



ANNUAL REPORT 2021|22



National Gambling Board
South Africa

a member of **the dti** group



Minister's Note to Parliament

Dear Honourable Speaker,

I have the honour, in terms of section 65 of the Public Finance Management Act, 1999 (Act 1 of 1999), to present the Annual Report of the National Gambling Board, South Africa for the year ended 31 March 2022.

Mr Ebrahim Patel

Minister of Trade, Industry and Competition

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PART A

General Information



1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME	National Gambling Board of South Africa
PHYSICAL ADDRESS	420 Witch Hazel Avenue, Eco Glades 2, Block C
POSTAL ADDRESS	Private Bag X27, Hatfield, 0028
TELEPHONE NUMBER/S	+27 86 772 7713 or + 27 10 003 3475
FAX NUMBER	+27 86 618 5729
EMAIL ADDRESS	info@ngb.org.za
WEBSITE ADDRESS	www.ngb.org.za
EXTERNAL AUDITORS	Rakoma and Associates Inc.
BANKERS	Standard Bank South Africa

2. LIST OF ABBREVIATIONS/ACRONYMS

AA	Accounting Authority
AfCFTA	African Continental Free Trade Area
AFS	Annual Financial Statements
AGSA	Auditor-General South Africa
APP	Annual Performance Plan
ARC	Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CSED	Corporate and Stakeholder Engagement Division
DG	Director-General
EBT	Electronic Bingo Terminal
FIC	Financial Intelligence Centre
FICA	Financial Intelligence Centre Act, 2001 (Act 38 of 2001)
FPP	Fraud Prevention Plan
FY	Financial Year
GCRD	Gaming Control and Research Division
GDP	Gross Domestic Product
GGR	Gross Gambling Revenue
GRAP	Generally Recognised Accounting Practice
HCO	Human Capital Optimisation
HR	Human Resource
ICT	Information Communication Technology
ILO	International Labour Organisation
ISO	Independent Site Operator
LPM	Limited Pay-out Machine

LS	Litigation Services
MTSF	Medium Term Strategic Framework
NCEMS	National Central Electronic Monitoring System
NGA	National Gambling Act, 2004 (Act 7 of 2004)
NGB	National Gambling Board
NGPC	National Gambling Policy Council
NGR	National Gambling Regulator
PFMA	Public Finance Management Act, 1999 (Act 1 of 1999)
PLA	Provincial Licensing Authority
PPPFA	Preferential Procurement Policy Framework Act, 2017
RMC	Risk Management Committee
RO	Route Operator
SCM	Supply Chain Management
the dtic	Department of Trade, Industry and Competition
YTD	Year-to-Date



3. Foreword by the Executive Authority

I table the Annual Report of the National Gambling Board (NGB) for the 2021/22 financial year.

I wish to thank the Administrator, management and staff for their efforts in the past year.

A handwritten signature in black ink, appearing to read 'Ebrahim Patel', with a long horizontal stroke extending to the right.

Mr Ebrahim Patel, MP

Minister of Trade, Industry and Competition

4. Foreword by the Accounting Authority



As the world continued to contend with the significant challenges of operating against the backdrop of the COVID-19 pandemic, the National Gambling Board proved beyond doubt its resilient capability in the most challenging of circumstances. In the FY 2021 the organisation cemented its commitment towards providing a trusted environment for gambling in South Africa. This phenomenon has been the driving force behind the development of our strategic outcomes for the year, through which the organisation continues to enhance the regulatory process.

Amidst a third wave and the emergence of new variants of the COVID-19 virus, the gambling environment during the first half of the year seemed bleak. However, with much relaxation of restrictions on operations in FY2021/22, there was a rebound of the gambling industry that saw GGR revert to pre-COVID-19 levels at R34.4 billion. This was mainly accelerated by the betting industry whose revenue surpassed all other modes at 45.8% market share as well as a rebound in the LPM industry to pre-pandemic levels. The casino and bingo sectors also showed signs of improvement from the previous financial year, but are yet to rebound to pre-COVID-19 levels. Taxes collected from the industry similarly also increased in FY2021/22 to R3.2 billion reaching pre-pandemic levels.

The Financial Year 2021/22 saw the NGB maintaining a healthy financial position and keeping the entity free of wasteful, fruitless and irregular expenditure. This was due to strict internal controls that included the implementation of Finance and SCM strategies as well as policies and procedures that worked efficiently throughout.

Persistent strains of COVID-19 necessitated continued NGB business operations using online means and in

line with the National Lockdown Regulations. The entity had to plan and conduct performance activities bearing in mind the inability to have contact engagement with stakeholders. The entity experience reduced manpower due to vacancies and attrition. Despite these challenges, the entity performed beyond planned expectations. It's ability to adapt in challenging situations contributed to the overall performance of the NGB against the Annual Performance targets.

The NGB continued to account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons. It was also able to fulfil its oversight responsibility for the LPM sector in terms of section 27 of the National Gambling Act, 2004 (Act 7 of 2004) using the National Central Electronic Management System (NCEMS). Furthermore, the NGB maintained national functional registers and was able to track and keep a record of a national register of gambling machines that enabled regulators to identify, approve and register all gambling machines and devices in the Republic of South Africa.

The organisation also played an integral part in implementing the dtic's seven joint indicators for the FY2021/22. The entity conducted analysis of the gambling industry value chain to identify the enablers of economic growth as well as having consulted Special Economic Zones (SEZs) regarding industrialisation and localisation opportunities for the gambling industry. An exploration of export opportunities for the gambling industry and possible partnerships to promote export of local products to the rest of the African continent, as well as new regulatory and policy requirements to support investment facilitation and growth was undertaken. The NGB conducted analysis of draft amendments to the National Gambling Policy to address issues relating to transformation, economic and social development

issues. The entity also investigated measures to support the green economy by exploring initiatives with Provincial Gambling Boards for gambling licensees to incorporate projects to grow the Green Economy and greening the economy in their CSI spend. Lastly, the NGB produced a report on the proposed reduction of red tape regarding the gambling licencing process and the ease of doing business in the gambling industry in its endeavour to strengthen and build a capable state.

As with the FY2015/2016, FY2016/2017, FY2017/2018, FY2018/2019, FY2019/2020 and FY2020/2021 when the entity received clean audit opinions, the NGB achieved its seventh consecutive Clean Audit.

The end of the Financial Year 2021/22 saw NGB employees preparing to resume working from the office. The entity had to start making preparations to ensure the safety of all employees returning to the office. Although the NGB does not plan to abolish online engagements, there is an expectation that the NGB will encourage and fully support contact engagements where necessary and where significant value can be derived.

Looking ahead, it is expected that through the lessons learned from the years of the pandemic, the entity will continue to maintain strong financial viability and serve

as an example to other public entities. As we think about the future more broadly, it is clear that the worlds of technology and gambling continue to rapidly come together especially after the effects of COVID-19, and that the NGB as a regulator, sits at the very heart of that convergence. This provides us with a great opportunity to redefine the industry.

I would like to acknowledge the hard work of the NGB officials who performed relentlessly under challenging conditions to achieve beyond what was expected. The health of the organisation is evidence of such efforts from employees as well as the robust controls that the organisation has put in place.



Ms Caroline Kongwa

Accounting Authority of the National Gambling Board
31 July 2022

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

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 Rakoma & Associates Inc.

The annual report is complete, accurate and is free from any omissions. The annual report has been prepared in accordance with the guidelines for the annual report as issued by National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the National Gambling Board.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal controls which has been designed to provide reasonable assurance

as to the integrity and reliability of the performance information, the human resource information and the annual financial statements.

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

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2022.

Yours faithfully



Ms Caroline Kongwa

*Accounting Authority of the National Gambling Board
31 July 2022*

6. STRATEGIC OVERVIEW

The NGB is established in terms of the National Gambling Act, 2004 (Act 7 of 2004) (the NGA). It is also registered as a Schedule 3A Public Entity in terms of the Public Finance Management Act, 1999 (Act 1 of 1999) (the PFMA). The mission, vision and values of the NGB are as follows:

6.1 Vision, Mission, and Values



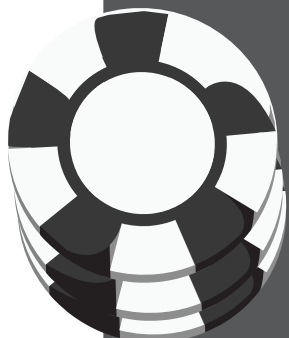
Vision

To position South Africa as the pre-eminent jurisdiction with an exemplary and effectively regulated gambling industry.



Mission

Lead the regulation of the gambling industry in the fulfillment of the National Gambling Act, 2004, through an effectively regulated and supervised gambling industry that upholds domestic, continental and internationally recognised standards of compliance.



Values

To position South Africa as the pre-eminent jurisdiction with an exemplary and effectively regulated gambling industry. Professionalism, moral integrity, transparency, commitment and consistency, effective implementation of resolutions, responsive communication, teamwork, respect and tolerance.

7. LEGISLATIVE AND OTHER MANDATES

The NGB is established in terms of the NGA. The NGB is a Schedule 3A Public Entity in terms of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999). The mandate of the NGB is set out in sections 33 and 34, read with sections 32, 21 and 65 of the NGA as follows:

- Oversight of gambling in the Republic of South Africa by:
 - Evaluating the issuing of national licences by the Provincial Licensing Authorities (PLAs)
 - Evaluating the compliance monitoring of licensees by PLAs
 - Conducting oversight evaluation of the performance of PLAs to ensure that the national norms and standards established by the NGA are applied uniformly and consistently throughout the Republic
 - Assisting PLAs to ensure that the unlicensed gambling activities are detected
- Monitoring of market conduct and market share
- Monitoring socio-economic patterns of gambling activity and research and identify patterns of the socio-economic impact of gambling and addictive or compulsive gambling
- Establishing and maintaining a national registry of every gambling machine or gambling device manufactured within or imported into the Republic, as well as maintaining all other legislator prescribed registers
- Investigating the circumstances of any gambling activity that relates to unlawful winnings that the NGB has held in trust, and either deliver the winnings to the person who won them if not found to be illegal

winnings or apply to the High Court for an order to declare the winnings forfeited to the State if the gambling activity was found to be illegal

- Advising and providing recommendations to the National Gambling Policy Council (NGPC) on, amongst others, matters of national policy and legislative changes relating to gambling.

Other mandates

In addition, the NGB is required to comply with other legislative frameworks, including but not limited to the following legislation:

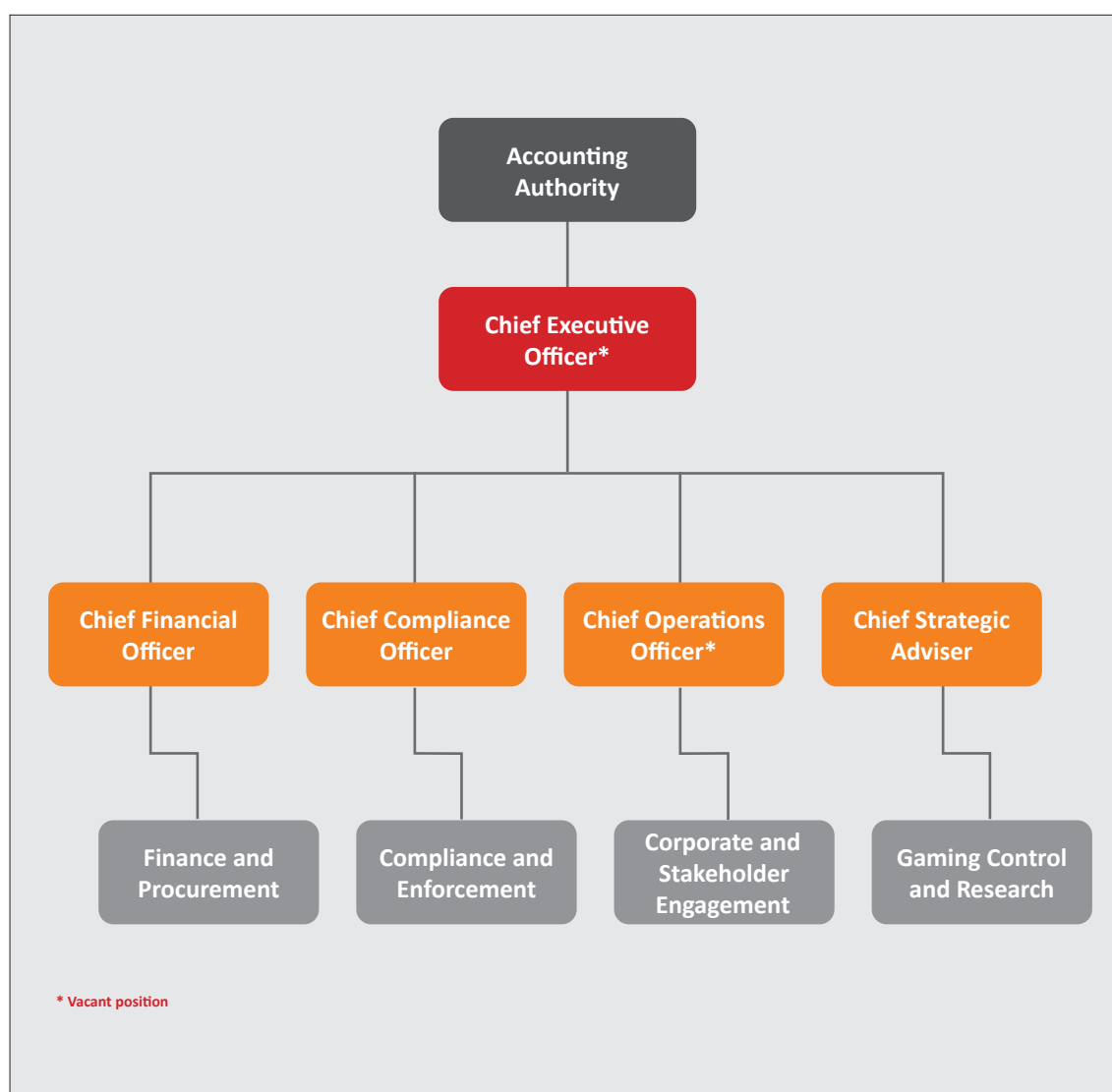
- Constitution of the Republic of South Africa, 1996
- The Public Finance Management Act (PFMA), 1999 (Act 1 of 1999)
- The Prevention of Organised Crime Act (POCA), 1998 (Act 121 of 1998)
- The Financial Intelligence Centre Act (FICA), 2001 (Act 38 of 2001)
- Broad-Based Black Economic Empowerment Act (B-BBEE), 2003 (Act 53 of 2003)
- Consumer Protection Act (CPA), 2008 (Act 68 of 2008)
- Competition Act, 1998 (Act 89 of 1998)
- Intergovernmental Relations Framework Act (IGRFA), 2005 (Act 13 of 2005)

Policy mandates

The impact of the work of the NGB is manifested by the effect and quality of its advice and recommendation to the NGPC on, amongst others, matters of national policy and legislative changes relating to gambling.

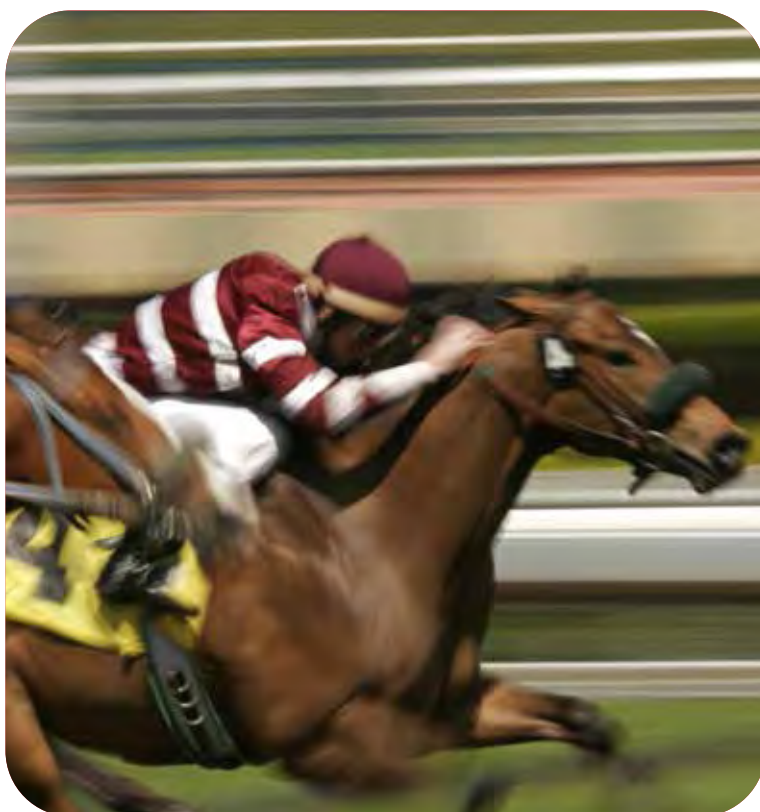
8. ORGANISATIONAL STRUCTURE

The NGB comprises of four (4) divisions and programmes. Each division is headed by a suitably qualified individual mandated to deliver against the entities desired performance. Two (2) of the four (4) divisions were responsible for delivering against the entities strategic mandate as contained in the entities Strategic Plan 2019/2024 and Annual Performance Plan 2021/2024 which will be elaborated on in this document.



PART B

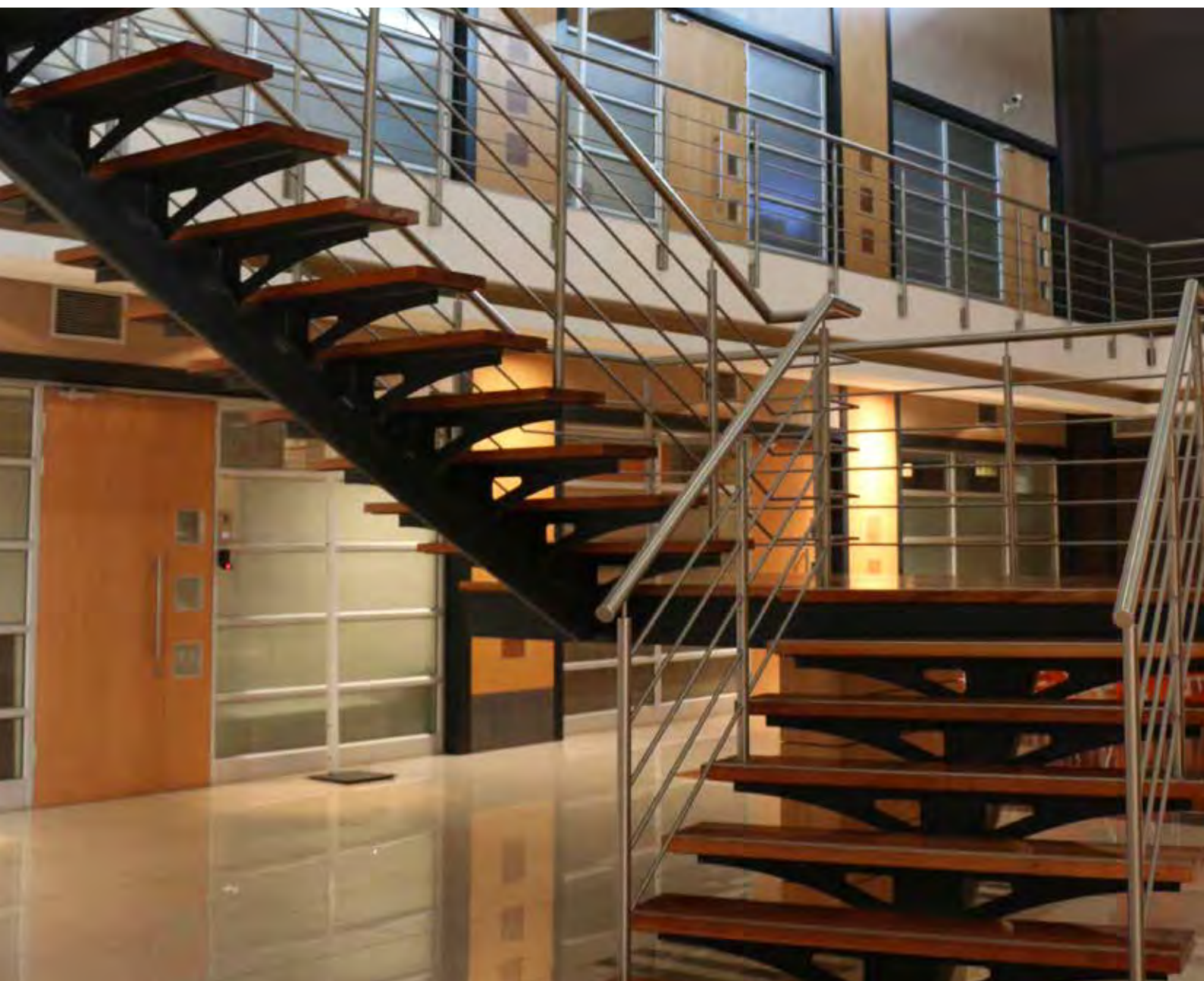
Performance Information



1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

Rakoma & Associates Inc. currently perform the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the management report, 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 page 72 of the Report of the Auditors Report, published as Part F: Financial Information.



2. SITUATIONAL ANALYSIS

2.1 Service Delivery Environment

As the new financial year 2021/22 started, signs of recovery began to show despite a third and fourth wave of the pandemic. The effect of the COVID-19 pandemic on the gambling industry was still clearly visible in Q1 of FY2021/22 as money wagered. Gross Gambling Revenue (GGR) and taxes were still below pre-pandemic levels. However, by the end of the financial year, the gambling industry showed tremendous signs of recovery as turnover surpassed pre-pandemic levels to reach R559 billion. GGR increased to R34.4 billion in FY2021/22 from the FY2020/21 level of R23.3 billion, and surpassed pre-pandemic GGR of FY2019/20 of R32.7 billion. Taxes also increased to R3.1 billion in FY2021/22, exceeding taxes in FY2020/2021 of R2.0 billion but falling slightly short of the pre-pandemic level of taxes in FY2019/20 of R3.2 billion.

The casino industry in FY2020/21 was the worst affected by the COVID-19 pandemic falling by more than 50% and losing its market share of GGR to the betting industry. In FY2021/22 however, money wagered in the casino industry increased to R240.9 billion from R158.8 billion in FY2020/21. However, the increased turnover in FY2021/22 was still below that witnessed before the COVID-19 pandemic in FY2019/20 (R292.3 billion). GGR from casinos likewise increased in FY2021/22 (R13.7 billion) compared to the previous year FY2020/21 (R9.1 billion) but the revenues were still less than the pre-COVID-19 level of FY2019/20 (R18.4 billion). The market share of casinos in FY2021/22 was 39.9%, with the betting industry taking up the greater chunk of the GGR pie. Taxes likewise also increased in FY2021/22 from the previous financial year but were less than the pre-pandemic levels.

Money wagered in the betting industry in FY2021/22 (R245 billion) was more than double the amount wagered in the previous period FY2020/21 (R118 billion) and even surpassed money wagered in FY2019/20 (R75.7 billion), before the COVID-19 pandemic existed. Betting GGR increased to R15.5 billion in FY2021/22, more than that of the same period in the previous financial year (R10.6 billion) as well as pre-COVID-19 amounts of R8.8 billion. Betting GGR in FY2021/22 was 44.9% of total GGR with the Western Cape Province generating the most betting GGR. Bookmakers offering sports betting

increased the greatest to R12.8 billion in FY2021/22 compared with FY2020/21 (R8.2 billion). Likewise betting tax, also increased in FY2021/22.

The LPM industry turnover also increased in FY2021/22 (R47.7 billion) but was below the FY2019/20 level of R48.8 billion. GGR in the sector increased from last financial year's R2.4 billion to R3.7 billion in FY2021/22 and matched the FY2019/20 level (R3.7 billion) showing signs of recovery of the sector. Taxes collected however still fell short of the pre-COVID-19 levels.

The bingo industry also increased in turnover in FY2021/22 (R25.6 billion) but was still below pre-COVID-19 levels of R35.2 billion in the same period. GGR followed suit at R1.5 billion, but fell short of FY2019/20 level that was R1.8 billion.

The financial recovery of the gambling industry evidenced in FY2021/22 has mainly been driven by the financial progress in the betting sector as well as the LPM industry. This can be attributed to an easing of lockdown restrictions throughout the year as well as increased uptake of the COVID-19 vaccines, which meant more consumers had less reluctance to go out and gamble.

The gambling industry is technologically driven, and whereas there was a continuous increase in the uptake of advanced gambling products, the COVID-19 pandemic accelerated the pursuit of new and advanced technologies by manufacturers and operators alike. This presented a challenge for gambling regulators like the NGB and PLAs.

Regulating the gambling industry in South Africa requires innovation and agility. NGB currently monitors the LPM industry through a technologically driven National Central Electronic Monitoring System (NCEMS), ensuring that gambling revenues are accurately captured and allocated to the relevant stakeholders.

NGB channeled strategic focus to promote economic inclusion by pursuing enhancement of the economic participation by historically disadvantaged individuals (HDIs). The NGB conducted research on key gambling issues to inform the legislative and policy environment. Research was also conducted to continuously monitor changes in the gambling industry in South Africa and other jurisdictions.

2.2 Organisational environment

The NGB management made concerted efforts to ensure that the organisation continued its operations and delivered on its mandate. In fulfilling its mandate as an advisory body, the NGB managed to perform against its performance targets and over-achieved in some areas. Such achievements can be attributed to the commitment and ability of officials in ensuring that the organisation succeeds. The entity managed to maintain the staff complement, however with three (3) resignations. There were no retrenchments during the financial year.

To avert the risk of COVID-19, the NGB required staff to work remotely, which assisted with the continued productivity of officials. Further, to manage the impact of the spread of COVID-19 within the NGB, staff implemented and observed protocols once they were able to return to the office under relaxed lockdown regulations.

The effectiveness and efficiency of internal controls were evidenced by the NGB incurring no instances of

fruitless, wasteful or irregular expenditure. Moreover, there were sufficient controls in place to mitigate the risks of non-achievement of objectives, which were supported by a dependable information, communication and technological infrastructure. This enabled the entity to thrive in the discharge of its functions. Despite the gambling industry not being spared by the declaration of the national lockdown, the NGB was resilient in monitoring the activities in the LPM sector through the NCEMS.

2.3 Key policy developments and legislative changes

There are various government policies and plans which continue to inform the NGB's strategic direction and implementation of its mandate to achieve its intended outcomes.

During the FY2021/2022 there were no significant policy amendments or legislative changes.

“The National Gambling Board is committed to proper, fair and effective regulation of the gambling industry.”

