

# EFFICIENT EMPOWERING EQUALLY

*committed  
to promoting  
a socially  
responsible  
industry*



*The Best, Most Efficient & Empowering*  
**GAMING REGULATOR**



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# 2022/23 HIGHLIGHTS



## Compliance in the EC

COMPLIANCE MATURITY RATING  
**the industry achieved a LEVEL 4  
(90% - 100%) rating** *pg13*

**3 432** Job opportunities created cumulatively

**120** Inspections at licensed establishments were conducted

**2** Public hearings conducted

**44** Licence applications

**137** Revenue Audits Conducted

*pg14 - 15*



## Overall Performance

ECGB ACHIEVED  
**100% of all planned key performance  
targets for the year under review** *pg12*

A TOTAL OF  
**12 responsible gambling workshops  
were hosted** *pg51*

ORGANISATIONAL  
ASSESSMENT AND  
EVALUATION MATURITY  
OUTCOME  
**LEVEL 3**

*pg14*

**CLEAN AUDIT OUTCOME**  
for both financial information and predetermined objectives.

**CAPACITY BUILDING**  
training employees on how to face new challenges.



PART A  
*General  
Information*



22/23 ANNUAL REPORT

# 1.1 PUBLIC ENTITY'S GENERAL INFORMATION

## REGISTERED NAME OF THE PUBLIC ENTITY

Eastern Cape Gambling Board <sup>1</sup>

<b>Registered Office Address</b>	ECGB Building , Quenera Park , Quenera Drive Beacon Bay, East London, 5241
<b>Postal Address</b>	PO Box 15355, Beacon Bay, East London, 5205
<b>Contact Telephone Number</b>	+27 43 702 8300
<b>Email</b>	communications@ecgb.org.za
<b>Website</b>	www.ecgb.org.za
<b>External Auditors</b>	Auditor-General of South Africa, Eastern Cape Province 69 Frere Road, Vincent, East London, 5217  PO Box 13252, Vincent , 5217
<b>Bankers Information</b>	Standard Bank of South Africa PO Box 7037, East London, 5200
<b>Board Secretariat</b>	Adv. ABZ. Magadla-Naicker

<sup>1</sup>The entity's name changed to the Eastern Cape Gambling Board with effect from 19 February 2018, however Schedule 3, Part C to the PFMA, has not yet been updated and still refers to the entity as the Eastern Cape Gambling & Betting Board.

# 1.2 LIST OF ABBREVIATIONS AND ACRONYMS

AFS	Annual Financial Statements	ISO	Independent Site Operator
AGSA	Auditor-General of South Africa	IT	Information Technology
APP	Annual Performance Plan	ICT	Information and Communications Technology
ARC	Audit and Risk Committee	LPMs	Limited Payout Machines
B-BBEE	Broad-Based Black Economic Empowerment	MEC	Member of the Executive Council
CATHSETA	Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority	NPO	Non-Profit Organisation
CEO	Chief Executive Officer	NGB	National Gambling Board
CFO	Chief Financial Officer	PFMA	Public Finance Management Act
CSI	Corporate Social Investment	PGDP	Provincial Growth and Development Plan
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism	RFP	Request for Proposal
DPSA	Department of Public Service and Administration	RMC	Risk Management Committee
ECD	Early Childhood Development	RO	Route Operator
ECGA	Eastern Cape Gambling Act	SAPS	South African Police Service
ECGB	Eastern Cape Gambling Board	SARGF	South African Responsible Gambling Foundation
EME	Exempted Medium Enterprises	SCM	Supply Chain Management
EMR	Essential Minimum Requirements	SITE A	3 to 5 Machines Site
ERM	Enterprise Risk Management	SITE B	20 to 40 Machines Site
FICA	Financial Intelligence Centre Act	SITE C	6 to 15 Machines Site
GGR	Gross Gaming Revenue	SITE D	21 to 40 Machines Site
GRAP	Generally Recognised Accounting Practice	SLA	Service Level Agreement
GTAC	Government Technical Advisory Centre	SMME	Small Macro and Medium Enterprises
HR	Human Resources		
HRM	Human Resource Management		
IRMSA	Institute of Risk Management South Africa		

# 1.3 STRATEGIC OVERVIEW

## VISION

The best, most efficient and empowering gaming regulator.

## MISSION

**We commit to promoting a socially responsible industry through regulation, licensing and law enforcement.**

We will ensure that the Eastern Cape gaming industry is conducted honestly and competitively with maximum contribution to society.

We will achieve this by providing excellent service to our stakeholders and through facilitating and broadening access to socio-economic benefits to the communities within which we operate.

## VALUES

VALUE	BEHAVIOURAL DEMONSTRATION
<b>Consultation</b>	Keeping stakeholders informed by involving them in decision-making processes on issues which affect them
<b>Friendliness</b>	Encouraging friendly working relationships and a friendly environment
<b>Teamwork</b>	People working together towards achieving common goals and targets
<b>Respect</b>	Equal treatment of staff, honesty on organisational issues and non-disclosure of confidential information
<b>Service Delivery</b>	Timely and quality professional service to all our stakeholders
<b>Honesty</b>	Providing open feedback to staff and stakeholders on all issues
<b>Empowerment</b>	Providing training and development to employees and through procurement of services from B-BBEE suppliers and SMMEs
<b>Community Development</b>	Giving back to our communities



# 1.4 LEGISLATIVE AND OTHER MANDATES

## 1.4.1 SCHEDULE IN TERMS OF THE PFMA

The Eastern Cape Gambling Board falls under Schedule 3, Part C of the Public Finance Management Act, 1999 (as amended).

## 1.4.2 SPECIFIC CONSTITUTIONAL AND OTHER LEGISLATIVE, FUNCTIONAL AND POLICY MANDATES

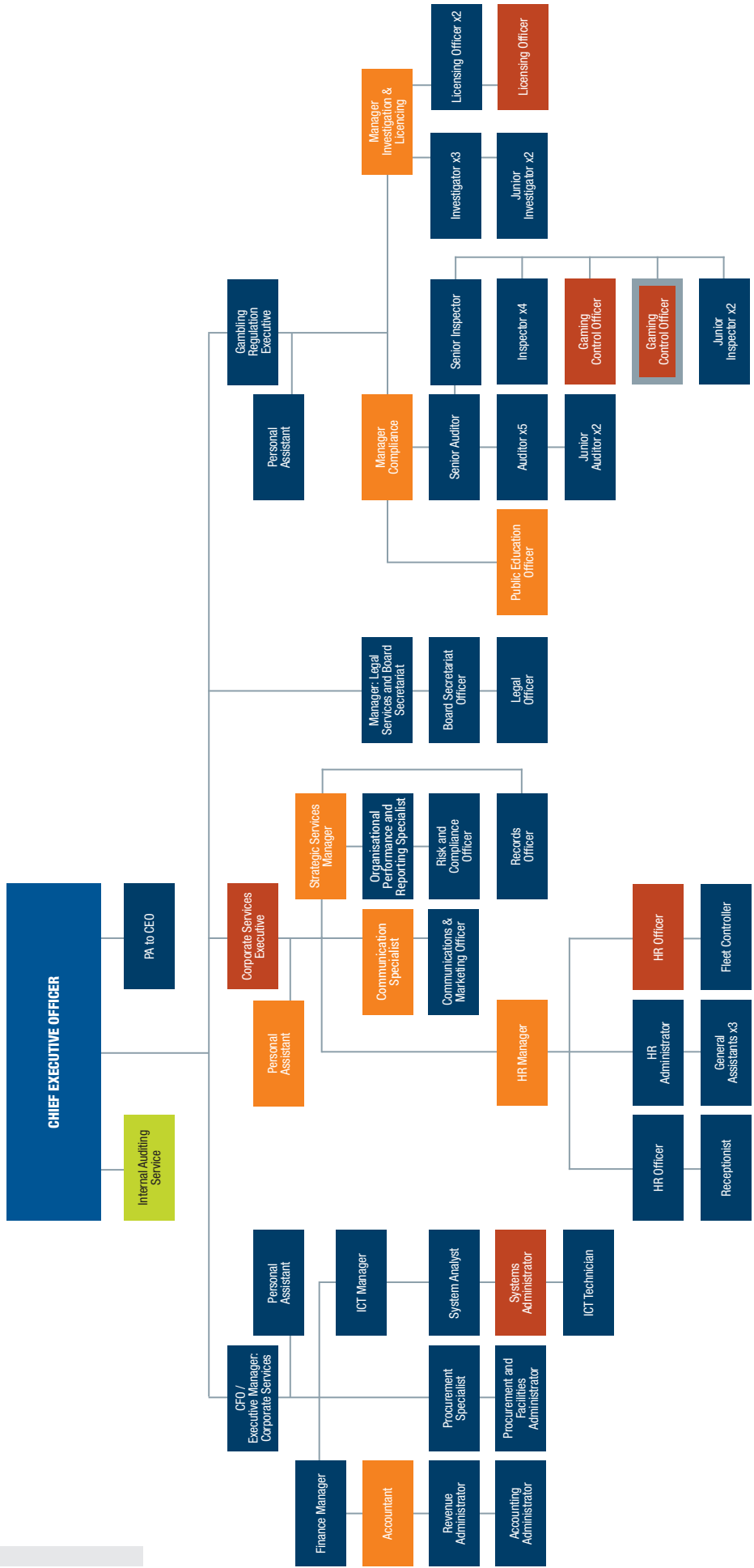
- 1.4.2.1 Eastern Cape Gambling Act, 1997 (as amended)
- 1.4.2.2 National Gambling Act, 2004 (as amended)
- 1.4.2.3 Promotion of Access to Information Act, 2000 (as amended)
- 1.4.2.4 Protection of Personal Information Act, 2013
- 1.4.2.5 Promotion of Administrative Justice Act, 2000 (as amended)
- 1.4.2.6 Preferential Procurement Policy Framework Act, 2000 (as amended)
- 1.4.2.7 Public Finance Management Act, 1999 (as amended) (PFMA) and Treasury Regulations
- 1.4.2.8 Broad-Based Black Economic Empowerment Act, 2003 (as amended)
- 1.4.2.9 Employment Equity Act, 1998 (as amended)
- 1.4.2.10 King IV Report on Corporate Governance for South Africa, 2016
- 1.4.2.11 Skills Development Levies Act, 1999 (as amended)
- 1.4.2.12 Basic Conditions of Employment Act, 1997 (as amended)
- 1.4.2.13 Labour Relations Act, 1995 (as amended)
- 1.4.2.14 Treasury Framework for Strategic Plan and Annual Performance Plans
- 1.4.2.15 Policy Framework for the Government-Wide Monitoring and Evaluation System

# 1.5 ORGANISATIONAL STRUCTURE

As at 31 March 2023

*Management and staff are committed to promoting a socially responsible industry.*





- 6 Proposed new roles (incl unfrozen)
- 8 Adjusted roles reporting
- 1 Outsourced service
- 1 New role frozen

**64 Total number of permanent positions 11 Outsourced position**

# 1.6 FOREWORD BY THE CHAIRPERSON

*During this period under review, the Eastern Cape Gambling Board's clear and consistent strategy was to deliver results against a limited budget allocation. This was achieved with a combination of focus and flexibility. As a result, the entity continued to distinguish itself as an efficient and well-managed organisation with an effective leadership that subscribes to a high level of commitment to transparent processes.*

Among the organisation's key performance highlights was revenue collection of R189.5 million, recorded against a target of R185 million. I am proud to report that the entity achieved 100% of its planned key performance targets for the year and maintained an anticipated clean audit from the Auditor-General as one of the key pillars against which it had to deliver. Responsible gambling remains a priority, with a total of 938 403 people reached through responsible gambling campaigns during the year under review.

We achieved significant progress with regard to the entity's drive, informed by necessary governance imperatives to put in place functional governance structures and implement transparent systems of accountability. The ECGB continues to implement and institutionalise its Risk Management Framework, while at the same time advancing the institutionalisation of a risk management culture.

*ECGB collected*

**R189.5 MILLION**

*in total revenue*

during the year under review



*ECGB achieved a*

**LEVEL 4**

*compliance maturity rating*

ranging from 90%-100%

During the reporting period, the entity conducted a survey on ethics management in the workplace. The results of this survey presented a favourable picture of the organisation in handling its business operations with its internal and external stakeholders. The entity's overall ethics rating was an A on a scale from D to AAA, where AAA was the best result.

Furthermore, the entity continued its focus on conducting cutting-edge research and increasing knowledge management. The industry's compliance maturity, measured by the innovative compliance barometer, resulted in the achievement of a compliance Level 4 rating. This ranged from 90%-100%. In terms of the entity's strategic plan, achieving this rating was anticipated only in 2023/24, indicating a maturing industry in terms of compliance. In addition, the industry was supported in meeting its obligations and commitments with regard to licensing conditions agreed to with the Board.



The ECGB takes seriously its development and upliftment responsibilities, and we are proud to reflect on the various socio-economic development and empowerment programmes that were undertaken. The entity also continues to work closely with our social and strategic partners to champion social change in the most impoverished areas of the Eastern Cape. This is guided by the Anti-Poverty Strategy of the Province.

The ECGB is held responsible for governance and sustainable performance. As such, it is committed to good corporate governance and will continue to make significant progress in this regard. Against the backdrop of increasing regulatory and legislative compliance requirements within the gambling sector, we aim to strengthen our regulatory processes with a view to enhancing the Board's effectiveness. In doing so and on a quarterly basis, the Board carried out effective and continuous monitoring of management's progress on achieving its targets. This enabled intervention measures to be taken timeously in the auditing cycle. Coupled with an entity-wide commitment to compliance with both internal and external policies, this will stand us in good stead in delivering on our mandate in the months and years ahead.

I am proud to report that the Eastern Cape Gambling Board co-hosted with the National Gambling Board (NGB), a successful two-day National Gambling Conference 2023 with the theme "A roadmap for gambling industry regulation in a post-Covid-19 world". The co-hosting of the conference provided the ECGB an opportunity to share its own regulatory practices while also being able to benchmark against other regulators' best regulation practices.

On behalf of the Board, I would like to acknowledge and express my appreciation for the sterling work of the CEO, management and ECGB staff during the 2022/23 financial year. I extend my sincere thanks to my fellow Board members and committees. They were committed to fostering an environment that enabled both management and the Board to carry out our respective responsibilities.

In addition, we extend our appreciation to the Honourable MEC of DEDEAT and his management team for their guidance in terms of the duties and responsibilities entrusted to us. Furthermore, to the gambling operators and licensees that we regulate and with whom we interact, I express my deepest gratitude for the space and time you afforded the ECGB to conduct its business, ensuring that there is improvement of and continued accountability in the standards.

Chairperson of the Board  
**MS T. MACKIE**

# 1.7 CHIEF EXECUTIVE OFFICER'S OVERVIEW

*The Eastern Cape Gambling Board vigorously pursued its mandate of creating a competitive, optimally functioning regulatory system, ensuring maximum revenue collection, protecting duly licensed operators from illegal competitors, promoting responsible gambling and protecting the public interest.*



The entity has continued in maintaining and achieving 9th consecutive clean audit outcome on both financial information and predetermined outcomes.

In keeping with provincial guidelines, the entity has also effected further streamlining of its operations, with a view to further strengthening internal efficiencies and enhancing its growing stature as a lean, high-performance value-based organisation.

Despite a challenging operating environment due to loadshedding, rising interest rates, and diminishing disposable income, we embrace the challenge of ensuring that all gambling and betting operations throughout the province are conducted in a fiscally and socially responsible manner, whilst contributing to overall socio-economic upliftment of all communities throughout the province. To this end, I am pleased to report that the entity discharged its responsibilities diligently and efficiently during the period under review.

We therefore present the following successful direct regulatory services rendered to the industry during the reporting period under review:

- The entity continued during 2022/23 to play a major role in driving economic growth and job creation in the Eastern Cape Province through stringent regulation of the industry. To this end, a total number of 3432 sustainable job opportunities were created cumulatively as at 31 March 2023.
- The entity collected R189.5 million in gambling tax revenue from all licensed gambling operators in the Province and disbursed to the Provincial Revenue Fund.
- 100% achievement of planned key performance indicators or targets on predetermined outcomes for the year.
- Forty-four (44) licence applications for various gambling licences were investigated for issuing to suitable and qualifying applicants. The total of 44 applications for licenses is made up of various applications for bookmaker licences (6), addition of premises to a bookmaker licence (1), amendment of licence conditions (1), transfer of licence to another person (8), removal of business to other premises (2), acquisition of a financial (and controlling) interest (11), addition of premises to a totalisator licence (1), gambling machine site licences (13) and a national manufacturer licence (1).
- Twenty-eight (28) gambling licences were awarded to qualifying applicants and comprise the following categories or types of licenses:
  - Three Type B (20-40 machines) gambling licences (key license);
  - Four bookmaker gambling licenses (key license);
  - Six additional premises to a totalisator (TAB agencies) licence;
  - Four additional premises to bookmaker licences;
  - Five Type A gambling machine site licences; and
  - Six Type C gambling machine site licences.
- Two (2) public hearings were held to ensure transparency in the process of awarding licences. The public hearings held were for 10 gambling machine site licence applications, 2 bookmaker licence applications, 1 application to move business to other premises, and 1 national manufacturer licence application.
- The gambling industry in the Province achieved a Level 4 compliance maturity rating or level, ranging from 90%-100%, as measured by the compliance barometer assessment tool. This level is an acceptable or compliant zone in terms of the compliance barometer maturity levels.

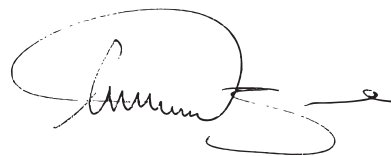
- One hundred and thirty-seven (137) revenue audits and compliance audits were conducted at several licensed operators in the Province to ensure compliance with the relevant legislation, rules, conditions of license.
- One hundred and twenty (120) inspections at licensed operators in the Province were conducted in line with the requirements of the Eastern Cape Gambling and Betting Act (Act 5 of 1997).
- Eight hundred and seventy-seven (877) applications for employee registration were processed during the 2022/23 financial year.
- SMMEs in the Province benefitted from R174.7 million in total procurement spend by licensees, which equates to 32% of the operators' total spend going towards local suppliers.
- Licensed gambling operators contributed R13.1 million collectively towards Corporate Social Investment (CSI) and Socio-Economic Development (SED) initiatives, in line with the CSI framework approved by the Board for the period ending 31 March 2023.
- Five Gambling Economic Opportunity awareness programmes were conducted. The sessions covered opportunities in respect of the new request for proposals for gambling machine site licenses as well as other related opportunities available in the gambling sector in the Eastern Cape.
- Ten sweeps (operations) were carried out which sought to eradicate illegal gambling, including protecting the public from nefarious trends related to illegal gambling and licensed gambling operators from illegal competition. The sweeps that were conducted in all five zones of the Province saw sixty (60) illegal gambling site operations identified and fifty-nine (59) cases opened with South African Police Service (SAPS), with ninety-three (93) illegal gambling devices confiscated and one (1) online gambling site identified and closed down.
- Twenty (20) billboards were mounted in Nelson Mandela Bay Metropolitan Municipality and Sarah Baartman District Municipality containing messages that promoted awareness regarding responsible gambling and illegal gambling. These billboards were part of a multi-media campaign in Zone 1 that was intended to promote awareness regarding responsible gambling and illegal gambling.
- A total of 938 403 thousand people were reached through responsible gambling campaigns, according to feedback from an investigation carried out regarding people who had heard, seen or read messages about responsible gambling in Zone 1 (Nelson Mandela Bay Metro and Saraah Baartman District).
- Sixteen (16) successful awareness and responsible gambling campaigns were conducted on the Minimisation of Harmful Effects of Excessive and Irresponsible Gambling as well as on illegal gambling and the Taking Risks Wisely School Programme. These awareness and responsible gambling campaigns were conducted for councillors of Koukamma,

I would like to extend my appreciation to the MEC for Economic Development and Environmental Affairs for his policy direction, the Board of ECGB for their inspired leadership, and the management team which made the discharge of the ECGB's mandate tenable.

I also extend my gratitude to the staff of ECGB for their resilience despite the challenges of loadshedding. Lastly, I am thankful to the licensees for their continued support in the endeavour to build a sustainable, responsible and empowering gaming industry.

Nelson Mandela Bay Metropolitan, Blue Crane Route, Sunday's River, Kouga, Ndlambe, Inxuba Yethemba, and Senqu Local Municipalities. Included here were employees from across all occupational levels of Amathole District Municipality.

