



ANNUAL REPORT

2021/22

THE BEST, MOST EFFICIENT AND
EMPOWERING **GAMING REGULATOR**



BET



★ LIVE ★

GROUP A

90 MINUTES ▾

★ LIVE AT ★	TIME	TEAM	SCORE	CASH IN
★ LIVE AT ★	8:00 UK	TEAM G -V- TEAM B	45 / 1	▲
★ LIVE AT ★	8:30 UK	TEAM M -V- TEAM C	5 / 3	▲
★ LIVE AT ★	10:00 UK	TEAM P -V- TEAM A	11 / 4	▲
27/01	9:00 UK	TEAM O -V- TEAM B	8 / 2	▲
27/01	12:40 UK	TEAM G -V- TEAM B	2 / 11	▼
28/01	14:00 UK	TEAM M -V- TEAM C	7 / 3	▲
28/01	14:00 UK	TEAM P -V- TEAM A	45 / 1	▲
28/01	17:20 UK	TEAM G -V- TEAM B	5 / 3	▲
29/01	8:00 UK	TEAM M -V- TEAM C	9 / 1	▲
29/01	8:30 UK	TEAM P -V- TEAM A	11 / 4	▲
29/01	11:00 UK	TEAM O -V- TEAM B	8 / 2	▲



GRU

90 MINUTES ▾

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WE COMMIT TO PROMOTING A SOCIALLY RESPONSIBLE INDUSTRY THROUGH
**REGULATION, LICENSING AND
LAW ENFORCEMENT.**





PART A

GENERAL INFORMATION

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1.1 PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME OF THE PUBLIC ENTITY

Eastern Cape Gambling Board ¹

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

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

1.2 LIST OF ABBREVIATIONS & ACRONYMS

AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
CATHSETA	Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSI	Corporate Social Investment
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism
DPSA	Department of Public Service and Administration
ECD	Early Childhood Development
ECGB	Eastern Cape Gambling Board
EME	Exempted Medium Enterprises
EMR	Essential Minimum Requirements
FICA	Financial Intelligence Centre Act
GGR	Gross Gaming Revenue
GRAP	Generally Recognised Accounting Practice
HR	Human Resources
HRM	Human Resource Management
ISO	Independent Site Operator
IT	Information Technology
ICT	Information and Communications Technology
LPMs	Limited Payout Machines
MEC	Member of the Executive Council
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
RFP	Request for Proposal
RO	Route Operator
SCM	Supply Chain Management
SITE A	3 to 5 Machines Site
SITE B	20 to 40 Machines Site
SITE C	6 to 15 Machines Site
SITE D	21 to 40 Machines Site
SLA	Service Level Agreement

1.3 STRATEGIC OVERVIEW

VISION

The best, most efficient and empowering gaming regulator.

MISSION

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

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

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

VALUES

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

1.4 LEGISLATIVE MANDATES

SCHEDULE

IN TERMS OF THE PFMA

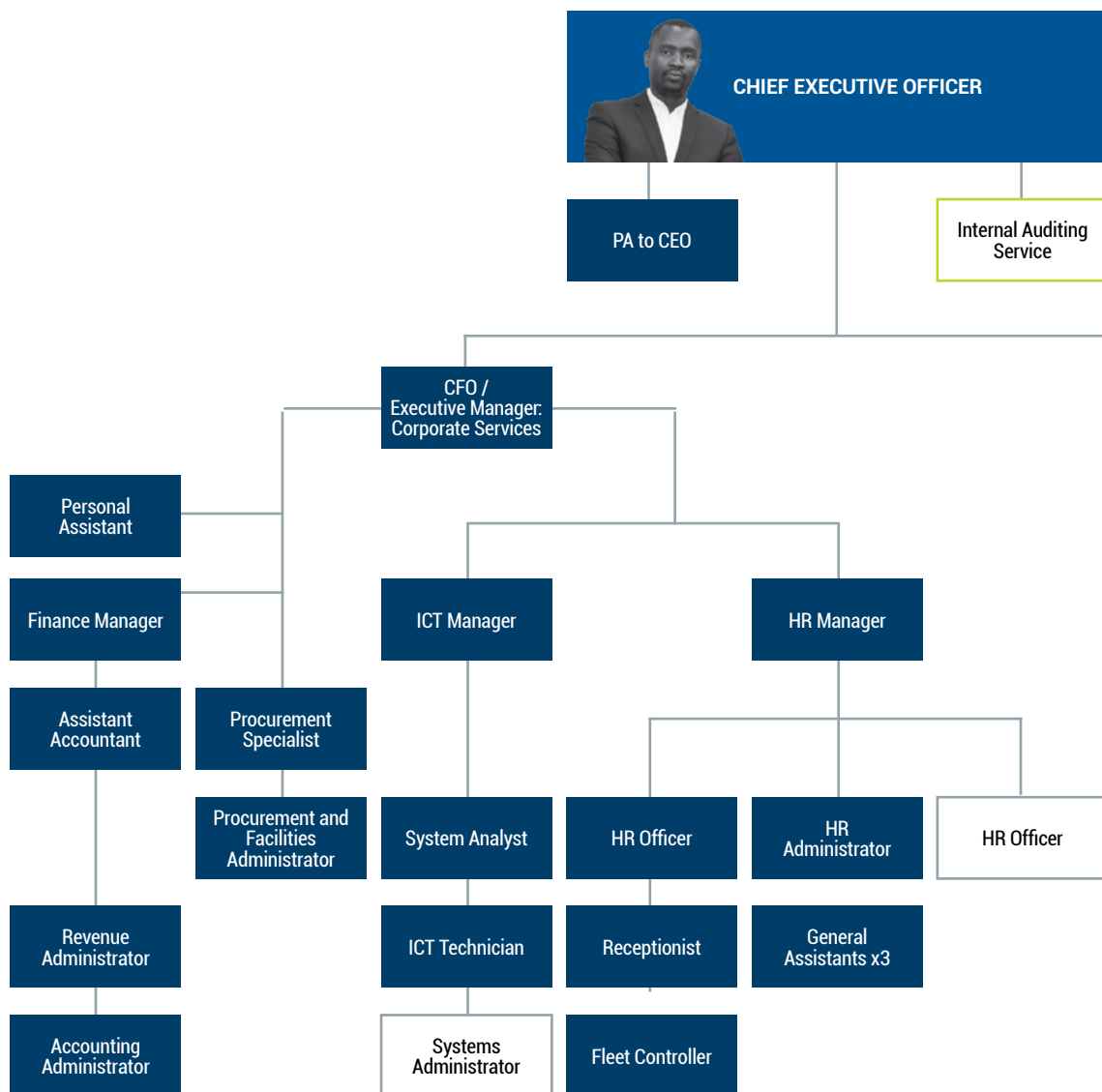
The Eastern Cape Gambling Board falls under Schedule 3, Part C of the Public Finance Management Act, 1999 (as amended).

SPECIFIC CONSTITUTIONAL AND OTHER LEGISLATIVE, FUNCTIONAL AND POLICY MANDATES:

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

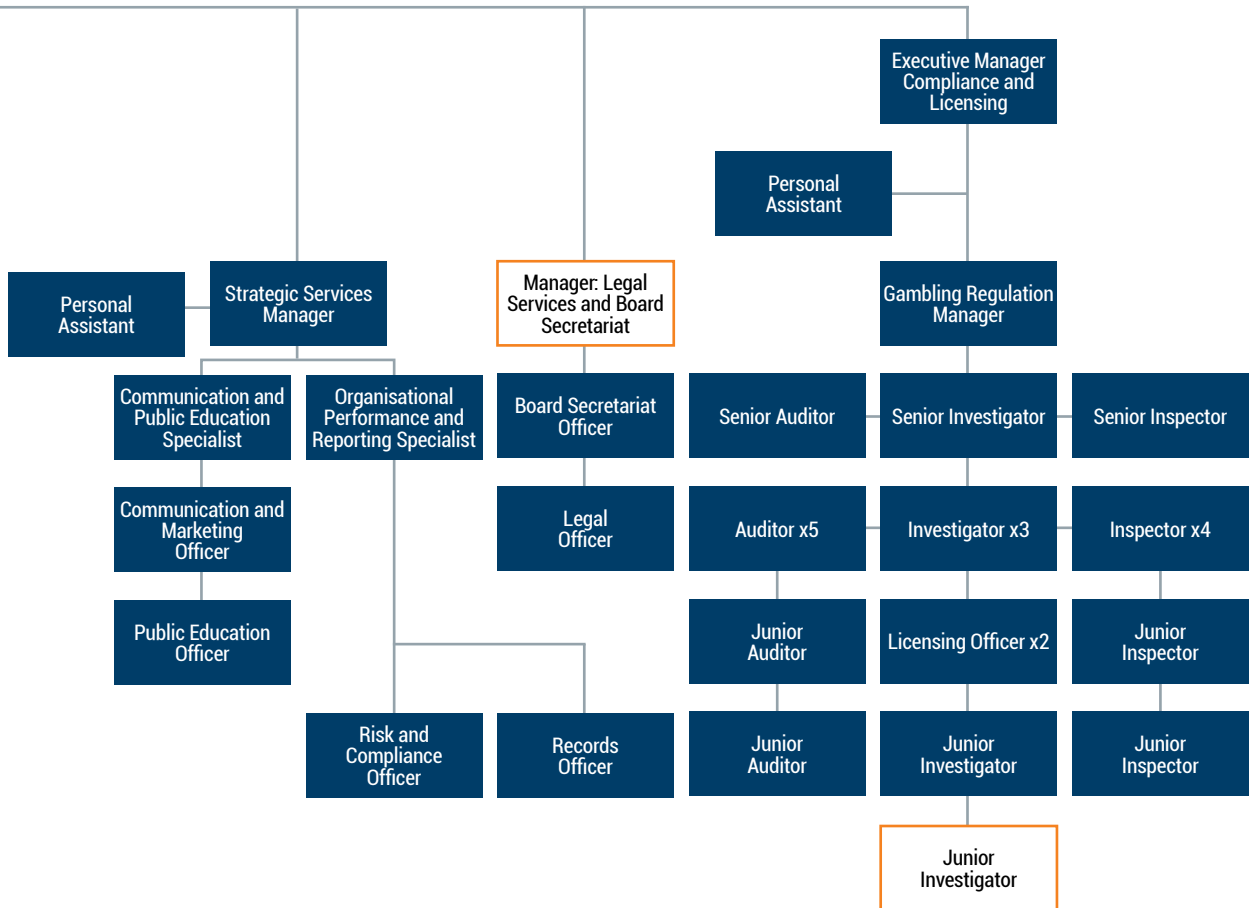
It is the responsibility of the Board to oversee gambling and betting activities in the Province, and advising the MEC for Economic Development, Environmental Affairs and Tourism.

1.4 ORGANISATIONAL STRUCTURE AT 31 MARCH 2022



3* Frozen positions
 56 Filled positions
 2 Vacant positions
 1 Outsourced service

61 Total number of positions / * Includes Executive Manager Corporate Services currently performed by the CFO





1.6 FOREWORD BY THE CHAIRPERSON



THE 2018/19 FINANCIAL YEAR HAS BEEN A PERIOD OF KEY OPERATIONAL ACHIEVEMENTS AS WELL AS SIGNIFICANT ORGANISATIONAL MILESTONES.

I present the 2021/22 Annual Report of the Eastern Cape Gambling Board (ECGB). It provides an overview of the mandate and activities of the Board, its operational focus areas and key achievements during the year under review.

The Board was fully constituted in the year under review. It operated in a challenging and dynamic landscape that demanded a high level of operational efficiency and strategic leadership to fulfil its mandate. That mandate included overseeing and regulating gaming activity, contributing to the fiscus and protecting the public from harmful gambling practices.

The Board is satisfied that the ECGB discharged its duties diligently, effectively and with the appropriate levels of skill and expertise. Furthermore, the Board is confident that the organisation has, in terms of its oversight and fiduciary responsibilities, continued to operate ethically, responsibly and with financial prudence. I am also pleased to report that the Board and its committee members have provided the requisite guidance, strategic governance and oversight during the year under review. This has ensured that the organisation is equipped and supported in delivering on its mandate.

As the operational overview presented in this Annual Report attests, the ECGB has, despite the ongoing challenges of the pandemic and fiscal constraints, recorded substantial achievements. These include the achievement of 90% of the planned key performance targets and a sustained clean audit outcome from the Auditor-General of South Africa (AGSA).

The organisation continues to be an effective contributor to the provincial fiscus through its revenue collection achievements. During the year under review, the ECGB collected over R160.3 million in total revenue. This was a significant increase on the COVID-impacted prior period, during which the entity collected R102.1 million

ECGB COLLECTED OVER

R160.3 M

IN TOTAL REVENUE
during the year under review

The industry's compliance maturity, measured by the innovative compliance barometer, resulted in the entity achieving a compliance Level 4 rating ranging from 90%-100%. In terms of the entity's strategic plan, achieving this rating was anticipated only in 2023/24, indicating a maturing industry in terms of compliance. Furthermore, the Auditor-General has adopted a new audit approach which is welcomed by the Board, especially in view of its relevance and application to the maturity of the ECGB.

The Board is also pleased to report that the ECGB has continued to take seriously its responsibilities in protecting the public from harmful gaming activities during this reporting period. To this end, there was an over-performance against the target set. The ECGB reached 639 662 people with responsible gambling messages.

The Gambling industry is a litigious environment, and the ECGB has an experienced panel of legal representatives that assists it in defending any legal challenges. Significant to report, is that in December 2021, the Supreme Court of Appeal ruled in favour of the Board regarding the roll-out of Independent Site Operator (ISO) licenses. This judgement means that the remaining five (5) ISO licensees that had been awarded but were not yet in operation will be rolled out during 2022/23. This will lead to an increase in employment in the province as well as other economic benefits.

The ECGB contributed to uplifting some of the Eastern Cape's most vulnerable communities through its Corporate Social Investment policy and initiatives. Social and socio-economic upliftment of our people will continue unabated.

Streamlining the ECGB's internal structures and processes so that it is able to maximise its operational efficiencies will remain ongoing into the next financial year.

On behalf of the Board, I wish to express my thanks to the Chief Executive Officer, the leadership team and the entire ECGB organisation for their hard work during the year under review. The ECGB fulfils a number of critically important functions in the Eastern Cape, and the many achievements included in this report would not have been possible without their commitment and dedication.

To the Honourable MEC of the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) and his management team, the ECGB extends its appreciation for their guidance in terms of the duties and responsibilities entrusted to us. To the gambling operators and licensees that we regulate and with whom we interact, I express my deepest gratitude for the space and time you afforded the ECGB Board Members and staff to conduct our business. Together, we will contribute significantly towards ensuring that there is improvement of and continued accountability in the Gambling industry.

Thank you.



Chairperson of the Board

MST. MACKIE

1.7 FOREWORD BY THE CEO



The ECGB takes its responsibility to regulate, protect and oversee the gambling industry and all of its principal stakeholders very seriously.

As empowered by the Eastern Cape Gambling Act, the ECGB provided the following successful regulatory services to the industry during the reporting period:

- A total of R160.3 million in gambling tax revenue was collected from all licensed gambling operators in the province, which was 2.7% above target. As a result of the impact of the COVID-19 pandemic and specifically the hard lockdown of the gambling industry in June/July 2021, this figure represents an effective eleven months of gambling tax revenues.
- Ten (10) sweeps/gambling raids were carried out across all five zones in the province to search for and root out illegal gambling operations. These sweeps, which were conducted in collaboration with the South African Police Service, resulted in:
 - thirty-two (32) illegal gambling establishments being closed down;
 - thirty-one (31) criminal cases opened, with court processes currently underway;
 - sixty-eight (68) illegal gambling machines with an estimated total value of R340 000 confiscated; and
 - one (1) online gambling site closed.
- Forty-eight (48) gambling licences were awarded and issued to suitably qualified applicants. Of these, eight (8) Key Gambling Licences, comprising three (3) bookmaker operations, one (1) casino, two (2) Limited Payout Machines (LPMs) Type B, one (1) racecourse and one (1) totalisator were provided for in the Annual Performance Plan. The rest of the licences are those not within the control of the organisation for planning purposes and are regarded as reporting targets. Key Licences refer to casinos, bookmakers, totalisators, racecourses, and LPM Types B, C and D sites. As a result of the licenses awarded during the year under review, the following economic benefits were realised:
 - A minimum investment spend of R1 834 783 towards infrastructure development and refurbishment, which is a contribution to the revitalisation of small towns and new employment creation for eighty-one (81) people.
 - The gaming industry continues to create sustainable job opportunities, both directly and indirectly through procurement of goods and services within the province. A total of 3 357 sustainable job opportunities were created cumulatively as at 31 March 2022. SMMEs in the province benefitted from R235.3 million in total procurement spend by licensees, which equates to an average of 48% of the total spend of operators going towards local suppliers in the Eastern Cape.
 - The gaming industry in the province is also expected and required by its licence conditions to invest in communities through its own CSI and SED projects as part of building a cohesive social compact with communities and various stakeholders in areas where they operate. By the end of the 2021/22 financial year, the gaming industry had invested in various municipalities in the province a combined amount of R15 417 240 towards CSI/SED initiatives, in line with the CSI framework of the Eastern Cape Gambling Board and further guided by the Anti-Poverty Strategy of the province and the CSI Framework of the Gaming Industry.

- The industry in the province achieved a Level 4 compliance maturity rating (90%-100%), as measured by the compliance barometer. This is an acceptable or compliant level in terms of the compliance barometer maturity levels.
- Sixty-one (61) applications for various gambling licences were investigated and three (3) public hearings on a virtual platform were conducted, to ensure transparency in the process of awarding licences to suitable and qualifying applicants. Public hearings were conducted in respect of LPM applications received, applications for amendment of licence conditions by the various casino and bingo licensees, and various other applications such as those for a bookmaker licence and the transfer of an existing licence.
- A total of 115 compliance and revenue audits were conducted to verify the compliance, validity, completeness and accuracy of gaming revenue reported and compliance by all operators in the province.
- The ECGB conducted 120 inspections to ensure the necessary compliance and adherence to the legislative prescripts of the Eastern Cape Gambling Act by the licensees and/or registrants of licensed operators in the province.
- A total of 651 applications for both temporary and permanent employee registration were processed during the 2021/22 financial year.

