



Western Cape Gambling and Racing Board
Annual Report 2023/24

WESTERN CAPE
GAMBLING AND RACING
BOARD

ANNUAL REPORT
2023/24

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PART A:
General Information

GENERAL INFORMATION

1. BOARD GENERAL INFORMATION

NAME:	Western Cape Gambling and Racing Board
PHYSICAL ADDRESS:	24 Fairway Close Fairway Terraces Parow Cape Town 7500 Republic of South Africa
POSTAL ADDRESS:	P O Box 8175 Roggebaai 8012
TELEPHONE NUMBER/S:	+27 21 480 7400
EMAIL ADDRESS:	ceo@wcgrb.co.za
WEBSITE ADDRESS:	www.wcgrb.co.za
EXTERNAL AUDITORS:	Auditor-General of South Africa
BANKERS:	Nedbank
BOARD SECRETARY:	Heinrich Brink

2. LIST OF ABBREVIATIONS/ACRONYMS

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

Abbreviation / Acronym	Description
ADFIN / Adfin	Administration and Finance
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
B-BBEE	Broad-based Black Economic Empowerment
Board	Western Cape Gambling and Racing Board
board	Collective of Non-Executive Board Members
Capex	Capital Expenditure
CATHSSETA	Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COE	Cost of Employment
CPI	Consumer Price Index
CSI	Corporate Social Investment
Constitution	The National Constitution of the Republic of South Africa, 1996
COVID-19	Coronavirus Disease 2019
DoL	Department of Labour
DRP	Disaster Recovery Plan
DTIC	Department of Trade, Industry and Competition
DoI	Department of Infrastructure
EE	Employment Equity
EEA	Employment Equity Act
ERM	Enterprise Risk Management
EWP	Employee Well-being Programme
EXCO	Executive Committee
FIC	Financial Intelligence Centre
FICA	Financial Intelligence Centre Act, 2001
FIT	Finance, Information Technology Committee
GDP	Gross Domestic Product
GGR	Gross Gambling Revenue
GLC	Gambling Liaison Committee
GRAP	Generally Recognised Accounting Practice
HCC	Human Capital Committee

GENERAL INFORMATION

Abbreviation / Acronym	Description
HOD	Head of Department
HR	Human Resources
HRM	Human Resource Management
ICAS	Independent Counselling and Advisory Services
ICE	International Casinos Exhibition
ICT	Information and Communication Technology
IT	Information Technology
IYM	In Year Monitoring
LSA	Long Service Award
LPM	Limited Pay-Out Machines
LRA	Labour Relations Act
MEC	Member of the Provincial Executive Council
Minister	Western Cape Minister of Finance and Economic Opportunities
MTEF	Medium Term Expenditure Framework
MTBPS	Medium Term Budget Policy Statement
NGB	National Gambling Board
NPC	Not for Profit Company
NTR	National Treasury Regulations
OD	Organisational Development
OHASA	Occupational Health and Safety Act, 1993
Opex	Operational Expenditure
PAC	Public Accounts Committee
PAIA	Promotion of Access to Information Act, 2000
PAJA	Promotion of Administrative Justice Act, 2000
PDO	Predetermined Objective
PFMA	Public Finance Management Act, 1999
PGWC	Provincial Government of the Western Cape
PLA	Provincial Licensing Authority
PI	Performance Indicator
POPI	Protection of Personal Information Act, 2013
PRMA	Post-Retirement Medical Aid
PTR	Provincial Treasury Regulations
RGC	Responsible Gambling Committee
SAPS	South African Police Services
SARGF	South African Responsible Gambling Foundation
SCA	Supreme Court of Appeal

Abbreviation / Acronym	Description
SC	Senior Counsel
SCM	Supply Chain Management
SCF	Western Cape Provincial Parliament's Standing Committee on Finance
SCFEOT	Western Cape Provincial Parliament's Standing Committee on Finance, Economic Opportunities and Tourism
SOP	Standard Operating Procedure
SR	Strategic Risk
Act	Western Cape Gambling and Racing Act, 1996
TR	Treasury Regulations
Type A LPM Site	LPM Sites with up to 5 LPMs
Type B LPM Site	LPM Sites with 6 to 20 LPMs
Type C LPM Site	LPM Sites with 21 to 40 LPMs
Type D LPM Site	Independent LPM Site Operator
UPS	Uninterrupted Power Supply
WC	Western Cape
WCDoI	Western Cape Department of Infrastructure
WCGRB	Western Cape Gambling and Racing Board
WCPT	Western Cape Provincial Treasury
Western Cape	The Province of the Western Cape
WFH	Work From Home
WSP	Work Skills Plan

3. FOREWORD BY THE CHAIRPERSON

It is with pleasure that I present the Western Cape Gambling and Racing Board's annual report for the 2023/2024 reporting period. The WCGRB was incorporated with the promulgation of the Western Cape Gambling and Racing Act, Act 4 of 1996. In terms of Schedule 3C of the PFMA, the WCGRB is a provincial public entity.

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

The gambling industry has experienced significant growth in gross gambling revenue during the 31 March 2024 financial year. For the 31 March 2024 financial year, the Western Cape Gambling and Racing Board has collected gambling taxes and levies in the amount of R1,5 billion.

The regulation of gambling is mainly achieved through the licensing of suitable, fit-for-purpose persons and entities to conduct gambling operations in the Province and to ensure that the gambling industry complies with national and provincial gambling legislation. Through the licensing process, the Board unlocks economic opportunities while it gives effect to economic transformation.

The Board, as Regulator and licensing authority, is legally mandated to enforce the principles of B-BBEE in the industry it regulates.

In addition to the B-BBEE objectives towards transformation, licence holders made various commitments towards Corporate Social Investment in the different regions. The WCGRB continues to comply with the judgement on B-BBEE (Tsogo Sun Caledon (Pty) Ltd and Others v Western Cape Gambling and Racing Board and Another (Case no 89/2021) [2022] ZASCA 102 (24 June 2022) and has developed a policy for the Western Cape Gambling industry which is being rolled out to the gambling industry.

The WCGRB is pleased to report that the industry contributed R30,7 million towards CSI programmes for the reporting period.

The legislated number of Board Members is seven non-executive members. As a collective, the seven members are the WCGRB's Accounting Authority. The quorum for a Board meeting is five members. During the year under review, the WCGRB had seven appointed members and accordingly was fully constituted.

Board member terms are depicted in Part C from Page 49.

The Ministry currently employs the practice of appointing Board members for a term of four years. This results in continuity and provides Board Members with the time to become proficient in their functions at the WCGRB.

The WGRB's personnel structure has remained constant for at least the last 15 years. In that same time, the gambling industry has evolved and grown exponentially. This expansion is currently taxing the WCGRB's resources to optimally achieve its functions and meet the expectations of licence holders.

The WCGRB appointed a service provider to assess the WCGRB's structure and the resources needed to effectively service its mandate. This exercise has been completed and approved by the WCGRB Board, but the WCGRB would need the financial resources to fund the implementation of the recommendations.

The WCGRB does not have the authority to increase its revenue stream without the approval of the relevant Minister as all financially affected decisions are subject to ministerial budget approval.



*Mr C Bassuday
Chairperson of the Board*

The WCGRB's revenue streams are dictated by legislation which the WCGRB has no authority to amend and consequently becomes dependent on the Western Cape Government to amend legislation.

In a recent WCPT public entity review, it was found that the WCGRB's remuneration for senior staff were amongst the lowest across provincial public entities. In addition, compared to the other South African Gambling Regulatory Boards, the remuneration structure is lower than most of them. This places the WCGRB at a disadvantage and risks losing its key employees to other entities.

The WCGRB has taken possession of its newly acquired office accommodation at 24 Fairway Close and is currently in the process of acquiring a suitably qualified project manager to manage the process for the WCGRB for the refurbishment and fit-out of its building.

Notwithstanding the challenges, the WCGRB has delivered on its mandate.

The WCGRB has achieved a clean audit outcome and achieved 74% of its performance indicators.

Medium Term Goals

The process for rolling out type B LPMs is well underway and the rollout should commence by the third quarter of the 2024/25 fiscal year. In addition, the WCGRB will be reviewing and planning its roll-out of type C and type D LPMs as well as Bingo. Not only would this have a marginal effect on the WCGRB's revenue stream as well as taxes for the WCG Fiscus, but also give heed to the request by the industry for these legislated offerings to be made available.

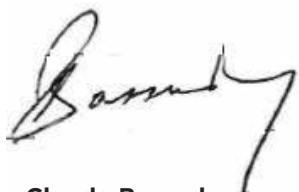
In all of this, the WCGRB will pay extreme attention to the protection of society from the over-stimulation of gambling, a fair and viable gambling industry in the Western Cape Province, economic empowerment of the historically disadvantaged and the promotion of economic growth, development and employment.

The enhancement of responsible gambling measures in the Western Cape gambling industry is receiving focused attention by the WCGRB with research being conducted in this regard as well as policies and plans having been developed and being implemented throughout the industry in a phased approach.

During the course of the 2024/5 fiscal year, the WCGRB will develop its Strategic Plan for the period 2025 - 2030.

Acknowledgments

I hereby acknowledge and thank the Provincial Minister Mireille Wenger for her invaluable support and understanding of the WCGRB, the WCPT, the SCF, and the PAC for their support and guidance, fellow Board members, the WCGRB Audit and Risk Committee for their oversight and direction in the achievement of the mandate of the Board and the WCGRB executive and employees for the efficient execution of their duties notwithstanding the complexities and impediments brought about by inadequate resources. Their efforts are recognised and gratefully appreciated.



Claude Bassuday

Chairperson
Western Cape Gambling and Racing Board
31 July 2024

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

Please accept an overview of the Western Cape Gambling and Racing Board's financial performance for the fiscal year ended 31 March 2024.

The WCGRB was not able to achieve financial self-sufficiency during the period under review and this trend is expected to continue during the 2024/25 fiscal year. The Western Cape Gambling and Racing 19th Amendment Act (2021) which was intended to provide the WCGRB with a possibility of achieving financial self-sustainability has been repealed, leaving the WCGRB with the continued dependency on the Western Cape Government to fund its budget shortfall via a government grant. The WCGRB is only authorised to collect legislated funds, which, since the exclusivity fees have expired, have not been adequate to fund its operations.

The WCGRB's combined OPEX and CAPEX budget for the period under review was R108,3 million. Its actual combined OPEX and CAPEX expenditure amounted to R98,5 million. Together with an over collection of fees, the WCGRB has achieved a cash surplus for the year under review of R15,8 million.

The WCGRB is extremely conscious of its mandate and seeks to perform its mandate with the resources it has available. To this end, the WCGRB endeavours to perform its mandate in the most cost-effective manner and attempts to save as much of its budget funding without compromising on its mandate. Savings in budget-comparable expenditure for the year under review amounted to R9,8 million.

With the increase and ever-broadening gambling industry in the Western Cape, the human capital resources are very thinly stretched and are inadequate for the purposes of the WCGRB. The ever-increasing demand on the human resources is a breeding ground for an under-motivated personnel corps. To date, the employees of the WCGRB managed to fill the gaps and pick up the slack to achieve the WCGRB's mandate but the demands on them cannot be sustained. The WCGRB, as mentioned by the Chairperson, has solicited a review of its structure and approved the proposal, but the funding for the implementation of the proposal is as yet not available and accordingly, the demands on the employees will have to continue.

The WCGRB has collected, and via its tax audits, verified gambling taxes for the Western Cape Government fiscus in excess of R1,5 billion for the year under review.

This growth in the Western Cape gambling industry has highlighted the need for the WCGRB to increase its resources to service the industry, enhance its responsible gambling measures and ensure a fair distribution of the CSI funding.

The WCGRB is in the process of rolling out type B LPMs and will give effect to this in the third quarter of the 2024/5 fiscal year. This will increase gambling taxes but will not result in a significant increase of revenues for the WCGRB. The WCGRB will review and consider the rolling out of other legislated gambling offerings in an attempt to improve its revenue stream. These offerings will, however, not be implemented in the 2024/25 fiscal year.

The WCGRB has recently lost two of its executive staff as well as key staff in its supply chain management division with the major factor being the disparity in remuneration between the various South African Gambling Boards and the remuneration paid by the City of Cape Town for employees in the same category. This trend is not expected to be stemmed soon and the Board is considering its options for the retention of key employees.



*Mr P Abrahams
Chief Executive Officer*

The WCGRB has taken possession of its newly acquired office accommodation but as advised by the Chairperson in his report, full occupation is expected later in the current fiscal year. At the moment, the WCGRB employs a hybrid work-from-home/work-from-office system until full occupation of its building is established.

Escalating costs and services, which would have been provided by the DoI, now have to be funded by the WCGRB. This remains as an incomplete budget project and the project is being addressed with urgency. There are no other incomplete budgeted projects.

The WCGRB continues to operate as a going-concern entity and has budgeted for grants from the WCG to fund the shortfall on its budget. It will, however, have to find financial resources to fund its need for increased human capital resources. This matter is receiving attention and will be addressed in the Board's new strategy deliberations.

The WCGRB has given effect to the AGSA's recommendations and continues to strive towards full compliance with all the prescripts and instructions.

Acknowledgements

The WCGRB gratefully acknowledges the contribution and support of its year-end 31 March 2024 Minister, Ms. M Wenger, the sound advice of the SCF and the PAC as well as the assistance from the WCPT, the AG (SA) and its Internal Auditors.

It is with gratitude that the WCGRB acknowledges the tremendous efforts and dedication of its Board Members, the Audit and Risk Committee and the WCGRB employees for their contribution to the success of the 2023/24 financial year.

The WCGRB wishes Adv. Deidre Baartman success in her portfolio as Minister for Finance and as the responsible Minister for the Western Cape Gambling and Racing Board.



Mr P Abrahams

Chief Executive Officer
Western Cape Gambling and Racing Board
31 July 2024

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

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

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

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

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Board for the financial year ended 31 March 2024.



Mr P Abrahams

Chief Executive Officer
Western Cape Gambling and Racing Board
31 July 2024



Mr CA Bassuday

Chairperson of the Board
Western Cape Gambling and Racing Board
31 July 2024

6. STRATEGIC OVERVIEW

6.1 Vision

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

6.2 Mission

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

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

6.3 Values

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

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

7. LEGISLATIVE AND OTHER MANDATES

7.1 Constitutional mandate

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

7.2 Legislative mandate

The following national and provincial legislative enactments are applicable to the Board's operations:

Basic Conditions of Employment Act, 1997 (Act 75 of 1997) as amended

This Act outlines the basic conditions of employment for workplaces in South Africa and has a direct bearing on employees of the Western Cape Gambling and Racing Board.

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

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

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

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

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

This Act establishes a legal framework for an integrated and co-ordinated disaster management policy that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters and post-disaster recovery. It provides for the establishment of national, provincial and municipal disaster management centres with a policy focus on the rehabilitation and functioning of these centres. It further provides for the alignment of the functions of the National Disaster Management Advisory Forum to accommodate the South African National Platform for Disaster Risk Reduction.

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

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

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

The FIC Act established the Financial Intelligence Centre and Money Laundering Advisory Council to combat money laundering and financing of terrorist and related activities. In terms of the amendment to the legislation, the Board, together with other Provincial Gambling Boards, is no longer a supervisory body, notwithstanding the fact that the licence holders of the Board are accountable institutions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Board is a Schedule 3C Provincial Public Entity and bound by the financial and budget management prescripts of this Act. The PFMA's primary objective is to ensure that all revenue, expenditure, assets and liabilities of government institutions and departments are managed efficiently and effectively. The PFMA provides for the responsibilities of persons entrusted with financial management in government and to provide for matters connected therewith.

Skills Development Act, 1998 (Act 97 of 1998)

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

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

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

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

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

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

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

7.3 Policy mandate

Western Cape Gambling and Racing Policy Determinations, 1999

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

8. ORGANISATIONAL STRUCTURE

As at 31 July 2024

Board



Mr P Abrahams
Chief Executive
Officer

Senior Management



GENERAL INFORMATION

Notes

[illegible]



PART B:
Performance Information

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to page 89 of this Report for the Auditor's Report, published as Part F: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1 SERVICE DELIVERY ENVIRONMENT

2.1.1 OVERSIGHT OF THE BOARD

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

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

2.1.2 STAKEHOLDERS

The Board, as a provincial public entity, has a wide range of stakeholders. These include the Western Cape Provincial Government, Western Cape Minister of Finance, Western Cape Provincial Treasury, the WCGRB Workforce, Gambling and Betting Licensed Entities, Western Cape population, Suppliers, the Environment and the Media. Minister Deidré Baartman was appointed as Provincial Minister of Finance on 13 June 2024. The WCGRB's stakeholder policy informs the mechanism and processes to support constructive engagements with its stakeholders.

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

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

Other stakeholders of the Board include the National Gambling Board, the Provincial Gambling Boards, National Treasury, Department of Trade, Industry and Competition, local government authorities (municipalities) as well as the law enforcement agencies.

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

2.1.3 ECONOMIC SITUATION

Electricity supply shortages have constrained South Africa's growth for several years. Rolling scheduled power cuts (load shedding) started in 2007 and have intensified since 2022. The cumulated duration of the outages due to rotational load shedding, each of which lasts two to four hours, was equivalent to 289 days in 2023, an increase from 157 in 2022 and 48 in 2021. This severe electricity shortfall has disrupted economic activity and increased operating costs for businesses, many of which rely on costly

diesel generators. It has also affected other infrastructure such as water, IT, and service delivery (health and education). Although new reforms and investments are being considered and implemented, load shedding is expected to continue for at least two more years.

Weak structural growth and the COVID-19 pandemic have exacerbated socio-economic challenges. South Africa's GDP has recovered to its pre-pandemic levels, but the strength of the recovery has been hindered by multiple structural constraints, including ongoing power shortages and logistics bottlenecks. The recovery in employment continued in 2023 (790,000 jobs were added, leading to a higher level of employment than before the pandemic), but the pace of job creation has not kept up with the growing labour force, resulting in a rising number of unemployed people. The unemployment rate stood at an elevated 32.4% in 2023, with women and youth persistently more impacted. Inequality remains among the highest in the world, and poverty was estimated at 62.7% in 2023, based on the upper-middle-income country poverty line, only slightly below its pandemic peak. These trends have prompted growing social demands for government support, which could put the sustainability of public finances at risk if they are to be met.

South Africa has taken considerable strides to improve the well-being of its citizens since its transition to democracy in the mid-1990s, but progress has stagnated in the last decade. The percentage of the population living below the upper-middle-income country poverty line fell from 68% to 56% between 2005 and 2010 but has since trended slightly upwards, to 57% in 2015, and is projected to have reached 62.7% in 2023.

Structural challenges and weak growth have undermined progress in reducing poverty, heightened by the COVID-19 pandemic. The achievement of progress in household welfare is severely constrained by rising unemployment, which reached 32.1% in the fourth quarter of 2023, above the already high pre-pandemic rates. The unemployment rate at 59.4% is highest among youths aged between 15 and 24.

Other structural challenges have also increased, including transport and logistics, which have deteriorated due to weak management of the state-owned enterprise Transnet, theft, and sabotage, constraining South Africa's export capacity.

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

Despite the poor economic conditions in South Africa, the gambling industry has experienced significant growth in gross gambling revenues during the FY2023.

In terms of the National Gambling Board's Statistics for the FY2022/23:

- In the FY2022/23, the gambling industry GGR totalled R47.2 billion, a 37.0% increase from the previous financial year's value of R23.2 billion
- All provinces experienced positive GGR growth over the past financial year, with the Western Cape a growth of 42.9%
- The betting industry's growth over the past three financial years has led to its revenues surpassing casinos to hold a market share of 50.3% compared to 36.8% for the casino sector
- Taxes/levies generated by the gambling industry amounted to R4.1 billion during the FY2022/23. This is a 28.8% increase from the previous year's taxes/levies of R3.2 billion
- Gauteng (28.0%) and the Western Cape (25.3%) generated the largest share of taxes/levies compared to other provinces
- The gambling industry has historically grown at rates around 7% prior to the pandemic. The high year growth rates over the past two years are reflective of the rebound from the pandemic and the rising demand for betting
- The FY2022/23 entrenched the dominance of the betting market in the South African gambling industry, expanding its market share to 50.3%, while the other three modes shared the remaining half of the market.

The gambling industry in the Western Cape has generated gross gambling revenue to the amount of R12.2 billion for the FY2023. This represents 25.8% of the total gross gambling revenue generated in South Africa for the FY2023.

¹ The World Bank

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For the 31 March 2024 financial year, the Board collected gambling taxes and levies to the amount of R1.5 billion, representing an increase of 40% since the prior year. Refer to the table below for the year-to-year comparison.

Taxes and levies collected	31 March 2024	31 March 2023
Provincial Taxes	1 500 271 079	1 072 707 983
Annual Licence Fees	4 001 958	3 891 309
Interest, fines and penalties	198 725	159 403
Total collected	1 504 471 762	1 076 758 695

Taxes collected in respect of Horse Racing and Betting represents 65% of provincial taxes, the majority of which is contributed by betting on sports.

2.1.4 BROAD-BASED BLACK ECONOMIC EMPOWERMENT

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

The Board, as Regulator and licensing authority, is legally mandated to enforce the principles of B-BBEE in the industry it regulates and set qualifying criteria for the licences and other approvals issued. Section 10 of the Broad-based Black Economic Empowerment Act 53 of 2023, as amended ("B-BBEE Act") empowers the Board to set qualifying criteria to award licences and other approvals in the gambling industry. The Board conducts oversight over licensees' B-BBEE initiatives, their B-BBEE achievements and compliance levels. The Board's sectorial committees serve as review and advisory committees to the Board and monitors the different sectors of the industry's compliance with licence conditions imposed by the Board. In addition, the WCGRB set B-BBEE target levels for each licensed operator holder in the different sectors of the gambling industry. Licence holders' B-BBEE achievements are reviewed annually, and different conditions are imposed to the extent that it is necessary, reasonable and justifiable. This is done in the interest of maximising the empowerment, transformation and upliftment of persons intended to benefit from the government's transformation objectives.

