.6 PROGRAMME 6: CORPORATE SERVICES (CONT.)

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 FOR 2022/23	REASONS FOR DEVIATIONS
Enhanced workforce.	Training Plans.	Number of Training Plans compiled.	One	One	One	One	None.	N/A.
	Annual Staff Disclosures.	Number of Annual Staff Disclosures facilitated.	One	One	One	One	None.	N/A.
	Annual Salary reviews.	Number of Salary reviews facilitated.	One	One	One	One	None.	N/A.
	Updated Internal Control Procedure Manuals.	Number of updates to the Internal Control Procedure Manuals.	One	One	One	One	None.	N/A.

3. PERFORMANCE INFORMATION BY PROGRAMME

3.6 PROGRAMME 6: CORPORATE SERVICES (CONT.)

CORPORATE SERVICES	2022/23			2021/22		
	BUDGET R '000	ACTUAL EXPENDITURE R '000	(OVER)/UNDER EXPENDITURE R '000	BUDGET R '000	ACTUAL EXPENDITURE R '000	(OVER)/UNDER EXPENDITURE R '000
Staff Remuneration	12 637	12 651	(14)	13 258	13 253	5
Goods and Services	24 370	24 365	5	12 817	12 780	37
TOTAL	**37 007**	**37 016**	**(9)**	**26 075**	**26 033**	**42**

LINKING PERFORMANCE WITH BUDGET

The funds spent in this programme were used by the MER to ensure efficient and effective human resource and financial management.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

No strategies required in this regard since all targets were achieved.

3. PERFORMANCE INFORMATION BY PROGRAMME (CONT.)

3.7 PROGRAMME 7: COMMUNICATIONS

PURPOSE:

This programme ensures public awareness about gambling and liquor regulation and ensures the effective management of information and communication technology.

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	PLANNED TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2022/23	REASONS FOR DEVIATIONS
Public awareness about gambling and liquor regulation, and its related social ills.	Media monitoring reports.	Number of media monitoring reports compiled.	Four	Four	Four	Four	None.	N/A.
	Public awareness campaigns.	Number of Public Awareness Campaigns conducted.	132	130	130	130	None.	N/A.

3. PERFORMANCE INFORMATION BY PROGRAMME

3.7 PROGRAMME 7: COMMUNICATIONS (CONT.)

OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/21	AUDITED ACTUAL PERFORMANCE 2021/22	PLANNED TARGET 2022/23	ACTUAL ACHIEVEMENT 2022/23	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2022/23	REASONS FOR DEVIATIONS
Public awareness about gambling and liquor regulation, and its related social ills.	Miss Mpumalanga Sponsorship evaluation report.	Miss Mpumalanga Sponsorship evaluation compiled.	One	One	One	One	None.	N/A.
Reliable and integrated information and technology systems.	MSP Reviews.	Number of MSP Reviews conducted.	One	One	One	One	None.	N/A.
	IT and Records Management Policy reviews.	Number of IT and Records Management Policy reviews performed.	One	One	One	One	None.	N/A.
	IT Governance Reports.	Number of IT Governance Reports compiled.	Four	Four	Four	Four	None.	N/A.

3.7 PROGRAMME 7: COMMUNICATIONS (CONT.)

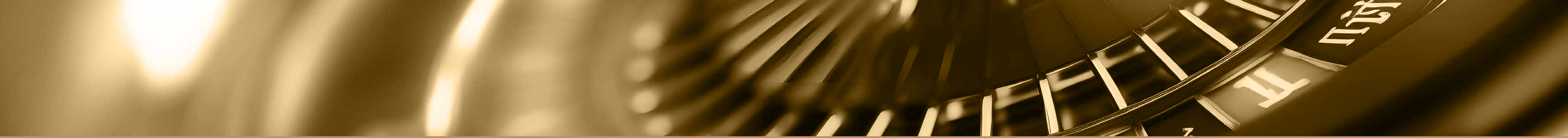
COMMUNICATIONS	2022/23			2021/22		
	BUDGET R '000	ACTUAL EXPENDITURE R '000	(OVER)/UNDER EXPENDITURE R '000	BUDGET R '000	ACTUAL EXPENDITURE R '000	(OVER)/UNDER EXPENDITURE R '000
Employee Compensation	9 363	9 363	-	9 472	9 468	4
Subsistence and Travelling	251	251	-	77	58	19
TOTAL	**9 614**	**9 614**	**-**	**9 549**	**9 526**	**23**

LINKING PERFORMANCE WITH BUDGET

The funds spent in this programme were used by the MER to ensure public awareness about gambling and liquor regulation. These monies ensure the effective management of information and communication technology.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

No strategies required in this regard since all targets were achieved.



3. PERFORMANCE INFORMATION BY PROGRAMME (CONT.)

3.8 PROGRAMME 8: RESEARCH AND PLANNING

PURPOSE:

This programme facilitates planning activities in line with Government frameworks as well as research, policy review and advice to management on policy development.

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 FOR 2022/23	REASONS FOR DEVIATIONS
Coordination of planning and reporting for the MER.	Annual Performance Plan coordinated.	Number of Annual Performance Plans coordinated.	-	One	One	One	None.	N/A.
	Quarterly Performance Reports coordinate.	Number of Quarterly Performance reports coordinated.	-	Four	Four	Four	None.	N/A.
	Annual Report coordinated.	Number of Annual Reports coordinated.	One	One	One	One	None.	N/A.

3. PERFORMANCE INFORMATION BY PROGRAMME (CONT.)

3.8 PROGRAMME 8: RESEARCH AND PLANNING (CONT.)

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 FOR 2022/23	REASONS FOR DEVIATIONS
Coordination of Policy development.	Industry Analysis Reports facilitated.	Number of Gambling and Liquor Industry Analysis Reports facilitated.	-	Four	Four	Four	None.	N/A.
	Industry research study facilitated.	Number of industry research studies facilitated.	-	Two	Two	Two	None.	N/A.
	Stakeholder survey facilitated.	Number of stakeholder surveys facilitated.	-	Two	One	One	None.	N/A.

3. PERFORMANCE INFORMATION BY PROGRAMME

3.8 PROGRAMME 8: RESEARCH AND PLANNING (CONT.)

RESEARCH AND PLANNING	2022/23			2021/22		
	BUDGET R ‘000	ACTUAL EXPENDITURE R ‘000	(OVER)/UNDER EXPENDITURE R ‘000	BUDGET R ‘000	ACTUAL EXPENDITURE R ‘000	(OVER)/UNDER EXPENDITURE R ‘000
Employee Compensation	4 329	4 328	1	4 294	4 292	2
Subsistence and travelling	31	30	1	-	-	-
TOTAL	**4 360**	**4 358**	**2**	**4 294**	**4 292**	**2**

LINKING PERFORMANCE WITH BUDGET

The funds spent in this programme were used by the MER to facilitate planning activities in line with Government frameworks, as well as research, policy review and advice to management on policy development.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

No strategies required in this regard since all targets were achieved.

4. SUMMARY OF FINANCIAL INFORMATION

The overall revenues performance reflected a total of over R600 million compared to R594 million budgeted. This reflects a 101% collection for the period ended 31 March 2023:

4.1 REVENUE COLLECTION ON BEHALF OF DEDT

SOURCES OF REVENUE	2022/23			2021/22		
	ESTIMATE AMOUNT R' 000	ACTUAL AMOUNT COLLECTED R' 000	(OVER)/ UNDER COLLECTION R' 000	ESTIMATE AMOUNT R' 000	ACTUAL AMOUNT COLLECTED R' 000	(OVER)/ UNDER COLLECTION R' 000
Total Gambling Levies	580 000	585 734	(5 734)	322 000	339 750	(17 750)
Total Application and Licence Fees	11 500	11 725	(225)	10 500	11 877	(1 377)
Penalties	2 313	2 589	(276)	1 130	1 774	(644)
TOTAL	**593 813**	**600 048**	**(6 235)**	**333 630**	**353 401**	**(19 771)**

4.2 CAPITAL INVESTMENT

INFRASTRUCTURE	2022/23			2021/22		
	BUDGET AMOUNT R' 000	ACTUAL EXPENDITURE R' 000	(OVER)/UNDER EXPENDITURE R' 000	BUDGET AMOUNT R' 000	ACTUAL EXPENDITURE R' 000	(OVER)/UNDER EXPENDITURE R' 000
Capital Expenses	3 335	3 334	1	4 500	4 505	(5)
TOTAL	**3 335**	**3 334**	**1**	**4 500**	**4 505**	**(5)**

5. STATISTICAL INFORMATION

ACTUAL LEVIES COLLECTED COMPARED TO PRIOR YEAR

Table 1: Gambling Levies collected

The table below represents Gambling Levies as collected for the respective year-ends.

SECTOR	LEVIES 2022/23	LEVIES 2021/22	INCREASE/ (DECREASE) %
	R' 000	R' 000	
Casinos	36 497	31 101	17%
LPM	31 373	26 436	19%
Betting	506 382	272 040	86%
Bingo	11 482	10 173	13%
TOTAL	**585 734**	**339 750**	**72%**

The graph below represents the Gambling Levies collected per gambling industry segment for the 12-month period ended 31 March 2023:

Graph 1: Ratio of levies per gambling industry segment

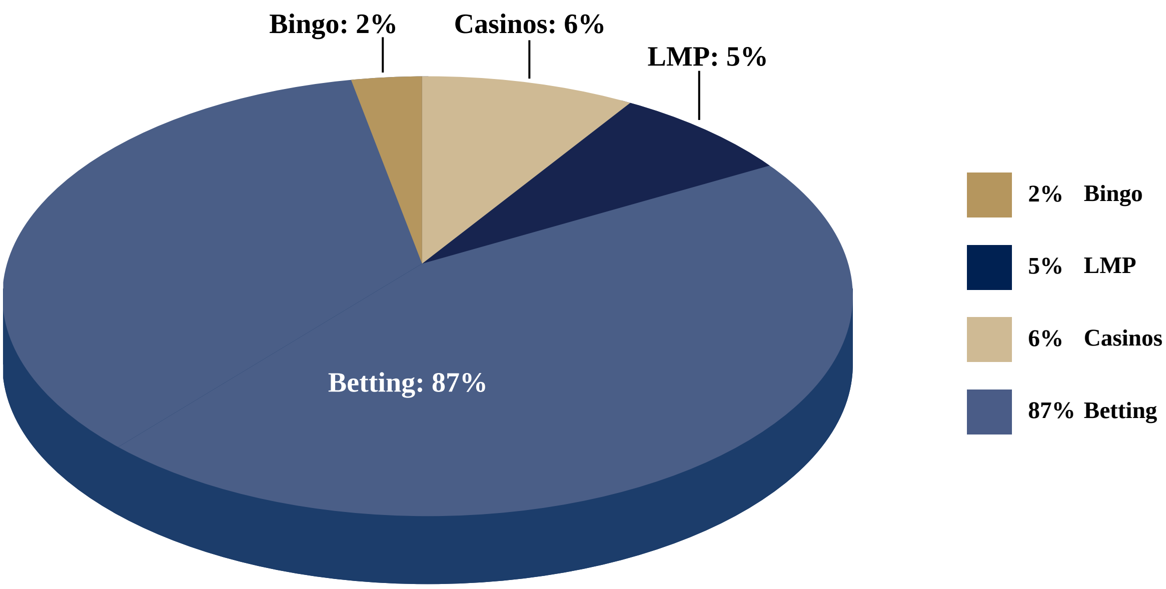


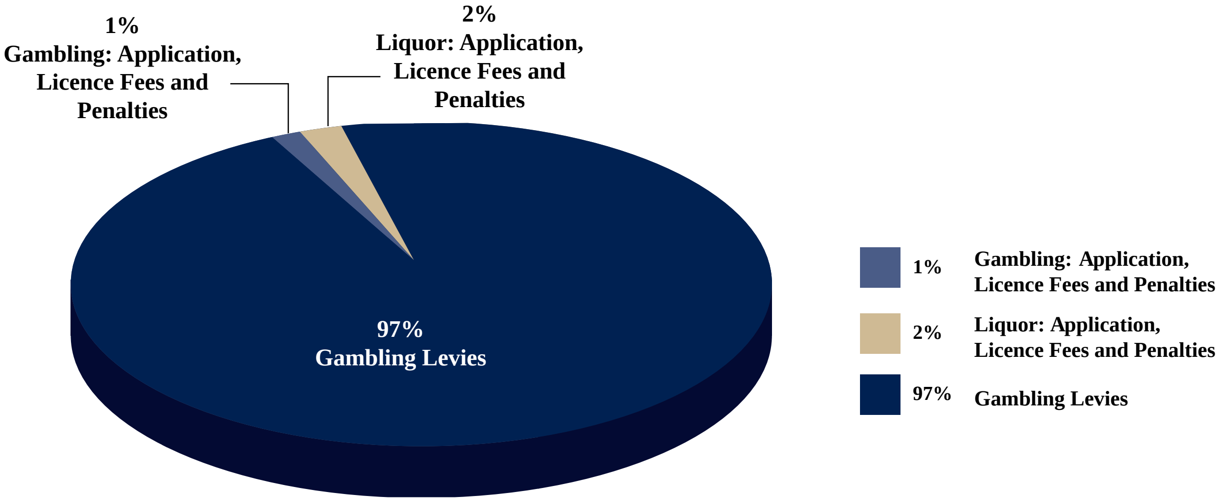
Table 2: Revenue collected

The table below represents revenue as collected for the respective year-ends.