The overall performance of the ECGB and its key outputs during the reporting period, particularly relating to services rendered directly to the public and other stakeholders, can be summarised as follows:

- With regard to the achievement of the strategic outcomes and impact, by the end of the planning cycle the organisation had achieved 90% of all planned key performance targets for the year under review.
- A total of seventeen (17) responsible gambling workshops were hosted, which included Houses of Traditional Leaders, Community Police Forum members and Community Police officers as well as sessions with schools in the Taking Risks Wisely School Programme.
- Five (5) gambling economic opportunity awareness sessions were conducted during the licensing process and post licensing, with the intention to inform and educate potential business entrepreneurs about economic opportunities within the provincial gambling sector.
- A survey was commissioned in the zone 4 (OR Tambo District) area with a target to receive feedback from 350 000 people who had heard, read or seen messages about excessive and illegal

gambling during the 2021/22 financial year, and this target was exceeded with a confirmed total of 639 662 people.

- An assessment and evaluation of the ECGB organizational maturity was conducted and an outcome of level 3 was achieved. This level is characterised and defined as structured/defined/full compliance wherein the rating score ranges from 65% - 89.9% to measure organisational maturity of the ECGB against the organisational operational levers.
- The ECGB has a Corporate Social Investment (CSI) Programme that is implemented jointly with social and strategic partners to champion social changes in the most impoverished areas of the province as guided by the Eastern Cape Anti-Poverty Strategy. During the year under review, the ECGB invested in four primary schools that were identified with the assistance of the Department of Education in the province. The investment benefitted 2 727 learners in the mastery of maths, science, and technology outcomes for Grades R-7.

Strengthening of corporate governance and organisational performance was achieved through the following:

- ongoing institutionalisation of enterprise risk management and monitoring and evaluation of the risk register for 2021/22;
- sustaining of clean audit outcomes on both financial information and predetermined objectives;
- facilitation of training and capacity building of ECGB employees to equip them to respond to new challenges of innovation and regulatory requirements; and
- effective organisational performance reporting and feedback sessions.

The ECGB further prioritised stakeholder engagement and collaborative work with other public sector institutions, as well as strategic and social partners, and this was pursued through the implementation of:

- ongoing collaboration with the Eastern Cape Departments of Social Development and Education, in respect of implementing the Eastern Cape Anti-Poverty Strategy;
- the utilisation of print, electronic and social media platforms to communicate and profile work of the ECGB;
- collaboration with the South African National Responsible Gambling Foundation in conducting a relevant series of responsible gambling campaigns within the province, as well as in schools designated as gambling-, alcohol-, drug- and crime-free zones.

I am pleased to report that the entity discharged its responsibilities diligently and efficiently during the period under review. On behalf of the ECGB Management team and staff, I would like to express my appreciation for their sterling work during the 2021/22 financial year. I also extend my sincere thanks to the Board and its committees for the guidance and for allowing Management to perform and discharge its responsibilities without fail.



Chief Executive Officer

MR REUBEN MABUTHO ZWANE



3 357 SUSTAINABLE JOB
OPPORTUNITIES
were created within the gaming industry

1.8 STATEMENT OF RESPONSIBILITY & 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 the Auditor-General.

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

The Annual Financial Statements (Part E) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) applicable to the public entity.

The accounting authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information. The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

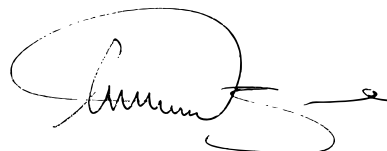
The Auditor-General is engaged to express an independent opinion on the Annual Financial Statements.

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



Chairperson of the Board

MS T. MACKIE



Chief Executive Officer

MR REUBEN MABUTHO ZWANE



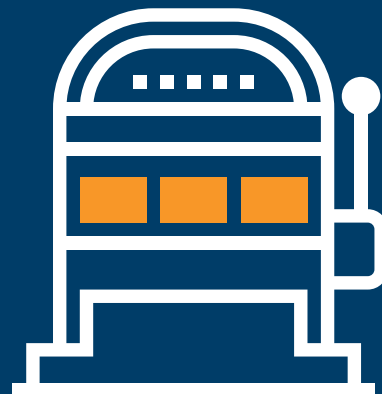
PART B



The ECGB achieved a LEVEL 5 Human Resource Efficiency Index rating ensuring it becomes **EMPLOYER OF CHOICE**

PERFORMANCE INFORMATION

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2.1 AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

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

Refer to paragraphs 8 - 14 of the Report of the Auditor-General, included in Part E: Financial Information.



2.2 OVERVIEW OF PERFORMANCE

2.2.1 SERVICE DELIVERY ENVIRONMENT

The gambling industry in the province has been operating under difficult and trying times due to the COVID-19 regulations on trading hours and restrictions on patrons in gambling premises. However, in spite of such conditions the industry continues to create jobs, promote tourism, and contribute significantly towards investment in infrastructure development in the province.

During the 2021/22 financial year, the following context informed the operations and activities of the ECGB:

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

2.2.1.1 OVERALL PERFORMANCE

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

The entity's overall performance and its key outputs during the reporting period, particularly relating to services rendered directly to the public and other stakeholders, can be summarised as follows:

- Achievement of the strategic outcomes and impact by the end of the planning cycle: the organisation has achieved 90% of all planned key performance targets for the year under review.
- An assessment and evaluation of the ECGB organisational maturity was conducted and an outcome of level 3 was achieved. This level is characterised and defined as structured/defined/full compliance wherein the rating score ranges from 65%-89.9% to measure organisational maturity of the ECGB against the organisational operational levers.
- A survey was commissioned in zone 4 to receive feedback from 350 000 people who have heard, read or seen messages about excessive and illegal gambling during the 2021/22 financial year. This target was exceeded with a total of 639 662 people confirmed to have either seen, heard or read messages about excessive and irresponsible gambling.
- The entity hosted a total of twelve (12) responsible gambling workshops which comprise nine (9) for the Houses of Traditional Leaders in the province, two (2) for Community Police Forum members and Community Police Forum officers as well as one (1) for employees across all occupational levels of Amathole District Municipality. A total number of three hundred and eighty-two (382) people have been reached through these responsible gambling workshops on Minimisation of Harmful Effects of Excessive and Irresponsible Gambling.
- Five (5) gambling economic opportunity awareness sessions were conducted with the intention to inform and educate potential business entrepreneurs about economic opportunities within the provincial gambling sector during the licensing process and post licensing.

- In the last quarter of the financial year a Supreme Court of Appeal ruled in favour of the organisation on the roll-out of Independent Site Operator (ISO) licenses. This positive judgement by the Supreme Court of Appeal means that the suspension of the ISO licensing process has been uplifted, and the remaining five (5) ISO licensees which are not yet operational will be rolled out in the new financial year. The roll-out of these sites will result in an increase in employment in the province as well as other economic benefits.

The Eastern Cape Gambling Board provided the following successful regulatory services to the industry during the reporting period:

- Ten (10) sweeps/gambling raids were carried out across all five zones in the province to search for and root out illegal gambling operations. These sweeps, which were conducted in collaboration with the South African Police Service, resulted in:
 - thirty-two (32) illegal gambling establishments being closed down;
 - thirty-one (31) criminal cases opened and court processes underway;
 - sixty-eight (68) illegal gambling machines with an estimated total value of R340 000 confiscated; and
 - one (1) online gambling site closed.
- Forty-eight (48) gambling licences were awarded and issued to suitably qualified applicants. Of these, eight (8) Key Gambling Licences, which comprise of three (3) bookmaker operations, one (1) casino and two (2) LPM Type B, one (1) racecourse and one (1) totalisator were provided for in the Annual Performance Plan. The rest of the licences are those not within the control of the organisation for planning purposes and are regarded as reporting targets. Key Licences refer to casinos, bookmakers, totalisators, racecourses, and LPM Type A & C sites.

The issuing of these various licenses resulted, among other things, in a minimum investment spend of R1 834 783,38 towards infrastructure development and refurbishment which is a contribution to small town revitalisation and new employment creation of eighty-one (81) people.

The gaming industry continues to create sustainable job opportunities, even in non-metropolitan areas, which stimulate the local sustainable job opportunities which are maintained and created by the industry through procurement of goods and services within the province. The total number of sustainable job opportunities created cumulatively as at 31 March 2022 is 3 357. This constitutes a decrease of 0.3% from the previous year, which is attributed to the impact of COVID-19 and natural attrition. Table 1 below indicates total number of sustainable job opportunities created by the industry cumulatively, various type of licensees and a total number of persons employed as a result of licences issued in terms of the designated groups.

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

Type of Licensee	Gaming Total	Non-Gaming Total	Female		Youth		Disabled		Pdi		Non-Pdi	
			Non-Gaming	Gaming	Non-Gaming	Gaming	Non-Gaming	Gaming	Non-Gaming	Gaming	Non-Gaming	Gaming
Casino	613	535	345	346	224	220	3	2	516	571	19	42
Bookmaker	336	74	65	194	60	163	1	0	73	328	1	8
Route operator and Site operator	692	325	147	332	62	292	2	0	183	573	142	119
Bingo	311	253	192	182	153	103	2	0	250	298	3	13
Totalisator	15	0	0	13	0	0	0	0	0	15	0	0
Certificate of Suitability	56	17	18	8	0	0	0	2	17	48	0	8
Manufacturer	19	7	5	4	2	2	0	0	5	19	2	0
ISO	57	47	30	30	17	22	0	0	45	53	2	4
TOTAL	2099	1258	802	1109	518	802	8	4	1089	1905	169	194

- The industry in the province achieved a Level 4 compliance maturity rating ranging from 90%-100%, as measured by the compliance barometer. This level is an acceptable or compliant zone in terms of the compliance barometer maturity levels.
- SMMEs in the province benefitted from R235.3 million in total procurement spend by licensees, which equates to 48% of the operator's total spend going towards local suppliers in the Eastern Cape.
- The ECGB has a Corporate Social Investment (CSI) Programme which is meant to build a cohesive social compact with communities and various stakeholders in the province. The licensed gambling operators contributed R15.4 million collectively towards Corporate Social Investment (CSI) and Socio-Economic Development (SED) initiatives, in line with the CSI framework approved by the Board for the period ending 31 March 2021.
- The entity collected R160.3 million in gambling tax revenue from all licensed gambling operators in the province, which was 2.7% above target even though the gambling industry in the province has been operating under difficult and trying times due to the COVID-19 regulations on trading hours and restrictions on patrons in the gambling premises.
- The entity investigated 61 applications for various gambling licences and conducted three public hearings on a virtual platform to ensure transparency in the process of awarding licences to suitable and qualifying applicants. Furthermore, public hearings were conducted in respect of LPM applications received, applications for amendment of licence conditions by the various casino and bingo licensees and various other applications such as for a bookmaker licence and transfer of a licence.
- A total of 115 compliance and revenue audits were conducted to verify the compliance, validity, completeness and accuracy of gaming revenue reported and compliance by all operators in the province.
- The entity conducted 120 inspections to ensure that there is necessary compliance and adherence to the legislative prescripts of the Eastern Cape Gambling Act by the licensees and/or registrants at licensed operators in the province.
- A total of 651 applications for both temporary and permanent employee registration was processed during the 2021/22 financial year.

2.2.1.2 CHALLENGES ENCOUNTERED AND CORRECTIVE STEPS

As a result of the impact of the COVID-19 pandemic including lockdown challenges such as the tightening of restrictions on trading hours, the number of patrons at gambling operator venues, and budget adjustments; the operations of the entity, the industry as a whole and ultimately the revenue collection for the fiscus were affected.

The following factors in the 2021/22 financial year have been considered:

- Revenue collection was not achieved in the first and second quarters of the 2021 financial year as a result of the tightening of restrictions initially and then the hard lockdown of the gambling industry in terms of the Disaster Management Act 57 of 2002.
- The introduction of level 4 lockdown forced all gambling establishments to close, effective from 28 June 2021 to 25 July 2021, and this meant that there were no gambling revenues or taxes collected and disbursed to the Provincial Revenue Fund for this period.
- In terms of the framework the revised annual targets must include the quarterly targets reflected in the originally tabled 2021/22 – 2023/24 APP which have been implemented up to the date of the re-tabling. In addition, the revised annual targets must include the adjusted quarterly targets for the remaining quarters of the financial year.
- The Board of the ECGB has approved the adjusting of the budget and revised projected/budgeted tax revenue collections. Further submissions in terms of adjusting the budget and revised budgeted tax revenue collection were made at the MTECH hearings and in the budget database.
- The change/adjustment effected on the revenue collection target for the financial year 2021/22 was a reduction from R170 million to R156 million.

Ongoing litigation challenges were encountered during the year under review. Although the entity cannot prevent a party from bringing legal action, there are various controls in place to ensure that the decision-making process of management and the Board, specifically in awarding licences, is defensible.

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

- The Department (DEDEAT) was requested to facilitate the gazetting of zero-rating of sports betting, as the entity envisaged for additional revenue collection for the fiscus when sports betting is zero rated.
- In order for the entity to implement the indefinite licence regime as approved, the Department (DEDEAT) was further requested to commence with the legislative review process.

2.2.2 ORGANISATIONAL ENVIRONMENT

Two ECGB Board members resigned during the year and another two Board members were appointed by the MEC of the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) to ensure that the entity continues its drive to create functional and transparent structures and systems of accountability, as well as advancing the institutionalisation of a risk management culture. The Board had a full complement in place as at year-end.

The constrained fiscal environment limited the ECGB's capacity to perform against the significant growth of the industry. Consequently, opportunities continue to be sought for efficiencies in processes, including risk-based and technology-assisted regulation, as well as various revenue enhancement strategies.

2.2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

During the 2021/2022 reporting period, the ECGB in line with the Protection of Personal Information Act (POPIA), 2013 read together with the Promotion of Access to Information Act (PAIA), 2000 (as amended) conducted the Personal Information Impact Assessment.

Subsequently, the Data Privacy Policy was developed. This is an anchor policy in the ECGB POPIA/PAIA compliance framework. The Information Officer and Deputy Information Officer were duly registered with the Information Regulator, South Africa. The ECGB PAIA Manual was also reviewed to be in line with the POPIA and the PAIA.

2.2.4 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

This section outlines progress made against the strategic outcomes set and impact in the entity's five-year Strategic Plan. The strategic outcomes are listed as follows:

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

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

OUTCOME 1	Effective governance with an enabling workplace environment
<p>Progress made by the ECGB:</p> <ol style="list-style-type: none"> An assessment and evaluation of the ECGB organisational maturity was conducted and an outcome of level 3 was achieved. This level is characterised and defined as a structured/defined/full compliance, wherein the rating score ranges from 65%-89.9% to measure organisational maturity of the ECGB against the organisational operational levers. An Organisational Performance Reporting System has been institutionalised to measure and regulate the Board in terms of its performance and financial prudence. Effective organisational performance reporting and feedback, including quarterly reports regarding organisational performance, were presented to the Board, DEDEAT and Provincial Treasury, with a portfolio of evidence compiled and submitted for review by internal audit bi-annually. Clean audit outcomes were maintained and achieved on both financial information and predetermined outcomes. Training and capacity building of all ECGB employees was facilitated to equip them to respond to new challenges of innovation and regulatory requirements. Continuous institutionalisation of enterprise risk management and monitoring, as well as evaluation of the risk register for 2021/22 were implemented. The Board and its sub-committees met according to an approved annual schedule and as per their terms of reference. 	
OUTCOME 2	Transformed and sustainable gambling industry in the province
<p>Progress made by the ECGB:</p> <ol style="list-style-type: none"> In pursuance of this strategic outcome, the ECGB followed industry best practices for issuing licences, including: <ul style="list-style-type: none"> Gambling licences were awarded and issued to suitably qualified applicants. Of these, eight (8) Key Gambling Licences, which comprise (3) bookmaker operations, (1) casino and (2) LPM Type B, (1) racecourse and (1) totalisator, were provided for in the Annual Performance Plan. The rest of the licences are those not within the control of the organisation for planning purposes and are regarded as reporting targets. Key Licences refer to casinos, bingo, bookmakers, totalisators, racecourses, and LPM Type B, C & D sites. The issuing of these various licenses resulted, among other things, in a minimum investment spend of R1 834 783 towards infrastructure development and refurbishment which is a contribution to the small-town revitalisation programme of the province and new employment creation of eighty-one (81) people. Requests for Proposals (RFPs) on the different types of licences which the Board rolls out at different periods were widely published in the Eastern Cape using mainstream print media. Two public hearings were facilitated to ensure transparency before licences are awarded. SMMEs in the province benefitted from R235.3 million in total procurement spend by licensees, which equates to 48% of the operator's total spend going towards local suppliers in the Eastern Cape. 	
OUTCOME 3	Educated, informed and responsible punters and general public
<p>Progress made by the ECGB:</p> <ol style="list-style-type: none"> The entity hosted a total of twelve (12) responsible gambling workshops, comprising nine (9) for the Houses of Traditional Leaders of the province, two (2) for Community Police Forum members and Community Police officers, and one (1) for employees across all occupational levels of Amathole District Municipality. A total number of three hundred and eighty-two (382) people have been reached through these responsible gambling workshops on Minimisation of Harmful Effects of Excessive and Irresponsible Gambling. The workshops focused on minimising the harmful effects of irresponsible and excessive gambling among individuals, in the workplace and in communities at large. The contents of the workshops included: <ul style="list-style-type: none"> the legislative mandate of gambling post-1994 and the key principles of the Wiehan Commission regarding gambling; understanding of problem gambling and excessive gambling, including types of gamblers, signs and symptoms of a problem gambler, stigma and problem gambling defined, comorbidity, implications and consequences of problem gambling; available support and referral services provided by SARGF's National Responsible Gambling Programme and Gambling Industry Mechanism to minimise potential harmful effects of excessive gambling, namely, self-exclusion and third-party exclusion; and raising awareness with regard to illegal gambling that is currently plaguing the province, as well as establishing partnerships between the ECGB, CPFs and CPOs in addressing and combating this matter. Communities, families or employees who know of a relative, spouse or other person who may have a gambling problem, are encouraged to call the toll-free number 0800 006 008 to seek help with regard to gambling addiction. These services are free and at no cost and are intended only to assist our communities in the province. Gambling economic opportunity awareness sessions were conducted with the intention of informing and educating potential business entrepreneurs about economic opportunities within the provincial gambling sector. The licensing process and post-licensing were also discussed. The print and social media platforms were utilised to communicate and profile work of the ECGB. Collaboration with the South African National Responsible Gambling Foundation was instrumental in conducting a relevant series of responsible gambling campaigns within the province, as well as at schools, which are designated as gambling-, alcohol-, drug- and crime-free zones. 	