Licence holders who are not exempted from the application of the B-BBEE Codes, must be evaluated annually by an accredited B-BBEE rating agency and submit such rating certificate to the Board. Where the B-BBEE targets or conditions of licence holders have not been met, such licence holder must submit explanatory information for such non-achievement, and include the measures to be undertaken to achieve the required level or target.

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

On a National level, the National Gambling Board of South Africa monitors and publishes data on the state of transformation and growth in the gambling industry nationally. The data shows that, both at a national level, and in the Western Cape Province, the financial interest and shareholding of the industry is limited to a few major role players having interests in all the sectors of the gambling industry. This establishes centralised control and similar policy execution throughout all sectors of the gambling industry rather than regionalised methodologies. This applies to the casino and Route Operator interests, with broader economic participation in the LPM sites and the bookmaking industry. In licensing further modes of gambling, once approved, the Board will create an enabling environment that gives impetus for the empowerment of new market entrants and provide new scope for broad-based empowerment.

The Supreme Court of Appeal outlined a four-stage process that the Board must give effect to in reviewing the B-BBEE commitments of licence holders annually. Guided by the Court's observations, the Board finalised a new B-BBEE policy. This required engagement with the industry prior to its final

adoption in the course of the FY2023/24 to guide the Board's implementation of the B-BBEE in the industry. The policy sets out the B-BBEE-objectives of the Board for the gambling and racing industry in the Western Cape and outlines the processes to be undertaken quarterly and annually, aimed at meeting the B-BBEE objectives in a legally compliant, procedurally and substantively fair manner.

2.1.5 EXPANSION OF GAMBLING INDUSTRY

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

There are currently 3,000 LPMs licensed for roll out in the Province. To date, the Board rolled out Type A LPM site licences, which permits Site Operators to display up to five (5) LPMs for play by patrons in their licensed LPM site establishments. Type B LPM site licences permit the roll out of up to 20 LPMs and Type C LPM site licences permits the roll out of up to 40 LPMs in a licensed LPM site. Type D LPM licence permits an independent site operator to expose up to 40 LPMs for play. These categories of LPM site licences attract additional regulatory approvals and distinct investment and regulatory requirements are prescribed for their operation. The Board is putting the necessary measures in place to facilitate the roll out of Type B LPM sites.

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

2.1.6 INDUSTRY DEVELOPMENTS

Sports betting

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

Horse racing

Horse racing as a betting contingency has declined in popularity and the Board has noticed a substantial decline in betting taxes for this contingency over the past few years, both in terms of tote betting (open bets) and fixed odds betting.

The Totalisator Operator is exploring a number of new proposals which could positively impact horse racing as a betting contingency and attract customers to return to racing venues as a destination of choice.

Interactive/online gambling

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

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Licensed operators are vetted through a rigorous licensing process to ensure that the legal gambling industry is free from corruption and illegal activities. The Board made submissions to policy makers at national level advocating that the mechanisms be put in place to licence and regulate interactive gambling. The Remote Gambling Bill (B11-2024), was introduced in the National Assembly of Parliament on 16 April 2024. The purpose of the Bill is to provide a legal basis for the regulation and control of all remote gambling activities and to ensure an efficient and effective remote gambling regulatory regime in the Republic of South Africa.

Draft Amendments Bills/Policy Determinations

Draft Amendment Bills providing for the relocation of casinos in the Western Cape is still under consideration by the WCPT. The Provincial Government is conducting a Policy review, which may culminate in the adoption of a new Policy regime to guide the licensing and further roll out of gambling modes in the Province.

The High Court declared certain sections of the Policy Determinations invalid and of no force and effect whilst others have expired by the effluxion of time. The judgment paved the way for Casino Operators to apply to the Board for relocation from their existing licensed premises to another location since the requirement that one casino be located in each of the five regions of the Province has fallen away. The Board has since received an application for the relocation of one of the outer-lying casinos to the Metropole. The Board has completed the public participation process and is in the process of considering the application.

Research Initiatives

In terms of Section 12(19) of the Act, the Board is competent to conduct studies and investigations into gambling throughout the Province.

The WCGRB resolved to commission research into gambling prevalence in the Province, the problem-gambling incidence and examine the play management systems of licence holders. A service provider has been appointed to conduct the research which is aimed to be finalised on 31 January 2025.

The following aspects will be researched:

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

As a Regulator, the Board must consider the roll out of additional forms of gambling and the expansion of the industry in a responsible manner that guards against over-stimulation of the latent demand for gambling. The outcome of the research will therefore inform the Board's decision-making insofar it pertains to the approval of licenses as well as the Board's approach in respect of the elimination of illegal gambling and responsible gambling initiatives.

Responsible gambling

The risk of a person becoming a problem gambler is an unintended, but a known consequence of legalised gambling. The Board will, through various initiatives, continue to adopt an enhanced focus on responsible gambling under the auspices of the Responsible Gambling Committee. There has been a greater awareness to the public during the past year on the benefit of responsible gambling coupled with the dangers and harm that is linked to problem gambling, and resources are available to persons who wish to seek assistance. The licence holders are advised to be mindful of harm indicators so that potential problem gamblers as well as at risk players are identified at an early stage. While the self-exclusion process is a mechanism to assist problem gamblers in that it will restrict access to licensed establishments, the objective of the Board is to educate the general public as well as the playing public to the extent that they never need to reach the stage of self-exclusion.

Based on the number of self-exclusions in the current year compared to the prior year, it is reasonable to assume that the Board's responsible gambling awareness initiatives have achieved some level of success. For the 2022/23 financial year, the Office of the Board processed 34 self-exclusions. For the 2023/24 financial year, the Office of the Board processed 72 self-exclusions, which represents an increase of 53% since the prior year.

It is envisaged that the responsible gambling legislation, which is required to be operational during the FY2024/25, will greatly advance the Board's fight against problem gambling.

2.1.7 BOARD AWARENESS PROGRAMMES

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

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

For the year under review, the Board conducted four (4) awareness programmes. Awareness programmes included social media campaigns, radio campaigns, information sharing via newspapers as well as in-person engagements, which were conducted in conjunction with the Thusong Programme.

As part of the Board's APP for the FY2023/24, the Board resolved to host a Responsible Gambling Summit during November 2023. The purpose of the Summit was to promote safer gambling by bringing together industry leaders with a goal to drive positive change in responsible gambling through meaningful discussions, research and knowledge sharing.

The Summit was attended by approximately 200 delegates from the Western Cape Provincial Government, Members of the Western Cape Provincial Parliament, Gambling and Betting Licence Holders licensed by the Western Cape Gambling and Racing Board, the National Gambling Board, Provincial Gambling Boards, the South African Responsible Gambling Forum, the South African Bookmakers' Association, the National Horseracing Authority of South Africa, the South African Police Service, Test Laboratories, the South African Gambling Manufacturers Association, members from the Legal Fraternity as well as members of the public.

In addition, the Board also hosted delegates from other African Gambling Boards, such as the Botswana Gambling Authority, the Gambling Board of Namibia and the Lottery Board of Namibia.

The Board invited licence holders to contribute to the Summit as responsible gambling is a combined effort of the Board and its licence holders. To this end, the Board received sponsorships to the amount of R846,500 of which R677,000 represented cash contributions. The remaining amount of R169,500 represented sponsorship of a venue free of charge.

The Summit achieved the desired outcomes and the Board is in the process of implementing the resolutions stemming from the Summit.

2.1.8 ELIMINATION OF ILLEGAL GAMBLING

During the year under review, 80 allegations of illegal gambling were reported to the Board. Details of the allegations are indicated below:

- 80 were fully investigated within 30 days
- 52 of the allegations were confirmed as being illegal gambling establishments, and
- 28 allegations were unfounded.

The Board extends its gratitude to the SAPS, provincial law enforcement agencies and community policing forums for its assistance during the year under review. Without their assistance the Board would not be able to successfully eliminate illegal gambling in communities.

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2.1.9 CORPORATE SOCIAL INVESTMENT

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

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

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

2.1.10 TECHNOLOGY AND INFORMATION

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

The unique challenges facing organisations globally still require re-evaluation of existing strategies by considering alternative mechanisms to enable business continuity. The high dependency on electricity, digital technology, transformation and connectivity had implications on the strengths, weaknesses, opportunities, and threats for organisations. As the proliferation of internet traffic, connected devices and Internet of Things increases, the threat of cyber-attacks grows, therefore an increase in demand for IT security products, software, services and experience will be required.

The Office of the Board was not immune to these implications and had to assess its capabilities to continue functioning. The WCGRB continued to strengthen its network capability for a distributed workforce, enhanced its electricity supply, information and physical security defence mechanisms, equipped employees with necessary tools for work from home (WFH), enabled secure remote access via virtual private networks to access the WCGRB network, production systems, collaboration tools and digital platforms. The WCGRB Security Policies and Oath of Secrecy, the Code of Conduct and Section 17 and 19A of the WCGRA, have been communicated to all the WCGRB employees to ensure information and data are protected.

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

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

The continuous focus area for the Board is its move towards business process automation and our digitised automation system, called Genesis, continued with the enablement of the industry to submit their applications for gambling licences online. The advancement in technology continued to generate new and innovative methods for gambling and online betting on sport has been a growing market. Online betting exponentially increased over the past three years, in comparison to other forms of gambling such as Casino, the LPM and Totalisator. Regulators must ensure that they are sufficiently trained and staffed to address widespread and continuous technological changes.

2.1.11 CONFERENCE ATTENDANCES

One of the goals of the Board is to keep abreast of new developments impacting the gambling industry with the objective of ensuring that the Board is aware of ongoing technological advancement in the industry which includes player offerings. Attendance at international conferences places the Board in a position to benchmark its current policies and procedures with that of international best practice.

Conferences that are attended has a focus particularly on regulatory matters, social responsibility and new products/gaming offerings which are being offered likely to be introduced in South Africa in the near future. It is a known factor that technology is always ahead of legislation and the Board takes the opportunity of attending conferences to ensure that the gap is somewhat bridged ensuring that the industry in the Western Cape remains relevant and keeping pace with the global market.

Responsible gambling and problem gambling are matters which the Office of the Board wishes to place more focus on as it impacts directly on the public. This is a standing item at such conferences with presenters reporting on current trends, research and its findings as well as any new developments in this area. The gambling industry is one that is ever changing and attendance at these conferences as well as the networking with the international colleagues not only provides valuable information but also enhances the reputation and image of the Board. After each international conference, a detailed report is compiled which includes the benefit and value derived at such conference and is submitted to the Office of the MEC.

2.1.12 CORPORATE GOVERNANCE DISCLOSURES REQUIRED BY KING IV CODE

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

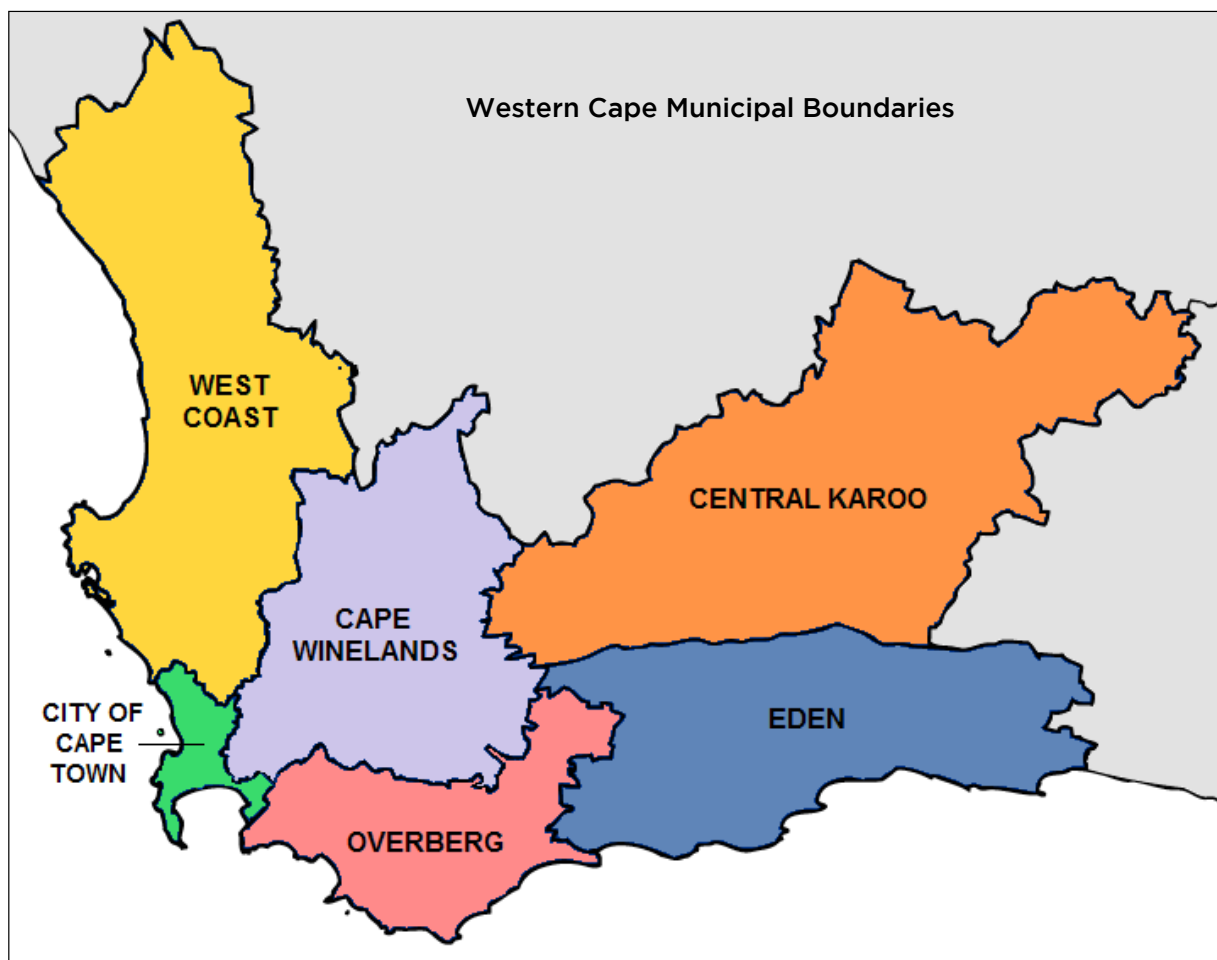
2.1.13 SERVICE DELIVERY ENVIRONMENT

As at 31 March 2024, the legal gambling and racing industry in the Western Cape, which spans the full geographical area of the Western Cape, comprised of:

Licence Activity	31 March 2024	31 March 2023
Licensed casinos	5	5
Licensed limited pay-out machine operators	2	2
Licensed bookmakers	64	58
Licensed totalisator	1	1
Licensed premises	702 486 LPMs 171 Bookmakers 45 Totalisators	702 486 LPMs 171 Bookmakers 45 Totalisators
Licensed gambling devices	6 834	6 798
Employee licences*	6 480	6 265

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

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Geographical Spread of Licensed Gambling Operations						
Premises	1 City of Cape Town	2 Eden	3 Cape Winelands	4 Overberg	5 West Coast	6 Central Karoo
Casinos - 5	1	1	1	1	1	0
LPM Sites - 486	344	59	15	23	44	1
Bookmakers - 171	149	6	11	1	4	0
Totalisators - 45	38	2	4	0	1	0

2.2 ORGANISATIONAL ENVIRONMENT AND STRUCTURE

As at 31 March 2024, the Minister of Finance and Economic Opportunities appointed seven (7) members to the Board. Sixty-five posts (65) were filled out of seventy-four (74) approved posts. The recruitment process for the critical vacant positions is underway.

The lack of resources at the WCGRB remains a significant concern. The existing organisational structure predominantly has remained the same since the inception of the Board although the gambling industry expand year on year. The Board resolved that its organisational structure must be reviewed to ensure an optimal organisational structure. The organisational structure will be impacted by the Board's decision to expand on gambling offers which are currently not offered in the Western Cape. The existing workforce is not adequate to address the operational demands or additional volumes of licence applications. With regard to the potential additional resources that may be required, the Board has conducted an Organisational Design review to determine both the Board's current and future operational needs.

Following the review of the WCGRB's organisational structure based on an increasing and expanding gambling industry, the board approved a further 32 posts. These posts are currently unfunded and no appointments relative to these posts may be actioned until funding is provided.

The Organisational Design Review process is at its final stages. Upon completion, approval for the implementation of the outcome will be sought.

The Board continues to implement the interventions identified in the Organisational and Leadership Culture change implementation plan. The plan contains twelve (12) distinct action points that need to be addressed by staff and management within specific timelines. These action points include, among others, the promotion of cultural diversity and strong change agency culture.

2.2.1 ACCOMMODATION

In the spirit of saving funds, relocated to its newly acquired office accommodation despite it not being ready for full occupation. Based on the affirmation by the then Department of Transport and Public Works to assist the WCGRB with repairs and refurbishment of its newly acquired building, the WCGRB postponed its efforts to await the assistance so promised. The newly acquired building was temporarily furnished and set up to accommodate thirty-two persons on a rotational basis in a work-from-home, work-from-office principle. This arrangement was successful as an interim measure and the WCGRB could continue to successfully pursue its mandate.

On being advised that the now Department of Infrastructure would not be assisting the WCGRB with its building, the WCGRB continued to occupy the building on the current basis while following the SCM process to procure service providers to repair and refurbish the building. It is expected that the building repairs and refurbishment will be completed by 31 March 2025 at which stage the WCGRB will take up functional occupation.

2.2.2 OCCUPATIONAL HEALTH AND SAFETY MEASURES

The Occupational Health and Safety Act (OHASA) imposes the responsibility on the employer to provide and maintain, as far as reasonably practical, a healthy working environment that is safe and without risk to the health of its employees. To ensure compliance with the OHASA, the Board has established an Occupational Health and Safety Committee (OHASA Committee) with representatives from all departments. This committee has been equipped with the necessary resources to effectively execute its functions.

2.2.3 TRAINING AND DEVELOPMENT

The re-skilling and up-skilling of staff remain a top priority for the Board. This is essential to ensure that the Board effectively uses and develops its human capital.

In the past year, the Board invested R516,998 in training and developing its employees, which accounted for 1% of the total cost of employment. The training provided during the year targeted employees at all levels within the organisation. Training opportunities offered aimed to enhance the professional competencies of employees, increase their knowledge and improve their skills to support the achievement of the organisation's strategic objectives.

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With the changing gambling environment, it is incumbent on Board members to be upskilled to give meaningful effect of their mandate. To this end, Board members are registered with the Institute of Directors South Africa (IODSA). The IODSA provides practical services to Board members, aimed at ensuring the development, understanding and application of good governance practices. The attendance of conferences and industry events are utilised to keep abreast of developments in the gambling industry.

2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

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

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

2.3.1 LITIGATION

The gambling industry proves to be very litigious resulting in the Board's decisions and actions often being challenged based on the vested economic interest of licence holders and other role-players. Some matters are purely of public interest or in certain instances, the judgement pronounced by our Courts provide legal certainty on matters where the Board and a licence holder have differing legal views. In such instances, the parties usually agree that the appropriate avenue is to obtain a declaratory order. As a regulator, the Board considers broader public interest issues and not purely the commercial interest. The Board therefore does not participate in all litigious matters where it is cited as an interested party but bases its determinations on whether to participate in the litigation on the nature of the relief sought and the legal implications on the Board's mandate and the industry it regulates.

A casino operator applied for a Declaratory Order confirming, amongst others, that Free Play credits do not constitute a "drop" for the purpose of the computation of adjusted gross revenue and does not form part of the taxable revenue per Section 64 of the Act, read with Schedule III, citing the Board and the Provincial Minister for Finance, Western Cape as Respondents. Furthermore, that the Court directs, should it make a determination that the Applicants indeed paid taxes that are not due in terms of the legal argument before Court, any overpayment of taxes to be refunded or set-off against the future tax liability of the Applicants. Judgement was delivered on 29 April 2020 in favour of the Applicant, where the Court held that Free Play does not constitute part of the "drop" for purposes of the computation of adjusted gross revenue, and do not form part of taxable revenue in terms of Section 64 of the Act read with Schedule III. The Board was ordered to set off the overpaid taxes against the Applicant's future tax liabilities accruing in terms of Section 64 of the Act. The Board and the Minister was granted leave to appeal to the SCA, and judgement was granted in favour of the Board. The Applicants filed a Notice of Application for Leave to Appeal to the Constitutional Court. Both the Board and the Minister of Finance and Economic Opportunities filed a Notice of Opposition and Founding Affidavits to the Constitutional Court. The matter is still in progress and the Board awaits a set-down date for the Application for Leave to Appeal.

A role player in the gambling industry applied for a review, coupled with an Interdict in the High Court, requesting the Court to direct that the Board refrains from implementing its decision to allocate the remaining 1,000 LPMs to the existing two Route Operators, proportionately, pending the outcome of the Review Application. Furthermore, that the Board's decision as aforementioned be reviewed and set aside. Judgement was electronically handed down on 20 April 2021. The review application was successful and granted in favour of the Applicants. On appeal, a Full Bench of the High Court ruled that the initial review judgement is suspended, pending the outcome of the Appeals to the SCA. The Appeal was heard at the SCA on 15 August 2023 and judgement was handed down on 10 November 2023, in favour of the Board. The Appeal was upheld with costs.