SECTOR	REVENUE 2022/23 R' 000	REVENUE 2021/22 R' 000	INCREASE/ (DECREASE) %
Gambling Levies	**585 734**	339 750	72%
Gambling: Application, License Fees and Penalties	**3 904**	4 076	(4%)
Liquor: Application, License Fees and Penalties	**10 410**	9 575	9%
Total	**600 048**	**353 401**	**70%**

The graph below represents the total revenue collected per revenue category for the 12-month period ending 31 March 2023:

Graph 2: Revenue collected per revenue category



Good business leaders create a vision, articulate the vision, passionately own the vision, and relentlessly drive it to completion.

Jack Welch

"Mere good governance is not enough; it has to be pro-people and pro-active. Good governance is putting people at the centre of development process."

Narendra Modi

PART C | GOVERNANCE

1. GOVERNANCE

1. INTRODUCTION

The core values and best practices of the MER embrace the principles of good governance, as outlined in the King IV Report. In terms of this good governance is essentially about effective ethical leadership, sustainability, and responsible corporate citizenship. In addition to legislative requirements, based on the Mpumalanga Economic Regulator Act, 2017 (Act No. 2 of 2017), hereinafter referred to as "the Act", the Mpumalanga Gambling Act, the Mpumalanga Liquor Licensing Act and the PFMA, the MER adheres to the principles contained in the King IV Report, which have been applied.

2. PORTFOLIO COMMITTEES

The Portfolio Committee exercises oversight over the service delivery performance of the MER and, as such, reviews the non-financial information contained in the quarterly reports.

The MER was invited to four meetings of the Portfolio Committee during the year under review with no matters of concern being raised. The table below reflects the meetings held with the Portfolio Committee during the period under review:

DATE OF THE MEETING	SUBJECT	RESOLVED (YES/NO)
30 August 2022	Presentation of the progress report on the 2021/22 Fourth Quarter House Resolutions. Presentation of the written responses to questions on the 2022/23 First Quarter Report.	Yes
18 November 2022	Presentation of the progress report on 2020/21 Annual Report House Resolutions. Presentation of the written responses to questions on the 2021/22 Annual Report. Presentation of the progress report on 2022/23 First Quarter Report House Resolutions. Presentation of the written responses to questions on the 2022/23 Second Quarter Report.	Yes
10 February 2023	Deliberations on 2021/22 Audit Outcomes.	Yes
28 February 2023	Deliberations on Third Quarter Performance Report.	Yes

3. EXECUTIVE AUTHORITY

The MEC for Finance, Economic Development and Tourism appoints Board Members in terms of section 5 of the Act. All members are non-executive and section 5 of the Act prescribes the make-up of the Board, as well as the skills that members must have. The procedure for the appointment of the Board, the tenure of office and termination of office, as well as filling of vacancies are prescribed in sections 7, 8 and 9 of the Act. The Chairperson of the Board has meetings with the Responsible Member periodically to discuss matters pertaining to the MER.

The table below reflects the reports submitted to the Executive Authority during the period under review:

DETAILS	SUBMISSION DATE
Fourth Quarter Performance Report.	19 April 2022
First Quarter Performance Report.	18 July 2022
Second Quarter Performance Report.	17 October 2022
Third Quarter Performance Report.	18 January 2023
MER Annual Performance Plan and Strategic Plan.	31 January 2023
Draft Annual Report.	31 May 2023

4. THE BOARD

INTRODUCTION

The Board is the accounting authority of the MER. The members of the Board are appointed by the Responsible Member in terms of section 5 and subject to sections 6 to 9 of the Mpumalanga Economic Regulator Act. The Board acts as the focal point for, and custodian of, corporate governance. It appreciates that strategy, risk, performance, and sustainability are inseparable. The Board has a working understanding of the effect of applicable laws, rules, codes and standards on the MER. It functions as the regulator of gambling and liquor in the Province.

The role of the Board is as follows:

In accordance with the parameters of corporate governance, the specific responsibilities discharged by the Board collectively, as well as certain roles and responsibilities incumbent upon the Members as individuals, include the following:

- Retaining full and effective control over the MER and monitoring Management's implementation of the strategic plans and financial objectives, as approved by the Board;
- Defining levels of materiality, reserving specific powers for itself and delegating other matters to Management;
- Continually monitoring the exercise of delegated powers by Management;
- Ensuring that a comprehensive system of policies and procedures is in place and appropriate governance structures exist to ensure the smooth, efficient and prudent stewardship of the MER;
- Ensuring compliance by the MER with all relevant laws and regulations, audit and accounting principles, the MER Codes of Ethics, and such other principles as may be established by the Board from time to time;
- Regularly reviewing and evaluating the risks to the business of the MER and ensuring the existence of comprehensive, appropriate internal controls to mitigate such risks;
- Exercising objective judgement on the affairs of the MER, independent from Management, but with sufficient management information to enable a proper and informed assessment; and
- Identifying and monitoring non-financial aspects relevant to the business of the MER and ensuring that the MER acts responsibly towards all relevant stakeholders who have a legitimate interest in its affairs.

BOARD CHARTER

The Board has an approved Charter that is aligned to the King IV Report. This Charter is reviewed annually. It deals with the role of the Board (which includes strategic planning, monitoring of operational performance as well as management and policy processes), the composition of the Board, requirements for Board members, leadership, Board governance (which includes Board meetings, Board Committees, independent professional advice and conflicts of interest), Board secretariat, risk management, compliance and internal audit, reporting and accountability as well as the process for review of the Board Charter.

The appendices to the Board Charter set out matters reserved for Board decision, powers of appointment, remuneration and delegation of authority, strategic and financial matters, regulatory and governance issues, policy development, as well as, stakeholder relations and general issues relating to the appointment, induction and training of Board members, duties of Board members, the role of the Chairperson, the principal functions of the CEO and Executive Management, delegation of powers to CEO, the role of the Board Secretariat, risk management, compliance and internal audit, Board governance issues and Board Committees.

The appendices also include the Audit and Risk Committee Charter, Terms of Reference of the Corporate Services and Compliance Committees, the Board corporate governance questionnaire, the Board self-evaluation form as well as the Audit and Risk Committee self-assessment form. The Board complies with the Board Charter.

COMPOSITION OF THE BOARD

Members of the Board are appointed in terms of the Act by the MEC responsible for gambling and liquor in consultation with the Executive Council of Mpumalanga for no more than five years as the Responsible Member may determine at the time of appointment and are eligible for re-appointment as members of the Board for a second term at the expiry of their terms of office. The composition of the Board in terms of the Act prescribes a minimum nine (9) and a maximum of eleven (11) Board Members, all of whom are non-executive members and the Chief Executive Officer, as an *ex officio* Member.

The Board was appointed on 16 April 2018 by the MEC responsible for Economic Development and Tourism for five years, which was extended from 17 April 2023 to 16 June 2023, consisted of the following Members:

- Deiner, GA (Chairperson)
- Mhlongo, PL (Deputy Chairperson)
- Mawelele, TE (Board Member)
- Mzoneli, TN (Chairperson of Corporate Services Committee as of 19 May 2022)
- Mabaso, LB (Board Member)
- Baloyi, VJG (Chairperson of Audit and Risk Committee as of 19 May 2022)
- Nkosi, LL (Chairperson of Compliance Committee as of 19 May 2022)
- Mabuza, NF (Board Member)
- Bastos, CM (Acting Chief Executive Officer from 1 November 2021 to 30 April 2022)
- Mtsweni, VA (Acting Chief Executive Officer as of 1 May 2022 to 30 November 2022)
- Maseko, BL (Acting Chief Executive Officer as of 1 December 2022 to 31 May 2023)

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE R\RESIGNED	QUALIFI-CATIONS	AREA OF EXPERTISE	BOARD DIREC-TORSHIPS (LIST THE ENTITIES)	OTHER COM-MITTEES (E.G.: AUDIT & RISK COMMITTEE)	NO. OF MEETINGS ATTENDED
Deiner, GA	Board Member Chairperson	16 April 2018 17 April 2023	N/A	*	A & E	*	**	Six of six scheduled meetings and two special meetings.
Mhlongo, PL	Deputy Chairperson	16 April 2018 17 April 2023	N/A	*	B & J	*	**	Six of six scheduled meetings and two special meetings.
Mawelele, TE	Board Member	16 April 2018 17 April 2023	N/A	*	C	*	**	Two of six scheduled meetings and none of special meetings.
Mzoneli, TN	Board Member	16 April 2018 17 April 2023	N/A	*	F	*	**	Six of six scheduled meetings and two special meetings.
Mabaso, LB	Board Member	20 Oct 2020 17 April 2023	N/A	*	G	*	**	Three of six scheduled meetings and two special meetings.
Baloyi, VJG	Board Member	16 April 2018 17 April 2023	N/A	*	H	*	**	Five of six scheduled meetings and two special meetings.
Nkosi, LL	Board Member	16 April 2018 17 April 2023	N/A	*	I	*	**	Six of six scheduled meetings and two special meetings.
Mabuza, NF	Board Member	16 April 2018 17 April 2023	N/A	*	J	*	**	Five of six scheduled meetings and two special meetings.

***** - Information is kept on file and was made available to external auditors for auditing purposes. ** Refer to page 62 for details.***

AREA OF EXPERTISE LEGEND AS PER THE MPUMALANGA ECONOMIC REGULATOR ACT:

A- SECTION 5(1)(a)

A chairperson, designated by the Responsible Member from among the Members of the Board referred to in paragraphs (c), (d), (e), (f) and (j), is an individual with applicable knowledge or experience regarding matters connected with the functions of the Board.

B – SECTION 5(1)(b)

A deputy chairperson designated by the responsible Member from among the Members of the Board referred to in paragraphs (c), (d), (e), (f) and (j).

C – SECTION 5(1)(c)

One member who is qualified to be admitted to practise as a legal practitioner in the Republic and has, for a cumulative period of at least five years after having qualified, practised as a legal practitioner or performed services related to the application or administration of the law.

D – SECTION 5(1)(d)

One member who is qualified as an accountant in the Republic and has, for a cumulative period of at least five years after having qualified, practised as an accountant and is registered as a member of a relevant professional body

E – SECTION 5(1)(e)

One member who has proven business acumen in, and knowledge of, the gambling industry

F – SECTION 5(1)(f)

One member who has proven business acumen in, and knowledge of, the liquor industry.

G – SECTION 5(1)(g)

A person representing the Department entrusted with the responsibility for gambling and liquor regulation in the Province, designated by the responsible Member.

H – SECTION 5(1)(h)

A person representing the Department responsible for financial affairs in the Province, designated by the responsible Member in consultation with the Member of the Executive Council responsible for financial affairs in the Province.

I – SECTION 5(1)(i)

A person representing the Department responsible for community safety, security, and liaison in the Province, designated by the responsible Member in consultation with the Member of the Executive Council responsible for community safety, security, and liaison in the Province.

J – SECTION 5(1)(j)

With due regard to regional interests in the Province, not more than three members who have proven business acumen or applicable knowledge or experience in the field of local Government, community, and socio-economic development and who are fit and proper to represent the community in general.

COMMITTEES

The Board has three Committees: Corporate Services Committee, Audit and Risk Committee and Compliance Committee.

CORPORATE SERVICES COMMITTEE

The Corporate Services Committee assures the Board about the quality and reliability of the management information of the MER. The responsibilities of the Corporate Services Committee include:

- Considering the proposals received relating to the annual budget and submitting recommendations to the Board for consideration;
- Further to the Board's approval of the final budget, reviewing performance against budget;
- Approval of procurement of goods and services in excess of an amount of R500 000 up to and including R1 000 000;
- Monitoring the collection of complete and accurate levies from operational gambling licensees;
- Fulfilling the function of a Remuneration Committee that meets at least once a year and is charged with the responsibility of assessing the remuneration strategy for the MER;
- Providing the Board with the assurance that management and employees are fairly rewarded for their individual contributions to the MER's performance;
- Approving amendments to the MER's internal control policies and procedures; and
- Monitoring the MER's social responsibility performance, as well as MER's compliance with the Broad-Based Black Economic Empowerment Act, 2004 and Codes of Good Practice.

During the year ending 31 March 2023, the Corporate Services Committee held four scheduled meetings and two Special Corporate Services Committee meetings.