- One (1) seminar was conducted and hosted in relation to a research study commissioned by the ECGB to assess the impact of the Mathematics, Science and Technology kits provided through the ECGB CSI programme to the indigent schools of the Eastern Cape from the 2017/2018 to the 2021/22 financial years. The results of the impact assessment study conducted with the Education Department in the Eastern Cape indicate the percentage of schools that have improved from the visited and supported schools, with only exit grades being considered:
  - 73% of schools improved in Mathematics in Grade 3;
  - 87% of schools improved in Mathematics in Grade 6;
  - 89% of schools improved in Natural Sciences and Technology in Grade 6; and
  - 100% of schools improved in Mathematics, Life Sciences and Physical Sciences in Grade 12.
- One hundred and seventy-one (171) young people have been reached through the Taking Risks Wisely School Programme, which the ECGB in collaboration with the South African Responsible Gambling Foundation (SARGF) implemented in four (4) schools in the province.
- Four (4) key CSI projects of the ECGB were implemented in the poorest wards and communities in terms of the provincial Anti-Poverty Strategy and CSI policy of the ECGB in order to benefit the under-privileged from the poorest wards in the Province. Beneficiaries were four schools based in the poorest wards of the Province. The investment benefitted 1 811 Grades R-7 learners with regard to the teaching, learning and mastery of mathematics, science, and technology outcomes.
- Three (3) Designated and Vulnerable Groups projects were implemented in Sarah Baartman District Municipality. These projects included provision of supports to old age persons and people living with disabilities, and a women empowerment project in Dr Beyers Naude Local Municipality.
- Print and social media platforms were utilised to communicate and profile the work of the ECGB within the Nelson Mandela Bay Metropolitan Municipality and Sarah Baartman District Municipality, with 1 173 598 million people being reached through these platforms including general events.
- Level 3 organisational maturity was achieved, in terms of which an independent organisational maturity assessment was conducted by the Government Technical Advisory Centre (GTAC) and an overall score of 3.92 on the maturity assessment was attained.
- One (1) research study was conducted to investigate growth and transformation within the gambling industry in the Eastern Cape over the past ten years



Chief Executive Officer  
**MR RM ZWANE**

# 1.8 STATEMENT OF RESPONSIBILITY & CONFIRMATION OF ACCURACY

*To the best of my knowledge and belief, I confirm the following:*

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General.

The Annual Report is complete, accurate and 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 Standards of Generally Recognised Accounting Practice (GRAP) applicable to the public entity.

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, compliance with the PFMA and the Annual Financial Statements.

The Auditor-General is engaged to express an independent opinion on the Annual Financial Statements.

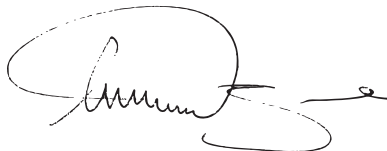
In our opinion, this Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2023.



Chairperson of the Board

**MS T. MACKIE**

31 May 2023



Chief Executive Officer

**MR RM ZWANE**

31 May 2023



PART B

*Performance  
Information*



22/23 ANNUAL REPORT

# 2.1 AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA) currently performs the necessary audit procedures on the performance information to provide limited assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the report on other legal and regulatory requirements section of the Auditor's report.

Refer to paragraphs xx – xx of the Report of the Auditor-General, included in Part F, Annual Financial Statements.



*Contributing to the  
overall socio-economic*

**UPLIFTMENT OF  
COMMUNITIES**

# 2.2 OVERVIEW OF PERFORMANCE

## 2.2.1 SERVICE DELIVERY ENVIRONMENT

The entity discharged its responsibilities diligently and efficiently, and vigorously pursued its mandate of creating a competitive, optimally functioning regulatory system, ensuring maximum revenue collection, protecting duly licensed operators from illegal competitors, promoting responsible gambling and protecting the public interest. In keeping with provincial guidelines, the entity has also effected further streamlining of its operations, including digitising many of its processes, with a view to further strengthening internal efficiencies and enhancing its growing stature as a lean, high performance value-based organisation.

Despite a challenging operating environment, we embrace the demand of ensuring that all gambling and betting operations throughout the Province are conducted in a fiscally and socially responsible manner, whilst contributing to overall socio-economic upliftment of all communities throughout the Province.

During the 2022/23 financial year, the following context informed the operations and activities of the ECGB:

- Continued investigations and information gathering which further strengthened the entity's relationship with the Criminal Justice Cluster in the Province, facilitating sweeps on illegal gambling as well as court action in this regard;
- Monitoring of developments in the gambling industry to inform risk identification and assessments by the Board;
- Strategic engagements with gambling industry and other provincial stakeholders for effective regulation;
- Informing consumers and the public about legal and illegal gambling activities and continuing the implementation of responsible gambling campaigns in terms of ECGB's Responsible Gambling and Public Education Strategy;
- Developing and refining the entity's responsibility to contribute meaningfully to socio-economic development in the Eastern Cape; and
- Continued efforts regarding research and development functions to support the policy objectives of the entity.

Significant developments per budget programme were identified, including the way they impacted either on the demand for the entity's services or on its ability to deliver those services. The entity's overall performance and its key outputs during the reporting period, particularly relating to services rendered directly to the industry, public and other stakeholders, are summarised in the following paragraph,

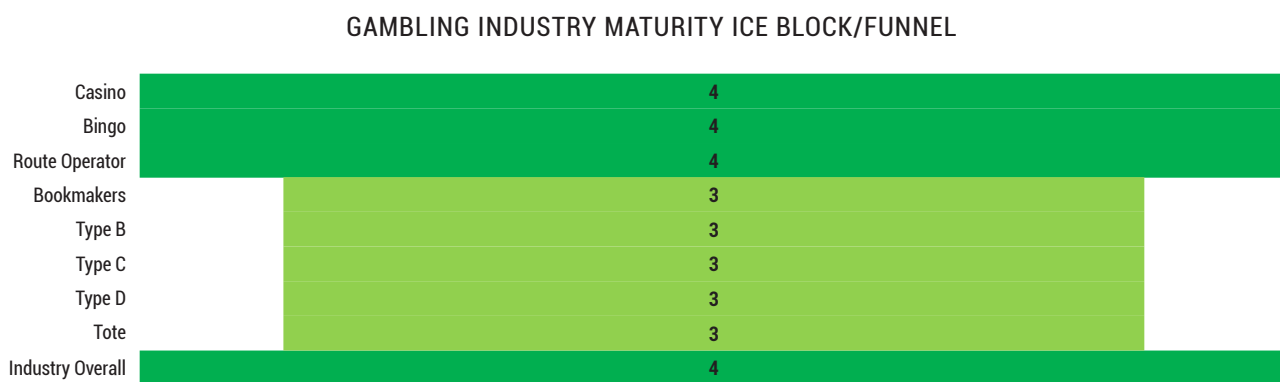
### 2.2.1.1 OVERALL PERFORMANCE

An overview of the performance of the entity is provided below. Significant developments per budget programme are identified, including the way they impacted either on the demand for the entity's services or on its ability to deliver those services.

- The entity collected R189.5 million in gambling tax revenue from all licensed gambling operators in the Province and disbursed to the Provincial Revenue Fund.
- Forty-four (44) licence applications for various gambling licences were investigated for issuing to suitable and qualifying applicants. The total of 44 applications for licenses is made up of various applications for bookmaker licences (6), addition of premises to a bookmaker licence (1), amendment of licence conditions (1), transfer of licence to another person (8), removal of business to other premises (2), acquisition of a financial (and controlling) interest (11), addition of premises to a totalisator licence (1), gambling machine site licences (13), and a national manufacturer licence (1).
- Twenty-eight (28) gambling licences were awarded to qualifying applicants and comprised the following categories or types of licenses:
  - Three Type B (20-40 machines) gambling licences (key licence);
  - Four bookmaker gambling licenses (key licence);
  - Six additional premises to a totalisator (TAB agencies) licence;
  - Four additional premises to bookmaker licences;
  - Five Type A gambling machine site licences; and
  - Six Type C gambling machine site licences.
- Two (2) public hearings were held to ensure transparency in the process of awarding licences, and public hearings held were for 10 gambling machine site licence applications, 2 bookmaker licence applications, 1 application for removal of business to other premises, and 1 national manufacturer licence application.
- One hundred and thirty-seven (137) revenue audits and compliance audits were conducted at several licensed operators in the Province to ensure compliance with the relevant legislation, rules and conditions of license, and to verify the completeness and accuracy of gaming revenue reported by all operators in the province.
- One hundred and twenty (120) inspections were conducted at licensed operators in the province in line with the requirements of the Eastern Cape Gambling and Betting Act (Act 5 of 1997).

- Eight hundred and seventy-seven (877) applications for employee registration were processed during the 2022/23 financial year.
- Ten (10) sweeps/gambling raids were carried out across all five zones in the province to search for and eradicate illegal gambling operations. These sweeps, which were conducted in collaboration with the South African Police Service, resulted in the following:
  - sixty (60) illegal gambling establishments being closed down;
  - fifty-nine (59) criminal cases opened and court processes underway;
  - ninety-three (93) illegal gambling machines with an estimated total value of R465 000 confiscated; and
  - one (1) online gambling site identified and closed down.
- The industry in the province achieved a Level 4 compliance maturity rating ranging from 90%-100%, as measured by the compliance barometer. This level is an acceptable or compliant level (zone) in terms of the compliance barometer maturity levels. Figure 1 below shows the overall picture of the compliance level of the licensees per each category of the licensees for the period under review.
- SMMEs in the Province benefitted from R174.7 million in total procurement spend by licensees, which equates to 32% of the operators' total spend going towards local suppliers.
- Licensed gambling operators contributed R13.1 million collectively towards Corporate Social Investment (CSI) and Socio-Economic Development (SED) initiatives, in line with the CSI framework approved by the Board for the period ending 31 March 2023.
- The entity continued during 2022/23 to play a major role in driving economic growth and job creation in the Eastern Cape province through stringent regulation of the industry. To this end, a total number of 3 432 sustainable job opportunities were created cumulatively as at 31 March 2023. Table 1 right indicates the total number of sustainable job opportunities created by the industry cumulatively, various type of licensees, and the total number of persons employed as a result of licences issued in terms of the designated groups.
- Four (4) key CSI projects of the ECGB were implemented in the poorest wards and communities in terms of the provincial Anti-Poverty Strategy and CSI policy of the ECGB in order to benefit the under-privileged from the poorest wards in the province.

Figure 1: 2022/2023 Overall Industry Compliance Maturity Index



<b>Level 4</b>	The compliance level is 90% or more. At this level, the top level of compliance maturity, the majority of the Licensee's managing regulatory compliance-related risk is part of the ethos and fabric of their business. (i.e. 1. Compliance is essential and part of the Licensee's business ethos. 2. Compliance is integrated into all Licensee's business and management practices. 3. Oversight Competence. 4. Independent Assurance Review. 5. Statutory Compliance.)
<b>Level 3</b>	The compliance level is between 80% and 90%. At this level, the culture of reasonable compliance monitoring and enforcement with regulatory controls processes, and standards in place, to some degree ignored despite being well understood, however at immaterial level, (i.e. 1. Compliance as part of the Licensee's business ethos. 2. Compliance integrated into all Licensee's business practices. 3. Oversight Competence. 4. Independent Assurance Review. 5. Statutory Compliance.)
<b>Level 2</b>	The compliance level is between 70% and 80%. At this level, the culture of basic compliance monitoring and enforcement with basic regulatory controls, processes and standards in place, to some degree ignored or not well (moderately) understood (i.e. 1. Compliance partly maintained. 2. Compliance is found in some of the Licensee's business practices. 3. Minimum Oversight Competence. 4. Minimum Independent Assurance Review. 5. Statutory Compliance. )
<b>Level 1</b>	The compliance level is below 70%. At this level, the culture with basic compliance monitoring and enforcement you have basic regulatory controls, processes and standards in place, however fatally ignored or not understood (i.e. 1. Compliance is not an essential part of the Licensee's business ethos. 2. Compliance is not integrated into all Licensee's business and management practices. 3. Lack of Oversight Competence. 4. Minimum or lack of Independent Assurance Review. 5. Statutory Compliance. )
Overall Remark: 90%	The overall industry's maturity is level 4 for the period under review, as contemplated by the GICMIF has prima facie complied. For scores, please refer to the annexed Data Analysis Narration.

Table 1: Total number of sustainable jobs created by the industry cumulatively

TYPE OF LICENSEES	GAMING TOTAL	NON-GAMING TOTAL	FEMALES		YOUTH		DISABLED		PDI		NON-PDI	
			Non-Gaming	Gaming	Non-Gaming	Gaming	Non-Gaming	Gaming	Non-Gaming	Gaming	Non-Gaming	Gaming
Casinos	590	535	320	342	235	250	3	2	515	543	20	47
Bookmakers	248	75	65	193	60	163	1	0	73	239	2	9
Route operators and Site operators	719	447	177	303	73	342	1	0	204	626	243	93
Bingos	324	250	180	179	172	110	2	0	248	313	2	11
Totalisator	14	0	0	11	0	0	0	0	0	14	0	0
Certificate of Suitability	56	54	18	9	0	0	0	2	54	49	0	7
Manufacturers	20	7	4	4	3	2	0	0	5	20	2	0
ISO	48	45	30	28	20	29	0	0	43	43	2	5
<b>TOTAL</b>	<b>2019</b>	<b>1413</b>	<b>794</b>	<b>1069</b>	<b>563</b>	<b>896</b>	<b>7</b>	<b>4</b>	<b>1142</b>	<b>1847</b>	<b>271</b>	<b>172</b>

Beneficiaries were four schools situated in the poorest wards of the province as follows:

- Seplan Primary School in the Chris Hani District Municipality (ward 8);
- Machibi Primary School in the Amathole District Municipality (ward 4);
- Ngquba Primary School in Joe Gqabi District Municipality (ward 9); and
- St Ignatius Primary School in Sarah Baartman District Municipality (ward 4).

The investment benefitted 1 811 Grades R-7 learners with regard to the teaching, learning and mastery of mathematics, science, and technology outcomes.

- Three (3) Designated and Vulnerable Groups projects were implemented in Sarah Baartman district municipality. These projects included provision of supports to old age persons and people living with disabilities, as well as a women empowerment project in Dr Beyers Naude Local Municipality.
- Print and social media platforms were utilised to communicate and profile the work of the ECGB within the Nelson Mandela Bay Metropolitan Municipality and the Sarah Baartman District Municipality, and 1 173 598 million people were reached through these platforms and general events.
- Twenty (20) billboards were mounted in Kouga Municipality, containing messages that promoted awareness regarding responsible gambling and also illegal gambling. These billboards were part of a multi-media campaign in Zone 1 that was intended to promote awareness of both responsible and illegal gambling. Feedback was received from a survey conducted in Zone 1, where an investigation was conducted regarding people who had heard, seen or read messages about responsible gambling in Zone 1. The survey results revealed that:
  - A total of 938 403 had either seen, heard or read messages about excessive and irresponsible gambling;
  - Approximately 450 342 (35.46%) people gamble weekly in Zone 1;

- A total of 35 052 (5.04%) people are compulsive gamblers;
- A total of 43 180 (6.2%) are serious social gamblers.
- Most of these responsible gambling messages had been seen, heard or read on television (44%), social media (38%) and/or billboards (21%).
- One (1) research study was conducted to investigate growth and transformation within the gambling industry in the Eastern Cape over the past ten years. The study findings revealed that:
  - total direct PDI employment for casinos has been stable over the period;
  - the betting sector experienced a fluctuation in direct PDI employment from 2012 until 2019;
  - route operators and Limited Payout Machines (LPMs) site operators have demonstrated an upward trend in PDI employment since 2012;
  - between 2013-2016, PDI direct employment for Bingo was relatively low as a result of Bingos being newly introduced, but from 2016, direct employment of PDIs increased annually, demonstrating a promising trend of growth up to 2019; and
  - B-BBEE compliance trends among licenced operators indicate that black ownership is notable, with LPMs and Bingos both at almost 70% black ownership, while casinos average a score of 59.8%.
- One (1) seminar was conducted and hosted in relation to a research study commissioned by the ECGB to assess the impact of the Mathematics, Science and Technology kits provided through the ECGB CSI programme to the indigent schools of the Eastern Cape from the 2017/2018 to the 2021/22 financial years. The results of the impact assessment study conducted with the Education Department in the Eastern Cape indicate the percentage of schools that have improved from the visited and supported schools, with only exit grades being considered:
  - 73% of schools improved in Mathematics in Grade 3.
  - 87% of schools improved in Mathematics in Grade 6.
  - 89% of schools improved in Natural Sciences and Technology in Grade 6.
  - 100% of schools improved in Mathematics, Life Sciences and Physical Sciences in Grade 12.

- More previously disadvantaged schools are now in possession of MST kits as are other schools, which they now can access at any time.
- Resourced schools are now exposed to practical teaching of science subjects, with some learners having been proven to have improved in confidence and communication as the foundation has been laid for deeper insight.
- Some teachers who initially had content gaps could easily translate the available material into what is required for quality teaching and learning.
- Through lesson presentations, learners could demonstrate acquisition of skills specified by CAPS in the respective subjects and grades after they had utilised the resources.
- Investment made by the Gaming Industry is considered sustainable and measurable, and it contributes towards human development.

Various licensees that invested by providing mobile Maths, Science and Technology kits across the Province were awarded with acknowledgement and recognition certificates on the day of the seminar.

- A total number of one hundred and seventy-one (171) young people were reached through the Taking Risks Wisely School Programme, in which the ECGB collaborated with the South African Responsible Gambling Foundation in four (4) schools in the province in order to:
  - facilitate and ensure awareness of the capabilities and abilities of learners to exercise wise discretion about consequences of gambling, alcohol and drug abuse in their own development;
  - ensure that young people are empowered and informed about risks associated with exposure to gambling, alcohol and drugs, including other risky behaviour such as smoking, drinking, and sexual relations, involving the high probability of problematic consequences about which one can nevertheless make sensible decisions; and
  - develop and enhance learners' decision-making skills, attitudes and capabilities in broader discussions about the social, political, and moral aspects of gambling, including co-morbidity challenges associated with drug and alcohol abuse, and crime and criminality that have a direct impact on their own development, growth and learning as young people.
- Sixteen (16) successful awareness and responsible gambling campaigns were conducted on the Minimisation of Harmful Effects of Excessive and Irresponsible Gambling as well as on illegal gambling and the Taking Risks Wisely School Programme. The awareness and responsible gambling campaigns were conducted for councillors of Koukamma, Nelson Mandela Bay Metropolitan, Blue Crane Route, Sunday's River, Kouga, Ndlambe, Inxuba Yethemba, and Senqu Local Municipalities. Included here were employees from across all occupational levels of Amathole District Municipality.
- The Eastern Cape Gambling Board co-hosted a National Gambling Conference with the National Gambling Board (NGB), with the theme "A roadmap for gambling industry regulation in a post-Covid-19 world", on 15 and 16 March 2023 at Wild Coast Sun, Mzamba.

The conference was intended to bring together various stakeholders in order to share experiences, knowledge and challenges regarding regulatory issues, to enhance gaming regulation and the development of the industry post Covid-19. Furthermore, the conference unpacked lessons learned during the Covid-19 pandemic in order to protect the industry against uncontrollable and disruptive environmental challenges. The co-hosting of the conference provided the ECGB an opportunity to share its own regulatory practices and the ability to benchmark against other regulation practices.

### 2.2.1.2 CHALLENGES ENCOUNTERED AND CORRECTIVE STEPS

The challenges encountered by the entity during the year under review relate to assistance required from the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) regarding the following critical matters:

- The Department (DEDEAT) was requested to facilitate the gazetting of zero-rating of sports betting as the entity envisages additional revenue collection for the fiscus from sports betting that is zero rated.
- In order for the entity to implement the indefinite licence regime as approved, the Department (DEDEAT) was further requested to commence with the legislative review process.
- Awaiting feedback from the MEC on the consultation required as contemplated in section 33 of the Act in order to issue the amended Conditions of Licence to all Type C licence holders in respect of the increased maximum number of LPMs from 15 to 19.
- Requesting guidance from DEDEAT on how to obtain financial assistance in terms of relief to SMMEs affected by the energy crisis as announced by the Minister of Small Business Development.



*A total of*  
**171 YOUTH**  
*reached through the*  
 Taking Risks Wisely Programme

## 2.2.2 ORGANISATIONAL ENVIRONMENT

An independent assessment and evaluation of the ECGB'S organisational maturity was conducted by the Government Technical Advisory Centre (GTAC) and the outcome and results indicate that the ECGB is performing at organisational maturity level 3, which is characterised as "Established".

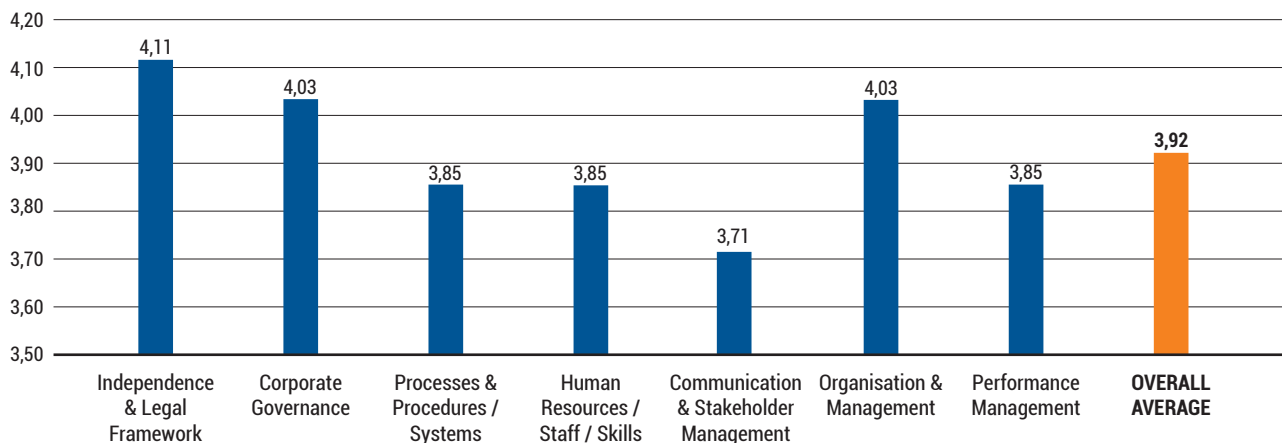
This level means that the ECGB's institutional processes for both management and gambling control activities and functions are documented, standardised and integrated into all processes of the organisation as a functional and effective organisation.