2.3.2 CURRENT LEGISLATIVE CONSIDERATIONS

The National Gambling Amendment Bill (B27B-2018) was published in 2018. The Bill seeks to amend the National Gambling Act (2006) to change the configuration of the National Gambling Board into a functioning entity reporting to the DTIC, with a Chief Executive Officer at the helm of the entity.

The Bill also seeks, amongst others, to introduce certain statutory fees for centralised monitoring of provincially licensed gambling operators and to deal with governance matters pertaining to the National Gambling Policy Council. The Bill was considered by both houses of Parliament and was rejected by the National Council of Provinces on 14 December 2021 and has been referred to the Mediation Committee in terms of Joint Rule 186(1)(a).

The Western Cape Nineteenth Gambling and Racing Amendment Act (2021) ("Nineteenth Amendment Act") was published in the Provincial Gazette on 23 June 2021. It indicates that the Nineteenth Amendment Act will commence on a date to be proclaimed by the Premier in the Gazette. The Nineteenth Amendment Act prescribed new Casino Operator fees and Route Operator fees. The coming into effect of the 19th Amendment Act would have significantly bolstered the Board's objective of becoming self-sufficient in terms of its budgetary requirements. The Nineteenth Amendment Act was, however, never brought into operation. The Draft Western Cape Nineteenth Gambling and Racing Amendment Act Repeal Bill, 2022 ("the Repeal Bill") was published for comment on 2 December 2022 and sought to repeal the Nineteenth Amendment Act. The Memorandum on the objects of the Repeal Bill set out the legislative drafting process relevant to the Nineteenth Amendment Act, confirms that the objective of same was to promote and facilitate the financial self-sufficiency of the Board, for certain fees to be payable to the Board, the charging of casino operator fees, amendments to provisions relating to limited gambling machine operator fees and matters incidental thereto. The Repeal Bill indicated that, due to the far-reaching consequences of the COVID-19 pandemic on the gambling industry, Provincial Treasury is in the process of undertaking a comprehensive review of the gambling and racing environment in the Western Cape, with a Policy Review Process underway. Furthermore, that promoting and facilitating the financial self-sufficiency of the Board remains an important objective of the Western Cape Government. The Western Cape Nineteenth Gambling and Racing Amendment Act, Repeal Act, 2022 ("the Repeal Act") was assented to on 10 January 2024 and repeals the ("Nineteenth Amendment Act").

The Twentieth and Twenty-first Amendment Bills, 2022 were published for public comment on 10 June 2022. It provides for the relocation of a casino to the Metropole and makes provision for, amongst others, the concomitant fees and legal considerations to be taken into account by the Board. The amendments in the Draft Western Cape Twentieth Gambling and Racing Amendment Bill predominantly provides for the relocation of a casino, does away with exclusivity and addresses substantive issues pertaining to the amendment of licences. The amendments in the Draft Western Cape Twenty-First Gambling and Racing Amendment Bill predominantly introduces an economic opportunity tax in relation to the relocation of a casino. The Bills are still under consideration by the WCPT.

The Remote Gambling Bill (B11-2024) was introduced in the National Assembly on 16 April 2024. A major change to the Bill is that it authorises the Provinces, and not the National Gambling Board, to regulate the issuing of licenses, and collecting the prescribed fees within its Province. The purpose of the Bill is to provide a legal basis for the regulation and control of all remote gambling activities and to ensure an efficient and effective remote gambling regulatory regime in the Republic of South Africa. The Bill also provides for uniform norms and standards in respect of remote gambling to be applicable throughout the Republic, to prevent and protect minors, and vulnerable persons from being exposed to the negative effects of gambling, and to protect players, the public and licensed remote gambling operators.

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

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

The Western Cape Gambling and Racing Regulations (Fees and Cost 2016): Amendment, 2024 were updated and published in the Gazette on 28 March 2024 to effect inflationary increases to the statutory application, licence and investigation fees. These fees are adjusted annually for inflation and the adjusted fees took effect on 1 April 2024.

3. PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Impact Statement: An optimally regulated gambling industry.

Outcomes:

- The Board's structures, resources and processes utilised for effective, efficient and optimal performance of its mandate. This programme achieved eight (8) out of eleven (11) planned outputs for the year under review, with one output being partially achieved.
- Persons conducting business in the gambling industry are suitable. The programme, whilst also embarking on implementing an electronic portal for receiving and processing licence applications aimed at enhancing the process, maintains the primary focus of investigations into the suitability of persons (natural and juristic) to hold gambling licences. Whilst ensuring that all persons requiring a licence to be engaging in the gambling industry are suitable, the programme continues to process all new and renewed licences in line with the annual targets and thereby the five-year targets as well.
- Gambling and betting activities in the Western Cape are compliant with legislative provisions and regulatory requirements. The programme is responsible for enforcing gambling and related compliance in respect to legislative provisions and regulatory requirements on all licence holders who expose gambling and betting activities for public pay as well as the timely investigation of allegations of illegal gambling activities in the Province. This programme achieved three (3) out of six (6) planned outputs for the year under review.
- Innovative, functional, reliable and secure ICT solutions and systems provided. The programme applied the necessary operational efficiencies, better management, agility, good governance, reliable and secure systems for the Office of the Board. These aspects enabled the essential ICT achievements and are aligned with the planned annual output targets and thereby the five-year objectives as well.

4. PROGRAMME PERFORMANCE INFORMATION

Programme 1: Board and Administration

Programme Purpose

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

Outcomes

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

Programme Structure

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

The programme is structured as follows:

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

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

During the 2023/24 financial year, the following in-year changes were effected in respect of the performance indicator of the Programme:

- **Indicator 1.5:** The indicator title in the Performance table on page 36 of the APP differ from the indicator title in the TID on page 54 of the APP. The method of calculation was also corrected.
- **Indicator 1.6:** The calculation type in the TID was corrected to Non-cumulative
- **Indicator 1.11:** The Indicator Reporting cycle in the Performance table, page 37 (APP), is Annual, while the TID on page 62 (APP) suggests it is quarterly

Programme 1: Board and Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
The Board's structures, resources and processes utilised for effective, efficient and optimal performance of its mandate.	Board meetings where resolutions are adopted and given effect to within specified time period.	1.1 Number of quorate meetings of Board members for 2023/24 year.	19	18	16	14	-2	5 Oct 2023 Annual Report pre-meeting in preparation for the Standing Committee session was not quorate. - More ad-hoc Board meetings anticipated in 2022/23 than held in 2023/24.
	Board meetings where resolutions are adopted and given effect to within specified time period.	1.2 Board resolutions actioned by next Board meeting.	95%	94%	95%	94% (131 out of 139)	-1%	Reliance on third parties affected the timely actioning of resolutions.
	Licence holders' CSI Commitments complied with.	1.3 Number of operators' CSI programmes verified by Board Committees.	6	6	6	6	-	None.

PERFORMANCE INFORMATION

Programme 1: Board and Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
The Board's structures, resources and processes utilised for effective, efficient and optimal performance of its mandate.	Public awareness of the Board's role and functions.	1.4 Number of awareness programmes facilitated by the Board.	New output indicator	New output indicator	4	4	-	None.
	Legal opinions drafted to guide Board and Office on legal implications of decisions taken.	1.5 Percentage of legal opinions prepared and submitted within 30 days of receipt of request for an opinion.	New output indicator	New output indicator	90%	100% (20 out of 20)	+10%	All the requests for legal opinions within the control of the Legal Services Department were actioned and finalised within 30 days and hence 100% achieved.
	Compliance to Human Resources regulatory reporting requirements.	1.6 Number of Regulatory reports timeously submitted to Department of Labour.	1	1	1	1	-	None.
	A skilled, motivated and committed workforce.	1.7 Number of reports on the implementation of the HR Plan.	4	4	4	4	-	None.
	Effective and efficient financial administration.	1.8 Number of financial reports to stakeholders.	33	33	33	33	-	None.

Programme 1: Board and Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
The Board's structures, resources and processes utilised for effective, efficient and optimal performance of its mandate.	An effective and efficient organisational structure.	1.9 Number of revised Organisational Structure Review reports submitted to the Minister for approval.	New output indicator	New output indicator	1	0	-1	The Organisational Design (OD)-process is not yet finalised. It is expected that the OD-process will be completed by 31 May 2024.
	Promotion of safer gambling.	1.10 Number of Responsible Gambling Summits facilitated by the Board.	New output indicator	New output indicator	1	1	-	None.
	Study on Gambling Prevalence and Problem Gambling Incidence in relation to gambling Opportunities licensed by the Board.	1.11 Approved Terms of Reference and Project Plan in respect of responsible gambling research adopted by the Board.	New output indicator	New output indicator	1	0	-1	This is a positive deviation as the target was achieved in the 4 th quarter of 2022/2023, prior to the due date.

PERFORMANCE INFORMATION

Analysis of performance

The Programme is tasked with ensuring that the directives and resolutions of the Board is actioned. The Programme has achieved eight (8) of its eleven (11) set targets. The Office of the Board has implemented the resolutions of the Board who in turn took such resolutions to give effect to its legislated mandate. The Board as a whole has successfully executed its mandate.

The Board, in appointing its employees, gave effect to its approved employment equity targets and has gone a long way in ensuring that the employment equity targets will be achieved. For the industry, the Board has set the B-BBEE targets which include equity criteria.

Strategy to overcome areas of underperformance

For indicator 1.1 *Number of quorate meetings of Board members for 2023/24 year*: The Office of the Board included ad-hoc Board meetings as part of the output indicator for the FY2023/24. Going forward, the Office will be more conservative and exclude ad-hoc meetings from the number of quorate meetings of Board members as there is no certainty as to whether these meetings will take place or not.

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

For indicator 1.9 *Number of revised Organisational Structure Review reports submitted to the Minister for approval*: This indicator can only be achieved once the Organisational Design Process has been finalised. On finalisation of the process, a report will be prepared and submitted to the Minister for consideration.

Linking performance with budgets

Programme	2023/2024			2022/2023		
	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R
Board and Administration	65 119 728	57 516 153	7 603 575	27 404 810	27 131 737	273 073

- The then Minister for Finance and Economic Opportunities approved the retention of cash surpluses of R31,5 million to enable the Board to purchase its own office accommodation. Office accommodation has been procured in August 2023 to the amount of R25,300,000. As part of the FY2024/25 Budget, the Minister for Finance and Economic Opportunities has approved the roll-over of funds to the amount of R6,225,000. These funds will be utilised during the FY2024/25 for the refurbishment of the office accommodation.
- The remaining underspending of R1,3 million relates mostly to professional fees. Funds have been budgeted for the research study on gambling prevalence and problem gambling incidence in the Western Cape. The research commenced in January 2024 and as such, an insignificant amount has been paid to researchers for the period under review. Similarly, funds have been budgeted for consultancy services in respect of the relocation application submitted by one the casino operators. Due to the timelines of the relocation application process, the budget for consultancy services was not required during the FY2024.

Programme 2: Licensing

Programme Purpose

The Licensing Department is responsible for the co-ordination of an efficient licence application process. It receives duly completed licence applications and conducts probity investigations linked to applications received. Based on the resultant findings, reports containing recommendations for approval or denial are submitted to the CEO and/or Board for consideration.

In respect of the targets reflected below, the Department strives to have newly appointed gambling employees, duly licensed in a timely manner and are thus able to commence their respective duties accordingly.

In order to ensure the continued suitability of existing licence holders, renewal applications for all licence types received, are processed prior to the expiry of the licence. No licence is valid for a period longer than 12 months, and all licences are required to be renewed annually on application.

Outcomes

Persons conducting business in the gambling industry are suitable.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

During the 2023/24 financial year, the following in-year changes were effected in respect of the performance indicator of the Programme:

- **Indicator 2.1:** Correction of method of calculation. This issue was raised as an audit finding during the 2022/23 audit cycle.
- **Indicator 2.2:** Correction of method of calculation. This issue was raised as an audit finding during the 2022/23 audit cycle.

Programme 2: Licensing								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Persons conducting business in the gambling industry are suitable.	New applications processed.	2.1 Percentage of new applications, in respect of employee licences (key and gambling) linked to licensed operators received, processed within 30 days of receipt.	89%	92%	91%	92% (2 266 out of 2 454)	+1%	Applications were compliant and did not need further enquiry so could be completed within timeline.
	Renewal applications received processed.	2.2 Percentage of renewal applications received processed on or before the date of expiry of the licence.	99%	99%	99%	99% (6 357 out of 6 441)	-	None.

PERFORMANCE INFORMATION

Analysis of performance

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

Strategy to overcome areas of underperformance

There are no areas of underperformance.

Linking performance with budgets

Programme	2023/2024			2022/2023		
	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R
Licensing	15 500 480	14 777 453	723 026	15 383 035	14 356 202	1 026 833

- The underspending in Licensing relates to cost of employment. As at 31 March 2024, the position of the HOD: Licensing was vacant.

Programme 3: Regulatory Compliance

Programme Purpose

The Programme is responsible for enforcing gambling and related compliance in respect to legislative provisions and regulatory requirements. All licence holders who expose gambling and betting activities for public pay are obliged to adhere to such requirements at all times and the activities of the programme is geared towards detecting any such non-compliance or potential non-compliance as well. The Programme conducts investigations into allegations of illegal gambling activities in the Province within a specified time frame to ensure that where such activities are taking place, the required action can be taken in a timely manner.

Outcomes

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

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

During the 2023/24 financial year, the following in-year changes were effected in respect of the performance indicator of the Programme:

- **Indicator 3.3:** The Indicator title in the Performance table on page 43 (APP) differ from the Indicator title in the Quarterly table page 44 (APP) and the TID on page 68 (APP).

Programme 3: Regulatory Compliance								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Gambling and betting activities in the Western Cape are compliant with legislative provisions and regulatory requirements. (Revised).	Licensed establishments carrying out gambling and betting activities that are in accordance with legislation.	3.1 Number of compliance assessments conducted.	1 368	1 421	1 350	1 485	+135	Joint operations not planned for as well as additional bookmaker assessments carried out.
	Known illegal gambling operations are shut down.	3.2 Percentage of investigations initiated within 30 days of allegations of illegal gambling received by the Board.	100%	100%	100%	100% (80 out of 80)	-	None.
	Identified Regulatory Compliance Business Process improvements.	3.3 Development of Compliant Automated Process Strategy Plan.	New output indicator	New output indicator	1	1	-	None.

PERFORMANCE INFORMATION

Programme 3: Regulatory Compliance								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Gambling and betting activities in the Western Cape are compliant with legislative provisions and regulatory requirements. (Revised).	Licence holders licenced by the Western Cape Gambling and Racing Board required to have responsible gambling measures in place.	3.4 Adoption and publication of responsible gambling measures for implementation by industry.	New output indicator	New output indicator	1	0	-1	The continued growth in the industry coupled with the lack human resources within the programme made achievement of this target not possible.
	Applicants for new modes of gambling are informed of the submission criteria and operational rules regarding said modes of gambling.	3.5 Adoption of rules and Requests for Proposals/ Applications for new modes of gambling.	New output indicator	New output indicator	1	0	-1	The continued growth in the industry coupled with the lack human resources within the programme made achievement of this target not possible.
	Licence holders are informed of the operational rules regarding the rollout of Type B LPMs.	3.6 Adoption of the LPM Rules applicable to the operation of Type B LPM Sites.	New output indicator	New output indicator	1	0	-1	The continued growth in the industry coupled with the lack human resources within the programme made achievement of this target not possible.

Analysis of performance

The Programme carried out assessments of licence holders to ensure that activities are conducted in a manner that complies with the relevant legislation as well as with the specific requirements of the Board. Where there are any instances of non-compliance the relevant process is followed which provides the licence holder to both remedy the situation as well as implementing measures to prevent or reduce the risk of such issue reoccurring. During the year, there were a number of LPM Sites and Bookmaker Premises which have either opened to commence trading or closed down, and as such this number can never be determined at the time of planning. The Programme also continues to carry out joint operations with other law enforcement agencies when requested.

In ensuring that all planned assessments were carried out, the Programme satisfies the Board's requirement that gambling and related activities are carried out in a manner that is compliant, legal and within the confines of the regulatory framework.

All allegations of illegal gambling had investigations initiated within the 30-day period.

With the significant increase in the betting sector activities, the need for an automated system has been identified. The Office of the Board completed the first phase of this process, by compiling a report on the challenges and opportunities relevant to such an automated process. The Programme will commence with the next phase in collaboration with the Information and Communication Technology Programme during the FY2024/25.

Strategy to overcome areas of underperformance

The lack of adequate human resource within the programme resulted in the underperformance and with the approval of the additional positions as recommended through the Organisational Design exercise, such underperformance should not reoccur going forward.

Linking performance with budgets

Programme	2023/2024			2022/2023		
	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R
Regulatory Compliance	18 243 164	17 933 866	309 298	18 039 341	17 615 636	423 705

- There is no significant variance between actual and budgeted expenditure for the FY2024.

Programme 4: Information and Communication Technology

Programme Purpose

This programme provides and maintains the ICT products, solutions and services for the Office of the Board. The programme has established a cohesive, enterprise-wide ICT infrastructure to support the Board's strategic objectives. The ICT environment has advanced and is evolving in support of the 4IR through digitalisation and automation of the Board's business processes.

Outcomes

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

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

No in-year changes were effected during the 2023/2024 financial year.

Programme 4: Information and Communication Technology								
Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement 2023/2024	Reasons for deviations
Innovative, functional, reliable and secure ICT solutions and systems provided.	Continuous ICT systems management for the organisation.	4.1 Percentage of ICT maintenance events performed to maintain and improve current information technology infrastructure.	98%	98%	98%	98%	-	None.
	Continuous knowledge and skills enhancement.	4.2 Number of ICT talent capacity competency activities accomplished.	78	94	80	89	+9	Positive deviation due to the ICT staff members attending additional training and forum sessions to enhance their ICT and personal skills.
	Continuous availability of ICT systems.	4.3 Average percentage ICT information systems availability/uptime.	99.96%	99.9%	98%	99.9%	+1.9%	Positive difference due to dedicated human resources, persistent infrastructure and power availability.
	Business Process Automation/ Digital Strategy.	4.4. A documented Business Process Automation/ Digital Strategy.	New output indicator	New output indicator	1	1	-	None.

Analysis of performance

The dependability on the ICT was not without its biggest challenge, namely electricity supply. Albeit electricity supply threatening operational stability, the ICT Department achieved its outcomes for the year. This was possible by ensuring:

- Continuous electricity supply to the datacentre via efficient uninterruptable power supply
- Dedicated and professional management from the ICT human resources
- The supply of efficient battery-operated equipment to the Office of the Board
- Good ICT governance
- The application of robust information security products and systems
- Secured the ICT infrastructure and network connectivity against any failures and/or cyber-attacks, and
- The continuous availability of critical ICT systems at the Office of the Board.

The support and infrastructure provided by the ICT Department contributed to the achievement of the Board's objectives and mandate. The WCGRB remote work model continued efficiently as a functional hybrid and distributed work environment. This was accomplished through dedicated ICT operations, security, infrastructure and network stability.

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

Strategy to overcome areas of underperformance

There are no areas of underperformance.

Linking performance with budgets

Programme	2023/2024			2022/2023		
	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R	Budget R	Actual Expenditure R	(Over)/ Under Expenditure R
Information and Communication Technology	9 469 427	8 274 622	1 194 805	10 700 010	9 591 582	1 108 428

- Savings have been realised in respect of communication, software licence fees, and consultancy fees. The budget for these items is based on best estimates, which do not always realise.

PERFORMANCE INFORMATION

5. REVENUE COLLECTION

Sources of revenue	2023/2024			2022/2023		
	Estimate R	Actual Amount Collected R	(Over)/ Under Collection R	Estimate R	Actual Amount Collected R	(Over)/ Under Collection R
Application fees	3 086 960	4 261 105	(1 174 145)	2 406 081	4 663 948	(2 257 867)
Investigation fees	36 406 705	37 469 766	(1 063 061)	34 412 273	35 545 254	(1 132 981)
Interest income	4 995 000	5 127 003	(132 003)	1 008 000	3 464 133	(2 456 133)
Board Inspector charge-out fees	7 393 546	9 445 151	(2 051 605)	5 332 342	8 909 075	(3 576 733)
Limited Pay-out Machine Operator fees	3 747 793	3 596 156	151 637	3 292 500	3 232 500	60 000
Transfers	21 178 000	21 178 000	-	25 076 000	25 076 000	-
Services in-kind	-	4 076 153	(4 076 153)	-	5 817 204	(5 817 204)
Other income	-	1 884 686	(1 884 686)	-	197 439	(197 439)
Retention of surplus funds	31 524 795	31 524 795	-	-	-	-
Total	108 332 799	118 562 815	(10 230 016)	71 527 196	86 905 553	(15 378 357)

- The Board is only permitted to collect revenue and other fees from licence holders as prescribed by law. Unless there is an increase in gambling licence applications there is no other way the Board can increase its revenue. Thus, when preparing the budget, the Board relies on past trends to estimate the revenue it anticipates receiving for the financial year.
- Services in-kind represent the benefit obtained in respect of occupying a building at no cost managed by the Department of Infrastructure until 31 October 2023.
- Other income represent, amongst others, rental income, sponsorships, and legal fees recovered.

6. CAPITAL INVESTMENT

Infrastructure projects	2023/2024			2022/2023		
	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office Accommodation	31 525	25 495	6 030	0	0	0
Total	31 525	25 495	6 030	0	0	0

PERFORMANCE INFORMATION

Notes

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PART C:
Governance

1. INTRODUCTION

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

2. PORTFOLIO COMMITTEES

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

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

- 26 October 2023: Briefing on the Board's 2022/23 Annual Report;

Resolutions emanating from those meetings are depicted on page 62 of this annual report.