AUDIT AND RISK COMMITTEE

In terms of sections 51(1)(a)(ii), 76(4)(d) and 77 of the PFMA and regulation 27(1) of the Treasury Regulations, accounting authorities have to comply with the compulsory establishment of an Audit and Risk Committee as well as an effective internal audit function in the public entity. In terms of these provisions, the Audit and Risk Committee assists the Board in fulfilling its oversight responsibilities. It reviews and monitors the scope and effectiveness of the internal and external audit function. The responsibilities of the Audit and Risk Committee include:

- Determining the adequacy and effectiveness of the internal control systems;
- Evaluating the effectiveness of risk management;
- Performing the functions required of it by law;
- Reviewing the significant accounting and reporting issues, including professional and regulatory announcements, and their impact on the financial statements with a view to ensuring consistency with the appropriate accounting principles;
- Reviewing the effectiveness of the internal audit function that is performed by external practitioners, whose major responsibilities include the examination and evaluation of the effectiveness and performance of operational activities and systems, together with the attendant business risks and financial control;
- Reviewing the scope, performance, significant findings, as well as the recommendations made by the internal and external auditors; and
- Reviewing any statement on ethical standards or requirements and the procedure to review compliance with the Code of Ethics.

During the year ending 31 March 2023, the Audit and Risk Committee held four scheduled meetings, and two Special Audit and Risk Committee meetings.

COMPLIANCE COMMITTEE

The Compliance Committee assures the Board that proper investigation processes are being followed, that the licensing of applicants and regulatory compliance by licensees takes place in accordance with the requirements of the Mpumalanga Gambling Act, Regulations and Rules; and the Mpumalanga Liquor Licensing Act and Regulations; and that complete and accurate levies are collected from operational gambling licensees in terms of the Mpumalanga Gambling Levies Act and Regulations.

The responsibilities assigned to the Compliance Committee include:

- Considering and making recommendations to the Board about licensing, regulatory compliance, and regulatory audit matters;
- Conducting hearings, enquiries, and evaluation, on any matter presented before it;
- Reviewing findings relating to, among others, investigations, inspections, and audits;
- Imposing administrative penalties on holders of gambling licences on matters presented before it;
- Satisfying the Board that sufficient processes are implemented to address illegal gambling and liquor activities; and
- Reviewing the analysis and status of the gambling and liquor industries in the Province and making recommendations to the Board.

  During the year ending 31 March 2023, the Compliance Committee held five scheduled meetings.

COMMITTEE	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAMES OF MEMBERS
Corporate Services Committee	Four scheduled meetings and two special meetings.	Four members	Mzoneli, TN, Nkosi, LL, Mabaso, LB, Mabuza, NF
Audit and Risk Committee	Four scheduled meetings and two Special Meetings.	Three members	Baloyi, VJG. Mhlongo, PL, Mabaso, LB
Compliance Committee	Five scheduled meetings.	Four members	Nkosi, LL, Baloyi, VJG, Mhlongo, PL, Mawelele, TE

REMUNERATION OF BOARD MEMBERS

Remuneration of Board Members is dealt with in terms of section 10 of the Act. Members of the Board, who are not in employed by the State full time, are paid remuneration and allowances from the funds of the Board, as determined by the Responsible Member, after consultation with the MEC responsible for Finance in the Province. The Board's subsistence and travel allowances are also paid by the MER.and travel allowances are also paid by the MER.

NAME	REMUNERATION R	OTHER ALLOWANCE	OTHER REIMBURSEMENTS R	TOTAL R
Deiner, G.A	250 000	-	43 685	293 685
Mhlongo, P.L	246 500	-	39 689	286 189
Mzoneli, T.N	115 000	-	1 275	116 275
Mawelele, T.E	35 000	-	-	35 000

5. RISK MANAGEMENT

The Board, through the Audit and Risk Committee, provides an oversight role on the effectiveness and efficiency of the Entity's Risk Management System in alignment with the implementation of the Five-Year Strategic Plan. MER is committed to an enterprise-wide Risk Management process that is in accordance with the provisions of the PFMA, Act 1 of 1999 and aligned to best international practices (ISO 31 000:2009, COSO Framework, King IV Report on Corporate Governance in South Africa, 2016, Public Sector Risk Management Framework and Provincial Risk Management Framework). MER recognises Risk Management as an integral part of responsible management and the process is fully outlined in the Risk Management Policy.

The Chief Executive Officer has set the tone at the top by supporting Enterprise Risk Management and allocating human and financial resources towards the implementation thereof. The Chief Financial Officer facilitates the risk management implementation plan for the Board which gives effect to the implementation of the risk management policy and strategy and sets out all risk management activities planned as well as fraud prevention strategies. The Risk Management Committee (Executive Management) engages in several strategies, such as awareness campaigns, to reduce fraud and corruption risks and to ensure that the entity is perceived as ethical in all its dealings with the public and other interested parties. A risk assessment is conducted annually, during which risks are evaluated in terms of impact, likelihood of occurrence and the perceived effectiveness of controls in place to manage the risks. Current business processes/controls are in place to manage the risks identified.

6. INTERNAL CONTROL UNIT

The Internal Control Unit ensures that a sound internal control environment is in place at the MER. Accordingly, this Unit performs the necessary coordination work to assure that activities are performed regularly, efficiently, effectively and in accordance with the management strategy and policies of the Board, the applicable rules and regulations.

In addition, it monitors the integrity and reliability of the accounting and recording systems. The processes are automated and centralised to minimise errors and are well-documented in the ICP document that is reviewed annually. The Corporate Services Department acts as the custodian that administers the implementation, the policies, and procedures to reduce issues of non-compliance when executing transactions.

Internal controls are implemented by the various departments within the MER, which are required to comply with the ICP. Executive Managers monitor the implementation of the ICP. The Audit and Risk Committee and outsourced Internal Audit function have full access to all records, properties, and personnel of MER. All staff and management of MER endeavour to provide necessary assistance to, and cooperate with, staff of the Internal Audit function in the performance of their duties.

The ICP encompasses the policies, processes, tasks, behaviours, and other aspects of the business of the MER to ensure compliance with applicable legislation, regulations and with the internal policies and procedures to ensure that the MER operates effectively and efficiently and also has a reliable operational, financial, and human resources reporting system.

7. INTERNAL AUDIT AND AUDIT AND RISK COMMITTEE

The objective of the internal audit function is to provide an independent and objective assurance and consulting service to the MER. The work of internal audit during the current year includes the assessment of the internal controls, auditing performance information, HR and ICT audits and financial reviews. The Audit and Risk Committee oversees the internal audit function.

Relevant information on the Audit and Risk Committee members is set out in the table below:

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE RESIGNED	NO. OF MEETINGS ATTENDED
Baloyi, VJG	B JURIS, LLB, Postgraduate Diploma in International Law, LLM	External (Non-Executive Board Member)	N/A	16 April 2018	N/A	Four of four scheduled meetings and two Special meetings
Mabaso, LB	MBA, Diploma in Small Business Management, Diploma in Commercial Teaching, Diploma in Paralegal Studies (Law)	External (Non-Executive Board Member)	N/A	20 October 2020	N/A	Two of four scheduled meetings and two Special meetings
Mhlongo, PL	Diploma in Marketing, Advanced Project Management, Supply Chain & Logistics Management	External (Non-Executive Board Member)	N/A	16 April 2018	N/A	Three of four scheduled meetings and two Special meetings

8. COMPLIANCE WITH LAWS AND REGULATIONS

As part of the risk management process, one of the strategic risks of the MER is compliance with statutory obligations. The MER has therefore identified the main pieces of legislation that it is obliged to comply with. The table setting out this legislation is available.

The aim of the legal compliance framework is to put an effective system in place to ensure compliance with relevant legislation by raising staff members' awareness regarding the legislative compliance relevant to the business of the MER and to promote a sound compliance culture at the MER.

The Legal Services Department subscribes to legislation alert services (Lee's Compliance Solutions (Pty) Ltd and the Corporate Counsel Association of South Africa) from which it receives regular notification of all new legislation or amendments of existing legislation. The department also makes use of the internet to track changes in legislation. Board and staff members are notified of legislative changes on at least a quarterly basis.

At a strategic level, the Board carries the overall responsibility for ensuring that the MER fulfils its legal obligations and effectively manages any risk exposure that may result from legal compliance failures. The Board is assisted through monitoring by the Audit and Risk Committee, as well as assurance provided by Management.

Managers are expected to promote, monitor, and uphold a positive culture within their sphere of authority and control, to investigate and respond to alleged compliance breaches, and to implement the necessary measures to assist the MER to meet its compliance obligations.

Staff members are responsible for familiarising themselves with legislation that impacts their day-to-day work and to ensure that their activities on behalf of the MER comply with applicable legislation.

9. FRAUD AND CORRUPTION

The MER continues to ensure that proper controls are in place to prevent and detect fraudulent and irregular activities. All employees of the Entity are aware of the fraud indicators and report suspected acts of fraud and corruption through appropriate channels as outlined in the Fraud and Corruption Prevention Policy contained in the ICP. All employees are required to subscribe to and conduct themselves according to the Code of Ethics.

10. MINIMISING CONFLICT OF INTEREST

The MER's policy provides that all employees must annually disclose and update all outside business interests, whether direct or indirect, by completing the prescribed "Declaration of Outside Interest" form. All employees completed this form by 31 March 2023. Every interest that will take up a material portion of the employee's private time must be disclosed in writing to the CEO for consideration.

In accordance with the provisions of sections 6 and 13 of the Act, a member of the Board or an employee must disclose situations that could give rise to a conflict of interest or to a change of their employment suitability, if he/she:

a) whether personally or through his or her spouse, a family member, partner, or associate –
   - i) has or acquires a direct or indirect financial or controlling interest in any gambling activity; or
   - ii) has or acquires a direct or indirect financial or controlling interest within the liquor industry; or
   - iii) any interest in any business or enterprise that may conflict or interfere with the proper performance of his or her functions as a member of the Board or a staff member of the MER; and

b) is related to a family member who has or acquires a direct or indirect financial or controlling interest in the gambling or liquor industries.

Section 13 of the Act deals with the position of public trust of the Board as well as conflicts of interest, which include the appropriate conduct for dealing with conflicts. Board members declare any conflict of interest that they may have at each meeting after the adoption of the agenda of the meeting and, furthermore, annually complete Declaration of Interest forms that are kept on file by the Board Secretariat.

In general, Board members must inform the Board of any actual, suspected, or potential conflict of interests they may have in relation to items of business as soon as they become aware of such conflict or potential conflict.

Board members must recuse themselves from discussions or decisions on matters in which they have a conflict of interest.

11. CODE OF CONDUCT

The Board has a Code of Ethics, which is reviewed annually, as well as an ethics evaluation form that is completed annually by the Board. The Code of Ethics is aligned to King IV and breaches of the Code of Ethics are dealt with by the Chairperson of the Board.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Board is committed to ensuring a safe and healthy workplace for all its employees, visitors, and invitees. The Board complies with all relevant legislation and, in particular, the Occupational Health and Safety Act of 1993 (OHS ACT). This includes monitoring risks in the workplace, addressing reported incidents, and raising awareness and responsibility among employees around serious diseases. The MER ensures the health, safety, and wellness of its employees, as well as visitors and contractors, by constantly surveying the workplace for any health and safety risks or hazards.

A Health and Safety Committee promotes continuous awareness, monitoring and improvement in the identification of health and safety risks and the immediate elimination of any potential risks in the workplace. Management ensures that the members of the Health and Safety Committee are provided with relevant information, instructions, training, and supervision, as and when required, to enable them to perform their health and safety responsibilities, thereby further ensuring that the premises of the MER remains healthy and safe. An Employee Assistance Programme (EAP) is in place, which provides support, assistance and professional referrals about matters that may affect an employee physically, mentally, or emotionally. The Health and Safety Committee also serves as the EAP Committee that provides employees with voluntary support and advisory services, as and when required.

13. COMPANY/BOARD SECRETARY

Not applicable. The MER does not fall under the Companies Act. However, the Legal Services Department fulfils the role of Board Secretariat.

14. SOCIAL RESPONSIBILITY

The MER is committed to occupying an impactful role as a socially responsible corporate citizen. In this context, the MER has embraced a variety of socially responsible business practices that include a commitment to invest proactively in the social development needs of the communities within which it operates.

15. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present the Audit and Risk Committee's Report for the MER for the financial year ended 31 March 2023. This Report provides an overview of our activities, observations, and recommendations pertaining to the audit, risk management, and internal control processes of the MER.

The Audit and Risk Committee is established in compliance with the PFMA its Regulations. The MER has also adopted best practice as provided for in the King IV™ Report on Corporate Governance in South Africa (King IV™), and as such the Audit and Risk Committee has to a great extent, complied with the principles and recommended practices of the King IV™ during the period under review.

COMPOSITION

The Audit and Risk Committee of the Board consists of three non-executive members who are also Board Members including the Chairperson of the Committee. The Committee met at least four times during the period under review in line with applicable legislation.

Amongst others, the Audit and Risk Committee reviewed the financial reporting process, the system of internal control and management of financial and operational risks, the audit process, the Board's process for monitoring compliance with laws and regulations, the organisational integrity and ethics and its own code of business conduct. In performing its duties, the Committee maintained effective working relationships with the Board, Executive Management, and the internal and external auditors.