2.4 Progress towards achievement of institutional Impacts and Outcomes

The NGB developed an impact statement: *“A regulated gambling industry that balances economic gains and punter protection.”* This will be measured against various outcomes that are set out as follows:

#	Outcome	Outcome Indicator	Five (5) year target	Progress made against the five (5) year target
1	Broad-based public education	Percentage implementation of the broad-based public education programme	100% implementation of the broad-based public education programme	The NGB had implemented 96% of the broad-based public education programme
2	Effectively monitored socio-economic patterns of gambling activity within the Republic	Publish and disseminate national integrated data and trend analysis to the gambling industry and regulators	Five (5) annual publications	The NGB has published three (3) Gambling Sector Performance Reports for the following financial years: ■ FY2018/2019; ■ FY2019/2020; and ■ FY2020/2021
3	Uniformity of legislation in the gambling industry	Authoritative advice on policy, statutory matters and legislation is provided to the Minister	Five (5) Advisory reports presented to the dtic	Five (5) Advisory reports pertaining to the following matters were presented to the dtic: ■ Norms and Standards 2019/2020 ■ Future regulation of the gambling industry in FY2020/2021 ■ The economic recovery and reconstruction plan for the gambling industry in FY2020/2021 ■ Gambling Legislative Advisory in FY2020/2021 ■ Market Enquiry 2021/2022
4	Account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons	Percentage variance of uptime on the systems	Within 5% variance of uptime on the systems	There was a zero % variance on the uptime on the systems for FY2020/2021; and FY2021/2022
5	Economic transformation and increased participation of Historically Disadvantaged Individuals in the mainstream gambling industry	Development of an industry-wide transformation agenda	Industry-wide transformation agenda	A draft industry-wide transformation agenda was developed in FY2019/2020
6	Increased competition in the mainstream gambling industry	Development of a business case for a market inquiry	Identification of possible features that stifle competition	A business case for a market inquiry was produced in FY2019/2020

There were no amendments to the Strategic Plan from the FY2019-2024 in comparison to the Strategic Plan FY2021-2026.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1 Two (2) programmes within the NGB contributed towards the organisation's impact, outcomes and outputs, which are set out in detail below.

3.1.1 Programme 1: Gaming Control and Research

3.1.1.1 Purpose of the programme

This division provided mandated operational core functions in terms of the NGA. The Gaming Control and Research Division (GCRD) provided a technical analysis of the modes of gambling, system audits and enforcement in line with statutory imperatives as provided for in gambling legislation. It provided reliable information through national centralised databases and contributed towards providing accessible, transparent and sufficient access for economic citizens to ensure economic growth.

3.1.1.2 Sub-programmes

The following sub-programmes contributed to the provision of services by the GCRD:

Functional National Registers

The NGB is the custodian of national registers in terms of the NGA. The Act requires that the NGB must establish and maintain, in the prescribed manner and form, national registers to provide a national repository of gambling sector-specific information. The NGB is required to provide the information in its registry to PLAs in the prescribed manner and form to ensure information sharing and compliance as contemplated in the Act.

National Central Electronic Monitoring System (NCEMS)

The NGB is obliged by section 27 of the NGA, read with regulation 14 of the National Gambling Regulations, to supply, install, commission, operate, manage and maintain a National Central Electronic Monitoring System (NCEMS). According to the requirements of

section 21 and 26 of the NGA, the NCEMS must be capable of detecting and monitoring significant events associated with any LPM that is made available for play in the Republic, including analysis and reporting of data.

The NCEMS enables the NGB to fulfill its oversight responsibility for the PLAs in terms of section 65 of the Act, maintain the national register in terms of section 21 of the NGA, monitor and evaluate the PLAs' compliance with the NGA, and enable the NGB to assist the PLAs to detect and suppress unlawful gambling and unlicensed gambling activities.

NCEMS is essentially a system to track each LPM operated by a Route Operator (RO) or Independent Site Operator (ISO) in terms of location and status; record and validate every transaction on the LPM in real time; and periodically report collected data.

Research and Information

Research and Information conducts research to monitor and report on gambling sector performance in the South African gambling industry (specifically market conduct, market share, B-BBEE contributor levels and employment based on national gambling statistics (turnover, GGR and taxes/levies)). Research includes, but is not limited to, projects that determine the socio-economic impact of gambling in South Africa, as well as to benchmark South Africa against other countries in terms of the prevalence of gambling, problem gambling, legal versus illegal gambling modes, tax rates, and regulations in terms of advertising, amongst others. Other research includes economic analysis and insights in terms of market share from economic and institutional perspectives, as well as reports on illegal gambling. Research may include any topic as identified or required at a specific time.

Legal Research

The NGB carried out a benchmarking analysis of various legal issues that are pertinent across provinces to foster harmonisation and uniformity in the gambling industry. This informed the setting of industry norms and standards that ultimately create a conducive environment for the gambling industry.

Gaming Control

The NGB monitored and analysed technological developments that affected gambling regulation and advised on the compliance of gaming devices to legislation.

Legal Services

Legal Services provided corporate legal advice to the NGB in the form of legal opinions, drafting and vetting of contracts.

3.1.1.3 Contribution towards institutional outcomes

The GCRD contributes towards the following outcomes as set out in the NGB's 2021-2024 Annual Performance Plan:

- Effectively monitored socio-economic patterns of gambling activity within the Republic
- Uniformity of legislation in the gambling industry
- Account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons
- Economic transformation and increased participation of HDIs in the mainstream gambling industry



3.1.1.4 Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Programme / Sub-programme: Gaming Control and Research								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from Planned Target to Actual Achievement 2021/2022	Reasons for Deviations
Effectively monitored socio-economic patterns of gambling activity within the Republic	Monitored market share and market conduct in the gambling industry	Number of reports on gambling sector performance submitted to the Accounting Authority	Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance submitted to the Accounting Authority	Over-achieved Eight (8) reports were produced: Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance were submitted to the Accounting Authority Three (3) reports on socio-economic implications of market share and market conduct in the gambling industry was produced	Three (3) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance submitted to the Accounting Authority	Over-achieved Seven (7) reports were produced: Three (3) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance were submitted to the Accounting Authority Three (3) reports on socio-economic implications of market share and market conduct in the gambling industry were produced	Three (3) additional reports were produced	NGB was operating in unprecedented times due to the COVID-19 pandemic which adversely affected the gambling industry and therefore, to keep abreast, the NGB had to conduct additional analyses to find ways of reviving the gambling industry

Programme / Sub-programme: Gaming Control and Research								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from Planned Target to Actual Achievement 2021/2022	Reasons for Deviations
Effectively monitored socio-economic patterns of gambling activity within the Republic (continued)	Conducted economic analysis and research on the impact of gambling	Number of reports on economic analysis and research conducted on the impact of gambling submitted to the Accounting Authority	Four (4) reports on economic analysis and research conducted on the impact of gambling submitted to the Accounting Authority	Over-achieved Eight (8) reports were produced: Four (4) reports on the economic analysis and research conducted on the impact of gambling was submitted to the Accounting Authority	Three (3) reports on economic analysis and research conducted on the impact of gambling submitted to the Accounting Authority	Over-achieved Six (6) reports were produced: Three (3) reports on the economic analysis and research conducted on the impact of gambling were submitted to the Accounting Authority	Three (3) additional reports were produced	NGB was operating in unprecedented times due to the COVID-19 pandemic which adversely affected the gambling industry and therefore, to keep abreast, the NGB had to conduct additional analysis to find ways of reviving the gambling industry
				One (1) report on ways in which the gambling industry could be transformed as part of an economic recovery plan for the future regulation of the gambling industry in response to the devastating effects of the COVID-19 pandemic was produced		Three (3) reports on benchmarking the South African gambling industry against other jurisdictions were produced		
			Two (2) reports on benchmarking the South African gambling industry against other jurisdictions was produced One (1) report on the Economic Recovery and Reconstruction Plan for the gambling industry was produced					

Programme / Sub-programme: Gaming Control and Research								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from Planned Target to Actual Achievement 2021/2022	Reasons for Deviations
Uniformity of legislation in the gambling industry	Provided authoritative advice policy, statutory matters and legislative reform in the Gambling Industry	Number of reports on advice provided in terms of section 65 of the NGA submitted to the Accounting Authority	Four (4) S65 advisory report on gambling regulation and one (1) consolidated S65 report submitted to the Accounting Authority	Over-achieved Eight (8) reports were produced: Four (4) S65 advisory reports on gambling regulation and one (1) consolidated S65 report was submitted to the Accounting Authority	Four (4) S65 advisory reports on gambling regulation and one (1) consolidated S65 report submitted to the Accounting Authority	Over-achieved Eight (8) reports were produced: Four (4) S65 advisory reports on gambling regulation and one (1) consolidated S65 report was submitted to the Accounting Authority	Three (3) additional reports were produced	An additional Resource was allocated to the sub programme which resulted in efficiency improvement
	Conducted technical analysis on Gaming control and regulation	Number of reports on technical analysis of gaming control and regulation submitted to the Accounting Authority	N/A	Achieved Four (4) advisory reports on gaming control and one (1) consolidated report on regulation were submitted to the Accounting Authority	Four (4) advisory reports on gaming control and regulation and one (1) consolidated report on regulation submitted to the Accounting Authority	Achieved Four (4) advisory reports on gaming control and regulation and one (1) consolidated report on gaming control and regulation were submitted to the Accounting Authority	None	N/A

Programme / Sub-programme: Gaming Control and Research								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from Planned Target to Actual Achievement 2021/2022	Reasons for Deviations
Account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons	Maintained functional national registers	Percentage uptime on functional national registers	N/A	Over-achieved 100% uptime of national registers	95% uptime of national registers	Over-achieved 100% uptime of national registers	The uptime target of 95% was exceeded by 5%	The uptime target of 95% was exceeded by 5%. No down time was reported due to hosting in a secure site with built in redundancies.
	Maintained operational National Central Electronic Monitoring System	Percentage uptime of a fully operational National Central Electronic Monitoring System (NCEMS)	N/A	Over-achieved 99.99% uptime of National Central Electronic Monitoring System (NCEMS)	95% uptime of National Central Electronic Monitoring System (NCEMS)	Over-achieved 100% uptime of National Central Electronic Monitoring System (NCEMS)	The uptime target of 95% was exceeded by 5%	The uptime target of 95% was exceeded by 5%. No down time was reported because of the redundancies built into the system.
Economic transformation and increased participation of HDIs in the mainstream gambling industry	Transformation agenda for the gambling industry	Report on economic transformation and participation of HDIs in the mainstream gambling industry submitted to the Accounting Authority	N/A	Achieved Four (4) reports on economic transformation and participation of HDIs in the mainstream gambling industry was submitted to the Accounting Authority	Four (4) reports on economic transformation and participation of HDIs in the mainstream gambling industry submitted to the Accounting Authority	Achieved Four (4) reports on economic transformation and participation of HDIs in the mainstream gambling industry was submitted to the Accounting Authority	None	N/A

3.1.1.4.1 Narrative of Significant achievement

The NGB effectively monitored socio-economic patterns of gambling activity within the Republic. The following observations were made with respect to market share and market conduct in the gambling industry:

- It goes without saying that the effects of the pandemic on the gambling industry were dire, particularly during the initial hard lockdowns. With the easing of restrictions, the industry has gradually recovered over the past two (2) years. Based on the latest industry statistics as at 31 March 2022, aggregate turnover generated by the four (4) modes of gambling that are regulated by the National Gambling Board was R559.3 billion, GGR was R34.4 billion and taxes collected amounted to R3.1 billion. This means that the industry has rebounded, surpassing pre-crisis figures.
- There have been significant changes in the gambling landscape particularly relating to market share owing to the COVID-19 pandemic. In the last decade, casinos held the greater share of the market followed by betting, LPMs and then Bingo. The composition of GGR has however changed from being casino driven to betting having the larger share of the market. This has mainly been due to the continued accessibility of this mode of gambling even during the lockdown.
- A closer look at the betting industry reveals that sports betting has been pivotal in driving the recovery of the gambling industry, being the largest generator of GGR compared to horse race and betting. Sports betting, which has become easily accessible due to expansion of the sports betting market into the online environment and in particular through smartphone applications, is a major trend raised in gambling literature.
- From analysis, GGR in FY2021/2022 derived from bookmakers was 95% of total betting GGR. Specifically, bookmakers offering sports betting generated more than 80% (R12.8 billion) of total betting GGR. Whilst also deriving the highest amount of betting taxes. Totalizators however only derived 5% of total betting GGR.
- The trend in GGR of the betting industry further shows how much growth the sector (specifically the sports betting sector) has experienced in comparison with other forms of betting as well as other modes of gambling.

3.1.1.4.2 Contribution of the achievement of targets towards achieving the entity's outcomes

The NGB has made strides in its journey towards the achievement of its Outcomes which are substantiated below:

- The continuous monitoring of market share and market conduct as well as the publication thereof has enabled the NGB to achieve a third of its five (5) annual publications and dissemination of national integrated data and trend analysis to the gambling industry and regulators. As such the NGB has achieved 60% of this target.
- Further, the NGB has been in a position to provide a report to the Minister on gambling legislative advice. This outcome is against a five (5) year target of five (5) advisory reports. Consequently, the NGB has achieved 60% of this target.
- The NGB has successfully maintained functional national registers and the NCMS such that there have been no systems downtime during the period under review. The five (5) year target of remaining within a 5% variance of uptime on the systems has been achieved for the 2020/2021 and 2021/2022 financial years and the NGB will continue to ensure strict adherence to this standard over the next two (2) years.
- The NGB has finalised the development of an industry transformation agenda in pursuit of economic transformation and increased participation of HDIs in the mainstream gambling industry.

3.1.2 Programme 2: Corporate and Stakeholder Engagement

3.1.2.1 Purpose of the programme

The Corporate and Stakeholder Engagement Division (CSED) provided superior support services to the NGB at accelerated speed to ensure heightened stakeholder engagement, high customer satisfaction, and a conducive work environment through the infusion of technology to enhance business efficiency.

The key strategic services that the CSED provided were as follows:

- Provided support in positioning the NGB as a pre-eminent national regulator
- Conducted public awareness campaigns and education initiatives to inform the public and stakeholders about the socio-economic impact of gambling and illegal forms of gambling
- Ensured the efficient and effective provision of litigation services
- Ensured continuous business performance improvement
- Adhered to governance obligations and legislative requirements
- Ensured adequate and proper records keeping and information management

- Strived to gain a competitive advantage through the strategic development of a highly committed, culture fit and capable workforce
- Defined, institutionalised and promoted the NGB culture

3.1.2.2 Sub-programmes

The following sub-programmes contributed to the provision of services by the CSED:

Human Capital Optimisation (HCO)

HCO provided human resources systems, processes and procedures that supported operations and the determination of performance levels as provided in the business and operational documents of the NGB. HCO ensured that there is compliance with labour laws and all the other relevant Human Resources Frameworks and practices that exist external to the organisation. It also ensured that there was a sound and fair performance management system in place.

Facilities Management

Facilities Management focused on the efficient and effective delivery of support services for the organisation. It is the integrated management of the work environment and supporting services which provided an environment that enabled the business to achieve its primary objective. Facilities Management is responsible for some aspects of the Occupational Health and Safety Act. Facilities Management served as a single point of entry for the coordination of all services relating to the efficient and effective running of the organisation.

Corporate Governance

Corporate Governance Services comprised of Litigation Services, Risk Management, Stakeholder Liaison, and Records Management. Good corporate governance ensures that there is good governance embedded in the NGB through its systems, policies, governance structures and business performance management. It also ensures that the NGB measures its business performance against its Strategic Plan, APP and Business Plan, and reports on its performance on time as stipulated to the dtic and all the other relevant external stakeholders. To ensure this, the NGB identified, assessed and mitigated all risks that hindered it from achieving its objectives. Details of Corporate Governance Services are set out below:

■ Litigation Services (LS)

The LS is responsible for facilitating litigation matters brought by or against the NGB including overseeing Labour Relations matters. LS ensured that NGB's interests are promoted and protected in its business operations and further ensured that the NGB operates within the ambit of the law. LS endeavoured to maintain sound Labour Relations in the organisation.

■ Risk Management

The AA has committed the NGB to a process of risk management that was aligned to the principles of good corporate governance, as supported by the PFMA. Risk management is a systematic and formalised process instituted by the NGB to identify, assess, manage and monitor risks. The benefits of risk management were that the NGB implemented and maintained effective, efficient and transparent systems of risk management and internal control. This area included fraud prevention.

■ Stakeholder Liaison

The Stakeholder Liaison's activities are mainly related to stakeholder relationship management and social dialogue with stakeholders through broad-based public education interventions about the risks and socio-economic impact of gambling. Stakeholder Liaison embarked on public awareness campaigns and educational programmes to inform stakeholders and the public about the socio-economic impact of gambling, illegal forms of gambling, as well as participating in any unregulated gambling modes and the consequences of overstimulation of gambling.

■ Records Management (ReM)

Records Management ensured that there was proper maintenance and access to records. ReM supervised and administered digital or paper records, regardless of format. Its activities included the creation, receipt, maintenance, use and disposal of records. It provided a set of activities required for systematically controlling the creation, distribution, use, maintenance, and disposal of recorded information maintained as evidence of business activities and transactions.

3.1.2.3 Contribution towards institutional outcomes

The CSED contributes towards the following outcomes as set out in the NGB's 2021-2024 Annual Performance Plan:

- Broad-based public education

3.1.2.4 Outcomes, Outputs, Output Indicators, Targets and Actual Achievement

Programme / Sub-programme: Corporate and Stakeholder Engagement								
Outcome	Output	Output Indicator	Audited Actual Performance 2019/2020	Audited Actual Performance 2020/2021	Planned Annual Target 2021/2022	Actual Achievement 2021/2022	Deviation from Planned Target to Actual Achievement 2021/2022	Reasons for Deviations
Broad-based public education	Better informed and educated stakeholders	Number of broad-based public educational interventions about the risks and socio-economic impact of gambling	Conducted thirteen (13) broad-based public education interventions about the risks and socioeconomic impact of gambling conducted	Twenty-two (22) broad-based public educational interventions about the risks and socio-economic impact of gambling conducted	Conduct ten (10) broad-based public educational interventions about the risks and socio-economic impact of gambling	Over-achieved Conducted fourteen (14) broad-based public educational interventions about the risks and socio-economic impact of gambling	Four (4) additional interventions were conducted	Educational interventions were intensified due to the increased risk of punters engaging in illegal gambling during the national lockdown

3.1.2.4.1 *Narrative of Significant achievement*

CSED conducted fourteen (14) education and awareness campaigns during the financial year 2021/2022. The division was committed to continuously educate and create awareness amongst various stakeholders through the utilisation of numerous multi-media platforms. A cross-functional and integrated approach to broad-based public education yielded dividends with senior officials and subject matter experts from across the entity acting as spokespersons in the dissemination of key messages to the public during some of these interventions

Messaging aimed at the general public revolved around regulation of the gambling sector; the socio-economic risks of gambling; illegal online gambling and the effects of the COVID-19 pandemic on forms of gambling; responsible gambling as a form of recreation as well as the dangers and management of gambling addiction.

In addition, an intervention in collaboration with the Financial Intelligence Centre (FIC) was aimed at educating the gambling industry about their responsibility to fight financial crime by reporting it.

3.1.2.4.2 *Contribution of the achievement of targets towards achieving the entity's outcomes*

During the third year of implementation of the Broad-Based Public Education Programme, the NGB has successfully achieved forty-eight (48) out of the fifty (50) awareness campaigns that will be conducted over the five (5) year period. This translates to 96% of the broad-based public education programme that has been implemented as at 31 March 2022. Consequently, the NGB is proud to be ahead of the 60% three (3) year cumulative target that has been set.

3.2 **Women, youth and persons living with disabilities**

3.2.1 **Procurement spend on women, youth and persons living with disabilities**

As a Schedule 3A public entity, the NGB is expected to comply with provisions of the Broad-Based Black Economic Empowerment Act, 2003 (Act 1 of 2003), specifically Section 10 which states that every organ of state and public entity must apply any relevant code of good practice issued in terms of the B-BBEE Act. Consequently, the NGB has implemented the Enterprise and Supplier Development element, as set out in Code Series 400, which measures the extent to which an entity procures goods and services from empowering suppliers with robust B-BBEE recognition levels. To discharge

this obligation, the NGB further complied with the prescripts of the PPPFA and strictly applied the 80/20 or 90/10 rule to promote the achievement of spending on designated groups. In doing so, the NGB spent a total of R238.9 million on goods and services as at 31 March 2022.

The B-BBEE Act prescribes a target of 12% on procurement expenditure to empowering suppliers that are at least 30% black women-owned. To ensure compliance with the prescribed target, the NGB developed and implemented a B-BBEE Plan for the 2021/2022 financial year which included spending on procurements that empowered at least 30% women-owned suppliers. The NGB's target set in terms of its B-BBEE Plan exceeded the target set by the B-BBEE Act and amounted to R177.6 million (91% of the total budgeted spend) against the actual achievement of R175.6 million (92.6% of the total actual spend). The NGB has successfully exceeded the targeted spend in terms of the B-BBEE Act for spending on procurements which empowered at least 30% women-owned suppliers.

Furthermore, the NGB spent R1.7 million on procurements from supplier development candidates as at 31 March 2022. The target set in terms of the B-BBEE Act is 2% of Net Profit After Tax, which amounts to approximately R133,466. The NGB has far exceeded this target and has spent R1.7 million on enterprise development suppliers.

The NGB did not spend on suppliers owned by persons living with disabilities.

3.2.2 **Challenges encountered by the public entity when prioritising delivery for these designated groups and corrective steps to be taken in dealing with such challenges**

In many instances, designated suppliers identified on the National Treasury Central Supplier Database were unreachable when contacted or they were registered for commodities that they did not provide and/or supply. This database was overwhelmed with suppliers who are reflected as "active suppliers" on the system but in reality were "inactive suppliers" as they were non-responsive to requests for quotations issued by the NGB.

The NGB will actively seek out persons from designated groups in terms of its new procurement initiative which allows the entity to advertise and attract enterprises to become beneficiaries of the entity's enterprise development initiative.

3.3 Strategy to overcome areas of underperformance

The NGB achieved 100% of its annual performance targets and 100% of its quarterly performance targets for Q1 to Q4 during the financial year. Hence no areas of under-performance were noted.

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

On 15 March 2020, His Excellency President Cyril Ramaphosa declared a national state of disaster in terms of the Disaster Management Act, 2002 (Act 57 of 2002) and on 23 March 2020, he instituted a national lockdown, for which regulations were issued in terms of the Disaster Management Act. Subsequently, a directive titled "COVID-19 Direction on Health and Safety in the Workplace" was issued by the Minister in terms of Regulation 10(8) of the National Disaster Regulations through the Department of Employment and Labour. This directive stipulated measures that must be implemented by employers to protect the health and safety of workers and members of the public who enter their workplaces or are exposed to their working activities. The NGB adopted this circular to ensure compliance against its stipulations, and a COVID-19 Compliance Officer was appointed.

In response, the NGB immediately invoked business continuity procedures to ensure that services were not affected by issuing a document titled "Protocol on

COVID-19" to give guidance on the entity's response to the pandemic. Further, the NGB issued a directive to have all staff members work remotely, to eliminate further contact and minimize the risk of infection of staff, as it had concluded that there was no alternative to ensure the health of all staff from within the office environment.

The NGB also implemented other measures to mitigate against the further spread of the virus and for the protection of its employees in the following ways:

- the suspension of local and international business travel,
- suspension of face-to-face stakeholder public engagements,
- enhanced hygiene practices,
- deep-cleaning of the office environment, and
- regular awareness and communication on the prevention and control of COVID-19.

The NGB worked remotely following the announcement of the national lockdown to continue to provide uninterrupted services whilst ensuring that the necessary steps were taken to protect the health of its staff and clients and to reduce the spread of infection.

In terms of its mandate, the NGB conducted education and awareness initiatives using digital platforms to inform the public of illegal online gambling, amongst others. In addition, the NGB conducted gambling industry compliance oversight evaluations remotely to discharge its mandate to ensure that the compliance within the gambling industry was maintained.

TABLE 1: PROGRESS ON INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

Programme/ Sub- Programme	Intervention	Geographic location (Province/ District/local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
Stakeholder liaison	Education and awareness	Nationally	Unknown	N/A	R1,236,722	R27,482	Better informed and educated stakeholders	Better informed and educated stakeholders
Human Capital Optimisation	Promote a safe working environment	NGB	33	N/A	R36,000	R52,975	n/a	n/a

3.5 Linking performance with budgets

TABLE 2: PROGRAMME EXPENDITURE

Programme/ activity/ objective	2020/2021			2021/2022		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Compliance	7 587 506	8 261 399	(673 893)	8 822 443	7 644 526	1 177 917
Advisory And Support Services	13 708 001	14 788 190	(1 080 189)	16 396 561	12 701 536	3 695 024
Finance and Procurement	20 935 860	19 914 838	1 021 022	19 223 349	19 495 522	(272 173)
Technical Compliance	132 763 352	137 118 596	(4 355 244)	187 827 356	198 153 568	(10 326 213)
Total	174 994 719	180 083 023	(5 088 304)	232 269 708	237 995 153	(5 725 445)

A summary of financial information against performance and expenditure has been elaborated on above and can be expressed in rand values as per Table 2.

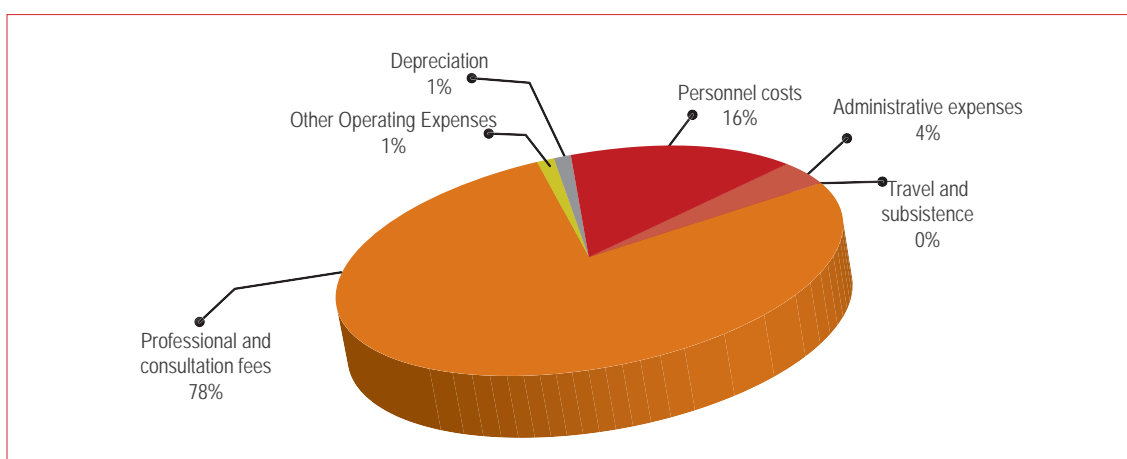
Revenue and expenditure analysis

As at 31 March 2022, a grant of R35.9 million was received from **the dtic**, constituting 100% of the NGB's annual grant allocation for the 2021/2022 financial period. Additional revenue amounting to R224.0 million was received from other sources, which includes NCEMS monitoring fees of R221.0 million, interest on short-term investments amounting to R2.5 million and rental income of R400,411.