An overall score of 3.92 on the maturity assessment scale was achieved as depicted in the graph right.

## 2.2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

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

ORGANISATIONAL MATURITY SCORE PER DOMAIN & OVERALL ASSESSMENT SCORE ACHIEVED BY THE ECGB



## 2.2.4 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

This section outlines progress made against the strategic outcomes set and their impact in the entity's five-year Strategic Plan.

The strategic outcomes are listed as follows:

- Transformed and sustainable gambling industry in the province
- Compliant and protected gaming industry
- Educated, informed and responsible punters and general public
- Empowered communities located in areas where there is a gambling footprint as well as impoverished areas
- Informed policy decision making based on research and evaluation outcomes
- Effective governance with an enabling workplace environment

The targets reported on in Section 2.3 are aligned annually towards overall achievement of the strategic outcomes as summarised in the following table:

### OUTCOME 1: Effective governance with an enabling workplace environment

PROGRESS MADE BY THE ECGB:

- a An assessment and evaluation of the ECGB organisational maturity was conducted and an outcome of level 3 was achieved. Level 3 organisational maturity achieved was conducted by the Government Technical Advisory Centre (GTAC) wherein an overall score of 3.92 on the maturity assessment was attained.
- b An Organisational Performance Reporting System has been institutionalised to measure and regulate the Board in terms of its performance and financial prudence.
- c Effective organisational performance reporting and feedback according to which quarterly reports regarding organisational performance were presented to the Board, DEDEAT and Provincial Treasury, with a portfolio of evidence compiled and submitted bi-annually for review by internal audit.
- d Clean audit outcomes were achieved and maintained on both financial information and predetermined outcomes.
- e Facilitating training and capacity building of all ECGB employees to equip them to respond to new challenges of innovation and regulatory requirements.
- f Continuous institutionalisation of enterprise risk management and monitoring, and evaluation of the risk register for 2022/23.
- g The Board and its sub-committees met according to an approved annual schedule and as per their terms of reference.

### OUTCOME 2: Transformed and sustainable gambling industry in the province

PROGRESS MADE BY THE ECGB:

- a In pursuance of this strategic outcome, the ECGB followed industry best practices for issuing licences, including the following categories or types of licenses:
  - Three Type B (20-40 machines) gambling licences (key license);
  - Four bookmaker gambling licenses (key license);
  - Six additional premises to a totalisator (TAB agencies) licences;
  - Four additional premises to bookmaker licences;
  - Five Type A gambling machine site licences; and
  - Six Type C gambling machine site licences.
- b The entity continued during 2022/23 to play a major role in driving economic growth and job creation in the Eastern Cape province through stringent regulation of the industry. To this end, a total number of 3432 sustainable job opportunities were created cumulatively as at 31 March 2023.
- c Requests for Proposals (RFPs) on the different types of licences which the Board rolls out at different periods were widely published in the Eastern Cape using mainstream print media;
- d Two public hearings were facilitated to ensure transparency in the process of awarding licences, and public hearings held were for 10 gambling machine site licence applications, 2 bookmaker licence applications, 1 application for removal of business to other premises and 1 national manufacturer licence application.
- e SMMs in the province benefitted from R174.7 million in total procurement spend by licensees, which equates to 32% of the

operator's total spend going towards local suppliers in the Eastern Cape.

- f The Eastern Cape Gambling Board co-hosted a National Gambling Conference with the National Gambling Board (NGB) with the theme "A roadmap for gambling industry regulation in a post-Covid-19 world", on 15 and 16 March 2023 at the Wild Coast Sun, Mzamba. The conference was intended to bring together various stakeholders in order to share experiences, knowledge and challenges regarding regulatory issues to enhance gaming regulation and the development of the industry post Covid-19. Furthermore, the conference unpacked lessons learned during the Covid-19 pandemic in order to protect the industry against uncontrollable and disruptive environmental challenges. The co-hosting of the conference provided the ECGB an opportunity to share its own regulatory practices and the ability to benchmark against other regulation practices.

### OUTCOME 3: Educated, informed and responsible punters and general public

PROGRESS MADE BY THE ECGB:

- a Sixteen (16) successful awareness and responsible gambling campaigns were conducted on Minimisation of Harmful Effects of Excessive and Irresponsible Gambling as well as on illegal gambling and the Taking Risks Wisely School Programme. The awareness and responsible gambling campaigns were conducted for councillors of Koukamma, Nelson Mandela Bay Metropolitan, Blue Crane Route, Sunday's River, Kouga, Ndlambe, Inxuba Yethemba, and Senqu Local Municipalities. Included here were employees from across all occupational levels of Amathole District Municipality.
- b Communities, families and employees who are aware of relatives, spouses or any other persons with a gambling addiction are encouraged to call the toll-free number 0800 006 008 to seek help and assistance with regard to this addiction. These services are free and at no cost and are only meant to assist and help our communities in the province.
- c Gambling economic opportunity awareness sessions were conducted with the intention to inform and educate potential business entrepreneurs about economic opportunities within the provincial gambling sector during the licensing process and post licensing.
- d Print and social media platforms were utilised to communicate and profile the work of the ECGB within the Nelson Mandela Bay Metropolitan Municipality and Sarah Baartman District Municipality, and 1 173 598 million people were reached through these platforms including general events.
- e The ECGB collaborated with the South African National Responsible Gambling Foundation in conducting a relevant series of responsible gambling campaigns within the province, as well as designating certain schools as gambling, alcohol, drugs and crime-free zones.



#### OUTCOME 4: Empowered communities located in areas where there is a gambling footprint as well as impoverished areas in the Province.

##### PROGRESS MADE BY THE ECGB:

- a In pursuance of this strategic outcome, the entity contributed R672 955 towards socio-economic development opportunities and other CSI-related contributions supporting designated and vulnerable groups identified as impoverished.
- b Four (4) key CSI projects of the ECGB were implemented in the poorest wards and communities in terms of the provincial Anti-Poverty Strategy and CSI policy of the ECGB in order to benefit the under-privileged from the poorest wards in the Province. Beneficiaries were four schools based in the poorest wards of the province as follows:
  - Seplan Primary School in the Chris Hani District Municipality (ward 8);
  - Machibi Primary School in the Amathole District Municipality (ward 4);
  - Ngquba Primary School in Joe Gqabi District Municipality (ward 9); and
  - St Ignatius Primary School in Sarah Baartman District Municipality (ward 4).

The investment benefitted 1 811 Grades R-7 learners with regard to the teaching, learning and mastery of mathematics, science and technology outcomes.

- c Three (3) Designated and Vulnerable Groups projects were implemented at Sarah Baartman District Municipality. These projects included provision of supports to old age persons and people living with disabilities, and a women empowerment project at Dr Beyers Naude Local Municipality.
- d The gaming industry in the province is also expected and compelled through their licence conditions to invest in communities through their own CSI and SED projects as part of building a cohesive social compact with communities and various stakeholders where they operate, guided by the Anti-Poverty Strategy of the province and the CSI Framework of the Gaming Industry. By the end of the 2022/23 financial year, the gaming industry had invested in various municipalities in the province a combined amount of R13.1 towards CSI/SED initiatives in line with the CSI framework of the Eastern Cape Gambling Board.

#### OUTCOME 5: Informed policy decision making based on research and evaluation outcomes

##### PROGRESS MADE BY THE ECGB:

- a In pursuance of this strategic outcome, a survey was commissioned in Zone 1 to receive feedback from 650 000 people who had heard, read or seen messages about excessive and illegal gambling during the 2022/23 financial year, and a total of 938 403 people had either seen, heard or read messages about excessive and irresponsible gambling. Results of the survey revealed that:
  - approximately 450 342 (35.46%) people gamble weekly in Zone 1;
  - a total of 35 052 (5.04%) people are compulsive gamblers;
  - a total of 43 180 (6.2%) are serious social gamblers; and
  - most of these responsible gambling messages have been seen, heard or read on television (44%), social media (38%) and billboards (21%).
- b A research study was conducted to investigate growth and transformation within the gambling industry in the Eastern Cape over the past ten years. The study findings reveal that:
  - total direct PDI employment for casinos has been stable over the period;
  - the betting sector experienced a fluctuation in direct PDI employment from 2012 to 2019;
  - route operators and Limited Payout Machines (LPMs) site operators have demonstrated an upward trend in PDI employment since 2012;

- between 2013-2016 PDI direct employment for Bingo was relatively low as a result of Bingos being newly introduced. Since 2016, direct PDI employment has increased annually, demonstrating a promising trend of growth up to 2019; and
- B-BBEE compliance trends for licenced operators indicate that black ownership is notable, with LPMs and Bingos with both at almost 70% black ownership while casinos average a score of 59.8%
- c One (1) seminar was conducted and hosted in relation to the research study commissioned by the ECGB to assess the impact of the Mathematics, Science and Technology kits provided through the ECGB CSI programme to the indigent schools of the Eastern Cape from the 2017/2018 to the 2021/22 financial years. The results of the impact assessment study conducted with the Education Department in the Eastern Cape indicate the percentage of schools that have improved from the visited and supported schools, with only exit grades being considered:
  - 73% of schools improved in Mathematics in Grade 3.
  - 87% of schools improved in Mathematics in Grade 6.
  - 89% of schools improved in Natural Sciences and Technology in Grade 6.
  - 100% of schools improved in Mathematics, Life Sciences and Physical Sciences in Grade 12.
- More previously disadvantaged schools are now in possession of MST kits as are other schools, and they can access these at any time.
- Resourced schools are now exposed to practical teaching of science subjects with some learners having been proven to have improved in confidence and communication as the foundation has been laid for deeper insight.
- Some teachers who initially had content gaps could easily translate the available material into what is required for quality teaching and learning.
- Through lesson presentations, learners could demonstrate acquisition of skills specified by CAPS in the respective subjects and grades after they had utilised the resources.
- Investment made by the Gaming Industry is considered sustainable and measurable, and contributes to human development.

#### OUTCOME 6: Compliant and protected gaming industry

##### PROGRESS MADE BY THE ECGB:

- a In pursuance of this strategic outcome, the industry in the province achieved a Level 4 compliance maturity rating ranging from 90%-100%, as measured by the compliance barometer. This level is an acceptable or compliant zone in terms of the compliance barometer maturity levels.
- b Revenue, compliance audits and inspections were conducted to maximise revenue collection, strengthen effective compliance and adherence to bid commitments, licence conditions, the Act, rules and regulations, the Financial Intelligence Centre Act (FICA) (Act 38 of 2001), and other applicable legislation prior to, and after commencement of, operations. The entity collected R189.5 million in gambling tax revenue from licensed gambling operators in the province, which was 2.4% above target even though the gambling industry in the province has been operating under difficult and trying times due to the challenge of loadshedding.
- c Non-compliance notices were issued, with interest and penalties imposed where applicable.
- d Sweeps/gambling raids were carried out across all five zones in the province to search for and eradicate illegal gambling operations. These sweeps, which were conducted in collaboration with the South African Police Service, resulted in:
  - sixty (60) illegal gambling establishments being closed down;
  - fifty-nine (59) criminal cases opened and court processes underway;
  - ninety-three (93) illegal gambling machines with an estimated total value of R465 000 confiscated; and
  - one (1) online gambling site identified and closed down.

# 2.3 PERFORMANCE BY PROGRAMME

## 2.3.1 BUDGET PROGRAMME 1: CORPORATE SERVICES MANAGEMENT AND ADMINISTRATION

### 2.3.1.1 PURPOSE OF THE PROGRAMME

The purpose of this programme is to provide corporate administrative and management support services to the organisation and the budget programme, including the Board of Directors, to ensure that the ECGB mandate is executed, achieved and reported accordingly.

### 2.3.1.2 SUB-PROGRAMMES

The following are budget sub-programmes of Corporate Services Management and Administration:

- Office of the Chief Executive Officer
- Strategic Management Services
- Legal Services and Board Secretariat
- Financial Management
- Human Resources Management and Development
- Information Management and Technology

The Operational Performance Plan of the entity includes indicators and targets for all sub-programmes. However, the performance indicators reported on below are only the selected key performance indicators included in the entity's Annual Performance Plan.

### 2.3.1.3 STRATEGIC OUTCOMES

The following strategic outcomes guide the performance of the Budget Programme to achieve the desired outcomes:

- Compliant and protected gambling industry.
- Empowered communities located in areas where there is a gambling footprint as well as impoverished areas, including supporting Covid-19 initiatives in the province.
- Effective governance with an enabling workplace environment.



*The ECGB delivers on*

**EFFECTIVE GOVERNANCE**

## 2.3.1.4 OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

PURPOSE OF THE SUB-PROGRAMME: FINANCIAL MANAGEMENT SERVICES								
<i>To administer ECGB revenue and expenditure in order to efficiently and effectively conduct all financial dealings.</i>								
Outcome	Outputs	Output Indicators	Actual Achievement 2020/21	Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation From Planned Target to Actual Achievement for 2022/23	Reasons for Deviations
Compliant and Protected Gambling Industry	Taxes and Fees collected from licensed operators License certificates issued to operate	Revenue Collected and Disbursed to Fiscus	R102.1 million	R160.3 million	R185 million	R189.5 <sup>2</sup> Million	+R4.5 million	The over-achievement is due to the gradual recovery of the industry from Covid-19 restrictions.
PURPOSE OF THE SUB-PROGRAMME: STRATEGIC MANAGEMENT SERVICES								
<i>To manage the ECGB strategic planning process in line with Treasury requirements and monitor and evaluate organisational performance against agreed targets.</i>								
<i>To strengthen and support the SED projects of the Board and those established in terms of licence conditions so that they are sustainable and add value to the lives of the people of the Eastern Cape province.</i>								
Empowered communities located in areas where there is a gambling footprint as well as impoverished areas, including supporting Covid-19 initiatives in the province	Maths, Science and Technology kits Interactive eLearning Material Towards 4IR Evaluation Reports on Demonstrating Desired Outcomes	Number of Key CSI Projects Implemented	4	4	4	4	No deviation	None
PURPOSE OF THE SUB-PROGRAMME: OFFICE OF THE CEO								
• To provide leadership, overall strategic oversight and an administrative function to ensure the efficiency of ECGB. In addition, to implement risk assurance management systems and services in order to improve corporate governance requirements within the ECGB.								
Effective governance within an enabling workplace environment	Organisational Maturity Framework Report on Assessment of the Organisation's Maturity	Organisational Maturity Index	New Indicator	Level 3 Organisational Maturity	Level 3 Organisational Maturity	Level 3 Organisational Maturity	No deviation	None

<sup>2</sup> The total amount of R189,5 million disbursed to provincial fiscus by year-end includes fees/interest and penalties which were not projected or planned for collection.

The following budget sub-programmes of Corporate Services Management and Administration do not have measurable key performance indicators that find expression in the Annual Performance Plan; rather, they have activity-based reporting indicators that find expression in the Operational Plan.

**PURPOSE OF THE SUB-PROGRAMME: LEGAL SERVICES AND BOARD SECRETARIAT**

To ensure legal and secretariat support to the Board and CEO and to provide sound legal support and advice to ECGB personnel.

**PURPOSE OF THE SUB-PROGRAMME: HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT**

To ensure that all matters relating to human capital management and development are implemented effectively and efficiently. In addition, to ensure that the ECGB becomes an employer of choice.

**PURPOSE OF THE SUB-PROGRAMME: INFORMATION MANAGEMENT AND TECHNOLOGY**

To provide end-user and internal system support and to ensure the effective running of all IT-related matters within the ECGB.

**2.3.1.5 LINKING PERFORMANCE WITH BUDGETS PER SUB-PROGRAMME OF BUDGET PROGRAMME 1**

PROGRAMME 1: FINANCIAL PERFORMANCE BY SUB-PROGRAMME						
Sub-Programme	2022/23			2021/22		
	Adjusted Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Adjusted Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Office of the CEO	9 604	9 631	(28)	6 855	6 608	247
Strategic Management Services	6 421	6 468	(48)	5 575	5 462	113
Legal Services and Board Secretariat	6 640	6 512	128	6 520	6 391	130
Financial Management Services	11 791	12 360	(568)	13 351	13 174	177
Human Resources Management and Development	7 694	7 667	27	6 494	7 137	(643)
Information Management and Technology	5 504	5 474	29	4 960	5 442	(482)
<b>Total Expenditure</b>	<b>47 654</b>	<b>48 113</b>	<b>- 459</b>	<b>43 755</b>	<b>44 213</b>	<b>-459</b>
<b>% Under/(Over) Expenditure</b>			<b>-0.96%</b>			<b>-1.04%</b>

**2.3.1.6 STRATEGIES TO OVERCOME AREAS OF UNDER-PERFORMANCE BY BUDGET PROGRAMME 1**

There were no areas of under-performance against the planned performance indicators during the financial year of reporting.

## 2.3.2 BUDGET PROGRAMME 2: GAMBLING REGULATION AND CONSUMER PROTECTION

### 2.3.2.1 PURPOSE OF THE PROGRAMME

The purpose of this programme is to implement the ECGB Act and other statutory mandates through conducting investigations, licensing, compliance, revenue and environmental audits and gaming control and law enforcement, as well as to protect consumers.

### 2.3.2.2 SUB-PROGRAMMES

The following are budget sub-programmes of Gambling Regulation and Consumer Protection:

- Investigation and Licensing Administration
- Law Enforcement and Gaming Control
- Audit and Compliance Services

### 2.3.2.3 STRATEGIC OUTCOMES

The following strategic outcomes guide the performance of Budget Programme 2 to achieve the desired outcomes:

- Transformed and Sustainable Gambling Industry in the Province
- Compliant and Protected Gambling Industry

### 2.3.2.4 OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

PURPOSE OF THE SUB-PROGRAMME: INVESTIGATION AND LICENSING ADMINISTRATION								
<i>To implement the ECGB Act and other statutory mandates through conducting investigations in order to award licences to suitably qualified applicants by the Board of Directors of the ECGB. Furthermore, to provide information on economic opportunities associated with the gambling industry, including types of licences to be rolled out by the ECGB, to potential entrepreneurs and investors, business organisations and local economic development agencies within the province.</i>								
Outcome	Outputs	Output Indicators	Actual Achievement 2020/21	Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement for 2022/23	Reasons for Deviations
Transformed and Sustainable Gambling Industry in the Province	License Certificate to Operate Gambling site	Number of Key Gambling Licences Issued <sup>3</sup>	3	8	6	7	1	Over-achievement was as a result of one Type B LPM license issued which was not anticipated.
	Reports on the awareness sessions conducted Number of persons who attended economic opportunities session	Number of Gambling Economic Opportunities Awareness Sessions Conducted	3	5	5	5	No deviation	None

<sup>3</sup> Key Licences refer to casinos, bookmakers, totalisators, racecourses, independent site operators (ISOs), Bingo operators and LPM Type B sites.

<b>PURPOSE OF THE SUB-PROGRAMME: LAW ENFORCEMENT AND GAMING CONTROL</b>								
<i>To implement the ECGB Act and other statutory legislation through conducting compliance inspections in order to eliminate non-compliance through law enforcement and gaming control. In addition, the sub-programme provides investigative leadership with respect to detection, investigations and prevention of illegal gambling, as well as working closely with law enforcement agencies in the province.</i>								
Compliant and Protected Gambling Industry	Reports on illegal operations identified							
	Reports on the closure of illegal gambling sites	Number of Sweeps Conducted	6	10	10	10	No deviation	None
	Number of confiscated illegal gambling devices and equipment							
<b>PURPOSE OF THE SUB-PROGRAMME: AUDIT AND COMPLIANCE SERVICES</b>								
<i>To implement the ECGB Act and other statutory legislation through conducting compliance audits in order to ensure revenue is correct, devices are not easily manipulated and bid commitments are adhered to and fulfilled.</i>								
Compliant and Protected Gambling Industry	Reports on revenue audits for verification of taxes and fees	Number of Revenue Audits Conducted	44	46	68	68	No deviation	None
	Reports on compliance audits conducted	Gambling Industry Compliance Maturity Level	Compliance Level 3	Compliance Level 4	Compliance Level 3	Compliance Level 4	Achieved higher level than planned	The Gambling Industry Compliance Maturity level target was exceeded with an achievement of level 4 maturity. This is indicative of a maturing industry in terms of compliance.

### 2.3.2.5 LINKING PERFORMANCE WITH BUDGETS PER SUB-PROGRAMME OF BUDGET PROGRAMME 2

<b>PROGRAMME 2: FINANCIAL PERFORMANCE BY SUB-PROGRAMME</b>						
Sub-Programme	2022/23			2021/22		
	Adjusted Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Adjusted Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Investigation and Licensing Administration	11 584	11 594	(12)	10 646	11 471	- 825
Law Enforcement and Gaming Control	6 747	6 742	5	5 851	5 677	174
Audit and Compliance Services	6 617	6 594	23	7 423	6 748	675
<b>Total Expenditure</b>	<b>24 947</b>	<b>24 930</b>	<b>18</b>	<b>23 920</b>	<b>23 896</b>	<b>24</b>
<b>% Under / (Over) expenditure</b>			<b>0.07%</b>			<b>0.10%</b>

### 2.3.2.6 STRATEGIES TO OVERCOME AREAS OF UNDER-PERFORMANCE BY BUDGET PROGRAMME 2

There were no areas of under-performance on the planned performance indicators during the financial year of reporting.