The Board authorised the Audit and Risk Committee, within the scope of its responsibilities, to seek any information it requires from:

- Any employee (and all employees were directed to co-operate with any request made by the Audit and Risk Committee) or external parties,
- Obtain outside legal or other independent professional advice; and
- Ensured the attendance of MER officials at meetings, as and when required to do so.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 51(1)(a)(i) and (ii) of the PFMA and Treasury Regulation 27.1. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter. The Committee has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein. The Committee has worked closely with Management, the Board, and our external auditors to facilitate a seamless audit process. We appreciate the open dialogue and cooperation that have characterized our interactions.

THE EFFECTIVENESS OF INTERNAL CONTROL

MER's Internal Audit complied with all the International Standards for Professional Practice of Internal Auditing as issued by the Institute of Internal Auditors (IIA). MER's internal control systems continued to demonstrate effectiveness in safeguarding assets, ensuring accurate financial reporting, and promoting operational efficiency. A periodic review was recommended in order to identify areas for further enhancement as and when detected.

GOVERNANCE OF RISK

The Audit and Risk Committee is also responsible for ensuring that a risk management process is in place at the MER. The risk management framework in place has enabled MER to identify and mitigate key risks effectively. An ongoing monitoring and assessment of emerging risks to ensure proactive management and adaptation is encouraged.

The Audit and Risk Committee can report that, at the meetings conducted during the year, it was informed that risks are being managed and that over and above strategic risk assessment being executed. Further that Strategic, IT, Operational and Health and Safety risks are managed on a continuous basis. Additional information regarding risk events and their effect on this Annual Report, are contained elsewhere in the Report.

PERFORMANCE DURING PERIOD UNDER REVIEW

During the period under review, Internal Audit completed all auditable areas as per the approved Internal Audit Plan. The Plan covered 14 auditable areas that spanned across the following business units: Corporate Services (Human Resources Finance and SCM), Legal Services (Governance) Audit, Licensing, Compliance and Communications, (Information Technology and Corporate Relations). The Plan included reviews of the Quarterly Performance Information Report, Annual Financial Statements, and the follow-up on Auditor General of South Africa and Internal Audit findings where applicable.

In the era of digital transformation, information technology (IT) security remains paramount. We recommend that MER continues to invest in robust IT security measures to protect sensitive data and systems from cyber threats.

STRATEGIC OUTLOOK

The Strategic Internal Audit Plan for 2019 to 2023 covered all high-risk areas that may have impeded the achievement of strategic and operational objectives and was approved by the Audit and Risk Committee.

The MER continued to design its system of internal controls such as to provide cost effective assurance that assets are safeguarded and that liabilities and working capital were efficiently managed. The system of internal control applied by the MER over financial and risk management was found to be effective, efficient and transparent. In accordance with the PFMA and the King IV Report on requirements, Internal Audit provided the Audit and Risk Committee and Management with assurance that the internal controls are appropriate and effective.

This was achieved by means of the risk management process, as well as the identification of corrective action and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. Accordingly, we can therefore report that the system of internal control for the period under review was effective and efficient.

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

Quality of Monthly and Quarterly Management Report submitted in terms of the PFMA.

The Committee is satisfied that it received sufficient, reliable, and timely information from Management, to enable it to fulfil its responsibilities. During the period under review, quarterly management reports were presented by Management to enable the Committee to:

- Monitor the integrity, accuracy, and reliability of the financial position of the MER;
- Review the Financial performance reports of the MER and provide the Accounting Authority with an authoritative and credible view of the financial position of the MER;
- Review the MER's internal financial and operational controls, as well as the risk management systems;
- Review the disclosure in the financial reports of the MER and the context in which statements on the financial health of the MER are made; and
- Review all material information presented together with the management accounts. The Committee reviewed the quarterly and Annual Reports on MER's performance against predetermined objectives. The Audit and Risk Committee is satisfied with the content and quality of the reports issued by the MER during the year under review.

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

PROJECT NAME	QUARTER
Audit of Performance Information	
1 January 2022 – 31 March 2022 (for the Fourth Quarter 2021/22)	1
1 April 2022 –30 June 2022 (for the First Quarter 2022/23)	2
1 July 2022 – 30 September 2022 (for the Second Quarter 2022/23)	3
1 October 2022 – 31 December 2022 (for the Third Quarter 2022/23)	4
Gambling regulation and Liquor regulation reviews	**3**
Quarterly reporting, management reporting and attendance of ARC meetings	4
• Quarterly progress report to the ARC • Attendance of ARC meetings • Management / Steering Committee Meetings	Monthly
Corporate Governance review	**2**
Information and Communication Technology General Controls based on the following domains: • Program Changes; • Program Development; • Access to data and programs; • Computer Operations; and • IT Governance	2
Update risk assessment.	4
Prepare draft plan for management and ARC inputs; prepare final plan after incorporating the inputs.	4
Corporate Services	
Compliance with policies and procedures, laws, and regulations; financial management and human resources audit including the following: • Recording of application and renewal of licence fees; • Recording of levies; • Payment of levies fees collected to Department; • Staff payroll; • Asset register maintenance; • Appointments; • Terminations; • Leave; • Records management; • Supply chain management processes; • Performance appraisals; • Long service awards; • Qualification awards; • Reimbursement scheme; and • Reconciliations	4

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

We have reviewed the information on pre-determined objectives and AFS prepared by the MER Management.

- Reviewed the audited Annual Financial Statements to be included in the Annual Report.
- Reviewed the changes in accounting policies and practices.
- Reviewed the entity's compliance with legal and regulatory provisions.
- Reviewed the quality and timeliness of the financial information availed to the Audit and Risk Committee for oversight purposes during the year, and

We concur with, and accept, the assessment by management on the AFS and are of the opinion that the financial statements should be accepted and submitted to AG as such.

INTERNAL AUDIT

The Audit and Risk Committee (ARC) is satisfied that the outsourced Internal Audit function is operating effectively and that it has addressed the risks pertinent to the entity in its audits. The Audit and Risk Committee furthermore oversees cooperation between the internal and external auditors and serves as a link between the Board and these functions.

AUDITOR'S REPORT

We have reviewed the Public Entity's Implementation Plan to maintain the *status quo* since there were no audit issues raised in the prior year and we are satisfied that the Entity will continue to maintain the current status as per plan.

We extend our gratitude to the MER Board, Management, and Staff for their commitment to maintaining high standards of governance, risk management, and financial reporting. We also acknowledge the efforts of our external auditors in conducting a thorough audit. The Audit and Risk Committee concurs and accepts the conclusions of the external auditor on the AFS and is of the opinion that the audited AFS be accepted and read together with the Report of the Auditor.

Lastly the Audit and Risk Committee is confident that MER's financial and governance structures are well-founded, and we are optimistic about the organisation's future. We remain steadfast in our commitment to upholding the highest standards of transparency, accountability, and risk management.

BALOYI, V.J.G.
Chairperson of the Audit and Risk Committee
Date: 31 July 2023

16. B-BBEE Compliance Performance Information

The following table has been completed in accordance with B-BBEE requirements as necessary by the B-BBEE Act and as determined by 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	**(Yes/No)**	**Discussion**
Determine qualification criteria for the issuing of licences, concessions, or other authorisations regarding economic activity in terms of any law?	Yes	B-BBEE requirements pertaining to proposals and applications for new licences were included in the relevant RFPs issued during the year under review.
Developing and implementing a Preferential Procurement Policy?	Yes	Supply Chain Policies and Procedures have been developed and implemented within the MER's Internal Control Procedures in line with Preferential Procurement Policy Framework Act, Act Number 5 of 2000 (PPPFA) and Preferential Procurement Regulations, 2022 issued in terms of section 5 of the PPPFA.
Determining qualification criteria for the sale of State-Owned Enterprises?	N/A	None
Developing criteria for entering partnerships with the private sector?	N/A	None
Determining the criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	N/A	None

PART D

HUMAN RESOURCES MANAGEMENT

1. INTRODUCTION

STAFF STRUCTURE

The approved staff structure provides for a staff complement of 80 employees. On 31 March 2023, the staff complement consisted of 75 employees with five vacancies.

RECRUITMENT

Vacancies were not filled because of budget constraints. However, seven interns were appointed and provided with experiential learning on a fixed term contract for a period of 12 months.

REVIEW OF INTERNAL CONTROL PROCEDURES

The Internal Control Procedures (ICP) were reviewed in consultation with staff, including the union representatives, and updated to ensure compliance with applicable legislation and the operational requirements of the MER.

TRAINING

The Annual Training Plans were developed and implemented to ensure the upskilling of staff thereby contributing to the achievements of the MER's regulatory mandate.

TRAINING INSTITUTION	TRAINING DETAILS	NO. OF EMPLOYEES
Institute of Internal Auditors	IIA Conference (Auditors)	6
SAGE	Tax Update	3
Learn Fast	Share Point Online User	6
Law Society of South Africa	Drafting Heads of Arguments	2
Labour Smart	Chairing Disciplinary Enquiries	2
Provincial Treasury	Higher Certificate Supply Chain Management	1
AVSI	POPI – Act	82
ICAS	Wellness Day Presentation: Managing Stress and Anxiety	82

LONG-SERVICE AND QUALIFICATION AWARDS

Long Service Awards were awarded to eligible employees in recognition of their length of service with the MER. Qualification Awards were awarded to employees who acquired new qualifications from tertiary institutions in recognition of their academic achievements.

1. INTRODUCTION (CONT.)

EDUCATIONAL ASSISTANCE

In line with the Educational Assistance Policy, financial assistance was provided to Staff and Interns to enhance, improve, and upgrade their education, skills, and qualifications for the following types of studies:

ACADEMIC INSTITUTION	TYPE OF STUDY	NO. OF EMPLOYEES
UNISA	Bachelor of Commerce Law	2
UNISA	Bachelor of Commerce Human Resources	1
MANCOSA	Bachelor of Commerce Human Resources	1
MANCOSA	Bachelor of Commerce in Information and Technology Management	1
Milpark Business School	Post Graduate Diploma in Accounting Sciences	1
Milpark Business School	Advanced Accounting Sciences	1
University of North-West	Post Graduate Diploma in Business Management	1

ANNUAL SALARY REVIEWS

The salaries were reviewed in consultation with union representatives and increases were implemented.

EMPLOYEE HEALTH AND WELLNESS

ICAS Southern Africa (Pty) Ltd delivered a wellness presentation to employees on the management of stress and anxiety. Employees have access to counselling and support services provided by ICAS professionals via a 24/7 toll-free helpline.

A financial wellness presentation was delivered by Liberty Life and a healthy lifestyle presentation was delivered by a dietician. Employees participated in a World Aids Day commemoration on 1 December 2022. Voluntary counselling, testing, and screening for blood glucose levels, cholesterol, blood pressure, HIV/AIDS, and TB, including a mental health awareness presentation, was provided to employees by a medical practitioner. Neck and shoulder massages were provided to staff during the presentations.

PERFORMANCE MANAGEMENT

Performance appraisals were conducted to evaluate the employees' performance against the organisation's Annual Performance Plans. Performance bonuses were paid according to the outcome of these appraisals.

EMPLOYMENT EQUITY PLANS

Employment Equity Plans were developed in consultation with staff, implemented and submitted to the Department of Employment and Labour.

FUTURE HR PLANS

- Staff Recruitment: Vacancies will be filled subject to budget availability.
- Training and development initiatives will continue to upgrade employees' skills.
- The Housing Allowance Policy will be implemented to qualifying employees subject to budget availability.