3. EXECUTIVE AUTHORITY

The Minister of Finance is the designated Executive Authority for the Western Cape Gambling and Racing Board. The Executive Council appoints the members of the Board while the Board reports to the Minister. All reports that the Board is mandated to produce are submitted to the Minister. In addition, the Board is bound by the Policy Determinations of the Executive Authority.

4. THE ACCOUNTING AUTHORITY – THE BOARD

Introduction

The Board, that comprises seven non-executive members appointed by the Executive Authority, is the designated Accounting Authority. The Board constituted several sub-committees from its members to oversee specific operational activities of its Office. In addition, the Board appoints three external members to serve on its Audit Committee.

The role of the Board

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

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

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

Board Charter

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

Board Member information as at 31 March 2024

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifica- tions	Area of Expertise	Board Directorships (List the entities)	No. of Board meetings held	No. of Board meetings attended	Other Committees (e.g., Audit committee)	No. of Commit- tee meetings held	No. of Commit- tee meetings attended	Total no. of meetings attended
Mr T Arendse	Board Member	1 April 2020	31 March 2023	CTA CA(SA)	Auditing and Accounting	Board member: Western Cape Gambling and Racing Board	14	14	Casino Committee	4	4	27 of 28
	Board member term extended for 1 year	1 April 2023	31 March 2024						Horsereading and Betting Committee	4	4	
									Human Capital Committee	[4]	1 of 1	
									Responsible Gambling Committee	4	3 of 4	
									Board's representative (non-voting) to the Audit Committee. (*Attendance as alternate member)	[8]	1 of 1	

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifica- tions	Area of Expertise	Board Directorships (List the entities)	No. of Board meetings held	No. of Board meetings attended	Other Committees (e.g., Audit committee)	No. of Commit- tee meetings held	No. of Commit- tee meetings attended	Total no. of meetings attended
Mr CA Bassuday	Board Member	1 April 2016	31 March 2019	B.Proc.	Law	Board member: Western Cape Gambling and Racing Board	14	13	Casino Committee	4	4	26 of 28
	Board member term extended for 1 year	1 April 2019	31 March 2020	LLB LLM					Finance & IT Committee	6	6	
	Board member reappointed for 3 years	1 April 2020	31 March 2023	PG Diploma in Criminal Justice & Forensic Auditing		Director: Legal Services, University of Cape Town			Responsible Gambling Committee	4	3	
	Appointment as Chairperson until Board member contract expires	16 December 2021	31 March 2023			Board member: Western Cape Liquor Authority						
	Board Chairperson & member term extended for 1 year	1 April 2023	31 March 2024									
	Board Chairperson & member term extended	1 April 2024	31 March 2028									

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifica- tions	Area of Expertise	Board Directorships (List the entities)	No. of Board meetings held	No. of Board meetings attended	Other Committees (e.g., Audit committee)	No. of Commit- tee meetings held	No. of Commit- tee meetings attended	Total no. of meetings attended
Mr Burton	Board member	1 April 2023	31 March 2027	B. Compt. Hons CA(SA)	Auditing and Accounting Governance Strategic Management Finance Performance Management	Cape Nature Board Cullinan Holdings Ltd Burvyn Importers and Traders CC National Financial Ombud NPC	14	13	Casino Committee (*Attendance as alternate member)	[4]	1 of 1	31 of 32
									Finance & IT Committee	6	6	
									Horsereading and Betting Committee	4	4	
									Human Capital Committee (*Attendance as alternate member)	[4]	1 of 1	
									LPM Committee	6	6	

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifica- tions	Area of Expertise	Board Directorships (List the entities)	No. of Board meetings held	No. of Board meetings attended	Other Committees (e.g., Audit committee)	No. of Commit- tee meetings held	No. of Commit- tee meetings attended	Total no. of meetings attended
Ms C Fani	Board Member	17 May 2017	16 May 2020	Bachelor's Public Administration	Policy Analysis and Policy Development	Board member/ Vice Chairperson: Western Cape Gambling and Racing Board	14	10	Casino Committee	4	3 of 4	21 of 27
	Board member term extended for 1 year	17 May 2020	16 May 2021	B. Admin Honours Public Management					Horsereading and Betting Committee	4	3 of 4	
	Appointment as Vice Chairperson until Board member contract expires	14 Dec 2020	16 May 2021			Board member/ Deputy Chairperson: William Humphrey's Art Gallery			Human Capital Committee	4	4	
	Board Vice Chairperson & member term extended	27 May 2021	26 May 2024			Board member: uMshunduzi Museum KZN Tribunal member: Western Cape Liquor Authority			LPM Committee (*Attendance as alternate member)	[6]	1 of 1	
	Board Vice Chairperson & member term extended	27 May 2024	26 May 2025									

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifica- tions	Area of Expertise	Board Directorships (List the entities)	No. of Board meetings held	No. of Board meetings attended	Other Committees (e.g., Audit committee)	No. of Commit- tee meetings held	No. of Commit- tee meetings attended	Total no. of meetings attended
Ms A Mvandaba	Board member	1 April 2023	31 March 2027	Master in Business Administra- tion	IDFRS, Companies Act, King Code	Board member: Western Cape Gambling and Racing Board	14	9	Licensing Committee	6	5 of 6	22 of 29
				B Accounting Honours	Financial modelling Financial statements Processes and governance Investments	Board member: Founders Foundation Board member: African Phoenix Investments Board member: CPUT (COUNCIL) Director: K2023187064 Director: K2022871781 Director: K2022570562			LPM Committee Human Capital Committee	6 [4]	5 of 6 3 of 3	
						Director: Langa Siphe Director: Lesha Capital Director: CVS Communica- tions Shareholder: Kwandile Consulting Shareholder: Kwandiso Consulting						

GOVERNANCE

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifica- tions	Area of Expertise	Board Directorships (List the entities)	No. of Board meetings held	No. of Board meetings attended	Other Committees (e.g., Audit committee)	No. of Commit- tee meetings held	No. of Commit- tee meetings attended	Total no. of meetings attended
Mr RG Nicholls	Board Member	14 Dec 2019	13 Dec 2022	B.Comm. Rhodes University CA (SA) CIA	Finance	Board member: Western Cape Gambling and Racing Board	14	13	Finance & IT Committee	6	6	36 of 38
	Board member reappointed for 4 years	5 Dec 2022	4 Dec 2026	Computer Audit Qualification - NACCA	Governance Compliance				Licensing Committee	6	6	
						The South African Council for the Architectural Profession			Responsible Gambling Committee	4	4	
				Registered Accountant and Auditor Fellow member of the IOD		Member: TakeShape Properties CC Member: Southern Ambition CC			Board's representa- tive (non-voting) to the Audit Committee.	(8)	7 of 8	

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifica- tions	Area of Expertise	Board Directorships (List the entities)	No. of Board meetings held	No. of Board meetings attended	Other Committees (e.g., Audit committee)	No. of Commit- tee meetings held	No. of Commit- tee meetings attended	Total no. of meetings attended
Ms L Venter	Board Member	6 Nov 2020	5 Nov 2023	B. Comm (Law)	Law	Board member: Western Cape Gambling and Racing Board	14	12	Horse racing and Betting Committee (*Attendance as alternate member)	(4)	1 of 1	32 of 35
	Term extended for 5 months	6 Nov 2023	31 March 2024	LL.B.		External College Council Member: False Bay TVET College						
	Board member reappointed for 4 years	1 April 2024	31 March 2028						Human Capital Committee	4	3 of 4	
									Licensing Committee	6	6	
									LPM Committee	6	6	
									Responsible Gambling Committee	4	4	

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

External Audit Committee Members

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees (e.g., Audit committee)	No. of Committee meetings held	No. of Committee meetings attended
Mr L Nene	Audit Committee: Independent non-executive member and Chairperson	17 February 2021	16 February 2024	Bachelor of Commerce - BCom (Accounting)	Corporate governance	Non-Executive Director for PetroSA	Audit Committee	8	6
				Post Graduate Diploma in Management (Specialising in Corporate Governance)	Audit (Internal and external)	Ghana SOC Ltd			
	Re-appointment as Independent non-executive member	13 March 2024	12 March 2027	Master of International Business	Risk management	Non-Executive Director for PetroSA			
				CCSA (Certification in Control Self-Assessment) -2006	Business continuity management	Equatorial Guinea SOC Ltd			
				GIA (SA) (General Internal Auditor-SA)	Compliance	City of Cape Town Audit Committee			
				FIIASA (Fellow of the Institute of Internal Auditors SA) - 2013	Ethics	ETDP Seta Audit Committee			
				Certification in Risk Management Assurance (CRMA) -2014	Business process improvement	Coega Development Corporation (PTY) LTD, Audit Committee			
				CCP (SA) - Certified Compliance Professional of the Compliance Institute of South Africa CPrac (SA)	IT	CCMA (Commission for Conciliation, Mediation & Arbitration) Audit Committee			
				Compliance Practitioner					
				Risk Management Strategies in the Public Sector					
				Management Development Programme					

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees (e.g., Audit committee)	No. of Committee meetings held	No. of Committee meetings attended
Mr P Mukheli	Audit Committee: Independent non-executive member	5 June 2023	4 June 2026	B Comm (Accounting) Hons B Comm (Auditing) Chartered Accountant (South Africa) Member Chartered Institute of Management Accountants (CIMA)	Preparation of Annual Financial Statements (IFRS) Implementation of accounting solutions/systems within the Finance section Budgeting and cash flow management Managing and implementing Projection accounting solutions within the construction sector Internal Audit Services and Consulting Forensic/special Investigations Enterprise Risk management advisory and consulting Corporate Governance	Executive Director and Board member of Cancer Association of South Africa (CANSA) Member: Independent Audit and Risk Committee Public Services SETA Member: Audit and Risk Committee Driver's License Trading Entity (DLCA)	Audit Committee	[8]	3 of 5

GOVERNANCE

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees (e.g., Audit committee)	No. of Committee meetings held	No. of Committee meetings attended
Mr P Mukheli (continued)					Due diligence review for municipal-owned entities Integrated internal Auditing models Public sector auditing Public Finance Management Act (PFMA) Preferential Procurement Framework Exposure to financial service environment (Banking)				

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned/ Term expired	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees (e.g., Audit committee)	No. of Committee meetings held	No. of Committee meetings attended
Mr A Seymour	Audit Committee: Independent non-executive member	1 March 2022	28 Feb 2025	B.Comm (Accounting) Hons B Compt	Management: Strategic Planning and Management	Director: Boland 90 Interclub Hiking Competition NPC	Audit Committee	8	8
				Chartered Accountant (South Africa)	Financial reporting and Treasury	Director: InnesFree Capital (Pty) Ltd			
				Banking Board Leadership development Programme	Business Solutions	Director: Caban Capital Partners P/L			
					Governance Client Retention				

Board and Committees membership as at 31 March 2024

Committee	No. of meetings held	No. of members	Name of members
Board	14	7	Mr CA Bassuday (Chairperson) Mr M Burton (Member) Ms C Fani (Vice Chairperson) Mr T Arendse (Member) Ms A Mvandaba (Member) Mr RG Nicholls (Member) Ms L Venter (Member)
Audit Committee	8	3	Mr L Nene (Chairperson) [Re-appointed as Committee member on 13 March 2024.] Mr AC Seymour (External non-executive member) Mr P Mukheli (External non-executive member) [Appointed as Committee member from 5 June 2023] Mr RG Nicholls (Board member) [Board's representative (non-voting) to the Audit Committee]
Casino Committee	4	3	Mr C Bassuday (Chairperson) Ms C Fani (Member) Mr T Arendse (Member) [Appointed as Committee member from 25 April 2023] Ms L Venter (Member) [Replaced by Mr Arendse 25 April 2023]
Finance & IT Committee	6	3	Mr M Burton (Chairperson) [Appointed as Committee member and Chairperson from 25 April 2023] Mr RG Nicholls (Member) Mr C Bassuday (Member) Mr T Arendse (Member) [Replaced by Mr Burton 25 April 2023]
Horseracing & Betting Committee	4	3	Mr T Arendse (Chairperson) Ms C Fani (Member) [Appointed as Committee member from 25 April 2023] Mr M Burton (Member) [Appointed as Committee member from 25 April 2023] Mr RG Nicholls (Member) [Replaced by Mr Burton 25 April 2023] Mr C Bassuday (Member) [Replaced by Ms Fani 25 April 2023]
Human Capital Committee	4	3	Ms C Fani (Chairperson) Ms A Mvandaba (Member) [Appointed as Committee member from 25 April 2023] Ms L Venter (Member) Mr T Arendse (Member) [Replaced by Ms Mvandaba 25 April 2023]
Licensing Committee	6	3	Mr RG Nicholls (Chairperson) [Appointed as Chairperson from 25 April 2023] Ms A Mvandaba (Member) [Appointed as Committee member from 25 April 2023] Ms L Venter (Member) Ms C Fani (Member) [Replaced by Ms Mvandaba 25 April 2023]

Committee	No. of meetings held	No. of members	Name of members
LPM Committee	6	3	Ms L Venter (Chairperson) Ms A Mvandaba (Member) [Appointed as Committee member from 25 April 2023] Mr M Burton (Member) [Appointed as Committee member from 25 April 2023] Ms C Fani (Member) [Replaced by Ms Mvandaba 25 April 2023] Mr RG Nicholls (Member) [Replaced by Mr Burton 25 April 2023]
Responsible Gambling Committee (RGC)	4	4	Mr T Arendse (Chairperson) Mr C Bassuday (Member) Ms L Venter (Member) Mr RG Nicholls (Member) [Appointed as Committee member from 25 April 2023]

BOARD REMUNERATION ARRANGEMENTS

Board meetings:

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

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

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

CHAIRPERSON:

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

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

VICE CHAIRPERSON:

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

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

ACTING AS CHAIRPERSON:

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

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

Board committees and other events:

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

BOARD MEMBER REMUNERATION

Name	Remuneration - Board meetings	Remuneration - Committee meetings and Other*	Remuneration - Conference attendances	Subsistence allowance	Other re-imbursements	Total member remuneration
	R	R	R	R	R	R
Mr TC Arendse	69 991.04	94 265.99	75 409.10	15 513.98	6 718.86	261 898.97
Mr CA Bassuday	90 074.88	123 917.30	82 230.54	27 938.83	7 316.19	331 480.74
Mr M Burton	59 992.32	92 433.98	34 995.52	4 069.01	3 448.27	194 939.10
Ms C Fani	59 992.32	59 621.34	41 450.94	4 069.01	3 570.62	168 704.43
Ms A Mvandaba	49 993.60	36 666.13	4 999.36	-	1 457.11	93 116.20
Mr RG Nicholls	69 991.04	95 564.84	43 900.63	4 069.01	3 162.58	216 688.10
Ms L Venter	59 992.32	77 542.14	81 133.36	18 403.56	7 485.59	244 556.97
Total	460 027.52	580 011.92	364 122.45	74 063.40	33 159.22	1 511 384.51

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

STANDING COMMITTEE RESOLUTIONS RESULTING FROM THE 2022/23 ANNUAL REPORT

There were no resolutions from the Public Accounts Committee (PAC) at the meeting held on 1 December 2023.

STANDING COMMITTEE ON FINANCE, ECONOMIC OPPORTUNITIES AND TOURISM RESOLUTIONS RESULTING FROM THE 2022/23 ANNUAL REPORT		
Date of resolution	Details	Implementation progress
26 October 2023	1.1.2 A detailed report from the Western Cape Gambling and Racing Board on the technical innovations that would pose any risks in the gambling sector, and the type of regulations this would require.	Implemented.

5. RISK MANAGEMENT

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

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

The Board's objectives in managing risk include:

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

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

The Board's appointed risk management officer is vested in the senior administrative officer in the office of the Chief Financial Officer and is responsible for the administration of the risk register and quarterly risk reports. The Risk Management Committee consists of the full Executive Committee. The Risk Management Committee meets quarterly to table the Board's key strategic risks and any emerging risks identified as well as the status of mitigating action plans. Key strategic risks, mitigating actions, as well as emerging risks identified are reported to the Audit Committee and the FIT Committee quarterly. All FIT Committee and Audit Committee meetings are attended by the Chief Executive Officer, the Chief Financial Officer and the risk officer who formally report to the committee at each meeting.

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

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

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

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

Strategic Risks	Mitigating Controls
SR1: Inability of the Entity to perform its mandate.	1. Funding in terms of the PFMA. 2. Adequate budget process (resource planning). 3. The PT legal services issued opinion-confirming timelines for timely appointment of Board Members. 4. Status of Board member appointments is discussed at the GLC. 5. Board employs rescheduling of meetings and in emergencies, round robin processes to ensure that the Board remains effective. 6. Full complement of Board Members with three members' terms extended to 31 March 2024 and two new members appointed for four years.

Strategic Risks	Mitigating Controls
SR2: Ineffective and inefficient Entity.	1. Reviewing the Act when necessary and make submissions to the PT and Minister recommending amendments to the Act as and when warranted. 2. Engagement with licence holders to clarify legislation interpretation. 3. Legal advice/opinions when necessary. 4. Status of Board member appointments is discussed at the GLC. 5. Funding in terms of the PFMA. 6. Adequate budget process (resource planning). 7. Multi-tier review process. 8. Implementation of the workplace skills plan (WSP). 9. Interrogation and review of information by various Sub-Committees of the Board. 10. Stakeholder engagements where necessary. 11. The WSP, training, conferences, national forums. 12. Quarterly engagement between Minister and the WCGRB Chairperson.
SR3: Ineffective and inefficient utilisation of the entity's resources.	1. The WSP, training, conferences, national forums. 2. Proper planning and Budgetary processes. 3. Regular staff engagements. 4. Temporary employees employed to assist. 5. Structure workload to alleviate excessive periods.
SR4: Loss of stakeholder trust.	1. Continuous relevant interaction with Stakeholders. 2. Public engagements.
SR5: Disruption to critical business operations.	1. Business continuity management plan in place to sustain the operation of critical business services following a disaster or adverse event. 2. Business continuity plan reviewed for all the WCGRB business operations in response to disruptions.
SR6: Non-compliance with legislative prescripts.	1. Regular review, consultation and approval of Policies and procedures with stakeholders. 2. Legal department subscribes to legal publications. 3. National and Provincial Treasury communicates practice notes and circulars. 4. Development of new policies in consultation with stakeholders. 5. Induction to new staff and board members. 6. Communication and workshop of new policies and policy changes. 7. Internal Policies published on the Intranet and external policies published on the Internet. 8. Participation in industry and regulatory fora. 9. Training and workshops on policies and legislation.
SR7: Unable to secure habitable office accommodation.	1. Assistance obtained from DOI to project manage fit out of the new building. 2. Project plan for Fit out of Building developed and provided by the DoI. 3. Funds available.
SR8: Unsuitable persons are recommended for licensing.	1. Declaration of interest process. 2. Work Skills Plan identifies training needs for staff. 3. Use of internal and external verification sources. 4. Standard operating procedures. 5. Multiple-tier review process.

Strategic Risks	Mitigating Controls
SR9: Inability to detect non-compliance with legislative provisions and regulatory requirements.	1. Attendance at industry specific conferences, workshops and training forums, both nationally and internationally. 2. Staff declarations of interest. 3. Adherence to the Departmental SOP and HR policies. 4. Regular meetings with Chiefs after audits. 5. Multiple-tier review process. 6. Regular engagement with industry stakeholders.
SR10: Inability to detect and close down illegal gambling operations.	1. Regular engagement with enforcement agencies. 2. Attendance at Enforcement Forum meetings. 3. Training provided to Enforcement officials where required. 4. Network of Confidential Informers. 5. Annual Enforcement Workshop. 6. Follow-up on allegations of illegal gambling. 7. Public awareness programmes.
SR11: ICT systems and solutions are not functional, reliable, innovative and secure.	1. Proper planning, budget (includes Financial and Human Resources), capacity (number of staff) and skilled resources. 2. Implemented security controls. 3. Implemented policies and procedures. 4. Ongoing monitoring, administration, and managing of the ICT environment. 5. Implemented the ICT DRP, Generator and the UPS capabilities. 6. Continuous attending training, seminars, meetings for talent development. 7. Reporting to oversight Committees on the ICT developments. 8. Implementation of Cyber security review recommendations. 9. Established relationships with Original Equipment Manufacturer (OEM) for any equipment requirements / failures / logistics.

6. INTERNAL CONTROL UNIT

The Board does not have an in-house Internal Audit Unit but outsources this function to firms with appropriate experience and holders of professional membership with the Institute of Internal Auditors or The Independent Regulatory Board for Auditors. The Board appointed MNB Chartered Accountants as its Internal Auditors until 31 July 2025.

7. INTERNAL AUDIT AND AUDIT COMMITTEE

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

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

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

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

International Standards for the Professional Practice of Internal Auditing (IIA) 1312 requires an external assessment to be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Board's internal audit function has been assessed in accordance with Standard 1312 during the 31 March 2022 financial year. The recommendations resulting from this assessment are in the process of being implemented.

The Audit Committee members' meeting attendance is presented below:

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
1. Mr L Nene [Appointed from 17 February 2021 until 16 February 2024] [Re-appointed as member 13 March 2024]	6 of 8
2. Mr P Mukheli [Appointed from 5 June 2023 until 8 June 2026]	3 of 5
3. Mr A Seymour [Appointed from 1 March 2022 until 28 February 2025]	8 of 8

Name	Qualifications	Internal or external	If internal, position in the Board	Date appointed	Date resigned	No. of meetings attended
Mr L Nene	Bachelor of Commerce – BCom (Accounting)	External	Not applicable	17 February 2018 13 March 2024 (Re-appointed)	Not applicable	6
Mr P Mukhele	B. Compt. Hons CA(SA)	External	Not applicable	5 June 2023	Not applicable	3
Mr A Seymour	B. Compt. Hons CA(SA)	External	Not applicable	1 March 2022	Not applicable	8

8. COMPLIANCE WITH LAWS AND REGULATIONS

The Board implements policies and processes to ensure compliance with all relevant compliance laws and regulations. The Board has identified the laws and regulations that it is obliged to comply with and has implemented a framework to ensure compliance by all its staff with all these laws and regulations.