OUTCOME 4 Empowered communities located in areas where there is a gambling footprint as well as in impoverished areas, including supporting COVID-19 initiatives in the province.

Progress made by the ECGB:

- a) In pursuance of this strategic outcome, the entity contributed R260 000 towards socio-economic development opportunities and made other CSI-related contributions supporting designated and vulnerable groups in Eastern Cape areas identified as impoverished.
- b) The ECGB has a Corporate Social Investment (CSI) Programme which is meant to build a cohesive social compact with communities and various stakeholders in the province. The programme is implemented jointly with social and strategic partners to champion social changes in the most impoverished areas of the province as guided by the Anti-Poverty Strategy of the province. The investment was about supporting four primary schools on learning and mastery of maths, science and technology for Grades R-7, and the schools that benefited two thousand two hundred and twenty-seven (2 727) learners during this financial year were: Embekweni Primary School, Mount White Primary School, Seyisi Primary School and Nolukhanyo Primary School.
- c) The gaming industry in the province was also expected and compelled through their licence conditions to invest in communities through their own CSI and SED projects as part of building a cohesive social compact with communities and various stakeholders where they operate, guided by the Anti-Poverty Strategy of the province and the CSI Framework of the Gaming Industry. By the end of the 2021/22 financial year, the gaming industry had invested in various municipalities in the province a combined amount of R15 417 239,90 towards CSI/SED initiatives in line with the CSI framework of the Eastern Cape Gambling Board.
- d) There was ongoing collaboration with the Eastern Cape Departments of Social Development, Education, Health, Sport, Recreation, Arts and Culture and the South African Social Security Agency in respect of implementing the Eastern Cape Anti-Poverty Strategy.

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

Progress made by the ECGB:

- a) In pursuance of this strategic outcome, a survey was commissioned in zone 4 to receive feedback from 350 000 people who have heard, read or seen messages about excessive and illegal gambling during the 2021/22 financial year. This target was exceeded with a total of 639 662 people confirmed to have either seen, heard or read messages about excessive and irresponsible gambling.
- b) An internal survey assessing lessons learnt by ECGB employees during COVID-19, including working arrangements, was conducted. This was informed by ECGB management's desire to gather first-hand information on what transpired during this era, what lessons can be learnt by the ECGB, and what new initiatives can be adopted going forward.
- c) The entity hosted a seminar on the results of a study that was conducted in partnership with the Eastern Cape Department of Education to assess the impact made by the Mathematics, Science and Technology resources provided to needy schools through the ECGB CSI projects.

OUTCOME 6 Compliant and protected gaming industry

Progress made by the ECGB:

- a) In pursuance of this strategic outcome, in the last quarter of the financial year a Supreme Court of Appeal ruled in favour of the organisation on the roll-out of Independent Site Operator (ISO) licenses. This positive judgement by the Supreme Court of Appeal means that the remaining five (5) ISO licensees which are not yet operational due to litigation, have had the suspension of their ISO licensing process uplifted. The roll-out of these sites will result in an increase in employment in the province as well as other economic benefits.
- b) The industry in the province achieved a Level 4 compliance maturity rating ranging from 90%-100%, as measured by the compliance barometer. This level is an acceptable or compliant zone in terms of the compliance barometer maturity levels.
- c) Revenue, compliance audits and inspections were conducted to maximise revenue collection, strengthen effective compliance and adherence to bid commitments, licence conditions, the Act, rules and regulations, the Financial Intelligence Centre Act (FICA) (Act 38 of 2001), and other applicable legislation prior to, and after commencement of, operations. The entity collected R160.3 million in gambling tax revenue from all licensed gambling operators in the province, which was 2.7% above target even though the gambling industry in the province has been operating under difficult and trying times due to the COVID-19 regulations on trading hours and restrictions on the patrons in the gambling premises.
- d) Non-compliance notices were issued with interest and penalties imposed, where applicable.
- e) Sweeps/gambling raids were carried out across all five zones in the province to search for and root out illegal gambling operations. These sweeps, which were conducted in collaboration with the South African Police Service, resulted in:
 - thirty-two (32) illegal gambling establishments being closed down;
 - thirty-one (31) criminal cases opened and court processes underway;
 - sixty-eight (68) illegal gambling machines with an estimated total value of R340 000 confiscated; and one online gambling site closed.

2.3 PERFORMANCE INFORMATION BY PROGRAMME

2.3.1 BUDGET PROGRAMME 1: CORPORATE SERVICES MANAGEMENT AND ADMINISTRATION

2.3.1.1 PURPOSE OF THE PROGRAMME

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

2.3.1.2 SUB-PROGRAMMES

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

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

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

2.3.1.3 STRATEGIC OUTCOMES

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

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



2.3.1.4 KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR THE 2021/22 FINANCIAL YEAR

Outcome	Outputs	Performance Indicator	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22 ¹	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement for 2021/22	Reasons for Deviations
Compliant and Protected Gambling Industry	Taxes and fees collected from licensed operators	Revenue Collected and Disbursed to Fiscus	R189.7 million	R102.1 million	R156.0 million	R160.3 million	+R4.3 million	The over-achievement is due to the gradual recovery of the industry from COVID-19 restrictions in the second half of the financial year.
	License certificates issued to operate							
Empowered communities located in areas where there is a gambling footprint as well as impoverished areas, including supporting COVID-19 initiatives in the province.	Maths, Science and Technology kits	Number of Key CSI Projects Implemented	4	4	4	4	No Deviation	None
	Interactive eLearning material towards 4IR							
	Evaluation reports on demonstrating desired outcomes							
Effective governance with an enabling workplace environment	Organisational Maturity Framework	Organisational Maturity Index	New indicator	New indicator	Level 3 Organisational maturity	Level 3 Organisational maturity	No deviation	None
	Report on assessment of the organisation's maturity							

¹ During the year under review an annexure to the APP was tabled to amend the Revenue target as follows:

Performance Indicator	Original Planned Target 2021/22	Revised Planned Target 2021/22	Amount of Revision to Planned Target	Reasons for revision to the Annual Target
Revenue Collected & Disbursed to Fiscus	R170 million	R156 million	-R14 million	The annual target was revised from R170 Million to R156 million due to the hard lockdown of the industry in July 2021 in accordance with the DPME Framework and Circular 02 of 2021 and an annexure to the APP was tabled by the MEC. The change in target represents the one-month lost trade as a result of the industry lockdown and was supported by the in-year budget adjustment process.

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

PROGRAMME 1: FINANCIAL PERFORMANCE BY SUB-PROGRAMME						
Sub-Programme	2021/22			2020/21		
	Adjusted Budget R'000	Actual Expenditure R'000	(Over) / Under Expenditure R'000	Adjusted Budget R'000	Actual Expenditure R'000	(Over) / Under Expenditure R'000
Office of the CEO	6 855	6 593	261	5 677	5 687	(10)
Strategic Management Services	5 575	5 462	113	5 179	4 917	262
Legal Services and Board Secretariat	6 520	6 391	129	6 857	6 699	158
Financial Management Services	13 351	13 174	177	12 393	12 264	129
Human Resources Management and Development	6 494	7 139	(645)	6 690	6 158	532
Information Management and Technology	4 960	5 440	(480)	4 643	5 290	(647)
Total Expenditure	43 755	44 214	(459)	41 440	41 015	425
% Under / (Over) Expenditure			(1.05%)			1.03%

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

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





2.3.2 BUDGET PROGRAMME 2: GAMBLING REGULATION AND CONSUMER PROTECTION

2.3.2.1 PURPOSE OF THE PROGRAMME

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

2.3.2.2 SUB-PROGRAMMES

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

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

2.3.2.3 STRATEGIC OUTCOMES

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

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

2.3.2.4 KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR THE 2021/22 FINANCIAL YEAR

Outcome	Outputs	Performance Indicator	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement for 2021/22	Reasons for Deviations
Transformed and Sustainable Gambling Industry in the Province	License Certificate to operate gambling site	Number of Key Gambling Licences Issued ²	1	3	6	8	2	Over-achievement was as a result of two bookmaker licenses issued which were not anticipated.
	Reports on the awareness sessions conducted	Number of Gambling Economic Opportunities	2	3	5	5	No deviation	None
	Number of persons who attended economic opportunities session	Awareness Sessions Conducted						
Compliant and Protected Gambling Industry	Reports on illegal operations identified							
	Reports on the closure of illegal gambling sites	Number of Sweeps Conducted	5	6	10	10	No deviation	None
Compliant and Protected Gambling Industry	Number of confiscated illegal gambling devices and equipment							
	Reports on revenue audits for verification of taxes and fees	Number of Revenue Audits Conducted	69	44	45	46	01	Over-achievement was due to changes in the timing and performance of additional/unplanned audits where indicated in line with the risk-based approach to provide reasonable assurance of the validity, accuracy and completeness of revenue collected.
	Reports on compliance audits conducted	Gambling Industry Compliance Maturity Level	Compliance Level 3	Compliance Level 3	Compliance Level 3	Compliance Level 4	Achieved higher level than planned	The Gambling Industry Compliance Maturity level target was exceeded earlier than expected with an achievement of level 4 maturity. This is indicative of a maturing industry in terms of compliance.

² Key Licences refer to casinos, bookmakers, totalisators, racecourses, independent site operators (ISOs), Bingo operators and LPM Type B sites.

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

PROGRAMME 2: FINANCIAL PERFORMANCE BY SUB-PROGRAMME						
Sub-Programme	2021/22			2020/21		
	Adjusted Budget R'000	Actual Expenditure R'000	(Over) / Under Expenditure R'000	Adjusted Budget R'000	Actual Expenditure R'000	(Over) / Under Expenditure R'000
Investigation and Licensing Administration	10 646	11 471	(826)	10 279	10 893	(614)
Law Enforcement and Gaming Control	5 851	5 677	174	5 170	4 801	368
Audit and Compliance Services	7 423	6 748	675	6 889	6 181	708
Total Expenditure	23 920	23 896	24	22 338	21 876	462
% Under / (Over) expenditure			0.10%			2.07%

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

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

2.3.3 BUDGET PROGRAMME 3: RESEARCH AND PUBLIC EDUCATION

2.3.3.1 PURPOSE OF THE PROGRAMME

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

2.3.3.2 SUB-PROGRAMMES

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

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

2.3.3.3 STRATEGIC OUTCOMES

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

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

2.3.3.4 KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR THE 2021/22 FINANCIAL YEAR

Outcome	Outputs	Performance Indicator	Actual Achievement 2019/20	Actual Achievement 2020/21	Planned Target 2021/22	Actual Achievement 2021/22	Deviation from Planned Target to Actual Achievement for 2021/22	Reasons for Deviations
Informed Policy Decision Making Based on Research and Evaluation Outcomes	Bid specification							Under achievement relates to the research study on the Board's imposition of a Local PDI Requirement. The final report was not approved due to aspects raised from a legal review that must be addressed to ensure that the Board can utilise the research report to successfully apply for a declarator on its powers to impose this condition.
	Bid evaluation report tender issued							
	SLA							
	Board's resolutions on findings and recommendations	Empirical Research Studies Commissioned	1	1	1	0	1	
	Checklist on the implementation of research findings and recommendations							
Educated, Informed and Responsible Punters and General Public	Confirmation reports regarding messages of responsible gambling	Number of People Provided Feedback with regard to Excessive and Irresponsible Gambling Messages	New indicator	0 people provided feedback	350 000 people provided feedback	639 662 people provided feedback	289 662 people provided feedback	Responsible gambling messages communicated reached more people than anticipated due to various types of media platforms that were utilised - in particular radio and social media platforms.

2.3.3.5 Linking performance with budgets per Sub-programme of Budget Programme 3

PROGRAMME 3: FINANCIAL PERFORMANCE BY SUB-PROGRAMME						
Sub-Programme	2021/22			2020/21		
	Adjusted Budget R'000	Actual Expenditure R'000	(Over) / Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over) / Under Expenditure R'000
Empirical Research	765	1 010	(245)	389	346	43
Responsible Gambling and Public Education	3 548	2 858	690	3 373	2 596	777
Total Expenditure	4 313	3 868	445	3 762	2 942	820
% Under / (Over) expenditure			10.33%			21.81%

2.3.3.6 Strategies to Overcome Areas of Under-Performance by Budget Programme 3

The area of under-performance on the planned performance indicator "Empirical Research Studies Commissioned" during the financial year of reporting was due to a research study on the Board's imposition of a Local PDI Requirement. This target was not achieved as a result of certain aspects raised from the legal review, which was required to ensure that the Board can utilise the research report to successfully apply for a declarator on its powers to impose this condition.

2.4 INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

A workplace preparedness compliance checklist on the COVID-19 protocols as previously developed was monitored regularly and reported to the Business Continuity Committee and Management Risk Committee of the ECGB. Employees attended the office on a rotational basis and those present were screened daily. The COVID-19 interventions undertaken by ECGB during the year under review are reflected in the table below.

Budget programme / Sub-programme	Intervention	Geographic Location	Number of Beneficiaries	Disaggregation of Beneficiaries	Total Budget Allocation per Intervention R'000	Amount Spent per Intervention R'000	Contribution to the Outputs in the APP	Immediate Outcomes
Programme 1 (Corporate Services)	Procurement of two hand-held thermometers	Eastern Cape – Buffalo City Metro	Internal staff complement	N/A	R100	R1	N/A	
	Office decontamination		Internal staff complement	N/A		R11	N/A	Safe workplace / Risk mitigation
	Review of internal COVID-19 protocols and Workplace Preparedness Plan		Internal staff complement	N/A		N/A	N/A	
	Purchase of remote working equipment for staff		Internal staff complement	N/A		R82	N/A	Business continuity

2.5 SUMMARY OF REVENUE COLLECTION

Revenue to Fiscus	2017/18 R'000	2018/19 R'000	2019/20 R'000	2020/21 R'000	2021/22 R'000
Casinos	96 057	95 168	90 639	43 863	73 230
Bookmakers and Totalisator	11 759	12 799	11 816	7 757	8 865
Bingo	38 291	45 582	47 484	25 424	38 971
Limited Payout Machines	35 234	37 771	39 824	25 093	39 221
Total Taxes	181 341	191 320	189 764	102 137	160 287

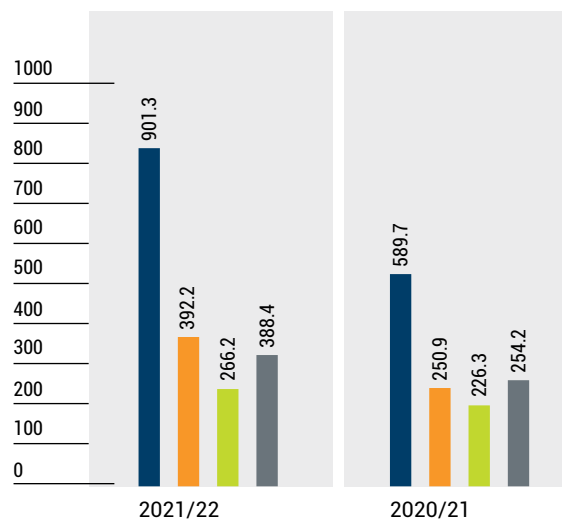
The five-year summary of revenue collection reflects the impact of the pandemic on the gambling industry:

- Initially, monthly revenues declined on average by 38% in March 2020, and year-on-year at the end of March 2021 cumulative taxes were 46% lower than in 2019/20.
- Year-on-year at the end of March 2022, cumulative taxes were 57% higher than in 2020/21, primarily as a result of improvement in the COVID-19 pandemic and relaxation of State of Disaster regulations.
- The revenue performance against budget for 2021/22 is further detailed in section 2.3.1.4 above.
- During 2021/22 the Board has monitored revenues against (2019/20) "pre-pandemic" levels. The first quarter reflected a recovery to 95% of pre-pandemic revenues until the industry underwent another hard lockdown in June and July 2021. As a result, the annual revenue figure for 2021/22 represents eleven months of gaming revenues.
- The fourth quarter averaged 92% of pre-pandemic revenues and overall taxes were equivalent to 81% of pre-pandemic levels for the full year.

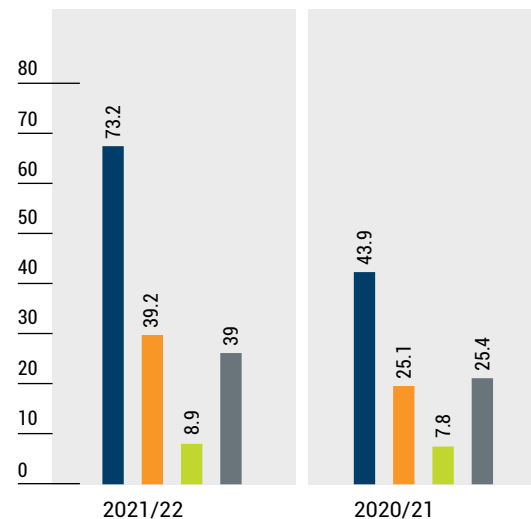
2.5.1 GROSS GAMING REVENUE AND TAX STATISTICS 2021/22 VS 2020/21

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

Gross Gaming Revenues (R' millions)



Taxes Collected (R' millions)



2.6 CAPITAL INVESTMENT

The first phase of the building extension project was finalised as planned during the financial year under review. Phase 2 relates primarily to installation of a lift and certain interior works, and there were delays encountered with the appointment of a contractor in this regard.

Infrastructure projects	2020/21			2019/20		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Building extension project phase 1	1 182	1 139	43	10 111	9 383	728
Building extension project phase 2	949	62	887	-	-	-

Apart from infrastructure projects, the major changes to asset holdings during the year relate to replacement of computer equipment and vehicles in line with the replacement plan. No other major disposals were made and there were no significant losses or scrapping as evident in note 7 to the annual financial statements.