2. HUMAN RESOURCES OVERSIGHT STATISTICS

2.1. STAFF-RELATED EXPENDITURE

STAFF COST BY PROGRAMME

PROGRAMME/ ACTIVITY/ OBJECTIVE	TOTAL EXPENDITURE FOR THE ENTITY R '000	STAFF EXPENDITURE R '000	STAFF EXP. AS A % OF TOTAL EXP.	NO. OF EMPLOYEES	AVERAGE STAFF COST PER EMPLOYEE R '000
Executive Office	2 059	1 738	84%	1	1 738
Licensing	14 298	14 289	100%	19	752
Compliance	25 442	23 171	91%	24	965
Audit	10 194	10 033	98%	9	1 115
Legal Services	4 148	4 134	100%	3	1 378
Corporate Services	41 212	12 651	31%	12	1 054
Communications	9 614	9 363	97%	11	851
Research and Planning	4 358	4 328	99%	3	1 443
TOTAL	**111 325**	**79 707**	**72%**	**82**	**972**

2.2 STAFF COST BY SALARY BAND

LEVEL	STAFF EXPENDITURE R '000	% OF STAFF EXP. TO TOTAL STAFF COST	NO. OF EMPLOYEES	AVERAGE STAFF COST PER EMPLOYEE R '000
Top Management	983	1%	-*	983
Senior Management	16 441	21%	8	2 055
Professional qualified	18 779	24%	14	1 341
Skilled	38 890	49%	45	864
Semi-skilled	4 174	5%	8	522
Intern	440	1%	7	63
TOTAL	**79 707**	**100%**	**82**	**972**

**CEO position vacant, costs incurred for Acting appointments for the year under review.*

2. HUMAN RESOURCES OVERSIGHT STATISTICS (CONT.)

2.3. PERFORMANCE REWARDS

LEVEL	PERFORMANCE REWARDS R '000	STAFF EXPENDITURE R '000	% OF STAFF REWARDS TO TOTAL PERSONNEL COST
Top Management	54	983	5%
Senior Management	740	16 441	5%
Professional qualified	880	18 779	5%
Skilled	1 706	38 890	4%
Semi-skilled	181	4 174	4%
Intern	-	440	0%
TOTAL	**3 561**	**79 707**	**4%**

2.4. TRAINING COSTS

PROGRAMME/ ACTIVITY/ OBJECTIVE	STAFF EXPENDITURE R'000	TRAINING EXPENDITURE R'000	TRAINING EXPENDITURE AS A % OF STAFF COST	NO. OF EMPLOYEES TRAINED	AVG TRAINING COST PER EMPLOYEE R'000
Executive Office	1 738	314	18%	1	314
Licensing	14 289	73	1%	19	4
Audit	23 171	81	0%	24	3
Compliance	10 033	423	4%	9	47
Corporate Services	4 134	1 129	27%	3	376
Legal Services	12 651	15	0%	12	1
Communications	9 363	88	1%	11	8
Research and Planning	4 328	347	8%	3	116
TOTAL	**79 707**	**2 470**	**3%**	**82**	**30**

2. HUMAN RESOURCES OVERSIGHT STATISTICS
(CONT.)

2.5. EMPLOYMENT AND VACANCIES

PROGRAMME/ ACTIVITY/ OBJECTIVE	2021/2022 NO. OF EMPLOYEES	2021/2022 APPROVED POSTS	2022/2023 NO. OF EMPLOYEES	2022/2023 APPROVED POSTS	% OF VACANCIES
Executive Office	1	2	1	1	50%
Licensing	14	14	14	-	0%
Audit	9	9	9	-	0%
Compliance	24	28	24	4	14%
Corporate Services	10	10	10	-	0%
Legal Services	3	3	3	-	0%
Communications	11	11	11	-	0%
Research and Planning	3	3	3	-	0%
TOTAL	**75**	**80**	**75**	**5**	**6%**

PROGRAMME/ ACTIVITY/ OBJECTIVE	2022/2023 NO. OF EMPLOYEES	2022/2023 APPROVED POSTS	2022/2023 NO. OF EMPLOYEES	2022/2023 APPROVED POSTS	% OF VACANCIES
Top Management	-	1	-	1	100%
Senior Management	7	7	7	-	0%
Professional qualified	15	15	15	-	0%
Skilled	45	49	45	4	8%
Semi-skilled	8	8	8	-	0%
Unskilled	-	-	-	-	0%
TOTAL	**75**	**80**	**75**	**5**	**6%**

2. HUMAN RESOURCES OVERSIGHT STATISTICS (CONT.)

2.6. EMPLOYMENT CHANGES

LEVEL	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	-	-	-	-
Senior Management	7	-	-	7
Professional qualified	15	-	-	15
Skilled	45	-	-	45
Semi-skilled	8	-	-	8
Unskilled	-	-	-	-
TOTAL	**75**	**-**	**-**	**75**

2.7. REASON FOR STAFF LEAVING

REASON	NUMBER	% REASON FOR STAFF LEAVING
None	-	0%
TOTAL	**-**	**0%**

2.8. LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
Counselling Session	1
TOTAL	**1**

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

LEVELS	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	-	1	-	-	-	-	-	-
Senior Management	4	3	-	-	-	-	1	1
Professional Qualified	5	5	-	-	-	1	3	1
Skilled	19	22	-	1	2	2	1	-
Semi-skilled	2	3	-	1	-	-	-	-
TOTAL	**30**	**34**	**0**	**2**	**2**	**3**	**5**	**2**

LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Senior Management	-	2	-	-	-	-	2	1
Professional qualified	6	6	1	1	-	-	-	1
Skilled	21	19	1	2	1	2	-	1
Semi-skilled	5	3	-	-	-	-	1	1
TOTAL	**32**	**30**	**2**	**3**	**1**	**2**	**3**	**4**

	DISABLED STAFF			
	MALE		FEMALE	
LEVELS	CURRENT	TARGET	CURRENT	TARGET
Skilled	-	1	-	1
TOTAL	**-**	**1**	**-**	**1**

PART E

PFMA COMPLIANCE REPORT

1. PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. IRREGULAR EXPENDITURE

The Entity did not incur irregular expenditure during the reporting period. There was no irregular expenditure carried forward from previous periods to be reviewed and assessed.

1.2. FRUITLESS AND WASTEFUL EXPENDITURE

The Entity did not incur fruitless and wasteful expenditure in the reporting periods under review.

1.3. ADDITIONAL DISCLOSURE RELATING TO MATERIAL LOSSES IN TERMS OF THE PFMA SECTION 55(2)(B)(I) &(III))

No material losses were incurred in the current and previous financial years as a result of criminal conduct.

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

All invoices were paid within 30 days for the year under review.

3. SUPPLY CHAIN MANAGEMENT

3.1. PROCUREMENT BY OTHER MEANS

The Entity did not have procurement done through other means.

3.2. CONTRACT VARIATIONS AND EXPANSIONS

The Entity did not have variation orders for the year under review.

PART F

FINANCIAL MANAGEMENT

Table of Contents

REPORT OF THE AUDITOR-GENERAL TO MPUMALANGA PROVINCIAL LEGISLATURE ON THE MPUMALANGA ECONOMIC REGULATOR

REPORT ON THE FINANCIAL STATEMENTS

1. I have reviewed the financial statements of the Mpumalanga Economic regulator set out on pages 90 to 117, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, and 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.

CONCLUSION

2. Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of the Mpumalanga Economic Regulator as at 31 March 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

3. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the GRAP and the requirements of the PFMA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

4. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

5. My responsibility is to express a conclusion on the accompanying financial statements. I conducted my review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to review historical financial statements.* The standard requires me to conclude on whether anything has come to my attention that causes me to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires me to comply with relevant ethical requirements.

6. A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. I am required to perform procedures, primarily consisting of making inquiries of management and others within the auditee, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.

7. The procedures performed in a review engagement are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, I do not express an audit opinion on these financial statements.

REPORT ON THE ANNUAL PERFORMANCE REPORT

8. 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.

9. I selected the following material performance indicators related to Programme 2: licencing and Programme 3: compliance presented in the annual performance report for the year ended 31 March 2023. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.

   - Number of gambling and liquor investigations conducted
   - Number of Employee registrations considered
   - Number of gambling and liquor re-investigations conducted
   - Number of gambling and liquor licence renewals considered
   - Number of Casino inspections conducted
   - Number of LPM Operations inspections conducted
   - Number of totalisator inspections conducted
   - Number of Bookmaker inspections conducted
   - Number of Bingo Centre inspections conducted
   - Number of liquor outlets inspections conducted
   - Number of new gambling equipment (LOCs) evaluations conducted
   - Number of Distribution request evaluations conducted
   - Number of machine moves and conversion evaluations conducted

10. 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 entity's planning and delivery on its mandate and objectives.

11. I performed procedures to test whether:

   - the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives
   - 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 is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

12. I performed the procedures for the purpose of reporting material findings only.

13. I did not identify any material findings on the reported performance information for the selected material performance indicators.

REPORT ON COMPLIANCE WITH LEGISLATION

14. 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 entity's compliance with legislation.

15. I performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

16. 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 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.

17. I did not identify any material non-compliance with the selected legislative requirements.

INTERNAL CONTROL DEFICIENCIES

18. I considered internal control relevant to my engagement on the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

19. I did not identify any significant deficiencies in internal control.

PROFESSIONAL ETHICS AND QUALITY CONTROL

20. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my engagements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

21. In accordance with the International Standard on Quality Management 1, the AGSA maintains a comprehensive system of quality management that includes documented policies and procedures on compliance with ethical requirements and professional standards.

Auditor-General

Mbombela
31 July 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE TO THE AUDITOR'S REPORT

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); Section 66(4)
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 6.3(e); 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; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 33.1.1; 33.1.3
Public service regulation	Public service regulation 13(c);18; 18 (1) and (2);
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
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	Par agraph 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
Public Service Act	Section 30 (1)
Employment of Educators Act	Section 33 (1)

REPORT OF THE ACCOUNTING AUTHORITY

The Accounting Authority takes pleasure in presenting its report for the year ended 31 March 2023.

BACKGROUND

The Mpumalanga Economic Regulator (MER) is a juristic person serving as a provincial public entity, established in terms of the Mpumalanga Economic Regulator Act, No. 2 of 2017. The MER reports to, and receives grants from, the Department of Economic Development and Tourism (DEDT). The grants received are utilised in accordance with the MER's approved strategic plan.

The MER is tasked with the responsibility of performing its functions in terms of the Act, and other applicable legislation, as well as advising, reporting and making recommendations, to the responsible member, on matters relating to the control of gambling and liquor consumption in Mpumalanga.

BOARD MEMBERS

For the financial year under review, the MEC responsible for Economic Development and Tourism appointed the MER Board as follows:

- Deiner, GA (Appointed Acting Chairperson: 4 November 2020, Appointed Chairperson: 17 April 2023)
- Mhlongo, PL (Deputy Chairperson)
- Baloyi, VJG
- Mabaso, LB
- Mabuza, NF
- Mawelele, TE
- Mzoneli, TN
- Nkosi, LL
- Maseko, BL (Appointed Acting Chief Executive Officer: 1 December 2022)
- Mtsweni, V (Appointed Acting Chief Executive Officer: 1 May 2022 to 30 November 2022)
- Bastos, CM (Appointed Acting Chief Executive Officer: 1 November 2021 to 30 April 2022)

FINANCIAL OVERVIEW

The summarised results of the MER's operations for the year ended 31 March 2023 are as follows:

Details	**2023** **R**	2022 R
Revenue from non-exchange transactions	**111 324 000**	100 801 000
Surplus for the year	**8 131 833**	2 946 077
Total Assets	**132 385 747**	98 689 504
Total Liabilities	**87 559 552**	61 995 142

FRUITLESS OR WASTEFUL EXPENDITURE

There was no fruitless or wasteful expenditure recorded during the year under review.

CONCLUSION

There is no matter that the Board wishes to draw attention to that has not already been highlighted elsewhere in the Annual Report.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note(s)	2023 R	2022 R
ASSETS			
Non-current assets			
Property and Equipment	3	**31 306 805**	29 368 470
Intangible assets	4	**768 377**	802 218
		32 075 182	30 170 688
Current assets			
Trade and other receivables from exchange transactions	5	**21 937**	97 573
Trade and other receivables from non-exchange transactions	6	**59 921 431**	37 170 293
Cash and cash equivalents	7	**40 367 197**	31 250 950
		100 310 565	68 518 816
Total assets		**132 385 747**	98 689 504
LIABILITIES			
Non current liabilities			
Long-term employee benefits provision	8	**1 416 175**	1 062 165
		1 416 175	1 062 165
Current liabilities			
Short-term employee benefits provision	8	**4 148 467**	3 149 551
Trade and other payables from non-exchange transactions	9	**64 004 409**	41 560 162
Trade and other payables from exchange transactions	10	**17 990 501**	16 223 264
		86 143 377	60 932 977
Total liabilities		**87 559 552**	61 995 142
Net assets		**44 826 195**	36 694 362
Reserves			
Revaluation reserves		**21 399 248**	21 399 248
Accumulated surplus		**23 426 947**	15 295 114
Total reserves		**44 826 195**	36 694 362

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2023

	Note(s)	2023 R	2022 R
Revenue from non-exchange transactions			
Grant revenue	11	**111 324 000**	100 801 000
Revenue from exchange transactions			
Interest Received	14	**1 942 086**	458 624
Other Income	15	**13 995**	-
Surplus on disposal of Property and Equipment		**128 261**	-
Total revenue		**113 408 342**	101 259 624
Expenditure			
Audit and Risk Committee members' remuneration	12.3	**36 500**	24 000
Board members' remuneration: non-executive	12.2	**610 000**	798 500
COVID-19 Expenditure		**600**	5 314
Depreciation and Amortisation		**2 285 696**	2 033 032
Employee-related costs	13	**62 283 287**	63 300 320
Executive Management Remuneration	12.4	**17 423 813**	17 228 948
External Audit fees		**908 351**	901 673
Internal Audit fees		**479 733**	479 733
Other operating expenditure	12.1	**19 344 825**	12 399 495
Repairs, maintenance and security		**1 903 704**	1 142 532
Total expenditure		**105 276 509**	98 313 547
Surplus for the year		**8 131 833**	2 946 077

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2023

	Note(s)	Revaluation reserves R	Accumulated surplus R	Total net assets R
Balance as at 1 April 2021		21 399 248	11 359 998	32 759 246
Changes in Estimates	19	-	989 039	989 039
Surplus for the year		-	2 946 077	2 946 077
Balance as at 1 April 2022		**21 399 248**	**15 295 114**	**36 694 362**
Surplus for the year		-	8 131 833	8 131 833
Balance as at 31 March 2023		**21 399 248**	**23 426 947**	**44 826 195**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