The Board's Legal Services Department subscribes to various online Law Services Institutions, which provides notifications of new or amended legislation and provides a platform for identifying judgments in various court cases. The Legal Department identifies changes via these subscriptions and notifies employees of the change and any analysis thereof. For the 2023/2024 financial year, the Board was not sanctioned for any contraventions of any Laws or Regulations.

9. FRAUD AND CORRUPTION

The Board has implemented a Fraud and Anti-corruption policy, which was reviewed for the year under review. The procedures include a national hotline and an anonymous reporting box. The Board's Fraud and Anti-Corruption Committee is set to review any reported incidences of fraud and the Office of the Board reports on any reported incidences to the Finance and IT Committee and the Audit and Risk Committee.

10. MINIMISING CONFLICT OF INTEREST

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

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

The Board continues with its efforts to ensure independence as well as to be viewed as independent. All transactions are done at arm's length while the industry is fully aware of the Board's practice of not accepting gifts and therefore is no longer offering it to the Board. The Auditor-General also tests for any conflict of interest with the annual audit.

11. CODE OF CONDUCT

The Code of Conduct is central to the Board achieving its mission to inspire public confidence and trust and to provide a stable, just, consistent, and effective regulatory environment. The Code requires the delivery of high standards by guiding Board employees and Board members towards best practice and continued improvement in standards. Compliance with the Code of Conduct is strictly enforced and monitored, and any breaches thereof are dealt with in terms of the Board's disciplinary code and procedure.

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

12. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

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

13. COMPANY SECRETARY

The Board does not have a Company Secretary. However, Mr Brink is appointed as Board Secretary.

14. SOCIAL RESPONSIBILITY

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

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

15. AUDIT AND RISK COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2024.

Audit and Risk Committee members and attendance

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

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
1. Mr L Nene [Appointed from 17 February 2021 until 16 February 2024] [Re-appointed as member 13 March 2024]	6 of 8
2. Mr P Mukheli [Appointed from 5 June 2023 until 8 June 2026]	3 of 5
3. Mr A Seymour [Appointed from 1 March 2022 until 28 February 2025]	8 of 8



*Mr A Seymour
Chairperson of the
Audit and Risk Committee*

During the 2023/24 financial year, eight meetings were held and member's attendance is tabulated above.

Audit and Risk Committee Responsibility

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

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

Meetings

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

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

The Effectiveness of Internal Control

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

The system of controls is designed to provide cost-effective assurance to ensure that assets are safeguarded and that liabilities and working capital are efficiently managed. The system applied by the WCGRB for financial risk and risk management is effective, efficient and transparent.

In line with the Public Finance Management Act and the King IV Report on Corporate Governance requirements, Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements of the controls and processes.

No material deficiencies in the system of internal control were identified in reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, and the management report of the Auditor-General of South Africa.

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

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

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

- Review of draft Annual Financial Statements 2022/23;
- Review of Performance Information on Predetermined Objectives (PDOs);
- Follow-up work on previous internal and external audit findings;
- Business Continuity Management;
- Cyber Security Risk Review;
- Supply Chain Management Review;
- Revenue Audit;
- Review of the IT Department;
- Review of the Regulatory Compliance Department;
- Review of activities of the Western Cape Racing and Gambling Board (WCRGB);
- Review of the office of the Chief Executive Officer;
- Review of the Licensing Department;
- Review of the Administration and Finance Department;
- Review of the Legal Division; and
- Review of Human Resource Division

In-Year Management and Quarterly Report

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

Finance Function

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

The Committee further reviewed and was satisfied that the expertise within the finance function was appropriate and effective. The Committee expressed its concerns to the Board with the current capacity and resource constraints of the finance function relative to the needs of the WCRGB and understand that the matter has been escalated by the Board to the Executive Authority.

Combined Assurance

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

The Internal Audit Plan is compiled using a risk-based methodology, in consultation with management. In addition, internal and external auditors work in a collaborative manner. For the 2023/2024 financial year, the Committee has considered the risks presented by management. The Committee evaluated and approved the plans of the internal audit function, the external auditors, and the outcome of the audit work performed.

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

Evaluation of Financial Statements

We have:

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

Internal auditors

The Committee has considered the independence and effectiveness of the internal audit function. The Committee has reviewed and approved the Internal Audit Charter and the Internal Audit Plan for 2024 and is satisfied, through the declarations made by the internal auditors, that the assurances provided to the Committee are aligned to the Code of Ethics of the Institute of Internal Auditors.

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

External auditors

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

The Committee recommended the approval of the audit strategy for the 2024 audit by the Board. The Committee has also evaluated the performance and conduct of the external auditors for the reporting period and is satisfied with the quality of the external audit function.

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

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



Mr A Seymour

Chairperson of the Audit Committee
Western Cape Gambling and Racing Board
Date: 31 July 2024

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

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

GOVERNANCE

Notes



PART D:
Human Resource Management

1. INTRODUCTION

The Board has an approved structure of one hundred and nine (109) employees. Currently, 74 of these positions are funded, with 65 positions being occupied and 9 positions remaining vacant as of 31 March 2024. The additional posts were created as a result of the review of the organisational structure. The Board requires funding to implement the results of the review.

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

OVERVIEW OF THE BOARD'S HUMAN RESOURCE (HR) MATTERS

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

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

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

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

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

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

Employee performance management framework

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

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

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

Employee wellness programmes

The Western Cape Gambling and Racing Board acknowledges its responsibility towards preventing and/or mitigating the psychosocial stress and personal challenges of its employees (including their families) and is therefore committed to promoting and maintaining healthy lifestyles. It recognises the risk associated with employees' personal and work-related problems both for the individual employee

and for the organisation. Organisational consequences of such problems are understood to include heightened absenteeism, lowered productivity and morale, high staff turnover and the risk for incapacity.

Through the establishment of the Employee Well-being Programme (EWP) the organisation is also committed to creating a caring and supportive working environment that is people-centred and people-driven. The programme is aimed at assisting employees to overcome some of their personal, emotional and social challenges that may impede on their work performance and well-being. The Programme is monitored through quarterly and annual utilisation reports that provide a trend analysis of utilisation of services (i.e. 24/7/365 telephonic counselling service, e-care, face-to-face counselling, trauma and critical incidents, et cetera.), risk identification and its impact on productivity, and recommendations on targeted interventions.

Policy development

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

Human resource policies are developed through a process of consultation with relevant stakeholders to ensure wide participation and buy-in. During the year under review, the division reviewed the Whistle-blowing policy, Guideline on attendance of events, Employment Equity Policy and Rotation policy,

Achievements

During the year under review, the division assisted with:

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

Challenges

The lack of resources remains a significant concern. The existing organisational structure has predominantly remained the same since the inception of the Board in 1997, although the gambling industry has expanded year on year. To address this, the Board appointed a service provider to assess its structure, and the resources needed to effectively serve its mandate. This exercise has been completed and approved by the Board. However, the Board needs financial resources to fund the implementation of the recommendations.

Furthermore, the Board's flat structure does not leave much room for career development. After significant efforts, time, and resources spent on training to develop employees, employees leave the Board to seek better opportunities. This results in expertise exiting the Board. Another contributing factor to staff turnover within the organisation is the Board's remuneration levels, which is below the industry average for similar positions. For example, four officials who left the organisation during the reporting period were lured by higher salaries offered at the City of Cape Town, other regulatory authorities and educational entities.

Future HR plans/goals

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

- Continuous professional development and training to equip employees with the necessary technical competencies to perform their functions;
- The attraction and retention of people with the skills necessary to add value to the organisation;

HUMAN RESOURCE MANAGEMENT

- Address the under-representation of designated groups in line with the new EE Plan;
- Creating and maintaining a safe working environment;
- Creating a performance-oriented environment;
- Creating a caring and supportive working environment that is people centred and people driven through the Employee Wellness Programme;
- Improve efficiency in HR processes;
- Implementation of organisational and leadership culture change plan; and
- On-going review of HR policies.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

2.1 Personnel-related expenditure

Personnel Cost by programme

Programme	Total Expenditure for the entity (R' 000)**	Personnel Expenditure (R' 000)	Personnel Exp. as a % of total exp.	No. of Employees	Average personnel cost per Employee (R' 000)
Administration*	57 516	17 107	17%	44	389
Licensing	14 777	14 512	15%	22	660
Regulatory compliance	17 934	16 723	17%	24	697
ICT	8 275	3 198	3%	5	640
TOTAL	98 502	51 540	52%	95	543

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

* Administration programme includes the Board, the Administration and Finance Department, Executive Management and fourteen (14) temporary workers.

Personnel cost by salary band

Level	Personnel Expenditure (R' 000)**	% of Personnel Exp. to total personnel cost	No. of Employees	Average Personnel cost per Employee (R' 000)
Top management	1 760	4%	1	1 760
Senior management	7 453	16%	4	1 863
Professional qualified	9 558	20%	11	869
Skilled	23 605	49%	33	715
Semi-skilled	5 644	12%	16	353
Unskilled	-	0%	-	-
TOTAL	48 020		65	

** Excludes Board members' remuneration of **R1 511 386**, housing allowance of **R 1 161 558**, remuneration of temporary workers of **R1 271 969** and net salary accruals/provisions of **R326 878**.

Performance Rewards

No Performance Bonuses were paid for the 2023/24 financial year.

Training Costs

Programme	Personnel Expenditure (R'000)**	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of Employees trained	Avg. training cost per Employee ('000)
Board	1 501	0	0.00%	0	0
Executive	9 125	42	0.46%	11	4
Administration & Finance	6 579	56	0.85%	8	7
Regulatory compliance	16 723	301	1.80%	23	13
Licensing	14 512	92	0.63%	21	4
ICT	3 198	26	0.81%	5	5
TOTAL	51 638	517	1.00%	68	8

** Personnel Expenditure as disclosed in Note 22 to the financial statements.

The total number of employees trained includes three temporary workers. The training expenditure includes financial assistance for part-time studies

Employment and vacancies

Programme	2022/23 No. of Employees	2023/24 Approved Posts	2023/24 No. of Employees	2023/24 Vacancies	% of Vacancies
Administration	8	10	6	4	40%
Executive	7	7	7	-	-
Management	7	7	5	2	29%
Regulatory compliance	22	24	22	2	8%
Licensing	21	22	21	1	5%
ICT	4	4	4	-	-
TOTAL	69	74	65	9	12%

Level	2022/23 No. of Employees	2023/24 Approved Posts	2023/24 No. of Employees	2023/24 Vacancies	% of Vacancies
Top management	1	1	1	-	-
Senior management	6	6	4	2	33%
Professional qualified	11	13	11	2	15%
Skilled	35	36	33	3	8%
Semi-skilled	16	18	16	2	11%
Unskilled	-	-	-	-	0%
TOTAL	69	74	65	9	12%

Efforts are currently underway to fill vacant positions. Internal staff are currently acting in senior management positions. The position of Manager of Legal Services has now been vacant for a period of two months, while the Head of the Department of Licensing has been vacant for at least six months. The positions of Head of the Department for Licensing and the Supply Chain Officers had to be re-advertised because the initial advertisement did not attract suitably qualified candidates.

Employment changes

Level	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	1	-	-	1
Senior management	6	-	2	4
Professional qualified	11	-	-	11
Skilled	35	1	3	33
Semi-skilled	16	-	-	16
Unskilled	-	-	-	-
TOTAL	69	1	5	65

Reasons for staff leaving

Reason	Number	% Total no. of staff leaving
Death	-	-
Resignation	5	100%
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of contract	-	-
Other	-	-
Total	5	100%

The Board's flat structure provides limited opportunities for career development. After significant efforts, time and resources spent on training to develop employees, employees leave the employment of the Board to seek better opportunities. Another contributing factor to staff turnover within the organisation is the Board's remuneration levels, which is below the industry average for similar positions. Currently, efforts are underway to fill the vacant positions through the recruitment and selection process.

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal warning	-
Written warning	-
Final written warning	-
Dismissal	-
TOTAL	-

Equity Target and Employment Equity Status

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	-	-	1	1	-	-	-	-
Senior management	-	1	2	1	-	-	-	1
Professional qualified	2	3	-	3	-	-	4	1
Skilled	5	8	12	9	1	-	3	3
Semi-skilled	3	4	2	4	-	-	-	1
Unskilled	-	-	-	-	-	-	-	-
TOTAL	10	16	17	18	1	-	7	6

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	-	-	-	-	-	-	-	-
Senior management	-	1	1	1	-	-	-	-
Professional qualified	1	2	2	2	-	-	2	1
Skilled	4	7	8	8	-	-	-	3
Semi-skilled	2	3	8	4	-	-	2	1
Unskilled	-	-	-	-	-	-	-	-
TOTAL	7	13	19	15	-	-	4	5

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

HUMAN RESOURCE MANAGEMENT

The WCGRB acknowledges that its workforce needs to be broadly representative of the demographics of the people of the Western Cape. To achieve this, employment equity targets are taken into consideration during the Recruitment and Selection process. Currently, African Males and Females are underrepresented. In an effort to attract a wide and diverse pool of candidates, all vacant positions are advertised both internally and externally. The appropriate media for advertising (inclusive of the internet) is selected with the aim to attract the specific target market nationally.

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



PART E:
PFMA Compliance Report

PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	0	0
Adjustment to opening balance	0	0
Opening balance as restated	0	0
Add: Irregular expenditure confirmed	0	0
Less: Irregular expenditure condoned	0	0
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable	0	0
Less: Irregular expenditure not recoverable and written off	0	0
Closing balance	0	0

Reconciling notes

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure that was under assessment	0	0
Irregular expenditure that relates to the prior year and identified in the current year	0	0
Irregular expenditure for the current year	0	0
Total	0	0

b) Details of irregular expenditure (under assessment, determination, and investigation)

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure under assessment	0	0
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	0	0
Total	0	0

c) Details of irregular expenditure condoned

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure condoned	0	0
Total	0	0

d) Details of irregular expenditure removed - (not condoned)

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure not condoned and removed	0	0
Total	0	0

e) Details of irregular expenditure recoverable

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure recoverable	0	0
Total	0	0

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure written off	0	0
Total	0	0

Additional disclosure relating to Inter-Institutional Arrangements**g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for the non-compliance)**

Description
None.
Total

h) Details of irregular expenditure where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)

Description
None.
Total

i) Details of disciplinary or criminal steps taken as a result of irregular expenditure

Description
No irregular expenditure occurred for the 2022/23 and 2023/24 financial years.

PFMA COMPLIANCE REPORT

1.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	-	-
Adjustment to opening balance	-	-
Opening balance as restated	-	-
Add: Fruitless and wasteful expenditure confirmed	10	-
Less: Fruitless and wasteful expenditure recoverable	(10)	-
Less: Fruitless and wasteful expenditure not recoverable and written off	-	-
Closing balance	-	-

Fruitless and wasteful expenditure relates to the payment of conference registration fees where the conference was not attended. The amount of R9 614 was included in receivables as at 31 March 2024 and was paid to the Board subsequent to year-end.

Reconciling notes

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	0	0
Fruitless and wasteful expenditure that relates to the previous year and identified in the current year	0	0
Fruitless and wasteful expenditure for the current year	10	0
Total	10	0

b) Details of fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	0	0
Fruitless and wasteful expenditure under investigation	0	0
Total	0	0

c) Details of fruitless and wasteful expenditure recoverable

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure recoverable	10	0
Total	10	0

Fruitless and wasteful expenditure relates to the payment of conference registration fees where the conference was not attended. The amount of R9 614 was included in receivables as at 31 March 2024 and was paid to the Board subsequent to year-end.

d) Details of fruitless and wasteful expenditure not recoverable and written off

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure written off	0	0
Total	0	0

e) Details of disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken
None.

1.3. Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii))**a) Details of material losses through criminal conduct**

Material losses through criminal conduct	2023/2024	2022/2023
	R'000	R'000
Theft	0	0
Other material losses	0	0
Less: Recoverable	0	0
Less: Not recoverable and written off	0	0
Total	0	0

b) Details of other material losses

Nature of other material losses	2023/2024	2022/2023
	R'000	R'000
None	0	0
Total	0	0

c) Other material losses recoverable

Nature of losses	2023/2024	2022/2023
	R'000	R'000
None	0	0
Total	0	0

d) Other material losses not recoverable and written off

Nature of losses	2023/2024	2022/2023
	R'000	R'000
None	0	0
Total	0	0

PFMA COMPLIANCE REPORT

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Nature of losses	Number of invoices	2022/2023
		R'000
Valid invoices received	501	41 313
Invoices paid within 30 days or agreed period	492	41 224
Invoices paid after 30 days or agreed period	9	89
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	0
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

Invoices paid after 30 days were due to the following reasons:

- The Office awaited clarity in respect of pricing.
- Payments were only made after goods or services were received/rendered.
- The Office awaited a credit note before payment was made.
- The Office awaited confirmation of bank details before payments were made.

3. SUPPLY CHAIN MANAGEMENT

3.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Twelve (12) month IBM subscription	International Business Machines Corporation South Africa	State Information Technology Agency Framework Agreement	ITRFQ 032324	1 031
Lease of office accommodation	Spear Reit Limited (Pty) Ltd	Limited Bid: Single Source	EXRFQ 032324	1 729
Acquisition of new office accommodation	Colam Property Portfolio (Pty) Ltd	Limited Bid: Single Source	EXRFQ 012324	23 300
Total				28 060

3.2. Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value R'000	Value of previous contract expansion/s or variation/s (if applicable) R'000	Value of current contract expansion or variation R'000
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There were no contract variations and expansions which exceeded 15% of the original contract value or exceeded the amount of R15 million.



PART F:

Financial Information

1. Report of the Auditor General

Report of the auditor-general to the Western Cape Provincial Parliament on Western Cape Gambling and Racing Board**Report on the audit of the financial statements****Opinion**

1. I have audited the financial statements of the Western Cape Gambling and Racing Board set out on pages 98 to 152, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Western Cape Gambling and Racing Board as at 31 March 2024 and its financial performance and cash flows for the year ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act No. 1 of 1999 (PFMA).

Basis for opinion

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

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 39 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the public entity, and for the year ended, 31 March 2024.

Material impairment – property, plant and equipment

8. As disclosed in note 9 to the financial statements, land and buildings carried using the revaluation model were revalued in the current year resulting in the recognition of a material impairment loss of R4 297 946. The revaluation is done every three years.

Responsibilities of the accounting authority for the financial statements

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

1. Report of the Auditor General

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

11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. 1A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located on pages 92 to 95, forms part of this auditor's report.

Report on the annual performance report

13. 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.
14. I selected material performance indicators related to programme 2: licencing and programme 3: regulatory compliance presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest, namely:
 - Percentage of new applications, in respect of employee licences (key and gambling) linked to licensed operators received, processed within 30 days of receipt.
 - Percentage of renewal applications received processed on or before the date of expiry of the licence.
 - Number of compliance assessments conducted.
 - Percentage of investigations initiated within 30 days of allegations of illegal gambling received by the Board.
15. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
16. I performed procedures to test whether:
 - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives;
 - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included;
 - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements;
 - the targets can be 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 those 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; and
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
17. I performed the procedures to report material findings only and not to express an assurance opinion or conclusion.

FINANCIAL INFORMATION

1. Report of the Auditor General

Western Cape Gambling and Racing Board
Annual Financial Statements for the year ended 31 March 2024

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

Other matter

19. I draw attention to the matter below.

Achievement of planned targets

20. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievements.
21. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 39 to 40.