## 2.3.3 BUDGET PROGRAMME 3: RESEARCH AND PUBLIC EDUCATION

### 2.3.3.1 PURPOSE OF THE PROGRAMME

The purpose of this programme is to build a strong foundation of valid and reliable empirical research and programme evaluations to inform operational and policy advisory decision making, including public interest activities such as educating consumers and the public about responsible gambling and mitigation of excessive and uncontrolled gambling.

### 2.3.3.2 SUB-PROGRAMMES

The following are budget sub-programmes of Research and Public Education:

- Empirical Research and Information Management
- Responsible Gambling, Public Education and Communications

### 2.3.3.3 STRATEGIC OUTCOMES

The following strategic outcomes guide the performance of Budget Programme 3 to achieve the desired outcomes:

- Informed Policy Decision Making Based on Research and Evaluation Outcomes
- Educated, Informed and Responsible Punters and General Public

### 2.3.3.4 OUTCOMES, OUTPUTS, OUTPUT INDICATORS, TARGETS AND ACTUAL ACHIEVEMENT

PURPOSE OF THE SUB-PROGRAMME: EMPIRICAL RESEARCH AND INFORMATION MANAGEMENT								
<i>To build a strong foundation of valid and reliable empirical research to inform operational, policy advisory and public interest activities as well as to conduct ad hoc surveys in order to examine levels of information, attitudes, behaviour and social changes within the gaming industry in the Eastern Cape and the ECGB itself.</i>								
Outcome	Outputs	Output Indicator	Actual Achievement 2020/21	Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement for 2022/23	Reasons for Deviations
Informed Policy Decision Making Based on Research and Evaluation Outcomes	Bid Specification Bid Evaluation Report Tender Issued SLA Board's Resolutions on Findings and Recommendations Checklist on the implementation of Research Findings and Recommendations	Empirical Research Studies Commissioned	1	0	1	1	No deviation	None
PURPOSE OF THE SUB-PROGRAMME: RESPONSIBLE GAMBLING, PUBLIC EDUCATION AND COMMUNICATIONS								
<i>To implement the ECGA and other statutory legislation through conducting responsible gambling campaigns and public education and utilisation of different platforms to ensure the protection of punters and consumers and general citizenry from uncontrollable and excessive gambling practices. In addition, to market and profile the ECGB as an efficient and effective gaming regulator and development entity.</i>								
Educated, Informed and Responsible Punters and General Public	Confirmation Reports Regarding Messages of Responsible Gambling	Number of People who Provided Feedback with regard to Excessive and Irresponsible Gambling Messages	0 people provided feedback	639 662 people provided feedback	650 000 provided feedback	938 403 people provided feedback	288 403 people provided feedback	People who provide feedback with regard to excessive and irresponsible gambling messages have been more than the anticipated number.

### 2.3.3.5 LINKING PERFORMANCE WITH BUDGETS PER SUB-PROGRAMME OF BUDGET PROGRAMME 3

PROGRAMME 3: FINANCIAL PERFORMANCE BY SUB-PROGRAMME						
Sub-Programme	2022/23			2021/22		
	Adjusted Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Adjusted Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Empirical Research	510	387	123	765	1 010	- 245
Responsible Gambling and Public Education	4 828	4 814	14	3 548	2 858	690
<b>Total Expenditure</b>	<b>5 338</b>	<b>5 201</b>	<b>137</b>	<b>4 313</b>	<b>3 868</b>	<b>445</b>
<b>% Under / (Over) expenditure</b>			<b>2.57%</b>			<b>11.52%</b>

### 2.3.3.6 STRATEGIES TO OVERCOME AREAS OF UNDER-PERFORMANCE BY BUDGET PROGRAMME 3

There were no areas of under-performance on the planned performance indicators during the financial year of reporting.



# 2.4 SUMMARY OF REVENUE COLLECTION

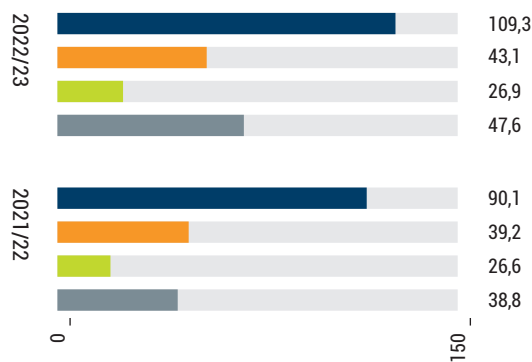
Revenue to Fiscus	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000	2022/23 R'000
Casinos	95 168	90 639	43 863	73 230	89 205
Bookmakers and Totalisator	12 799	11 816	7 757	8 865	8 955
Bingo	45 582	47 484	25 424	38 971	47 673
Limited Payout Machines	37 771	39 824	25 093	39 221	43 111
<b>TOTAL</b>	<b>191 320</b>	<b>189 763</b>	<b>102 137</b>	<b>160 287</b>	<b>188 944*</b>

\*This is Taxes only, does not include interest and penalties paid over to DEDEAT

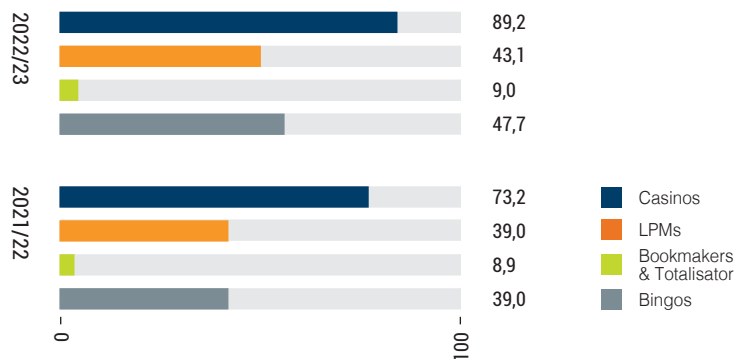
## 2.4.1 GROSS GAMING REVENUE AND TAX STATISTICS 2021/22 VS 2022/23

The following is a graphical depiction of revenue performance per gaming category:

### GROSS GAMING REVENUES R'MILLIONS



### TAXES COLLECTED R'MILLIONS



# 2.5 CAPITAL INVESTMENT

Infrastructure Projects	2022/23			2021/22		
	Adjusted Budget R'000	Actual Expenditure R'000	(Over) / Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over) / Under Expenditure R'000
Building Extension Project - phase 1	-	-	-	1 182	1 139	43
Building and Other Fixtures - phase 2	6 972	1 209*	5 763	949	62	887

\*The investments are made up of the building alterations, furniture and fixtures, and other components disclosed within note 6 of the AFS.



## Focus Area

*Creating a transformed*

## **SUSTAINABLE GAMBLING INDUSTRY**

*in the Province.*



PART C

# *Governance*



22/23 ANNUAL REPORT

# 3.1 INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled, and held to account. In addition to legislative requirements stipulated in the public entity's enabling legislation, i.e., the Eastern Cape Gambling Act, 1997 (as amended) (ECGA), as well as the Companies Act, 2008 (as amended), corporate governance regarding public entities is also applied through the prescripts of the Public Finance Management Act, 1999 (as amended) (PFMA). The above runs in tandem with the principles contained in the King IV Report on Corporate Governance for South Africa, 2016 (King IV).

The Eastern Cape Legislature, the Executive, and the Accounting Authority of the ECGB are responsible for corporate governance.

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# 3.2 PORTFOLIO COMMITTEES

The Portfolio Committee on Economic Development, Environmental Affairs and Tourism exercises oversight over the service delivery performance of the ECGB. As such, it reviews the non-financial information contained in the Annual Reports of the ECGB and is concerned with service delivery and enhancing economic growth.

Appearances/reports submitted to the Portfolio Committee during the year under review are reflected below:

No	Date	Reports Submitted to the Portfolio Committee
1	14 April 2022	Budget Vote (Presentation of 2022/23 Annual Performance Plans)
2	16 Sept 2022	Presentation of response to House Resolutions
3	24 Nov 2022	Presentation of Annual Report 2021/22 and Financial Oversight Report 2022/23

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## 3.3 EXECUTIVE AUTHORITY

Oversight by the Executive Authority rests by and large on the precepts of the PFMA. The Executive Authority has the power to appoint and dismiss the Board of a public entity. The Executive Authority must also ensure that the appropriate mix of executive and non-executive members is appointed and that members have the necessary skills to guide the public entity.

Reports submitted to the Executive Authority during the year under review are reflected below:

No	Date	Reports Submitted to the Executive Authority
1	20 April 2022	2021/22 Fourth Quarter Financial and Performance Report
2	22 July 2022	2022/23 First Quarter Financial and Performance Report
3	31 August 2022	2022/23 Annual Report, including the Annual Financial Statements
4	30 September 2022	2023/24 Annual Budget and Budget Adjustments 2022/23
5	21 October 2022	2022/23 Second Quarter Financial and Performance Report
6	25 October 2022	2022/23 Six Months' Oversight Report and Six Months Performance Information Report
8	21 January 2023	2022/23 Third Quarter Financial and Performance Report
9	31 January 2023	2023/24 – 2025/26 Annual Performance Plan

*Be alert when*

**BETTING  
ONLINE**

*access legal  
websites*



# 3.4 ACCOUNTING AUTHORITY

## 3.4.1 THE ROLE OF THE BOARD

In terms of the enabling legislation of the ECGB, the Board is mandated to oversee gambling and betting activities in the Eastern Cape and to advise the responsible MEC on related matters.

## 3.4.2 BOARD CHARTER

The Board has a Charter setting out its responsibilities which are disclosed herein. The Charter confirms, amongst other matters:

- the Board's responsibility for the adoption of strategic plans;
- the monitoring of operational performance and management;
- the determination of policy processes to ensure the integrity of the public entity's risk management and internal controls; and
- the communication policy, orientation and evaluation of Board members.

## 3.4.3 COMPLIANCE WITH THE CHARTER

The objective of the Board Charter is to ensure that all Board members, employees of the entity and other stakeholders are aware of the duties and responsibilities of the Board and provides the basis upon which it interacts with management, in giving effect to its obligations.

The Board Charter ensures that Board members are responsible for the full and effective control of the Board, which assumes responsibility for the following:

- Monitoring the management of the organisation and the implementation of its plans and strategies;
- Ensuring a comprehensive, active system of policies and procedures;
- Ensuring ethical behaviour;
- Reserving specific powers for the Board, where considered appropriate or necessary;
- Acting responsibly towards stakeholders; and
- Ensuring compliance with corporate governance principles and relevant legislation.

The Board Charter recognises that the two key and distinct tasks associated with the conduct of the Board's affairs are the running of the affairs of the organisation and the executive responsibility for the conduct of the organisation's business.

The Board conducts its business in accordance with the principles of good corporate governance, the ECGA and the PFMA. The Board Charter sets out the specific responsibilities to be discharged by Board members collectively, as well as individual roles as expected.

In line with the requirements of King IV, the Board sets the tone in leading by example, being ethical, effective, and ensuring that the organisation's ethics are monitored, assessed and managed effectively. To this end, the Board has established ethical norms in the organisational culture, relevant codes of conduct and policies.

### 3.4.4 COMPOSITION OF THE BOARD

The Board consists of eight non-executive members as well as one executive member in an ex officio capacity. The tenure of the current Board commenced in the 2021-22 financial year, following the end of term for the previous Board in March 2021. Ms Traci Mackie-Huisman is the current Chairperson of the Board.

Name	Designation	Date Appointed	Qualifications	Area of Expertise	Other Committees	No. of Meetings Attended <sup>4</sup>
Ms T Mackie-Huisman	Chairperson	March 2019	MA Communication	Tourism	N/A	8/8
Ms V Vika	Deputy Chairperson	May 2021	Bachelor of Journalism and Media Studies; Management Development Certificate; Executive Development Certificate	Socio-Economic Development	Human Resources and Remuneration Compliance, Licensing and Transformation	8/8
Adv. J Buchner	Member	May 2021	LLM; LLB; B Juris	Law Legal Practitioner	Compliance, Licensing and Transformation; Human Resources and Remuneration	7/8
Ms V Majola	Member	Sept 2020	M Com in Development Finance; M Com in Economics Policy; BCom Economics and Management	Finance Economics Treasury	Finance	6/8
Mr M Zokoza	Member	Nov 2021	Master of Arts: Development Studies; BCom: Tourism Management; Bachelor of Arts	Economic Development; Environmental Affairs and Tourism	Compliance, Licensing and Transformation; Finance	7/8
Ms N Zuma	Member	May 2021	Post Grad Diploma in Management; National Diploma Human Resources Management	Safety and Security	Compliance, Licensing and Transformation; Human Resources and Remuneration	2/8
Mr Q Mafuya	Member	Nov 2021	LLB; B Proc; Certificate in Corporate Governance; Certificate in Budgeting in Public Sector; Corporate Governance	Community Representative	Finance; Human Resources and Remuneration	8/8
Mr MN de Beer	Member	Nov 2021	BCom (Hon) Accountancy; BCom Accountancy; Internal Audit Quality Assessor	Accounting, Chartered Accountant	Finance, Audit and Risk	8/8
Mr RM Zwane	Ex Officio Member	Dec 2009	MA Business Administration	Chief Executive Officer	N/A	7/8

<sup>4</sup> During the 2022/23 financial year, there was a total of eight Board Meetings as reflected above, with an additional bidder conference regarding licence applications. (Board fees for public hearings were recovered against licence application deposits.)

### 3.4.5 COMMITTEES OF THE BOARD

Committee	No. of Meetings Held	No. of Members	Name of Members
Finance Committee	6	4	Ms V Majola (Chairperson) Mr Q Mafuya Mr M Zokoza Mr MN de Beer
Compliance, Licensing and Transformation Committee	4	4	Adv. J Buchner (Chairperson) Ms V Vika Mr M Zokoza Ms N Zuma
Human Resources and Remuneration Committee	5	4	Ms V Vika (Chairperson) Adv. J Buchner Ms N Zuma Mr Q Mafuya
Audit and Risk Committee	6	4	Mr M Mbedhli (Chairperson) *** Ms T Mnqeta *** Ms T Cumming *** Mr MN de Beer

\*\*\* Denotes Audit and Risk Committee members who are not Board members.

### 3.4.6 REMUNERATION OF BOARD MEMBERS

- The Board Remuneration Policy was approved by the MEC for Economic Development, Environmental Affairs and Tourism (DEDEAT) on 18 June 2013, and is the standing policy for remuneration of Board members.
- Representatives of provincial departments appointed as Board members in terms of Sections 5(1) (e), 5 (1) (f) and 5 (1) (g) of the ECGA, do not receive remuneration.
- Section 6 of the Remuneration Policy stipulates the amounts for travel and subsistence for Board members. In respect thereof, the National Treasury Instruction on Cost Containment further guides the provision of travel and subsistence to members.
- Extraordinary Board fees: The Board Remuneration Policy provides that there may be circumstances that warrant payment to Board members of "extraordinary Board fees" (e.g., for preparation time for consideration of licence applications which may not exceed one day per application). These fees are recovered from licence application deposits.

Board remuneration is payable as follows:

- Chairperson – R12 000 per day and R12 000 retainer fee (per month)
- Deputy Chairperson – R10 000 per day
- Ordinary Board member – R8 500 per day
- Committee Chairperson – R4 500 per day
- Committee Member – R3 800 per day
- Committee members appointed as representatives of the respective provincial departments are not paid for meetings, except in exceptional circumstances.

Refer to Note 25 of Part F of this report (the Annual Financial Statements), which provides the amounts paid to each Board member in terms of the Board Remuneration Policy for the past two financial years.



# 3.5 RISK MANAGEMENT

The Board of the ECGB as a governance structure has an overall responsibility and oversight duty with regard to setting the tone on risk management, including identification of the strategic risks of the ECGB.

Management of the Board creates an enabling environment for the implementation of the Enterprise Risk Management policy, which includes adequate and effective risk management programmes across all business functions as well as ensuring a consistent application in imperatives and procedures.

For the year under review, the ECGB has reviewed the Enterprise Risk Management (ERM) Policy to align with the best practices and trends. This review was mostly influenced by an assessment conducted by the Institute of Risk Management South Africa (IRMSA) and further benchmarking exercises undertaken.

The review and separation of ERM policy and risk management strategy has resulted in the following:

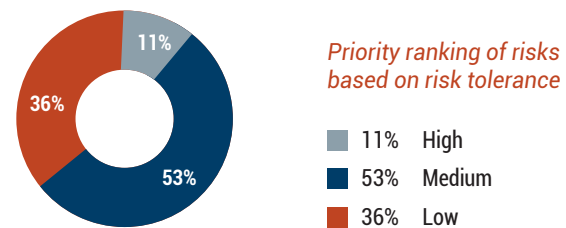
- Introduction of risk management processes and alignment with existing strategic planning processes;
- Alignment of risk management with strategic outcomes at all levels of the organisation;
- Continuous communication of strategic risks of the ECGB and the implementation of mitigation strategies;
- Identification of risk owners and clarification of their responsibilities towards mitigating and reporting on identified risks;
- Alignment of risk response actions to organisational operational plan for proactive management of risk; and
- Continuously improving controls, accountability systems and processes to take into account risk management and its results.

The Risk Management Committee (RMC) was fully functional and committee meetings that were earmarked for the 2022/23 were held with full participation from management. Timeously submitted reports showed some improved risk-based decision making by Management.

The ERM Policy requires that the Risk Register be approved by the Board, and the Board receives regular feedback in respect of risk management. The Audit and Risk Committee advises the Board on risk management and independently monitors the effectiveness of the entity's system of risk management. The risk register was reviewed on a quarterly basis and mitigation strategies were monitored throughout the year. Progress against mitigation action plans is noted in the risk register and reported to the Audit and Risk Committee by Management on a quarterly basis. A strategic and operational risk assessment, which is conducted annually, was completed in March for the new financial year in order to identify any new or emerging risks which could hinder achievement of the ECGB's strategic outcomes.

The total number of inventory of risks identified was thirty-six (36) risks to be monitored in the 2022/23 financial year. Twelve (12) of these risks were strategic and twenty-four (24) were operational risks. In addition, thirteen (13) risks had a low residual risk status, nineteen (19) a medium risk status and four (4) had a high residual risk status.

The following Dashboard depicts the ECGB's prioritised strategic risks with a high residual-risk rating:



In order to evaluate the effectiveness and adequacy of the ECGB's unique enterprise risk management processes and to determine where and how these processes can improve, the management conducted an enterprise risk management maturity assessment.

The assessment covered five (5) key attributes:

- Risk governance;
- ERM process management;
- Root cause discipline;
- Risk monitoring and reporting; and
- Risk optimisation.

The result of the maturity assessment was an achievement of level 3 maturity, indicating that there are standardised processes in place, and that these processes are supported by capacity building and training. However, it is worth noting that there is room for improvement on routine monitoring practices.

This achievement for the organisation will continue to improve risk management functions to the next maturity level. The diagram below demonstrates the average achievement per attribute and overall risk management maturity level attained in 2022/23 financial year.



## 3.6 INTERNAL AUDIT AND AUDIT COMMITTEES

Internal audit is responsible for the examination and evaluation of the adequacy and effectiveness of the ECGB's systems of internal control.

Specifically, internal audit will:

- review the reliability and integrity of financial and operating information; and
- review the systems established to ensure compliance with policies and appropriate legislation and determine whether the ECGB is in compliance with these requirements.



### Community Reach

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*The ECGB addresses*

### **CRITICAL SOCIAL ISSUES**

*evident since gambling was  
legalised in 1996.*

# 3.7 REPORT OF THE AUDIT AND RISK COMMITTEE



## RESPONSIBILITY

The Audit and Risk Committee (ARC) has complied with its responsibilities arising from Section 51(1)(a) (ii) of the Public Finance Management Act, as well as Treasury Regulation 27.1. The Committee has adopted appropriate formal terms of reference to its Audit and Risk Committee Charter, has regulated its affairs in compliance with this Charter, and has discharged all of its responsibilities as contained therein.

## KEY ACTIVITIES AND OBJECTIVES OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is a specially appointed statutory committee to assist management in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control including risk management, the audit process and the Board's process for monitoring compliance with laws and regulations as well as ethics. The Committee performs an advisory role to the Board. The Committee is accountable to the Board to properly consider and evaluate any matter that it has to deal with, or which is referred to it.

The Committee meets separately with the auditors to discuss matters that it or the auditors believe should be discussed privately. The Committee also reviews proposed audit approaches, the audit plan, the staffing and organisation of the function, and meets with internal auditors and management on a periodic basis to discuss any matters of concern that may arise.

## INTERNAL CONTROL ENVIRONMENT

The Audit and Risk Committee concludes that the internal control environment was effective for the year under review. No findings indicating significant control weaknesses, including material financial loss, fraud, corruption or error were reported to the Audit and Risk Committee during the year ended 31 March 2023. The Committee is satisfied with the controls and activities that were in place for combined assurance.

The following internal audit projects were completed during the year under review:

- 2021/22 Quarter 4 Performance and Annual Report review;
- 2022/23 Quarters 1, 2 and 3 Performance Report Review;
- Supply Chain Management Review and two competitive bid review reports;
- License Award Process
- Illegal gambling activities
- 2023/24 Draft Annual Performance Plan Review
- 2023/24 Strategic Risk Assessment Report
- General Financial Controls Review
- Revenue Review

Follow up reviews were conducted on:

- System conversion (Gambling Regulations System)

In addition, the following documents were revised by the internal audit and approved by the Committee during the 2022/23 year:

- Audit and Risk Committee Charter (final approval by the Board); and
- Internal Audit Charter and Methodology.

The Audit and Risk Committee concludes that the internal audit function was effective for the year under review.