	Note(s)	2023 R	2022 R
Cash flow from operating activities			
Receipts			
Revenue from non-exchange transactions - Grant revenue	11	111 324 000	100 801 000
Revenue from exchange transactions - Interest Received	14	1 942 086	458 624
Revenue from non-exchange transactions - Confiscated monies	15	13 995	-
		113 280 081	101 259 624
Payments			
Employees costs		**(81 225 089)**	(79 761 975)
Suppliers of goods and services		**(18 876 816)**	(13 844 172)
		(100 101 905)	(93 606 147)
Net cash flow from operating activities	16	**13 178 176**	7 653 477
Cash flow from investing activities			
Purchase of Property and Equipment	3	**(3 347 177)**	(347 423)
Proceeds from sale of Property and Equipment		**769 175**	-
Purchase of intangible assets		**(1 483 927)**	(1 386 135)
Net cash flow from investing activities		**(4 061 929)**	(1 733 558)
Net increase in cash & cash equivalents		**9 116 247**	5 919 919
Cash and cash equivalents at the beginning of the period		**31 250 950**	25 331 031
Cash and cash equivalents at the end of the year	7	**40 367 197**	31 250 950

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

	Note(s)	Approved Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
Receipts		**R**	**R**	**R**
Grant revenue	11	**111 324 000**	**111 324 000**	**-**
Other income*	15	**-**	**13 995**	**13 995**
Surplus on sale of assets*	3	**-**	**128 261**	**128 261**
Interest received*	14	**-**	**1 942 086**	**1 942 086**
Total receipts		**111 324 000**	**113 408 342**	**2 084 342**
Payments				
Employee costs	13	**79 696 926**	**79 707 100**	**(10 174)**
Operating expenses	12	**23 292 389**	**23 283 713**	**8 676**
Commitments (Socio-Economic Study)		**5 000 000**	**5 000 000**	**-**
Capex (Software Licences and P&E)	4	**3 334 685**	**3 334 182**	**503**
Total payments		**111 324 000**	**111 324 995**	**(995)**
Net receipts		**-**	**2 083 347**	**2 083 347**

***Notes:**

Description	**Reason for material variances**
Interest Received	No revenue budget is considered during the budget preparation since it is not the core mandate of the Entity.
Other income	No revenue budget is considered during the budget preparation as these are monies confiscated from illegal gambling operations.
Surplus on sale of assets	No revenue budget is considered during the budget preparation since it is not the core mandate of the Entity.

1. BASIS OF PREPARATION

The Annual Financial Statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 55(b) of the Public Finance Management Act (PFMA),No. 1 of 1999 as amended.

The financial statements fairly present the financial position, financial performance, cash flow and notes/disclosures of the Entity.

1.1. PRESENTATION OF FINANCIAL STATEMENTS

These Annual Financial Statements have been prepared on an accrual basis of accounting, except for the Cash Flow Statement. These are in accordance with historical cost conventions and incorporate the principal accounting policies set out below.

A summary of the significant accounting policies, which have been consistently applied, is disclosed below.

1.2. ROUNDING

Unless otherwise stated all financial figures have been rounded off to the nearest one Rand.

1.3. GOING CONCERN

The 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. This basis presumes that funds will be available to finance future operations. The realisation of assets and settlement of liabilities, contingent obligations and commitments will occur for the foreseeable future. The ability of the entity to continue as a going concern is dependent on continued financial support from the DEDT.

1.4. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the Annual Financial Statements, management makes estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. The 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 that may be material to the Annual Financial Statements. Significant judgements include, but are not limited to, employee benefit provision, leave provision, useful lives, depreciation methods and asset impairment. Notes relating to the subjects are included under the affected areas of the Annual Financial Statements.

Impairment testing

The recoverable amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. The Entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows, used to determine the value in use of tangible assets, are inherently uncertain and could materially change over time. These are significantly affected by a number of factors including obsolescence and information technology advancements together with economic factors such as inflation.

Employee benefits

Employee benefits provisions were raised, and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 8 – Employee benefits provisions.

Residual values and useful lives of PE

The Entity determines the estimated useful lives and related depreciation charge of property and equipment. Residual value, useful lives and depreciation methods for each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimate, the change is accounted for as an alteration in accounting estimates.

Additional disclosure of these estimates of residual values and useful lives of property and equipment are included in note 3 (Property and Equipment) and note 18 (Changes in Estimates).

1.5. PROPERTY AND EQUIPMENT

Property and Equipment are initially measured at cost. The cost of an item is the purchase price and other direct costs attributable to get the asset to the appropriate location, in the condition necessary for it to operate in the manner intended by Management. Trade discounts and rebates are deducted to arrive at the cost.

Where an asset is acquired at no cost or for a nominal cost, this cost is its fair value as at the date of acquisition. Where an item of Property and Equipment is acquired in exchange for a non monetary asset, monetary assets - or a combination of monetary and non monetary assets - the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of Property and Equipment have different useful lives, these are accounted for as separate items (major components) of Property and Equipment.

To maintain the value of the building in current terms, comprehensive valuations will be carried out at least every five years. Each year, the depreciation - based on the revalued carrying amount of the asset - is charged to the statement of financial performance. The re-valuation increments or surplus arising upon re-valuation are credited directly to the Revaluation Reserves.

The remaining items of Property and Equipment are stated at historical costs, less accumulated depreciation and accumulated impairment losses.

When an item of Property and Equipment is re-valued, it is carried at a re-valued amount, being its fair value at the date of the revaluation, less subsequent depreciation and subsequent impairment. This is provided that fair value can be measured reliably.

Depreciation is provided to write down the Property and Equipment on a straight-line basis to its residual values as follows:

ITEM	USEFUL LIFE
Buildings	40 years
Computer equipment	3 - 10 years
Furniture and fixtures	8 - 15 years
Motor vehicles	0 – 171 900 km
Office equipment	4 - 15 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of Property and Equipment with a cost, which is significant in relation to the total cost of the item, is depreciated separately. The depreciation charge for each period is recognised in surplus or deficit, unless it is included in the carrying amount of another asset. Items of Property and Equipment are de-recognised when the asset is disposed of, or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising from the de-recognition of an item of Property and Equipment is included in surplus or deficit when the item is de-recognised. The gain or loss arising from the de-recognition of an item of Property and Equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

As a result of the uncertainties inherent in delivering services, conducting trading or other activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimation involves judgements based on the latest available, reliable information, for example the useful lives of, or expected pattern of consumption of economic benefits or service potential that are incorporated into depreciable assets. The use of reasonable estimates is an essential part of the preparation of financial statements and does not undermine their reliability. An estimate may need revision if changes occur in the circumstances on which the estimate was based or as a result of new information or more experience. By its nature, the revision of an estimate does not relate to prior periods and is not the correction of an error.

In the year under review, the useful life estimates have changed for the MER and the effect has been produced in the financial statements prospectively. The impact is highlighted in notes 3 and 18 of the Annual Financial Statements.

1.6. INTANGIBLE ASSETS

Intangible assets are initially recognised at cost

The cost of an intangible asset acquired at no or nominal cost is its fair value as at the date of acquisition. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Intangible assets are tested for impairment annually and whenever there is an indication that the asset may be impaired. Intangible assets are amortised on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Internally generated brands, mastheads, publishing titles, customer lists, and items similar in substance are not recognised as intangible assets.

Useful lives of intangible assets

Annual reviews are conducted for intangible assets with indefinite useful life to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. If the indefinite useful life is no longer appropriate and the useful life of the asset changes to a finite useful life, this will be accounted for as a change in the accounting estimates.

Amortisation is provided to write down the intangible asset on a straight-line basis to its residual values as follows:

- Computer Software	Licence term

1.7. FINANCIAL INSTRUMENTS

Initial recognition and measurement

Financial instruments are recognised initially when the MER becomes a party to the contractual provisions of the instruments. The MER 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.

De-recognition

A financial asset is de-recognised when it has been transferred or disposed of, and the transfer qualifies for de-recognition. A transfer requires that the MER either: (a) transfers the contractual rights to receive the asset's cash flows or (b) retains the right to the asset's cash flows but assumes a contractual obligation to pay those cash flows to a third party.

After a transfer, the MER assesses the extent to which it has retained the risks and rewards of ownership of the transferred asset. If substantial risk and reward have been retained, the asset remains on the Statement of Financial Position. If substantial risk and reward have been transferred, the asset is de-recognised. If substantial risk and reward have neither been retained nor transferred, the MER assesses whether it has retained control of the asset. If it has not, the asset is de-recognised. Where the MER has retained control of the asset, it continues to recognise the asset to the extent of its continuing involvement.

A financial liability is removed from the Statement of Financial Position when it is discharged, cancelled or it expires. On the redemption or settlement of debt securities (including subordinated liabilities) issued by the MER, it de-recognises the debt instrument and records a gain or loss, which is the difference between the debt's carrying amount and the cost of redemption or settlement. The same methodology applies where the debt is exchanged for a new debt issue that has terms substantially different from those of the existing debt. The assessment of whether the terms of the new debt instrument are substantially different takes into account qualitative and quantitative characteristics, including a comparison of the discounted present value of the cash flows under the new terms with the discounted present value of the remaining cash flows of the original debt issue.

1.8. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

The pre-payments consist of the entire credit balance for any upcoming payment that is paid in advance of the date for which the borrower is contractually obligated to pay it and is therefore classified as trade and other receivables from exchange transactions at year-end.

These receivables are measured, at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered to be indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate calculated at initial recognition.

The carrying amount of the asset is reduced using an allowance account and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible it is written off against the allowance account for trade receivables.

1.9. TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are categorised as gambling levies; licence and application fee receivables which are economic benefits or service potential, payable to the MER, in accordance with laws and or regulations, instituted to provide revenue to government. Fines or other penalties imposed for breaches of the law also forms part of this.

When these statutory receivables are uncollectible they are written off against the receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

1.10. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

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

Trade and other payables from exchange transactions are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier. Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

1.11. TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Trade and other payables from non-exchange transactions are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier.

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

Trade and other Payables from Non-Exchange Transactions are categorised as gambling levies, licences and application fees payable that are economic benefits or service potential compulsorily paid or payable to the MER and pending transfer to Government in accordance with laws and or regulations established to provide revenue to Government. Fines or other penalties imposed for breaches of the law also forms part of this.

1.12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, demand deposits and other short term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.13. IMPAIRMENT OF FINANCIAL ASSETS

At every Statement of Financial Position date, financial assets (with the exception of financial assets at fair value through profit or loss) are subjected to an impairment test to establish whether there are any indications of impairment (for example, substantial financial difficulties on the part of the debtor, significant probability of insolvency proceedings against the debtor, the disappearance of an active market for the financial asset, significant changes in the technological, economic, legal and/or market environment in which the issuer operates a sustained fall in the fair value of the financial asset below amortised cost).

1.14. INCOME TAX

No provision for income tax is made as the MER is exempt from paying this in terms of section 10(1) (cA) (i) of the Income Tax Act.

1.15. LEASES

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

1.16. EMPLOYEE BENEFITS

Short-term employee benefits

The costs of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid leave and sick leave, bonuses, and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered and are not discounted.

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 expected cost of surplus-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined contribution plans

The Entity has an umbrella provident fund that is governed by the Pension Funds Act, No. 24 of 1956. Membership at the establishment of the fund was voluntary for all existing employees and compulsory for all future employees. The Fund is a defined contribution fund and therefore no actuarial valuation is required. Expenditure is charged in the period it is incurred. The fund is self-contributory.

Other long-term employee benefits

Other long-term employee benefits are long-term service awards and any other deferred compensation paid 12 months or more after the end of the reporting period in which it is earned.

The amount of the long-term employee benefits is the best estimate of the expenditure expected to be required to settle the present obligation as at 31 March 2023. Where the effect of time value of money is material, the amount provided for is the present value of the expenditures expected to be required to settle the obligation.

1.17. PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation as at 31 March 2023. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is certain that it will be received if the MER settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

1.18. REVENUE

Measurement of revenue

Revenue is measured at the fair value of the consideration received or receivable where, in most cases, the consideration is in the form of cash or cash equivalents.

Recognition of revenue

Revenue from Non-Exchange Transactions - Government grants

The receipt of Government grants is a contribution. A contribution occurs when the MER receives an asset without having to give equal value to the other party/parties to the transfer. Revenue consists of Government grants, net of savings surrendered, which are brought into account in the period in which the amounts are due. Finance income is recognised using the effective interest rate method, or when such cash is received or receivable.

If the consideration received is in the form of a contribution, the income is to be recognised as revenue when all the following conditions have been met:

- The MER obtains control of the contribution or the right to receive the contribution;
- It is probable that the contribution will flow to the MER; and
- The amount of the contribution can be reliably measured.

Income is therefore only recognised when the MER has control over the contribution, which is achieved through receipt or when entitlement to the revenue is established.

If the Government contributions are received with conditions attached, and contributions must be refunded if the conditions are not met, then revenue should not be recognised until all those conditions are met.