A surplus of R20.2 million was reported during the financial year ended 31 March 2022, against a budgeted surplus of R7.9 million.

Total actual expenditure as at 31 March 2022 amounted to R232.3 million. This represents 102% of the budgeted year-to-date expenditure against the planned expenditure of R232.2 million.

FIGURE 1: PERCENTAGE OF EXPENDITURE ACCORDING TO COST ITEMS



A significant portion (78%) of the entity's expenditure was incurred against professional and consulting fees, mainly for the payment of the NCEMS operator in exchange for the LPM monitoring services rendered on behalf of the NGB. Personnel expenditure accounts for 16% of the entity's total expenditure, followed by administrative expenses, other operating and depreciation at 4%, 1% and 1% respectively.

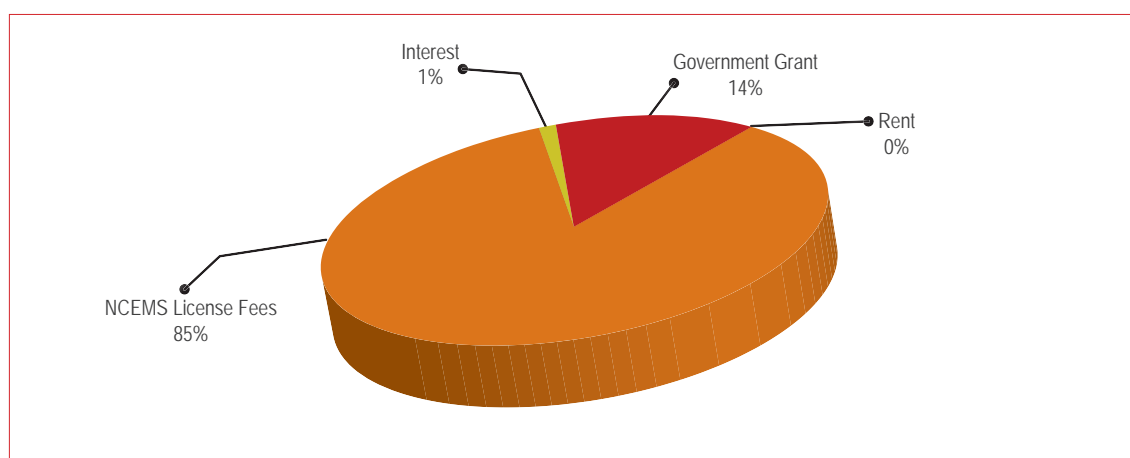
4. REVENUE COLLECTION

PROGRAMMES	2021/2022			2020/2021		
	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER) / UNDER EXPENDITURE	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER) / UNDER COLLECTION
	R'000	R'000	R'000	R'000	R'000	R'000
Government Grant	35 928 000	35 928 000	-	31 027 000	31 027 000	-
NCEMS Licence Fees	200 500 000	221 048 859	20 548 859	145 995 745	146 064 184	68 439
Interest Received	3 720 000,00	2 521 115	(1 198 885)	2 534 703	2 315 196	(219 507)
Rental	-	400 411	-	3 503 317	2 237 493	(1 265 824)
Miscellaneous Income	-	-	-	-	-	-
Total	240 148 000	259 898 385	19 750 384	183 060 765	181 643 873	(1 416 892)

The NGB receives its funding from the National Treasury through **the dtic**. Other sources of revenue include limited payout machines (LPMs) monitoring fees, interest and rental income.

Total revenue amounting to R259,9 million was received during the year, which comprised a grant of R35,9 million and a further R2,9 million received from other sources including interest and rental income. Revenue from the NCEMS monitoring fees of R221,0 million was received. This represents 85% of the NGB's revenue sources.

FIGURE 2: PERCENTAGE REVENUE SPLIT



In the current financial year, LPM monitoring fees accounted for 85% of total revenue, while 14% of the revenue was received from **the dtic** grant allocation. The remainder of the revenue (1%) was received from other sources such as rental income and interest received.

5. CAPITAL INVESTMENT

Capital investment, maintenance and asset management plan

The NGB maintains a fixed asset register with a total asset value of R6.9 million. R3.0 million of these assets are in the form of property, plant and equipment (PPE). PPE predominantly consists of leasehold improvements that are attached to the entity's leased office premises. Other PPE items are equipment, motor vehicles and office furniture and equipment. Intangible assets make up R4.8 million of the NGB's non-current assets and are mainly internally generated national registers.

Safeguarding of assets

Every employee was the custodian of equipment, furniture and other fixed assets issued to him/her and was therefore responsible for the safekeeping thereof. Asset verification exercises were conducted on a bi-annual basis to confirm the existence and condition of all NGB assets. While employees were held liable for the loss of assets arising out of negligence, the overall risk of loss of the entity's assets has been passed on to an external insurance service provider.

Asset maintenance

Expenditure was incurred towards the maintenance of office equipment and the leasehold improvements to ensure that they are effectively and efficiently utilised over their economic useful life.

*An informed gambler is a protected gambler.
Gamble responsibly*

PART C

Gambling Sector Performance



1. OVERVIEW OF THE GAMBLING INDUSTRY

The NGB is mandated by the NGA, Section 65(2)(e) to monitor market conduct and market share pertaining to casino, bingo, LPMs and betting on horse racing and sports in the South African gambling industry. In doing so, the NGB has gathered provincial gambling statistics and information for the period 1 April 2021 to 31 March 2022. NGB monitors market conduct (e.g. number of operators, gambling positions and outlets in the South African gambling sector), and also gathers and analyses national gambling statistics in terms of turnover (TO), GGR and the collection of taxes/levies.

TABLE 3: SNAPSHOT OF THE GAMBLING INDUSTRY AS AT 31 MARCH 2022

Variable	FY2020/21 Market conduct – as at Quarter 4 Statistics – Total all Quarters	FY2021/22 Market conduct – as at Quarter 4 Statistics – Total all Quarters	FY2021/22 Quarter 1	FY2021/22 Quarter 2	FY2021/22 Quarter 3	FY2021/22 Quarter 4
Number of operational casinos	38	38	38	38	38	38
Number of operational slots (casinos)	18953	20959	20273	18657	20359	20959
Number of operational tables (casinos)	831	842	900	826	899	842
Number of operational gambling positions (casinos)	21349	25507	24522	23064	24849	25507
Number of operational totalisator outlets	328	306	323	302	304	306
Number of operational bookmakers	186	264	268	259	267	264
Number of operational bookmaker outlets	599	527	547	546	533	527
Number of operational Limited Payout Machine (LPM) site operators	2421	2474	2414	2406	2468	2474
Number of active LPMs	13914	14591	13634	14001	14474	14591
Number of operational bingo outlets	65	67	65	66	66	67
Number of operational bingo positions	8625	9178	8718	8195	8449	8960
Traditional	528	132	132	132	132	132
Electronic Bingo Terminals	8097	8828	8586	8063	8317	8828
National gambling statistics: Turnover	R326 420 638 507	R559 880 253 827	R124 353 742 490	R119 311 478 658	R156 361 863 559	R159 853 169 119
National gambling statistics: GGR	R23 254 421 689	R34 430 989 724	R8 002 247 776	R6 726 020 706	R9 615 431 238	R10 087 290 003
National gambling statistics: Taxes/levies collected	R2 049 426 607	R3 150 812 854	R743 785 297	R626 041 785	R882 051 625	R898 934 148

2. MARKET SHARE AND MARKET CONDUCT

The NGB continuously monitors market share and market conduct in the gambling industry to keep abreast of revenue generation and tax collection in the industry whilst ensuring that the industry operates in a fair environment that encourage competitiveness and job creation. The number of operational gambling positions and growth rate in GGR per mode was analysed from FY2017/18 to FY2021/22.

Figure 3 reflects that although the FY2020/21 had declined in operational positions in the Casino, LPM and Bingo sectors, these sectors had grown in operational positions in the FY2021/22 period showing signs of recovery from the effects of the Covid-19 pandemic. This is mainly as a result of less stringent restrictions allowing gambling establishments to operate more freely as well as increased uptake of vaccines which have increased the demand for gambling. The number of operational EBTs in the bingo sector increased in FY2021/22 and operational traditional bingo continued to be non-existent in four out of the six provinces that offer bingo.

FIGURE 3: NUMBER OF GAMBLING POSITIONS IN THE CASINO, LPM & BINGO SECTORS: FY2018/19 – FY2021/22

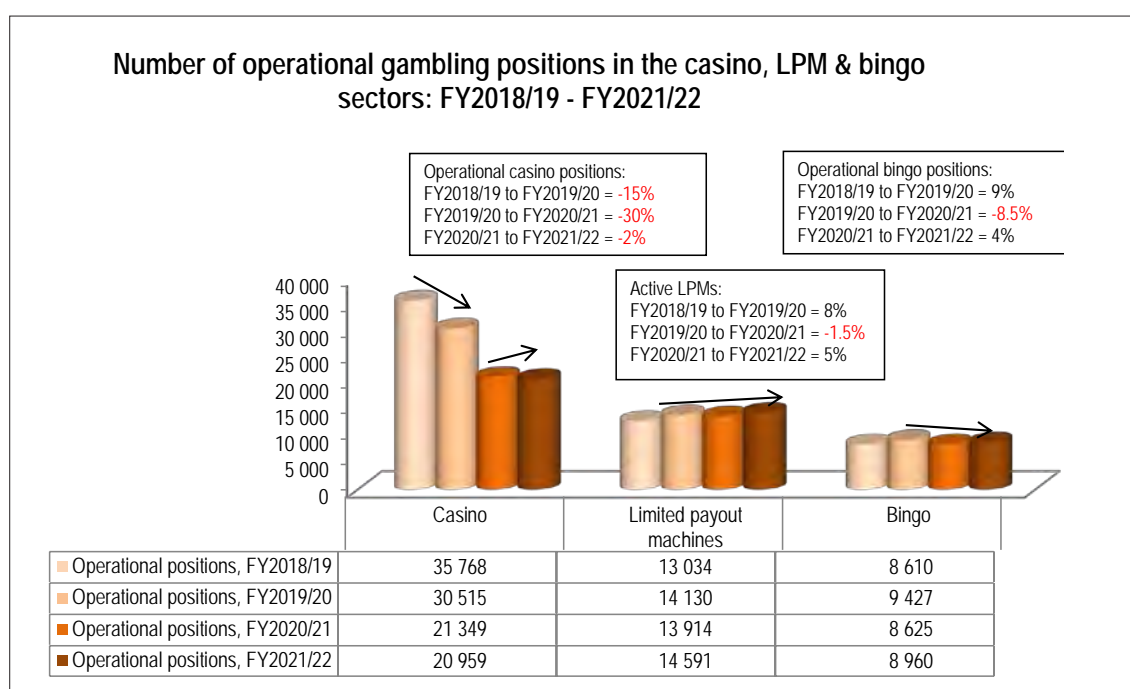


Figure 4 shows the growth in GGR across the gambling modes over the period FY2018/19 and FY2021/22. GGR overall fell by almost a third in FY2020/21 compared to the previous financial year after all modes except betting recorded negative growth. In FY2021/22 however, total GGR grew by 48%, driven mainly by the LPM sector growth. The gambling industry lost over R9 billion in gambling revenue, due to the COVID-19 pandemic. The casino sector GGR specifically fell by more than 50% during this period but has since grown 50.9% in FY2021/22 with the betting, LPM and Bingo sectors also showing positive growth in GGR in FY2021/22. All provinces had positive growth from FY2020/21 to FY2021/22, with Mpumalanga showing the highest growth.

FIGURE 4: GROWTH IN GGR, ALL MODES (FY2018/19 – FY2021/22)

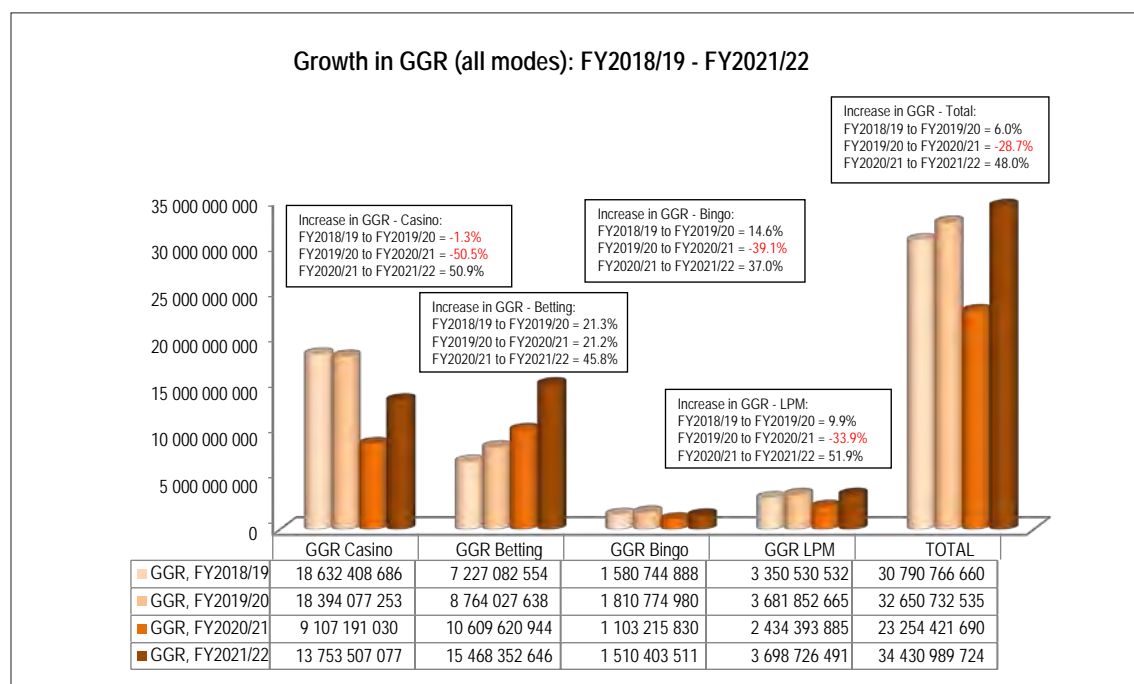
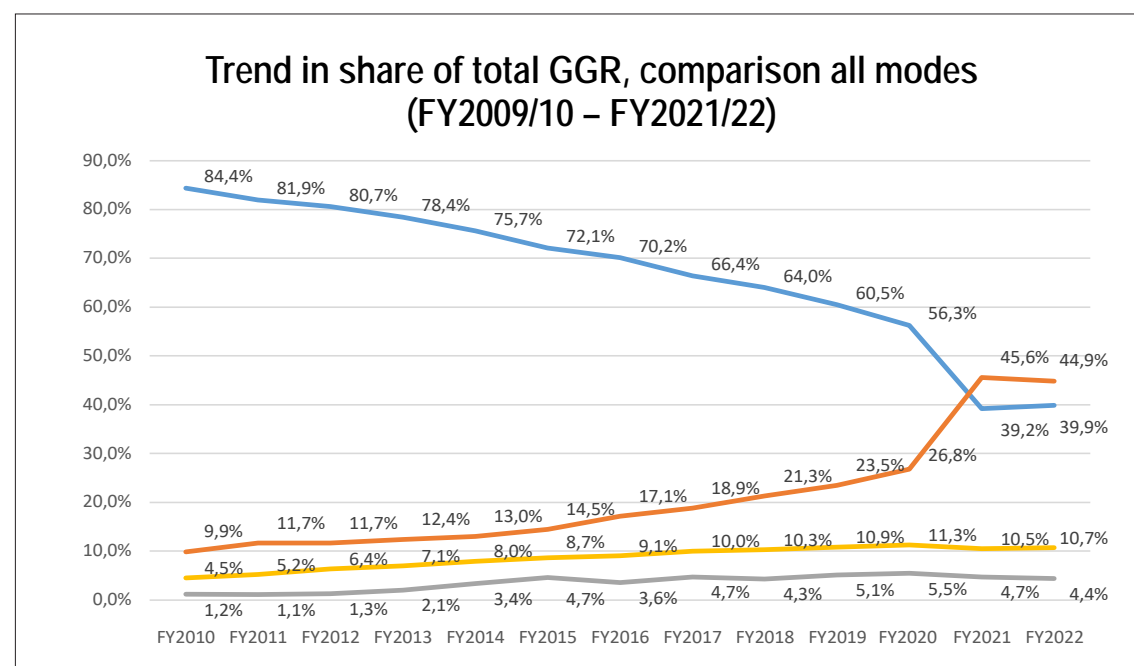


Figure 5 below illustrates the trend in GGR market share from FY2009/10 to FY2021/22. As at 31 March 2022, GGR from all modes of gambling totalled R34.4 billion (all quarters). Of this total, betting GGR accounted for the highest share 44.9%, whilst casino GGR accounted for 39.9%. LPM GGR accounted for 10.7% of the market whilst bingo GGR had the least market share in terms of GGR of 4.4%. From FY2009/10 to FY2021/22, however, the trend in market share showed that the share of casino GGR in the market dropped from 84.4% to 39.9%, whilst the share of gambling revenues from other modes (betting, LPM and bingo sectors) had increased. The betting sector increased in market share from 26.8% to 44.9% and surpassed the casino sector, changing the market share landscape of gambling.

FIGURE 5: TREND IN SHARE OF TOTAL GGR, COMPARISON ALL MODES (FY2009/10 – FY2021/22)



In FY2021/22 GGR increased by 48% from R23.3 billion to R34.4 billion. Betting accounted for the highest GGR generated, being 44.9% as compared to other gambling modes. Compared to all other provinces, Gauteng at a 29% share, accounted for the highest amount of GGR generated, as illustrated in figures 6 and 7 below.

FIGURE 6: GGR PER GAMBLING MODE, ALL PROVINCES, FY2021/22

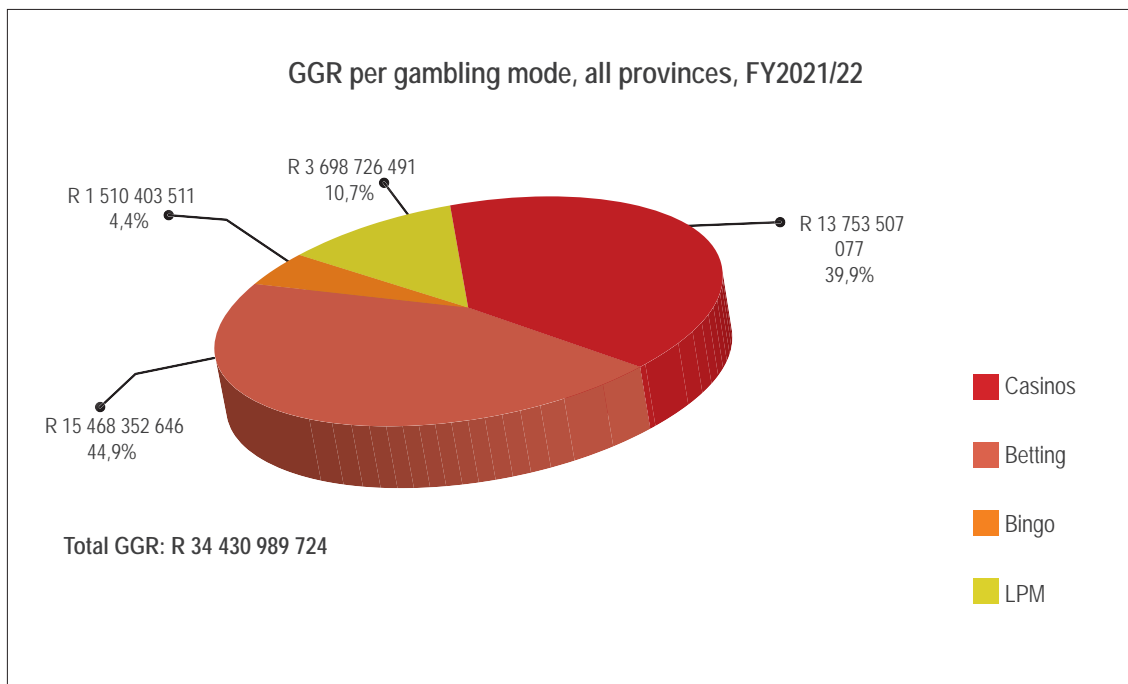
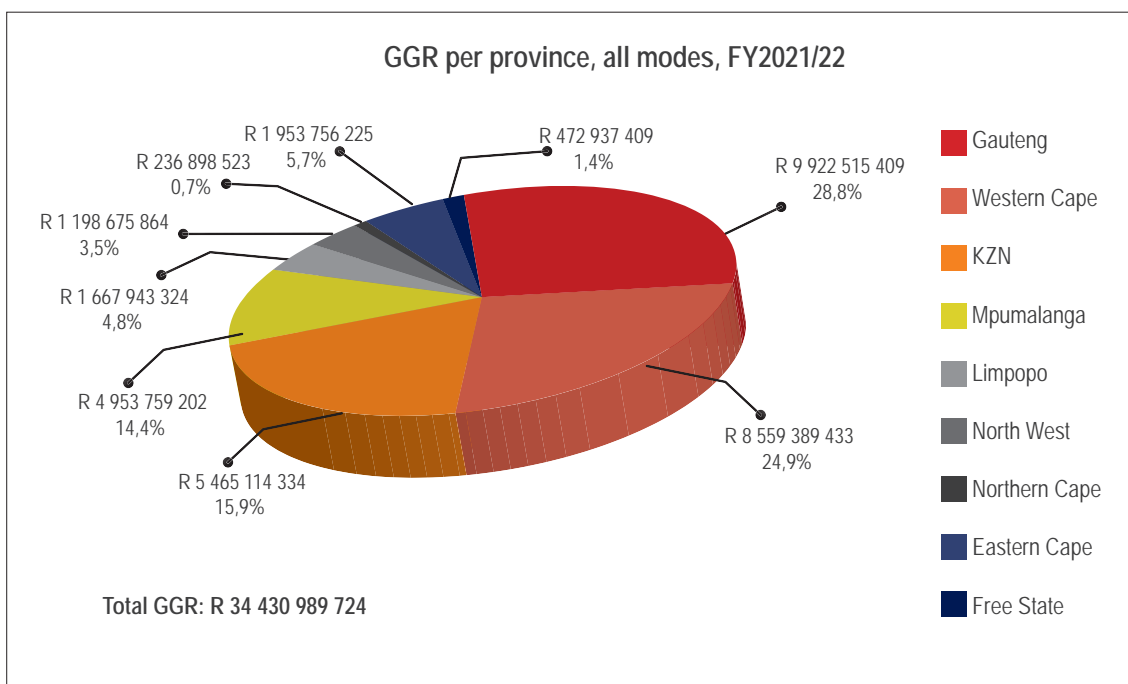


FIGURE 7: GGR PER PROVINCE, ALL MODES, FY2021/22



One of the economic benefits derived from the gambling industry is its ability to generate revenues for the government from taxes and levies collected. These revenues are an important tool for the administration of fiscal policy in the form of government expenditure towards economic development, infrastructure improvement, building schools, enhanced service delivery etc. The impact of the COVID-19 pandemic on the industry was seen in a subsequent loss of R1 billion in taxes/levies collected in FY2020/21. Taxes/levies collected however increased to R3.2 billion in FY2021/22, reaching pre-pandemic levels for FY2019/20 (R3.2 billion). Casinos generated the greater share of taxes (44%) as reflected in Figure 8 below. At 30% Gauteng accounted for the highest share of taxes/levies paid compared to all other provinces as illustrated in Figure 9 below.