Programme 3: Regulatory Compliance

<i>Targets achieved: 50%</i> <i>Budget spent: R 17 933 866</i>		
Key indicators not achieved	Planned target	Reported achievement
Adoption and publication of responsible gambling measures for implementation by industry.	1	0
Adoption of rules and Requests for Proposals / Applications for new modes of gambling	1	0
Adoption of LPM Rules applicable to the operation of Type B LPM Sites.	1	0

Report on compliance with legislation

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

Other information in the annual report

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

FINANCIAL INFORMATION

Western Cape Gambling and Racing Board
Annual Financial Statements for the year ended 31 March 2024

1. Report of the Auditor General

28. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

29. I have nothing to report in this regard.

Internal control deficiencies

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

31. I did not identify any significant deficiencies in internal controls.

Auditor-General

Cape Town
31 July 2024



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

I also:

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

Communication with those charged with governance

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

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

FINANCIAL INFORMATION

1. Report of the Auditor General

Western Cape Gambling and Racing Board
Annual Financial Statements for the year ended 31 March 2024

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)(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); Section 57(b);
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a) 16A6.2(b); Regulation 16A6.3(a); 16A6.3(b); 16A6.3(c); Regulation 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; Regulation 16A7.1; 16A7.3; 16A7.6; 16A7.7; Regulation 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; Regulation 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; Regulation 31.1.2(c); 31.2.1; Regulation 33.1.1; 33.1.3
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
CIDB Regulations	CIDB regulation 17; 25(1); 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)

FINANCIAL INFORMATION

1. Report of the Auditor General

Western Cape Gambling and Racing Board
Annual Financial Statements for the year ended 31 March 2024

Legislation	Sections or regulations
Preferential Procurement Regulations, 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; Paragraph 10.1; 10.2 Paragraph 11.1; 11.2
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
Second amendment of National Treasury Instruction No. 05 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 2.1; 3.1(b)

FINANCIAL INFORMATION

1. Report of the Auditor General

Western Cape Gambling and Racing Board
Annual Financial Statements for the year ended 31 March 2024

Legislation	Sections or regulations
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6

FINANCIAL INFORMATION

2. Annual Financial Statements

Western Cape Gambling and Racing Board
Annual Financial Statements for the year ended 31 March 2024

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Regulating gambling industry
Board members	Mr CA Bassuday Ms C Fani Mr RG Nicholls Mr TC Arendse Ms L Venter Mr M Burton Ms AN Mvandaba
Business address	24 Fairway Close Parow Cape Town Republic of South Africa 7500
Postal address	PO Box 8175 Roggebaai 8012
Bankers	Nedbank
Auditors	Auditor General (SA)
Secretary	Heinrich Brink

FINANCIAL INFORMATION

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Western Cape Gambling and Racing Board
Annual Financial Statements for the year ended 31 March 2024

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

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PA Abrahams
for the Western Cape Gambling and Racing Board

FINANCIAL INFORMATION

Western Cape Gambling and Racing Board
Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Position as at 31 March 2024

Figures in Rand	Note(s)	2024	2023
Assets			
Current Assets			
Cash and cash equivalents	3	39 716 857	62 486 245
Inventories		70 267	55 318
Prepayments	4	1 218 740	1 068 132
Receivables from exchange transactions	5	1 569 096	1 605 472
Receivables from non-exchange transactions	6	81 903 597	44 464 729
Cash and cash equivalents - Trust funds (securities)	7	43 302 835	31 040 211
Cash and cash equivalents - Trust funds (trust)	7	15 455 938	13 645 263
Cash and cash equivalents - ILSF Housing Fund	8	653 809	519 612
		183 891 139	154 884 982
Non-Current Assets			
Property, plant and equipment	9	26 256 689	5 149 545
Intangible assets	10	4 209 082	4 598 593
Prepayments	4	400 904	183 107
		30 866 675	9 931 245
Total Assets		214 757 814	164 816 227
Liabilities			
Current Liabilities			
Trust creditors (securities)	7	43 302 835	31 040 211
Trust creditors (probity costs)	7	13 680 093	11 349 824
Payables from exchange transactions	11	1 110 242	669 322
Taxes and transfers payable	12	112 895 618	73 461 057
Provisions	13	682 117	600 000
Employee Benefits	14	4 706 432	4 641 198
		176 377 337	121 761 612
Non-Current Liabilities			
Employee Benefits	14	4 520 000	4 876 000
Total Liabilities		180 897 337	126 637 612
Net Assets		33 860 477	38 178 615

FINANCIAL INFORMATION

Statement of Financial Performance

Western Cape Gambling and Racing Board
Annual Financial Statements for the year ended 31 March 2024

Figures in Rand	Note(s)	2024	2023
Revenue			
Revenue from exchange transactions			
Interest income	15	5 127 003	3 464 133
Operating revenue	16	54 772 178	52 350 777
Rental income	17	449 206	-
Sundry income	18	588 980	197 439
Total revenue from exchange transactions		60 937 367	56 012 349
Revenue from non-exchange transactions			
Transfer revenue			
Government grants	19	21 178 000	25 076 000
Services in-kind	20	4 076 153	5 817 204
Sponsorships received	21	846 500	-
Total revenue from non-exchange transactions		26 100 653	30 893 204
Total revenue		87 038 020	86 905 553
Expenditure			
Amortisation: Intangible assets	10	389 511	392 539
Depreciation: Property, plant and equipment	9	1 451 640	1 292 414
Elimination of illegal gambling operations		5 060	28 600
Employee related costs	22	51 637 611	49 529 820
Finance costs	14	672 000	574 000
General expenses	23	18 455 544	16 377 374
Legal fees		1 195 486	1 302 392
Rental expenses	24	2 676 901	453 268
Travel and subsistence		2 147 786	1 721 994
Total expenditure		(78 631 539)	(71 672 401)
Operating surplus		8 406 481	15 233 152
(Gain)/Loss on disposal of assets		(36 012)	10 737
Actuarial (gains)/losses	14	(1 060 877)	(748 845)
Impairment loss	9	4 297 946	-
Surplus for the year		5 205 424	15 971 260

FINANCIAL INFORMATION

Statement of Changes in Net Assets

Western Cape Gambling and Racing Board
Annual Financial Statements for the year ended 31 March 2024

Figures in Rand

	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2022	21 059 195	21 059 195
Surplus for the year	15 971 260	15 971 260
Retention of surplus funds approved: 31 March 2022	14 951 588	14 951 588
Surplus payable to the Provincial Revenue Fund: 31 March 2023 (see note 27)	(13 803 428)	(13 803 428)
Total changes	17 119 420	17 119 420
Balance at 01 April 2023	38 178 615	38 178 615
Surplus for the year	5 205 424	5 205 424
Surplus payable to the Provincial Revenue Fund: 31 March 2024 (see note 27)	(9 523 562)	(9 523 562)
Total changes	(4 318 138)	(4 318 138)
Balance at 31 March 2024	33 860 477	33 860 477

FINANCIAL INFORMATION

Cash Flow Statement

Western Cape Gambling and Racing Board
Annual Financial Statements for the year ended 31 March 2024

Figures in Rand	Note(s)	2024	2023
Cash flows from operating activities			
Receipts			
Taxes and levies collected	28	1 504 471 761	1 076 758 695
Operating revenue		54 611 717	52 809 051
Government grant		21 178 000	25 076 000
Net receipts for trust funds		14 592 893	14 117 850
Interest income		5 776 276	2 773 816
Sponsorships received		677 000	-
Rental Income		385 320	-
Sundry income		151 879	197 439
		1 601 844 846	1 171 732 851
Payments			
Employee costs		(51 539 500)	(49 527 019)
Suppliers		(20 073 761)	(16 342 754)
Taxes and levies distributed		(1 498 196 202)	(1 068 363 043)
		(1 569 809 463)	(1 134 232 816)
Net cash flows from operating activities	29	32 035 383	37 500 035
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(26 840 282)	(2 872 382)
Proceeds from sale of property, plant and equipment		46 435	6 002
Purchase of other intangible assets	10	-	(21 850)
Net cash flows from investing activities		(26 793 847)	(2 888 230)
Cash flows from financing activities			
Surplus paid to the Provincial Revenue Fund		(13 803 428)	-
Net increase in cash and cash equivalents		(8 561 892)	34 611 805
Cash and cash equivalents at the beginning of the year		107 691 331	73 079 526
Cash and cash equivalents at the end of the year	3	99 129 439	107 691 331

FINANCIAL INFORMATION

Western Cape Gambling and Racing Board
Annual Financial Statements for the year ended 31 March 2024

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand

Statement of Financial Performance

Revenue

Non-tax revenue

Sale of goods and services other than capital assets	48 326 000	2 309 000	50 635 000	54 611 717	3 976 717	(1)
Entity revenue other than sales	1 620 000	3 375 000	4 995 000	6 990 475	1 995 475	(2)
Transfers received						
Departmental transfers	26 862 000	(5 684 000)	21 178 000	21 178 000	-	
Retention of surplus funds	31 525 000	-	31 525 000	31 525 000	-	(3)
Total revenue	108 333 000	-	108 333 000	114 305 192	5 972 192	

Expenses

Compensation of employees	(50 958 000)	(1 200 000)	(52 158 000)	(51 539 500)	618 500	(4)
Goods and services	(23 320 000)	300 000	(23 020 000)	(20 122 312)	2 897 688	(5)
Payments for capital assets	(34 055 000)	900 000	(33 155 000)	(26 840 282)	6 314 718	(6)
Total expenditure	(108 333 000)	-	(108 333 000)	(98 502 094)	9 830 906	

Surplus / (Deficit)

-	-	-	15 803 098	15 803 098	
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Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement

-	-	-	15 803 098	15 803 098	
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Statement of Comparison of Budget and Actual Amounts

The budget and the accounting basis differ. Refer to note 36 for the reconciliation between budget and statement of financial performance.

Refer to note 37 for the differences between budget and actual amounts of preparation and presentation as well as explanations regarding the changes between approved and final adjusted budget, where applicable.

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

Explanations for variances:

1. It is difficult to accurately budget for the Board's own revenue as applications are based on industry demands. New licence applications received and processed exceeded industry demands. Board inspector fees are based on the number of new applications as well as licence renewals in a particular year. Provision is made for an annual inflationary adjustment, which comes into effect in April of each year.
2. The over-collection is mostly due to rental income earned for the year under review; sponsorships received in respect of the Responsible Gambling Summit; Skills Levies Development Fund refunds and repayment of study fees. These income items were not budgeted for. The Board also over-collected on interest earned. This is mostly due to favourable interest rates on the Board's bank balances.
3. The Minister for Finance and Economic Opportunities approved the retention of cash surpluses of R 31.5 million to enable the Board to purchase its own office accommodation. These surpluses related to FY2022 and FY2021. The amount of R31.5 million was therefore retained by the Board during prior years; as such, these cash balances were not received in cash for the year under review. For this reason, the retention of surplus funds has been included as an adjustment in Note 36 as the retention of surplus funds was not recognised in the statement of financial performance for the year under review.
4. The underspending is due to vacancies. As at 31 March 2024, there were six (6) vacancies within the Board. The approved budget makes provision for a full complement of staff. For FY2023/24, an average salary increase of 7.5% was approved and implemented, which was not budgeted for. For the year under review, R1.2 million has been reallocated to compensation of employees to fund the implementation of the 2023 Wage Agreement. The vacancies in the Board also funded the implementation of the salary increases, resulting in an underspending of R618 600 in respect of compensation of employees.
5. The underspending in goods and services relates mostly to professional fees. Funds have been budgeted for the research study on gambling prevalence and problem gambling incidence in the Western Cape. The research commenced in January 2024 and as such, an insignificant amount has been paid to researchers for the period under review. Similarly, funds have been budgeted for consultancy services in respect of the relocation application submitted by one of the casino operators. Due to the timelines of the relocation application process, the budget for consultancy services was not required during FY2024. Savings have also been realised in respect of communication, software licence fees, utilities and legal fees. The budget for these items is based on best estimates, which do not always realise.
6. The Minister for Finance and Economic Opportunities approved the retention of cash surpluses of R 31.5 million to enable the Board to purchase its own office accommodation. Office accommodation has been procured in August 2023 to the amount of R25 300 000. As part of the FY2024/25 Budget, the Minister for Finance and Economic Opportunities has approved the roll-over of funds to the amount of R6 225 000. These funds will be utilised during FY2024/25 for the refurbishment of the office accommodation.

1. Presentation of Annual Financial Statements

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

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

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

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Receivables from exchange transactions

The entity assesses its debtors for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the provincial entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. For amounts due to the Board, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Fair value estimation

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

Provisions

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

Property, plant and equipment, and intangible assets

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

The Board acquired office accommodation in August 2023. In accordance with par 69 of GRAP 17 - Property, plant and equipment, land and buildings are separable assets and are accounted separately, even when they are acquired together. At the time of acquisition, information about the

cost of land and the cost of the building was not separately available. In accordance with par 35 of GRAP 17, the fair value of items of land and buildings is usually determined from market-based evidence by appraisal. Land and buildings were revalued by a member of the valuation profession as at 31 March 2024. As at 31 March 2024, based on the total fair value of the property, land represented 42% of the total fair value, whereas buildings represents 58% of the total fair value. For purposes of cost allocation to land and buildings, the same ratio has been used to allocate the total purchase price to land and buildings as separable assets. 42% of the total purchase price has therefore been allocated to land and 58% of the total purchase price has been allocated to buildings. The allocation of total purchase price to land and building based on the ratio of fair value at year-end is management's best estimate based on the information available.

Post-retirement benefits

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

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

Other key assumptions for post-retirement benefits, such as future salary increases, mortality rates and future pension increases, are based on current market conditions. Additional information is disclosed in Note 14. Due to the long-term nature of the plans, there is significant uncertainty.

Other long-term employee benefits

The present value of other long-term employee benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount for other long-term employee benefits.

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

Other key assumptions for long service awards, such as future salary increase, mortality rates, et cetera are based on current market conditions. Additional information is disclosed in Note 14. Due to the long-term nature of long service awards, there is significant uncertainty.

Impairment of statutory receivables

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures an impairment loss.

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

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

Current employee benefits

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

1.4 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Land and Buildings are carried at revalued amounts less any accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Revaluations are done every 3 years.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

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

Item	Depreciation method	Average useful life
Land	Not applicable	Indefinite
Buildings	Straight-line	50 Years
Motor vehicles	Straight-line	4 - 20 Years
Equipment and furniture	Straight-line	2 - 30 Years
Computers	Straight-line	3 - 25 Years
Computer accessories	Straight-line	2 - 25 Years

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

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 33).

1.5 Intangible assets

An intangible asset is recognised when:

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

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

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

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

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

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

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

Intangible assets are derecognised:

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

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

1.6 Financial instruments

Classification

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

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

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

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition and measurement

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

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

Subsequent measurement of financial assets and financial liabilities

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

- Financial assets at amortised cost, using the effective interest method, less accumulated impairment losses.
- Financial liabilities at amortised cost, using the effective interest method.

Impairment of financial assets

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

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

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

All impairment losses are recognised in surplus or deficit.

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

Reversals of impairment losses are recognised in surplus or deficit.

1.6 Financial instruments (continued)

Derecognition

The Board derecognises a financial asset only when:

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

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

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

Receivables from exchange transactions

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

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

When receivables from exchange transactions are uncollectable, bad debts written off are recognised in operating expenses in surplus or deficit.

Cash and cash equivalents

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

1.7 Statutory receivables

Identification

Recognition

The entity recognises statutory receivables as follows:

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

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Impairment losses

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

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

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

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

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

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

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

Derecognition

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

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

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

1.8 Taxation

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

1.9 Leases

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

Operating leases - lessee

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

1.10 Impairment of cash-generating assets

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

Identification

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

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

Recognition and measurement

An impairment loss is recognised immediately in surplus or deficit.

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

Reversal of impairment loss

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

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

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

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

1.11 Employee benefits

Short-term employee benefits

Short-term employee benefits include items such as:

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

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

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

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

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

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

Post-employment benefits: Defined contribution plans

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

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

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

Post-employment benefits: Defined benefit plans

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

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

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

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

- current service cost;
- interest cost;
- actuarial gains and losses.

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

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

Long service awards

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

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

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

- current service cost;
- interest cost;
- actuarial gains and losses;

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

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

1.12 Provisions and contingencies

Provisions are recognised when:

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

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

Contingent assets and contingent liabilities are not recognised. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable. Contingencies are disclosed in note 35.

1.13 Capital commitments

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

1.14 Revenue from exchange transactions

Measurement

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

Operating revenue consists of:

Board Inspectors' charge out fees

This represents the hourly charge out rate for board inspectors performing probities and application investigations. The revenue is recognised on invoice for the hours the inspectors performed the duties of probity and investigations.

Investigation fees

This represents fees paid by licensed operators in terms of section 44 of the Western Cape Gambling and Racing Act (Act 4 of 1996) as amended. The revenue is recognised on invoice at the granting or renewal of an operator licence.

Licence application fees

This represents a fee payable in terms of section 44 of the Western Cape Gambling and Racing Act (Act 4 of 1996) as amended. The Board also collects national application fees in terms of section 28(1)(a) - (b) of the National Gambling Regulations. The revenue is recognised on invoice at time of application.

LPM Operator fees

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

Interest income

Refer to section 1.16 for the accounting policy on Interest Income.

Rental income

Revenue from rental income is recognised on a straight-line basis over the term of the lease agreement.

Other income

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

1.15 Revenue from non-exchange transactions

Government grants

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

Sponsorships received, including goods in-kind

Sponsorships received, including goods in-kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity, and the fair value of the assets can be measured reliably.

Services in-kind

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

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

1.16 Interest income

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

1.17 Accounting by principals and agents

Identification

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

Assessing which entity benefits from the transactions with third parties

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

Recognition

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

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

1.18 Trust funds

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

1.19 Comparative figures

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

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements or comparative information. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as practicable, and the prior year comparatives are restated accordingly. Refer to Note 38 for the disclosure of comparative figures.

1.20 Fruitless and wasteful expenditure

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

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

1.21 Irregular expenditure

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

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

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

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

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

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

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

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

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

1.22 Segment information

A segment is an activity of an entity:

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

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

Taking the Board's programmes into consideration and the types of internal management reports as well as the annual financial statements, the following can be deduced when assessed against the definition of segment reporting:

- Administration and ICT Programmes are support functions to the entity that do not generate economic benefits and therefore these programmes cannot be seen as segments; and
- Licensing and Regulatory Compliance do generate economic benefits, but reporting is done on an aggregated economic reporting level. Programmes are based on the Board's functional activities of Licensing and Regulatory Compliance with support service departments bearing the cost of a general nature. Accordingly, data is not analysed for allocation to individual departments.

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

1.23 Prepaid expenses

Prepaid expenses are expenses which are paid for in advance.

Prepaid expenses are expenditure paid for in one reporting period, but for which the underlying asset will not be consumed until a future period. When the underlying asset is eventually consumed, it is charged to the statement of financial performance.

1.24 Budget information

The approved budget covers the fiscal period from 2023/04/01 to 2024/03/31.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 37.

1.25 Related parties

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity. A person is considered to be a close member of the family of another person if they:

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

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

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

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

1.26 Events after reporting date

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

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

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

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

1.27 Materiality

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

1.28 Tax and levies collection

The Western Cape Gambling and Racing Act, 1996 (Act 4 of 1996) provides for the imposition of statutory taxes and fees payable by licence holders, as well as administrative penalties for non-compliance. The Board collects gambling taxes and levies on gambling transactions on behalf of the Provincial Revenue Fund and other beneficiaries. Taxes and levies are collected based on the tax arrangements as set out in the Western Cape Gambling and Racing Act. Taxes and levies collected are disclosed in Note 28 and Note 38 to the financial statements.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

The Minister of Finance approved the following Standards of GRAP to become effective for financial periods commencing on or after 1 April 2023:

Standard/Interpretation	Impact on the financial statements
GRAP 25 on Employee benefits (revised 2021), which replaces the previous GRAP 25. The related IGRAP 7 on The Limit on a Defined Benefit Asset, Minimum Funding Requirements, and Their Interaction is also replaced.	The amended GRAP 25 had no significant impact on the financial statements. The financial statements disclosures were updated in respect of the sensitivity analysis for significant assumptions, actuarial gains or losses due to demographic and financial assumptions and lastly, disclosure in respect of the maturity profile of the defined benefit obligation. The Board does not have plan assets and as such, IGRAP 7 is not applicable to the Board's operations.
Amendments to GRAP 1 on Presentation of Financial Statements as a result of the development of guidance on materiality.	Amendments to GRAP 1 had no significant impact on the financial statements.
Improvements to Standards of GRAP, 2020.	The improvement to the Standards of GRAP had no significant impact on the financial statements.
IGRAP 21 on The Effect of Past Decisions on Materiality.	This interpretation had no significant impact on the financial statements.
Guideline on Accounting for Landfill Sites.	Not applicable to the Board's operations.

2.2 Standards and interpretations issued, but not yet effective

The table below outlines the new pronouncements or amendments that are effective for financial periods commencing on or after 1 April 2024.

Standard/Interpretation	Expected impact
GRAP 1: Presentation of Financial Statements (amendments related to going concern)	The expected impact on the financial statements is not significant.
GRAP 103: Heritage Assets (amendments)	No such transactions are expected in the foreseeable future.
IGRAP 22: Foreign Currency Transactions and Advanced Consideration	No such transactions are expected in the foreseeable future.
GRAP 105, GRAP 106 and GRAP 107: Transfer of Functions and Mergers (amendments)	No such transactions are expected in the foreseeable future.
Improvements to Standards of GRAP (2023)	The expected impact on the financial statements is not significant.
Guideline: The Application of Materiality to Financial Statements	The expected impact on the financial statements is not significant.

2.3 Standards and interpretations not yet effective or relevant

In the current year, there were no Standards or Interpretations which are not yet effective but where early adoption is encouraged.

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3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances

39 716 857

30 486 245

Short-term deposits

-

32 000 000

39 716 857

62 486 245

The Board's bank balances are held at Nedbank. The interest rate for funds held in the primary bank account is 7.80% as at 31 March 2024 (31 March 2023: 7.15%).

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

Trust funds (securities) - Refer to Note 7

43 302 835

31 040 211

Trust funds (trusts) - Refer to Note 7

15 455 938

13 645 263

ILSF Housing Fund - Refer to Note 8

653 809

519 612

Cash and cash equivalents (as per above)

39 716 857

62 486 245

99 129 439

107 691 331

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

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

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

4. Prepayments

Annual licence fees: software

1 471 316

1 209 552

Membership fees

35 225

11 923

Subscription fees

30 545

29 543

TV Licence fees

221

221

Conference fees

31 449

-

Repairs and maintenance

50 888

-

1 619 644

1 251 239

As disclosed in the statement of financial position

Current assets

1 218 740

1 068 132

Non-current assets

400 904

183 107

1 619 644

1 251 239

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5. Receivables from exchange transactions

Amounts due in respect of regulation operations

1 305 729

1 426 209

Amounts due in respect of other activities

263 367

179 263

1 569 096

1 605 472

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

Licence application fees

215 705

118 502

Board Inspector's Charge-out fees

245 274

368 200

Investigation fees

401 455

236 771

862 434

723 473

Financial asset receivables included in receivables from exchange transactions above

706 662

881 999

Total receivables

1 569 096

1 605 472

Statutory receivables general information

Transaction(s) arising from statute

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

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

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

Determination of transaction amount

Licence application fees: New licence application fees are set out in "Annexure B: New Licence Application Fees" in the Western Cape Gambling and Racing Regulations (Fees and Costs), 2016: Amendment, 2023.

