

INTEGRITY

UNITY



ANNUAL REPORT

Promoting a socially responsible gambling and betting industry.

2023/24



DEDICATION



◆ ♣ ♥ ♠

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THE EASTERN CAPE GAMBLING BOARD

23 > 24

23



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

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ENCOURAGEMENT
HONESTY





SOCIALLY RESPONSIBLE

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



PART A



GENERAL INFORMATION

UNITY / INTEGRITY / DEDICATION / TRUST / EQUALITY

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

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

1.2

LIST OF ABBREVIATIONS AND ACRONYMS

AFS	Annual Financial Statements
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

1.3.1 VISION

The best, most efficient and empowering gaming regulator.

1.3.2 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.

1.3.3 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 AND OTHER MANDATES

1.4.1 SCHEDULE IN TERMS OF THE PFMA

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

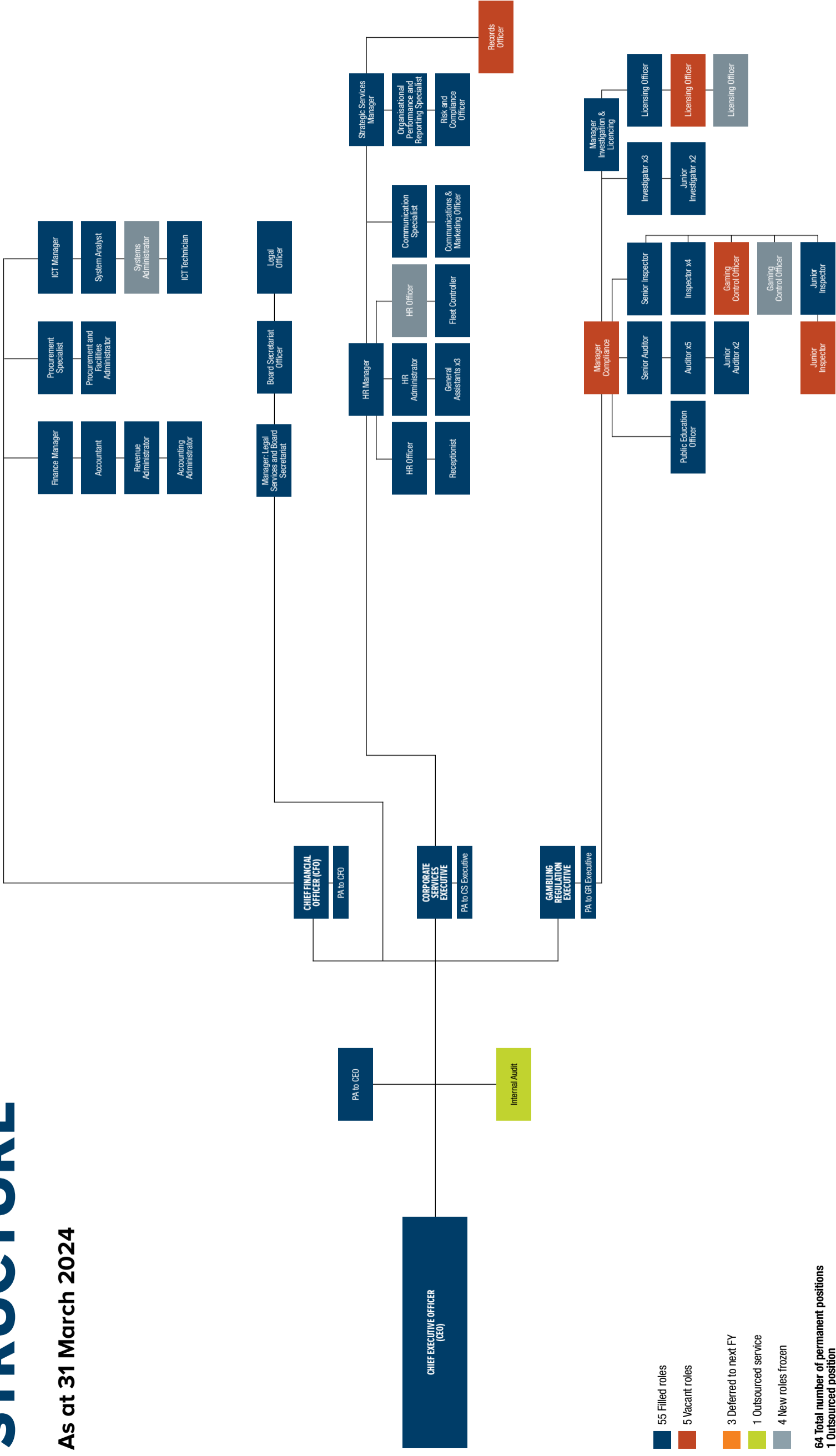
1.4.2 SPECIFIC CONSTITUTIONAL AND OTHER LEGISLATIVE, FUNCTIONAL AND POLICY MANDATES