Internal audit facilitated management's Risk Assessment, and the Committee reviewed the strategic risk register quarterly in order to make recommendations to the Board. ICT Governance was reviewed on a quarterly basis by the committee.

## IN-YEAR MANAGEMENT AND QUARTERLY REPORTS

The entity has been reporting on a quarterly basis to DEDEAT and to the Treasury as required by the PFMA, and the ARC reviews performance reports submitted in this regard. Furthermore, management prepares a complete set of financial statements in compliance with Generally Recognised Accounting Practice (GRAP) standards on a quarterly basis. The Audit and Risk Committee concludes that the finance function and Chief Financial Officer were effective for the year under review.

## AUDITOR-GENERAL'S REPORT AND IMPLEMENTATION OF PREVIOUS YEAR'S AUDIT FINDINGS

No audit issues were raised in the audit report for the year ended 31 March 2022; however the committee has reviewed the status of quarterly key controls and the audit action plan for addressing internal control deficiencies. The external auditors are standing invitees to the committee meetings and there has been communication throughout the year. The Committee is satisfied that the Auditor-General is independent of the entity.

The Audit and Risk Committee reviewed the Annual Report including the Annual Financial Statements in May 2023. No significant areas of concern were identified, and the Committee recommended them to the Board for approval to submit to the Auditor-General for audit.

The Audit and Risk Committee concurs with the conclusion of the Auditor-General of South Africa on the Annual Financial Statements. The Committee is of the opinion that the audited Annual Financial Statements be accepted as a fair representation of the entity's financial position, financial performance and cash flows, read together with the report of the Auditor-General.



**Mr M. Mbedhli**  
Chairperson of the Audit and Risk Committee  
22 July 2023

## INFORMATION ON THE AUDIT AND RISK COMMITTEE

The table below discloses relevant information on the Audit and Risk Committee members for the year ended 31 March 2023:

Name	Qualifications	Internal or External	If Internal, Position in the Public Entity	Date Appointed	Number of Meetings Attended
Mr M Mbedhli	BTech (Internal Auditing), Member of the Institute of Internal Auditors	External	N/A	1 October 2017	6 of 6
Ms T Mnqeta	BCom, Member of the Institute of Risk Management	External	N/A	1 October 2017	6 of 6
Ms T Cumming	BCom (Hons), CA(SA)	External	N/A	12 November 2020	6 of 6
Mr MN de Beer	BCom (Hons), CA(SA)	External	N/A	22 November 2021	6 of 6

# 3.8 COMPLIANCE WITH LAWS AND REGULATIONS

In executing its responsibilities, the ECGB complies with the following legislation:

- Constitution of the Republic of South Africa, 1996 (as amended). The ECGB ensures that the Bill of Rights is observed in all dealings with its stakeholders and employees.
- National Gambling Act, 2004 (as amended)
- Eastern Cape Gambling Act, 1997 (as amended) and Gambling Regulations thereof
- Public Finance Management Act, 1997 (as amended) and Treasury Regulations
- Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (as amended)
- Preferential Procurement Policy Framework Act, 2000 (as amended)
- Broad-Based Black Economic Empowerment Act, 2003 (as amended)
- Labour Relations Act, 1995 (as amended)
- Basic Conditions of Employment Act, 1997 (as amended)
- Employment Equity Act, 1998 (as amended)
- Skills Development Levies Act, 1999 (as amended)
- Promotion of Access to Information Act, 2000 (as amended)
- Promotion of Administrative Justice Act, 2000 (as amended)
- National Archives and Records Service of South Africa Act, 1996 (as amended)
- Income Tax Act, 1962 (as amended)
- Financial Intelligence Centre Act, 2001 (as amended)
- Electronic Communications and Transactions Act, 2002 (as amended)
- Protection of Personal Information Act, 2013
- Occupational Health and Safety Act, 1993 (as amended)
- Compensation for Occupational Injuries and Diseases Act, 1993 (as amended)
- Unemployment Insurance Act, 2001 (as amended)

Over and above the aforementioned pieces of legislation, the entity has developed its own policies and plans to guide and regulate its functionality. These include, among others:

- Delegation of Authority Policy
- Supply Chain Management Policy
- Asset Management Policy within the Finance Policy
- Human Resources Policy
- Fraud Prevention Policy
- Enterprise Risk Management Framework
- Performance Management Policy
- Disaster Management Policy
- Travel and Subsistence Policy
- Corporate Governance of Information Communications and Technology Policy
- Information Technology Security Policy
- Finance Policy
- Cost Containment Policy

## 3.9 FRAUD AND CORRUPTION

The entity's approved Fraud Prevention Policy is reviewed at least every three years by the Audit and Risk Committee as well as by the Board. The policy was reviewed in March 2023. It seeks to define the term fraud and to provide employees with steps to follow should they suspect fraudulent activities. The policy sets out the reporting lines to be followed should an employee need to report possible fraudulent activity.

The entity also makes use of an independently managed Fraud Hotline (number 0800 333 818) for any employee or member of the public who may wish to report fraudulent activity anonymously.

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## 3.10 MINIMISING CONFLICT OF INTEREST

The entity manages conflict of interest by including a standing agenda item for all Board and committee meetings, including meetings related to internal supply chain and HR recruitment, in which members are required to state any conflicts of interest. Staff and Board members are required

biannually to disclose any interests in companies or other entities. Staff and Board members are also required to declare any gifts, donations or sponsorships received from licensees and suppliers of the entity.

## 3.11 CODE OF CONDUCT

The Code of Conduct consists of statutory principles which inform the general code of conduct and ethics of all members of the ECGB Board and its employees, as laid down in the ECGA. The Code of Conduct is reviewed at least every three years in line with best practice.

The Code is applied with due consideration to the following entrenched provisions:

- All members of the Board are required to declare any conflict of interest as provided for in the ECGA.
- Employees may not have a controlling or any financial interest in any gaming activity.
- Board members and employees shall not participate in any gaming or betting in the province except in the performance of their duties in terms of the ECGA.
- Board members and employees and their families may not accept any donation, reward or other benefit directly or indirectly from an applicant or licence holder, except within the recognised exceptions permitted by the Act.

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## 3.12 HEALTH, SAFETY AND ENVIRONMENT ISSUES

While no health, safety or environment issues were reported during the year under review, the Health and Safety Policy was adhered to during the financial year. Emergency evacuation drills were held to assess the state of readiness of employees in case of an emergency. A total of two evacuation drills were conducted in the financial year.

# 3.13 SOCIAL RESPONSIBILITY

In pursuance of the strategic outcome "Empowered communities located in areas where there is a gambling footprint as well as impoverished areas in the Province", the entity contributed R672 955 towards socio-economic development opportunities, and other CSI-related contributions supported designated and vulnerable groups in Eastern Cape areas identified as impoverished.

There were four (4) key CSI projects of the ECGB that were implemented in the poorest wards and communities in terms of the provincial Anti-Poverty Strategy and CSI policy of the ECGB in order to benefit the under-privileged from the poorest wards in the province and beneficiaries of the ECGB CSI projects were four schools based in the poorest wards of the province as follows:

- Seplan Primary School in the Chris Hani District Municipality (ward 8);
- Machibi Primary School in the Amathole District Municipality (ward 4);
- Ngquba Primary School in Joe Gqabi District Municipality (ward 9); and
- St Ignatius Primary School in Sarah Baartman District Municipality (ward 4).

The pictures depicted below are relating to the four (4) key CSI projects of the ECGB that were implemented and handed over at four schools that are based in the poorest wards and communities of the Province.



*SI project for Mathematics, Natural Science and Technology kits handed over at Ngquba Primary School in Joe Gqabi District Municipality (ward 9).*

*CSI project for Mathematics, Natural Science and Technology kits handed over at Seplan Primary School in the Chris Hani District Municipality (ward 8)*

*CSI project for Mathematics, Natural Science and Technology kits handed over at St Ignatius Primary School in Sarah Baartman District Municipality (ward 4).*





CSI project for Mathematics, Natural Science and Technology kits handed over at Machibi Primary School in the Amathole District Municipality (ward 4).

Figure 2: CSI Framework Focus Areas

**CSI/SED  
FRAMEWORK  
BASKETS/AREAS  
OF FOCUS**

- 1** EDUCATION BASKET: focussing on the study of mathematics, science and technology including robotics and coding at primary to secondary levels of education (grades R-12) and Early Childhood Development (ECD).

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- 2** HEALTH BASKET: focussing on primary health care initiatives and in particular health promotion activities.

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- 3** ARTS AND CULTURE BASKET: focussing on developmental creative arts and culture related initiatives.

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- 4** SOCIAL DEVELOPMENT BASKET: focussing on social welfare for designated and vulnerable groups initiatives (elderly, youth, disabled, children and women).

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- 5** SPORTS AND TOURISM BASKET: focussing on developmental and amateur sports and tourism related initiatives in the Eastern Cape.

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- 6** AGRICULTURE BASKET: focussing on provision of food security through community gardening related initiatives.

The investment benefitted 1 811 learners in the mastery of mathematics, science, and technology outcomes for Grades R-7. Figure 2 below depicts the CSI Framework Focus Areas for contributions or projects implemented by the ECGB and Licensees in various impoverished communities in the Eastern Cape.

Furthermore, there were three (3) Designated and Vulnerable Groups programmes that were conducted for the elderly and people living with disabilities, in collaboration with the Department of Social Development and other stakeholders, which achieved the following, among others:

- ECGB handed over food dignity packs to approximately 60 senior citizens at an event which was held in Steytleville, Dr Beyers Naude Local Municipality. This was part of the Designated and Vulnerable Groups target to support the elderly in an area where there is a gambling footprint. This event also shared information on the dangers of excessive and illegal gambling to the elderly in attendance.
- Khanyisa centre, an NPO that is operated by people living with disabilities, was identified by the Department of Social

Department as a beneficiary based in the Dr Beyers Naude Local Municipality in the Sarah Baartman district. The centre provides services such as sewing, knitting, arts and crafts, and sells to the people of Graaff-Reinet. The ECGB provided support in kind as an economic empowerment initiative to the beneficiaries of Khanyisa centre, so that all the required materials, tools and products were provided for the centre.

- In collaboration with the Department of Social Development in the Dr Beyers Naude Local Municipality, Sarah Baartman district, the ECGB conducted an economic empowerment session for people living with disabilities at Alex Laing Community Hall in Graaff-Reinet. The economic empowerment session was conducted under the theme "Reducing Economic Vulnerability and Releasing Human Capital for People With Disabilities". Various stakeholders, including organisations working with people living with disabilities, participated in the economic empowerment session, providing significant information and advice to people living with disabilities as the session was meant to empower, inform and provide economic development instruments for people living with disabilities.

Licensed gambling operators contributed R13.1 million collectively towards Corporate Social Investment (CSI) and Socio-Economic Development (SED) initiatives, in line with the CSI framework approved by the Board for the period ending 31 March 2023.

Licensee Category	Education Basket	Health Basket	Arts And Culture Basket	Social Development Basket	Sports And Tourism Basket	Agriculture Basket	Total
Casino	R3 643 752,61	R0,00	R223 388,00	R130 500,00	R99 375,00	R0,00	R4 097 015,61
Bingo	R3 129 830,78	R771 007,07	R360 123,85	R451 175,00	R847 148,95	R0,00	R5 559 285,65
Bookmaker	R29 230,00	R0,00	R0,00	R0,00	R10 814,00	R0,00	R40 044,00
Site: B	R224 344,16	R0,00	R24 127,00	R39 710,00	R196 776,13	R0,00	R484 957,29
Site: C	R55 548,92	R61 549,00	R18 170,00	R61 535,06	R26 771,79	R0,00	R223 574,77
Totalisator	R0,00	R0,00	R0,00	R0,00	R0,00	R0,00	R0,00
ISO	R341 782,48	R0,00	R0,00	R0,00	R0,00	R0,00	R341 782,48
Route Operator	R1 369 951,27	R180 000,00	R100 000,00	R601 307,13	R102 428,40	R0,00	R2 353 686,80
<b>TOTAL CSI SPEND</b>	<b>R8 794 440,22</b>	<b>R1 012 556,07</b>	<b>R725 808,85</b>	<b>R1 284 227,19</b>	<b>R1 283 314,27</b>	<b>R0,00</b>	<b>R13 100 346,60</b>

## 3.14 B-BBEE COMPLIANCE PERFORMANCE

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

The entity has applied the relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regard to the following:

Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	Yes	<p>The ECGB is empowered in terms of Section 53(1)(c) of the National Gambling Act, 2004 (as amended), to impose reasonable and justifiable conditions on a licence to address black economic empowerment ("BEE"), amongst other things. In addition, it may apply the Codes to determine qualification criteria for the issuing of a licence in terms of section 10(1) of the B-BBEE Act.</p> <p>The ECGB in its RFP accordingly requires that a minimum percentage of the shareholding of the holder of a licence must be held by local PDIs as a reasonable and justifiable condition to meaningfully empower PDIs who are local inhabitants ("the Local PDI Requirement") in terms of Section 33(1) (k) of the ECGA.</p> <p>Further to this, all licences have criteria for overall B-BBEE status that the applicant must maintain as a condition of licence.</p>
Developing and implementing a preferential procurement policy?	Yes	<p>All procurement is conducted in line with the approved Supply Chain Management Policy of the Board which includes the preferential procurement regulations in terms of the Preferential Procurement Policy Framework Act, 2000 (as amended). In this regard, up to 16 January 2023, points were awarded for all procurement greater than R30 000 based on the B-BBEE status level of the supplier.</p> <p>Subsequent to the issue of the new preferential procurement regulations and related Treasury Instruction, as from 16 January 2023, preferential points are awarded for all procurement exceeding R2000 based on the specific goals set by the entity.</p>

# 3.15 RESPONSIBLE GAMBLING AND PUBLIC EDUCATION

## 3.15.1 UNDERSTANDING OF GAMBLING

Problem Gambling is characterised by difficulties in limiting money and/or time spent on gambling which leads to adverse consequences for the gambler, others and/or the community.

The planned sessions and workshops are therefore meant:

- 15.1.1 to inform, empower and enhance understanding of problem gambling and excessive gambling and how to deal with the phenomenon at home, at the workplace, and in the communities at large;
- 15.1.2 to shift the paradigm from focusing on "problem gambling" to recognising "gambling harm" as well as a shift in thinking from the individual to the collective's well-being associated with work-productivity;
- 15.1.3 to raise awareness and literacy while reducing stigma and shame associated with gambling harm to a selected target of employees across all occupational levels from the district municipalities of the Province;
- 15.1.4 to highlight the referral and support services that are available when problem gambling is identified at home and in the communities; and
- 15.1.5 to raise awareness with regard to illegal gambling that is currently plaguing the Province as well as to establish the partnership between the ECGB and the local municipalities in addressing and combating the issue.

## 3.15.2 WORKSHOPS

During the year under review, twelve (12) workshop sessions reaching a total number of three hundred and seventy-three (373) people were conducted on Minimisation of Harmful Effects of Excessive and Irresponsible Gambling as well as on illegal gambling for councillors and employees across all occupational levels of Amathole District Municipality, Koukamma, Nelson Mandela Bay Metropolitan, Blue Crane, Sunday's River, Kouga, Ndlambe, Inxuba Yethemba, and Senqu municipalities.

## 3.15.3 AWARENESS AND EDUCATION

Furthermore, the ECGB in collaboration with the South African Responsible Gambling Foundation implemented the Taking Risks Wisely School Programme in 2022/23 schools in the Province in order:

- 15.3.1 to facilitate and ensure awareness on the capabilities and abilities of learners to exercise wise discretion about consequences of gambling, alcohol and drug abuse in their own development;
- 15.3.2 to ensure that young people are empowered and informed about risks associated with exposure to gambling, alcohol and drugs including other risky behaviour such as smoking, drinking, and sexual relations involving a high probability of problematic consequences about which one can nevertheless make sensible decisions;
- 15.3.3 to develop and enhance learners' decision-making skills, attitudes and capabilities in broader discussions about the social, political, and moral aspects of gambling, including co-morbidity challenges associated with drug and alcohol abuse, crime and criminality, that have a direct impact on their own development, growth and learning as young people.

A total number of one hundred and seventy-one (171) young people have been reached through these school sessions on Taking Risks Wisely as well Responsible Gambling.

### 3.15.4 BENEFICIARIES

The table below illustrates the organisation, theme or topic, area, and beneficiaries of the workshops and/or sessions that were hosted during the financial year 2022/23 on Minimisation of Harmful Effects of Excessive and Irresponsible Gambling, illegal gambling and the Taking Risks Wisely School Programme.

NO.	ORGANISATION	THEMES / TOPICS	NUMBER OF PEOPLE REACHED	EQUITY DEMOGRAPHICS		REGION/ LOCATION
				Males	Women	
1.	Kouga Local Municipality		17	10	07	Council Chambers, Jeffrey's Bay
2.	Hon. Councillors of Inxuba Yethemba Local Municipality		21	13	8	Side Hall, Cradock
3.	Hon. Councillors of Senqu Local Municipality		24	15	9	Council Chambers, Lady Grey
4.	Hon. Councillors of Ndlambe Local Municipality		19	14	5	Council Chambers, Port Alfred
5.	Hon. Councillors of Makana Local Municipality	Minimisation of Harmful Effects of Excessive and Irresponsible Gambling as well as Illegal Gambling	21	17	4	Council Chambers, Makhanda
6.	Hon. Councillors of Nelson Mandela Bay Metropolitan Municipality		45	29	16	Council Chambers, Gqeberha
7.	Women of Ward 27 at Gqeberha		76	2	74	Multipurpose Centre, Zwide, Gqeberha
8.	Hon. Councillors of Blue Crane Route Local Municipality		10	8	2	Council Chambers, Somerset East
9.	Hon. Councillors of Sunday's River Local Municipality		21	6	15	Council Chambers, Somerset East
10.	Hon. Councillors of Koukamma Local Municipality		10	6	4	Council Chambers, Kareedouw
11.	Employees across all Occupational Levels of Amathole District Municipality		64	39	25	Municipality Town Hall, Adelaide
12.	Employees across all Occupational Levels of Amathole District Municipality		45	30	15	Amathole Offices, Butterworth
13.	Zwelemfundo Public School	Managing Risks Responsibly by avoiding Impulsive Behaviour	41	21	20	Scenery Park, East London
14.	Uviwe Senior Secondary School		40	29	11	Scenery Park, East London
15.	Mbulelo Primary School		50	22	28	Scenery Park, East London
16.	Bizana Senior Secondary School		40	17	23	Bizana, Mbizana
<b>TOTAL NUMBER OF PEOPLE REACHED</b>			<b>544</b>	<b>278</b>	<b>266</b>	

PART D

# Human Resource Management



22/23 ANNUAL REPORT

# 4.1 INTRODUCTION

## OVERVIEW OF HUMAN RESOURCES (HR) MATTERS AT THE PUBLIC ENTITY

The Eastern Cape Gambling Board aims to be an employer of choice and has designed a Human Resources Management (HRM) Strategy with this in mind.

The overall purpose of HR is to ensure that all matters relating to Human Capital Management and Development are implemented effectively and efficiently. The entity's ability to implement its strategic intent rests on its management and employees, particularly in regard to how they are led/managed and capacitated within the right climate to deliver and grow into a high-performance culture. Human resource management plays a pivotal role in this process.

The Human Resource Management division provides the following services:

- Training and development
- Talent management and organisational development
- Recruitment and selection
- Employee benefits, rewards and payroll management
- Policy development
- Occupational health and safety
- Employee wellness
- Legal compliance
- Employee relations
- Employment equity
- Individual performance management
- Fleet management

## HR PRIORITIES FOR THE YEAR UNDER REVIEW AND THE IMPACT OF THESE PRIORITIES

The Human Resources Department is measured based on the Human Resource Maturity Assessment instrument to ensure that it strategically assists the Board in the achievement of service delivery goals. Emanating from this instrument, HR priorities emerged and have been included in the HR Operational Plan. These play a vital role in the achievement of the organisation's overall strategic objectives and its mandate of regulating the gaming industry and protecting the public in the province.

The following were the HR priorities during the year under review:

- Review the current organisational structure to ensure alignment with the new organisational strategy and implementation of the reviewed structure.
- Improve maturity of HR through the implementation of identified priorities.
- Ensure employee retention through implementing the succession planning programme.
- Effectively manage employment relations within the organisation.
- Enhance employee wellness through identified wellness programmes.
- Promote implementation of organisational development programmes.
- Enhance human capital development for all employees.
- Review the HR policies.

People are the organisation's most valuable resource and their management and development is critical to meeting planned organisational objectives.

## WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE

Training and development initiatives, including the bursary scheme, are in place to ensure that the current workforce is efficient, as well as to enhance personal development. Furthermore, the succession planning programme has been developed to ensure that the necessary skills are in place to guarantee availability of experienced and capable employees to assume those roles when they become available. The organisation offers competitive salaries and benefits. Its policies allow for professional growth and employee wellness. Career advancement programmes are also in place to allow progression of internal employees.

## EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

The Integrated Performance Management System ensures that the organisation's strategic objectives are translated into operational and performance objectives that are cascaded to every level (from top to bottom throughout the organisation) and which inform the manner in which both the institution and its employees function.

Performance management is an ongoing and continuous process rather than an event whereby all employees are required to sign annual performance contracts and are evaluated on a quarterly basis. Excellent performance is recognised.

### EMPLOYEE WELLNESS PROGRAMMES

The entity continued to implement its Employee Assistance Programme throughout the year. The service provides 24-hour counselling and advisory services to all employees of the Board and their immediate families, whenever required.