FIGURE 8: TAXES/LEVIES PER GAMBLING MODE, ALL PROVINCES, FY2021/22

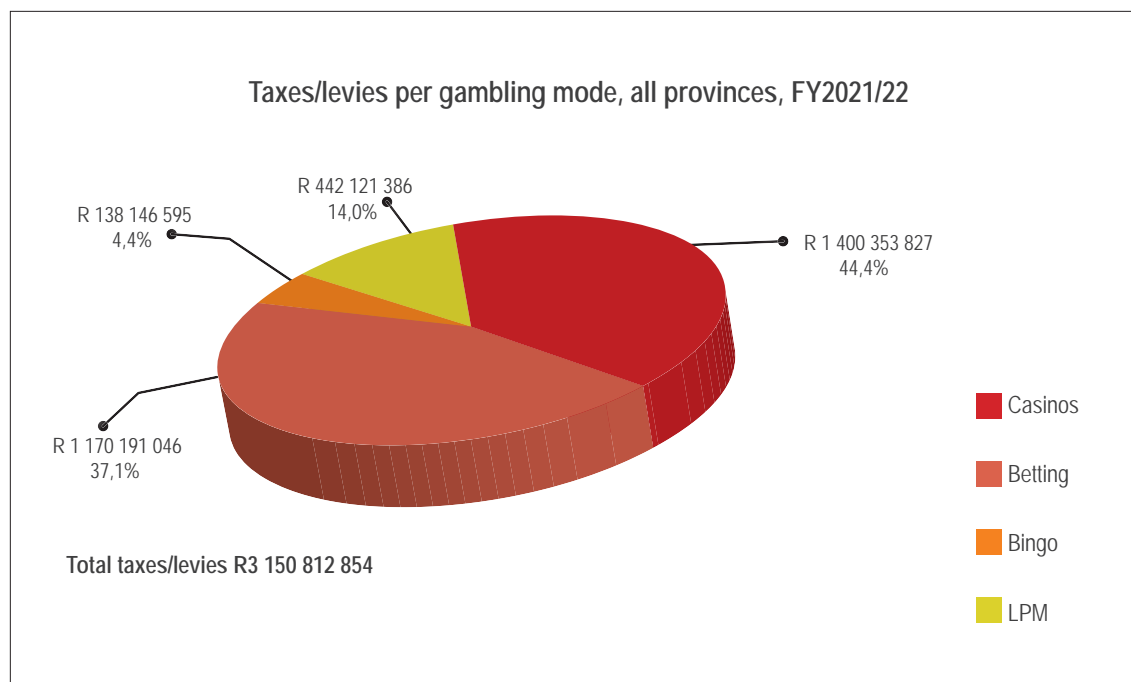
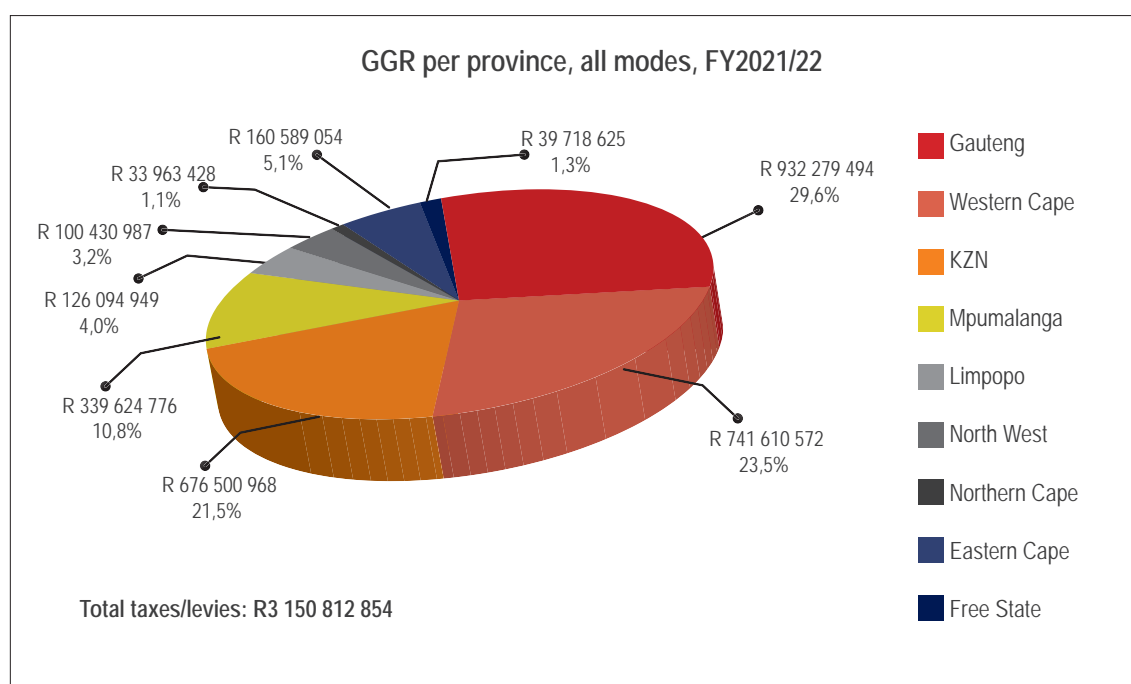


FIGURE 9: TAXES/LEVIES PER PROVINCE, ALL MODES, FY2021/22



3. GROSS GAMBLING REVENUE AND ECONOMIC GROWTH

The market prospects and future sustainability of the gambling industry in South Africa are directly dependent on the economic environment within which it operates. **Figure 10** below shows the trend in Gross Domestic Product (GDP) growth rate, quarter on quarter against GGR growth rate. The trend reveals that gambling revenues over the last decade have generally moved in congruence with growth trends in GDP and likewise, also showed a decline during the 2018 and 2019 recessions. GDP declined -2.0% (quarter on quarter) in the first quarter of 2020 after previously declining by -1.4% as GGR also fell by -5.6% (quarter on quarter) from previously growing by 3.8%. In the first quarter of FY2020/21, GDP declined by -51% owing to the

COVID-19 pandemic and this also impacted GGR as it fell -83% during the same period. However, GDP recovered sharply to positive territory in Q2 of FY2020/21 resulting in an even sharper rise in GGR as the economy opened up after being shut down, although under restrictions on capacity. As the second and third wave of COVID-19 kicked in, third quarter growth in GDP slowed down as did GGR growth. By the last quarter of the financial year, GDP growth slowed down further but sent GGR back into the negative (-12%) as punters resisted social contact and the country was placed under new regulations to curb increasing numbers in infection. As GDP has struggled to grow in FY2021/22, so has the growth of GGR also fluctuated throughout the year.

FIGURE 10: QUARTERLY GGR GROWTH RATE AND GDP GROWTH 2009/10 TO 2021/22

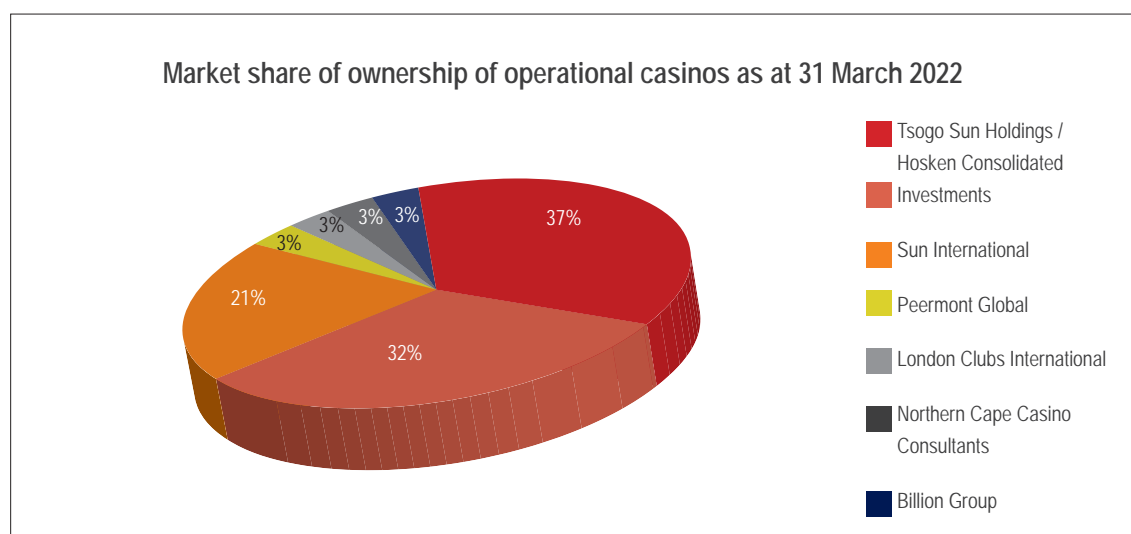


Operators per gambling mode

Ownership in the various gambling industries is monitored and illustrated below:

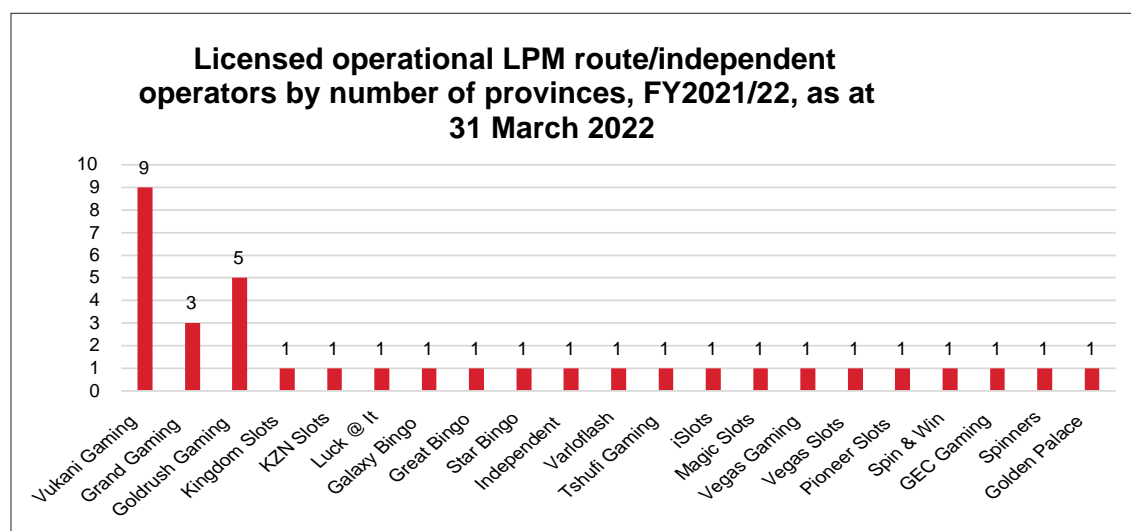
- **Casino sector:** As at 31 March 2022 a total of 38 casinos (out of a maximum of 41 licenses) were operational in South Africa. The controlling shareholders for operational casinos are Sun International (12 casinos), Tsogo Sun Holdings/Hosken Consolidated Investments (14 casinos), Peermont Resorts (8 casinos), London Clubs International (1 casino), Northern Cape Casino Consultants (1 casino) and Billion Group (1 casino) as reflected in Figure 11.

FIGURE 11: MARKET SHARE OF OWNERSHIP OF OPERATIONAL CASINOS AS AT 31 MARCH 2022



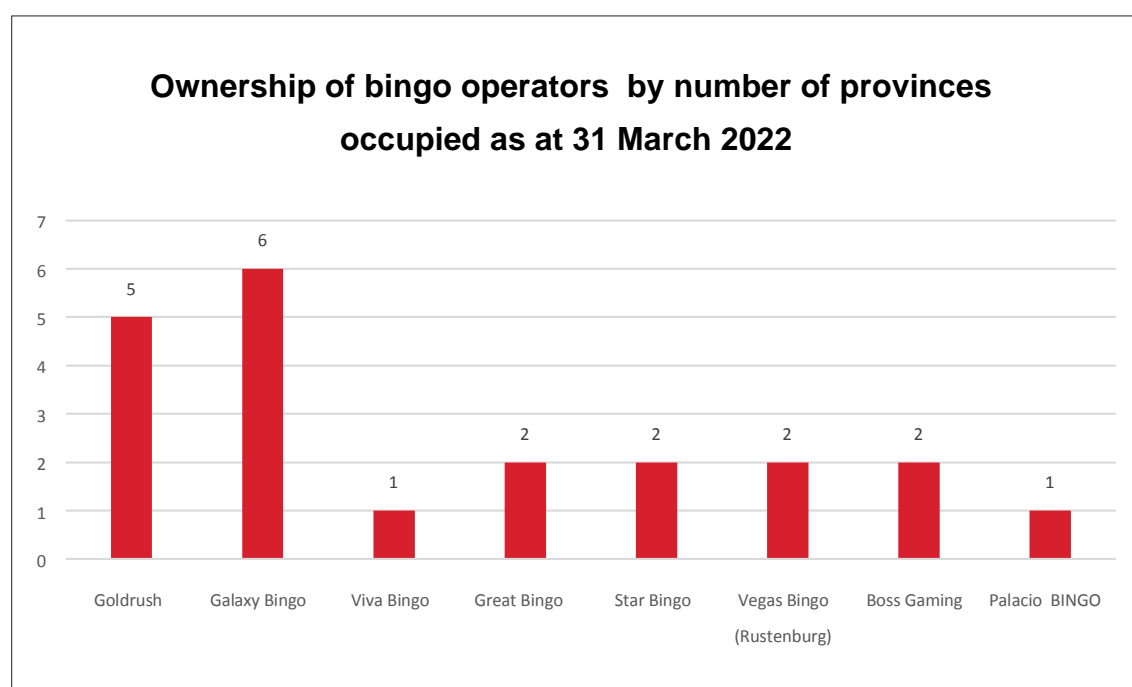
- **LPM sector:** The share of relevant LPM operators which are operational across the country are illustrated in Figure 12 below as at 31 March 2022. During FY2021/22 Vukani Gaming operated in all nine provinces; Goldrush Gaming operated in six provinces (Gauteng, KwaZulu-Natal, Limpopo, North West, Northern Cape, and Free State); Grand Gaming operated in three provinces (Gauteng, Western Cape and Mpumalanga); Crazy Slots and Hot Slots in Gauteng; Kingdom Slots, KZN Slots, Luck@it and Great Bingo in KwaZulu-Natal; Varloflash, Tshufi Gaming, I Slots, Vegas slots and Magic Slots operated in North West; Pioneer operated in Eastern Cape and an independent operator was also operational in Mpumalanga.

FIGURE 12: OWNERSHIP OF LPM (ROUTE AND INDEPENDENT OPERATORS) BY NUMBER OF PROVINCES OCCUPIED AS AT 31 MARCH 2022



- **Bingo sector:** As at 31 March 2022, bingo is licensed and rolled out in six out of the nine provinces namely Gauteng, North West, Limpopo, Mpumalanga, KwaZulu-Natal and Eastern Cape. The bingo operators which are operational in South Africa are represented by Galaxy Bingo operational in all provinces offering bingo for play i.e. Gauteng, KwaZulu-Natal, Mpumalanga, Limpopo, North West and Eastern Cape. Goldrush operated in five out of six provinces namely Gauteng, KwaZulu-Natal, Limpopo, North West and Eastern Cape; Great Bingo operated in KwaZulu-Natal and Mpumalanga, Vegas Bingo operated in Limpopo and North West, Boss Gaming operated in Limpopo and Eastern Cape, Viva Bingo operated in Mpumalanga and Palacio Bingo in Eastern Cape as illustrated in Figure 13 below:

FIGURE 13: OWNERSHIP OF BINGO OPERATORS BY NUMBER OF PROVINCES OCCUPIED AS AT 31 MARCH 2022



- **Betting sector:** Gold Circle is the totalisator operator in KwaZulu-Natal, and Phumelela in Gauteng, Mpumalanga, Limpopo, North West, Northern Cape, Eastern Cape and the Free State. Kenilworth Racing (totalisator) is operating in Western Cape, however, Phumelela currently manages the Western Cape racing operations on behalf of the Kenilworth Racing Trust. In essence, Phumelela has expanded its operations to include the Western Cape and has presence in eight provinces with the exception of KwaZulu-Natal. Trotco (Pty) Ltd t/a Ithotho is also licensed in KwaZulu-Natal as a totalisator and a race course operator. Telebet call centres are located in Gauteng and Eastern Cape. PowerBet Gaming is a totalisator operating in Mpumalanga. Licensed bookmakers are located in all the provinces throughout the Republic. Bets can be placed on horse racing and sport (on and off course), as well as on any other legal contingency.

4. B-BBEE IN THE GAMBLING INDUSTRY

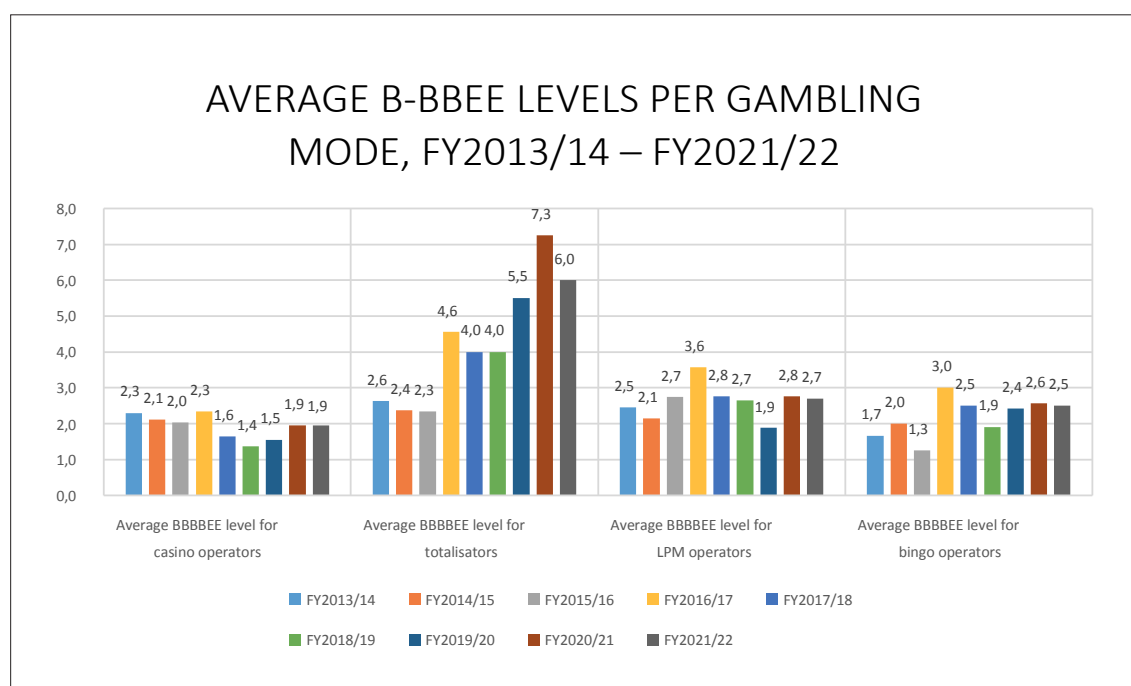
B-BBEE is an economic and political imperative in South Africa. Empowerment in the South African gambling industry is measured in terms of the Codes of Good practice published by the Department of Trade & Industry. The gambling industry, to date, does not have its own transformation charter. Thus gambling enterprises are measured in terms of the generic scorecard and more specifically, the following: Ownership, Management Control, Employment Equity, Skills Development, Preferential Procurement, Enterprise Development and Socio-Economic Development. However, on 11 October 2013, the Department of Trade and Industry released the revised B-BBEE Codes of Good Practice. The old and the new codes have been merged to monitor contributor levels applicable to FY2018, and are as follows:

- Ownership;
- Management control;
- Skills development;
- Enterprise (supplier) development; and
- Socio-economic development.

Based on the information submitted by PLAs, the average B-BBEE status or contributor level of the South African gambling industry as at 31 March 2022 per gambling mode and operator, was as follows:

- Average B-BBEE level for casino operators: Level 1.9
- Average B-BBEE level for totalisators: Level 6
- Average B-BBEE level for LPM operators: Level 2.7
- Average B-BBEE level for bingo operators: Level 2.5 (currently only operational in Gauteng, Mpumalanga, North West, Eastern Cape and KwaZulu-Natal).

FIGURE 14: AVERAGE B-BBEE LEVELS PER GAMBLING MODE, FY2013/14 – FY2021/22



A detailed breakdown of B-BBEE levels, per gambling mode and operator, from FY2011/12 to FY2021/22, is reflected below.

TABLE 4: B-BBEE LEVELS FOR THE CASINO SECTOR FROM FY2011/12 TO FY2021/22

Province	Name of Casino	Controlling Shareholder	Contributor/ BBBEE											
			FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22	
Gauteng	Morula Sun Casino (GT)	Sun International	2	2	2	2	2	4	Closed	Closed	Closed	Closed	Closed	
	Carnival City (GT)	Sun International										2	2	
	Time Square (GT)	Sun International					2	2	1	1			1	
	Montecasino (GT)	Tsogo Sun	2	2	2	2	2	2	1	1		1	1	
	Gold Reef City Casino (GT)	Tsogo Sun	3	2	2	2	2	2	1	1		2	2	
	Silverstar Casino (GT)	Tsogo Sun	2	2	2	2	1	1	1	1		2	2	
	Emperors Palace (GT)	Peermont Global	2	2	2	2	2	1	1	1		2	1	
	Emerald Safari Resort (GT)	London Clubs International			3	2	2	4	2	2		4	3	
Western Cape	Grandwest Casino (WC)	Sun International	3	3	2	2	2	4	3	2	1	1	1	
	Golden Valley Casino (WC)	Sun International	3	3	2	2	3	3	1	4	2	2	3	
	Caledon Hotel Spa Casino (WC)	Tsogo Sun	2	2	2	2	2	2	2	1	1	1	2	
	Casino Mykonos (WC)	Tsogo Sun									2	2	2	
	Garden Route Casino (WC)	Tsogo Sun									1	1	2	
KwaZulu Natal	Sibaya Casino (KZN)	Sun International	2	2	2	2	2	3	3	1	1	3	3	
	Suncoast Casino (KZN)	Tsogo Sun	2	2	2	2	2	2	1	1	1	1	1	
	Black Rock Casino (KZN)	Tsogo Sun	3	3	3	2	2	2	1	1	1	1	1	
	Golden Horse Casino (KZN)	Tsogo Sun	2	2	2	2	2	1	1	1	1	1	1	
	Umfolozi Casino (KZN)	Peermont Global	2	2	2	2	2	1	1	1	1	1	1	
Mpumalanga	The Ridge Casino (MP)	Tsogo Sun	3	2	2	2	2	1	1	1	1	1	2	
	Emnotweni Casino (MP)	Tsogo Sun	3	2	2	2	2	1	1	1	1	1	2	
	Graceland Hotel Casino (MP)	Peermont Global									1	1	1	
Limpopo	Meropa Casino (LP)	Sun International	2	2	2	2	2	4	1	1	1	2	2	
	Khoroni Hotel Casino (LP)	Peermont Global									1	1	1	
	Thaba Moshate (LP)	Peermont Global									1	1	1	
North West	Sun City (NW)	Sun International	3	3	3	3	2	1	1	1	1	1	2	
	Carousel Casino (NW)	Sun International		2	2	2	2	4	2	1	3	5	5	
	Mmabatho Palms Casino (NW)	Peermont Global									1	5	1	
	Rio Casino (NW)	Peermont Global									1	2	1	
Northern Cape	Flamingo Casino (NC)	Sun International	4	4	4	2	4	4	4	2	2	2	2	
	Desert Palace Hotel Resort (NC)	Northern Cape Consultants Kairo	2	2	2	2	2	2	2	2	2	2	2	
	Grand Oasis Casino	Tsogo Sun					2	2	2	2	2	2	2	
Eastern Cape	Boardwalk Casino (EC)	Sun International	3	3	3	2	2	3	3		2	2	2	
	Wild Coast Sun (EC)	Sun International	3	3	3	3	2	2	2		2	1	1	
	Hemingways Casino (EC)	Tsogo Sun	3	3	3	2	1	1	1		1	1	1	
	Queens Casino (EC)	African Pioneer Gaming Pty Ltd			2	3	2	3	3		8	8	8	
	Mayfair Casino (EC)	Billion Group									1	1	1	
Free State	Windmill Casino (FS)	Sun International	2	2	2	2	2	4	2	2	2	3	5	
	Naledi (FS)	Sun International	2						Not rated	Not rated	Closed	Closed	Closed	
	Gold Fields	Tsogo Sun	2	2	2	2	2	2	1	1	1	2	1	
	Frontier Inn	Peermont Global									1	1	1	
Average BBBEE Level			2,5	2,4	2,3	2,1	2,0	2,3	1,6	1,4	1,5	1,9	1,9	



TABLE 5: B-BBEE LEVELS FOR TOTALISATORS FROM FY2011/12 TO FY2021/22

B-BBEE LEVELS, TOTALISATORS, FY2011/12 – FY2021/22												
Name of totalisator	Name of province	Contributor / B-BBEE level										
		FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22
Gold Circle	Western Cape											
Kenilworth Racing (Phumelela)		4	4	4	2	2	4	4	4	8	8	8
Gold Circle	KwaZulu-Natal			4	4	2	3	4	4	6	5	5
Phumelela	Limpopo	3	3	2	2	2	5	4	4	6	6	6
Phumelela	Mpumalanga	3	3	2	2	2	5	4	4	4	8	4
Phumelela	Gauteng		3	2	2	2	5	4	4		6	6
Phumelela	North West	4	3	3	3	2	5	4	4	6	8	8
Phumelela	Free State	3	3	2	2	2	5	4	4	4	8	4
Phumelela	Eastern Cape			2	2	2	5			6	6	6
Phumelela	Northern Cape					5	4	4	4	4	8	8
Average		3,4	3,2	2,6	2,4	2,3	4,6	4,0	4,0	5,5	7,0	6

Those exempted excluded

TABLE 6: B-BBEE LEVELS FOR THE BINGO SECTOR FROM FY2011/12 TO FY2021/22

B-BBEE LEVELS, BINGO, FY2011/12 – FY2021/22												
Name of province	Name of bingo operator	Contributor / BBBEE level										
		FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22
Gauteng	Viva Bingo	3	2	2	3.7*	1.6*	7.5*					
	Galaxy Bingo		2	2	2	2	2*	1	1		1	1
	Goldrush							7.8*	7.8*		7	7
Mpumalanga	Goldrush Bingo						8	8		8	8	8
	Galaxy Bingo							2 (Exempt)	1	1	2 (Qualifying Small Enterprise)	2 (Qualifying Small Enterprise)
	Great Bingo							1 (Exempt)	1 (Exempt)	1 (Exempt Micro Enterprise)	1 (Exempt Micro Enterprise)	1 (Exempt Micro Enterprise)
	Goldrush Bingo							2 (Exempt)	8 and	2 (Exempt Micro Enterprise)	2 (Exempt Micro Enterprise)	2 (Exempt Micro Enterprise)
	Star Bingo								4 (Exempt)	4 (Exempt Micro Enterprise)	4 (Exempt Micro Enterprise)	4 (Exempt Micro Enterprise)
North West	Goldrush Bingo			N/A	4	1	2	2	2	2	2	2
	Galaxy Bingo				1	1	4	4	2	2	2	2
	Pioneer										1	n/a
	Eliocube								2	2	2	2
Eastern Cape	Galaxy Bingo			1	1	1.8*	2	2		1.8	2	2
	Boss Gaming						2	2		2	2	2
	Goldrush Bingo						2	2		2	2	2
	ISO Golden Palace Sterkspruit (Pty) Ltd t/a Golden Palace Sterkspruit											1
	ISO Spin and Win Entertainment Mbizana (Pty) Ltd t/a Spin N Win Mbizana											2
	ISO K2014000230 (Pty) Ltd t/a Spin N Win Uitenhage											1
	ISO K2017448757 (Pty) Ltd t/a Spinners Mount Frere											2
	ISO GEC Gaming (Pty) Ltd t/a Royal Aces & Bistro											1
KwaZulu-Natal	Galaxy Bingo					1	2	2	2	2	2	2
	Great Bingo						1	1	1	1	2	1
	Goldrush Bingo						4	N/A	N/A	4	4.6	4,6
	Star Bingo											4
	Go Bingo											4
Limpopo	Boss Gaming						4		4	2	2	2
	Galaxy Bingo						2	2	2	2	2	2
	Goldrush Bingo							2	2	2	2	2
	Vegas Bingo							2	2	2	2	2
Average		3,0	2,0	1,7	2,0	1,3	3,0	2,5	1,9	2,4	2,6	2,5

TABLE 7: B-BBEE LEVELS FOR THE LPM SECTOR FROM FY2011/12 TO FY2021/22

B-BBEE LEVELS, LPMs, FY2011/12 – FY2021/22												
Name of province	Name of route operators	Contributor / B-BBEE level										
		FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22
Gauteng	Vukani Gaming		1	3	2	2	1	1	1		1	1
	Gold Rush Gaming					2	7	7	5		8	8
	Hot Slots				0	8	8		8		4	4
	Grand Gaming		1	4	3	5	8	6	6		4	4
	Egoli Gaming	2	1	1	4	2						
	Crazy Slots							Not compliant	Non-Compliant		8	8
Eastern Cape	Vukani Gaming			3	3	3	3	3		1	1	1
	Pioneer Slots			3	1	2		4		1	3	3
Free State	Vukani Gaming							2	2	1	1	2
	Goldrush	3	1	1	1	2	2	2	2	2	2	2
KwaZulu-Natal	Vukani Gaming	1	1	3	2	2	2	2	2	1	1	1
	Kingdom Slots	4	4	3	3	5	2	5	4	3	2	2
	Luck-at-it	1	1	1	1	2	5	1	2	1	1	1
	KZN Slots	5	5	5	5	5		4	4	3	4	4
Limpopo	Vukani Gaming	2	2	3	2	2	1	1	1	1	1	1
	Goldrush	3	3	1	1	1	4	1	1	1	8	8
Mpumalanga	Vukani Gaming	4	3	3	2	2	3	3	1	2	2	2
	Tripple 7 Slots									4 (Exempt Micro Enterprise)	4 (Exempt Micro Enterprise)	4 (Exempt Micro Enterprise)
	Hendecol Gaming									1 (Exempt Micro Enterprise)	1 (Exempt Micro Enterprise)	1 (Exempt Micro Enterprise)
	Grand Gaming			2	2	2	Level 2 QSE	4 (Exempt)	Exempt	4	5	4
	Galaxy Gaming					1	2 (Exempt)	1 (Exempt)	Exempt	2	1 (Exempt Micro Enterprise)	2 (Exempt Micro Enterprise)
	Decatex Gaming									1 (Exempt Micro Enterprise)	2 (Exempt Micro Enterprise)	1 (Exempt Micro Enterprise)

TABLE 7: B-BBEE LEVELS FOR THE LPM SECTOR FROM FY2011/12 TO FY2021/22 (continued)

B-BBEE LEVELS, LPMs, FY2011/12 – FY2021/22												
Name of province	Name of route operators	Contributor / B-BBEE level										
		FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22
North West	Vukani Gaming	4	2	2	2	1	4	2	2	1	1	1
	Bathusi		3	3	3					n/a	n/a	n/a
	Goldrush Gaming		3	1	1	1	2	2	2	2	2	2
	Varloflash						4	2	2	2	2	2
	Tshufi Gaming								2	2	2	2
	Magic Slots								2	2	2	2
	I-Slots								2	2	2	2
	Vegas Slots Rustenberg									2	2	2
	Vegas Slots Vryburg									2	2	2
Western Cape	Vukani Gaming	2	3	3	2	3	3	2	2	2	2	1
	Grand Gaming				2	5	5	4	4	3	3	2
Northern Cape	Goldrush Gaming						2	2	2	2	2	2
	Vukani Gaming					2	2	2	2	2	2	2
Average:		2,9	2,4	2,5	2,1	2,7	3,6	2,8	2,7	1,9	2,8	2,7

Winnings from illegal forms of gambling should not be paid out to the punter.