In addition to underspending on the building improvements, the remaining underspending against the capital budget was primarily due to:

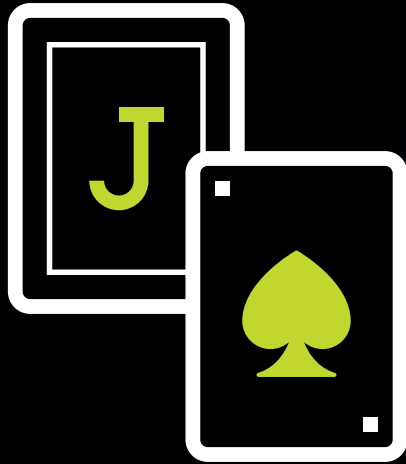
- * budget set aside for the development of an electronic document management system. The tender process was delayed and the contract was only awarded in quarter 4. As a result, the project is still underway as at the end of March; and
- * vehicles and ICT equipment purchased before year-end and due to be received in March, but that were either in transit or not yet installed at year-end.

Capital commitments are disclosed in Note 32 to the Annual Financial Statements in the above regard.

Maintenance was slightly underspent against budget during the year under review. Quarterly physical inspections were conducted to assess the condition of assets. Indicators of any possible change in useful life or residual values were considered and the asset register updated where required. No material change in estimates was made and assets are all in good or fair condition.



ECGB HAS
ACHIEVED **90%**
of key performance targets



PART C GOVERNANCE

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The Eastern Cape Legislature, the Executive and the Accounting Authority of the ECGB are responsible

CORPORATE GOVERNANCE





3.1 INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements stipulated in the public entity's enabling legislation i.e., the Eastern Cape Gambling Act, 1997 (as amended) (ECGA), as well as the Companies Act, 2008 (as amended), corporate governance with regard to public entities is also applied through the prescripts of the Public Finance Management Act, 1999 (as amended) (PFMA). The above runs in tandem with the principles contained in the King IV Report on Corporate Governance for South Africa, 2016 (King IV). Section 3.12 below provides detail of the ECGB's initiatives regarding King IV.

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

3.2 EXECUTIVE AUTHORITY

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

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

No	Date	Reports Submitted to the Executive Authority
1	20 April 2021	2020/21 Fourth Quarter Financial and Performance Report
2	22 July 2021	2021/22 First Quarter Financial and Performance Report
3	31 August 2021	2020/21 Annual Report, including the Annual Financial Statements
4	30 September 2021	2022/23 Annual Budget and Budget Adjustments 2021/22
5	21 October 2021	2021/22 Second Quarter Financial and Performance Report
6	25 October 2021	2021/22 Six Months Oversight Report and Six Months Performance Information Report
7	12 November 2021	Addendum to 2021/22 Annual Performance Plan (Amendment of Revenue target)
8	21 January 2022	2021/22 Third Quarter Financial and Performance Report
9	31 January 2022	2022/23 – 2024/25 Annual Performance Plan

3.3 PORTFOLIO COMMITTEE

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

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

No	Date	Reports Submitted to the Portfolio Committee
1	25 May 2021	Budget Vote Hearings: Presentation of the 2021/22-2022/23 Annual Performance Plan and Budget of the ECGB
2	31 May - 4 June 2021	Portfolio Committee Oversight – Joe Gqabi, Chris Hani, Alfred Nzo and OR Tambo Districts
3	19 November 2021	Consideration of the 2020/21 Annual Report and 2021/22 Six-month Oversight Report

3.4 THE ACCOUNTING AUTHORITY

THE ROLE OF THE BOARD

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

BOARD CHARTER

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

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

PROGRESS MADE REGARDING COMPLIANCE WITH THE CHARTER

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

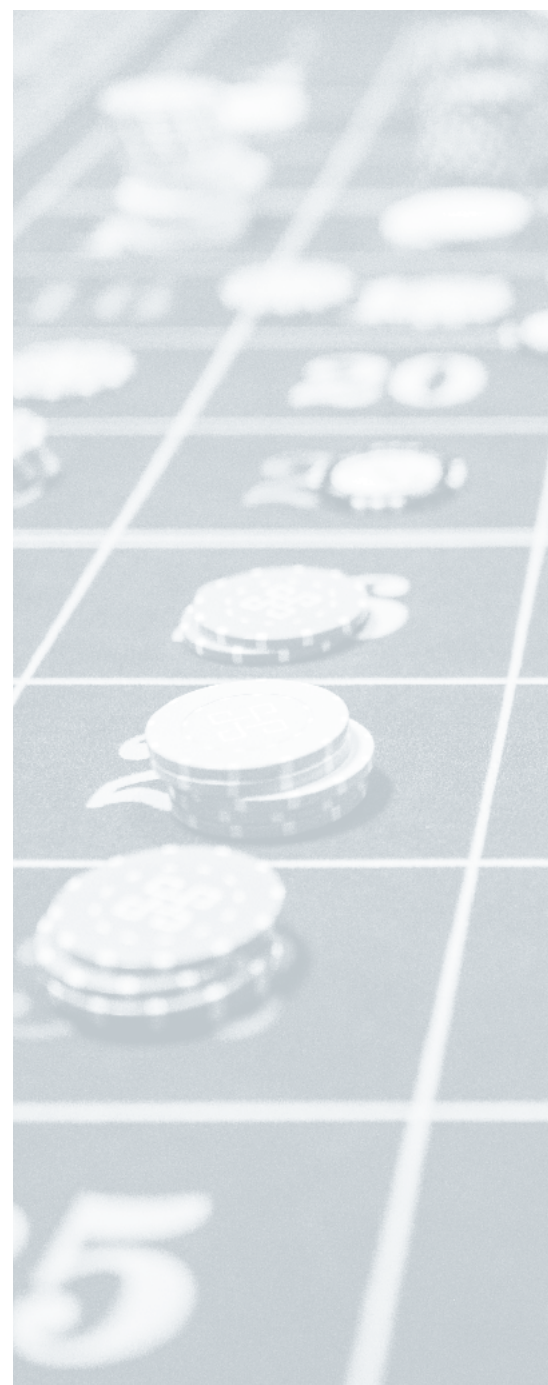
The Board Charter ensures that Board members are responsible for the full and effective control of the Board, which assumes responsibility for the following:

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

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

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

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



COMPOSITION OF THE BOARD

The Board consists of eight non-executive members as well as one executive member in an *ex officio* capacity. The tenure of six Board members ended on 31 March 2021 and the ensuing vacancies were filled by the Executive Authority during the reporting period. Ms Traci Mackie-Huisman was appointed as the new Chairperson of the Board.

Name	Designation	Date Appointed	Qualifications	Area of Expertise	Other Committees	No. of Meetings Attended ³
Ms T Mackie-Huisman	Chairperson	March 2019	MA Communication	Tourism	N/A	12/12
Ms V Vika	Deputy Chairperson	May 2021	Bachelor of Journalism and Media Studies; Management Development Certificate; Executive Development Certificate	Socio-Economic Development	Human Resources and Remuneration Compliance, Licensing and Transformation	12/12
Adv. J Buchner	Member	May 2021	LLM; LLB; BJuris	Law Legal Practitioner	Compliance, Licensing and Transformation; Human Resources and Remuneration	12/12
Ms V Majola	Member	September 2020	MCom in Development Finance; MCom in Economics Policy; BCom Economics and Management	Finance Economics Treasury	Finance	11/12
Mr M Zokoza	Member	November 2021	Master of Arts: Development Studies; BCom: Tourism Management; Bachelor of Arts	Economic Development, Environmental Affairs and Tourism	Compliance, Licensing and Transformation; Finance	4/12 *
Ms N Zuma	Member	May 2021	Post Grad Diploma in Management; National Diploma Human Resources Management	Safety and Security	Compliance, Licensing and Transformation; Human Resources and Remuneration	10/12
Mr Q Mafuya	Member	November 2021	LLB; B Proc; Certificate in Corporate Governance; Certificate in Budgeting in Public Sector; Corporate Governance	Community Representative	Finance; Human Resources and Remuneration	4/12 *
Mr MN de Beer	Member	November 2021	BCom (Hon) Accountancy; BCom Accountancy; Internal Audit Quality Assessor	Accounting, Chartered Accountant	Finance, Audit and Risk	4/12 *
Ms K Yankey	Member	May 2021	Master's in Development Studies	Economic Development, Environmental Affairs and Tourism	Human Resources and Remuneration Compliance, Licensing and Transformation	6/12 **
Mr M Zwane	Ex Officio Member	December 2009	MA Business Administration	Chief Executive Officer	N/A	12/12

* Messrs Zokoza, Mafuya and De Beer were appointed to the Board in November 2021.

** Ms Yankey resigned from the Board in November 2021.

³ During 2021/22, there was a total of twelve meetings as reflected above, with eight ordinary meetings of the Board and four additional public hearings/bidder conferences regarding licence applications (Board fees for public hearings were recovered against licence application deposits.)

COMMITTEES OF THE BOARD

Committee	No. of Meetings Held	No. of Members	Name of Members
Finance Committee	4	4	Ms V Majola (Chairperson) Mr Q Mafuya Mr M Zokoza Mr MN de Beer
Compliance, Licensing and Transformation Committee	4	4	Adv. J Buchner (Chairperson) Ms V Vika Mr M Zokoza Ms N Zuma
Human Resources and Remuneration Committee	6	4	Ms V Vika (Chairperson) Adv. J Buchner Ms N Zuma Mr Q Mafuya
Audit and Risk Committee	6	4	Mr M Mbedhli (Chairperson) *** Ms T Mnqeta *** Ms T Cumming *** Mr T Maphanga *** (Resigned October 2021) Mr MN de Beer

REMUNERATION OF BOARD MEMBERS

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

Board remuneration is payable as follows:

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

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

3.5 ENTERPRISE RISK MANAGEMENT

The Board of the ECGB as a governance structure has an overall responsibility and oversight with regard to setting a responsible tone on risk management, including identification of the strategic risks of the ECGB. Management of the Board creates an enabling environment for the implementation of the Enterprise Risk Management Policy, including adequate and effective risk programmes across all business functions as well as ensuring a consistent application of the risk management policy imperatives and procedures. The ECGB has an Enterprise Risk Management Policy in order to guide an integrated risk management process that has been aligned to existing decision-making structures of the Board.

This has resulted in the following:

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

During 2021/22, the ECGB implemented risk management in order to manage and monitor all types of risks on a consistent basis. This Enterprise Risk Management capability is promoted by a policy statement that sound risk management practices are applied consistently and comprehensively in all activities at all levels of the ECGB, which happens through a management risk committee.

The Enterprise Risk Management Policy requires that the Risk Register be approved by the Board, and the Board receives regular feedback in respect of risk management. The Audit and Risk Committee advises the Board on risk management and independently monitors the effectiveness of the entity's system of risk management.

The risk register is reviewed on a quarterly basis and mitigation strategies are monitored throughout the year. Progress against mitigation action plans is noted in the risk register and reported to the Audit and Risk Committee by Management on a quarterly basis. A strategic risk assessment, which is conducted annually, was completed in February 2022 for the new financial year in order to identify any new or emerging risks which could hinder achievement of the ECGB's strategic outcomes.

A strategic risk with mitigation controls was identified regarding the COVID-19 pandemic and was monitored throughout the year under review so as to ensure the safety of staff, continuity of operations and achievement of planned performance. The Management Risk Committee (MRC) was required to consider this risk every two weeks and to advise the ECGB Business Continuity Committee (BCC) pertaining to COVID-19.

A total of thirty-seven (37) risks according to the 2021/22 risk register has been maintained and monitored. Fourteen (14) of these risks were strategic and twenty-three (23) were operational risks. In addition, fourteen (14) risks had a low residual risk status, eighteen (18) a medium risk status and four (4) had a high residual risk status. The following Dashboard depicts the ECGB's prioritised strategic risks with a high residual-risk rating, and also reflects the key mitigating actions.

DASHBOARD OF STRATEGIC RISKS WITH A HIGH RESIDUAL RISK DURING THE 2021/22 FINANCIAL YEAR

Risk Ranking	Risk Name / Description	Inherent Risk Exposure	Residual Risk Exposure	Summary of Progress/Actions Towards Mitigating/Improving the Residual Risk
1	COVID-19 Lockdown regulations	20	20	<ul style="list-style-type: none"> The Business Continuity Committee met throughout the year and in February 2022 resolved that a full return to the office by employees should take place. COVID-19 protocols are monitored by the MRC on an ongoing basis. Various requests for relaxation of conditions of license because of the pandemic were administered by the Board during the year under review.
2	Business continuity disruptions and loss of information	20	20	<ul style="list-style-type: none"> The document archiving project commenced during the year under review. A service provider has been appointed to assist with the development of an electronic document management system.
3	Proposed merger between Eastern Cape Liquor Board and ECGB	16	16	<ul style="list-style-type: none"> DEDEAT is in the process of procuring a service provider to conduct a business case for the merger and ensure that all consultations required take place.
4	Litigation against licensing and transformation initiatives of the Board	20	15	<ul style="list-style-type: none"> A study looking into the rationale and reasonableness of the local PDI requirement was conducted, with a draft report tabled to the Board. The report underwent a legal review, resulting in some additional scope required. A final report will culminate in the development of a local empowerment policy.

3.6 REPORT OF THE AUDIT & RISK COMMITTEE

RESPONSIBILITY

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

KEY ACTIVITIES AND OBJECTIVES OF THE AUDIT AND RISK COMMITTEE

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

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

Internal control environment

The Audit and Risk Committee concludes that the internal control environment was effective for the year under review. No findings indicating significant control weaknesses, including material financial loss, fraud, corruption or error have been reported to the Audit and Risk Committee during the year ended 31 March 2022.

The Committee is satisfied with the controls and activities that were in place for combined assurance. The following internal audit projects were completed during the year under review:

- 2020/21 Quarters 3 and 4 Performance and Annual Report review;
- 2021/22 Quarters 1 and 2 Performance Report Review;
- Supply Chain Management Review and one competitive bid review report;
- Licence Compliance Process Methodology Review;
- ICT Vulnerability assessment;
- 2022/23 Draft Annual Performance Plan Review;
- 2022/23 Strategic Risk Assessment Report.
- General Financial Controls Review – Revenue; and
- Compliance, Governance and Monitoring Review.

Follow up reviews were conducted on:

- CSI projects, policy and implementation
- System conversion (Gambling Regulations System); and
- Litigation.

In addition, the following documents were revised by the internal audit and approved by the Committee during the 2021/22 year:

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

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

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

IN-YEAR MANAGEMENT AND QUARTERLY REPORTS

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



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

No audit issues were raised in the audit report for the year ended 31 March 2021, however the committee has reviewed the status of quarterly key controls and the audit action plan for addressing internal control deficiencies. The external auditors are standing invitees to the committee meetings and there has been communication throughout the year. The Committee is satisfied that the Auditor-General is independent of the organisation.

The Audit and Risk Committee reviewed the Annual Report including the Annual Financial Statements in May 2022. No significant areas of concern were identified, and the Committee recommended them to the Board for approval to submit to the Auditor-General for audit.

The Audit and Risk Committee concurs with the "clean audit" conclusion of the Auditor-General of South Africa on the Annual Financial Statements. The Committee is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

Mr M. Mbedhli
Chairperson of the Audit and Risk Committee
22 July 2022

INFORMATION ON THE AUDIT AND RISK COMMITTEE

The table below discloses relevant information on the Audit and Risk Committee members for the year ended 31 March 2022:

Name	Qualifications	Internal or External	If Internal, Position in the Public Entity	Date Appointed	Number of Meetings Attended
Mr M Mbedhli	BTech (Internal Auditing), Member of the Institute of Internal Auditors	External	N/A	1 October 2017	6 of 6
Ms T Mnqeta	BCom, Member of the Institute of Risk Management	External	N/A	1 October 2017	6 of 6
Mr T Maphanga	BSc (Computer Science & Statistics), Member of the Institute of Information Technology Professionals	External	N/A	12 November 2020	0 of 6 *
Ms T Cumming	BCom (Hons), CA(SA)	External	N/A	12 November 2020	6 of 6
Mr MN de Beer	BCom (Hons), CA(SA)	External	N/A	22 November 2021	1 of 6 **

* Mr Maphanga resigned from the Audit and Risk Committee in October 2021.

** Mr De Beer was appointed on 22 November 2021.

3.7 COMPLIANCE WITH LAWS & REGULATIONS

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

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

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

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

3.8 FRAUD & CORRUPTION

The entity's approved Fraud Prevention Policy is reviewed at least every three years by the Audit and Risk Committee as well as by the Board. The policy was last reviewed in March 2020. It seeks to define the term fraud and to provide employees with steps to follow should they suspect fraudulent activities. The policy sets out the reporting lines to be followed should an employee need to report possible fraudulent activity.

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

3.9 MINIMISING CONFLICT OF INTEREST

The entity manages conflict of interest by including a standing agenda item for all Board and committee meetings in which members are required to state any conflicts of interest. Staff and Board members are required biannually to disclose any interests in companies or other entities.

3.10 CODE OF CONDUCT

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

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

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

3.11 HEALTH, SAFETY & ENVIRONMENT ISSUES

While no health, safety or environment issues were reported during the year under review, the Health and Safety Policy was adhered to during the financial year. Emergency evacuation drills were held to assess the state of readiness of employees in case of an emergency. During the year under review all COVID-19 regulations were adhered to, awareness sessions were conducted virtually for staff and management and employees were provided with all the necessary resources in order to work remotely. During Alert Levels 1 to 3, staff worked in the office on a rotation schedule, which ensured social distancing.

3.12 APPLICATION OF KING IV PRINCIPLES

PRINCIPLE 1 The Board should lead ethically and effectively

Ethical and effective leadership is exemplified by integrity, competence, responsibility, accountability, fairness and transparency. The Board subscribes to these ethical characteristics in order to offer effective leadership that results in achieving strategic objectives and positive outcomes over time. The Organisational Code of Ethics was revised during the 2020-21 financial year.

PRINCIPLE 2 The Board should govern the ethics of the entity in a way that supports the establishment of an ethical culture

A formal Code of Conduct is in place which clearly communicates ethical values and good governance to all staff members, and aims to promote the values, spirit and objectives contained in the provisions of the ECGA. This Code was revised during the previous financial year, presented to all staff and delegated to management to ensure its implementation.

During the reporting period, ethical declarations were completed by all Board members and staff, and the fraud/whistle-blowing hotline was in place and monitored accordingly. No Board members or staff were implicated in any unethical behaviour in terms of these hotline reports.