The organisation also facilitates other wellness sessions such as the annual staff Wellness Day, as well as educational sessions on selected wellness topics.

### POLICY DEVELOPMENT

The HR Department ensures that policies are up to date. A total of seven policies were reviewed.

### ACHIEVEMENTS DURING THE YEAR

An assessment of the HR component's ability to strategically assist in the achievement of service delivery goals, known as the Human Resources Maturity assessment, was conducted and a Level 4 rating was achieved. This was the target set for the year under review.

An ethics maturity assessment was conducted as a means of measuring the ethical status of the organisation. The organisation obtained an A rating on a scale from D to AAA.

Filling of two vacancies took place, with eight (8) graduate interns and (2) student interns being placed on the internship programme.

Regarding skills development, the Annual Training Plan with training programmes for all staff members was developed and training on functional training programmes was undertaken in various programmes.

An Internship Plan that guides the intake of interns during the year was developed. An Employee Wellness Plan was also developed to provide structured wellness programmes for the year.

The job evaluation process of the new Executive Management position was conducted to ensure implementation of the reviewed organisational structure in August 2022.

### CHALLENGES FACED BY THE PUBLIC ENTITY

Lack of sufficient office space remains a challenge which the organisation is working on.

### FUTURE HR PLANS/GOALS

- The implementation of the reviewed Organisational Structure
- A change management programme will be rolled out to effectively manage changes in the organisation and enhance the organisational culture.
- Selected HR policies will be reviewed in the 2023/24 financial year to ensure alignment with the overall organisational strategy.
- The Human Resource Strategy will be reviewed, and a Change Management Strategy will be developed.
- The implementation of an approved organisation-wide succession plan to ensure that a pool of employees is ready for vacancies that may occur.
- The ethics programme will be strengthened through conducting regular awareness programmes.

# 4.2 HUMAN RESOURCE OVERSIGHT STATISTICS

## TOTAL PERSONNEL COST BY PROGRAMME<sup>5</sup>

Programme	Total Expenditure for the Entity (R'000)	Total Personnel Expenditure (R'000)	Personnel Cost as a % of Total Expenditure (R'000)	No. of staff	Average Personnel Cost per Employee (R'000)
Programme 1: Corporate Services Management (and Capital Expenditure)	48 113	27 721	58%	28	990
Programme 2: Gambling Regulation and Consumer Protection	24 930	21 901	88%	25	876
Programme 3: Research and Public Education	5 201	1 810	35%	2	905
<b>TOTAL</b>	<b>78 244</b>	<b>51 432</b>	<b>66%</b>	<b>55</b>	<b>935</b>

\*Personnel expenditure above reflects actual payments to employees and excludes organisational recruitment costs, casual and temporary labourers, and intern stipends.

## PERSONNEL COST BY SALARY BAND (EXCLUDING PERFORMANCE BONUS BELOW)

Level	Personnel Expenditure (R'000)	% of Personnel Exp. to Total Personnel Cost (R'000)	No. of Employees	Average Personnel Cost per Employee (R'000)
Executive/Senior Management	8 233	17%	3	2 744
Management	8 840	19%	6	1 473
Specialists and Professionally Qualified	6 612	14%	6	1 102
Skilled	19 766	42%	29	682
Semi-Skilled	3 510	7%	8	439
Unskilled	435	1%	3	145
<b>TOTAL</b>	<b>47 396</b>	<b>100%</b>	<b>55</b>	<b>862</b>

## PERFORMANCE BONUS PAID

Level	Performance Bonus (R'000)	Other Personnel Costs (R'000)	% Performance Bonus Paid
Executive/Senior Management	1 196	8 233	14.5%
Management	829	8 840	9.4%
Specialists and Professionally Qualified	663	6 612	10.0%
Skilled	1 119	19 766	5.7%
Semi-Skilled	208	3 510	5.9%
Unskilled	20	435	4.7%
<b>TOTAL</b>	<b>4 036</b>	<b>47 396</b>	<b>8.5%</b>

\*Bonus paid during the year related to performance of the 2021-22 financial year.

<sup>5</sup> Costs reflected exclude employees appointed on short term contracts, casual labour costs and the internship programme.



## TRAINING AND DEVELOPMENT COSTS (LOCAL)

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 (R'000)
Programme 1: Corporate Services Management and Administration	27 721	366	1%	33	11.1
Programme 2: Gambling Regulation and Consumer Protection	21 901	307	1%	28	11.0
Programme 3: Research and Public Education	1 810	30	2%	2	15.0
<b>TOTAL</b>	<b>51 432</b>	<b>703</b>	<b>1%</b>	<b>63</b>	<b>11.2</b>

\*Number of people trained includes interns

## EMPLOYMENT AND VACANCIES

Positions Vacant	2021/22 Number of Employees	2021/22 Approved Posts	2022/23 No. of Employees	2022/23 Vacancies	% of Vacancies
Executive Manager: Corporate Services	0	0	0	1	1,6%
Manager: Compliance	1	1	0	1	1,6%
Manager: Legal Services and Board Secretariat	1	1	0	1	1,6%
Communication and Marketing Officer	0	1	0	1	1,6%
Auditor	4	5	4	1	1,6%

Level	2021/22 Number of Employees	2022/23 Approved Posts	2022/23 No. of Employees	2022/23 Vacancies	% of Vacancies
Executive/Senior Management	3	4	3	1	2%
Management	5	6	4	2	3%
Professionally Qualified/Specialists	6	6	6	0	0%
Skilled	30	32	30	2	3%
Semi-Skilled	8	8	8	0	0%
Unskilled	2	3	3	0	0%
<b>TOTAL</b>	<b>54</b>	<b>59</b>	<b>54</b>	<b>5</b>	<b>8%</b>

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Employment at End of the Period
Executive/Senior Management	3	1	1	3
Management	5	1	2	4
Professionally Qualified/Specialists	6	0	0	6
Skilled	30	0	0	30
Semi-Skilled	8	0	0	8
Unskilled	3	0	0	3
<b>TOTAL</b>	<b>55</b>	<b>2</b>	<b>3</b>	<b>54</b>

## REASONS FOR STAFF LEAVING

Reason	Number	% of Total Staff
Death	0	0%
Resignation	3	5.6%
Dismissal	0	0%
Retirement	0	0%
Ill health	0	0%
Expiry of Contract	0	0%
Promotion*	0	0%
Other	0	0%
<b>TOTAL</b>	<b>3</b>	<b>5.6%</b>

## LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of Disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written Warning	0
Dismissal	0

## EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

During the year under review, the entity continued to implement its Employment Equity (EE) Plan. Not all targets have been achieved during the filling of vacancies. An Employment Equity report is submitted annually to the Department of Labour as required by the Employment Equity Act (Act 55 of 1998).

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Executive/Senior Management	2	2	0	0	0	0	0	0
Management (incl. Professionally Qualified/Specialists)	3	4	0	0	1	0	0	0
Skilled	13	13	0	1	0	0	2	0
Semi-Skilled	1	2	0	0	0	0	0	0
Unskilled	0	1	0	0	0	0	0	0
<b>TOTAL</b>	<b>19</b>	<b>22</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>0</b>

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Executive/Senior Management	1	2	0	0	0	0	0	0
Management (incl. Professionally Qualified/ Specialists)	6	7	0	0	0	0	0	0
Skilled	13	13	1	1	0	0	0	1
Semi-Skilled	7	7	0	0	0	0	0	0
Unskilled	2	2	0	0	0	0	0	0
<b>TOTAL</b>	<b>29</b>	<b>31</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Executive/Senior Management	0	0	0	0
Management (incl. Professionally Qualified/ Specialists)	0	0	0	0
Skilled	0	0	0	0
Semi-Skilled	0	1	0	0
Unskilled	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>

PART E

*PFMA  
Compliance  
Report*



22/23 ANNUAL REPORT

# 5.1 PFMA COMPLIANCE REPORT

## 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
Appointment of a panel of legal practitioners and firms for the ECGB to provide professional and specialised legal services for a period of 36 months	<ul style="list-style-type: none"> <li>• Smith Tabata Inc</li> <li>• Tshangana Le Roux Inc</li> <li>• Taleni Godi &amp; Kupiso Inc</li> <li>• Drake Flemmer &amp; Osmond Attorneys</li> <li>• Mbabane Maswazi &amp; Mkosana Inc</li> <li>• Ketse Nonkwelo Inc</li> <li>• Clark Laing Inc</li> <li>• Bowes Loon &amp; Conellan Inc</li> </ul>	Period Extension	ECGB-19/20-BID 5	Different hourly rates were awarded	nil	Original hourly rates are applicable for the 4 months extension
Maintenance of Compliance and Licensing System (GRS)	ELCB Information Systems (Pty) Ltd	Period extension	ECGBB-17/18-BID-05	R 4 582 512	nil	nil
<b>Total</b>						

PART F

*Financial  
Statements*



22/23 ANNUAL REPORT

# 6.1 AUDITOR-GENERAL'S REPORT

Report of the auditor-general to the Eastern Cape Provincial Legislature on Eastern Cape Gambling and Betting Board

## REPORT ON THE FINANCIAL STATEMENTS

I have reviewed the financial statements of the Eastern Cape Gambling and Betting Board set out on pages ... to ..., which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

### Conclusion

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

### Emphasis of matter

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

## RESTATEMENT OF CORRESPONDING FIGURES

As disclosed in note 38 to the financial statements, the corresponding figures for 31 March 2022 were restated as a result of a change in the accounting policy of the public entity at, and for the year ended, 31 March 2023.

### Responsibilities of the accounting authority for the financial statements

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.

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

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

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

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

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

## REPORT ON THE ANNUAL PERFORMANCE REPORT

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.

I selected the following material performance indicators related to Gambling Regulation and Consumer Protection and Research and Public Education programmes presented in the annual performance report for the year ended 31 March 2023.

I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

- Number of key gambling licences issued
- Number of gambling economic opportunities awareness sessions conducted
- Number of sweeps conducted
- Number of revenue audits conducted
- Gambling industry compliance maturity level
- Empirical research studies commissioned

- Number of people provided feedback with regards to excessive and irresponsible gambling messages

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.

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
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there are adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

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

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

#### Other matter

I draw attention to the matter below.

#### Achievement of planned targets

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

#### REPORT ON COMPLIANCE WITH LEGISLATION

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.

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

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.

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

#### INTERNAL CONTROL DEFICIENCIES

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

I did not identify any significant deficiencies in internal control.

#### PROFESSIONAL ETHICS AND QUALITY CONTROL

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 engagements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

East London  
31 July 2023

# ANNEXURE TO THE AUDITOR'S REPORT

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c'); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b); Section 66(4)
Treasury regulations	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A6.2(a) & (b); 16A6.2(e);16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A9.1(b)(ii); 16A9.1; 16A9; 16A9.1(c); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c') Treasury Regulation 31.2.1; 31.2.5; 31.2.7(a) Treasury Regulation 31.3.3 Treasury Regulation 33.1.1; 33.1.3
Public Service regulations	Public service regulation 18 (1) and (2);
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB regulations	Regulations 17; 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Section 2.1(a); 2.1(b); 2.1(f)
Preferential Procurement regulations (PPR), 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
Preferential Procurement regulations (PPR), 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c ); 3.3 (e ); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4(a); 4.4 (c) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1;6.2;6.7
NT SCM Instruction note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2 Paragraph 4.1



Legislation	Sections or regulations
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1
Public Service Act	Section 30 (1)

# 6.2 STATEMENT OF FINANCIAL POSITION

*As at 31 March 2023*

	Notes	2023 R	RESTATED* 2022 R
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	27 905 917	22 537 555
Prepayments	3	169 671	708 350
Statutory receivables for distribution from non-exchange transactions	4	14 848 527	15 879 624
Statutory receivables from exchange transactions	5	39 599	291 107
Other receivables from exchange transactions	6	443 871	307 989
		<b>43 407 585</b>	<b>39 724 625</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	25 713 921	24 136 738
Intangible assets	8	4 538 194	2 880 592
<b>TOTAL ASSETS</b>		<b>73 659 700</b>	<b>66 741 955</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Collections for distributions from non-exchange transactions	9	14 882 927	15 740 636
Trade and other payables from exchange transactions	10	10 377 134	10 137 801
Provisions	11	5 995 108	5 913 326
Finance lease obligation	12	378 465	47 226
		<b>31 633 634</b>	<b>31 838 989</b>
<b>Non-current liabilities</b>			
Provisions	11	492 602	567 758
Finance lease obligation	12	122 122	
<b>TOTAL LIABILITIES</b>		<b>32 248 358</b>	<b>32 406 747</b>
<b>NET ASSETS</b>		<b>41 411 342</b>	<b>34 335 208</b>
<b>Net assets</b>			
Accumulated surplus		41 411 342	34 335 208
<b>TOTAL NET ASSETS</b>		<b>41 411 342</b>	<b>34 335 208</b>

\* Prior year restatement is disclosed in Note 38

# 6.3 STATEMENT OF FINANCIAL PERFORMANCE

*For the year ended 31 March 2023*

	Notes	2023 R	2022 R
<b>REVENUE</b>			
Revenue from exchange transactions	13	12 351 286	13 220 609
Revenue from non-exchange transactions	13	70 043 000	61 961 000
		<b>82 394 286</b>	<b>75 181 609</b>
<b>EXPENDITURE</b>			
Administrative expenditure	14	10 126 013	6 500 658
Corporate social investment	15	676 955	394 930
Consumer protection and public education	16	2 856 213	902 830
Depreciation and impairment of PPE	7	2 703 641	2 459 530
Amortisation of intangible assets	8	841 645	829 249
Employee costs	17	51 948 168	50 735 665
Legal costs		1 912 155	2 153 419
Marketing and research costs	18	781 683	1 335 920
Other operating expenditure	19	5 615 789	5 417 017
Statutory audit fees	20	781 856	1 249 409
<b>TOTAL EXPENDITURE</b>		<b>78 244 118</b>	<b>71 978 627</b>
<b>NET REVENUE / (EXPENDITURE)</b>		<b>4 150 168</b>	<b>3 202 982</b>
Finance income	21	2 861 786	1 367 343
Profit on disposal of PPE	22	64 180	8 543
<b>TOTAL OTHER INCOME</b>		<b>2 925 966</b>	<b>1 375 886</b>
<b>SURPLUS FOR THE YEAR</b>		<b>7 076 134</b>	<b>4 578 868</b>

## 6.3 STATEMENT OF CHANGES IN NET ASSETS

*For the year ended 31 March 2023*

	Accumulated Surplus R	Total R
Balance as at 1 April 2021	29 756 340	29 756 340
Surplus for the year	4 578 868	4 578 868
<b>Balance as at 1 April 2022</b>	<b>34 335 208</b>	<b>34 335 208</b>
Surplus for the year	7 076 134	7 076 134
<b>Balance as at 31 March 2023</b>	<b>41 411 342</b>	<b>41 411 342</b>

# 6.4 CASH FLOW STATEMENT

*For the year ended 31 March 2023*

	Notes	2023 R	RESTATED 2022 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Gambling fees and taxes		198 601 493	166 469 073
DEDEAT grant		70 043 000	61 961 000
Receipts from rendering of services		13 361 734	13 224 409
		<b>282 006 227</b>	<b>241 654 482</b>
<b>Payments</b>			
Gambling fees and taxes paid to the Province		190 428 067	159 312 357
Payment to employees and on behalf of employees		46 214 685	49 189 135*
Payment to suppliers and other payments		36 594 362	25 603 075*
		<b>273 237 114</b>	<b>234 104 567</b>
<b>Net cash flows from operating activities</b>	<b>22</b>	<b>8 769 113</b>	<b>7 549 915</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	<b>22</b>	2 861 785	1 367 343
Proceeds from sale of property, plant and equipment	<b>22</b>	704 447	211 740
Purchase of property, plant and equipment		(4 164 167)	(4 624 434)
Purchase of intangible assets	<b>8</b>	(2 499 247)	(600 965)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Finance lease payments		(303 570)	(324 079)
Net cash flows from investing and financing activities		(3 400 752)	(3 970 394)
<b>Net increase in cash and cash equivalents</b>		<b>5 368 361</b>	<b>3 579 521</b>
Cash and cash equivalents at beginning of the year		22 537 555	18 958 035
<b>Cash and cash equivalents at end of the year</b>	<b>2</b>	<b>27 905 916</b>	<b>22 537 555</b>

*\*Payments to suppliers and Payments to employees are presented separately. These were previously presented as a consolidated figure. This change has been effected retrospectively to comparative figures.*

# 6.5 STATEMENT OF COMPARISON OF ACTUAL & BUDGET AMOUNTS

*For the year ended 31 March 2023*

	Notes	Approved Budget R	Final Adjusted Budget R	Actual Amounts R	Difference: Final Budget and Actual R	Variance %
<b>REVENUE</b>						
Revenue from exchange transactions	34	15 539 808	13 510 058	12 351 286	(1 158 772)	(8.6%)
Revenue from non-exchange transactions		70 043 000	70 043 000	70 043 000	-	0.0%
		<b>85 582 808</b>	<b>83 553 058</b>	<b>82 394 286</b>	<b>(1 158 772)</b>	<b>(1.4%)</b>
<b>EXPENDITURE</b>						
Administrative expenditure		10 597 975	10 101 993	10 126 013	24 020	0.2%
Corporate social investment		487 260	676 260	676 955	695	0.1%
Consumer protection and public education		3 107 366	2 856 213	2 856 213	0	0.0%
Depreciation and impairment of PPE	34	1 618 578	2 117 578	2 703 641	586 063	27.7%
Amortisation of intangible assets		1 266 540	767 540	841 645	74 105	9.7%
Employee costs		55 291 000	52 212 835	51 948 168	(264 667)	(0.5%)
Legal costs		2 457 001	1 957 001	1 912 155	(44 846)	(2.3%)
Marketing and research costs	34	1 187 629	756 629	781 683	25 054	3.3%
Other operating expenditure		6 327 233	5 711 238	5 615 789	(95 449)	(1.7%)
Statutory audit fees		1 488 345	781 856	781 856	0	(0.0%)
<b>TOTAL EXPENDITURE</b>		<b>83 828 926</b>	<b>77 939 143</b>	<b>78 244 118</b>	<b>304 975</b>	<b>0.4%</b>
<b>TOTAL SURPLUS</b>		<b>1 753 882</b>	<b>5 613 915</b>	<b>4 150 168</b>	<b>(1 463 747)</b>	<b>(26.1%)</b>
<b>BASIS DIFFERENCES</b>						
<b>Investing activities</b>						
Finance income		1 929 511	2 030 186	2 861 786	831 600	41.0%
Profit on disposal of PPE		-	-	64 180	64 180	100.0%
		1 929 511	2 030 186	2 925 966	895 780	0.4%
<b>SURPLUS FOR THE YEAR</b>		<b>3 683 393</b>	<b>7 644 101</b>	<b>7 076 134</b>	<b>(567 967)</b>	<b>(7.4%)</b>
<b>CAPITAL EXPENDITURE</b>	34	<b>5 300 000</b>	<b>16 979 000</b>	<b>7 420 337</b>	<b>(9 558 663)</b>	<b>(56.3%)</b>

# 6.6 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

*For the year ended 31 March 2023*

## 1 ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2023

### 1.1 REPORTING ENTITY

These Annual Financial Statements are for the Eastern Cape Gambling Board. The financial statements encompass the reporting entity as specified in the Public Finance Management Act (Act No. 1 of 1999, as amended). Reporting oversight comprises:

- Eastern Cape Provincial Legislature
- Eastern Cape Provincial Treasury
- Eastern Cape Department of Economic Development, Environmental Affairs and Tourism

### 1.2 BASIS OF PREPARATION

The Annual Financial Statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) for the Accrual Basis of Accounting including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB).

The Annual Financial Statements have been prepared on a going concern basis as detailed in Note 29 and the accounting policies have been applied consistently throughout the period, and are consistent with the previous period except where changes resulted from the adoption of new GRAP standards and interpretations.

The Annual Financial Statements are presented in South African Rand and are rounded off to the nearest Rand.

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 1 April 2023 or later periods:

Reference	Effective date	Nature of change	Expected impact
GRAP 104 Financial Instruments (Revised)	01-Apr-25	The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.  The most significant changes to the Standard affect: <ul style="list-style-type: none"> <li>• Financial guarantee contracts issued</li> <li>• Loan commitments issued</li> <li>• Classification of financial assets</li> <li>• Amortised cost of financial assets</li> <li>• Impairment of financial assets</li> <li>• Disclosures.</li> </ul>	The entity expects to implement the changes in the 2025/26 financial year. The impact of the changes is currently being assessed.
IGRAP21 The Effect of Past Decisions on Materiality (Revised)	01-Apr-23	Guidance on the effect of past decisions on materiality.	The entity expects to adopt the interpretation for the first time in the 2023/2024 annual financial statements. The impact of this Interpretation is currently being assessed.
GRAP1 Presentation of financial statements (Revised)	01-Apr-23	The amendments clarify that: <ul style="list-style-type: none"> <li>• Information should not be obscured by aggregating or by providing immaterial information.</li> <li>• Materiality considerations apply to all parts of financial statements.</li> <li>• Even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.</li> </ul>	The entity expects to adopt the standard for the first time in the 2023/2024 annual financial statements. The impact of this standard is currently being assessed.
GRAP25 Employee Benefits (Revised)	01-Apr-23	GRAP 3 allows entities to not apply the accounting policies outlined in the Standards of GRAP when the effect of applying them is immaterial. This means that the application of materiality and alternative accounting treatments are not errors and are not departures from the Standards of GRAP.	The entity expects to adopt the standard for the first time in the 2023/2024 annual financial statements. The impact of this standard is currently being assessed.