5. EMPLOYMENT IN THE GAMBLING INDUSTRY

NGB monitors direct employment numbers in the gambling sector (industry and regulators). A total number of 31997 people (direct employment) were employed in the gambling industry (including at regulators) as at 31 March 2022 down by 3.3% from the FY2020/21 level of 33095. In general, the casino sector, and KwaZulu-Natal province, accounted for the highest numbers in terms of direct employment in the gambling industry as reflected in Table 8.

TABLE 8: DIRECT EMPLOYMENT PER PROVINCE AND MODE, FY2021/22

DIRECT EMPLOYMENT PER PROVINCE AND MODE, FY2021/22										
Gambling mode	PROVINCE									
	Gauteng	Western Cape	KwaZulu-Natal	Mpumalanga	Limpopo	North West	Northern Cape	Eastern Cape	Free State	TOTAL
Casinos	3 144	2 491	4 312	460	326	534	204	613	393	12 477
Totalisators	205	139	1 049	29	49	14	4	15	47	1 551
Bookmakers	3 163	1 566	3 273	540	808	813	1 34	301	279	10 877
LPMs	1 903	66	94	384	754	124	23	692	144	4 184
Bingo	353	0	754	271	188	160	0	368	0	2 094
Regulators										0
NGB	33									33
PLAs	112	69	77	75	63	78	18	163	126	781
TOTAL	8 913	4 331	559	1 759	2 188	1 723	383	2 152	989	31 997

** Gauteng employment figures for Totalisators are for 2020/21.

Proceeds from illegal gambling will be forfeited to the state.

6. RESPONSIBLE GAMBLING¹

The South African Responsible Gambling Foundation herein referred to as ("the Foundation") is a not-for-profit company (NPC) incorporated in terms of the Companies Act, 2008 (Act 71 of 2008).

The Foundation provides, amongst other services, comprehensive free treatment and counseling services to individuals affected by problem gambling including gambling addiction. In addition, the Foundation provides programmes such as public awareness and training to educate the public about the potential harmful effects of problem gambling and lastly, it conducts various research which informs its programmes and interventions.

The role with reference to the Foundation's ethos, primary mandate, vision, and mission is to grow awareness of responsible gambling and to manage and minimise the potential harmful effects of problem gambling. The mission then seeks to succinctly identify what the organisation does, why, and for whom – its strategic focus in support of the public, industry, and the regulators. In achieving its vision, the Foundation defines its mission as follows:

- To grow awareness of responsible gambling and to ensure that the potential negative and harmful effects of gambling are managed and minimised, through an integrated and well-managed programme of:
 - Problem gambling prevention
 - Integrated and comprehensive treatment and counselling

- Advocacy and stakeholder mobilisation
- Research and knowledge application
- Training & Employee Wellness

The COVID-19 pandemic has allowed the Foundation to reflect and assess how it will implement its programme's going forward by being agile and responsive during a global pandemic. With remote working and most human contact activities being virtual, the Foundation had to include in its plans a more integrated and aggressive approach with the use of ICT systems using a blended and hybrid approach. Through our interactive planning, the Foundation has critically re-examined and, in some instances, placed emphasis on our performance metrics to ensure that they are specific, measurable, achievable, realistic, and time bound.

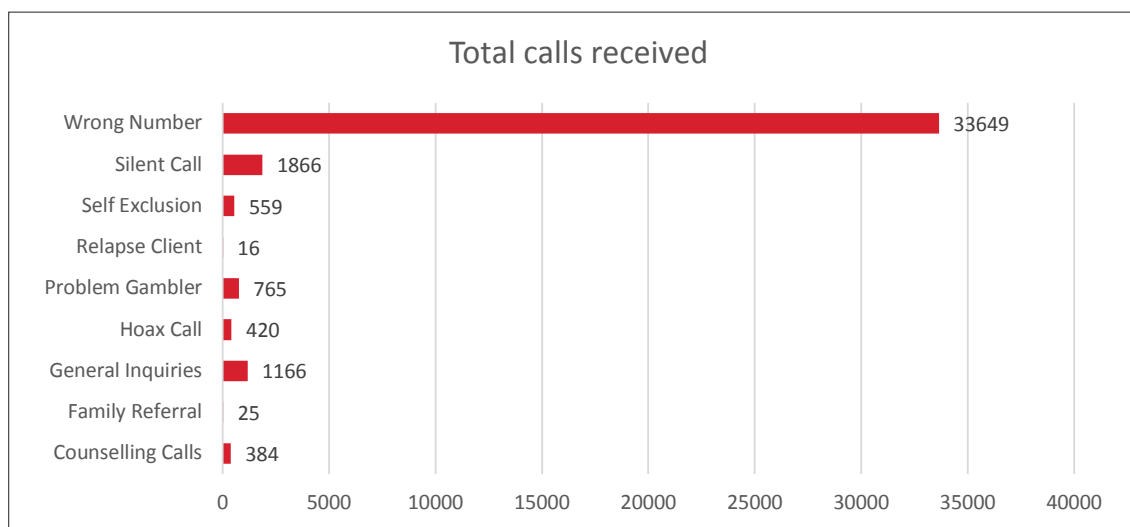
6.1 Treatment and Counselling

In the 2021/2022 financial year (1 April 2021 – 31 March 2022) the National Responsible Gambling Programme (NRGP) received **38,850** calls of which **1,749** punters required support in managing their gambling addiction.

Of the 1749 assisted:

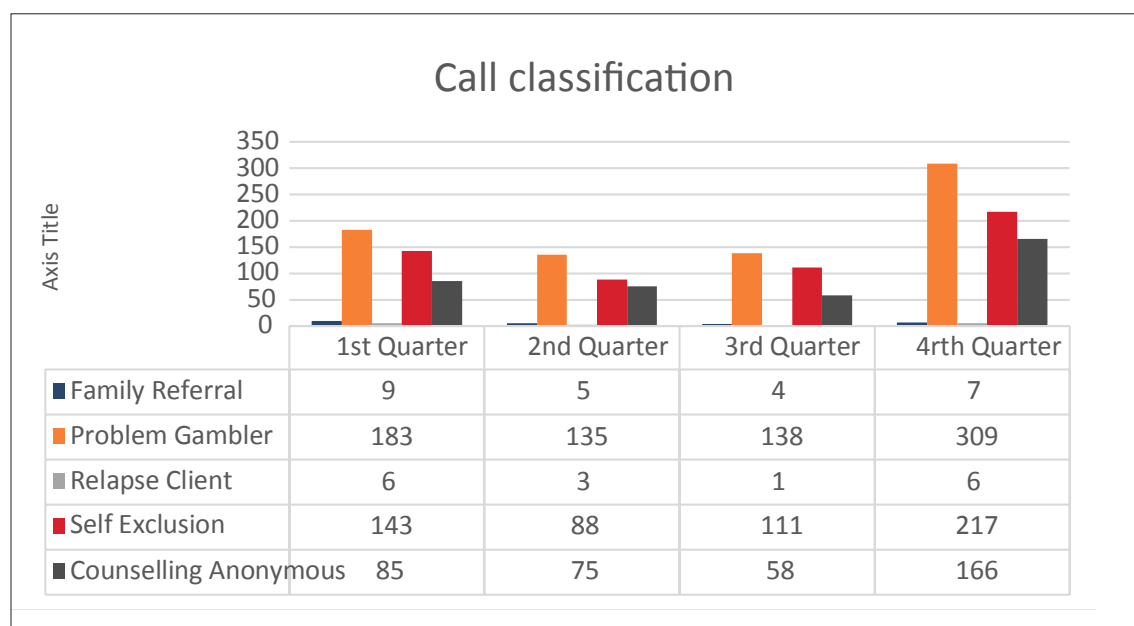
- 765 were Problem Gamblers
- 559 were Self-excluded
- 384 were assisted through Counselling
- 16 were Relapsed Clients
- 25 were Family Referrals

FIGURE 15: TOTAL CALLS RECEIVED



¹ Source: 2021/2022 The South African Responsible Gambling Foundation Highlights for the National Gambling Board, 30 May 2022

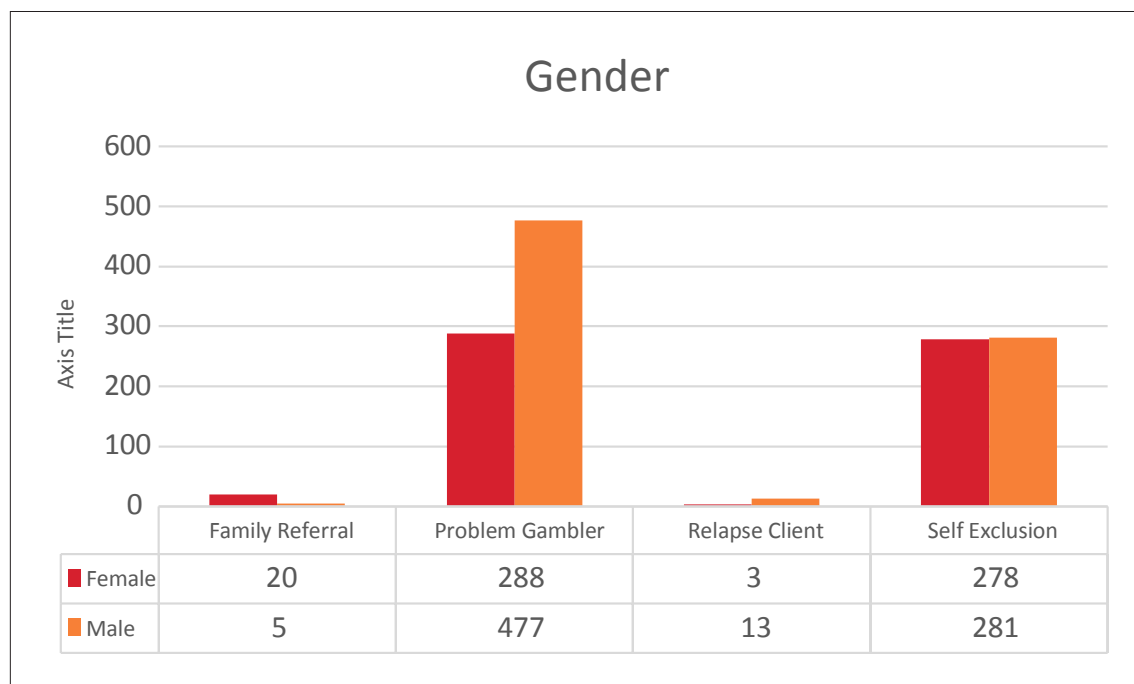
FIGURE 16: CALL CLASSIFICATION



Classification by Gender

Of the 1,365 assisted **766** were **male** and **589** were **female**. The data shows that problem gambling still remains more prevalent with male punters.

FIGURE 17: PUNTER CLASSIFICATION BY GENDER



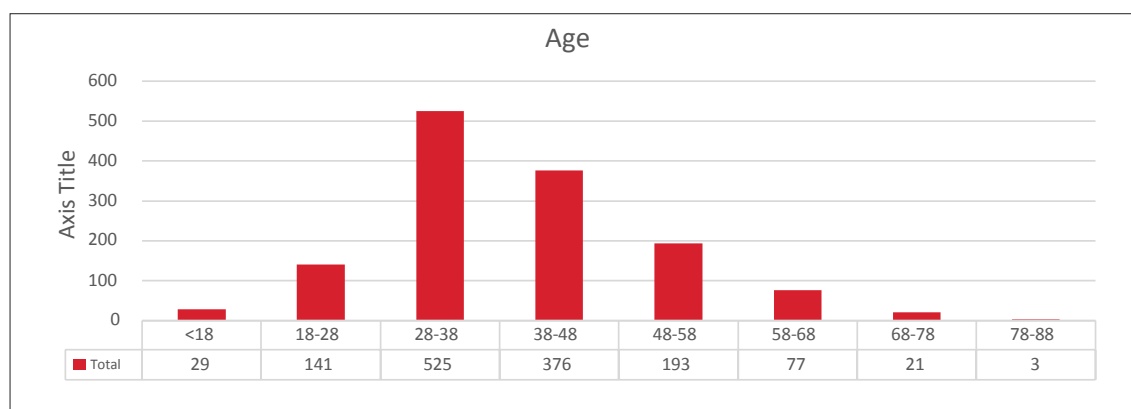
Classification by Age

Of the 1,365 punters assisted the top three age cohorts are as follows

- 28 to 38 years old – 525 followed by;
- 38 to 48 years old – 376 and;
- 48 to 58 years old – 193

The data shows us that problem gambling is on the rise between the 18-38 years cohort who are more of the youthful and technological savvy cohort of the population. This is evident with the 18-28 years cohort following in fourth place at 141.

FIGURE 18: PUNTER CLASSIFICATION BY AGE



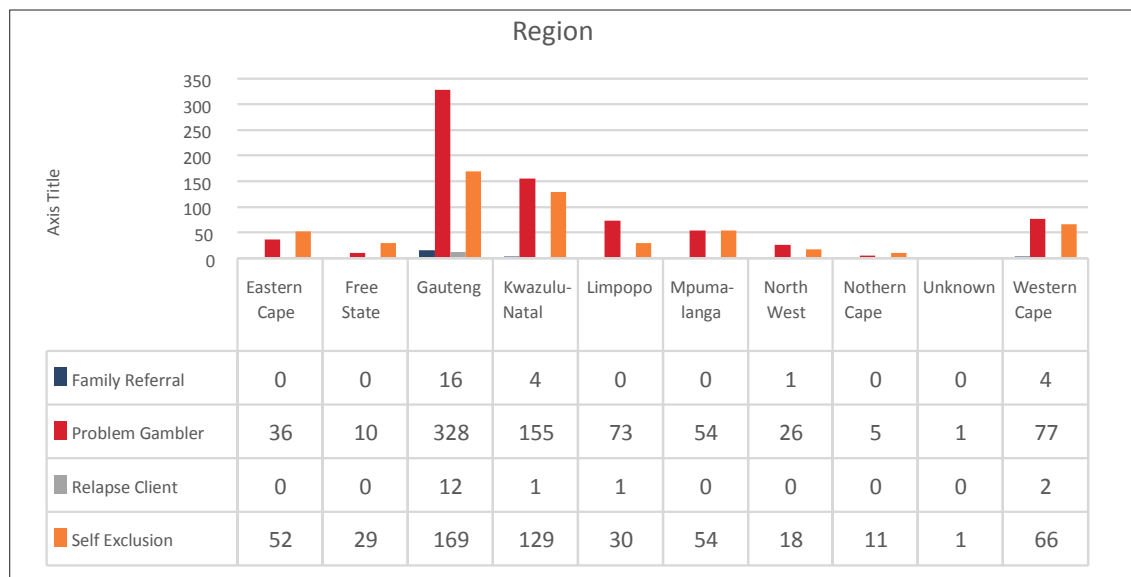
Classification by Province

Of the 1,365 clients assisted the top three provinces that assistance was requested by are as follows:

- Gauteng – 525 then;
- KwaZulu-Natal – 289 followed by;
- Western Cape – 149

The data shows us that problem gambling remains high in these three provinces as they are the three provinces with the vast majority of economic activity and population density. However, this does not mean that other provinces are not seeing a rise of problem gamblers. The NRGP assisted 108 clients from Mpumalanga placing the province at fourth place and 104 from Limpopo at fifth place.

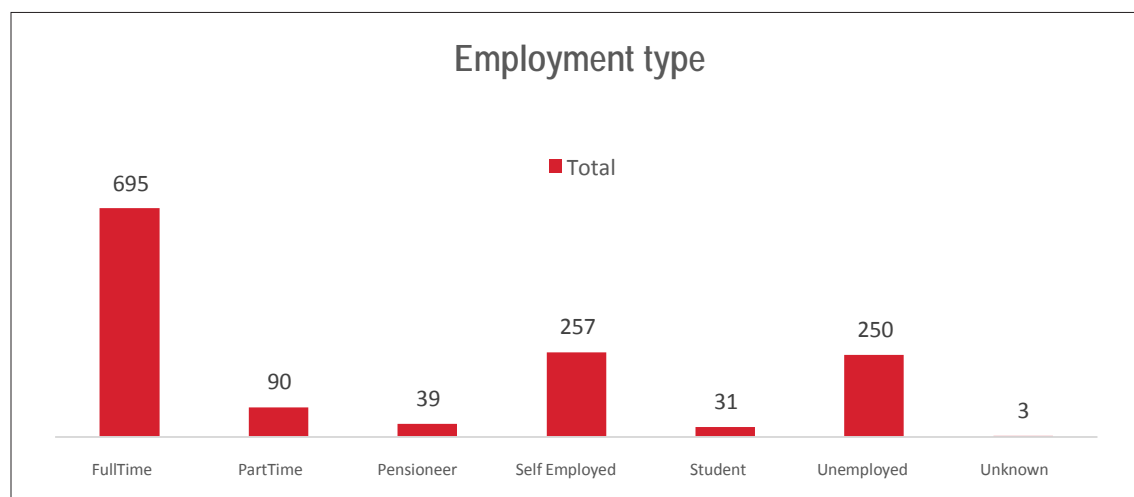
FIGURE 19: PUNTER CLASSIFICATION BY PROVINCE



Classification by Employment

Of the 1365 clients assisted **695** were **employed**, **257** **self-employed** and **250** were **unemployed**. The data shows us that these clients are not gambling for leisure or social gambling, but are chasing losses or have made gambling an additional income stream and, in the process became problem or addictive gamblers. The data for the unemployed cohort also tells us that this cohort are either using their social grants, unemployment insurance funds or pension funds to gamble as means of an additional income and end up chasing losses and being trapped in the cycle of debt and borrowing of money.

FIGURE 20: PUNTER CLASSIFICATION BY EMPLOYMENT TYPE



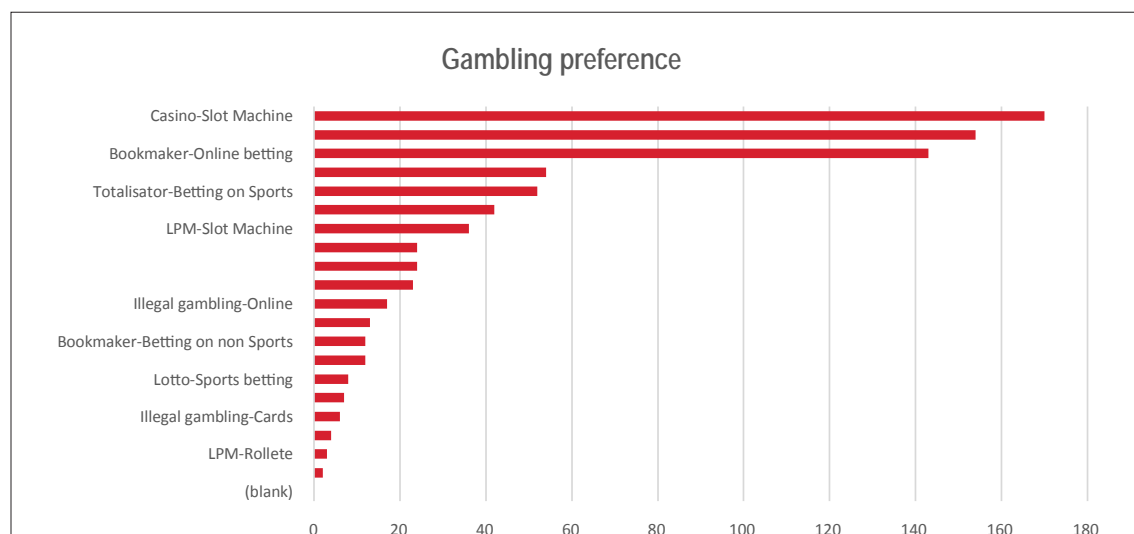
Modes of Gambling

The top three preferred modes of gambling that clients indicted are as follows:

- Casino slot machines – **170** followed by;
- Bookmakers Online betting – **143** then;
- Bookmakers Betting on sports – **54**

The data shows us the mode of gambling preference is interlinked with age, as previously shown in the age cohort breakdown. South Africa is a country with a majority of its population in the youth cohort who are also a sports loving nation. With the mobile and digital technology betting has become more accessible to the youth cohort.

FIGURE 21: PUNTER GAMBLING PREFERENCE



6.2 Training

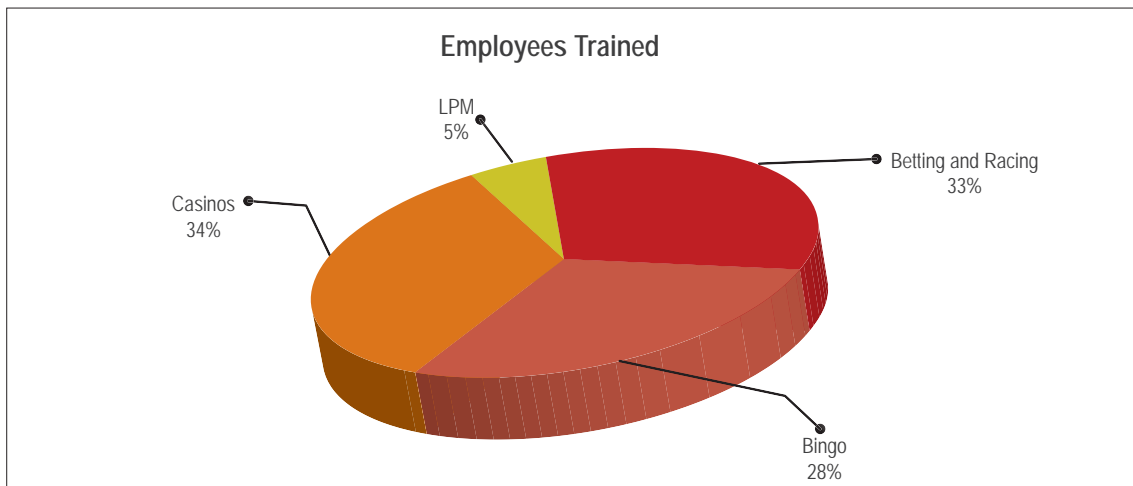
The Foundation has provided industry training programmes to various licensed operators. In terms of the NGA, this programme satisfies the requirement for employee training on responsible gambling. This three-part training is appropriate for anyone working in the gambling industry and covers topics such as:

- Basic introduction to problem gambling
- Responsible gambling practices
- Impact of problem gambling
- Solutions to problem gambling
- Signs of a gambling disorder
- Underage gambling risk factors
- Self-exclusion programmes

In 2021/2022 the Foundation adopted hybrid training to cater for virtual facilitator led training and onsite face-to-face training.

A total of **3,761** licenced operator employees were trained with the top three training requests coming from Casino sector, followed by Betting & Racing sector and Bingo.

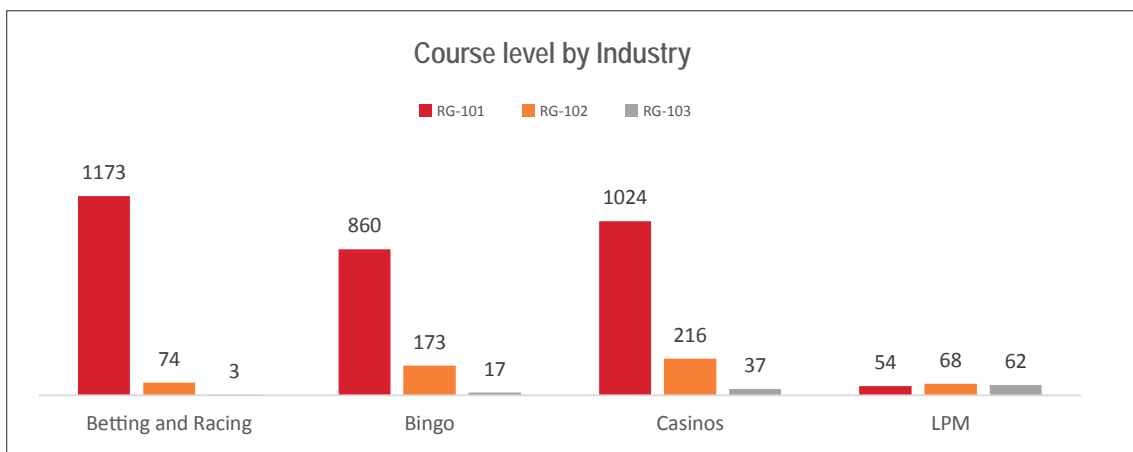
FIGURE 22: EMPLOYEES TRAINED



Classification by training course

From the three Responsible Gambling (RG) training courses offered to licenced operators the most requested was **RG101 with 3,111** employees trained, followed by **RG102 with 531** trained and **RG103 with 199** trained.