PRINCIPLE 3 The Board should ensure that the entity is, and is seen to be, a responsible corporate citizen

The Board's mission is to promote a socially responsible industry through regulation, licensing and appropriate enforcement. It also aims to ensure that the Eastern Cape gaming industry is conducted honestly and competitively with maximum contribution to society. Key areas of focus during the period under review, and in future, include:

- monitoring of progress against the employment equity plan;
- revenue collection for the provincial revenue fund;
- enforcement of licence conditions, including employment and shareholding empowerment in the industry;
- continued implementation of both the Corporate Social Investment (CSI) Framework for the industry and ECGB's own CSI programmes (refer to Section 3.14 of the Annual Report in this regard); and
- rollout of responsible gambling campaigns in the province using various platforms, in terms of the Responsible Gambling Strategy of the ECGB.

PRINCIPLE 4 The Board should appreciate that the entity's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process

The practices recommended under Principle 4 address the development, approval and implementation of the organisation's strategy and organisational performance, including the Annual Performance Plan targets as reported on in Section 2 of this Annual Report.

As far as performance is concerned, entities have to balance their priorities so as to both fulfil their mandate and remain financially sustainable. During the current financial year, the Board prioritised outputs and outcomes planned to ensure sustainable value creation by the entity itself, with the aim of a transformed and sustainable gambling industry at large.

PRINCIPLE 5 The Board should ensure that reports issued by the entity enable stakeholders to make informed assessments of the entity's performance and its short-, medium- and long-term prospects

The ECGB Annual Report complies with the National Treasury guideline for public entities and related PFMA requirements. However, it also integrates how the entity interacts with its external environment and provides information on its strategy, governance, performance and risks, including how financial and human capital is employed to create value. Together with the Annual Performance Plan, these two documents are a practical way of informing stakeholders about the entity's performance and its short-, medium- and long-term prospects. Both documents are published on the ECGB's website for ease of access by stakeholders.

PRINCIPLE 6 The Board should serve as the focal point and custodian of corporate governance in the entity

The Board is the governing body of an entity, and thus bears fiduciary responsibilities in terms of Section 50 of the PFMA. The Board regards corporate governance and adherence to the principles and prerequisites of the relevant legislation and guidelines, including the ECGA, the PFMA and King IV Code of Corporate Governance, as vitally important to the success of the entity's business. As such, the entity is unreservedly committed to applying the principles necessary to ensure adherence to these commitments.

Refer to Section 3.4 of this Annual Report for details included in the Board Charter and progress made regarding compliance with this Charter. The Board is satisfied that it has fulfilled its responsibilities in accordance with its Charter for the reporting period under review.

The entity supports the governance outcomes, principles and practices in the King IV Code on Corporate Governance, as set out in the King IV Report on Corporate Governance for South Africa, 2016 (King IV).

Below we summarise the King IV principles implemented, progress made towards achieving the practices and, ultimately, the governance outcomes envisaged. Enhancements, where required, will be made over time, in line with our objective of continuously improving and entrenching corporate governance best practices.

PRINCIPLE 7 The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively

The composition of the Board is legislated in terms of Section 5 of the ECGA. This notwithstanding, the Board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence. The majority of the current Board was appointed by the Honourable MEC for Economic Development, Environmental Affairs and Tourism during the year under review and consists of eight non-executive members and one executive member, the Chief Executive Officer, who serves in an ex officio capacity. The Chairperson and Deputy Chairperson are both considered to be independent Board members and the Deputy Chairperson fulfils the role of lead independent member, as contemplated in King IV.

During the year under review six Board member vacancies were filled and Ms Traci Mackie-Huisman was appointed as the new Chairperson of the Board. There is no Nominations Committee as the ECGA requires the MEC to invite interested parties by notice in the Provincial Gazette, and to follow the further processes outlined in the ECGA. As such, the Board has not set targets for gender or race representation but does seek to collaborate with the MEC on this critical issue, including the staggered rotation of members of the Board as allowed for in the ECGA.

Refer to Section 3.4 of this Annual Report for details of the qualifications of members and number of meetings attended during the reporting period.

PRINCIPLE 8 The Board should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties

The Board has four standing committees that assist it in discharging its duties and responsibilities: Audit and Risk Committee; Finance Committee; Compliance, Licensing & Transformation Committee; and Human Resources & Remuneration Committee.

- The Audit and Risk Committee report is included in Section 3.6 of this report, and Section 3.4 provides information on membership and the number of meetings held during the period for all sub-committees. These committees operate in accordance with written Terms of Reference approved by the Board, which are reviewed annually. The committee's roles and responsibilities, as well as key areas of focus for the year under review, are as follows:
- The Finance Committee reviews and recommends the budget as well as in-year and Annual Financial Statements to the Board, and advises on all finance-related policies. The Supply Chain Management Policy was updated and reviewed by the committee during the year under review.
- The Compliance, Licensing and Transformation Committee considers and makes recommendations to the Board on the licensing regulatory regime or policy, investigation methods, the licensing criteria, regulatory compliance, revenue audit processes, consumer protection and public education, as well as transformation of the Eastern Cape gaming industry in terms of black economic empowerment and social and economic development. The Committee continues to monitor the Community Trusts associated with licensees.
- The Human Resources and Remuneration Committee assists the Board with its human resources responsibilities and oversight duties, advises the Board and makes recommendations on organisational structure and skills development, human resources policies and practice, and ensures that the staff of the entity receive reasonable and fair reward for their individual and combined contributions to the overall performance of the organisation. The organisational succession plan was approved by the committee during the year under review.
- The Board does not have a Social and Ethics Committee as oversight duties in this regard are performed by the Compliance, Licensing and Transformation Committee (compliance, B-BBEE, social and economic development) the Human Resources and Remuneration Committee (employment equity and health and safety) and the Audit and Risk Committee (ethics, risk and fraud prevention).

The Board is satisfied that each of these committees has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. The committees are appropriately constituted and members are appointed by the Board. There are no external advisers or invitees who are standing attendees at committee meetings, although experts may be engaged when required.

PRINCIPLE 9 The Board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness

The effectiveness and performance of the Board as a whole, as well as the individual Board committees, is evaluated annually. The Board is satisfied that the evaluation process is contributing to improvement in the Board's performance and effectiveness.

Principle 10 **The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities**

The Board Delegation of Authority Policy sets out the different levels of authority afforded to the CEO, Board committees and executive management in the ECGB. The policy is developed in order to maintain high levels of corporate governance within the ECGB and to ensure that all parties are aware of their responsibilities. The Board is satisfied that it contributes to role clarity and the effective exercise of authority and responsibilities.

The Board evaluates the performance of the CEO annually against agreed performance measures and targets. A succession plan is in place for the CEO and other executive managers. The CEO was appointed as the President of the International Association of Gaming Regulators (IAGR) in the 2020/21 financial year and is a Board Member of the South African Responsible Gambling Foundation NPC (SARGF).

Principle 11 **The Board should govern risk in a way that supports the entity in setting and achieving its strategic objectives**

The Board is responsible for the governance of risk in terms of the approved Enterprise Risk Management Policy. The risk appetite is reviewed during the strategic planning process. Specifically, management considers levels of acceptable risk when developing performance indicators. The Board subsequently reviews the Annual Performance Plan and approves the operating objectives as being achievable. The ECGB's risk appetite then represents the amount of risk the ECGB is willing to accept as it seeks to achieve its defined strategic objectives. Detailed risk appetite considerations are included in the Annual Performance Plan.

The Audit and Risk Committee assists the Board with the governance of risk, and monitors risk management and combined assurance. It is supported by management and the Management Risk Committee, which reports quarterly on risk management, including mitigation action plans.

Principle 12 **The Board should govern technology and information in a way that supports the entity setting and achieving its strategic objectives**

In terms of the Board Charter and the Audit and Risk Committee Terms of Reference, the Audit and Risk Committee assists the Board with technology and information (IT) governance. The Corporate Governance of ICT Charter and Corporate Governance of ICT Policy were reviewed and adopted by the Board during the year under review. In addition, the Business Continuity and Disaster Recovery Plans were also reviewed and approved, and internal audit conducted a general controls review.

Principle 13 **The Board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the entity being ethical and a good corporate citizen**

The entity understands which laws and regulations it is required to comply with (the legal universe applicable to ECGB) and has developed a compliance calendar for the organisation that is reviewed on a quarterly basis. Compliance self-assessments are performed biannually by the risk and compliance officer under the guidance of the Legal Manager, who reports accordingly to the Audit and Risk and Compliance, and Licensing and Transformation Committees. The Legal Manager attends Management Risk Committee meetings as well as all Board and sub-committee meetings. No material non-compliance with laws and regulations were identified during the reporting period.

Principle 14 **The Board should ensure that the entity remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term**

The approved Remuneration and Reward Policy and Individual Performance Management Policy of the Board aim to achieve the following objectives:

- Attraction and retention of suitably skilled and competent employees;
- Appropriate reward for superior performance delivered by employees; and
- Obtain value for money for ECGB and ensure transparency, equity, consistency, and fairness in the levels of remuneration paid.

ECGB determines remuneration levels on the basis of job grading and market benchmarking results, which is conducted as necessary but at least every three years. This was last conducted in March 2021.

Refer to Section 4 of this Annual Report for further Human Resources information, including personnel costs and performance rewards. The Annual Financial Statements include details of the remuneration of Board members and senior managers, in Notes 25 and 17, respectively. The Board remuneration policy is approved by the MEC and was last revised in 2013.

Principle 15 **The Board should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and of the entity's external reports**

The Board has delegated to the Audit and Risk Committee oversight of, among others, the effectiveness of the entity's assurance services, including external audit, internal audit and the finance function, as well as the integrity of the Annual Report and the Annual Financial Statements.

With the assistance of independent assurers, such as the external auditor and the internal auditor, the Audit and Risk and Finance Committees review and evaluate the Annual Report and the Annual Financial Statements, prior to recommendation to the Board for approval.

The Audit and Risk Committee has been delegated the responsibility of ensuring that assurance services are performed in terms of the Internal Audit Charter. ECGB has an outsourced internal audit function, whose role and responsibilities are set out in an Internal Audit Charter. This requires, inter alia, the performance of risk-based internal audits in terms of an internal audit plan, as approved by the Audit and Risk Committee.

Internal audit submits formal reports to the Audit and Risk Committee quarterly. Refer to Section 3.6 for details of the reviews performed by internal audit during the reporting period.

Principle 16

In the execution of its governance role and responsibilities, the Board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the entity over time

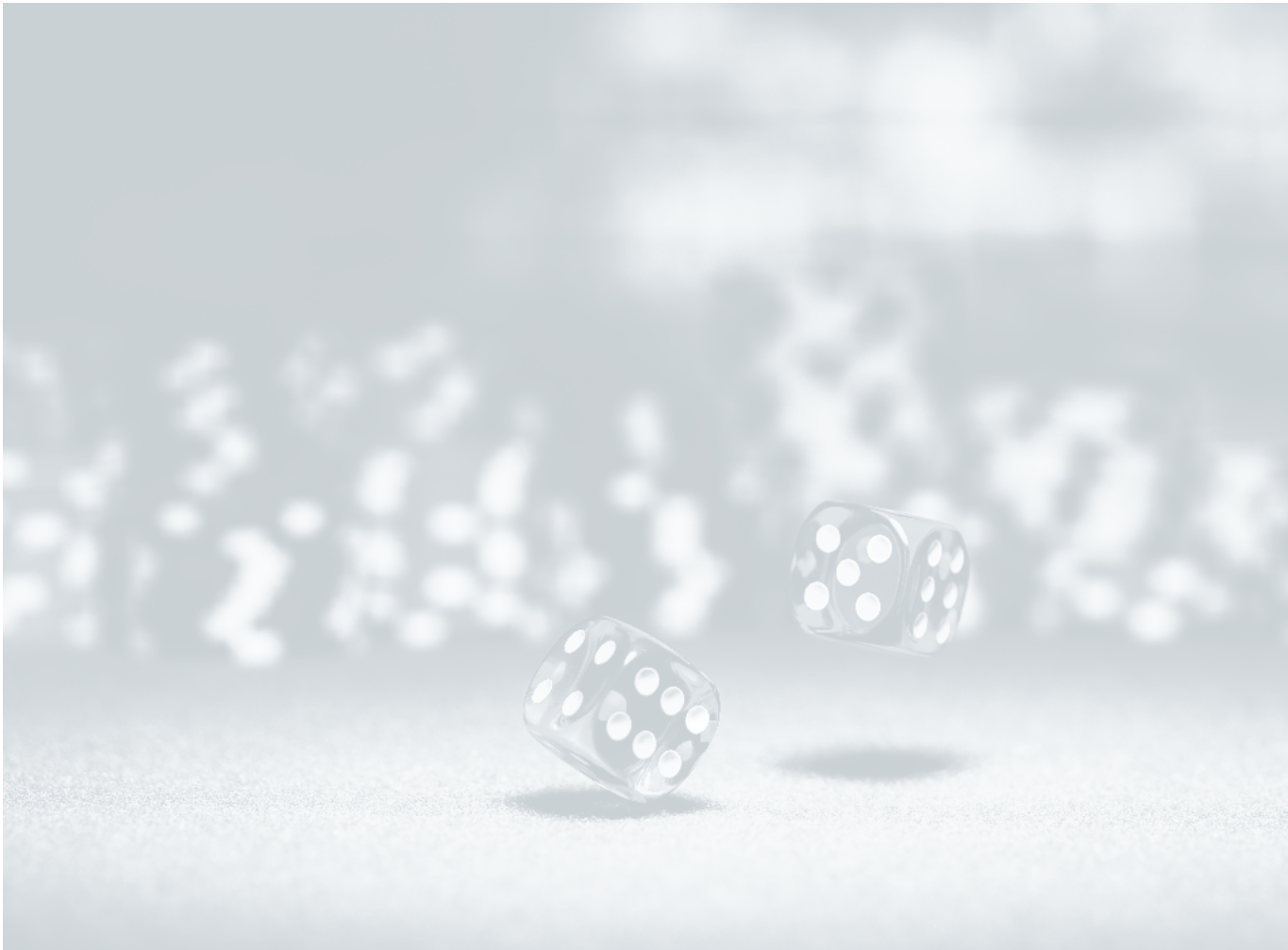
The Board has an approved stakeholder strategy that is reviewed at least every three years. The Board is convinced that the successful attainment of its objectives requires a multi-sectoral approach and a robust management of various stakeholder groupings. The focus on stakeholder management should assist the regulator in building credible associations and collaborative work with sister organisations and departments towards the achievement of its stated objectives. Both strategic and operational principles inform ECGB's engagement with stakeholders and strategic partners.

Strategic principles include:

- **Significance:** ECGB will engage stakeholders when there is a clear purpose and value in doing so.
- **Completeness:** ECGB will seek to understand the concerns, views, needs and expectations of stakeholders.
- **Responsiveness:** ECGB will respond coherently, appropriately and on time to its stakeholders.

Operational principles include:

- **Communication:** ECGB will be open and promote effective communication.
- **Transparency:** ECGB will provide clear information and establish feedback channels for all stakeholders.
- **Collaboration:** ECGB will seek mutually beneficial outcomes where feasible.
- **Inclusiveness:** ECGB will recognise, understand and involve stakeholders.
- **Integrity:** ECGB will engage stakeholders in a manner that fosters mutual respect and trust.



3.13 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 2003 and as determined by the Department of Trade and Industry.

Criteria	Response	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	Yes	<p>The ECGB is empowered in terms of Section 53(1)(c) of the National Gambling Act, 2004 (as amended), to impose reasonable and justifiable conditions on a licence to inter alia address black economic empowerment ("BEE"). In addition, it may apply the Codes to determine qualification criteria for the issuing of a licence in terms of section 10(1) of the B-BBEE Act.</p> <p>The ECGB in its RFP accordingly requires that a minimum percentage of the shareholding of the holder of licence must be held by Local PDIs as a reasonable and justifiable condition to meaningfully empower PDIs who are local inhabitants ("the Local PDI Requirement") in terms of Section 33(1) (k) of the ECGA.</p> <p>Further to this, all licences have criteria for overall B-BBEE status that the applicant must maintain as a condition of licence.</p>
Developing and implementing a preferential procurement policy?	Yes	All procurement is conducted in line with the approved Supply Chain Management Policy of the Board which includes the preferential procurement regulations in terms of the Preferential Procurement Policy Framework Act, 2000 (as amended). In this regard, points are awarded for all procurement greater than R30 000 based on the B-BBEE status level of the supplier.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for entering into partnerships with the private sector?	N/A	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad-Based Black Economic Empowerment?	N/A	

3.14 CORPORATE SOCIAL RESPONSIBILITY

The South African government has over the years developed and passed various legislative/policy and strategic frameworks to advance the economic empowerment and socio-economic transformation of designated groups for their participation in the mainstream economy. Owing to historical cultural stereotypes in our society, the economy has long been dominated by men, and DEDEAT has directed all of its public entities and their key stakeholders, or licensees in the case of ECGB, to implement targets that are not about charity to designated groups, but rather those that have economic and human development, including socio economic transformation of designated groups.

The ECGB has a Corporate-Social Investment (CSI) Programme which is meant to build a cohesive social compact with communities and various stakeholders in the province. The programme is implemented jointly with social and strategic partners to champion social changes in the most impoverished areas of the province as guided by the Anti-Poverty Strategy of the Province.

A budget of R311 407 was made available to support CSI/SED programmes and invested in four primary schools that have been identified through the assistance of the department of education in the province.

The investment was about supporting the learning, mastery of maths, science and technology outcomes for Grades R-7, and the schools that benefited two thousand two hundred and twenty-seven (2 727) learners during this financial year were: Embekweni Primary School, Mount White Primary School, Seyisi Primary School and Nolutkhanyo Primary School.