A summary of the significant accounting policies is disclosed below.

### 1.2.1 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, or for administrative purposes, and are expected to be used during more than one period. Since they are not used to generate a commercial return, and since no assets are used to directly generate cashflow but rather to support the execution of the ECGB mandate, they are designated as non-cash-generating units at initial recognition.

Property, plant and equipment are initially measured at cost and are subsequently carried at historical cost less accumulated depreciation. Depreciation is calculated on the straight-line method to write off the cost of assets to their residual values over their anticipated useful lives as follows:

Item	Average useful life
Buildings	50 years
Fixtures and fittings	10 years
Motor vehicles	5 years
<b>Furniture and equipment:</b>	
- Office furniture	10 years
- Office and operating equipment	5 years
- Sundry assets	5 years
Computer equipment	3 years
Cellphones and iPads	2 years

Land is not depreciated as it is deemed to have an indefinite useful life.

The useful lives as well as residual values are assessed annually for any indication that the previous expectations have changed, and depreciation methods are reviewed annually. Condition assessments and any indicators of a change in use are assessed annually. Vehicle values are compared to current trade-in values to determine the reasonability of previous estimates of residual values.

Depreciation is recognised even if the fair value of the asset exceeds its carrying amount, as long as the asset's residual value does not exceed its carrying amount. The depreciable amount of an asset is determined after deducting its residual value. The residual value of an asset may increase to an amount equal to or greater than the asset's carrying amount. If it does, the asset's depreciation charge is zero unless and until its residual value subsequently decreases to an amount below the asset's carrying amount.

Gains or losses arising from the disposal of property, plant and equipment are determined as the difference between the sales proceeds and the carrying amount of the assets and are recognised in surplus.

Property, plant and equipment are reviewed for impairment losses in accordance with the Standard of GRAP on Impairment of Non-cash-generating Assets, specifically considering events which indicate that the carrying amount may not be recoverable. An impairment loss is recognised in respect of the amount by which the carrying amount of the

asset exceeds its recoverable service amount, which is the higher of an asset's net selling price (fair value less costs to sell) and its value in use (the present value of the asset's remaining service potential.) An impairment loss or reversal of an impairment loss is recognised as an expense/income in the statement of financial performance as incurred.

### 1.2.2 Intangible Assets

An asset is identified as an intangible asset when:

- it is capable of being separated or divided from the entity and then sold, transferred or used on its own or together with a related asset;
- it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

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

Intangible assets are initially measured at cost and carried at cost less accumulated amortisation and any impairment losses in accordance with the Standard of GRAP on Impairment of Non-cash-generating Assets. Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, or if the asset is not yet ready for use, the asset's recoverable amount is estimated. The impairment recognised in the surplus is the excess of the carrying value over the recoverable amount.

Software is amortised on a straight line basis over its anticipated useful life. Generally, costs associated with developing computer software programmes are recognised as an expense as incurred. However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the entity and have a probable benefit exceeding the cost beyond one year, are recognised as intangible assets.

Expenditure which enhances and extends the benefits of computer software programmes beyond the original life of the software is capitalised. Computer software development costs recognised as assets are amortised using the straight line method over their useful lives. Costs associated with the maintenance of existing computer software programs are expensed as incurred.

The useful life of the intangible assets has been assessed as follows:

Item	Average useful life	
Computer software	3 years	
Internally generated software	S&T Sytem	3 years
	EDMS	5 years
	Gambling Regulation System	6 years

Internally generated software represents proprietary systems where a maintenance contract for the systems is in place. As a result of these maintenance contracts, the estimated useful life has been assessed as 3,5 and 6 years respectively.



Intangible assets are derecognised when the asset is disposed off, 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 disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in surplus.

### 1.2.3 Financial instruments

Financial assets and financial liabilities are recognised on the Board's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument.

Financial instruments at amortised cost are non-derivative financial assets and financial liabilities with fixed or determinable payments excluding those that have been designated as fair value at initial recognition or those that are held for trading.

Financial instruments at fair value comprise those financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost

#### Impairment of financial assets

The entity assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability is that they will enter bankruptcy or other financial re-organisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. When impaired, the carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

The entity has the following types of financial assets:

#### Other receivables

Other receivables are categorised as financial instruments at amortised cost and are initially recognised at fair value plus direct transaction costs and subsequently carried at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments.

#### Cash and cash equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The entity categorises cash and cash equivalents as at fair value which is considered to be equivalent to its carrying amount.

The entity has the following types of financial liabilities carried at amortised cost:

#### Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Short-term payables are not discounted where the initial credit period received is consistent with terms used in the public sector (30 days).

13th cheque - refer 1.2.9 below

Finance lease - refer 1.2.10 below

#### Derecognition of financial instruments

The Board derecognises a financial asset (or group of financial assets) when:

- the contractual rights to the cash flows arising from the financial asset have expired; or
- the entity transfers the financial asset, including substantially all the risks and rewards of ownership; or
- it transfers the contractual rights to receive the cash flows of the financial asset, but assumes a corresponding obligation to pay the cash flows to one or more recipients, and consequently transfers substantially all the risks and benefits associated with the asset; or
- no future economic benefits are expected.

A financial liability (or group of financial liabilities) is derecognised when and only when the liability is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled, is waived or expires.

### 1.2.4 Statutory receivables

Statutory receivables arise in terms of the taxes, fees, interest and penalties as described in notes 1.2.7 and 1.2.8 below. These amounts are levied on licensed operators in terms of the Eastern Cape Gambling and Betting Act (Act 5 of 1997, as amended) and its associated regulations. They are initially measured at their transaction amount as specified in schedule III of the Act and regulation 135, and subsequently carried at amortised cost, which is the initial carrying amount, plus interest at the prescribed rate of 2% per month, less repayments and impairments.

The Board assesses at each reporting date whether there are any indications that individually significant receivables are impaired, or that groups of similar, individually insignificant, receivables within each sector are impaired. Evidence of impairment may include indications that the debtors or group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability is that they will enter bankruptcy or other financial re- organisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Board measures the impairment loss as the difference between the discounted 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 is reduced, through the use of an allowance account. Consequently, where the effect of the time value of money is material, the estimated future cash flows are discounted using the risk free interest rate published by the South African Reserve Bank, adjusted where applicable for any receivable-specific risks.

### 1.2.5 Post employment benefits

The policy of the Board is to provide retirement benefits through an established fund governed by the Pension Fund Act (Act 24 of 1956, as amended).

The provident fund is a defined contribution fund which does not require an actuarial valuation. Contributions to the provident fund are charged to surplus or deficit in the year to which they relate. The Board has no obligation to fund post-retirement medical benefits.

### 1.2.6 Provisions and contingencies

Provisions are recognised when:

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

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

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.

#### Leave provision

The employees of the entity are entitled to 22 working days per annum as leave gratuity. The policy adopted by the Board is that all its employees should take leave during the year, failing which they will forfeit their leave days on 30 June each year. Employees are allowed to book leave in advance for a future period, up to six months. Only leave not booked by 30 June is forfeited. The leave days are recognised as they accrue to employees. The liability is based on the total amount of leave days due to each employee at year end multiplied by each employee's respective daily rate of remuneration which is calculated from the respective employee's gross annual remuneration package.

At reporting date, uncertainty exists as to whether leave will be taken or forfeited by employees. Due to this uncertainty, the liability is recognised as a provision rather than an accrual.

#### Contingent assets and contingent liabilities

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed only by

the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 33.

### 1.2.7 Revenue

Revenue from exchange transactions:

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

- fees charged for services rendered (i.e. annual admin fees);
- recoveries of expenses incurred in the production of revenue;
- finance income;
- sundry income.

Revenue from exchange transactions is recognised on an accrual basis using the following methods to determine stage of completion:

- Fees charged for services rendered are recognised when they become due in terms of the Eastern Cape Gambling and Betting Act (Act 5 of 1997, as amended). These fees are invoiced annually in December of the preceding year, and are due in in January for the financial year ending 31 March.
- Recoveries of expenses incurred in the production of revenue are accrued on completion of services rendered.

Revenue from exchange transactions is measured at fair value on the date it accrues.

Revenue from non-exchange transactions (taxes and transfers). Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions comprises the grant funding received from the provincial government.

Revenue relating to operational expenditure is recognised in the period in which the transfer agreement becomes binding and is measured at fair value as at the date of recognition.

### 1.2.8 Gambling taxes and fees collected on behalf of the Provincial Treasury

The Board acts as an agent to the Provincial Revenue Fund and all gambling taxes and part of the fees collected are paid over at the end of each month as prescribed by the Gambling and Betting Act. (Amounts are remitted to DEDEAT which is the Executive Authority, refer note 26 for further details and reconciliation of amounts due at year-end.)

These gambling taxes and fees are not recognised as revenue as they are collected on behalf of the state. However, an asset and liability is recognised when taxes and fees become receivable from a licensee and payable to the state. Receivable and payables for collection and distribution to the state are initially measured at the legislated amount and carried at amortised cost.

The Board does not receive any separable amount of revenue as compensation for the collection and distribution of taxes and fees, as it is established to oversee all gambling and betting activities in the Province, and funding is appropriated in order to enable it to perform all the various functions under the Act.

### 1.2.9 Employee benefits

Employee benefits are short-term benefits that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave); and
- bonus, incentive and performance related payments.

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 an expense; and
- as a liability (accrued expense), after deducting any amount already paid. The following accruals are recognised:

#### 13th cheque

The employees of the Board are entitled to a 13th cheque if the Board achieves greater than 80% of its annual performance plan targets. The 13th cheque accrues on a pro-rata basis as services are rendered by the employees, and management's assessment is that the required level of performance has been or will be achieved.

### 1.2.10 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.

#### Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the entity's incremental borrowing rate. Where finance charges are material the minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability over the lease term.

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

#### Operating leases - lessee

Leases where the lessor retains the risk and reward of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance on a straight line basis over the period of the lease.

### 1.2.11 Prepayments

Prepayments for goods or services are avoided and arise only where required by the contractual arrangements with the supplier.

### 1.2.12 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.

### 1.2.13 Irregular expenditure

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 Annual 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 Annual 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 expenditure item, be disclosed as such in the note to the Annual Financial Statements and updated accordingly in the irregular expenditure register.

### 1.2.14 Taxation

No provision for taxation has been made as the Eastern Cape Gambling Board is exempt in terms of Section 10 (1)(cA)(1) of the Income Tax Act (Act 58 of 1962).

### 1.2.15 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the provincial sphere of government are considered to be related parties.

Key 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 considered to be those family members who may be expected to influence, or be influenced by, that management member in their dealings with the entity.

#### **1.2.16 Budget information**

Comparison of budget and actual amounts for the fiscal period ended: 31 March 2023 are presented in a separate additional financial statement: Statement of Comparison of Actual and Budget Amounts. The entity presents both the approved and the final budget amounts. Differences (variances) between the actual amounts and budget amounts are also presented. Explanations for variances of 10% or R1million or more are disclosed in the notes to the financial statements. The financial statements and budget are both prepared on the accrual basis.

#### **1.2.17 Accounting estimates and judgements**

Management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. The determination of estimates requires the exercise of judgement based on various assumptions and other factors including historical experience. Actual results in the future may vary from the estimates.

Judgements and estimates are principally made in the following areas:

- The calculation of residual value per asset and the estimation of the remaining useful lives of each item of property, plant and equipment and intangible assets (refer to note 1.2.1, note 7 and note 1.2.2 respectively).
- The estimation of the level of performance of staff in providing for performance bonuses at year end (refer to note 11). Due to budget limitations on the overall bonus pool the amounts provided for are however not subject to material estimation uncertainty.
- Assessment and classification of finance and operating leases based on the risks and rewards of ownership (refer to note 1.2.10, note 12 and note 23).
- The assessment of impairment of items of property, plant and equipment, in respect of determining their recoverable amounts.
- In assessing whether there is observable data indicating a measurable decrease in the estimated future cash flows that would require an impairment to receivables from exchange and non-exchange transactions and statutory receivables.

#### **1.2.18 Commitments**

- Commitments are not recognised but are disclosed in the notes only when required by the reporting framework.
- Items are classified as commitments where the entity contractually commits itself to future transactions that will normally result in the outflow of resources.
- Commitments are disclosed as required by the reporting framework only for approved and contracted capital commitments, where the expenditure has been approved and awarded at the reporting date.
- Commitments that are approved but not yet contracted, where the expenditure has been approved but has yet to be awarded or is awaiting finalisation at the reporting date are not disclosed.
- The entity discloses capital commitments in accordance with GRAP 17 and 31, as well as operating lease commitments in accordance with GRAP 13.

#### **1.2.19 Subsequent events**

Events between the reporting date and the date when the financial statements are authorised for issue, both favorable and unfavorable, which could materially impact on the fair presentation of the Annual Financial Statements have been duly considered.

Figures in Rand

2023

2022

## 2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Bank balances	25 984 873	19 995 366
Cash on hand	5 000	5 000
	25 989 873	20 000 366
Investigation deposits	1 916 044	2 537 189
	<b>27 905 917</b>	<b>22 537 555</b>

## 3. PREPAYMENTS

Business licences	82 493	663 212
Other prepaid expenditure	87 178	45 138
	<b>169 671</b>	<b>708 350</b>

## 4. STATUTORY RECEIVABLES FOR DISTRIBUTION FROM NON-EXCHANGE TRANSACTIONS

Government taxes and levies from non-exchange transactions	14 848 526	15 879 624
Less: Impairment allowance of statutory receivables for distribution	-	-
	<b>14 848 526</b>	<b>15 879 624</b>

Taxes and levies are gambling taxes for March 2023 that were not yet due or received at year-end.

## 5. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade debtors	39 598	291 107
	<b>39 598</b>	<b>291 107</b>

Trade debtors - Age analysis

120 days and older	-	-
90 days	5 048	236 159
60 days	-	-
30 days	-	18 045
Current	34 550	36 903
<b>TOTAL</b>	<b>39 598</b>	<b>291 107</b>
Amounts past due, but not impaired (greater than 30 days ageing)	5 048	254 204

Trade debtors reflected as past due were settled subsequent to year-end.

## 6. OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Deposits	16 830	16 830
Sundry debtors	427 040	291 159
	<b>443 870</b>	<b>307 989</b>

Sundry debtors at year-end relates primarily to a refund due from Department of Labour for an Injury on duty claim as well as a refund due from SARS.

## 7. PROPERTY, PLANT AND EQUIPMENT

	2023			2022		
	Cost R	Accumulated depreciation and impairment R	Carrying value R	Cost R	Accumulated depreciation and impairment R	Carrying value R
Buildings	18 547 437	1 724 302	16 823 136	18 035 134	1 421 822	16 613 312
Cell phones leased	604 744	206 381	398 362	493 470	417 363	76 107
Computer equipment	6 728 866	3 624 668	3 104 198	5 395 402	2 991 799	2 403 603
Fixtures and fittings	3 071 749	1 491 999	1 579 750	2 489 999	1 233 640	1 256 359
Furniture and equipment	2 125 914	1 373 352	752 561	1 953 673	1 222 525	731 147
Land	1 070 750	-	1 070 750	1 070 750	-	1 070 750
Motor vehicles	3 330 717	1 345 552	1 985 164	3 526 567	1 541 107	1 985 460
	<b>35 480 176</b>	<b>9 766 255</b>	<b>25 713 921</b>	<b>32 964 994</b>	<b>8 828 256</b>	<b>24 136 738</b>

### Reconciliation of property, plant and equipment - 31 March 2023

	Opening balance R	Additions R	Disposals R	Depreciation R	Impairment R	Total R
Buildings	16 613 312	512 304	-	302 480	-	16 823 136
Cell phones leased	76 107	605 374	97 502	180 753	4 864	398 362
Computer equipment	2 403 603	2 146 798	133 459	1 306 883	5 861	3 104 198
Fixtures and fittings	1 256 359	581 750	-	258 359	-	1 579 750
Furniture and equipment	731 147	180 636	605	158 617	-	752 561
Land	1 070 750	-	-	-	-	1 070 750
Motor vehicles	1 985 460	894 227	408 699	485 824	-	1 985 164
	<b>24 136 738</b>	<b>4 921 089</b>	<b>640 265</b>	<b>2 692 916</b>	<b>10 725</b>	<b>25 713 921</b>

### Reconciliation of property, plant and equipment - 31 March 2022

	Opening balance R	Additions R	Disposals R	Depreciation R	Impairment R	Total R
Buildings	15 755 236	1 200 851	-	342 776	-	16 613 312
Cell phones leased	273 674	15 998	12 897	200 668	-	76 107
Computer equipment	1 474 208	2 036 075	43 305	1 052 845	10 530	2 403 603
Fixtures and fittings	1 244 442	238 415	-	226 498	-	1 256 359
Furniture and equipment	609 045	270 998	-	145 989	2 907	731 147
Land	1 070 750	-	-	-	-	1 070 750
Motor vehicles	1 750 682	862 095	150 000	477 317	-	1 985 460
	<b>22 178 037</b>	<b>4 624 433</b>	<b>206 202</b>	<b>2 446 093</b>	<b>13 437</b>	<b>24 136 738</b>

Land and Buildings comprise of Erf 7360, Beacon Bay, measuring 2376m<sup>2</sup>, purchased in 2002 together with an office building. The additions for the year of R512 305 (2022: R1 200 851) represent the construction costs to finalise the building extension project during the financial year.

Due to budget constraints certain fully depreciated items are still in use, as sufficient funding was not available to replace them at the end of their estimated useful lives. This relates primarily to 26 items of computer equipment and 123 items of furniture and equipment with a historical acquisition cost of R74 264 and R581 295 respectively, included in the balances reflected above.

Included in Note 19 is expenditure incurred to repair and maintain items of property, plant and equipment totalling R264 858, (2022: R203 751).

Indicators of any possible change in useful life or residual values were considered and assessed by management including inspection and assessment of the condition of assets at year-end. No indications of impairment were present apart from the damaged laptops and office projector impaired above.

Computer equipment reflected above includes 16 leased iPads with a carrying value of R57 094 as at year-end.

## 8. INTANGIBLE ASSETS

	2023			2022		
	Cost R	Accumulated amortisation R	Carrying value R	Cost R	Accumulated amortisation R	Carrying value R
Summary						
Computer software	620 266	259 688	360 578	860 291	333 647	526 644
Internally generated software	6 414 070	2 236 453	4 177 616	3 914 823	1 560 875	2 353 948
	<b>7 034 336</b>	<b>2 496 141</b>	<b>4 538 194</b>	<b>4 775 114</b>	<b>1 894 522</b>	<b>2 880 592</b>

\* The current year expenditure relates to an Intangible asset still in development and not yet brought to use

### Reconciliation of intangible assets - 31 March 2023

	Opening Balance (R)	Additions (R)	Disposals (R)	Transfers (R)	Amortisation (R)	Total (R)
Computer software	526 644	-	-	-	166 066	360 578
Internally generated software	2 353 948	2 499 247	-	-	675 579	4 177 616
<b>Total</b>	<b>2 880 592</b>	<b>2 499 247</b>	<b>-</b>	<b>-</b>	<b>841 645</b>	<b>4 538 195</b>

### Reconciliation of intangible assets - 31 March 2022

	Opening Balance (R)	Additions (R)	Disposals (R)	Transfers (R)	Amortisation (R)	Total (R)
Computer software	98 013	600 965	-	-	172 334	526 644
Internally generated software	3 010 862	-	-	-	656 915	2 353 948
<b>Total</b>	<b>3 108 875</b>	<b>600 965</b>	<b>-</b>	<b>-</b>	<b>829 249</b>	<b>2 880 592</b>

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

## 9. COLLECTIONS FOR DISTRIBUTION FROM NON-EXCHANGE TRANSACTIONS

Taxes and levies	14 882 928	15 740 636
	<b>14 882 928</b>	<b>15 740 636</b>

Taxes and levies for distribution are gambling taxes for March 2023 that were distributed to the provincial revenue fund after year-end.

## 10. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Accruals	3 460 158	3 490 208
Investigation deposit accounts	1 916 044	2 537 189
Trade payables	5 000 932	4 110 404
	<b>10 377 134</b>	<b>10 137 801</b>

No Trade payables are overdue and relate to goods and services received in March 2023.

## 11. PROVISIONS

### Current provisions

Performance bonus provision opening balance	3 931 556	2 813 361
Provision used during the year	(4 036 240)	(2 813 361)
Over/ (Under) provision	(104 684)	-
Provision for the year	3 923 074	3 931 556
<b>Performance bonus provision closing balance</b>	<b>3 818 390</b>	<b>3 931 556</b>
Leave provision opening balance	1 899 492	1 978 398
Provision for the year	3 628 633	3 493 481
Leave used during the year	(3 349 296)	(3 412 700)
Leave paid out during the year	(210 623)	(159 687)
<b>Leave provision closing balance</b>	<b>1 968 206</b>	<b>1 899 492</b>
Current portion of provision for long service awards	208 509	82 275
<b>Current provisions closing balance</b>	<b>5 995 108</b>	<b>5 913 326</b>

### Non-current provisions

Provision for long service award opening balance	650 033	645 565
Provision used during the year	(88 000)	(160 000)
(Over) / Under provision	-	-
Provision for the year	139 078	164 468
Provision for long service award closing balance	701 111	650 033
Less: current portion	(208 509)	(82 275)
<b>Non-current provisions closing balance</b>	<b>492 602</b>	<b>567 758</b>

The provision for long service award is raised in terms of the long service award policy. The current portion relates only to employees who qualify for a long service award in the next twelve months. The non-current portion relates to those who may qualify within in the next five years. Management has adjusted this amount for the probability of staff leaving the employ of the entity before they are eligible for an award.