Revenue from Exchange Transactions - finance income

Finance income consists of interest earned from cash and cash equivalents and is recognised using the effective interest rate.

These are measured at the fair value of the consideration received or receivable from financial institutions.

Revenue from Exchange Transactions - other income

Other income consists of confiscated monies from illegal gambling sites and/or machines. These are measured at the value received or receivable from illegal gambling machines and/or operations.

1.19. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Irregular, fruitless, and wasteful expenditure and material losses through criminal conduct are disclosed according to the requirements of the PFMA and the guidelines issued in terms of this Act when the entity identifies events that gave rise to the classification of these expenditures and the entity confirmed the classification as such. Receivables for the recovery of these expenditure are only recognised when there is a reasonable expectation that the amounts will be recovered. This expenditure is reduced by the amounts recoverable, condoned by NT or written off as irrecoverable. Any uncertainties to these expenditures are also disclosed. There were no expenditures identified relating to irregular, fruitless and wasteful expenditure, and material losses through criminal conduct.

1.20. BUDGET INFORMATION

The MER is subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar. General-purpose financial reporting by MER provides information on whether resources were obtained and used in accordance with the legally adopted budget and approved strategy of the Board.

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31. The Annual Financial Statements and the budget are on the same basis of accounting except for the depreciation and amortisation. A comparison with the budgeted amounts for the reporting period has therefore been included in the Annual Financial Statements.

1.21. COMMITMENTS

Items are classified as commitments where the Board commits itself to future transactions that will normally result in the outflow of resources.

Commitments are not recognised in the Statement of Financial Position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments;
- Where the expenditure has been approved and the contract has been awarded at the reporting date;
- Where the Board commits itself to future transaction that will normally result in the outflow of resources; and
- Where disclosure is required by a specific standard of GRAP.

Commitments are from exchange transactions and are carried at the fair value of the consideration to be paid in future for goods or services that have been formally agreed to with the supplier.

1.22. RELATED PARTIES

Where the Entity is exempt from the disclosures in accordance with the above, it discloses narrative information about the nature of the transactions and the related outstanding balances to allow users of the Entity's financial statements to understand the effect of related party transactions on its Annual 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 standards and interpretations that have been published and are mandatory for the MER's accounting periods that were effective on 1 April 2022.

2.2. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

There were no standards and interpretations that have been published and are mandatory for the MER's accounting periods and will be effective on the 1 April 2023 with any impact during the period under review as determined by the Minister of Finance.

3. PROPERTY AND EQUIPMENT

	2023			2022		
	Cost / valuation R	Accumulated depreciation R	Carrying value R	Cost / valuation R	Accumulated depreciation R	Carrying value R
Land	226 800	-	226 800	226 800	-	226 800
Building	25 500 000	-	25 500 000	25 500 000	-	25 500 000
Computer equipment	3 727 607	(1 366 919)	2 360 688	2 984 145	(1 558 812)	1 425 333
Furniture and fixtures	1 255 395	(112 422)	1 142 973	404 460	(86 930)	317 530
Office equipment	2 181 004	(751 972)	1 429 032	1 323 969	(490 736)	833 233
Motor vehicles	1 023 240	(375 928)	647 312	1 488 155	(422 581)	1 065 574
	33 914 046	(2 607 241)	31 306 805	31 927 529	(2 559 059)	29 368 470
Leased Assets	151 263	(151 263)	-	151 263	(151 263)	-
Total	34 065 309	(2 758 504)	31 306 805	32 078 792	(2 710 322)	29 368 470

PLEDGED AS SECURITY

None of the assets disclosed above have been pledged as security for liabilities.

DEPRECIATION ON BUILDING

No depreciation is charged on the building in accordance with GRAP 17.67 as the residual value of the building is equal to the carrying amount of the building.

RECONCILIATION OF PROPERTY AND EQUIPMENT – 2023

	Opening Balance R	Additions R	Changes in Estimates to Disposals R	Depreciation R	Total R
Land	226 800	-	-	-	226 800
Building	25 500 000	-	-	-	25 500 000
Computer equipment	1 425 333	1 782 567	(256 827)	(590 385)	2 360 688
Furniture and fixtures	317 530	854 000	(2 163)	(26 394)	1 142 973
Office equipment	833 233	710 610	(3 029)	(111 782)	1 429 032
Motor vehicles	1 065 574	-	(378 895)	(39 367)	647 312
	29 368 470	3 347 177	(640 914)	(767 928)	31 306 805

RECONCILIATION OF PROPERTY AND EQUIPMENT – 2022

	Opening Balance R	Additions R	Changes in Estimates R	Depreciation R	Total R
Land	226 800	-	-	-	226 800
Building	25 500 000	-	-	-	25 500 000
Computer equipment	1 229 268	347 423	322 373	(473 731)	1 425 333
Furniture and fixtures	178 618	-	157 840	(18 928)	317 530
Office equipment	435 958	-	508 826	(111 551)	833 233
Motor vehicles	1 091 601	-	-	(26 027)	1 065 574
	28 662 245	347 423	989 039	(630 237)	29 368 470

The land is apportioned in terms of legislation, which the Entity controls without legal ownership or custodianship. The building is located on portion 273 (a portion of portion 60) on the Farm 64 White River JU, measuring 1 4210 hectares with a building size of 3 000m². The land on which the building is erected is owned by the State. The State Attorney is in the process of endorsing the title deed to indicate that the land is used by the MER. However, the process cannot be completed because of a pending land claim.

The MER has assessed and concluded that it controls the land using the criteria in paragraph 16 of IGRAP 18. Control is evidenced by the rights and obligations granted to an entity in a binding arrangement, resulting in the control of the right to give direct, and to restrict, or to deny, access, to the land to others.

3.1. REVALUATION

The building was re-valued at R25 500 000 by an independent property consultant, Thwala and Moffett Properties and was duly recorded into the MER Annual Financial Statements on 31 March 2020. The method used was to utilise the projection of the monthly rental income, escalated annually by 8% and capitalised at a rate of 11%.

4. INTANGIBLE ASSETS

	2023			2022		
	Cost R	Accumulated Amortisation R	Carrying Value R	Cost R	Accumulated Amortisation R	Carrying Value R
Computer software	**1 594 655**	**(826 278)**	**768 377**	1 496 863	(694 645)	802 218

RECONCILIATION OF INTANGIBLE ASSETS - 2023

	Opening Balance R	Additions R	Amortisation R	Total R
Computer software	**802 218**	**1 483 927**	**(1 517 768)**	**768 377**

RECONCILIATION OF INTANGIBLE ASSETS - 2022

	Opening Balance R	Additions R	Amortisation R	Total R
Computer software	818 878	1 386 135	(1 402 795)	802 218

5. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2023 R	2022 R
Pre-payments	**21 937**	97 573

Pre-payments consist of the entire credit balance for any upcoming payment that is paid in advance of the date on which the services are to be rendered.

6. TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2023 R	2022 R
Statutory Receivables	**59 921 431**	37 170 293

Statutory Receivables are receivables levied in terms of the Mpumalanga Gambling Levies Act 2007, the MER Act 2017, Mpumalanga Liquor Licensing Act 2006 and the Mpumalanga Gambling Act 1995.

The following receivables had outstanding balances on 31 March 2023 that represents more than 5% of the total balance of outstanding trade receivables and were received/realised within 30 days:

	2023 R	Percentage of total (%)	2022 R	Percentage of total (%)
Casino licensees	**3 170 063**	**5%**	2 966 896	8%
LPM and Betting licensees	**55 815 006**	**93%**	33 320 017	90%
Bingo Sites	**936 362**	**2%**	883 380	2%

The carrying amount of trade and other receivables represents fair value because of the short period to maturity. No impairment of debts was considered necessary at the end of the period. Outstanding receivables were recoverable within 30 days and therefore no interest had been charged. The age analysis of trade and other receivables is as follows:

	2023 R	2022 R
0 – 30 days	**59 921 431**	37 170 293

7. CASH AND CASH EQUIVALENTS

	2023 R	2022 R
Cash and cash equivalents consist of:		
Cash on hand	**1 385**	8 574
Bank balances	**40 365 812**	31 242 376
	40 367 197	31 250 950

Cash and cash equivalents are placed with reputable financial institutions, that is Standard Bank and First National Bank.

8. EMPLOYEE BENEFITS PROVISIONS

RECONCILIATION OF SHORT-TERM EMPLOYEE BENEFITS PROVISIONS - 2023

	Opening Balances R	Additions R	Utilised during the year R	Reversed during the year R	Total R
Long Service Awards	**644 590**	**623 281**	**(680 367)**	**-**	**587 504**
Performance Bonuses	**2 504 961**	**3 560 963**	**(2 497 786)**	**(7 175)**	**3 560 963**
	3 149 551	**4 184 244**	**(3 178 153)**	**(7 175)**	**4 148 467**

RECONCILIATION OF SHORT-TERM EMPLOYEE BENEFITS PROVISIONS - 2022

	Opening Balances R	Additions R	Utilised during the year R	Reversed during the year R	Total R
Long Service Awards	557 725	715 552	(628 687)	-	644 590
Performance Bonuses	2 579 918	2 504 961	(2 575 029)	(4 889)	2 504 961
	3 137 643	3 220 513	(3 203 716)	(4 889)	3 149 551

Provision for Performance Bonuses

The provision for bonuses is based on the estimates of the MER’s performance bonus policy for the Entity’s employees for the 2022/23 financial period. These are paid the end of the period. The bonus amounts are only determined once achievement, against predetermined key performance areas and deliverables, has been measured.

	2023 R	2022 R
Long Service Award	**2 003 679**	1 706 755
Total long service award obligation	**2 003 679**	1 706 755

	2023 R	2022 R
Long Service Award		
Minimum Long Service Award payments due		
- Within one year	**587 504**	644 590
- Between two to five years	**1 416 175**	1 062 165
Present value of minimum Long Service Award payments	**2 003 679**	1 706 755
The present value of Long-Service Award liabilities is as follows:		
Non current liabilities	**1 416 175**	1 062 165
Short-term portion of Long Service Award	**587 504**	644 590
	2 003 679	1 706 755

9. TRADE AND OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS

	2023 R	2022 R
Other payables from non-exchange	**1 161 609**	1 094 253
Licence fees billed in advance	**1 788 350**	1 577 600
Pending transfer to Government	**61 054 450**	38 888 309
	64 004 409	41 560 162

The MER collects revenue on behalf of the Department of Economic Development and Tourism (‘the Department’). This revenue is paid monthly. At reporting date, an amount of R 61 054 450 (2022: R 38 888 309) was pending transfer to the Department from the total collected and accrued amount of R600 048 178 (2022: R 353 401 193) on behalf of the Department as follows:

- Gambling levies: R 585 733 625 (2022: R339 749 879);
- Application, licence and penalty fees for Gambling: R3 903 653 (2022: R4 075 864); and
- Application, licence and penalty fees for Liquor: R10 410 900 (2022: R9 575 450).

10. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2023 R	2022 R
Trade payables	**13 904 273**	9 048 688
Payroll accruals	**4 086 228**	7 174 576
	17 990 501	16 223 264

Leave Pay Accrual

The annual leave pay accrual consists of the valued leave, as at the reporting date, accrued in terms of the Basic Conditions of Employment Act. The Entity allows its employees to accumulate annual leave and remains liable for paying out an amount equal to the leave balance at the current rate of remuneration. It is unknown how many, or when, employees will leave the employ of the MER. This creates uncertainty regarding the precise amount and timing of potential payments due. The accrual leave pay is calculated at current salary rate multiplied by the number of available leave credits. MER leave credits become payable when an employee's employment ends.