The table below illustrates the project type, beneficiary's category in terms of gender and/or designated and vulnerable groups, total number of beneficiaries, and location of the projects:

Basket / Area of CSI Investment	Beneficiaries of The Project	Project Type / Investment Initiative	Equity Demographics		Location
			Male	Female	
Education Basket	Embekweni Primary School	Project implemented at four Primary schools by supporting with Maths, Natural Science & Technology kits for Grades R-7 and the material provided included the following:	544	479	Embekweni, Potsdam South in Mdantsane under Buffalo City Metropolitan Municipality, Ward 24
Education Basket	Mount White Primary School	<ul style="list-style-type: none"> 12 boxes of Natural Science and Technology kits (3 boxes for each school); 8 boxes of Maths kits (2 boxes each school); 	90	60	Ntlabeni A/A, Mount Frere under Alfred Nzo District Municipality, Ward 13
Education Basket	Seyisi Primary School	<ul style="list-style-type: none"> 4 boxes of chemicals (1 box each school); Wall charts for the learning areas supported; Signage boards with logos of the schools, Department of Social Development, Department of Education and ECGB. 	360	439	Vilakazi Street in KwaZakhele, Gqeberha under Nelson Mandela Bay Metropolitan Municipality, Ward 19
Education Basket	Nolutkhanyo Primary School		377	378	2993 Zwide Location, Ilinge, Queenstown under Enoch Mgijima Local Municipality, Ward 03
TOTAL NUMBER OF BENEFICIARIES 2 727			1 371	1 356	

Signage Boards for each school with the logos of ECGB, Departments of Education and Social Development and the school are mounted in all the schools supported. The signage boards contain the ECGB toll-free line on fraud prevention, the National Responsible Gambling Foundation helpline for problem gambling assistance, and messages on responsible gambling, including the reporting of illegal gambling activities. The Department of Education pledged to conduct follow-up monitoring and evaluation to ensure that the investment made yields sustainable positive results.

An assessment of the impact regarding the provision of support was also undertaken and final outcomes of the assessment will be made available in 2022/23 financial year.

The gaming industry in the province is also expected and required through their licence conditions to invest in communities through their own CSI and SED Projects as part of building a cohesive social compact with communities and various stakeholders where they operate. This was also a deliberate effort to advance the economic empowerment and socio-economic transformation of designated groups for their participation in the mainstream economy.

By the end of the 2021/22 financial year, the gaming industry invested in various municipalities in the province a combined amount of **R15 417 239,90** towards CSI/SED initiatives in line with the CSI framework of the Eastern Cape Gambling Board, guided by the Anti-Poverty Strategy of the Province and the CSI Framework of the Gaming Industry as detailed in the table below.

Licensee	Total Csi/Sed Contribution by Licensees	Focus Areas For Csi Initiatives				
		Education	Health	Arts & Culture	Social Development	Sport & Tourism
Casino	R3 494 256	R1 341 051	R193 199	R371 328	R1 282 955	R305 723
Bingo	R8 621 668	R4 765 223	R288 690	R243 621	R1 118 100	R2 206 034
Bookmaker	R299 158	R76 504	R18 561	R0	R169 406	R34 686
Route Operator	R2 038 200	R1 406 200	R100 000	R200 000	R332 000	R0
Sites (Lpm)	R963 958	R301 898	R28 771	R29 321	R237 398	R79 177
Total	R15 417 240	R7 890 876	R629 221	R 844 270	R3 139 859	R2 625 621

Figure 1 below depicts the CSI Framework Focus Areas for contributions or projects implemented by the ECGB and Licensees in various impoverished communities in the Eastern Cape.

Figure 1: CSI/SED Focus Areas, as informed by the approved CSI Framework/policy

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

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

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

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

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

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

Designated and Vulnerable Groups

During the 2021/22 financial year, the ECGB implemented designated and vulnerable groups programmes to add socio-economic value and, more specifically, to become an agent of social change within the province.

This was achieved through the implementation of programmes meant to support vulnerable communities wherein two (2) Designated and Vulnerable Groups projects were supported during the quarter under review, Amaghawe project for people living with disabilities in Ntabankulu in Alfred Nzo district municipality, and Hlumanathi project for the elderly in Ngqeleni in OR Tambo district municipality. These projects were supported with sewing material, machines for carpentry, and beads for craftwork, aiming at empowering the elderly and people living with disabilities.



CSI handover of Maths and Science kit at Embekweni Primary School in Mdantsane, East London



CSI handover of Maths and Science kit at Nolukhanyo Junior Primary School in Queenstown

3.15 RESPONSIBLE GAMBLING

One of the core strategic pillars of the ECGB as a regulator in building and strengthening the social compact and cohesion is harm minimisation and the institutionalisation of a culture of responsible gambling.

This is performed through:

- informing, empowering, and enhancing understanding of problem and excessive gambling, and how to deal with potential problem gambling at home, at the workplace and in the communities;
- provision of information on the potential harm of excessive gambling and approaches to mitigate excessive gambling;
- highlighting the referral and support services that are available when problem gambling is identified in the workplace. These services are at no cost to communities who are experiencing gambling addiction challenges.

During the year 2021/22, a total of twelve (12) responsible gambling workshops were conducted, which comprised nine (9) for the Houses of Traditional Leaders of the Province, two (2) for Community Police Forum members and Community Police officers, and one (1) for employees across all occupational levels of Amathole District Municipality.

The workshops focused on minimising the harmful effects of irresponsible and excessive gambling among individuals, in the workplace and in communities at large. The contents of the workshops included:

- the legislative mandate of gambling post 1994 and the key principles of the Wiehan Commission regarding gambling;
- understanding of problem gambling and excessive gambling, including types of gamblers, signs and symptoms of a problem gambler, stigma and problem gambling defined, comorbidity, implications, and consequences of problem gambling;
- available support and referral services provided by SARGF's National Responsible Gambling Programme and gambling industry mechanisms to minimise potential harmful effects of excessive gambling, namely, self-exclusion and third-party exclusion; and
- raising awareness with regard to illegal gambling that is currently plaguing the province, as well as establishing partnerships between the ECGB, CPFs and CPOs in addressing and combating the issue.

Furthermore, in 2021/22 a total of five (5) schools were partnered with, in regard to implementing the Taking Risks Wisely programme, wherein eighty-six (86) young people were reached through school sessions with the theme "Managing risks responsibly by avoiding impulsive behaviour".

The Taking Risks Wisely school sessions were conducted in collaboration with the South African Responsible Gambling Foundation and implemented in five (5) schools in the province in order to:

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

A total number of four hundred and sixty-eight (468) people have been reached through the responsible gambling workshops in the Minimisation of Harmful Effects of Excessive and Irresponsible Gambling and Taking Risks Wisely School Programme.

Communities, families, and employees who have at risk relatives or spouses are encouraged to call this toll-free number: 0800 006 008, to seek help with regard to gambling addiction. These services are free and at no cost and are only meant to assist and help our communities in the province.

The table below illustrates the reach, demographics and areas impacted by responsible gambling workshop sessions conducted during the period under review with various groups/members of the communities.

NO.	ORGANISATION	THEMES / TOPICS	NUMBER OF PEOPLE REACHED	EQUITY DEMOGRAPHICS		REGION/ LOCATION	DATES
				Male	Female		
1	Employees across all occupational levels of Amathole District Municipality	Minimisation of harmful effects of excessive and irresponsible gambling as well as illegal gambling workshop	38	9	29	Amathole District Municipality, East London	13 May 2021 14 May 2021
2	Traditional Leaders of Nyandeni Traditional House		15	6	9	Nyandeni Great Place, Libode	07 September 2021
3	Traditional Leaders of Matiwane Traditional House		29	28	1	Matiwane Great Place, Qumbu	08 September 2021
4	Traditional Leaders of Bumbane Traditional House		41	26	15	Enkululekweni Council Chambers, Mthatha	14 September 2021
5	Traditional Leaders of Rharhabe Traditional House		89	46	43	Rharhabe Great Place	15 September 2021
6	Traditional Leaders of Ngqadu Traditional House		22	16	6	Centane Town Hall, Centane	07 October 2021
7	Traditional Leaders of Qamata Traditional House		25	17	8	Qamata Great Place, Qamata	12 October 2021
8	Traditional Leaders of Fingoland		24	16	8	Zovuyo Conference Centre, Butterworth	14 October 2021
9	Traditional Leaders of Basotho Traditional Council		26	10	16	Bunga Hall, Sterkspruit	18 October 2021
10	Traditional Leaders of Qawukeni Traditional House		38	22	16	Ingquza Hill Local Municipality, Flagstaff	05 November 2021
11	CPFs and CPOs of Dlambe Local Municipality	15	13	2	Civic Centre, Port Alfred	09 November 2021	
12	CPFs and CPOs of Raymond Mhlaba Local Municipality	20	12	8	Raymond Mhlaba Local Municipality, Alice	11 November 2021	
13	John Bisseker High School, East London	17	8	9	Parkside, East London	8-11 February 2022	
14	Cingani High School, Gqeberha	Managing risks responsibly by avoiding impulsive behaviour	14	06	08	Motherwell, Gqeberha	15-18 February 2022
15	Newell High School, Gqeberha		22	06	16	New Brighton, Gqeberha	15-18 February 2022
16	Walmer High School, Gqeberha		20	11	09	Walmer, Gqeberha	15-18 March 2022
17	Forbes Grant Senior Secondary School		13	02	11	Ginsberg, King William's Town	22-26 March 2022
TOTAL NUMBER OF PEOPLE REACHED			468	254	214		



THE ECGB AIMS TO BE
EMPLOYER OF CHOICE.





PART D

HUMAN RESOURCE MANAGEMENT



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4.1 INTRODUCTION

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

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

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

The Human Resources Management division provides the following services:

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

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

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

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

- Review the current organisational structure to ensure alignment with the new organisational strategy.
- Improve maturity of HR through the implementation of identified priorities.

- Ensure employee retention through the succession planning programme.
- Effectively manage employment relations within the organisation.
- Enhance employee wellness programmes.
- Promote implementation of human resources planning and organisational development.
- Enhance human capital development for all employees.
- Enhance the integrated performance management system.

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

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

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

EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

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

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

EMPLOYEE WELLNESS PROGRAMMES

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

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

POLICY DEVELOPMENT

The HR Department ensures that policies are up to date. A total of seven policies were reviewed and one new policy was developed during the year under review.

ACHIEVEMENTS DURING THE YEAR

An assessment of the HR component's ability to strategically assist in the achievement of service delivery goals, known as the Human Resources Maturity Assessment, was conducted and a Level 4 rating was achieved, as against the set target of level 3 for the year under review.

Five vacancies were filled during the year and five graduate interns continued to the second year of the internship programme.

With regard to skills development, the Annual Training Plan with training programmes for all staff members was developed and functional training programmes were undertaken in all departments.

An Internship Plan that guides the intake of interns during the year was developed. An Employee Wellness Plan was also developed to provide structured wellness programmes for the year. An organisational succession plan was developed and approved by the Board in line with the existing Succession Planning and Retention Policy.

The entity continued to implement measures to curb the spread of COVID-19 in the workplace. The business continuity committee established in 2020 continued to meet and reviewed the internal COVID-19 protocols and risk assessment during the year.

Staff were furnished with the necessary PPE, and a COVID-19 symptom screening App was developed for use by staff when attending the office.

In line with the Occupational Health and Safety direction from the Department of Employment and Labour, the entity also developed a Workplace Preparedness Plan entailing all the measures the organisation will put in place to ensure health and safety of employees during the pandemic.

Staff continued to work remotely and equipment for remote working was provided by the organisation. For most of the year under review, staff attended the office on a rotational plan basis but returned to the office full time in March 2022. Employee wellness sessions on different topics were held with all employees to assist them in coping with the challenges brought by the pandemic.

CHALLENGES FACED BY THE PUBLIC ENTITY**Challenges that the entity must address include:**

- filling of all vacant positions while meeting equity targets, including targets for disabled persons;
- ongoing mitigation of COVID-19 pandemic-related risks;
- increased adherence to the training and development plan by all staff.

FUTURE HR PLANS / GOALS

- The implementation of the reviewed organisational structure.
- Selected HR policies will be reviewed in the 2022/23 financial year to ensure alignment with the overall organisational and HR strategies.
- The implementation of an approved organisation-wide succession plan to ensure that a pool of employees is ready for vacancies that may occur.
- A change management programme will be rolled out to effectively manage changes in the organisation.
- The ethics programme will be strengthened through the review of the ethics framework, regular awareness sessions and conducting an ethics survey.

4.2 HUMAN RESOURCE OVERSIGHT STATISTICS

TOTAL PERSONNEL COST BY PROGRAMME ⁴

Programme	Total Expenditure for the Entity (R'000)	Total Personnel Expenditure (R'000)	Personnel Cost as a % of Total Expenditure (R'000)	No. of Employees	Average Personnel Cost per Employee (R'000)
Programme 1: Corporate Services Management (and Capital Expenditure)	44 214	26 108	59%	28	932
Programme 2: Gambling Regulation and Consumer Protection	23 896	21 216	89%	25	849
Programme 3: Research and Public Education	3 868	1 849	48%	2	924
TOTAL	71 979	49 173	68%	55	894

PERSONNEL COST BY SALARY BAND (EXCLUDING PERFORMANCE BONUS BELOW)

Level	Personnel Expenditure (R'000)	% of Personnel Exp. to Total Personnel Cost (R'000)	No. of Employees	Average Personnel Cost per Employee (R'000)
Executive/Senior Management	8 347	18%	3	2 782
Management	8 344	18%	6	1 391
Specialists and Professionally Qualified	6 320	14%	6	1 053
Skilled	19 577	42%	29	675
Semi-skilled	3 399	7%	8	425
Unskilled	373	1%	3	124
TOTAL	46 360	100%	55	843

PERFORMANCE BONUS PAID

Level	Performance Bonus (R'000)	Other Personnel Costs (R'000)	% Performance Bonus Paid
Executive/Senior Management	681	8 347	8.2%
Management	587	8 344	7.0%
Specialists and Professionally Qualified	399	6 320	6.3%
Skilled	960	19 577	4.9%
Semi-skilled	171	3 399	5.0%
Unskilled	15	373	4.0%
TOTAL	2 813	46 360	6.1%

⁴ Costs reflected exclude employees appointed temporarily (in addition to the approved structure), casual labour costs and the internship programme.

TRAINING AND DEVELOPMENT COSTS (LOCAL)

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No. of Employees Trained	Avg Training Cost per Employee (R'000)
Programme 1: Corporate Services Management and Administration	26 108	166	1%	24	6.9
Programme 2: Gambling Regulation and Consumer Protection	21 216	110	1%	13	8.4
Programme 3: Research and Public Education	1 849	11	1%	2	5.3
TOTAL	49 173	286	1%	39	7.3

EMPLOYMENT AND VACANCIES

Positions Vacant	2020/21 Number of Employees	2021/22 Approved Posts	2021/22 No. of Employees	2021/22 Vacancies	% of Vacancies
Manager: Legal Services and Board Secretaria ⁵	1	1	1	1	1.7%
Communication and Marketing Officer	1	1	0	1	1.7%
Auditor	5	5	4	1	1.7%
Junior Auditor	2	2	1	1	1.7%

Level	2020/21 Number of Employees	2021/22 Approved Posts	2021/22 No. of Employees	2021/22 Vacancies	% of Vacancies
Executive/Senior Management	3	3	3	0	0%
Management	5	6	5	1	1.7%
Professionally Qualified/Specialists	6	6	6	0	0%
Skilled	29	32	29	3	5.2%
Semi-skilled	8	8	8	0	0%
Unskilled	2	3	3	0	0%
TOTAL	53	58	54	4	6.9%

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Employment at End of the Period
Executive/Senior Management	3	0	0	3
Management	5	0	0	5
Professionally Qualified/ Specialists	6	0	0	6
Skilled	29	4	4	29
Semi-skilled	8	0	0	8
Unskilled	2	1	0	3
TOTAL	53	5	4	54

⁵ The Manager: Legal Services and Board Secretariat position was filled on a short-term contract during the year under review; however it is reflected as a vacancy pending permanent filling of the position.

REASONS FOR STAFF LEAVING

Reason	Number	% of Total No. of Staff
Death	1	1.7%
Resignation	1	1.7%
Dismissal	1	1.7%
Retirement	1	1.7%
Ill health	0	0%
Expiry of contract	0	0%
Promotion	0	0%
Other	0	0%
TOTAL	4	7.0%

*One employee promoted from Intern to Junior Inspector but not counted on the table above as she was not a permanent employee on the organogram and therefore that movement didn't affect the terminations.

Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	Number
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	1

EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

During the year under review, the entity continued to implement its Employment Equity (EE) Plan. Not all targets have been achieved during the filling of vacancies, as highlighted below, and these will be prioritised with recruitment for existing vacancies. An Employment Equity report is submitted annually to the Department of Labour as required by the Employment Equity Act (Act 55 of 1998).

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Executive/Senior Management	2	2	0	0	0	0	1	1
Management (incl. Professionally Qualified/Specialists)	4	4	0	0	1	1	0	0
Skilled	13	13	0	1	0	0	2	2
Semi-skilled	1	2	0	0	0	0	0	0
Unskilled	1	1	0	0	0	0	0	0
TOTAL	21	22	0	1	1	1	3	3

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Executive/Senior Management	0	0	0	0	0	0	0	0
Management (incl. Professionally Qualified/Specialists)	6	7	0	0	0	0	0	0
Skilled	13	13	1	2	0	0	0	1
Semi-skilled	7	7	0	0	0	0	0	0
Unskilled	2	2	0	0	0	0	0	0
TOTAL	28	29	1	2	0	0	0	1

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

SPORTS Betting Live





PART E

FINANCIAL STATEMENTS

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5.1

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE ON THE EASTERN CAPE GAMBLING BOARD

REPORT ON THE FINANCIAL STATEMENTS

1. I have reviewed the financial statements of the Eastern Cape Gambling Board set out on pages ... to ..., 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, statement of comparison of actual and budget amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

CONCLUSION

2. Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of the Eastern Cape Gambling Board as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Acceptable Accounting Practice (SA Standard of GRAP) and the requirements of the Public Finance Management Act, 1999 (Act No.1 of 1999 (PFMA)).

RESPONSIBILITIES OF THE ACCOUNTING

AUTHORITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE REVIEW OF THE FINANCIAL STATEMENTS

5. My responsibility is to express a conclusion on the accompanying financial statements. I conducted my review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*. ISRE 2400 (Revised) requires me to conclude on whether anything has come to my attention that causes me to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires me to comply with the relevant ethical requirements.
6. A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. I am required to perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluating the evidence obtained.
7. The procedures performed in a review engagement are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, I do not express an audit opinion on these financial statements.

REPORT ON THE ANNUAL PERFORMANCE REPORT

8. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the usefulness and reliability of the reported performance information against predetermined objectives presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
9. I performed procedures to evaluate the usefulness and reliability of the reported performance information on selected performance indicators in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice.
10. I performed the procedures in accordance with the AGSA audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an opinion or an assurance conclusion.