## 12. FINANCE LEASE OBLIGATION

Minimum lease payments due		
- within one year	378 465	47 226
- later than one year but not later than five years	122 122	-
<b>Present value of minimum lease payments</b>	<b>500 587</b>	<b>47 226</b>

The Finance leases costs have been calculated to be immaterial and have thus not been included in the annual financial statements.

<b>Current liabilities</b>	<b>378 465</b>	<b>47 226</b>
<b>Non-current liabilities</b>	<b>122 122</b>	<b>-</b>

Mobile devices were acquired through cellular airtime agreements which are for a two-year lease term after which ownership of the device is retained by the Board.

The contract does not distinguish between subscription and equipment lease repayment amounts or specify an interest rate. Mobile devices were capitalised at their fair value when sold on a standalone basis, as this was lower than the present value of total subscriptions payable. All contracts have fixed subscriptions over the lease term and no arrangements have been entered into for contingent rent.

There was no default during the period and no terms have been renegotiated.



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## 13. REVENUE

Revenue from exchange transactions:

The amounts included in revenue arising from exchange of services are as follows:

Fees	10 701 246	10 719 302
Recoveries	1 446 003	1 895 625
Sundry income	204 037	605 682
	<b>12 351 286</b>	<b>13 220 609</b>

### Revenue from non-exchange transactions

The amount included in revenue arising from non-exchange transactions is as follows:

Unconditional government funding - Department of Economic Development, Environmental Affairs and Tourism	70 043 000	61 961 000
	<b>70 043 000</b>	<b>61 961 000</b>

## 14. ADMINISTRATIVE EXPENDITURE

Bank charges	59 456	51 491
Board members - fees	1 178 550	909 000
Board members - travel and subsistence	296 186	102 867
Internal audit fees	1 639 095	1 293 865
Consultation fees	1 050 855	806 378
Evaluation and hearings	488 246	711 408
Inspection, investigation, compliance and audit costs	1 052 649	690 076
Stationery and printing	326 449	181 545
Training and development	2 713 437	743 124
Travelling and subsistence	928 643	722 582
Stakeholder events	392 447	288 322
	<b>10 126 013</b>	<b>6 500 658</b>

Evaluation and hearings costs reflected above are recovered from investigation deposit accounts as reflected in Note 10.

## 15. CORPORATE SOCIAL INVESTMENT

The Board has supported various schools and projects in the year under review including focus on the Education Basket as per the CSI Policy, investing in learner support material for mathematics and science from Grade R-7. The total direct amount spent on Corporate Social Investment is R676 955 (2022: R394 930).

## 16. CONSUMER PROTECTION AND PUBLIC EDUCATION

The Board undertook various responsible gambling and public education activities amounting to R2 856 213 (2022: R902 830). Roll-out of responsible gambling campaigns in the province was conducted using print, radio, social and other electronic media, as well as event platforms, billboards and awareness sessions.

## 17. EMPLOYEE COSTS

Basic salary	40 525 161	39 702 240
Casual and temporary labour	12 492	8 072
Funeral benefit	8 910	7 906
Insurance	181 821	175 337
Medical aid - company contributions	1 820 091	1 707 235
Pension	3 902 115	3 657 365
Performance awards	3 923 074	3 931 556
Recruitment costs	231 753	55 941
Other non pensionable allowances	708 831	909 557
Unemployment Insurance Fund	120 642	117 624
Skills development levy	513 278	462 832
	<b>51 948 168</b>	<b>50 735 665</b>

### Senior management remuneration (included in the figures above):

#### Remuneration of the Chief Executive Officer - Mr RM Zwane

Allowances	120 000	120 000
Bonus*	578 990	539 951
Fund contributions	448 820	418 355
Salary	3 049 865	2 884 325
13th cheque**	281 225	276 483
	<b>4 478 900</b>	<b>4 239 115</b>

#### Remuneration of the Chief Financial Officer - R. P. Hill (Resigned July 2022)

Allowances	29 167	70 000
Bonus*	-	327 903
Fund contributions	90 541	207 129
Salary	696 171	1 801 287
13th cheque**	170 783	167 868
	<b>986 662</b>	<b>2 574 186</b>

#### Remuneration of the Chief Financial Officer - Z. Mgoboli (Appointed December 2022)

Allowances	29 167	-
Bonus*	109 720	-
Fund contributions	81 113	-
Salary	591 446	-
13th cheque**	-	-
	<b>811 445</b>	<b>-</b>

#### Remuneration of the Compliance & Licensing Manager - B. L. Jaxa

Allowances	108 000	108 000
Bonus*	351 740	328 023
Fund contributions	288 473	268 144
Salary	1 801 899	1 702 839
Long Service award**	-	35 000
13th cheque**	170 846	167 868
	<b>2 720 957</b>	<b>2 609 874</b>

### SENIOR MANAGEMENT REMUNERATION

**8 997 964**      **9 423 175**

\* The amount shown as bonuses above relates to the provision raised in terms of the Policy on the Integrated Performance Management System.

\*\* The amount shown reflects the actual payment made to the incumbent during the reporting period. Whereas the amount recognised in surplus relates to the accrual raised during the reporting period.

Figures in Rand

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## 18. MARKETING AND RESEARCH COSTS

The costs for marketing and research include the following:

Advertising, subscriptions and publications	292 641	286 866
Research and public education	489 042	1 049 054
	<b>781 683</b>	<b>1 335 920</b>

## 19. OTHER OPERATING EXPENDITURE

Canteen and catering	133 132	47 264
Communication costs	745 026	1 094 642
Computer consumables	106 550	244 416
Courier and delivery charges	563	1 823
Consumables	28 051	116 709
Fuel, oil and licenses	775 640	384 841
Insurance premiums	381 923	381 696
Software support	183 813	184 134
Maintenance and repairs	264 858	203 751
Municipal services	646 759	545 990
Rentals in respect of operating leases - plant, machinery and equipment	123 869	111 739
Security services	413 379	404 416
Software annual license fees	1 757 731	1 636 452
Staff wellness programme	54 195	55 951
Uniforms and crockery	300	3 193
	<b>5 615 789</b>	<b>5 417 017</b>

## 20. STATUTORY AUDIT FEES

Statutory Audit - Auditor-General	<b>781 856</b>	<b>1 249 409</b>
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## 21. FINANCE INCOME

<b>Interest revenue</b>		
Bank	2 660 410	1 330 213
Statutory receivables	201 376	37 130
	<b>2 861 786</b>	<b>1 367 343</b>

## 22. CASH GENERATED FROM OPERATIONS

Surplus	7 076 134	4 578 868
<b>Adjustments for:</b>		
Amortisation of intangible assets	841 646	829 249
Depreciation and impairment of PPE	2 703 641	2 459 530
Interest income	(2 861 785)	(1 367 343)
Cash (profit) / loss on disposal of assets (refer below)	(64 180)	(5 538)
<b>Changes in working capital:</b>		
Increase in trade and other payables and provisions	(611 747)	3 580 951
(Increase) / Decrease in statutory and other receivables and prepayments	1 685 403	(2 525 802)
	<b>8 769 112</b>	<b>7 549 915</b>
<b>Disposal of property, plant and equipment</b>		
Proceeds received	(704 448)	(211 740)
Carrying value of disposals	640 269	206 202
<b>Cash (profit) / loss on assets disposed during the year</b>	<b>(64 180)</b>	<b>(5 538)</b>
Proceeds receivable (excluded above)		(3 005)
<b>(Profit) on disposal of PPE</b>	<b>(64 180)</b>	<b>(8 543)</b>

## 23. OPERATING LEASE COMMITMENTS

Minimum lease payments due		
- within one year	99 501	108 547
- later than one year and not later than five years	-	99 501
<b>Present value of minimum lease payments</b>	<b>99 501</b>	<b>208 048</b>

The Eastern Cape Gambling Board has operational lease agreements with the following terms:

- Four photocopy machines for a period of 36 months ending in February 2024 and with a minimum monthly charge of R9 046 which remains constant. The machines will be returned to the lessor at the end of the period. The lessor is required to provide maintenance and insurance for the equipment during the period of the agreement and retains the risks and rewards of ownership.

Figures in Rand

2023

2022

## 24. TRAINING AND DEVELOPMENT COSTS

### Local travel

Car hire	7 208	4 069
Daily allowance	38 772	14 172
Training	513 973	299 004
Travel and accommodation	142 805	42 640

### Overseas travel

Car hire	-	-
Daily allowance	88 651	-
Training	14 933	-
Travel and accommodation	592 109	-

### Conferences

Car hire	49 092	-
Daily allowance	70 007	-
Training / Conference costs	604 104	-
Travel and accommodation	327 982	-

### Bursary

Registration fees and books	214 593	383 239
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### Board Members' Training

49 206

2 713 437

743 124

## 25. BOARD AND COMMITTEE MEMBERS EMOLUMENTS

	Board Fees R	Expenses / Allowances R	Sub Committees R	Other R	Total R
<b>31 March 2023</b>					
For services as Board and committee members	740 500	-	209 050	229 000	1 178 550
<b>31 March 2022</b>					
For services as Board and committee members	551 000	-	147 600	210 400	909 000

Detailed Board members emoluments:	Board Fees R	Retainer R	Board Committee Fees R	Training Overseas & Local R	Total R
<b>31 March 2023</b>					
<b>Board members</b>					
T Huisman	212 500	144 000	-	38 250	394 750
V Vika	169 500	-	34 700	21 250	225 450
J Buchner	112 000	-	34 700	17 000	163 700
N Mafuya	136 000	-	39 500	4 250	179 750
M N De Beer	110 500	-	34 200	4 250	148 950
	<b>740 500</b>	<b>144 000</b>	<b>143 100</b>	<b>85 000</b>	<b>1 112 600</b>

### Audit committee members (who are not Board members)

T Mnqeta	-	-	39 350	-	39 350
T Cumming	-	-	26 600	-	26 600
	-	-	<b>65 950</b>	-	<b>65 950</b>
<b>TOTAL</b>	<b>740 500</b>	<b>144 000</b>	<b>209 050</b>	<b>85 000</b>	<b>1 178 550</b>

In 2022/23 R 91 138 (2022: R111 338 000) of the Board members fees reflected in this note were recovered against investigation deposits in the license application process and are included in Recoveries revenue in Note 13.

	Board Fees R	Retainer R	Board Committee Fees R	Training Overseas & Local R	Total R
<b>31 March 2022</b>					
<b>Board members</b>					
T Huisman	203 500	132 000	-	8 500	344 000
M Vena *	8 500	-	-	-	8 500
O Mtati *	10 000	-	-	-	10 000
V Vika	154 500	-	37 700	25 500	217 700
J Buchner	122 000	-	37 000	4 250	163 250
N Mafuya	25 500	-	12 900	8 500	46 900
M N De Beer	27 000	-	11 400	8 500	46 900
	<b>551 000</b>	<b>132 000</b>	<b>99 000</b>	<b>55 250</b>	<b>837 250</b>

\*Members resigned in the previous year.

Figures in Rand

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2022

**Audit committee members (who are not Board members)**

T Mnqeta	-	-	25 800	4 250	30 050
T Cumming	-	-	22 800	18 900	41 700
	-	-	<b>48 600</b>	<b>23 150</b>	<b>71 750</b>
<b>TOTAL</b>	<b>551 000</b>	<b>132 000</b>	<b>147 600</b>	<b>78 400</b>	<b>909 000</b>

**26. RELATED PARTIES**

## Relationships

**a) DEDEAT:**

The ECGB is a Schedule 3C Public Entity falling under DEDEAT. The latter serves as the Executive Authority of the ECGB. The ECGB receives a grant from the DEDEAT for its operations as disclosed in Note 13, collects gambling taxes and fees on DEDEAT's behalf and pays the mover monthly.

**b) Key management personnel**

Refer Note to 25 and Note 17 for details of Board members and Senior Management remuneration respectively.

**c) East London Industrial Development Zone Soc Ltd (ELIDZ)**

The ECGB and the EL IDZ both fall under the oversight authority of the Eastern Cape Provincial Legislature. EL IDZ is contracted to provide an offsite disaster recovery hosting service for a period of 36 months ended in January 2023 at a cost of R1 0212 per month. Contracting is on a normal supplier relationship basis, subsequent to normal procurement procedures and the terms are no more or no less favourable than the standard terms used to conclude transactions with another entity or person.

**Transactions:****a) DEDEAT****COLLECTIONS FOR DISTRIBUTION**

Opening balance			15 740 636	13 992 390
Taxes and levies billed on behalf of DEDEAT/Provincial Revenue Fund			189 570 359	161 060 604
Taxes and levies paid over to DEDEAT/Provincial Revenue Fund			(190 428 067)	(159 312 357)
<b>Outstanding collections for distribution at year end</b>	<b>9</b>		<b>14 882 928</b>	<b>15 740 636</b>

**STATUTORY RECEIVABLES**

Amounts collected from licensees not paid over at year-end			(216 899)	(34 152)
Amounts payable to East Cape Racing (refer note 36)			182 496	173 140
<b>Outstanding receivables at year end</b>	<b>4</b>		<b>14 848 526</b>	<b>15 879 624</b>

## 27. RISK MANAGEMENT

### Liquidity risk:

The Board manages liquidity risk through an ongoing review of future commitments. Cashflow forecasts are prepared and monitored. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

### Maturity analysis of non-derivative financial liabilities

#### Contractual maturities due

- within one year	25 638 526	27 825 158
- in second year	122 122	-
	<b>25 760 648</b>	<b>27 825 158</b>

### Credit risk:

Credit risk consists mainly of cash deposits, cash equivalents and other receivables. The Board only deposits cash with major banks with high credit standards and therefore has no concentration of credit risks. Other receivables relate primarily to timing of refunds that maybe contractually due over the year-end, or outstanding staff debt. These are both assessed as having low credit risk due to the ongoing contractual terms and employment contracts. As at 31 March 2023, other receivables were not impaired.

If counter parties have independent credit ratings, these ratings are used. Otherwise, if there is no independent rating, credit quality is assessed based primarily on past experience or other factors. The entity's maximum exposure to credit risk is equal to the cost amount of the financial assets at balance sheet date and is summarised below:

Cash and cash equivalents	27 905 917	22 537 555
Other receivables from exchange transactions	443 871	307 989

## 28. FINANCIAL INSTRUMENTS

	Amortised cost R	Fair value R
<b>31 March 2023</b>		
<b>Financial assets</b>	<b>443 871</b>	<b>27 905 917</b>
Cash and cash equivalents		27 905 917
Other receivables from exchange transactions	443 871	
<b>Financial liabilities</b>	<b>(25 760 648)</b>	
Payable on collection for distributions	(14 882 927)	
Trade and other payables from exchange transactions	(10 377 134)	
Finance lease obligation	(500 587)	
<b>31 March 2022</b>		
<b>Financial assets</b>	<b>307 989</b>	<b>22 537 555</b>
Cash and cash equivalents		22 537 555
Other receivables from exchange transactions	307 989	
<b>Financial liabilities</b>	<b>(25 925 663)</b>	
Payable on collection for distributions	(15 740 636)	
Trade and other payables from exchange transactions	(10 137 801)	
Finance lease obligation	(47 226)	

## 29. GOING CONCERN

The entity receives an annual grant and prepares budget on the basis of such grant. The entity is not able to generate sufficient cashflow from its own revenue to cover its operations. As such the entity is dependent for its continued operation in the foreseeable future on continued Government Grant funding. Management has determined that such funding is reasonably expected to continue and therefore has prepared these Annual Financial Statements on the going concern basis.



Figures in Rand

2023

2022

### 30. EVENTS AFTER REPORTING DATE

Management has reviewed the events between 31 March 2023 and the date of issue by the Accounting Authority to the Executive Authority. No events occurred during this timeframe which provides further information on the amounts disclosed as at 31 March 2023, except for the information included in Note 33.

### 31. TAXATION

The income of the entity is exempt from tax in terms of section 10(1)(cA) of the Income Tax Act (Act 58 of 1962).

### 32. COMMITMENTS

#### Capital commitments

<b>Approved and contracted for: Property, plant and equipment</b>	- Buildings	5 695 670	556 345
	- Computer equipment	-	827 036
	- Motor vehicles	288 683	978 021
	- Furniture and equipment	66 863	631 025
<b>Intangible Assets</b>	- Computer software	3 507 449	3 496 463
		<b>9 558 664</b>	<b>6 488 890</b>

### 33. CONTINGENCIES

#### CONTINGENT LIABILITIES

##### Civil litigation proceedings

The Board is a defendant in four civil litigation proceedings at year-end. Should the Board not be successful in these proceedings, the likely estimate for the applicant's legal costs are as reflected. Any further costs or settlement amount in excess of this cannot be reliably estimated pending the outcome of the matters.

5 900 000	4 400 000
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##### Request to retain surplus funds

In terms of National Treasury Instruction 12 of 2020/21, the Board has surplus funds on hand at 31 March 2022. A request to retain these funds has been submitted to Provincial Treasury. They allow the rollover of capital commitments (refer to note 32) based on past practice and in terms of Provincial Instruction 3 of 2013/14. Accordingly, pending their decision, the Board has not raised a liability for the surrender of surplus funds calculated as disclosed alongside.

9 558 663	6 452 276
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### 34. BUDGET VERSUS ACTUAL

The budget disclosed in the comparison of budget to actual amounts covers the period 1 April 2022 to 31 March 2023 and is for the ECGB entity only. The budget is prepared on the same/comparable basis as the Annual Financial Statements, being the accrual basis of accounting. Expenses in the budget are classified in the same manner as for the Financial Statements.

#### Material budget variances

	Actual to budget variance	
	R	%
<b>Revenue from exchange transactions</b>		
The previous year had high costs recoveries related to the Zone 5 license renewal. The licensing process was concluded in the previous year.	(1 158 772)	(8.6%)
<b>Depreciation and Amortisation</b>		
Depreciation is overspent as a result of servers and other computer equipment purchased during the year which had higher than anticipated acquisition costs as a result of the unfavourable Rand / Dollar exchange rates.	660 168	22.9%
<b>Capital expenditure</b>		
Capital expenditure is underspent primarily due to procurement delays encountered. In particular the tender relating to the development of an electronic document management system which is currently being completed.		
Delays were also encountered on delivery of one new fleet vehicle which was planned to be received before year-end.	(9 558 663)	(56.3%)
Further delays were also encountered on the appointing of a contractor for the building alterations as a result of the late approval of the rollover funds.		
Capital commitments in the above regard are disclosed in Note 32.		

#### Changes from approved to final budget

Changes between the approved and final budget are due primarily to reallocations within the approved budget to utilise budget savings in areas of cost pressures. Furthermore the capital expenditure budget was adjusted upwards due to additional capital funding requirements.

### 35. CRIMINAL OR DISCIPLINARY STEPS TAKEN AS A CONSEQUENCE OF MATERIAL LOSSES

No material losses suffered, therefore no disciplinary steps taken.

### 36. PRINCIPAL-AGENT ARRANGEMENTS

Refer to note 26 for details of the taxes collected and paid to the Provincial Revenue Fund /DEDEAT. In addition to this a portion of bookmaker taxes are required to be paid to East Cape Racing as prescribed in schedule III, part B of the Act. The balance at year-end in this regard is included in Trade payables.

#### Eastern Cape (EC) Racing

Opening balance	173 140	21 9740
Taxes and levies billed to bookmakers	7 848 098	7 607 841
Taxes and levies paid over to EC Racing	(7 838 742)	(7 654 441)
Amounts impaired	-	-
<b>Outstanding payable at year end</b>	<b>182 496</b>	<b>173 140</b>

### 37. 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.

### 38. CHANGE IN ACCOUNTING POLICY

The Accounting Standards Board (ASB) issued an updated frequently asked questions (FAQs) on 15 March 2023. The FAQs clarified among other issues, the treatment of an entity's leave liability using an entity's right to defer settlement and whether leave balances can be carried over or are forfeited.

In the case of the ECGB, staff forfeits leave balances not used after six months after the end of the reporting period. However, at the reporting date, there may be uncertainty as to the leave balance which will be forfeited. Due to the uncertainty, the leave balances cannot be classified as accruals as was the case in previous periods.

This change is classified as a change in accounting policy, and consequently in terms of GRAP 3, has been adjusted retrospectively.

**The impact of the change is as follows:**

	<b>2022</b>
Trade and other payables (As previously reported)	12 037 296
Reclassified to provisions	(1 899 495)
TRADE AND OTHER PAYABLES (RESTATED)	10 137 801
Provisions (As previously reported)	4 013 831
Reclassified leave	1 899 495
PROVISIONS (RESTATED)	5 913 326
Financial Liabilities (As previously reported)	27 825 158
Reclassified leave	(1 899 495)
Financial Liabilities (RESTATED)	25 925 663



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## **ECGB DETAILS**

ECGB Building, Quenera Park  
Quenera Drive, Beacon Bay  
East London, 5241

+27 43 702 8300  
communications@ecgb.org.za

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**NATIONAL RESPONSIBLE GAMBLING PROGRAMME TOLL FREE LINE: 0800 006 008**  
**ECGB FRAUD PREVENTION TOLL FREE LINE: 0800 333 818**