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

1.5

ORGANISATIONAL STRUCTURE

As at 31 March 2024



- 55 Filled roles
 - 5 Vacant roles
 - 3 Deferred to next FY
 - 1 Outsourced service
 - 4 New roles frozen
- 64 Total number of permanent positions
1 Outsourced position

1.6

FOREWORD BY THE CHAIRPERSON

The Eastern Cape Gambling Board (ECGB) has an overriding responsibility of regulating all gambling activities, as well as protecting punters and informing the public about legal and illegal gambling, according to the Eastern Cape Gambling Act (Act 5 of 1997), as amended.



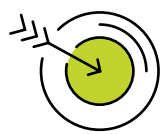
The ECGB's Five-Year Strategic Plan has specific outcomes which contribute towards the achievement of the seven national priorities of government outcomes, as outlined in the NDP Five Year Implementation Plan, and aligned to seven provincial strategic priorities. As such, the Board has a responsibility to ensure that the work of the ECGB is geared towards achieving these priorities, both provincially and nationally.

Notwithstanding a challenging operating environment due to the downward economic trajectory of the country including the current energy crisis, we embraced the challenges of ensuring that all gambling and betting operations throughout the province are conducted in a fiscally and socially responsible manner, whilst contributing to overall socio-economic upliftment of all communities throughout the province.

The energy crisis and the constrained fiscal environment limited the ECGB's capacity to perform against the significant growth of the industry. Consequently, we continued to seek opportunities for added efficiencies in processes, including in the area of risk-based and technology-assisted regulation, and in implementing various revenue enhancement strategies.

Despite the negative impact of the downward economic trajectory of the country and the mentioned energy crisis bedeviling the country, however, the entity managed to achieve the following operational activities and milestones:

- > Achieved 90% of all planned key performance targets for the year. We will continue to focus on organisational performance and reporting on the achievement of planned targets, while maintaining a clean audit.
- > Revenue collection is one of the entity's core mandates and an important measure of industry performance. During the 2023/24 financial year, a total of R184 million was collected on behalf of the Eastern Cape Treasury, and duly distributed to the provincial fiscus.
- > The industry's compliance maturity, as measured by the innovative compliance barometer, has ranged from 90%-100%, resulting in the entity meeting its target of achieving compliance Level 4.
- > The entity continued to play a major role in driving economic growth and job creation in the Eastern Cape province through stringent regulation of the industry. To this end, a total number of 3 579 sustainable job opportunities were created cumulatively as at 31 March 2024.
- > SMMEs in the province benefitted from R368,5 million in total procurement spend by licensees of total spend going towards local suppliers.
- > Licensed gambling operators contributed R12.7 million collectively throughout the reporting period, to implement socio-economic development and empowerment programmes in the province's most impoverished areas.
- > Responsible gambling behaviour remains a strong focus area for the ECGB. To this end, the entity conducted effective responsible gambling campaigns during the year under review. A total of 964 354 people were reached through responsible gambling campaigns, according to feedback from an investigation that was carried out regarding people who had heard,



90%
of all planned key performance targets for the year achieved



R184m
was collected during the 2023/24 financial year



3 579
sustainable job opportunities were created



seen or read messages about responsible gambling in Zone 2 (Amathole District and Buffalo City Metro Municipality).