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

Annual investigation fees: Annual investigation and licence fees are set out in "Annexure C: Annual Licence and Investigation Fees" in the Western Cape Gambling and Racing Regulations (Fees and Costs), 2016: Amendment, 2023.

Interest or other charges levied/charged

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

Discount rate applied to the estimated future cash flows

Statutory receivables are not discounted.

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5. Receivables from exchange transactions (continued)

Receivables past due but not impaired

Relating specifically to Statutory Receivables

Statutory Receivables outstanding for more than 30 days are considered as past due but not impaired. At 31 March 2024, statutory receivables of R223 476 (31 March 2023: R0.00) were past due but not impaired. These relate to existing licence holders with no defaults in the past. All amounts were subsequently recovered.

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

Group 1: 31 - 60 days past due	80 000	-
Group 2: 61 - 90 days past due	85 812	-
Group 3: 91 and over past due	57 664	-
	223 476	-

Credit quality of trade and other receivables

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

Counterparties without external credit rating

Group 1	705 862	881 999
Group 1 – new customer (less 6 months).		

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

Trade and other receivables neither past due nor impaired

Trade and other receivables, which do not represent statutory receivables as at year-end, were neither past due nor impaired (31 March 2023: Rnil).

6. Receivables from non-exchange transactions

Statutory Receivables from non-exchange transactions	81 903 597	44 464 729
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Statutory receivables included in receivables from non-exchange transactions above are as follows:

Annual Licence Fees	134 771	86 260
Gambling Taxes	81 768 826	44 378 469
	81 903 597	44 464 729
Total receivables from non-exchange transactions	81 903 597	44 464 729

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6. Receivables from non-exchange transactions (continued)

Statutory receivables general information

Transaction(s) arising from statute

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

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

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

Determination of transaction amount

Annual licence fees: Annual licence fees are set out in "Annexure C: Annual Licence and Investigation Fees" in the Western Cape Gambling and Racing Regulations (Fees and Costs), 2016: Amendment, 2023.

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

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

Interest or other charges levied/charged

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

Discount rate applied to the estimated future cash flows

Statutory receivables are not discounted.

Statutory receivables past due but not impaired

Statutory receivables outstanding for more than 30 days are considered as past due but not impaired. As at 31 March 2024, statutory receivables of R 11 830 (31 March 2023: R0.00) were past due but not impaired. These relate to existing licence holders with no defaults in the past. All amounts were subsequently recovered.

91 and over past due

11 830

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7. Cash and cash equivalents - Trust funds

	2024	2023
Trust funds (securities)	43 302 835	30 929 898
Trust funds (trusts)	14 237 653	13 214 168
Total	57 540 488	44 144 066
Add: Amount (payable)/receivable to/from current account		
Securities	-	110 313
Trusts	1 218 285	431 095
	58 758 773	44 685 474
Currently disclosed in the financial statements		
Current assets		
Trust funds (securities) - Refer to Note 3	43 302 835	31 040 211
Trust funds (trust) - Refer to Note 3	15 455 938	13 645 263
Total	58 758 773	44 685 474
Current liabilities		
Trust creditors (securities)	43 302 835	31 040 211
Trust creditors (probity costs)	13 680 093	11 349 824
Total	56 982 928	42 390 035
Variance: trust assets and trust liabilities	1 775 845	2 295 439

The variance as indicated above is due to the settlement of outstanding amounts payable by licence holders from monies held in trust for respective licence holders as at the end of reporting period each year.

8. Cash and cash equivalents - ILSF Housing Fund

ILSF Housing Fund	653 809	519 612
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The individual linked savings facility is established in terms of clauses 4.5.6.3 and 4.5.6.4 of the Public Service Co-ordinating Bargaining Council Resolution 7 of 2015.

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

Refer to Note 3 - Cash and cash equivalents.

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9. Property, plant and equipment

	2024			2023		
	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	10 683 801	(1 883 801)	8 800 000	-	-	-
Buildings	14 811 633	(2 611 633)	12 200 000	-	-	-
Motor vehicles	1 772 406	(1 563 292)	209 114	1 772 406	(1 387 867)	384 539
Equipment and furniture	4 549 984	(2 837 760)	1 712 224	3 566 644	(2 467 833)	1 098 811
Computers	5 559 113	(2 329 677)	3 229 436	5 603 000	(2 052 720)	3 550 280
Computer accessories	922 886	(816 971)	105 915	898 695	(782 780)	115 915
Total	38 299 823	(12 043 134)	26 256 689	11 840 745	(6 691 200)	5 149 545

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	-	10 683 800	-	-	(1 883 800)	8 800 000
Buildings	-	14 811 633	-	(197 489)	(2 414 144)	12 200 000
Motor vehicles	384 539	-	-	(175 425)	-	209 114
Equipment and furniture	1 098 811	1 012 840	(1 444)	(397 983)	-	1 712 224
Computers	3 550 280	321 289	(6 479)	(635 654)	-	3 229 436
Computer accessories	115 915	37 591	(2 502)	(45 089)	-	105 915
	5 149 545	26 867 153	(10 425)	(1 451 640)	(4 297 944)	26 256 689

Reconciliation of property, plant and equipment: 2023

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

Pledged as security

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

Restricted title

As at 31 March 2024, the Board did not have property, plant and equipment whose title is restricted.

9. Property, plant and equipment (continued)

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

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

Revaluations

Land and Buildings was revalued on 31 March 2024 by a Professional Valuer in terms of section 20(2)(a) of the Property Valuers Profession Act, 2000.

The market value of Land and Buildings was determined by using active market prices. The Capitalisation of Income approach method has been used to determine the value of the property. Revaluations are done every 3 years.

The valuation has been performed with the following assumptions:

- The property is valued free and clear of any or all liens or encumbrances;
- There are no hidden or unapparent conditions of the property, subsoil, or structures that render it valuable;
- All applicable zoning and use regulations and restrictions have been complied with; and
- The utilisation of the land and improvements is within the boundaries or property lines of the property described and there is no encroachment or trespassing.

Other information

1. As at 31 March 2024, assets with a cost value of R865 039, were fully depreciated. Most of these assets relate to computers (servers) which were replaced during the year under review. These assets will be disposed and removed from the asset register in the new financial year.
2. Refer to Note 32 for capital commitments in respect of property, plant and equipment, where applicable.
3. The Board has reviewed the useful lives of its assets as at 31 March 2024. Refer to Note 42 where the change in estimate is disclosed.

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

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

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to maintain property, plant and equipment is disclosed in note 33 to the financial statements.

Material impairment losses

As disclosed in the reconciliation of property, plant and equipment, the Board recognised a total impairment loss of R4 297 944 in respect of land and building. The impairment loss incurred was brought about by the revaluation of the building. The Board bought the building at a premium; in addition to this, the Board paid non-refundable Value-Added-Taxes to the amount of R3 300 000. As the Board is not a VAT vendor, the non-refundable taxes are not recoverable by the Board and thus resulted in the increased impairment loss on the building.

The Land and Buildings are non-cash generating assets as the Board hold these assets for administrative purposes.

The recoverable service amount of land and building is the fair value less costs to sell. As disclosed under the heading "Revaluations", an independent valuer was used to determine the recoverable service amount.

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10. Intangible assets

	2024			2023		
	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost/ Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	133 287	(101 396)	31 891	133 287	(94 457)	38 830
Internally generated computer software	5 738 574	(1 561 383)	4 177 191	5 738 574	(1 178 811)	4 559 763
Total	5 871 861	(1 662 779)	4 209 082	5 871 861	(1 273 268)	4 598 593

Reconciliation of intangible assets - 31 March 2024

	Opening balance	Amortisation	Total
Computer software	38 830	(6 939)	31 891
Internally generated computer software	4 559 763	(382 572)	4 177 191
	4 598 593	(389 511)	4 209 082

Reconciliation of intangible assets - 31 March 2023

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

Intangible assets in the process of being constructed or developed

As at 31 March 2024, the Board had no intangible assets which are in the process of being developed. None of the intangible assets have been provided as a guarantee for liabilities.

Restricted title

As at 31 March 2024, the Board did not have intangible assets whose title is restricted.

Other information

As at 31 March 2024, the Board did not have any contractual commitments for the acquisition of intangible assets.

Material individual intangible asset

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

The carrying value of the capitalised development costs for the Licensing Automation Project amounted to R 4 177 191 as at 31 March 2024 (31 March 2023: R4 559 763).

The remaining amortisation period of the Licensing Automation Project is 10 years.

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11. Payables from exchange transactions

Accounts payable

1 110 242

669 322

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

12. Taxes and transfers payable

Provincial Revenue Fund (see note 27)

110 060 510

72 593 030

Kenilworth Racing (Betting Levy)

2 835 108

868 027

112 895 618

73 461 057

13. Provisions

Reconciliation of provisions - 2024

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Legal proceedings	600 000	682 117	(356 900)	(243 100)	682 117

Reconciliation of provisions - 2023

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

Legal proceedings provisions

Three licence holders commenced review proceedings on 22 November 2017. The Applicants applied to the Western Cape High Court, Cape Town for the review, setting aside and declaring unlawful and invalid the Board's decision to impose B-BBEE conditions of licence on the Applicants as licence holders. Further, that the Court award costs against any party opposing the Application. Judgement was delivered on 11 December 2019, in favour of the Board. The licence holders applied for Leave to Appeal to the Supreme Court of Appeal, on 30 January 2020. The Applicant's leave to appeal was granted on 15 December 2020. The matter was argued before the Supreme Court of Appeal on 24 May 2022. Judgement was delivered on 24 June 2022. The Appeal was upheld with cost and the order of the Court a quo was set aside. The Bill of Cost was already taxed in the Supreme Court of Appeal and the amount of R356 900 was paid to the applicants during the year under review. Before this matter was finalised, the estimate for the applicants' legal cost was R600 000. The Bill of Cost in the High Court matter amounts to R682 117. The Bill of Cost for R682 117 must still be taxed. The best estimate for the applicants' legal cost as at 31 March 2024 amounts to R682 117.

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14. Employee benefits

Employee Benefits

	2024	2023
Current Liabilities	4 706 432	4 641 198
Non-Current Liabilities	4 520 000	4 876 000
	9 226 432	9 517 198

Current Liabilities - Employee Benefits

Accrual for leave pay	3 258 469	3 245 724
Accrual for bonus	510 154	608 862
Subtotal	3 768 623	3 854 586
Current portion of Post Retirement Medical Aid	88 000	95 000
Current portion of Long Service Awards	196 000	172 000
ILSF: Housing allowance	653 809	519 612
	4 706 432	4 641 198

Non-Current Employee Benefits

Long Service Awards	786 000	829 000
Post-Retirement Medical Aid	4 018 000	4 314 000
Subtotal	4 804 000	5 143 000
Less: Current Liability	(284 000)	(267 000)
	4 520 000	4 876 000

Long service awards

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

The table below sets out the Long Service Award policy:

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

Valuation of assets

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

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14. Employee benefits (continued)

Post-retirement medical aid plan

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

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

The subsidy as at 1 January 2024 was R3 620 per month (R3 402 per month on 1 January 2023) and is expected to increase by 10.58% on 1 January 2025.

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

Opening balance	5 143 000	5 109 000
Net expense recognised in the statement of financial performance	(339 000)	34 000
The amounts recognised in the statement of financial position	4 804 000	5 143 000

Accrued Liability

Long Service Award

Current liability	196 000	172 000
Non-current liability	590 000	657 000

Post-Retirement Medical Aid

Current liability	88 000	95 000
Non-current liability	3 930 000	4 219 000
	4 804 000	5 143 000

Net expense recognised in the statement of financial performance

Current service cost: Long Service Awards*	(96 482)	39 219
Current service cost: Medical Aid Benefit*	146 359	169 626
Interest cost: Long Service Awards	75 000	50 000
Interest cost: Medical Aid Benefit	597 000	524 000
Actuarial loss/(gain) due to demographic assumption changes: Long Service Awards	482	2 781
Actuarial loss/(gain) due to financial assumption changes: Long Service Awards	(22 000)	(91 000)
Actuarial loss/(gain) due to demographic assumption changes: Medical Aid Benefit	(717 359)	74 374
Actuarial loss/(gain) due to financial assumption changes: Medical Aid Benefit	(322 000)	(735 000)
	(339 000)	34 000

*These items are included as part the information disclosed in Note 22 to the financial statements (medical aid - company contributions and long service awards).

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14. Employee benefits (continued)

Key assumptions used

Assumptions used at the reporting date:

Long Service Awards	31 March 2024	31 March 2023
Discount rate	9.98%	8.82%
CPI (Consumer Price Inflation)	5.27%	4.96%
Normal Salary Increase Rate	6.27%	5.96%
Net Effective Discount Rate	3.49%	2.70%
Pre retirement mortality	SA 85 - 90 (light)	SA 85 - 90 (light)

Post-Retirement Medical Aid	31 March 2024	31 March 2023
Discount rate	15.26%	13.50%
Medical CPI (Consumer Price Inflation)	9.58%	8.34%
Medical Aid Contribution Inflation	10.58%	9.34%
Net Effective Discount Rate	4.23%	3.80%

Demographic Assumptions	31 March 2024	31 March 2023
Pre-retirement Mortality	SA 85 - 90 (light)	SA 85 -90 (light)
Post-retirement Mortality	PA (90) rated down 2 years and 1% annual improvement from 2006	PA (90) rated down 2 years and 1% annual improvement from 2006 (PRMA)
Average retirement age	65	65
Proportion with spouse dependent at retirement	85%	85%
Continuation of membership at retirement	80%	80%

14. Employee benefits (continued)

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

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

Promotional Salary Increase Rates

The following promotional salary increases were assumed:

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

14. Employee benefits (continued)

Withdrawal Decrements: Long Service Awards

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

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

Withdrawal Decrements: Post-Retirement Medical Aid

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

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

Early Retirement: Long Service Awards

The assumed rates of early retirement is set out below:

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

Sensitivity Analysis

The results of the valuation are dependent on the assumptions used. The tables below outline firstly how the accrued liability as at 31 March 2024 is impacted by changes in the assumptions and secondly how the income statement expenses (interest and service cost) are impacted by changes in assumptions.

14. Employee benefits (continued)

Post - Retirement Medical Aid

Mortality Rates

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

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

	-20% Mortality Rate	Valuation Assumption	+20% Mortality Rate
Total Accrued Liability	R 4 347 000	R 4 018 000	R 3 738 000
Interest Cost	R 680 000	R 627 000	R 582 000
Service Cost	R 197 000	R 180 000	R 166 000

Medical aid inflation

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

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

	- 1% Medical aid inflation	Valuation Assumption	+1% Medical aid inflation
Total Accrued Liability	R 3 817 000	R 4 018 000	R 4 171 000
Interest Cost	R 595 000	R 627 000	R 652 000
Service Cost	R 169 000	R 180 000	R 188 000

Discount rate

The value of the liability is directly dependent on the level of the discount rate used to discount the future expected cash flows. If the discount rate is higher, the present value of the liability will be lower and vice versa.

The table below illustrates the effect of a 1% change in the discount rate assumption. The effect is as follows:

	- 1% Discount rate	Valuation Assumption	+1% Discount rate
Total Accrued Liability	R 4 716 000	R 4 018 000	R 3 456 000
Interest Cost	R 740 000	R 627 000	R 537 000
Service Cost	R 221 000	R 180 000	R 149 000

14. Employee benefits (continued)

Long Service Awards

Withdrawal rate

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

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

	-20% Withdrawal rate	Valuation Assumption	+20% Withdrawal rate
Total Accrued Liability	R 802 000	R 786 000	R 770 000
Current Service Cost	R 73 000	R 71 000	R 69 000
Interest Cost	R 78 000	R 76 000	R 75 000

Normal salary inflation

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

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

	- 1% Normal salary inflation	Valuation Assumption	+1% Normal salary inflation
Total Accrued Liability	R 781 000	R 786 000	R 791 000
Current Service Cost	R70 000	R 71 000	R 72 000
Interest Cost	R 76 000	R 76 000	R 77 000

Discount rate

The value of the liability is directly dependent on the level of the discount rate used to discount the future expected cash flows. If the discount rate is higher, the present value of the liability will be lower and vice versa.

The table below illustrate the effect of a 1% change in the discount rate assumption. The effect is as follows:

	- 1% Discount rate	Valuation Assumption	+1% Discount rate
Total Accrued Liability	R 813 000	R 786 000	R 761 000
Interest Cost	R 73 000	R 71 000	R 69 000
Service Cost	R 71 000	R 76 000	R 81 000

Defined contribution plan

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

The assets of the fund are held separate from those of the board, in funds under the control of trustees.

The total cost charged to income of R4 941 035 (2023: R4 660 369) represents contributions payable to the fund as specified in the rules of the fund (as disclosed Note 22 to the financial statements).

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14. Employee benefits (continued)

Other disclosures

The defined benefit obligations have the following duration and maturity:

Weighted average duration of the defined benefit obligation (years)	31 March 2024	31 March 2023
Long Service Awards	3.74	4.13
Post-Retirement Medical Aid	19.19	19.97

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2024	2023
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Maturity analysis of benefit payments: Long Service Awards

1 Year Following the Valuation Date	196 000	172 000
2 Years Following the Valuation Date	296 000	177 000
3 Years Following the Valuation Date	209 000	275 000
	701 000	624 000

Maturity analysis of benefit payments: Post-Retirement Medical Aid

1 Year Following the Valuation Date	88 000	95 000
2 Years Following the Valuation Date	96 000	103 000
3 Years Following the Valuation Date	156 000	111 000
	340 000	309 000

15. Interest income

Interest revenue

Bank	4 516 961	2 799 483
Other Financial Institutions	610 042	664 650
	5 127 003	3 464 133

16. Operating Revenue

Board Inspector Charge Out Fees	9 445 151	8 909 075
Investigation Fees	37 469 766	35 545 254
Licence application fees	4 261 105	4 663 948
Limited Pay-out Machine Operator Fees	3 596 156	3 232 500
	54 772 178	52 350 777

17. Rental Income

Rental of office space	449 206	-
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The Board procured office accommodation in August 2023. The sales contract made provision for the transfer of the existing lease agreement to the Board. The termination date of the lease agreement is 31 October 2025.

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18. Sundry income

	2024	2023
Legal fees recoverable	321 370	-
Other miscellaneous income	267 610	197 439
	588 980	197 439

19. Government Grant

Provincial Revenue Fund	21 178 000	25 076 000
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The grant has no conditions attached to it. The grant is recognised in surplus/deficit on receipt thereof.

20. Services in-kind

Services in-kind benefit revenue	4 076 153	5 817 204
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The Board occupied a building at no cost managed by the Department of Infrastructure until 31 October 2023. The building is located at 100 Fairway Close, Parow, Cape Town. The amount disclosed in the financial statements is based on the payments made by the Department of Infrastructure in respect of rental expenditure and utilities.

The Board recognises the corresponding amount as an expense for the consumption of services in kind as disclosed in Note 23 to the financial statements.

21. Sponsorships received

Gambling Industry Contributions	846 500	-
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The amount of R846 500 represent sponsorships received from licence holders towards the Board's Responsible Gambling Summit held in November 2023. R677 000 represent sponsorships received in cash. One licence holder sponsored the event venue free of charge to the amount of R169 500.

The Board recognises the corresponding amount as an expense for the consumption of sponsorships received as disclosed in Note 23 to the financial statements.

22. Employee related costs

Basic salary	38 224 570	36 399 628
Bonus	2 715 925	2 639 672
Medical aid - company contributions	2 877 224	2 801 719
UIF	153 525	153 931
Leave pay	1 144 607	418 982
Non-pensionable cash allowance	-	1 271 454
Defined contribution plans	4 941 035	4 660 369
Car allowances	12 120	12 120
Overtime payments	144 728	2 840
Long-service awards	81 001	86 000
Acting allowances	181 318	151 808
Housing benefits and allowances	1 161 558	931 297
	51 637 611	49 529 820

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Remuneration of executive management

The emoluments of the executive management, as disclosed in Note 25 to the financial statements, are included in the employee related costs as disclosed in this note.

Remuneration of Board Members

Fees paid to the members of the Board, as disclosed in Note 25 to the financial statements, are included in the employee related costs as disclosed in this note.

23. General expenses

Advertising	49 720	-
Auditors remuneration	2 962 906	2 449 007
Bank charges	3 495	7 217
Cleaning	269 277	222 634
Computer software annual licences	2 490 708	1 983 314
Conferences and membership fees	636 573	276 563
Consulting and professional fees	1 553 626	1 518 693
Consumables	52 801	55 171
Courier services	614	782
Entertainment	34 640	23 541
Insurance	365 570	310 984
Levies	458 976	444 130
Postage	4 237	2 590
Printing and stationery	213 294	167 358
Sponsorships expenditure (see note 21)	846 500	-
Publications	-	16 179
Recruitment costs	113 386	-
Rental of equipment	206 918	207 292
Repairs and maintenance (see note 33)	457 181	60 269
Responsible Gambling Awareness	1 186 263	894 204
Security services	37 900	34 227
Services in-kind (see note 20)	4 076 153	5 817 204
Services: Translations/Subscriptions/Transcriptions	165 656	154 709
Staff welfare	358 178	352 845
Telephone and communications	732 006	657 070
Staff development and training	516 998	529 087
Transportation costs	134 059	-
Utilities	527 909	192 304
	18 455 544	16 377 374

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24. Rental Expenses

Office Accommodation

Contractual amounts

Storage Facilities

Contractual amounts

	2024	2023
Office Accommodation		
Contractual amounts	2 131 998	233 743
Storage Facilities		
Contractual amounts	544 903	219 525
	2 676 901	453 268

The Board occupied a building at no cost managed by the Department of Infrastructure until 31 October 2023. The Board entered into a lease agreement with the existing landlord to rent office accommodation for a period of four (4) months to allow for the temporary fit-out of the building. Accordingly, the Board had to enter into a lease agreement to store the Board's furniture until such time the building has been refurbished.