11. My procedures address the usefulness and reliability of the reported performance information on the selected performance indicators, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My 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, my findings do not extend to these matters.
12. I performed procedures to determine whether the reported performance information was properly presented and whether the performance **was consistent with the approved performance planning documents. I performed further procedures to determine whether the selected performance 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.**
13. **I selected the following material performance indicators contained in gambling regulation and consumer protection presented in the public entity's annual performance report for the year ended 31 March 2022 set out on pages to** I selected the indicators that measure the public entity's performance on its primary mandated functions and which are of significant national, community or public interest.

Programme 2: Gambling regulation and consumer protection

Number of key gambling licenses issued

Number of economic opportunities awareness sessions conducted

Number of sweeps conducted

Number of revenue audits conducted

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected material performance indicators.

REPORT ON COMPLIANCE WITH LEGISLATION

15. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
16. I performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA audit methodology. This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
17. I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and adequately available to report in an understandable manner.

The selection is done through an established AGSA process. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Sections 38(1)(a)(iv); 38(1)(b); 44; Sections 45(b); 51(1)(b)(i); Sections 51(1)(b)(ii); 51(1)(e)(iii); Sections 53(4); 54(2)(c); 54(2)(d); Sections 55(1)(a) - (b); 55(1)(c)(i); Sections 66(3)(c); 66(5)
Treasury regulations	TR 8,2,1; 8,2,2; TR 16A3.2(a); 16A 3.2 (fairness); 6.1; TR 16A6.2(a) & (b); TR 16A6.3(a) - (c); 16A6.4; 16A6.5; TR 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; TR 16A.7.7; 16A8.3; TR 16A9.1(b)(ii); 16A9.1(d) - (f); TR 16A9.2(a)(ii); TR 30.1.1; 30.1.3(a) - (b); 30.1.3(d); TR 30.2.1; 31.2.1; 31.2.5; 31.2.7(a); TR 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB regulations	Regulations 17; 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Sections 2.1(a),(b) and (f)
Preferential Procurement regulations (PPR), 2011	Regulations 4.1; 4.3; 5.5; 6.5; 7.1; Regulations 9.1; 9.5; 11.5
Preferential Procurement regulations (PPR), 2017	Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; Regulations 6.8; 7.8; 8.2; 8.5; Regulations 9.1; 10.1; 10.2; 11.1
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)
NT SCM Instruction Note 04 of 2015/16	NT SCM Instruction Note 05 of 2009/10
NT SCM Instruction Note 03 of 2016/17	Par 8.1; 8.5
NT SCM Instruction Note 4A of 2016/17	Par 6
NT SCM Instruction Note 07 of 2017/18	Par 4.3
NT SCM Instruction note 03 of 2019/20 [Annexure A - FIPDM]	Par 5.5.1(vi); 5.5.1(x)
NT SCM Instruction Note 08 of 2019/20	Par 3.1.1; 3.6; 3.7.2; 3.7.6(i) - (iii)
NT SCM Instruction Note 03 of 2020/21	Par 3.6; 3.7; 5.1(i); 6.1; 6.3
NT SCM Instruction Note 05 of 2020/21	Par 3.2; 3.7; 4.3; 4.6; 4.8; 4.9; 5.3
Erratum NT SCM Instruction Note 05 of 2020/21	Par 1; 2
Second Amendment to NT SCM Instruction Note 05 of 2020/21	Par 1
NT Instruction Note 11 of 2020/21	Par 3.1; 3.4(b); 3.9
SCM Practice Note 8 of 2007/08	Par 3.3.1; 3.4.1; 3.5
SCM Practice Note 7 of 2009/10	Par 4.1.2

18. I did not identify any material findings on compliance with the selected legislative requirements.

INTERNAL CONTROL DEFICIENCIES

19. I considered internal control relevant to my engagements on the financial statements, reported performance information and compliance with key legislation; however, my objective was not to express any form of assurance on it.
20. I did not identify any significant deficiencies in internal control.

PROFESSIONAL ETHICS AND QUALITY CONTROL

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

In accordance with the International Standard on Quality Control 1, the Auditor-General of South Africa maintains a comprehensive system of quality control that includes documented policies and procedures on compliance with ethical requirements and professional standards.

AUDITOR GENERAL

East London
22 July 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

5.2

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2022

	NOTES	2022 R	2021 R
ASSETS			
Current assets			
Cash and cash equivalents	2	22 537 555	18 958 035
Prepayments	3	708 350	467 791
Statutory receivables for distribution from non-exchange transactions	4	15 879 624	14 056 933
Statutory receivables from exchange transactions	5	291 107	28 275
Other receivables from exchange transactions	6	307 989	108 269
		39 724 625	33 619 303
Non-current assets			
Property, plant and equipment	7	24 136 738	22 178 037
Intangible assets	8	2 880 592	3 108 875
TOTAL ASSETS		66 741 955	58 906 215
LIABILITIES			
Current liabilities			
Collections for distributions from non-exchange transactions	9	15 740 636	13 992 390
Trade and other payables from exchange transactions	10	12 037 296	11 327 255
Provisions	11	4 013 831	2 960 132
Finance lease obligation	12	47 226	324 079
		31 838 989	28 603 856
Non-current liabilities			
Provisions	11	567 758	498 793
Finance lease obligation	12	-	47 226
TOTAL LIABILITIES		32 406 747	29 149 875
NET ASSETS		34 335 208	29 756 340
Net assets			
Accumulated surplus		34 335 208	29 756 340
TOTAL NET ASSETS		34 335 208	29 756 340

5.3

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MARCH 2022

	NOTES	2022 R	2021 R
REVENUE			
Revenue from exchange transactions	13	13 220 609	12 836 078
Revenue from non-exchange transactions	13	61 961 000	61 350 000
		75 181 609	74 186 078
EXPENDITURE			
Administrative expenditure	14	6 500 658	5 271 778
Corporate social investment	15	394 930	282 827
Consumer protection and public education	16	902 830	244 513
Depreciation and impairment of PPE	7	2 459 530	1 966 922
Amortisation of intangible assets	8	829 249	717 360
Employee costs	17	50 735 665	46 949 891
Legal costs		2 153 419	3 634 038
Marketing and research costs	18	1 335 920	606 601
Other operating expenditure	19	5 417 017	4 957 330
Statutory audit fees	20	1 249 409	1 203 767
TOTAL EXPENDITURE		71 978 627	65 835 027
NET EXPENDITURE		3 202 982	8 351 051
Finance income	21	1 367 343	1 052 389
Profit on disposal of PPE	22	8 543	16 725
TOTAL OTHER INCOME		1 375 886	1 069 114
SURPLUS FOR THE YEAR		4 578 868	9 420 165

5.4

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 31 MARCH 2022

	Accumulated Surplus	Total
	R	R
Balance as at 1 April 2020	20 336 175	20 336 175
Surplus for the year	9 420 165	9 420 165
Balance as at 1 April 2021	29 756 340	29 756 340
Surplus for the year	4 578 868	4 578 868
Balance as at 31 March 2022	34 335 208	34 335 208

5.5

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 R	2021 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Gambling fees and taxes		166 469 073	104 485 838
DEDEAT grant		61 961 000	61 350 000
Trade debtor and other receipts		13 224 409	12 308 659
		241 654 482	178 144 497
Payments			
Gambling fees and taxes paid to the Province		159 312 357	98 334 834
Payment to suppliers, employees and other payments		74 792 210	68 670 475
		234 104 567	167 005 309
Net cash flows from operating activities	22	7 549 916	11 139 188
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	22	1 367 343	1 052 389
Proceeds from sale of property, plant and equipment	22	211 740	108 495
Purchase of property, plant and equipment		(4 624 434)	(10 111 180)
Purchase of intangible assets	8	(600 965)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		(324 079)	(342 206)
Net cash flows from investing and financing activities		(3 970 394)	(9 292 502)
Net increase in cash and cash equivalents		3 579 521	1 846 686
Cash and cash equivalents at beginning of the year		18 958 035	17 111 348
Cash and cash equivalents at end of the year	2	22 537 555	18 958 035

5.6

STATEMENT OF COMPARISON OF ACTUAL & BUDGET AMOUNTS

FOR THE YEAR ENDED 31 MARCH 2022

	Note	Approved Budget R	Final Adjusted Budget R	Actual Amounts R	Difference: Final Budget and Actual R	Variance %
REVENUE						
Revenue from exchange transactions	34	14 592 116	12 792 116	13 220 609	428 493	3,3%
Revenue from non-exchange transactions		61 961 000	61 961 000	61 961 000	(0)	(0,0%)
		76 553 116	74 753 116	75 181 609	428 493	0,6%
EXPENDITURE						
Administrative expenditure		10 785 499	6 610 498	6 500 658	(109 840)	(1,7%)
Corporate social investment	34	464 057	464 057	394 930	(69 127)	(14,9%)
Consumer protection and public education		1 054 634	854 634	902 830	48 196	5,6%
Depreciation and impairment of PPE		2 028 129	2 353 129	2 459 530	106 401	4,5%
Amortisation of intangible assets		720 000	820 000	829 249	9 249	1,1%
Employee costs		51 535 138	51 016 493	50 735 665	(280 828)	(0,6%)
Legal costs		2 340 000	2 240 000	2 153 419	(86 581)	(3,9%)
Marketing and research costs	34	1 131 075	1 131 075	1 335 920	204 845	18,1%
Other operating expenditure		6 530 698	5 230 736	5 417 017	186 281	3,6%
Statutory audit fees		1 417 472	1 267 472	1 249 409	(18 063)	(1,4%)
TOTAL EXPENDITURE		78 006 702	71 988 094	71 978 627	(9 467)	(0,0%)
TOTAL SURPLUS		(1 453 586)	2 765 022	3 202 982	437 960	15,8%
Finance income		2 030 186	1 305 186	1 367 343	62 157	4,8%
Profit on disposal of PPE		-	-	8 543	8 543	100,0%
		2 030 186	1 305 186	1 375 886	70 700	0,1
SURPLUS FOR THE YEAR		576 600	4 070 208	4 578 868	508 660	12,5%
CAPITAL EXPENDITURE	34	3 325 000	11 480 374	5 225 397	(6 254 977)	(54,5%)

5.7

ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2022

1 ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2022

1.1 REPORTING ENTITY

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

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

1.2 BASIS OF PREPARATION

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

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

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

No new Standards of GRAP became effective in the current financial period.

The following Standards of GRAP have been revised, but the revisions are not yet effective. The Minister of Finance has determined that the effective date will be as from 1 April 2025, except for the revised GRAP 25 that has no effective date:

Reference	Topic	Nature of change and impact on reporting framework
GRAP 104	Financial Instruments (Revised)	Compliance with these standards is not yet required, and the possible impact on future reporting periods is not considered to be material as it relates primarily to classification and disclosure considerations.
GRAP 25	Employee Benefits (Revised)	

The following Interpretation of GRAP has been issued but is not yet effective. The Minister of Finance has not yet determined the effective date:

Reference	Topic	Nature of change and impact on reporting framework
IGRAP 21	The Effect of Past Decisions on Materiality	Compliance with this interpretation is not yet required however the possible impact on future reporting periods is not considered to be material as it merely provides guidance in instances where the treatment of items previously assessed as immaterial become material in subsequent periods.

A summary of the significant accounting policies is disclosed below.

1.2.1 PROPERTY, PLANT AND EQUIPMENT

"Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, or for administrative purposes, and are expected to be used during more than one period. Since they are not used to generate a commercial return, and since no assets are used to directly generate

cashflow but rather to support the execution of the ECGB mandate, they are designated as non-cash generating units at initial recognition. Property, plant and equipment are initially measured at cost and are subsequently carried at historical cost less accumulated depreciation. Depreciation is calculated on the straight-line method to write off the cost of assets to their residual values over their anticipated useful lives as follows:

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

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

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

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

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

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

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

1.2.2 INTANGIBLE ASSETS

An asset is identified as an intangible asset when:• it is capable of being separated or divided from the entity and then sold, transferred or used on its own or together with a related asset,

- it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

An intangible asset is recognised when:

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

Intangible assets are initially measured at cost and carried at cost less accumulated amortisation and any impairment losses in accordance with the Standard of GRAP on Impairment of Non-cash-generating Assets. Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, or if the asset is not yet ready for use, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount. Software is amortised on a straight-line basis over its anticipated useful life. Generally, costs associated with developing computer software programmes are recognised as an expense as incurred. However, costs that are clearly associated with an identifiable and unique product, which will be controlled by the entity and have a probable benefit exceeding the cost beyond one year, are recognised as intangible assets.

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

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

Computer software	3 years
Internally generated software	6 years

Internally generated software represents a proprietary Gambling Regulatory System where a maintenance contract for the system is in place. As a result of this maintenance contract the estimated useful life has been assessed as 6 years.

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising from the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the statement of financial performance.

1.2.3 FINANCIAL INSTRUMENTS

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

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

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

Impairment of financial assets

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

The entity has the following types of financial assets:

Other receivables

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

Cash and cash equivalents

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

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

Trade and other payables

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

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

Leave accrual and 13th cheque - refer 1.2.9 below

Finance lease - refer 1.2.10 below

Derecognition of financial instruments

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

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

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

1.2.4 STATUTORY RECEIVABLES

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

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

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

1.2.5 RETIREMENT BENEFITS

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

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

1.2.6 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Contingent assets and contingent liabilities

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

1.2.7 REVENUE**Revenue from exchange Transactions:**

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

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

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

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

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

Revenue from non-exchange transactions (taxes and transfers)

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

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

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

1.2.8 GAMBLING TAXES AND FEES COLLECTED ON BEHALF OF THE PROVINCIAL TREASURY

The Board acts as an agent to the Provincial Revenue Fund and all gambling taxes and part of the fees collected are paid over at the end of each month as prescribed by the Gambling and Betting Act. (Amounts are remitted to DEDEAT which is the Executive Authority, refer note 26 for further details and reconciliation of amounts due at year-end.) These gambling taxes and fees are not recognised as revenue as they are collected on behalf of the state. However, an asset and liability is recognised when taxes and fees become receivable from a licensee and payable to the state. Receivable and payables for collection and distribution to the state are initially measured at the legislated amount and carried at amortised cost. The Board does not receive any separable amount of revenue as compensation for the collection and distribution of taxes and fees, as it is established to oversee all gambling and betting activities in the Province, and funding is appropriated in order to enable it to perform all the various functions under the Act.

1.2.9 EMPLOYEE BENEFITS

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

Short-term employee benefits include items such as:

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

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

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

Leave accrual

The employees of the entity are entitled to 22 working days per annum as leave gratuity. The policy adopted by the Board is that all its employees should take leave during the year, failing which they will forfeit their leave days on the 30th of June each year. The leave days are recognised as they accrue to employees. The liability is based on the total amount of leave days due to each employee at year end multiplied by each employee's respective daily rate of remuneration which is calculated from the respective employee's gross annual remuneration package.

13th cheque

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

1.2.10 LEASES

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

Finance leases - lessee

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

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

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

Operating leases - lessee

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

1.2.11 PREPAYMENTS

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

1.2.12 FRUITLESS AND WASTEFUL EXPENDITURE

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified

in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.2.13 IRREGULAR EXPENDITURE

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

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

1.2.14 TAXATION

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

1.2.15 RELATED PARTIES

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

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

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

1.2.16 BUDGET INFORMATION

Comparison of budget and actual amounts are presented in a separate additional financial statement: Statement of Comparison of Actual and Budget Amounts. The entity presents both the approved and the final budget amounts. Differences (variances) between the actual amounts and budget amounts are also presented. The financial statements and budget are both prepared on the accrual basis.

1.2.17 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

- The calculation of residual value per asset and the estimation of the remaining useful lives of each item of property, plant and equipment and intangible assets (refer note 1.2.1, note 7 and note 1.2.2 respectively).
- The estimation of the level of performance of staff in providing for performance bonuses at year end (refer note 11). Due to budget limitations on the overall bonus pool the amounts provided for are however not subject to material estimation uncertainty.
- Assessment and classification of finance and operating leases based on the risks and rewards of ownership (refer note 1.2.10, note 12 and note 23).

1.2.18 COMMITMENTS

- Commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes only when required by the reporting framework.
- Items are classified as commitments where the entity contractually commits itself to future transactions that will normally result in the outflow of resources.
- Commitments are disclosed as required by the reporting framework only for approved and contracted capital commitments, where the expenditure has been approved and awarded at the reporting date.
- Commitments that are approved but not yet contracted, where the expenditure has been approved but has yet to be awarded or is awaiting finalisation at the reporting date are not disclosed.

1.2.19 SUBSEQUENT EVENTS

Events between the financial year end and the Annual Financial Statement reporting date which could materially impact on the fair presentation of the Annual Financial Statements have been duly considered.

5.8

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	R	R
2. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Bank balances	19 995 366	15 796 507
Cash on hand	5 000	5 000
	20 000 366	15 801 507
Investigation deposits	2 537 189	3 156 528
	22 537 555	18 958 035

3. PREPAYMENTS

Business licences	663 212	439 575
Other prepaid expenditure	45 138	28 216
	708 350	467 791

4. STATUTORY RECEIVABLES FOR DISTRIBUTION FROM NON-EXCHANGE TRANSACTIONS

Government taxes and levies from non-exchange transactions	15 879 624	14 255 312
Less: Impairment allowance of statutory receivables for distribution	-	(198 379)
	15 879 624	14 056 933

Taxes and levies are gambling taxes for March 2022 that were not yet due or received at period-end.

5. STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade debtors	291 107	28 275
	291 107	28 275

Trade debtors - Age analysis

120 days and older	-	19 307
90 days	236 159	-
60 days	-	1 295
30 days	18 045	943
Current	36 903	6 730
TOTAL	291 107	28 275

Amounts past due, but not impaired (greater than 30 days ageing)	254 204	21 545
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Trade debtors reflected as past due were settled subsequent to year-end.

	2022	2021
	R	R
6. OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Deposits	16 830	16 830
Sundry debtors	291 159	91 439
	307 989	108 269

Sundry debtors at year-end relates primarily to a favourable court order for recovery of legal costs as well as a refund due from SARS.