11. GRANT REVENUE

	2023 R	2022 R
Grant received	**111 324 000**	100 801 000
Grant utilised	**(111 324 000)**	(100 801 000)
	-	-

12. SURPLUS FROM OPERATIONS

The surplus from operations is arrived at by taking the following items into account:

12.1. OTHER OPERATING EXPENDITURE

	2023 R	2022 R
Annual Report	**128 222**	263 511
Cleaning Services	**332 014**	501 501
Corporate Social Responsibility	**1 298 326**	1 692 953
Educational Assistance	**223 291**	137 677
Garden Services	**185 558**	169 973
Information Technology	**1 982 458**	1 547 737
Insurance	**163 176**	160 693
Media and Promotions	**1 421 431**	325 736
Miss Mpumalanga Sponsorship	**4 467 510**	3 991 668
Municipal Services	**562 952**	452 615
Other operating expenses	**2 495 206**	896 784
Telephone	**384 755**	318 460
Training and capacity building	**2 246 205**	49 335
Travelling	**3 453 721**	1 890 852
Total other operating expenses	**19 344 825**	12 399 495

12.2. BOARD MEMBERS' REMUNERATION: NON-EXECUTIVE

	2023 R	2022 R
	610 000	798 500
Mhlongo, PL	210 000	214 000
Mntambo, PE	-	80 500
Deiner, GA	250 000	320 000
Mawelele, TE	35 000	75 500
Mzoneli, TN	115 000	108 500

12.3. AUDIT AND RISK COMMITTEE MEMBERS' REMUNERATION

	2023 R	2022 R
Fees for services as Audit and Risk Committee Members	**36 500**	24 000
Mntambo, PE	-	24 000
Mhlongo, PL	**36 500**	-

12.4. EXECUTIVE MANAGEMENT'S REMUNERATION

	2023							2022						
	Salary R	Long Service Award R	Funeral and life cover R	Bonus R	Acting allow-ance R	Once-off R	Total R	Salary R	Long Service Award R	Funeral and life cover R	Bonus R	Acting allow-ance R	Back Pay R	Total R
Chief Executive Officer	-	-	-	-	-	-	-	1 632 075	-	29 162	124 322	-	-	1 785 559
Chief Financial Officer (ACEO)	**1 759 369**	**20 658**	**46 554**	**243 379**	**271 274**	**105 562**	**2 446 796**	1 779 710	-	38 025	219 980	-	104 002	2 141 717
Acting Chief Financial Officer	**1 132 544**	**15 574**	**30 944**	**156 669**	**220 433**	-	**1 556 164**	-	-	-	-	-	-	-
Exec. Manager: Legal Services	**1 759 369**	-	**46 554**	**243 379**	-	**105 562**	**2 154 864**	1 779 710	-	38 025	219 980	-	104 002	2 141 717
Exec. Manager: Communications	**1 759 369**	-	**46 554**	**243 379**	-	**105 562**	**2 154 864**	1 779 710	30 350	38 025	219 980	-	104 002	2 172 067
Exec. Manager: Audit (ACEO)	**1 759 369**	-	**46 554**	**243 379**	**81 222**	**105 562**	**2 236 086**	1 779 710	20 025	38 025	219 980	321 415	104 002	2 483 157
Exec. Manager: Compliance (ACEO)	**1 759 369**	-	**46 554**	**243 379**	**410 447**	**105 562**	**2 565 311**	1 779 710	39 634	38 025	219 980	-	104 002	2 181 351
Exec. Manager: Licensing	**1 759 369**	-	**46 554**	**243 379**	-	**105 562**	**2 154 864**	1 779 710	-	38 025	219 980	-	104 002	2 141 717
Exec. Manager: Research and Planning	**1 759 369**	-	**46 554**	**243 379**	-	**105 562**	**2 154 864**	1 779 710	39 946	38 025	219 980	-	104 002	2 181 663
	13 448 127	36 232	356 822	1860322	983 376	738 934	17 423 813	14 090 045	129 955	295 337	1 664 182	321 415	728 014	17 228 948

13. EMPLOYEE-RELATED COSTS

	2023 R	2022 R
Personnel expenditure – Salaries	**62 283 287**	63 300 320
Executive Management remuneration	**17 423 813**	17 228 948
	79 707 100	80 529 268

14. INTEREST RECEIVED

	2023 R	2022 R
Bank	**1 942 086**	458 624

The Entity does not budget for interest received from financial institutions as it is not guaranteed and does not form part of its core business to raise other revenue, thus resulting in a variance on the budget performance statement.

15. OTHER INCOME

	2023 R	2022 R
Confiscated monies	**13 995**	-

The Entity does not budget for confiscated monies from illegal operations as these are from unregulated business practices and do not form part of its core business to raise other revenue, thus resulting in a variance on the budget performance statement.

16. NET CASH GENERATED FROM OPERATIONS

	2023 R	2022 R
Net surplus	**8 131 833**	2 946 077
Adjustments for:		
Depreciation and amortisation	**2 285 696**	2 033 032
Surplus on sale of assets	**(128 261)**	-
Movement in employee benefits provisions	**1 352 926**	56 385
Changes in working capital:		
Trade and other receivables	**(22 675 502)**	(19 631 969)
Trade and other payables	**24 211 484**	22 249 952
Total cash generated from operations	**13 178 176**	7 653 477

17. RELATED PARTIES

Controlling Entity:	Mpumalanga Department of Economic Development and Tourism (DEDT)
Board Members:	Deiner, GA (Chairperson: 17 April 2023) Mhlongo, PL (Deputy Chairperson) Baloyi, VJG Mabaso, LB Mabuza, NF Mawelele, TE Mzoneli, TN Nkosi, LL
Members of Key Management:	Maseko, BL (CFO, ACEO: 1 December 2022) Mampane, MR (FM, ACFO: 1 December 2022) Bastos, CM (Executive Manager: Audit) Bezuidenhout, MC (Executive Manager: Legal) Chiloane, CK (Executive Manager: Communications) Lubisi, NB (Executive Manager: Research and Planning) Mtsweni, V (Executive Manager: Compliance) Otto, AJ (Executive Manager: Licensing)

RELATED-PARTY TRANSACTIONS

	Note(s)	2023 R	2022 R
Grant received from DEDT	11	**111 324 000**	100 801 000

AMOUNTS PAID TO RELATED PARTIES

	Note(s)	2023 R	2022 R
Department of Economic Development and Tourism (DEDT)			
- Levies		**585 733 625**	339 749 879
- Application, licence fees: Gambling		**3 429 350**	4 018 500
- Application, licence fees: Liquor		**8 295 900**	7 858 900
- Penalties		**2 589 303**	1 773 914
- Board remuneration	12.2&3	**646 500**	822 500
- Key management compensation	12.4	**17 423 813**	17 228 948

18. COMMITMENTS

Commitments consists of the following:

	2023 R	2022 R
Capital expenditures and IT-related services	**4 029 940**	5 526 862

19. CHANGES IN ESTIMATES

The estimates used to determine the useful lives of assets have been amended as assets planned for replacement have not been replaced due to budget constraints and/or other market-related factors. The amounts represent the difference between depreciating the Property, Plant and Equipment over longer periods. The increase in the accumulated surplus is because of the lower depreciation recognised due to the longer period resulting in an increase in the Property, Plant and Equipment.

Details	2023 R	2022 R
Increase in Accumulated Surplus	-	989 039
Decrease in Accumulated Depreciation (Property and Equipment)	-	(989 039)

Details	2023 R	2022 R
Decrease in Accumulated Depreciation (PE)	-	2 710 322
Increase in Accumulated Surplus	-	15 295 114

20. OPERATING LEASE COMMITMENTS

As at 31 March 2023, the MER had no commitments under operating leases.

	2023 R	2022 R
Within one year	-	15 846

21. RISK MANAGEMENT

Financial risk factors

The MER's activities expose it to a range of financial risks such as market risk (including cash flow interest rate risk), credit risk and liquidity risk. The Entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Entity's financial performance.

Treasury regulations require the Entity to facilitate a risk assessment process to determine the material risks that it may be exposed to and to evaluate the strategy for managing those risks. A risk assessment process is conducted annually for the whole organisation with the help of the Entity's internal auditors. These risk factors form the basis of the annual internal audit coverage plan.

Market risk

The Entity's interest rate risk arises from cash held at financial institutions. The cash deposits held at variable rates exposes the Entity to cash flow interest rate risk. During the 2023 financial year, the Entity's cash deposits at variable rates were denominated in South African Rand.

Risk Mitigation

Risk management is carried out by suitably qualified personnel with varying levels of seniority appropriate to the nature and scale of the market risks under management.

The following controls allow for continuous monitoring by management:

- Duties are segregated to ensure that employees involved in the origination, processing and valuation of transactions operate under separate reporting lines so reducing the opportunity for collusion;
- The legal services department approves documentation to ensure it complies with relevant laws and regulations; and
- Internal audit review compliance with policies, procedures and limits.

Segregation of duties is a significant feature of the MER's internal controls. Separation of persons executing transactions from those responsible for processing contracts, confirming transactions, settling transactions, approving the accounting methodology or entries and performing revaluations minimises opportunities for fraud or embezzlement.

Credit risk

Credit risk is the risk of financial loss that results from customers or counterparties failing to meet their financial obligations including levies and taxes receivable on behalf of the Mpumalanga Government, unrecognised credit commitments and financial market activities. Financial assets that potentially subject the Entity to credit risk consists of cash and receivables. The Entity's cash is placed with reputable financial institutions.

The external risk rating of financial institutions used by the Entity is as follows.

Trade and other receivables

Trade and other receivables are disclosed net of the provision for impairment. Credit risk regarding receivables is limited as the Entity collects levies and taxes on behalf of the Mpumalanga Government (Department of Economic Development and Tourism). Due to the nature of the trade and other receivables, the Entity does not require credit limit policies.

Liquidity risk

Liquidity risk is the anticipated risk should the Entity not be able to meet its financial obligations. The Entity's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its due liabilities, under normal and stressed conditions, without unacceptable losses or reputational risk. The Entity monitors its cash flow requirements through monthly government transfers including the servicing of financial obligations but excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

22. FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below.

LOANS AND RECEIVABLES

Assets as per Statement of Financial Position		2023 R	2022 R
Trade and other receivables	6	**59 921 431**	37 170 293
Cash and cash equivalents	7	**40 367 197**	31 250 950
Total		**100 310 565**	68 421 243

The carrying amount of trade and other receivables approximates fair value because of the short period to maturity.

Liabilities as per Statement of Financial Position		2023 R	2022 R
Trade and other payables	**9&10**	**81 994 911**	57 783 426

SENSITIVITY ANALYSIS

Interest rate risk

The sensitivity analysis below has been determined based on the exposure to interest rates for other financial liabilities at the Statement of Financial Position date. A five-basis point increase or decrease is used when reporting interest rate risk and represents Management's assessment of the reasonability of possible change in interest rates.

The following table illustrates the sensitivity to a reasonability of possible change in the interest rates with all other variables held constant.

Classes of Financial Instruments per Statement of Financial Position

	2023			2022		
	Carrying amount R	+ 0.05% movement Surplus / (deficit) R	-0.05% Movement Surplus / (deficit) R	Carrying amount R	+ 0.05% movement Surplus / (deficit) R	-0.05% Movement Surplus / (deficit) R
Assets						
Trade and other receivables	**59 921 431**	-	-	37 170 293	-	-
Cash and cash equivalents	**40 367 197**	**20 184**	**(20 184)**	31 250 950	15 625	(15 625)
Liabilities						
Trade and other payables	**(81 994 911)**	-	-	(57 783 426)	-	-
Other financial liabilities	**(5 564 642)**	-	-	(4 211 716)	-	-
	12 729 075	**20 184**	**(20 184)**	6 426 101	15 625	(15 625)

23. GOING CONCERN

The MER continues to adopt the going concern basis in preparing its Annual Financial Statements. The Entity is solvent and liquid. As a going concern, its total assets exceeds its total liabilities and its current assets exceed its current liabilities. The Board reviewed and resolved that the projected cash flow and Management's assessment of the MER's ability to operate as a going concern has a reasonable expectation that the Entity has adequate resources to continue its operations as a going concern for the foreseeable future.

Management has considered current events and conditions that could impact MER, and determined that these do not create a material uncertainty that casts significant doubt upon the Entity's ability to continue as a going concern.

24. REVALUATION RESERVE

	2023 R	2022 R
Balance	**21 399 248**	21 399 248

Re-valuation reserves consist of reserves as a result of valuations of items of Property, Plant and Equipment.

UNAUDITED INFORMATION
MATERIALITY AND SIGNIFICANCE FRAMEWORK

Regulation 28.3.1 of the Treasury Regulations requires that public entities develop and agree on a framework of acceptable levels of materiality and significance with the relevant Executive Authority in consultation with the external auditors. In accordance with this, the framework has been considered from two main perspectives, namely quantitative and qualitative aspects. The policy framework set out below is, as required, appropriately presented in terms of the PFMA and Treasury Regulations.

QUANTITATIVE ASPECTS

Considering the percentage guidelines received from the Auditor General, we assessed the level of a material loss and significance to be as follows:

- Every amount in respect to criminal conduct;
- R 10 000 and above in respect to irregular, fruitless and wasteful expenditure involving gross negligence;
- R192 794 and above being 0.17% of gross revenue in respect to any other irregular, fruitless, and wasteful expenditure; and
- For the purposes of significance in terms of section 54 (2) of the PFMA, the level of significance was assessed at an amount of R1 603 759 or more, being approximately 5% of non-current assets.

In determining the materiality levels, the following factors were also considered:

- The nature of the MER's business;
- The statutory requirements laid down for the MER, with specific reference to the PFMA and Treasury Regulations; and
- The control and inherent risks associated with the MER.

QUALITATIVE ASPECTS

Materiality is not merely related to the size of the Entity and the elements of its Annual Financial Statements. On the one hand, misstatements that are large, either individually or in the aggregate may affect a 'reasonable' user's judgment. However, on the other hand, misstatements may also be material on qualitative grounds.

These qualitative grounds, which will be reviewed annually, include among others:

- Acquisition or disposal of a significant asset; and
- Commencement or cessation of a significant business activity.

INTERACTION WITH STAKEHOLDERS

INTERACTION WITH COMMUNITIES

INTERACTION WITH COMMUNITIES
(CONT.)

INTERACTION WITH COMMUNITIES
(CONT.)

INTERACTION WITH COMMUNITIES
(CONT.)

NOTES

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