FIGURE 23: COURSE LEVEL BY INDUSTRY

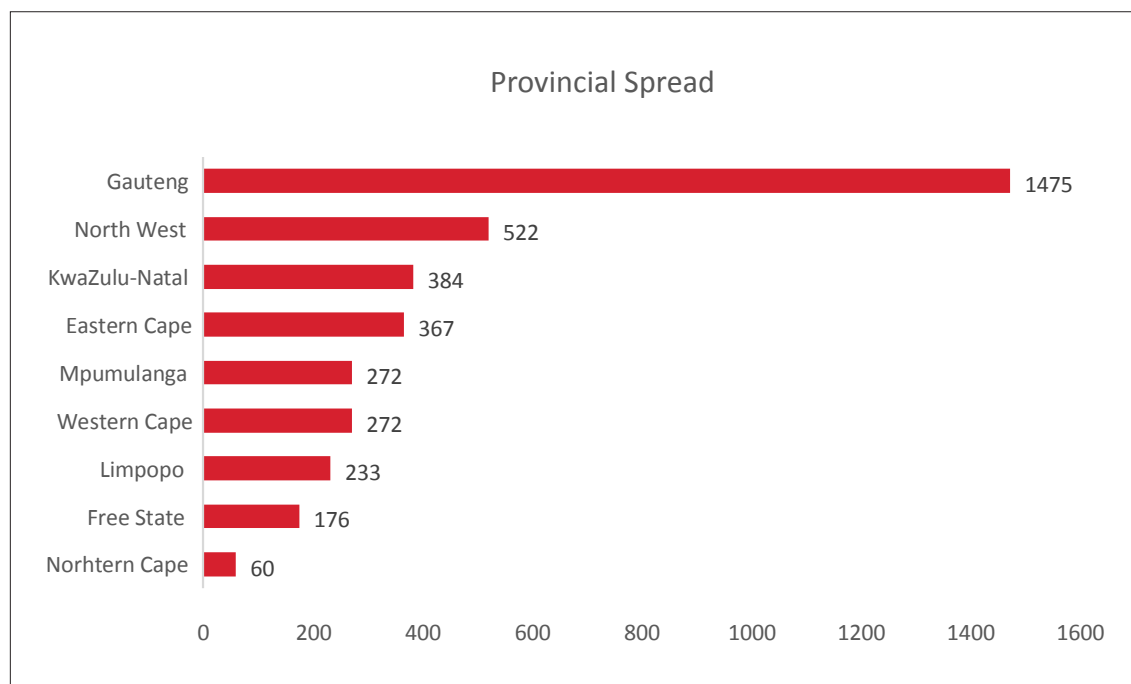


Classification by province

The top three provinces that requested training are as follows:

- Gauteng with **1,475** licenced operator employees trained followed by;
- North West with **522** licenced operator employees trained; and
- KwaZulu-Natal with **384** employees trained

FIGURE 24: PROVINCIAL SPREAD



6.3 Public Awareness

The primary objective of the Foundation's prevention programme is to educate the public, potential gamblers and gamblers about responsible gambling. Essentially, this is made up of informed consumer choice. As a result, in all of our public awareness activities we seek to alert target audiences about the dangers of excessive and irresponsible gambling. To this end, the programme delivers training to industry employees, public awareness campaigns to schools and teachers, and general wellness initiatives to elderly citizens.

The Foundation continued with its ongoing Marketing and Communications plan. Stakeholder engagements with provincial gambling regulators continued as outlined in the Memorandum of Understanding on communication and public awareness collaborations, in an effort to reinforce the responsible gambling message.

Due to the COVID-19 lockdown, adjusted level regulations impacted the Foundation's awareness programmes with regards to the number of programmes that could be implemented based on indoor and outdoor restrictions. Most programmes took a hybrid approach where lockdown regulations would allow.

The following public awareness programmes were implemented:

- **8** Responsible Gambling workshops conducted
- **20** Taking Risks wisely school group sessions
- **8** exhibition/ punter activations
- **2** Responsible Gambling Month webinars focusing on self-exclusion & third-party exclusion and the rights of family and children.

PART D

Governance



1. INTRODUCTION

Corporate Governance is defined as the system of rules, practices and processes by which a company is controlled or directed. It fosters the allocation of powers and accountability among the Executive, Senior Management and the owners of a company/entity and ultimately serves as a safeguard against corruption and maladministration.

Sound corporate governance principles are the foundation upon which the trust of stakeholders is built, and the King Reports on Corporate Governance (“the King Code”) endorses the primary characteristics of corporate governance from a global standards perspective. These principles are the yardstick upon which the “reputation of an organisation dedicated to excellence in performance and integrity” can be measured against.

Corporate Governance, when done right, facilitates fairness, accountability, responsibility and transparency across organisations, whether in the public or private sector. It protects executives and employees in fulfilling their duties and instills stakeholder confidence in an organisation, which is the secret recipe to a successful business.

A corporate governance function within an organisation that is not aligned to the business strategy of the organisation will potentially destabilise that organisation,

and expose it to critical business failure if not remedied. The NGB aligns its governance with its business strategy to ensure that corporate governance supports the decision-making processes.

2. PORTFOLIO COMMITTEES

The NGB had not been required to attend any Portfolio Committee meetings during the reporting period.

3. EXECUTIVE AUTHORITY

The NGB has implemented its approved Strategic Plan 2021-26 and performed against its planned outcomes as contained in its Annual Performance Plan 2021-24.

FIGURE 25: REPORTS SUBMITTED TO THE MINISTER

Reports submitted	Date submitted
Quarter 1 (April to June)	29 July 2021
Quarter 2 (July to September)	28 October 2021
Quarter 3 (October to December)	25 January 2022
Quarter 4 (January to March)	27 April 2022

3.1 THE ACCOUNTING AUTHORITY (AA)

Pursuant to findings of the AGSA as detailed in the NGB’s Audit Report 2013/14, the NGB had been placed under administration by the Minister, in addressing the role, powers and statutory functions of the NGB from 2014 until the present. Ms. Caroline Kongwa remained the Administrator appointed by the Minister, and in terms of section 49 of the PFMA, served as the AA of the entity. This was to ensure that the goals and objectives of the NGB were performed within the limits of financial resources of the NGB.

Due to the proposed repositioning of the NGB to the NGR, the position of the CEO will not be filled until the repositioning has been completed, and the NGB will remain under administration until this process has been finalised.

FIGURE 26: PROFILE OF THE AA

Name	Qualifications	Internal Position within NGB	Date Appointed	Date Resigned
Ms C Kongwa	LLM Degree (University of Pretoria); LLB Degree (University of Durban Westville); Postgraduate Diploma in International, African and Regional law (University of Durban Westville); Certificate in Economic and Developmental Policy (University of Witwatersrand); and Certificate in Labour Relations (University of Pretoria)	Administrator	September 2014	N/A



4. RISK MANAGEMENT

Section 51 (1) (a) (i) of the PFMA requires the Accounting Authority of a public entity for a public entity to ensure that that public entity has and maintains effective, efficient and transparent systems of financial and risk management and internal control. Further, the Accounting Authority must ensure that a risk assessment is conducted regularly to identify emerging risks for the public entity.

The basic premise upon which the concept of risk management is founded is the elimination or mitigation of any factor that can hamper an organisation from achieving its strategic objectives. Therefore the NGB is committed to a process of risk management that is aligned to the principles of good corporate governance, as supported by the PFMA. Risk management is a systematic and formalised process instituted by the NGB to identify, assess, manage and monitor risks.

Effective risk management assists the NGB to achieve, amongst others, the following outcomes needed to enhance performance:

- More sustainable and reliable delivery of services;
- Informed decisions underpinned by appropriate rigor and analysis;
- Innovation – an entity is compelled to determine alternative ways of achieving an objective despite the presence of risk;
- Detection and prevention of fraud and corruption;
- Better value for money through more efficient use of resources; and
- Better outputs and outcomes through improved project and programme management.

A risk management system is characterised by the existence of various policies, strategies, processes, procedures and tools for identifying, evaluating, monitoring, managing and reporting of all material risks to which an entity is exposed. The NGB makes use of a risk management system that fits the above definition and is implemented across all its business units to enhance its ability to create effective management of resources and to ensure the transparency and accountability thereof. Risk Management is an integral part of the management process at the NGB with all the various policies, strategies, processes, procedures and tools having been crafted thoughtfully and implemented in a holistic manner that makes risk management an organisation-wide event as it is embedded in daily practices and business processes. This ultimately creates a cumulatively pre-emptive effect on how risk management is conducted, thereby enhancing the effectiveness of risk management.

The key policy documents for risk management in the NGB are the Risk Management Policy and the Risk Management Strategy.

Risk Management Committee

The NGB has in place a Risk Management Committee (RMC), which is comprised of Senior Managers of the NGB and has an external Chairperson who is a member of the NGB's Audit and Risk Committee (ARC). The RMC members were not remunerated for attendance at the RMC because they are employees of the NGB. The independent Chairperson for the committee was remunerated according to the National Treasury circular, which categorises emoluments for different categories of listed public entities.

5. INTERNAL AUDIT

The NGB has an outsourced internal audit function, which provides combined assurance to stakeholders on the integrity of the information provided, governance of the organisation and assurance of existing internal control systems that are resilient to imminent change. The King Report recommends the establishment of this function. It is also prescribed by Treasury Regulations.

The objective of the internal audit function is to provide an assessment of the effectiveness of the NGB's system of internal control and risk management efforts. The ARC is mandated to monitor the performance of the internal auditors, including reports submitted, the proposed budget, and an overall audit scope proposed for the year. In assisting the AA, Internal Audit must evaluate governance processes and provide adequate assurance on the effectiveness of internal processes. These include:

- Incorporating a risk-based internal audit approach in their annual plan and executing audits accordingly,
- Providing adequate assurance on effective governance, risk management and internal control environment, and
- Providing a written assessment on the effectiveness of the organisation's internal control processes.

The internal audit service provider has completed the audit projects as approved in their internal audit annual plan. Their audit approach was risk-based and they reported to the ARC.

Key Activities and Objectives of the Internal Audit for FY2021/2022

The internal auditors performed the following reviews during the financial year:

- Financial Discipline and Control Review;
- Performance Audit on Pre-determined Objectives;

- Compliance and Stakeholder Management Audit;
- Information Technology General Controls review;
- Strategic Plan and Annual Performance Plan
- Vulnerability and Penetration Testing
- Annual Financial Statements review.

The objective of the selected reviews was to evaluate if the NGB has and implements adequate and effective internal controls.

6. AUDIT AND RISK COMMITTEE (ARC)

The ARC was established in terms of Section 77 of the PFMA and the Treasury Regulations. The objective of establishing the ARC is to ensure the integrity of Integrated Reporting (IR).

Key activities and objectives of the Audit and Risk Committee for FY2020/2021

The ARC was established to oversee the accounting and financial reporting process of the NGB as well as the audit of the financial statements of the NGB. This includes exercising oversight over the performance reporting process to confirm that the NGB has adhered to its service delivery requirements as mandated in the NGA.

The primary purpose of the ARC is to be a liaison and overseer of the work of an external auditor. The ARC consisted of five (5) members with the required skills and competencies to discharge their duties as contained in the ARC Charter. The NGB confirms that ARC members are independent and were not directly involved in the NGB's day-to-day operations. This allowed the ARC members to devote more time to overall fiscal responsibility matters based on their defined roles.

TABLE 9: COMMITTEES

Committee	No. of meetings held	No. of members	Name of members
Audit and Risk Committee	5	6	Ms G Deiner
			Mr Z Le Guma
			Mr L Phahlamohlaka
			Dr D Jairam-Owthar
			Mr Furstenberg
			Adv L Thubakale

The table below discloses relevant information on the audit committee members:

TABLE 10: QUALIFICATIONS OF ARC MEMBERS:

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Ms G Deiner	BCompt Accounting Science Higher Diploma in Education – Postgraduate BA degree Professional Accountant (SA)	External	N/A	July 2019	N/A	5
Mr Z Le Guma	Master in Business Administration (MBA) CA (SA) Bachelor of Commerce (Hon) Management Accounting Bachelor of Commerce (Accounting)	External	N/A	July 2019	04 October 2021	2
Mr L Phahlamohlaka	Bachelor of Commerce Postgraduate Certificate in Executive leadership	External – the dtic representative (Director Management Accounting)	N/A	17 July 2015	N/A	4
Dr D Jairam-Owthar	Doctor of Business Leadership (Information Technology) Master in Business Administration (MBA) B.Compt Accounting Science	External	N/A	21 September 2021	17 January 2022	1
Mr B Furstenberg	Master of Science (MSc) – Financial Management Masters of Commerce – Economics B Bachelor of Commerce (Degree and Honours)	External	N/A	21 September 2021	N/A	2
Adv L Thubakgale	Post Graduate certificate in labour dispute resolution practice Master in Business Administration (MBA) Master in Law (LLM) Advance Diploma in Labour Law Gradium Baccalaurel Legum (LLB) Gradium Baccalaurel Luris (B.Luris)	External	N/A	20 September 2021	N/A	2

Remuneration of committee members of the Audit and Risk Committee

The Audit and Risk Committee (ARC) members were remunerated according to the National Treasury circular, which categories emoluments for different categories of listed public entities. No travel expenses were incurred by ARC members, as all ARC meetings during FY2020/2021 were conducted virtually. Figure 29 reflects the remuneration paid to ARC members during the financial year.

TABLE 11: REMUNERATION TO ARC MEMBERS

Name	Remuneration	Other allowance	Other re-imbursements	Total
Mr Z Le Guma (RMC Chairperson) ²	R 27 744	-	-	R 27 744
Ms G Deiner (Chairperson)	R56 121	-	-	R56 121
Mr L Phahlamohlaka	-	-	-	-
ADV L Thubakgale (RMC Chairperson) ³	34 680	-	-	34 680
Dr D Jairam-Owthar	7 857	-	-	7 857
Mr B Furstenburg	7 857	-	-	7 857
TOTAL				R 134 259

7. COMPLIANCE WITH LAWS AND REGULATIONS

A governance framework, as well as a checklist, were created to continually enable the officials to observe legal compliance requirements when performing any function. The NGB utilised a corporate calendar to ensure that timelines for submitting corporate information were met.

8. FRAUD AND CORRUPTION

The NGB has in place a Fraud Prevention Plan (FPP), which is updated annually and reviewed quarterly. Quarterly progress reports are presented at the NGB's Risk Management Committee (RMC) for notification and inputs, prior to them being presented at the Audit and Risk Committee (ARC). The FPP has an accompanying matrix of activities that are designed to proactively address the possible fraud risk areas facing the NGB, and to enhance the internal control environment to reduce the likelihood of fraud risks materialising. Progress against these activities is reported upon at the RMC and ARC every quarter.

During FY2021/2022, various activities were conducted, including the distribution of awareness-raising messages to all staff regarding fraud prevention, staff disclosing their financial interests, and all NGB policies being reviewed to ensure that the internal control environment is sound. The policies include the protection of whistle-blowers, in the event that any staff member feels a need to report any suspected fraud or corruption taking place at the NGB through the appropriate internal reporting mechanisms. The NGB also has in place an externally focused email-based hotline, which is made available to the public to report any cases of suspected fraud or corruption by an NGB official. The fraud prevention hotline is published on the NGB website, to ensure that it is readily accessible at all times.

There have been no cases regarding suspected fraud or corruption reported during FY2021/2022.

² RMC Chairperson for the period 01 April 2021 to 04 October 2021 for the FY2021/2022

³ RMC Chairperson for the period 05 October 2021 to 31 March 2022 for the FY2021/2022

9. MINIMISING CONFLICT OF INTEREST

All NGB officials are required to comply with the NGB Conflicts of Interest Policy that sets out how they will conduct themselves in terms of their fiduciary duties, and what steps they would take in the event of a real or potential conflict of interest materialising. In addition, all NGB officials involved in procurement are required to complete and sign a Code of Conduct document in supply chain management. Should an official suspect that they may be conflicted concerning a bidder, then the official will disclose the possible conflict of interest immediately. The NGB will assess the conflict, and a determination will be made to inform whether the official may continue their role in the process, or be required to recuse himself/herself from the process.

Bidders submitting bids to the NGB for any advertised procurement are required to submit a Standard Bidding Document (SBD); specifically SBD 4 form, wherein they are required to declare whether they have a relationship with any NGB official. Failure to submit such a declaration will result in the bid being disqualified.

The evaluation and adjudications of bids submitted are conducted through formalised NGB bid evaluation and bid adjudication committees. The members of these committees are required to disclose any real or potential conflict of interest with a bidder and will be required to recuse themselves should the nature of the conflict deem such recusal to be necessary. These controls have been put in place to ensure that the integrity of all NGB procurements is protected.

10. CODE OF CONDUCT

Every official joining the NGB is required to sign an acknowledgement of a Code of Conduct. This sets out the undertaking made by the official to conduct himself/herself ethically and in compliance with NGB policies at all times. The Code of Conduct is important to the NGB as it has an impact on employee conduct as well as work culture.

The NGB provided an education and awareness activity on ethical conduct in the workplace during the year, and this is conducted annually to ensure that all officials are fully aware of the required standards of conduct at the NGB. However, the Disciplinary Code and Procedure lists a breach of the code of conduct as a form of misconduct, which will attract appropriate disciplinary action.

11. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The NGB has an approved Disaster Management Plan in place, which includes health safety and environmental issues, and sets out how the NGB will respond to any incident that may create exposure to harm. These could range from localised issues such as fire to environmental issues such as flooding. They also include risks such as industrial action, as well as health risks like the COVID-19 pandemic.

In every instance, whether it is localised and manageable, or beyond the control of the NGB, the NGB has adopted a risk-based approach to ensure business continuity.

The protection of consumers in the gambling industry is overseen by the National Gambling Board.

12. AUDIT AND RISK COMMITTEE REPORT

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

Audit and Risk Committee Responsibility

The ARC reports that it has complied with its responsibilities arising from Section 51 (1)(a)(ii) of the Public Finance Management Act, 1999 (Act 1 of 1999) and Treasury Regulation 27.1. The ARC also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

Our review of the findings of the internal audit work, which was based on the risk assessments conducted in the public entity, revealed minor weaknesses, which were then raised with the public entity.

During the year under review the internal auditors presented to the ARC audit outcomes pertaining to the following:

- Financial Discipline and Control Review
- Performance Audit on Pre-determined Objectives
- Compliance and Stakeholder Management Audit
- Information Technology General Controls review
- Strategic Plan and Annual Performance Plan
- Vulnerability and Penetration Testing
- Annual Financial Statements review.

There were no significant areas of concern that were identified during the financial year. In addition, the committee is satisfied that the internal audit function is operating effectively and that the Internal Audit Plan is implemented.

In-Year Management and Monthly/Quarterly Report

The public entity reported quarterly to the National

Treasury as required by the PFMA.

Quarterly reports were reviewed by the ARC and recommendations were made to the AA for the approval of the said reports. The committee was satisfied with the quality and content of the quarterly reports for the NGB.

Evaluation of Annual Financial Statements

We have reviewed the annual financial statements prepared by the public entity for FY2021/22. There were no matters of concern that were brought to the attention of the committee that warranted intervention.

Auditor's Report

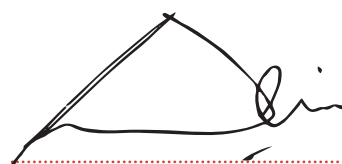
We have reviewed the entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved.

The ARC concurs and accepts the conclusions of the external auditors that reflects a clean audit opinion.

Appreciation

The ARC wishes to express its appreciation to the management of the NGB, who has successfully achieved its seventh (7th) consecutive clean audit.

In addition, the ARC is grateful to the External Auditors and Internal Auditors (SAB&T) who assisted the Audit Committee in performing its functions effectively.



Ms G Deiner

Chairperson of the Audit and Risk Committee
National Gambling Board
31 July 2022

13. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

**TABLE 12: COMPLIANCE WITH ANY RELEVANT CODE OF GOOD PRACTICE
(B-BBEE CERTIFICATE LEVELS 1 – 8):**

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The NGB does not issue licenses.
Developing and implementing a preferential procurement policy?	Yes	Preferential procurement policy is in place. The policy is compliant with legislative requirements. The policy is reviewed annually.
Determining qualification criteria for the sale of state-owned enterprises?	No	
Developing criteria for entering into partnerships with the private sector?	No	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	

Avoid using money allocated for household expenditure when gambling

PART E

Human Resource Management



1. INTRODUCTION

Overview of human resource (HR) matters

The nature of the human capital function within the NGB is broadly encapsulated in the NGB's legislative framework. The NGA requires the Accounting Authority to appoint suitably qualified and experienced staff to enable the NGB to carry out its functions. The NGA further requires the Accounting Authority, in consultation with the Minister, to determine remuneration, allowances, employment benefits and other terms and conditions of employment.

HR priorities for the year under review and the impact of these priorities

HR priorities for the year under review related to ensuring that there was an efficient and effective workforce within the NGB.

Human Capital Optimisation made concerted efforts to ensure implementation of the recruitment and selection policy for the NGB during the financial year with regard to the filling of vacant posts on the structure. As at 31 March 2022, there were seven (7) vacancies. The position of the CEO could not be filled due to the moratorium on this position.

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

Talent acquisition policies and processes were developed and implemented through the Talent Management Plan. The Recruitment and Selection Policy as well as Retention Policy were reviewed to ensure alignment to the Talent Management Plan to equip the NGB to attract and retain a skilled workforce.

Employee performance management framework

The NGB's performance management process ensured appropriate alignment of individual, team and business unit performance objectives with those of the NGB. This enabled translation of the NGB's strategic focus areas into individual action plans.

The NGB's performance management process was focused on the following core principles:

- Performance management is consistently applied across the NGB to ensure effective alignment of strategic objectives and individual outputs;
- Performance objectives are based on a scorecard of metrics featuring both financial and non-financial indicators, which are aligned with the NGB's strategic imperatives, and
- Performance management is an ongoing process rather than an event.

Performance outcomes were appropriately differentiated to reflect the different levels of contribution made by employees to the success of the NGB. Where performance deficits were identified, these were dealt with actively, with the primary objective of returning the employee to full performance. The system was further enhanced by reviewing the current policy and processes to ensure effectiveness and efficiency.

Employee wellness programmes

Employee wellness programmes are recognised as good organisational practices by international organisations such as the International Labour Organisation (ILO). In the context of the NGB, employee wellness was an important human capital aspect as it affects productivity. The NGB has a developed employee wellness plan with the primary goal of informing, empowering and providing employees with the skills to take ownership of their wellbeing and to improve their work-life balance.

Policy development

Human capital policies are in place and have been reviewed in FY2021/22 to ensure that they were aligned to the Strategic Plan and legislative requirements. Furthermore, developed and revised policies will be effectively implemented to mitigate human capital risk and to increase organisational effectiveness going forward.

Highlighted achievements

The NGB has in place an approved Human Capital Optimisation Strategy for 2019/24, which is aimed at ensuring that the NGB has adequate capable human capital that will enable it to achieve its strategic objectives. The strategy further details the organisational structure, roles and behaviour needed to take the organisation forward.

Challenges faced by the public entity

The NGB has been stable as there were no labour unrests during the period under review.

Future HR plans/goals

The concerted effort in the future will be in ensuring that the NGB retains its talent, develops, re-skills and upskills the current human capital to meet the demands for the future NGB. The NGB will also be embarking on a process to automate some of its HR processes to improve effectiveness and efficiency.

Human resource oversight statistics

TABLE 13: PERSONNEL COST BY PROGRAMME

Programme/activity/objective	Total Expenditure for the entity	Personnel Expenditure	Personnel exp. as a % of total expenditure	No. of employees	Average personnel cost per employee
Gaming Control and Research	198 153 568	12 720 441	5	10	1 272 044
Finance and Procurement	19 495 522	7 444 312	3	7	1 063 473
Corporate and Stakeholder Engagement	12 701 536	9 780 709	4	10*	978 071
Compliance and Enforcement	7 644 526	7 514 249	3	6	1 252 375
TOTAL	237 995 153	37 459 711	15	33	1 135 143

*Employees include 1 stakeholder intern that was appointed

Total employee costs for FY2021/22 amounted to R37,459,711. The highest costs were evidenced under the Gaming Control and Research Division. This is directly linked to the programme having the highest number of staff members.

TABLE 14: PERSONNEL COST BY SALARY BAND

Level	Personnel Expenditure	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee
Top Management	7 355 618	20	2	3 677 809
Senior Management	10 107 283	27	6	1 684 547
Professional qualified	6 667 088	18	6	1 111 181
Skilled	12 376 183	33	15	825 079
Semi-skilled	953 539	2	4	238 385
Unskilled	-	-	-	-
TOTAL	37 459 711	100	33	1 135 143

The NGB has a strategic approach to determining the salaries paid to officials, which includes an assessment of market related salaries, to ensure that the NGB adequately compensates its human resources. Employee benefits, as part of personnel costs should be utilised as a mechanism to attract and retain talent.

In implementing the above strategic approach, salaries paid to the skilled labour force comprised the highest portion of salaries paid within the NGB, at 33%, closely followed by salaries paid to senior management at 27% and executives at 20 %.

It is important to note that the compensation gap between the skilled labour and senior management is not significant.

TABLE 15: PERFORMANCE REWARDS

Programme/activity/objective	Performance rewards	Personnel Expenditure	% of performance rewards to total personnel cost
Top Management	357 278	7 355 618	4,8%
Senior Management	425 719	10 107 283	4,2%
Professional qualified	250 835	6 667 088	3,8%
Skilled	576 535	12 376 183	4,7%
Semi-skilled	32 749	953 539	3,4%
Unskilled	-	-	-
TOTAL	1 643 116	37 459 711	4,4%

Performance rewards were implemented in line with the Performance Management Policy. Overall, performance bonuses paid out during the financial year comprised less than 5% of the NGB's total personnel costs.

TABLE 16: TRAINING COSTS

Programme/activity/objective	Personnel Expenditure	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Gaming Control and Research	12 720 441	130 278	1,0	1	130 278
Finance and Procurement	7 444 312	23 082	0,3	2	11 541
Corporate and Stakeholder Engagement	9 780 709	-	-	-	0
Compliance and Enforcement	7 514 249	130 278	1,7	1	130 278
TOTAL	37 459 711	283 638	0,8	4	70 909

Training costs incurred related to two (2) bursaries issued and two (2) short-term training conducted.

TABLE 17: EMPLOYMENT AND VACANCIES

Programme/activity/objective	2021/2022 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% of vacancies
Gaming Control and Research	14	10	4*	29
Finance and Procurement	7	7	-	-
Corporate and Stakeholder Engagement	13	10 [#]	3	23
Compliance and Enforcement	6	6	-	-
TOTAL	40	33	*7	18*

*Employees include 1 stakeholder intern that was appointed

As at the end of the financial year, there were seven (7) vacancies. The vacancies that existed were for the Chief Compliance Officer, Chief Operations Officer, Senior Manager: Corporate Governance, Stakeholder Manager, Legal Researcher and Records Management Practitioner. The position of CEO has been placed under a moratorium and is reflected within the GCRD for approved posts, however this is not regarded as a vacant post but accounted for.