7. PROPERTY, PLANT AND EQUIPMENT

	2022			2021		
	Cost (R)	Accumulated depreciation and impairment (R)	Carrying value (R)	Cost (R)	Accumulated depreciation and impairment (R)	Carrying value (R)
Buildings	18 035 134	1 421 822	16 613 312	16 834 282	1 079 046	15 755 236
Cell phones leased	493 470	417 363	76 107	540 148	266 474	273 674
Computer equipment	5 395 402	2 991 799	2 403 603	4 240 482	2 766 274	1 474 208
Fixtures and fittings	2 489 999	1 233 640	1 256 359	2 251 584	1 007 142	1 244 442
Furniture and equipment	1 953 673	1 222 525	731 147	1 773 674	1 164 629	609 045
Land	1 070 750	-	1 070 750	1 070 750	-	1 070 750
Motor vehicles	3 526 567	1 541 107	1 985 460	3 000 089	1 249 407	1 750 682
	32 964 994	8 828 256	24 136 738	29 711 009	7 532 972	22 178 037

Reconciliation of property, plant and equipment - 31 March 2022

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

Land and Buildings comprise of Erf7360, Beacon Bay, measuring 2376 m², purchased in 2002 together with an office building. The additions for the year of R1 200 851 (2021: R9 448 194) represent the construction costs to finalise the building extension project during the financial year.

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

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

Included in Note 19 is expenditure incurred on assets to repair and maintain them totalling R121 634.

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

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

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment - 31 March 2021

	Opening balance (R)	Additions (R)	Disposals (R)	Depreciation (R)	Impairment (R)	Total (R)
Buildings	6 369 870	9 448 194	-	62 828	-	15 755 236
Cell phones leased	459 128	96 736	45 058	235 496	1 636	273 674
Computer equipment	1 728 803	680 126	54 687	877 765	2 269	1 474 208
Fixtures and fittings	1 453 965	-	-	209 523	-	1 244 442
Furniture and equipment	733 717	7 155	-	131 827	-	609 045
Land	1 070 750	-	-	-	-	1 070 750
Motor vehicles	2 196 260	-	-	445 578	-	1 750 682
Total	14 012 493	10 232 211	99 745	1 963 017	3 905	22 178 037

8. INTANGIBLE ASSETS

	2022			2021		
	Cost (R)	Accumulated Amortisation (R)	Carrying Value (R)	Cost (R)	Accumulated Amortisation (R)	Carrying Value (R)
Summary						
Computer software	860 291	333 647	526 644	259 326	161 313	98 013
Internally generated software	3 914 823	1 560 875	2 353 948	3 914 823	903 961	3 010 862
Total	4 775 114	1 894 522	2 880 592	4 174 149	1 065 274	3 108 875

Reconciliation of intangible assets - 31 March 2022

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

Reconciliation of intangible assets - 31 March 2021

	Opening Balance (R)	Additions (R)	Disposals (R)	Transfers (R)	Amortisation (R)	Total (R)
Computer software	172 400	-	-	-	74 387	98 013
Internally generated software	3 653 835	-	-	-	642 973	3 010 862
Total	3 826 235	-	-	-	717 360	3 108 875

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

	2022	2021
	R	R
9. COLLECTIONS FOR DISTRIBUTION FROM NON-EXCHANGE TRANSACTIONS		
Taxes and levies	15 740 636	13 992 390
	15 740 636	13 992 390

Taxes and levies for distribution are gambling taxes for March 2022 that were distributed to the provincial revenue fund after year-end.

10. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Accruals	5 389 703	5 355 555
Investigation deposit accounts	2 537 189	3 156 528
Trade payables	4 110 404	2 815 172
	12 037 296	11 327 255

No Trade payables are overdue and relate to goods and services received in March 2022.

11. PROVISIONS

Current provisions

Performance bonus provision opening balance	2 813 361	2 915 106
Provision used during the year	(2 813 361)	(2 892 094)
Over/ (Under) provision	0	23 012
Provision for the year	3 931 556	2 790 349
Performance bonus provision closing balance	3 931 556	2 813 361

Current portion of provision for long service awards	82 275	146 772
Current provisions closing balance	4 013 831	2 960 132

Non-current provisions

Provision for long service award opening balance	645 565	534 800
Provision used during the year	(160 000)	(82 000)
Provision for the year	164 468	192 765
Provision for long service award closing balance	650 033	645 565
Less: current portion	(82 275)	(146 772)
Non-current provisions closing balance	567 758	498 793

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

	2022	2021
	R	R
12. FINANCE LEASE OBLIGATION		
Minimum lease payments due		
- within one year	47 226	324 079
- later than one year but not later than five years	-	47 226
Present value of minimum lease payments	47 226	371 305

Current liabilities	47 226	324 079
Non-current liabilities	-	47 226

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

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

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

13. REVENUE

Revenue from exchange transactions:

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

Fees	10 719 302	10 064 601
Recoveries	1 895 625	2 707 066
Sundry income	605 682	64 411
	13 220 609	12 836 078

Recoveries revenue arises as a result of recoverable costs involved in the investigation and evaluation process pursuant to the issuance of licenses. Costs are recovered against investigation deposit accounts. Sundry income in 2021/22 represents legal costs recovered.

Revenue from non-exchange transactions

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

Unconditional government funding - Department of Economic Development, Environmental Affairs and Tourism	61 961 000	61 350 000
	61 961 000	61 350 000

	2022	2021
	R	R
14. ADMINISTRATIVE EXPENDITURE		
Bank charges	51 491	44 458
Board members - fees	909 000	1 207 850
Board members - travel and subsistence	102 867	51 552
Internal audit fees	1 293 865	749 066
Consultation fees	806 378	437 626
Evaluation and hearings	711 408	1 400 941
Inspection, investigation, compliance and audit costs	690 076	255 906
Stationery and printing	181 545	249 653
Training and development	743 124	482 343
Travelling and subsistence	722 582	266 031
Stakeholder events	288 322	126 352
	6 500 658	5 271 778

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

15. CORPORATE SOCIAL INVESTMENT

The Board has supported various schools and projects in the year under review including focus on the Education Basket as per the CSI Policy, investing in learner support material for mathematics and science from Grade R – 7. The total direct amount spent on Corporate Social Investment is R394 930 (2021: R282 827).

16. CONSUMER PROTECTION AND PUBLIC EDUCATION

The Board undertook various responsible gambling and public education activities amounting to R902 830 (2021: R244 513). Rollout of responsible gambling campaigns in the province was conducted using print, radio, social and other electronic media, as well as event platforms, billboards and awareness sessions.

	2022	2021
	R	R
17.EMPLOYEE COSTS		
Basic salary	39 702 240	37 501 426
Casual and temporary labour	8 072	3 856
Funeral benefit	7 906	7 289
Insurance	175 337	129 108
Medical aid - company contributions	1 707 235	1 619 099
Pension	3 657 365	3 589 349
Performance awards	3 931 556	2 790 349
Recruitment costs	55 941	22 235
Other non pensionable allowances	909 557	902 853
Unemployment Insurance Fund	117 624	101 666
Skills development levy	462 832	282 661
	50 735 665	46 949 891
Senior management remuneration (included in the figures above):		
Remuneration of the Chief Executive Officer		
Allowances	120 000	120 000
Bonus	539 951	297 987
Fund contributions	418 355	409 533
Salary	2 884 325	2 746 730
13th cheque	276 483	259 609
	4 239 115	3 833 859
Remuneration of the Chief Financial Officer		
Allowances	70 000	70 000
Bonus	327 903	180 923
Fund contributions	207 129	201 577
Salary	1 801 287	1 717 614
13th cheque	167 868	157 622
	2 574 186	2 327 736
Remuneration of the Compliance & Licensing Manager		
Allowances	108 000	108 000
Bonus	328 023	180 923
Fund contributions	268 144	261 253
Salary	1 702 839	1 619 938
Long service award	35 000	-
13th cheque	167 868	157 622
	2 609 874	2 327 736
SENIOR MANAGEMENT REMUNERATION	9 423 175	8 489 331

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

	2022	2021
	R	R

18. MARKETING AND RESEARCH COSTS

The costs for marketing and research include the following:

Advertising, subscriptions and publications	286 866	267 135
Research and public education	1 049 054	339 466
	1 335 920	606 601

19. OTHER OPERATING EXPENDITURE

Canteen and catering	47 264	19 531
Communication costs	1 094 642	1 105 099
Computer consumables	244 416	64 283
Courier and delivery charges	1 823	1 287
Consumables	116 709	50 592
Fuel, oil and licenses	384 841	142 152
Insurance premiums	381 696	313 767
Software support	184 134	41 676
Maintenance and repairs	203 751	141 023
Municipal services	545 990	498 295
Rentals in respect of operating leases - plant, machinery and equipment	111 739	134 173
Security services	404 416	395 607
Software annual license fees	1 636 452	2 012 523
Staff wellness programme	55 951	37 322
Uniforms and crockery	3 193	-
	5 417 017	4 957 330

20. STATUTORY AUDIT FEES

Statutory Audit - Auditor-General	1 249 409	1 203 767
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21. FINANCE INCOME

Interest revenue		
Bank	1 330 213	1 041 899
Statutory receivables	37 130	10 490
	1 367 343	1 052 389

	2022	2021
	R	R
22. CASH GENERATED FROM OPERATIONS		
Surplus	4 578 868	9 420 165
Adjustments for:		
Amortisation of intangible assets	829 249	717 360
Depreciation and impairment of PPE	2 459 530	1 966 922
Interest income	(1 367 343)	(1 052 389)
Cash (profit) / loss on disposal of assets (refer below)	(5 538)	(8 750)
Changes in working capital:		
Increase in trade and other payables and provisions	3 580 951	6 041 248
(Increase) / Decrease in statutory and other receivables and prepayments	(2 525 802)	(5 945 368)
	7 549 916	11 139 188
Disposal of property, plant and equipment		
Proceeds received	(211 740)	(108 495)
Carrying value of disposals	206 202	99 745
Cash (profit) / loss on assets disposed during the year	(5 538)	(8 750)
Proceeds receivable (excluded above)	(3 005)	(7 975)
(Profit) on disposal of PPE	(8 543)	(16 725)

23. OPERATING LEASE COMMITMENTS

Minimum lease payments due		
- within one year	108 547	108 547
- later than one year and not later than five years	99 501	208 048
Present value of minimum lease payments	208 048	316 595

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

- Four photocopy machines for a period of 36 months ending in February 2024 and with a minimum monthly charge of R9046 which remains constant. The machines will be returned to the lessor at the end of the period. The lessor is required to provide maintenance and insurance for the equipment during the period of the agreement and retains the risks and rewards of ownership.
- One modem, for a period of 36 months with a minimum monthly charge of R1 111 which remains constant. The equipment will be returned to the lessor at the end of the period. The lessor is required to provide maintenance for the equipment during the period of the agreement and retains the risks and rewards of ownership.
- Sixty fixed line handsets and one switchboard and modem, for a period of 42 months with a minimum monthly charge of R12 256 which remains constant. The equipment will be returned to the lessor at the end of the period. The lessor is required to provide maintenance for the equipment during the period of the agreement and retains the risks and rewards of ownership.

24. TRAINING AND DEVELOPMENT COSTS

Local travel		
Car hire	4 069	-
Daily allowance	14 172	-
Training	299 004	286 705
Travel and accommodation	42 640	2 653
Bursary		
Registration fees and books	383 239	192 985
	743 124	482 343

25. BOARD AND COMMITTEE MEMBERS EMOLUMENTS

	Board Fees R	Expenses / Allowances R	Sub Committees R	Other R	Total R
31 March 2022					
For services as Board and committee members	551 000	-	147 600	210 400	909 000
31 March 2021					
For services as Board and committee members	868 500	-	174 100	165 250	1 207 850

Detailed Board members emoluments:

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

Audit committee members (who are not Board members)

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

In 2021/22 R111 338 (2020/21: R277 000) of the Board members fees reflected in this note were recovered against investigation deposits in the license application process and are included in Recoveries revenue in Note 13.

31 March 2021 Board members

Adv N Mayosi	145 500	144 000	-	-	289 500
M Vena	164 500	-	28 700	-	193 200
O Mtati	224 500	-	29 400	4 250	258 150
P White	160 500	-	24 300	-	184 800
T Huisman	173 500	-	34 900	17 000	225 400
	868 500	144 000	117 300	21 250	1 151 050

Audit committee members (who are not Board members)

L Smith	-	-	13 500	-	13 500
T Mnqeta	-	-	20 500	-	20 500
T Maphanga	-	-	9 500	-	9 500
T Cumming	-	-	13 300	-	13 300
	-	-	56 800	-	56 800
TOTAL	868 500	144 000	174 100	21 250	1 207 850

26. RELATED PARTIES

RELATIONSHIPS

a) DEDEAT:

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

b) Key management personnel

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

c) East London Industrial Development Zone (EL IDZ)

The ECGB and the EL IDZ both fall under the oversight authority of the Eastern Cape Provincial Legislature. EL IDZ is contracted to provide an offsite disaster recovery hosting service for a period of 36 months ending in January 2023 at a cost of R10 212 per month. Contracting is on a normal supplier relationship basis, subsequent to normal procurement procedures and the terms are no more or no less favourable than the standard terms used to conclude transactions with another entity or person.

Transactions:	Notes	2022 R	2021 R
a) DEDEAT			
COLLECTIONS FOR DISTRIBUTION			
Opening balance		13 992 390	8 006 041
Taxes and levies billed on behalf of DEDEAT/Provincial Revenue Fund		161 060 604	104 321 183
Taxes and levies paid over to DEDEAT/Provincial Revenue Fund		(159 312 357)	(98 334 834)
Outstanding collections for distribution at year end	9	15 740 636	13 992 390
STATUTORY RECEIVABLES			
Amounts collected from licensees not paid over at year-end		(34 152)	(155 197)
Amounts payable to East Cape Racing (refer note 36)		173 140	219 740
Outstanding receivables at year end	4	15 879 624	14 056 933

27. RISK MANAGEMENT

Liquidity risk:

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

	2022 R	2021 R
Maturity analysis of non-derivative financial liabilities		
Contractual maturities due		
- within one year	27 825 158	25 643 724
- in second year	-	47 226
	27 825 158	25 690 950

Credit Risk:

Credit risk consists mainly of cash deposits, cash equivalents and other receivables. The Board only deposits cash with major banks with high credit standards and therefore has no concentration of credit risks. Other receivables relate primarily to timing of refunds that may be contractually due over the year-end, or outstanding staff debt. These are both assessed as having low credit risk due to the ongoing contractual terms and employment contracts. As at 31 March 2022, other receivables were not impaired.

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

Cash and cash equivalents	22 537 555	18 958 035
Other receivables from exchange transactions	307 989	108 269

28. FINANCIAL INSTRUMENTS

	Amortised Cost R	Fair Value R
31 March 2022		
Financial assets	307 989	22 537 555
Cash and cash equivalents		22 537 555
Other receivables from exchange transactions	307 989	
Financial liabilities	(27 825 158)	
Payable on collection for distributions	(15 740 636)	
Trade and other payables from exchange transactions	(12 037 296)	
Finance lease obligation	(47 226)	
31 March 2021		
Financial assets	108 269	18 958 035
Cash and cash equivalents		18 958 035
Other receivables from exchange transactions	108 269	
Financial liabilities	(25 690 950)	
Payable on collection for distributions	(13 992 390)	
Trade and other payables from exchange transactions	(11 327 255)	
Finance lease obligation	(371 305)	

Taxes, levies and fees that are collected by the Board in terms of the Eastern Cape Gambling Act have been reclassified as Statutory receivables due to the adoption of GRAP 108, which became effective on 1 April 2019. They no longer meet the definition of financial instruments and have accordingly been removed from this disclosure, including the comparative figures reflected above.

29. GOING CONCERN

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

30. EVENTS AFTER REPORTING DATE

Management has reviewed the events between 31 March 2022 and the date of issue by the Accounting Authority to the Executive Authority. No events occurred during this time frame which provides further information on the amounts disclosed as at 31 March 2022, except for the information included in Note 33.

The impact of the COVID pandemic and National lockdown have been specifically considered, and while this will have a significant impact on the financial statements for the next financial year, there is no direct impact on the key assumptions or amounts recognised as at the end of March 2021.

31. TAXATION

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

32. COMMITMENTS

	2022 R	2021 R
Capital commitments		
Approved and Contracted for: Property, plant and equipment		
- Buildings	556 345	1 951 016
- Computer equipment	827 036	1 505 628
- Motor vehicles	978 021	871 125
- Furniture and equipment	631 025	261 855
Intangible Assets		
- Computer software	3 496 463	149 813
	6 488 890	4 739 437

33. CONTINGENCIES

CONTINGENT LIABILITIES

Civil litigation proceedings

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

4 400 000	7 200 000
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Request to retain surplus funds

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

6 452 276	4 694 426
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CONTINGENT ASSETS

During the financial year a court application was successfully defended by the Board and dismissed with costs in its favour. As at reporting date it is not possible to reliably estimate the amount of costs likely to be recovered in this regard as a process of taxing the relevant bills is still underway, after which a claim against the applicants will be made.

34. BUDGET VERSUS ACTUAL

The budget disclosed in the comparison of budget to actual amounts covers the period 01 April 2021 to 31 March 2022 and is for the ECGB entity only. The budget is prepared on the same/comparable basis as the Annual Financial Statements, being the accrual basis of accounting. Expenses in the budget are classified in the same manner as for the Financial Statements.

Material budget variances	Actual to Budget Variance	
	R	%
Corporate social investment		
Underspending on CSI initiatives was due to delayed supply of materials for a designated and vulnerable groups project planned for March 2022. The service provider only delivered the items that were to be donated after year-end.	(69 127)	(14,9%)
Marketing and research costs		
Overspending on research is as a result of additional surveys undertaken during the financial year than initially planned.	204 845	18,1%
Capital expenditure		
Capital expenditure is underspent primarily due to procurement delays encountered. In particular the tender relating to the development of an electronic document management system could only be awarded in the last quarter. Delays were also encountered on delivery of two new fleet vehicles and other equipment which were all planned to be received before year-end. Capital commitments in the above regard are disclosed in Note 32.	(6 254 977)	(54,5%)

Changes from approved to final budget

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

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

No material losses suffered, therefore no disciplinary steps taken.

36. PRINCIPAL-AGENT ARRANGEMENTS

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

Eastern Cape (EC) Racing	2022 R	2021 R
Opening balance	219 740	76 312
Taxes and levies billed to bookmakers	7 607 841	6 377 860
Taxes and levies paid over to EC Racing	(7 654 441)	(6 234 432)
Amounts impaired	-	-
Outstanding payable at year end	173 140	219 740

37. B-BBEE PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.



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