25. Emoluments

Executive

31 March 2024

	Emoluments	Retirement Fund	Bonus	Other	Total
Chief Executive Officer	1 460 791	78 536	88 770	131 716	1 759 813
Manager: Legal Services (Note 1)	1 025 413	50 686	80 266	148 836	1 305 201
HOD: Admin & Finance	1 122 612	59 997	68 902	55 912	1 307 423
HOD: Licensing (Note 2)	617 201	28 458	55 569	176 970	878 198
HOD: Compliance	1 224 992	66 327	74 686	93 317	1 459 322
HOD: Information Technology	1 155 985	61 785	69 872	26 827	1 314 469
Manager: Human Resources	899 088	48 239	54 355	7 285	1 008 967
Manager: Legal Services (Acting) (Note 1)	136 288	7 421	-	35 595	179 304
	7 642 370	401 449	492 420	676 458	9 212 697

Note 1: The Manager: Legal Services resigned effectively on 31 January 2024. An Acting Manager: Legal Services was appointed on 1 February 2024.

Note 2: The HOD: Licensing resigned on 31 October 2023.

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

31 March 2023

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

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25. Emoluments (continued)

Board members

31 March 2024

	Members' fees	Other fees	Total
Mr CA Bassuday	296 226	35 255	331 481
Ms C Fani	161 065	7 640	168 705
Mr RG Nicholls	209 457	7 232	216 689
Mr T Arendse	239 666	22 233	261 899
Ms L Venter	218 668	25 889	244 557
Mr M Burton (Note 1)	187 422	7 517	194 939
Ms A Mvandaba (Note 1)	91 659	1 457	93 116
	1 404 163	107 223	1 511 386

Note 1: Ms Mvandaba and Mr Burton were appointed to the Board on 1 April 2023.

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

31 March 2023

	Members' fees	Other fees	Total
Mr CA Bassuday	298 370	26 255	324 625
Ms C Fani	206 849	18 746	225 595
Mr RG Nicholls	202 891	1 693	204 584
Mr T Arendse	203 151	1 983	205 134
Ms L Venter	242 157	36 310	278 467
	1 153 418	84 987	1 238 405

Figures in Rand

26. Operating leases

Minimum lease payments due

- within one year

- in second to fifth year inclusive

Present value of minimum lease payments

	2024	2023
- within one year	224 237	192 200
- in second to fifth year inclusive	162 437	249 789
Present value of minimum lease payments	386 674	441 989

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

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27. Related parties

Relationships

Executive Authority - Western Cape Provincial Treasury: Ms M Wenger	No direct transactions
Western Cape Provincial Head Official: Ms J Gantana	No direct transactions
Provincial Revenue Fund	Government grant as disclosed in Note 19.
Western Cape Provincial Treasury	Taxes and levies as disclosed in Note 28.
Non-Executive Members of the Board	Fees for attendance of meetings as disclosed in Note 25.
Executive Management of the Board	Remuneration of Executive Management as disclosed in Note 25.
The Department of Infrastructure	The Board occupied a building at no cost managed by the Department of Infrastructure as disclosed in Note 20. The Department also assisted the Board with project management services in respect of repairs of the new office accommodation.
Department of the Premier	The Board has access to corporate services free of charge from the Department of the Premier. The Board did not utilise corporate services from the Department of the Premier for the period under review.
Provincial sphere of government	All Departments and Public Entities in the Western Cape are considered to be related parties as they are under common control of the Provincial Legislature.

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Related party balances

Amounts payable to related parties

Amounts payable to the Provincial Revenue Fund

Taxes and levies due: Provincial Treasury (see note 12)

100 536 948

58 789 602

Cash Surplus: Provincial Revenue Fund (see note 12)

9 523 562

13 803 428

Total amounts due

110 060 510

72 593 030

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

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27. Related parties (continued)

Amounts payable to the Department of Infrastructure

Project management services

88 594

-

The amounts payable to the Department of Infrastructure relates to assistance received from the department regarding repairs and maintenance of the new office accommodation.

Amounts including Trade receivables regarding related parties

Amounts due to the Provincial Revenue Fund

Western Cape Provincial Treasury (see note 38)

80 515 148

44 464 729

Amounts due to the Board at the end of the reporting period included annual licence fees and gambling taxes, which is payable to the Provincial Revenue Fund.

Key management information

Class	Description	Number
Non-executive board members	The Board consist of Members appointed on a part time basis by the Executive Council.	Seven (7) Members were appointed to the Board as at 31 March 2024.
Executive management	The Executive Committee consist of the Chief Executive Officer, the Head of Departments of the Licensing, Regulatory Compliance, Administration and Finance and ICT as well as the Legal and Human Resources Managers.	Six (6) Senior Managers were appointed to the Executive Committee as at 31 March 2024.

28. Taxes and levies collected during the year

Provincial taxes

Casino

384 595 938

372 570 595

Horse Racing and Betting

980 234 217

552 043 321

Limited Pay Out Machines

135 440 924

148 094 067

1 500 271 079

1 072 707 983

Levies

Casino

2 569 787

2 418 878

Horse Racing and Betting

388 240

445 973

Limited Pay Out Machines

1 043 931

1 026 458

4 001 958

3 891 309

Interest, fines and penalties

Casino

5 625

-

Horse Racing and Betting

160 597

39 403

Limited Pay Out Machines

32 503

120 000

198 725

159 403

Total collected

1 504 471 762

1 076 758 695

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28. Taxes and levies collected during the year (continued)

Distributable to:

Provincial Revenue Fund

1 436 382 872

1 038 284 416

Kenilworth Racing

68 088 890

38 474 279

1 504 471 762

1 076 758 695

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

The Board is party to a principal agent arrangement with the Provincial Revenue Fund. Information regarding this agreement is disclosed in Note 38 to the financial statements.

29. Cash generated from operations

Surplus

5 205 424

15 971 260

Adjustments for:

Depreciation - tangible assets

1 451 640

1 292 414

Amortisation - intangible assets

389 511

392 539

Impairment loss

4 297 946

-

Movement in provisions

82 117

(300 000)

Movement in employee benefits

(290 766)

(172 044)

Loss/(Gain) on sale of assets

(36 012)

10 737

Services in-kind revenue

(4 076 153)

(5 817 204)

Services in-kind expenditure

4 076 153

5 817 204

Changes in working capital:

Inventories

(14 949)

12 669

Receivables

(12 175)

(232 043)

Prepayments

(368 405)

(415 836)

Payables

6 738 159

6 822 489

Trust creditors

14 592 893

14 117 850

32 035 383

37 500 035

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30. Risk management

Financial risk management

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

Liquidity risk

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

The Board's financial liabilities are payable within a period of twelve (12) months.

The Board has minimised its liquidity risk by ensuring that it has adequate banking facilities and funds in trust for any claim against its trade receivables. As at 31 March 2024, management did not consider there to be any significant concentration of risk which had not been adequately provided for.

The Board's maximum exposure to liquidity risk at reporting date is disclosed below:

Payables from exchange transactions

1 030 623

644 388

Credit risk management

Credit risk is managed on a group basis.

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

Receivables from exchange transactions comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board.

The amount outstanding in respect of receivables from exchange transactions, which do not represent statutory receivables, amounts to R706 662 (31 March 2023: R881 999) at the end of the reporting period. The Board holds no specific collateral for this balance. Management considers the amount of R706 662 to be fully recoverable as no impairment indicators exist for this balance.

The Board holds no specific collateral for its credit risk exposure other than the trust accounts. For the year under review the Board has not renegotiated the credit terms of any of its debtors. As at 31 March 2024, management did not consider there to be any significant concentration of risk which had not been adequately provided for.

As at 31 March 2024, there were no outstanding balances for more than 30 days.

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

Cash and cash equivalents

39 716 857

62 486 245

Receivables from exchange transactions

706 662

881 999

Cash and cash equivalents - trust funds (securities)

43 302 835

31 040 211

Cash and cash equivalents - trust funds (trust)

15 455 938

13 645 263

Cash and cash equivalents - ILSF Housing Fund

653 809

519 612

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30. Risk management (continued)

Interest rate management

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

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

Fair value of financial instruments

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

31. Financial instruments

Categories of financial instruments

31 March 2024

Financial assets

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

At amortised
cost

Total

39 716 857

39 716 857

706 662

706 662

43 302 835

43 302 835

15 455 938

15 455 938

653 809

653 809

99 836 101

99 836 101

Financial liabilities

Payables from exchange transactions

At amortised
cost

Total

1 030 623

1 030 623

31 March 2023

Financial assets

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

At amortised
cost

Total

62 486 245

62 486 245

881 999

881 999

31 040 211

31 040 211

13 645 263

13 645 263

519 612

519 612

108 573 330

108 573 330

Financial liabilities

Payables from exchange transactions

At amortised
cost

Total

644 388

644 388

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2024

2023

32. Commitments

Authorised capital expenditure

Already contracted for but not provided for

Property, plant and equipment

-

57 906

Total capital commitments

Already contracted for but not provided for

-

57 906

33. Repairs and maintenance

Repairs and maintenance: Building

384 890

5 228

Repairs and maintenance: Equipment

35 618

20 862

Repairs and maintenance: Vehicles

36 673

34 179

457 181

60 269

Refer to Note 23 to the financial statements where repairs and maintenance has been disclosed.

34. Events after the reporting date

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

35. Contingencies

On 8 February 2018, two licence holders applied for a declaratory order in the Western Cape High Court, for an order in the following terms: (a) Declaring that Freeplay credits do not constitute a "drop" for the purpose of the computation of adjusted gross revenue and does not form part of the taxable revenue per Section 64 of the Act read with Schedule III; (b) Ordering that the Minister For Finance, in her capacity as the custodian of the provincial revenue fund, refund the Applicants R44 570 465 and R1 763 983, respectively in relation to taxes paid; (c) Alternatively that the Board offset the referenced amounts against the Applicants' future liability to pay gambling tax. Judgement was delivered on 29 April 2020 in favour of the Applicants. The Board resolved to appeal the judgement, after having obtained legal advice on the prospects of success on appeal. The Board and Minister for Finance were granted leave to Appeal to the SCA against the whole judgment and that the costs of the application is to be costs in the Appeal. The appeal was heard in the Supreme Court of Appeal on 22 November 2022. Judgement was handed down on 4 September 2023 and the Appeal was upheld. No order was made to costs as the parties agreed that each party will pay their own legal costs. The Court will therefore not impute liability on the Board to pay the costs of the other Applicants should they succeed and vice versa. The Applicant filed a Notice of Application for Leave to Appeal to the Constitutional Court on 26 September 2023 and the Board filed its Notice of Opposition and Founding Affidavit at the Constitutional Court on 9 October 2023. The Board await the outcome on the application for Leave to Appeal.

Contingent assets

An Application was served on the Chairperson of the Board and the Board, respectively, as the First and Second Respondent, on 25 March 2019. The Applicant seeks an Interdict, requesting that the Board refrains from implementing its decision to allocate the remaining 1000 LPMs to the existing Route Operators proportionately pending the outcome of the Review Application. Furthermore, the Applicant seeks an order that the Board's decision as aforementioned be reviewed and set aside. Further, that the Board and any other opposing party pays the costs of the Applicant.

35. Contingencies (continued)

The Applicant subsequently abandoned the interdict aspect of its application. The Board and two Route Operators opposed the application. Judgement was electronically handed down on 20 April 2021. The review application was successful and granted in favour of the Applicants, with costs awarded against the Respondents that opposed the application. The Board and both Route Operators sought leave to appeal the judgement and were granted Leave to Appeal to the SCA.

The Appeal was heard at the Supreme Court of Appeal on 15 August 2023 and judgement was handed down on 10 November 2023, in favour of the Board. The Appeal was upheld with costs. The Taxing Master taxed the Bill of Costs for the Supreme Court of Appeal on 22 May 2024. Legal fee due to the Board in respect of the Supreme Court matter has been recognised as an amount due to the Board as at 31 March 2024.

The Bill of Costs for the High Court in respect of legal fees due to the Board amounts to R947 359.74. The Bill of Costs for the High Court matter must still be taxed and might be lessened by the Court.

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36. Reconciliation between budget and statement of financial performance

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

Net surplus per the statement of financial performance	5 205 424	15 971 260
Adjusted for:		
Retention of surplus funds	31 525 000	-
Depreciation: tangible assets	1 451 640	1 292 414
Amortisation: intangible assets	389 511	392 539
Impairment losses	4 297 946	-
Services in-kind revenue	(4 076 153)	(5 817 204)
Services in-kind expenditure	4 076 153	5 817 204
Loss/(Gain) on the sale of assets	(36 012)	10 737
Movement in inventories	(14 949)	12 669
Movement in receivables	(12 175)	(232 043)
Movement in prepayments	(368 405)	(415 836)
Movement in payables	414 049	(1 504 315)
Movement in employee benefits	(290 766)	(172 044)
Movement in provisions	82 117	(300 000)
Net surplus per approved budget (see note 37)	42 643 380	15 055 381

37. Budget differences

Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting bases differ. The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. Adjustments to amounts in the annual financial statements were made to express the actual amounts on a comparable basis to the final approved budget. Refer to the Statement of Comparison of Budget and Actual Amounts where the amounts based on the comparable basis (cash) have been disclosed.

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

	Actual (accrual basis)	Adjustments	Adjusted to comparable basis (cash)	Notes on adjustments
Sale of goods and services other than capital assets	54 772 178	(160 461)	54 611 717	Movement in accounts receivable
Entity revenue other than sales	11 087 842	(4 097 367)	6 990 475	Non-cash items
Departmental transfers	21 178 000	-	21 178 000	
Retention of surplus funds	-	31 525 000	31 525 000	The cash surplus has been retained in prior years and as such, an adjustment is required in the current year.
Total revenue	87 038 020	27 267 172	114 305 192	
Compensation of employees	(51 637 611)	98 111	(51 539 500)	
Goods and services	(30 194 985)	10 072 673	(20 122 312)	Accruals, movement in inventories and prepayments, non-cash items
Total expenditure	(81 832 596)	10 170 784	(71 661 812)	
Net operating surplus/(deficit)	5 205 424	37 437 956	42 643 380	See Note 36.
Payment for capital assets	(26 867 153)	26 871	(26 840 282)	
Net Surplus/(Deficit)	(21 661 729)	37 464 827	15 803 098	

Changes from the approved budget to the final budget (Refer to Statement of Comparison and Budget)

Sale of goods and services other than capital assets

The adjustment of R2 309 000 in respect of sale of goods and services other than capital assets is due to the inflationary adjustment of statutory fees, which were effected after the budget was approved. This led to an increase in revenue from sale of goods and services other than capital assets.

Entity revenue other than sales

The adjustment of R3 375 000 in respect of entity revenue other than sales was to take into account the interest earned on the cash surpluses invested as the Reserve Bank as well as increased interest earned on the Board's primary bank account. This led to an increase in entity revenue other than sales.

Transfers received: Departmental Transfers

The government grant was decreased with an amount of R5 684 000 based on the increase of the Board's own revenue.

Compensation of employees

The compensation of employees budget was increased with R1 200 000. The 2023 Wage Agreement was not originally budgeted for. The wage agreement encompasses a 7.5 per cent increase in 2023/24 and a CPI-linked increase in 2024/25. The Board is required to fund the implementation of the 2023 Wage Agreement from its existing/original budget.

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37. Budget differences (continued)

Goods and services

The decrease in goods and services budget is due to the increase of R900 000 in respect of Rental Expenditure to partially fund the rental expenditure of R1.5 million due to the extension of the lease agreement for four months and the decrease of R1 200 000 in respect of legal fees due to the slow spending in legal fees. This led to a net decrease of R300 000 in goods and services.

Payment of capital assets

The payment of capital assets budget was decreased with R900 000. An amount of R1.2 million was budgeted in respect of equipment and furniture which has not been fully utilised for the period under review.

38. Accounting by principals and agents

The Board is a party to a principal-agent arrangement.

Details of the arrangement is as follows:

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

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

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

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

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

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

Entity as agent

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

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

Annual Licence Fees	134 771	86 260
Gambling Taxes	80 380 377	44 378 469
	80 515 148	44 464 729

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38. Accounting by principals and agents (continued)

Revenue recognised

The Board is not compensated for the transactions carried out on behalf of the principal. The Board received a government grant to the amount of R21 178 000 for the year under review.

Liabilities and corresponding rights of reimbursement recognised as assets

The Board has not incurred any liabilities on behalf of the principal and as a result has not recognised any corresponding right of reimbursement as assets.

Additional information

Revenue and expenses that relate to transactions with third parties undertaken in terms of the principal-agent arrangement

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

Categories

Gambling Taxes
Annual Licence Fees
Interest, fines and penalties

Category of expenses paid or accrued on behalf of the principal

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

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

Gambling Taxes	1 432 182 189	1 034 233 704
Annual Licence Fees	4 001 958	3 891 309
Interest, fines and penalties	198 725	159 403
	1 436 382 872	1 038 284 416

Refer to Note 28 - Taxes and levies collected during the year for information regarding the revenue collected on behalf of the Provincial Revenue Fund.

Payables recognised based on the rights and obligations established in the binding arrangements

Gambling Taxes	100 178 469	58 526 888
Annual Licence Fees	283 121	262 714
Penalties	73 000	-
Forfeiture of illegal gambling proceeds	2 358	-
	100 536 948	58 789 602

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38. Accounting by principals and agents (continued)

Reconciliation of accounts payables in respect of taxes and levies

Opening balance	58 789 602	48 914 253
Taxes and levies principal is entitled to	1 472 433 291	1 040 270 746
Taxes and levies paid to the principal	(1 430 685 945)	(1 030 395 397)
	100 536 948	58 789 602

Refer to Note 27 where amounts payable to related parties are disclosed.

Receivables recognised based on the rights and obligations established in the binding arrangement

Reconciliation of the carrying amount of receivables

Opening balance	44 464 729	42 478 399
Taxes and levies principal is entitled to	1 472 433 291	1 040 270 746
Taxes and levies received on behalf of the principal	(1 436 382 872)	(1 038 284 416)
	80 515 148	44 464 729

GRAP 109 requires the Board to recognise a receivable for taxes-to-be-collected based on the Board's function of collecting and administering taxes on behalf of the Provincial Revenue Fund. A corresponding liability has been recognised in the financial statements as these taxes are payable to the Provincial Revenue Fund.

Refer to Note 27 where resources held on behalf of the principal are disclosed.

Refer to Note 6 - Receivables from non-exchange transactions.

39. Comparative figures

Cash Flow Statement

In the prior year, an amount of R690 317 was recognised as interest accrued as at 31 March 2023. This amount was incorrectly included in interest received of R3 464 133 as disclosed in the cash flow statement. Accrued interest represent non-cash items, which should be excluded from the cash flow statement. Interest received has therefore been overstated with the amount of R690 317 and operating revenue has been understated with the corresponding amount in the cash flow statement.

Refer to the table below for the correction:

Cash Flow Statement	As previously reported	Adjustment	Restated
Operating revenue	52 118 734	690 317	52 809 051
Interest received	3 464 133	(690 317)	2 773 816

39. Comparative figures (continued)

Irregular Expenditure

In the prior year, an amount of R58 389 was disclosed as irregular expenditure, relating to the attendance of an international conference. The tax status of the foreign supplier (conference organisers) was not confirmed, as required. During the year under review, international conference organisers refused to complete bid documents as they rightfully claimed that the attendance of a conference is not a bid. The Office of the Board requested a deviation from National Treasury in respect of this matter. In the response from National Treasury, it was indicated that the Standard Bidding Documents and all associated regulations are to be complied with only on matters relating to bids. National Treasury advised that the Board should treat the attendance of a conference as training and not a procurement matter; as such, an exemption from any supply chain management prescript is not required.

The Office of the Board therefore incorrectly recognised the amount of R58 389 as irregular expenditure in the prior year. For this reason, the prior year disclosure of irregular expenditure to the amount of R58 389 has been omitted from the financial statements for the prior year. See table below for the correction:

Note 40: Irregular expenditure

Add: Irregular Expenditure - current

As previously reported	Adjustment	Restated
58 389	(58 389)	-

Classification of net receipt of trust funds in the cash flow statement

In the prior year, "Net receipts and payments for trust funds" were incorrectly disclosed as "Cash flows from financing activities". GRAP 2 - Cash Flow Statements, defines financing activities as activities that result in changes in the size and composition of the contributed capital and borrowings of the entity. For this reason, the classification of this line item was incorrect in the financial statements. The correction in the current year is to appropriately disclose the net receipt and payments for trust funds under "Cash flows from operating activities". Refer to the table below for the correction:

Cash Flow Statement

Cash flows from financing activities

Net receipts and payments for trust funds

Cash flows from operating activities

Net receipts for trust funds

As previously reported	Adjustment	Restated
14 117 850	(14 117 850)	-
-	14 117 850	14 117 850

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40. Irregular, Fruitless and Wasteful Expenditure

Irregular expenditure

Fruitless and wasteful expenditure

Closing balance

-	-
9 613	-
9 613	-

Refer to Part E: PFMA Compliance Report in respect of Irregular, Fruitless and Wasteful Expenditure.

41. B-BBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

42. Change in estimate

Property, plant and equipment

An assessment has been made of the useful lives of the Board's property, plant and equipment effective 31 March 2024.

Management is of the opinion that the useful lives of the assets are in line with the current circumstances.

The re-assessment of useful lives led to a decrease in depreciation as the changes were applied prospectively.

The effect in the current year is an increase in net surplus of R77 536, resulting in a future decrease in net surplus of R77 536 over the next years.

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