TABLE 18: EMPLOYMENT AND VACANCIES PER PROGRAMME

Programme / activity / objective	2020/2021 No. of Employees	2021/2022 Approved Posts	2021/2022 No. of Employees	2021/2022 Vacancies	% of vacancies
Top Management	3	5	2	*3	60
Senior Management	7	7	6	1	14
Professional qualified	6	7	6	1	14
Skilled	16	17	15	2	12
Semi-skilled	3	4	4	-	-
Unskilled	-	-	-	-	-
TOTAL	35*	40	33	7*	18

* The position of CEO has been put on hold due to a moratorium placed and its accounted for under top management.

TABLE 19: EMPLOYMENT CHANGES

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	-	1	2
Senior Management	7	-	1	6
Professional qualified	6	-	-	6
Skilled	16	1	2	15
Semi-skilled	3	1	-	4
Unskilled	-	-	-	-
Total	35*	2	4	33

There were changes in employment within the financial year. There were terminations within the top management, senior management and skilled categories.

TABLE 20: REASONS FOR STAFF LEAVING

Reason	Number	% of total no. of staff leaving
Death	1	25
Resignation	3	75
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of contract	-	-
Other	-	-
Total	4	100

There were four (4) terminations due to three (3) resignations and one (1) death during the financial year under review.

TABLE 21: LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of disciplinary Action	Number
Verbal Warning	-
Written Warning	3
Final Written warning	-
Dismissal	-
Total	3

TABLE 22: EQUITY TARGET AND EMPLOYMENT EQUITY STATUS - MALE

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	-	-	-	-	-	-	-	-
Senior Management	4	-	-	-	-	-	-	-
Professional qualified	3	-	-	-	-	-	-	-
Skilled	3	-	-	-	-	-	-	-
Semi-skilled	1	-	-	-	-	-	-	-
Unskilled	-	-	-	-	-	-	-	-
TOTAL	11	-	-	-	-	-	-	-

TABLE 23: EQUITY TARGET AND EMPLOYMENT EQUITY STATUS - FEMALE

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	-	-	-	1	-	-	-
Senior Management	2	-	-	-	-	-	-	-
Professional qualified	2	-	-	-	1	-	-	-
Skilled	12	-	-	-	-	-	-	-
Semi-skilled	3	-	-	-	-	-	-	-
Unskilled	-	-	-	-	-	-	-	-
TOTAL	20	-	-	-	2	-	-	-

TABLE 24: EQUITY TARGET AND EMPLOYMENT EQUITY STATUS – DISABLED STAFF

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

The NGB has set Employment Equity targets which are aligned to the National Employment Equity targets. National Employment Equity targets have been set for females in management positions at 50% and people living with disabilities at 2%. The national targets, when applied against the NGB's organisational structure, translate to the following:

- There were twelve (12) approved top and senior management positions at the NGB at the beginning of the financial year. At the end of the financial year, there were eight (8) occupied positions, four (4) of which were occupied by females and four (4) by males.
- There are no people living with disabilities currently employed at the NGB. A further analysis of the targets against the NGB's status quo reviews the following:

- Indian females are over-represented as they comprise 6.1% (2) of the total staff compliment (33) against a total EAP National target of 1 % and Provincial target of 1.3%.
- African females are over-represented as they comprise 60.1% (20) of the total staff compliment (33) against a total EAP National target of 35.6 % and Provincial target of 34.8%.
- There is under-representation of Whites and Coloured (male and female) as well as Indian male.

Attempts made to address variances

The approved Employment Equity Plan provided for specific interventions to ensure that the NGB worked towards meeting the desired Employment Equity targets. The plan was implemented and monitored. Advertisements for all positions were clearly designed to target under-represented categories, i.e. Coloured, White and people with disabilities.

*Did you know that gambling
is a game of chance?*

*Sometimes you win,
sometimes you don't.*

PART F

Financial Information



Accounting Authority's Responsibilities and Approval

The Accounting Authority (AA) is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the AA to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The AA acknowledges that it is ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong control environment. To enable the AA to meet these responsibilities, the AA sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The AA is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The AA has reviewed the entity's cash flow forecast for the year to 31 March 2023 and, in the light of this review and the current financial position, is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The NGB is dependent on **the dtic** for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that **the dtic** has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the AA is primarily responsible for the financial affairs of the NGB, it is supported by the entity's external auditors and the Audit and Risk Committee (ARC) as assurance providers with respect to matters of oversight and governance.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented hereto.

The annual financial statements set out on pages 74-112, which have been prepared on the going concern basis, were approved by the Accounting Authority on 28 July 2022 and were signed on its behalf by:



Ms. Caroline Kongwa
Accounting Authority

Independent auditor's report to the Parliament on National Gambling Board

Report on the audit of the financial statements

Opinion

1. We have audited the financial statements of the National Gambling Board set out on pages 75 to 113 which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the National Gambling Board as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA GRAP) and the requirements of the Public Finance Management Act (Act 1 of 1999) (PFMA).

Basis for opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.
4. We are independent of the public entity in accordance with Independent Regulatory Board for Auditors' *Code of Professional Conduct for Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (Including International Independence Standards)*.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of accounting authority for the financial statements

6. The accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with SA 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.

7. 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 accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Report on the audit of the annual performance report

Introduction and scope

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

general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 1 – Gaming Control and Research	18 – 24

13. We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. We did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
 - Gaming control and Research

Other matter

15. We draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 18 to 27 for information on the achievement of planned targets for the year and management's explanations provided for the under/ over achievement of targets.

Report on the audit of compliance with legislation

Introduction and scope

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

Other information

19. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other

information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

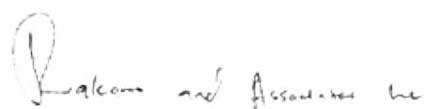
20. Our opinion on the financial statements and my findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.
21. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
22. If based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

Internal control deficiencies

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

Auditor tenure

24. In terms of the IRBA rule published in *Government gazette number 39475* dated 4 December 2015, we report that Rakoma and Associates Inc. has been the auditor of National Gambling Board for 1 year.



Collins Malunga CA (SA)

Engagement Partner

Registered Auditor

29 July 2022

Block D, Willow Wood Office Park

Cnr 3rd Ave & Cedar Road

Johannesburg

2021

Annexure – Auditor’s responsibility for the audit

25. As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements, and the procedures performed on the reported performance information for selected programme and on the public entity’s compliance with respect to the selected subject matters.

Financial statements

1. In addition to our responsibility for the audit of the financial statements as described in this auditor’s report, we also:
- identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority

- conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the National Gambling Board to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor’s report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

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

Statement of Financial Position as at 31 March 2022

Figures in Rand	Note(s)	2022	2021 Restated*
ASSETS			
Current Assets			
Cash and cash equivalents	3	79 874 572	49 850 100
Inventories	4	45 207	45 284
Receivables from exchange transactions	5	1 679 325	1 692 580
Statutory receivables from exchange transactions - LPM monitoring fees	6	17 701 669	16 934 494
		99 300 773	68 522 458
Non-Current Assets			
Property, plant and equipment	7	3 002 539	4 812 040
Intangible assets	8	3 869 940	4 319 761
Receivables from exchange transactions	5	257 399	322 054
		7 129 878	9 453 855
Total Assets		106 430 651	77 976 313
LIABILITIES			
Current Liabilities			
Payables from exchange transactions	9	8 662 425	9 516 782
NCEMS service fees payable	10	23 806 482	14 253 678
Provisions	11	3 888 893	4 226 234
		36 357 800	27 996 694
Non-Current Liabilities			
Operating lease liability		79 412	1 889 412
Total Liabilities		36 437 212	29 886 106
Net Assets		69 993 439	48 090 207
Accumulated surplus		69 993 439	48 090 207
Total Net Assets		69 993 439	48 090 207

Statement of Financial Performance

Figures in Rand	Note(s)	2022	2021 Restated*
REVENUE			
Revenue from exchange transactions			
Limited payout machines (LPM) monitoring fees	12	221 048 859	146 064 184
Interest received		2 521 115	2 315 196
Other income	13	400 411	2 237 493
Total revenue from exchange transactions		223 970 385	150 616 873
Revenue from non-exchange transactions			
Transfer revenue			
Government grants		35 928 000	31 027 000
Total revenue		259 898 385	181 643 873
EXPENDITURE			
Employee related costs	14	(30 462 024)	(30 398 993)
Executive Managers' Remuneration	15	(7 131 947)	(7 749 933)
Depreciation and amortisation	7&8	(3 274 364)	(3 193 184)
Operating leases	16	(6 005 840)	(7 555 630)
NCEMS Service Fees	17	(182 481 712)	(121 719 704)
General Expenses	18	(8 639 266)	(9 465 580)
Total expenditure		(237 995 153)	(180 083 024)
Surplus for the year		21 903 232	1 560 849

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported at 01 April 2020	46 676 414	46 676 414
Prior year adjustments	(147 056)	(147 056)
Balance at 01 April 2020 as restated	46 529 357	46 529 357
Surplus for the year	1 560 849	1 560 849
Restated* Balance at 01 April 2021	48 090 207	48 090 207
Surplus for the year	21 903 232	21 903 232
Total changes	21 903 232	21 903 232
Balance at 31 March 2022	69 993 439	69 993 439
Note(s)		

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Grants		35 928 000	31 027 000
Interest received		2 511 724	2 306 393
Rental income		561 881	3 708 525
Limited payout machines (LPM) monitoring fees		219 969 615	141 752 310
Other Income		20 741	-
		258 991 961	178 794 228
Payments			
Employee related costs		(37 852 487)	(38 144 853)
Suppliers		(190 198 538)	(139 356 655)
		(228 051 025)	(177 501 508)
Net cash flows from operating activities	19	30 940 936	1 292 720
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7	(682 929)	(1 177 282)
Purchase of intangible assets	8	(332 113)	(460 239)
Net cash flows from investing activities		(1 015 042)	(1 637 521)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from confiscated winnings		98 578	253 072
Net increase/(decrease) in cash and cash equivalents		30 024 472	(91 729)
Cash and cash equivalents at the beginning of the year		49 850 100	49 941 829
Cash and cash equivalents at the end of the year	3	79 874 572	49 850 100

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Limited payout machines (LPM) monitoring fees	200 500 000	-	200 500 000	221 048 859	20 548 859	31
Interest received	3 720 000	-	3 720 000	2 521 115	(1 198 885)	31
Other income	-	-	-	400 411	400 411	31
Total revenue from exchange transactions	204 220 000	-	204 220 000	223 970 385	19 750 385	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants	35 928 000	-	35 928 000	35 928 000	-	31
Total revenue	240 148 000	-	240 148 000	259 898 385	19 750 385	
Expenditure						
Employee related costs	(33 170 370)	-	(33 170 370)	(30 462 024)	2 708 346	31
Executive managers' remuneration	(8 394 042)	-	(8 394 042)	(7 131 947)	1 262 095	31
Depreciation and amortisation	(3 230 487)	-	(3 230 487)	(3 274 364)	(43 877)	
Operating leases	(6 212 645)	-	(6 212 645)	(6 005 840)	206 805	31
NCEMS service fees	(167 083 333)	-	(167 083 333)	(182 481 712)	(15 398 379)	31
General expenses	(14 178 831)	-	(14 178 831)	(8 639 266)	5 539 565	31
Total expenditure	(232 269 708)	-	(232 269 708)	(237 995 153)	(5 725 445)	
Surplus for the year	7 878 292	-	7 878 292	21 903 232	14 024 940	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Non-Current Assets						
Property, plant and equipment	(805 000)	-	(805 000)	(682 929)	122 071	31
Intangible assets	(400 000)	-	(400 000)	(332 113)	67 887	31
	(1 205 000)	-	(1 205 000)	(1 015 042)	189 958	
Total Assets	(1 205 000)	-	(1 205 000)	(1 015 042)	189 958	
Net Assets	(1 205 000)	-	(1 205 000)	(1 015 042)	189 958	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	(1 205 000)	-	(1 205 000)	(1 015 042)	189 958	

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 55(1) of the Public Finance Management Act (Act 1 of 1999).

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

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Rounding

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

1.4 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management makes estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include: provision for doubtful debts, bonus provision; leave provision; useful lives and depreciation methods and asset impairment. Notes relating to the subject are included under the affected areas of the financial statements.

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there

is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including obsolescence and information technological advancements, together with economic factors such as inflation.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

Residual values and useful lives of PPE

The entity determines the estimated useful lives and related depreciation charge of PPE. Residual value, useful lives and depreciation methods for each assets are reviewed at the end of each reporting period. If the expectations differ from previous estimate, the change is accounted for as a change in accounting estimate.

1.5 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are

Accounting Policies (continued)

expected to be used during more than one period.

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

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

Property, plant and equipment is initially measured at cost.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of

property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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

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

Item	Depreciation method	Average useful life
Leasehold improvement	Straight-line	over the lease period
Furniture and office equipment	Straight-line	3 to 10 years
Motor vehicles	Straight-line	5 years
IT equipment	Straight-line	3 to 10 years

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

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimates unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

Accounting Policies (continued)

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

1.6 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.

- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Average useful life
Computer software, internally generated	4 to 10 years
Computer software, other	3 to 10 years
National Database	4 to 10 years

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP

Accounting Policies (continued)

on leases requires otherwise on a sale and leaseback).

1.7 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.8 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

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

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the

financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

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

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

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

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because

Accounting Policies (continued)

of changes in market interest rates.

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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

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

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

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies

- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

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

Class	Category
Receivable from exchange transactions	Financial asset measured at amortised cost

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

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

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial

Accounting Policies (continued)

liability initially at its fair value.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost using effective interest rate.

Impairment and uncollectibility of financial assets

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

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Financial Risk Management

In running its operations the organisation is exposed to interest rate, liquidity, credit and market risks. The NGB has developed a comprehensive risk management process which monitors and controls the impact of such risks on the organisation's daily operations. The risk management process relating to each of these risks is discussed under the headings below.

Credit Risk and Market Risk

Credit risk consists mainly of accounts receivable and cash and cash equivalents. This is the risk of the entity being exposed to counter party failures. Although this risk is unlikely to occur in the short term, it is mitigated as follows:

- Cash and short-term deposits are placed with well established financial institutions of high quality and credit standing and also approved by National Treasury;
- Transactions are entered into with reputable financial institutions which are approved by National Treasury;
- The organisation does not raise debtors in its ordinary course of business.

Credit risk with respect to accounts receivable is limited due to the nature of the entity's business and its reliance on government grant as the main source of funding.

Market risk is the risk that the value of an investment will decrease due to changes in market factors. The above stated mitigating factors apply to market risk as well.

Financial instruments (continued) Interest Rate Risk Management

This is the risk that adverse changes in interest rates will have a negative impact on the net income of the entity. The inherent interest rate risk is concentrated in short term investments and deposits which are highly liquid. This risk is managed by:

- investing in short term deposit accounts;
- transacting with well established financial institutions

Accounting Policies (continued)

- of high quality credit standing and the accounts bearing interest at prevailing market rates; and
- the entity does not hold significant finance leases with fluctuating interest rates.

Liquidity Risk

This is the risk that the entity may encounter difficulties in raising funds to meet its statutory commitments. Liquidity risk is managed by:

- investing in short term deposit facilities held between 14 and 32 days;
- timeous request and release of funds by the dtic to the NGB; and
- the nature of the entity's business is on a 30 days cash cycle basis.

Fair Value

The entity's financial instruments consist mainly of cash and cash equivalents, receivables and trade payables. No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets. The carrying amounts of financial assets and liabilities approximate their fair values.

1.9 Taxation

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

1.10 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.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. Income for leases is disclosed under revenue in the statement of financial performance.

Leases under which the lessor effectively retains the risks and benefits of ownership are classified as operating leases. Obligations incurred under operating leases are charged against income in equal instalments over the

period of the lease.

Operating leases - lessee

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

1.11 Contingent liabilities

Contingent liabilities are possible obligations that arose 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 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 will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

1.12 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

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

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

- distribution at no charge or for a nominal charge.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.13 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be

Accounting Policies (continued)

significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Criteria developed by the entity to distinguish non-cash-generating assets from cash-generating assets are as follows:

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-

cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

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

Accounting Policies (continued)

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

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

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

Reversal of an impairment loss

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

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

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

1.14 Employee benefits

Short-term employee benefits

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service.

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

Retirement benefits

Provident Fund

Both the entity and employees contribute to a defined contribution fund. Benefits are provided to all eligible employees.

Contributions to the Provident fund operated for employees are charged against income or expense incurred. The funds are externally managed.

1.15 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.

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.

Employees entitlement to annual leave is recognized when it accrues. A provision is made on the estimated liability for annual leave as a result of services rendered by employees up to the amount of the obligation.

Employees entitlement to performance bonus is recognised when the NGB has approved a percentage of the annual package as bonus for the year. The provision

Accounting Policies (continued)

becomes actual after being qualified by the results of the performance measurement tool applied.

Payment of performance bonuses is at the sole discretion of the NGB. The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

1.16 Revenue from exchange transactions

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

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Revenue from exchange transactions include LPM monitoring fees, interest received, rental income and profit from the sale of assets.

Measurement

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

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably,

revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

1.17 Revenue from non-exchange transactions

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

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. The entity's revenue from non-exchange transactions is a grant allocation from Government.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect

Accounting Policies (continued)

of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

1.18 Comparative figures

Prior period comparative information is presented in the current financial year. Where necessary, comparative figures are adjusted to conform to changes in presentation in the current year.

1.19 Fruitless and wasteful expenditure

Fruitless and wasteful 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.

In terms of section 55(2)(b)(i) of the Public Finance Management Act, 1999 the financial statements must include particulars of any irregular and fruitless and wasteful expenditure.

1.20 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including - (a) this Act; or (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms

of the Act; or (c) any provincial legislation providing for procurement procedures in that provincial government.

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

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

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

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

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

1.21 Budget information

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or

Accounting Policies (continued)

equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

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

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have not been included in the Statement of comparison of budget and actual amounts.

1.22 Related parties

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

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the

entity.

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

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

1.23 Events after reporting date

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

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

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

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

1.24 Statutory receivables

Definition

Statutory Receivables are receivables that arise from legislation as opposed to contractual deliverables. Receivables that arise due to contractual agreement are accounted for in terms of the accounting policy

Accounting Policies (continued)

on Financial Instruments. Statutory Receivables are classified and recognised as exchange or non-exchange in accordance with the relevant GRAP standards on Revenue and essentially based on whether or not there is a supply of goods and services in exchange for economic benefits or similar value

Identification

Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

Carrying amount is the amount at which an asset is recognised in the statement of financial position.

The cost method is the method used to account for statutory receivables that requires such receivables to be measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Nominal interest rate is the interest rate and/or basis specified in legislation, supporting regulations or similar means.

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means. Statutory receivables can arise from both exchange and non-exchange revenue transactions, the entity shall apply recognition and initial measurement requirements of the Standards of GRAP on Revenue from Exchange Transactions (GRAP 9) and Revenue from Non-Exchange Transactions (Taxes and Transfer) (GRAP 23), as well as the requirements of this standard of GRAP. If the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Recognition

The entity recognises statutory receivables as follows:

- if the transaction is an exchange transaction, using the policy on Revenue from exchange transactions;
- if the transaction is a non-exchange transaction, using the policy on Revenue from non-exchange

transactions (Taxes and transfers); or

- if the transaction is not within the scope of the policies listed in the above or another Standard of GRAP, the receivable is recognised when the definition of an asset is met and, when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the transaction amount can be measured reliably.

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Interest

Where the entity charges interest on the outstanding balance of statutory receivables, it adjusts the transaction amount after initial recognition to reflect any accrued interest. Accrued interest is calculated using the nominal interest rate. Interest on statutory receivables is recognised as revenue in accordance with the Standards of GRAP on Revenue from Exchange Transactions (GRAP 9) and Revenue from Non-exchange Transactions (Taxes and Transfers) (GRAP 23), whichever is applicable.

Other charges

Where the entity is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to charge additional charges on overdue or unpaid amounts, and such charges are made, the entity applies the principles as stated in the Rate of Interest Act, 1975 (Act 55 of 1975) determined by the Minister of Justice and Correctional Services published in the Government Gazette from time to time, as well as the Standards of GRAP on Revenue from Exchange Transactions (GRAP 9) and Revenue from Non-exchange Transactions (Taxes and Transfers) (GRAP 23).

Impairment losses

The entity assesses at each reporting date whether there is any indication that a statutory receivable, or

Accounting Policies (continued)

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

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

If there is an indication that a statutory receivable, or a group of statutory receivables, may be impaired, the entity measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, or group of statutory receivables, is reduced, either directly or through the use of an allowance account. The amount of the losses is recognised in surplus or deficit. In estimating the future cash flows, the entity considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the entity discounts the estimated future cash flows using a rate that reflects the current risk-free rate and, if applicable, any risks specific to the statutory receivable, or group of statutory receivables, for which the future cash flow estimates have not been adjusted. An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in the surplus or deficit.

Derecognition

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

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.25 Impairment of cash-generating assets

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

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Accounting Policies (continued)

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

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

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Criteria developed by the entity to distinguish non-cash-generating assets from cash-generating assets are as follows:

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets' remaining service potential.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

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 01 April 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 104 (amended): Financial Instruments	01 April 2022	Unlikely there will be material impact
GRAP 25 (amended): Employee Benefits	01 April 2022	Unlikely there will be material impact

2.2 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

GRAP 108: Statutory Receivable

The objectives of this standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definition, Recognition, Measurement, Presentation and disclosure, transitional provisions and effective date.

The effective date of the standard is for years beginning on or after 01 April 2019.

Figures in Rand
2022
2021

Notes to the Annual Financial Statements

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand

Bank balances

Short-term deposits - Confiscated winnings

75	75
74 268 806	44 250 391
5 605 691	5 599 634
79 874 572	49 850 100

4. Inventories

Stationery on hand and consumables

Inventories recognised as an expense during the year

45 207	45 284
28 105	10 132

5. Receivables from exchange transactions

Trade debtors

Prepayments

Operating lease receivables

SARS for PAYE and UIF

Non-current assets

Current assets

45 057	117 863
1 891 667	1 723 719
-	168 007
-	5 045
1 936 724	2 014 634
257 399	322 054
1 679 325	1 692 580
1 936 724	2 014 634

6. Statutory receivables from exchange transactions - LPM monitoring fees

LPM monitoring fees accrued but not yet received

17 701 669	16 934 494
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How the transaction arises

Section 27 (1) of the NGA requires the NGB to establish and maintain a national central electronic monitoring system capable of (a) detecting and monitoring significant events associated with any limited pay-out machine that is made available for play in the Republic; and (b) analysing and reporting that data in accordance with the prescribed requirements. The NGB may contract with any person to supply any or all of the products or services required to fulfil its obligations in terms of subsection (1).

Subsection (4) prescribes that every limited pay-out machine that is made available for play must be electronically linked to the national central electronic monitoring system, and the licensee of that machine must pay the prescribed monitoring fees in relation to that machine.

How the transaction amount is determined

In terms of schedule 2 of the National Gambling Regulations, monitoring fees are calculated as a percentage of gross gambling revenue at 6%, 5.21%, 4.42%, 3.87% and 3.24% respectively for installed limited pay-out machines up to 15,000, 25,000, 35,000, 42,000 and more than 42,000 respectively. For the current year, all monitoring fees were based on 6% of the gross gambling revenue as the installed machines had not reached 15,000.

Notes to the Annual Financial Statements (continued)

	2022	2021 Restated*
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Interest charged including the basis and rate

The interest rate charged on statutory receivables which are overdue is the prescribed rate of interest in terms of the Prescribed Rate of Interest Act, 1975 (Act 55 of 1975) determined by the Minister of Justice and Correctional Services published in the Government Gazette from time to time. The interest rate charged during the year was 7% per annum.

The basis used to assess and test whether the statutory receivable is impaired

Individual debtors were assessed individually for indicators of impairment. A collective assessment of the amounts which are past due was made by categorising the outstanding amounts into the following two categories:

30 days to 150 days:	no provision
180 days and above:	90 percent

Discount rate applied to the estimated future cash flows

No discount rate was applied to the estimated future cash flows as the amounts which are past due are considered insignificant in relation to the overall statutory receivables balance.

The main events and circumstances that led to recognition of the impairment loss:

Key indicators and assumptions used to assess and calculate whether the statutory receivables were impaired during the reporting period:

Indicators of impairment loss include, but are not limited to:

- Significant financial difficulties suffered by the debtor;
- The probability of the debtor entering into sequestration, liquidation or other financial re-organisation;
- A breach of the terms of the transactions such as default on payment of the principal amount or interest charged; and
- Adverse changes in international, national or local economic conditions.

Ageing of amounts past due but not impaired is as follows:

Current	10 289 174	14 382 547
30 days past due	974 415	-
60 days past due	-	-
90 days past due	2 998 890	-
120 days past due	-	884 755
150 days past due	3 439 190	1 667 192
	17 701 669	16 934 494

Analysis of statutory receivables past due that have been impaired:

As of 31 March 2022, statutory receivables from exchange transaction of R311,126 were impaired. The impact on the entity's statutory receivables is presented below:

The ageing of amounts past due and impaired is as follows:

Opening balance	18 012 795	16 934 494
Less: Amount impaired	-	-
30 days past due	-	-

Notes to the Annual Financial Statements (continued)

	2022	2021 Restated*
60 days past due	-	-
90 days past due	-	-
120 days past due	-	-
180 days past due	(311 126)	-
	17 701 669	16 934 494

Factors considered in assessing impairment losses:

When the statutory receivables were considered holistically, it was determined that the recoverability of amounts which are 180 days past due is uncertain. Specific circumstances relating to one site operator whose balance was impaired were also considered. It was noted that during a significant part of the year, the site operator had not generated revenue for at least five months during the financial period. Payment arrangements entered into between the site operator and the NCMS operator were not adhered to. The NCMS operator initiated a court process aimed at recovering the full amount owed by the site operator, the outcome of which cannot be predetermined, giving rise to the uncertainty about the collectability of the amount receivable.

7. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	4 003 355	(3 099 106)	904 249	4 010 512	(2 672 158)	1 338 354
Motor vehicles	1 113 177	(803 222)	309 955	1 113 177	(685 173)	428 004
IT equipment	2 703 299	(1 754 899)	948 400	2 559 878	(1 788 990)	770 888
Leasehold improvements	11 692 532	(10 852 597)	839 935	11 692 532	(9 417 738)	2 274 794
Total	19 512 363	(16 509 824)	3 002 539	19 376 099	(14 564 059)	4 812 040

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	1 338 354	-	(434 105)	904 249
Motor vehicles	428 004	-	(118 049)	309 955
IT equipment	770 888	682 929	(505 417)	948 400
Leasehold improvements	2 274 794	-	(1 434 859)	839 935
	4 812 040	682 929	(2 492 430)	3 002 539

Notes to the Annual Financial Statements (continued)

	2022	2021 Restated*
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Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1 448 436	304 190	(401)	(413 871)	1 338 354
Motor vehicles	602 640	-	-	(174 636)	428 004
IT equipment	997 900	240 358	-	(467 370)	770 888
Leasehold improvements	3 001 642	632 736	-	(1 359 584)	2 274 794
Total	6 050 618	1 177 284	(401)	(2 415 461)	4 812 040

Pledged as security

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

8. Intangible assets

	2022			2021		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software, internally generated	5 070 009	(1 756 593)	3 313 416	5 228 912	(1 449 648)	3 779 264
Computer software, other	1 879 640	(1 323 116)	556 524	1 547 529	(1 007 032)	540 497
Total	6 949 649	(3 079 709)	3 869 940	6 776 441	(2 456 680)	4 319 761

Reconciliation of intangible assets - 2022

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	3 779 264	-	(465 848)	3 313 416
Computer software, other	540 497	332 113	(316 086)	556 524
Total	4 319 761	332 113	(781 934)	3 869 940

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	4 196 687	124 200	(541 623)	3 779 264
Computer software, other	440 558	336 039	(236 100)	540 497
Total	4 637 245	460 239	(777 723)	4 319 761

Pledged as security

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

Notes to the Annual Financial Statements (continued)

	2022	2021 Restated*
9. Payables from exchange transactions		
Trade payables	1 544 710	1 543 269
Deferred rent and accommodation	1 673 866	2 472 447
Unidentified confiscated gambling winnings	4 861 391	4 871 009
SARS for PAYE and UIF	5 705	-
Confiscated winnings from identified punters	576 753	630 057
	8 662 425	9 516 782

Unidentified confiscated gambling winnings refer to money confiscated from suspected illegal gamblers whose identity has not been established by the NGB. Confiscated winnings from identified punters, on the other hand, refer to moneys confiscated from suspected illegal gamblers whose identity has been established through the completion of a NGB 2 form which contains

details of such punter from whom such winnings have been confiscated. For all winnings confiscated, banks and gambling establishments are required to complete the NGB 2 form and send it to the NGB to enable the NGB to approach the courts to confirm that such winnings are indeed illegal winnings so they can be forfeited to the state. If the confiscated winnings are declared by the courts not to be illegal winnings or if the unlawful winnings committee deems the amount not to be illegal gambling winnings, such winnings are refunded to the punter.

10. NCEMS service fees payables

NCEMS service fees incurred but not yet paid	25 532 153	14 253 678
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NCEMS service fees are recognised as current liabilities when they accrue to the NCEMS operator.

11. Provisions

Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for leave	1 759 314	3 199 382	(3 552 854)	-	1 405 842
Provision for performance bonuses	2 466 920	2 483 051	(1 672 337)	(794 583)	2 483 051
	4 226 234	5 682 433	(5 225 191)	(794 583)	3 888 893

Reconciliation of provisions - 2021

	Opening Balance	Additions	Utilised during the year	Total
Provision for leave	1 407 870	351 444	-	1 759 314
Provision for Compensation Commissioner	197 485	-	(197 485)	-
Provision for performance bonuses	2 565 968	-	(99 048)	2 466 920
	4 171 323	351 444	(296 533)	4 226 234

Notes to the Annual Financial Statements (continued)

	2022	2021 Restated*
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Provision for performance bonuses

The provision for performance bonuses is based on a maximum limit of 10% of the total annual salary package for each employee. It is anticipated that bonuses will be paid within the next twelve months.

The amount to be paid for bonuses is uncertain as it is linked to the achievement of pre-determined key deliverables, the achievement of which is measured as a percentage of the total key performance areas. The exact amount of future cash outflows related to bonuses can only be determined once performance has been measured.

Provision for leave pay

Provision for leave pay is calculated at current salary rate multiplied by the number of available leave credits. The leave credits are expected to become payable when an employee ceases to become an employee of the NGB.

It is not known how many or when employees will leave the employ of the NGB, giving rise to uncertainty about the amount and timing of the expected outflows relating to the leave pay provision.

12. Limited payout machines (LPM) monitoring fees

LPM monitoring fees charged	221 048 859	146 064 184
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In exchange for monitoring LPM activities, the NGB charges a monitoring fee, which is collected from LPM operators by the NCMS operator on behalf of the NGB. The NGB pays the NCMS operator a fee for the services rendered.

13. Other income

Rental income-related party	379 670	2 224 468
Miscellaneous income	20 741	13 025
	400 411	2 237 493

Future minimum lease payment under non-cancellable operating lease for officebuilding:

Within 1 year	-	389 572
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The NGB leased a building to **the dtic** under a sub-letting arrangement for a period of 8 years and four months, effective from 01 December 2012. Monthly rental payments of R194,786 (including VAT) were payable to the NGB, with an annual escalation clause of 6.5%. No contingent rent was payable. The lease agreement was terminated by **the dtic** on 31 May 2021.

14. Employee related costs

Basic	26 068 060	25 554 106
UIF	65 706	57 833
Leave pay provision charge	(166 231)	328 476
Employee benefits	736 193	734 795
13th Cheques	1 922 394	1 945 705

Notes to the Annual Financial Statements (continued)

	2022	2021 Restated*
Housing benefits and allowances	1 721 550	1 700 000
Other salary related	114 352	78 078
	30 462 024	30 398 993

15. Executive managers' remuneration

2022

	Emoluments	Allowance	Provident fund	13th Cheque	Other benefits	Total
Chief Financial Officer: Ms K Mackerduth	1 449 838	46 200	193 477	136 943	50 280	1 876 738
Chief Strategic Adviser: Ms C Kongwa	1 891 423	49 800	252 405	178 652	65 012	2 437 292
Chief Operations Officer: Ms P Kweyama (Termination date: 16 September 2021)	2 571 224	19 250	73 910	-	19 274	2 683 658
	5 912 485	115 250	519 792	315 595	134 566	6 997 688

Over and above the remuneration disclosed above the Chief Financial Officer: Ms. K. Mackerduth received a performance bonus of R155,030 during the year ended 31 March 2022. While the expenditure was provided for in the previous financial period, the payment was made during the current period.

Over and above the remuneration disclosed above the Chief Strategic Adviser: Ms. C. Kongwa received a performance bonus of R202,248 during the year ended 31 March 2022. While the expenditure was provided for in the previous financial period, the payment was made during the current period.

Other benefits comprise payments for provident fund administration, disability insurance, group life assurance and funeral insurance and UIF contributions.

2021

	Emoluments	Allowance	Provident fund	13th Cheque	Other benefits	Total
Chief Financial Officer: Ms K Mackerduth	1 364 262	39 600	186 036	129 191	48 420	1 767 508
Chief Strategic Adviser: Ms C Kongwa	1 779 782	39 600	242 698	168 540	62 585	2 293 205
Chief Operations Officer: Ms P Kweyama	1 285 398	39 600	175 282	112 325	45 731	1 658 336
Chief Compliance Officer: Mr M Menye (Termination date: 14 July 2020)	1 821 629	9 900	43 820	-	11 433	1 886 782
	6 251 071	128 700	647 836	410 056	168 169	7 605 831

Notes to the Annual Financial Statements (continued)

	2022	2021 Restated*
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Over and above the remuneration disclosed above the Chief Financial Officer: Ms. K. Mackerduth received a performance bonus of R146,254 during the year ended 31 March 2021. While the expenditure was provided for in the previous financial period, the payment was made during the current period.

Over and above the remuneration disclosed above the Chief Strategic Adviser: Ms. C. Kongwa received a performance bonus of R190,800 during the year ended 31 March 2021. While the expenditure was provided for in the previous financial period, the payment was made during the current period.

Over and above the remuneration disclosed above the Chief Operations officer : Ms. P. Kweyama received a performance bonus of R101,053 during the year ended 31 March 2021. While the expenditure was provided for in the previous financial period, the payment was made during the current period.

Other benefits comprise payments for provident fund administration, disability insurance, group life assurance and funeral insurance and UIF contributions.

2022

	Member's fees	Total
Ms GA Deiner (Audit Committee Chairperson)	56 121	56 121
Mr Z Le Guma (Audit Committee member and Risk Management Committee Chairperson)	27 744	27 744
Termination date: 04 October 2021)		
Adv L Thubakgale (Audit Committee member and Risk Management Committee Chairperson Appointed date: 01 September 2021)	34 680	34 680
Dr Denisha Jairam-Owthar (Audit Committee member Appointed date: 01 September 2021, Termination date: December 2021)	7 857	7 857
Mr B Furstenburg (Audit Committee member Appointed date 01 September 2021)	7 857	7 857
	134 259	134 259

2021

	Member 's fees	Total
Ms. GA Deiner (Audit Committee member)	23 571	23 571
Mr Z Le Guma (Audit Committee member and Risk Management Committee Chairperson)	58 107	58 107
Dr C Sanangura (Audit Committee Chairperson)	38 853	38 853
Ms N Hedder (Audit Committee member)	23 571	23 571
	144 102	144 102

16. Operating lease expense

Current year

Premises	5 902 072	7 376 034
Photocopiers	103 768	179 596
	6 005 840	7 555 630

Notes to the Annual Financial Statements (continued)

	2022	2021 Restated*
Future minimum lease payments under non-cancellable operating leases for premises		
Within 1 year	5 083 240	8 575 570
2 to 5 years	-	5 083 240
	5 083 240	13 658 810

The National Gambling Board leases a building from M&T Development (Pty) Ltd for a period of nine years and eleven months, effective from 01 December 2012. As at 31 March 2022, monthly rental payments of R726,177 (including VAT) are payable, with an annual escalation clause of 10% per annum. The lease is renewable for an optional period of a further nine years and eleven months. The entity was also contracted to Motseng Properties for a period of 15 years, effective from 1 June 2006. The lease payments amounted to R194,786 (including VAT) per month, with an annual escalation clause of 6.5%. No contingent rent was payable. The NGB has an option to renew the lease agreement for a period which is on the same terms and conditions as those contained in the current agreement. The lease agreement was not renewed upon termination on 31 May 2021.

Future minimum lease payments under non-cancellable operating leases for photocopiers		
Within 1 year	-	103 767

The NGB contracted with Konica Minolta to rent six (6) photocopiers over a 36 month period. Monthly rentals of R8,647 are payable with no escalation clauses. No contingent rent was payable and the lease contracts were not renewable at the end of the lease which expired on 31 May 2021.

17. NCEMS service fees

Service fees paid to the NCEMS operator	182 481 712	121 719 704
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18. General expenses

Professional and consulting fees

Legal fees	1 231 712	2 119 804
Research	-	905 901
Internal audit	825 003	375 505
Other consulting fees	567 546	676 400
	2 624 261	4 077 610

Travel and subsistence

Travel - local	27 482	-
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Other operating expenses

Recruitment costs	249 089	37 872
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Notes to the Annual Financial Statements (continued)

	2022	2021 Restated*
Advertising	76 549	130 070
Training	283 637	8 039
Temporary staff cost	12 448	-
Internet costs	1 031 722	1 716 892
Telephone and fax	5 751	1 208
Printing	188 619	429 649
Bank charges	24 736	35 395
Car license	1 788	1 788
Cleaning	52 975	21 794
Conferences	43 799	-
Copying costs	22 009	23 389
Postage and courier services	4 740	2 165
Fuel and oil	25 723	11 052
Subscriptions and membership fees	485 394	667 408
Electricity	406 027	393 531
Software expenses	478 508	436 546
Stationery	28 105	27 662
General maintenance	721 259	46 077
Small office equipment	-	1 699
Insurance	130 279	167 568
Refreshments	66 387	1 888
Storage	20 579	26 318
Security costs	386 181	309 643
Loss on disposal of assets	-	401
Foreign exchange losses	9 188	8 987
Impairment loss	311 127	-
	5 066 619	4 507 041
Repairs and Maintenance		
Property, plant and equipment	81 587	19 420
Auditors Remuneration		
External audit fees	839 317	861 509
	920 904	880 929
	8 639 266	9 465 580

19. Cash generated from operations

Surplus	21 903 232	1 560 849
Adjustments for:		
Depreciation and amortisation	3 274 364	3 193 185
Profit and loss on disposal of non-current assets	-	401
Movements in provisions	(337 341)	54 911
Changes in working capital:		
Inventories	77	10 133
Receivables from exchange transactions	(689 266)	(2 938 390)

Notes to the Annual Financial Statements (continued)

	2022	2021 Restated*
Payables from exchange transactions	6 789 870	(588 369)
	30 940 936	1 292 720

20. Commitments

Authorised capital expenditure

Already contracted for but not provided for

- Property, plant and equipment
- Intangible assets

176 602	-
-	173 880
176 602	173 880

Total capital commitments

Already contracted for but not provided for

Authorised operational expenditure

Already contracted for but not provided for

- Legal services
- Consulting services
- Recruitment services
- Printing of corporate documents
- Internet and telephone services
- Web hosting
- Employee wellness services
- Media monitoring services
- Internal audit services
- Armed response services
- Security services
- Transcription services
- Off-storage services
- Vetting of recruits
- BEE verification
- Cleaning services
- Office maintenance
- Office furniture relocation
- External audit service
- Insurance services
- ICT support services
- Research services

176 602	173 880
153 716	1 385 427
414 750	-
133 104	122 535
-	134 340
320 405	1 362 890
431 379	1 131 969
80 637	163 086
-	75 141
1 241 118	564 942
21 781	2 689
245 123	323 111
63 081	63 081
304 673	325 252
14 286	39 441
86 573	168 246
12 420	37 260
269 535	33 530
-	3 900
2 408 584	-
82 734	-
1 137 100	-
4 444 969	-
11 865 968	5 936 840

Total operational commitments

Already contracted for but not provided for

Total commitments

11 865 968	5 936 840
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Notes to the Annual Financial Statements (continued)

	2022	2021 Restated*
Total commitments		
Authorised capital expenditure	176 602	173 880
Authorised operational expenditure	11 865 968	5 936 840
	12 042 570	6 110 720

The committed operational and capital expenditure will be financed from retained cash surpluses.

21. Related parties

Relationships

Companies and Intellectual Property Commission (CIPC)	Schedule 3A public entity under common control
Companies Tribunal (CT)	Schedule 3A public entity under common control
National Credit Regulator (NCR)	Schedule 3A public entity under common control
National Consumer Tribunal (NCT)	Schedule 3A public entity under common control
National Consumer Commission (NCC)	Schedule 3A public entity under common control
South African National Accreditation System (SANAS)	Schedule 3A public entity under common control
National Metrology Institute of South Africa (NMISA)	Schedule 3A public entity under common control
The Department of Trade, Industry and Competition (the dtic)	Schedule 3A public entity under common control
National Regulator for Compulsory Specification (NRCS)	Schedule 3A public entity under common control
National Empowerment Fund (NEF)	Schedule 3A public entity under common control
National Lottery Commission (NLC)	Schedule 3A public entity under common control
Export Credit Insurance Corporation (ECIC)	Schedule 3A public entity under common control
South African Bureau of Standards (SABS)	Schedule 3A public entity under common control

Related party balances

Rental receivable from related parties

Rental for a building leased to the dtic	3 140	105 298
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Related party transactions

Rental received from related parties

the dtic	561 881	3 708 525
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The NGB is a signatory to a lease contract with Motseng Properties for office premises located on **the dtic** Campus. The NGB has sub-let the office premises to **the dtic** which re-imburses the NGB for the rental paid.

Notes to the Annual Financial Statements (continued)

	2022	2021 Restated*
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22. Agent / Principal Arrangement

The NGB is required to establish a NCEMS capable of monitoring significant events relating to LPMs. To this end, the NGB appointed an NCEMS operator to establish and maintain a NCEMS. The NCEMS operator performs this function by connecting to each LPM throughout the country through the internet. LPM's are gambling machines found in pubs, clubs and taverns which resemble gambling machines in casinos except that they have a restricted prize as described in section 26 of the NGA. In exchange for monitoring LPM activities, the NGB charges a monitoring fee, which is collected from LPM operators by the NCEMS operator on behalf of the NGB. The NGB pays the NCEMS operator a fee for the services rendered. All resources required to establish and operate the NCEMS are provided by the NCEMS operator.

The NGB is the principal in the arrangement. Management has exercised reasonable care and judgement in discharging its responsibilities in ensuring that the prescripts of the applicable standards of GRAP apply to this arrangement.

The NGB has entered into a contract with the NCEMS operator for the supply, installation, commissioning, operation, management and maintenance of the NCEMS for LPMs in the Republic of South Africa and collection of related monitoring fees on behalf of the NGB for eight (8) years. The contract stipulates terms and conditions of services. Any subsequent changes will be agreed and documented by both parties in the form of an addendum to the existing agreement. No changes occurred during the course of the financial year that warranted an addendum to the contract.

The agent-principal arrangement exists for purpose of rendering a monitoring service to the LPM industry (3rd party). Risks in relation to failure to monitor the industry has been passed on to the NCEMS operator in the form of a performance guarantee. The NCEMS operator has furnished the NGB with an irrevocable performance guarantee in the amount of R6,000,000.00 (Six Million Rand), issued by a financial service provider approved by the NGB.

In the event the contract is terminated, the NGB will undertake a procurement process to appoint a new NCEMS operator.

23. Prior period errors

Travelling

Payments relating to expenditure incurred by utilizing the services of a travel agent was excluded from accruals, (the extent to which is stated below) which were raised in the previous financial year.

The correction of the error results in adjustments as follows:

	As previously reported	Correction of error	Restated
2021 Statement of financial position			
Payables from exchange transactions	9 369 726	147 056	9 516 782

The impact at the beginning of the prior period presented was a reduction of retained earnings by R147 056.

The impact of a prior year error on the risk management note (Note 25) was a restatement of "Trade and other payables" and "Other financial liabilities" from R15,649,872 to R15,796,927 for the 2021 financial period.

Notes to the Annual Financial Statements (continued)

	2022	2021 Restated*
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24. Changes in Accounting Estimate Property, plant and equipment

The remaining useful lives of all assets were assessed during the year. A change in accounting estimate was made in relation to Computer Equipment and Computer Software. The effect of the change in accounting estimate on the current year's results was an increase in the current year's surplus by R168,201. The effect of the change in accounting estimate on future financial periods will be a decrease in net surplus of R132,569. R20,348 and R15,284 for the 2022/23, 2023/24 and 2024/25 respectively.

25. Risk management Liquidity risk

Liquidity risk is the risk that the organisation may not be able to meet its financial obligations as they fall due. This risk is regarded as low considering the entity's current funding structures and management of available cash resources. The NGB monitors its cash flow requirements which include its ability to meet financial obligations. The NGB also analyses its financial liabilities based on the remaining period to contractual maturity. Liabilities fall due after 30 days.

Other financial liabilities	25 351 192	15 796 927
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The table below illustrates the NGB's Maturity Analysis for non-derivative financial liabilities:

Trade and Other Payables		
Less than 1 year	25 351 192	15 796 927
Between 1 year and 2 years	-	-
Between 2 years and 5 years	-	-
Over 5 years	-	-
	25 351 192	15 796 927

The NGB manages liquidity risk through an on-going review of future commitments. Annual cash flow forecasts are prepared and monitored. The entity receives an annual grant and is, therefore, not exposed to liquidity risk

Sensitivity Analysis

A change in the market interest rate at the reporting date would have increased/(decreased) the surplus for the year by amounts below:

Cash and Cash Equivalent-increase by 1%	-	-	798 745	498 500
Cash and Cash Equivalent-decrease by 1%	-	-	(798 745)	(498 500)

Credit risk and Market risk

Credit risk arises mainly from receivables and cash and cash equivalents. The NGB's exposure to credit risk arises because of default of counterparties with the maximum exposure equal to the carrying amount of these instruments. Market risk refers to the risk that the value of an investment will decrease due to moves in market factors. These risks are mitigated as follows:

Notes to the Annual Financial Statements (continued)

	2022	2021 Restated*
a) Cash and Cash equivalents are placed with high credit quality financial institutions thus rendering the credit risk with regard to cash and cash equivalents limited.		
b) Transactions are entered into with reputable institutions approved by National Treasury.		
c) With regard to accounts receivables credit risk is limited by the fact that the organisation does not issue loans to staff or raise debtors in its day to day operations.		
d) Funds are invested in short term facilities which are highly liquid.		
e) The entity does not offer credit facilities either to employees or any other person except where a debtor may be raised due to advance on travel and subsistence.		

Exposure to Credit Risk

Maximum exposure to credit and market risk at the reporting date from financial assets was:

Cash and cash equivalent	79 874 572	49 850 100
Other receivables	3 140	105 298
	79 877 712	49 955 398

Concentration of credit risk

The maximum exposure to credit risk for financial assets at the reporting date by credit rating category was as follows:

Cash and Cash equivalents (excluding petty cash)	79 874 497	49 850 025
Other receivables	3 140	105 298
	79 877 637	49 955 323

Financial Instrument

The following table shows the classification on the entity's financial instruments together with their carrying values:

Cash and cash equivalents (excluding petty cash)	79 874 497	49 850 025
Receivables	3 140	105 298
Other financial liabilities	(25 351 192)	(15 796 928)
	54 526 445	34 158 395

Interest rate risk

The organisation is exposed to interest rate risk in respect of returns on investments with financial institutions. During the year under review the entity held no finance lease contracts.

Interest rate risk is a risk that adverse changes in interest rates will negatively impact on the net income of the organisation. This exposure to interest rate risk is mitigated by investing on short term basis in fixed deposits. The other factor is that the NGB does not hold significant finance leases with fluctuating interest rates.

Notes to the Annual Financial Statements (continued)

	2022	2021 Restated*
Age Analysis of Financial Assets that are past due but not impaired		
Trade receivables		
1 to 30 days past due	-	-
31 to 90 days past due	-	-
91 to 120 past due	-	-
More than 120 days past due	3 140	105 298
	3 140	105 298

26. Unauthorised expenditure

There was no unauthorised expenditure during the year.

27. Fruitless and wasteful expenditure

There was no fruitless and wasteful expenditure during the year.

28. Irregular expenditure

There was no irregular expenditure during the year.

29. Going concern

We draw attention to the fact that at 31 March 2022, the entity had a surplus of approximately R22 million and that the NGB's total assets exceeded its liabilities by approximately R69,1 million. The NGB is substantially dependent on the government for continued funding of its operations. The entity's five year strategy, the annual performance plan and budget were approved by the Minister of Trade, Industry and Competition, which is indicative of a commitment to fund the NGB's operations for the next medium term expenditure framework (MTEF) period. The NGB's ability to continue as a going concern and meet its financial obligations remains intact, and is further strengthened by the additional revenue of R221,0 million earned from the NCMS during the year under review, arising out of an eight (8) year contract with the NCMS operator.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Measures put in place by government to contain the spread of the corona virus resulted in the partial closure of the LPM industry during the course of the financial year, which was brought about by the national lockdown. The ability of the NGB to continue operating as a going concern was to a large extent dependent on the LPM industry returning to operations as the lockdown regulations were relaxed. While the lockdown did negatively affect the entity's revenue from the LPM industry, the impact was insignificant to affect the entity's ability to continue as a going concern. Management has considered the impact of COVID-19 on all NGB's assets as at the end of the financial year for possible impairment.

Notes to the Annual Financial Statements (continued)

	2022	2021 Restated*
30. Contingent liabilities		
National Treasury- Cash surplus	50 855 197	34 516 816
Former employee vs the NGB	-	982 739
Former service provider vs the NGB	-	78 026
VAT penalties and interest	-	7 004
	50 855 197	35 584 585

National Treasury - A contingent liability exists as a result of a cash surplus reported in the current year, 2021/22, which must be surrendered to the National Treasury, unless permission is granted to retain it. The cash surplus has been calculated using a formula prescribed by the National Treasury, through the National Treasury Instruction Note 12 of 2020/2021, as follows: Cash and cash equivalents at the end of the year, plus receivables, less current liabilities, less commitments. It is important to note that the NGB was granted approval by the National Treasury for the retention of funds in the 2020/21 financial year in anticipation of the NGB spending such funds in the future year. However, the NGB has to comply with National Treasury's Instruction Note 12 of 2020/2021 and re-submit its application to retain funds once again.

31. Explanation of variances

Variances which are equal to or more than R60,000 are explained below. Variances which are below R60,000 are considered immaterial and, therefore, not explained.

Limited payout machines (LPM) monitoring fees / NCEMS service fees

The positive variance on the LPM monitoring fees was due to the performance of the LPM industry which surpassed expectations.

Interest received

The negative variance on interest received was due to the fact that less cash was available to invest after the payment of the NCEMS operator.

Rental Income

The positive variance on other income was due to receipt of rental income from the dtic for April 2021 and May 2021 which was included in the budget.

Personnel costs

The positive variance on the personnel budget was as a result of vacant positions during the year.

Executive managers' remuneration

The positive variance on executive managers' remuneration was due to resignation of one executive manager during the year. In addition there was an existing position for the CCO position.

Operating leases

The positive variance on operating leases was due to savings on variable operating costs for office accommodation as a result of remote working.

Notes to the Annual Financial Statements (continued)

	2022	2021 Restated*
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NCEMS service fees

Payment made to the NCEMS operator are based on the percentage of revenue that is derived from the LPM monitoring fee. The NGB collected more LPM monitoring fees and consequently paid a greater amount to the NCEMS operator than the amount anticipated during budgeting.

General expenses

The positive variance on general expenses was due to savings on sundry items such as office refreshments, vehicle maintenance and building maintenance.

Property, plant & equipment (PPE)

The positive variance on PPE was due to savings on the cost of computer equipment.

Intangible assets

The positive variance on intangible assets was due to savings on the cost of computer software.

32. Events after the reporting date

There is no subsequent event that has occurred after the reporting period that will materially impact the NGB.

33. Broad-Based Black Economic Empowerment (B-BBEE) Performance

In terms of section 13G(1) all spheres of government, public entities and organs of state must report on their compliance with the broad-based black economic empowerment in their audited annual financial statements and annual reports. During the financial period ended 31 March 2022, the NGB was measured for Broad-Based Black Economic Empowerment (B-BBEE) compliance in accordance with the **dtic** Codes of Good Practice, Gazette Number 38766 and 36928. The applicable scorecard used to determine the NGB's compliance with the B-BBEE Act, 2013 (Act 46 of 2013) was the Codes of Good Practice – Specialised Generic (Revised codes). The NGB was found to be a non-compliant contributor to the B-BBEE Act, 2013. The B-BBEE certificate is valid until 11 May 2023. The entity is committed to implementing measures to improve its compliance with the B-BBEE Act, 2013.

NOTES:

[illegible]

NOTES:

[illegible]

NOTES:

[illegible]



**PROBLEM GAMBLING IS TREATABLE
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