- > The entity supported licensed operators by taking decisive steps to stamp out illegal gambling activities throughout the province. During the year under review, numerous illegal gambling operations were closed, and illegal gambling devices seized.
- > On the governance front, the Board is committed to the principles of good corporate governance and will continue to insist on the implementation of the sound business practices expected of a stable and functional organisation. The Board takes seriously its responsibility to monitor management's progress effectively and continuously with regard to the achievement of its targets.
- > Stringent quarterly reviews enabled early intervention measures to be implemented timeously throughout the auditing cycle. This, coupled with an entity-wide commitment to compliance to policies, both internal and external, will continue to stand us in good stead to deliver on our mandate in the months and years ahead.
- > There was continued emphasis during the year under review on conducting research, as well as on developing and embracing a knowledge management culture. Impact and evaluation assessments for Corporate Social Investment (CSI) Projects implemented through the provision of mobile Mathematics, Science and Technology (MST) kits in the most rural and no-fee paying schools in the Eastern Cape Province were conducted by the ECGB. The outcomes of the impact and evaluation study found that the roll-out of mobile MST kits by the ECGB to rural and no-fee paying schools throughout the Eastern Cape Province has had a notably positive impact on learners and educators, who have been utilising the kits for the purpose of teaching and learning of mathematics, science and technology subjects.

To the gambling operators and licensees whom we regulate, I express my deepest gratitude for the space and time you afforded the ECGB to conduct its business. This has ensured ongoing improvement and continued accountability against the standards that we set for the industry.

On behalf of the Board, I would like to acknowledge and express my appreciation for the sterling work of the CEO, his management team and all ECGB staff during the 2023/24 financial year. I also extend my sincere thanks to the Board and its committees for helping to foster an environment that has allowed both management and the Board the space to perform our respective duties. In addition, we extend our appreciation to the Honourable MEC of DEDEAT and her management team for their guidance in terms of the duties and responsibilities entrusted to us.

MS T. MACKIE

Chairperson of the Board





1.7

CHIEF EXECUTIVE OFFICER'S OVERVIEW

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

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

Despite a challenging operating environment due to the downward economic slide, the current energy crisis, and a protracted delay in implementing zero-rated sports betting, we embrace the challenges of ensuring that all gambling and betting operations throughout the province are conducted in a fiscally and socially responsible manner, whilst contributing to overall socio-economic upliftment of all communities throughout the province. To this end, I am pleased to report that the entity discharged its responsibilities diligently and efficiently during the period under review.

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:

- > The entity continued during 2023/24 to play a major role in driving economic growth and job creation in the Eastern Cape province through stringent regulation of the industry. To this end, a total number of 3 579 sustainable job opportunities were created cumulatively as at 31 March 2024.
- > Level 4 organisational maturity was achieved, in terms of which an independent organisational maturity assessment was conducted by the independent service provider and an overall score of 4.07 on the maturity assessment was attained.
- > The entity collected R184 million in gambling tax revenue from all licensed gambling operators in the province and disbursed this to the Provincial Revenue Fund.
- > 90% achievement of planned key performance indicators or targets on predetermined outcomes for the year.
- > Licensed gambling operators contributed R12.7 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 2024.
- > Eight (8) Gambling Economic Opportunity awareness programmes were conducted. The sessions covered opportunities in respect of the new request for proposals for gambling machine site licenses as well as other related opportunities available in the gambling sector in the Eastern Cape.

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

- > Forty-four (44) licence applications for various gambling licences were investigated for issuing to suitable and qualifying applicants. The total of 44 applications for licenses is made up of various applications for bookmaker licences (1), amendment of licence conditions (4), transfer of licence to another person (17), removal of business to other premises (7), acquisition of a financial (and controlling) interest (6), addition of premises to a totalisator licence (2), gambling machine site licences (7) and a national manufacturer licence (1).
- > Fifteen (15) gambling licences were awarded to qualifying applicants and comprise the following categories or types of licenses:
 - > Two (2) bookmaker gambling licenses (key license);
 - > Five (5) additional premises to a totalisator (TAB agencies) licence;
 - > One (1) additional premises to bookmaker licenses;
 - > Five (5) Type A gambling machine site licences; and
 - > Two (2) Type C gambling machine site licences.

- > One (1) public hearing was held to ensure transparency in the process of awarding licences. A licence application was considered for a gambling machine site licence, and various applications for amendment of licence conditions, transfer of licence to other persons, removal of business to other premises, addition of premises to a totalisator licence, acquisition of a financial interest in a licence holder, gambling machine site licences and a bookmaker licence were also considered.
- > The gambling industry in the province achieved a Level 4 compliance maturity rating or level, ranging from 90%-100%, as measured by the compliance barometer assessment tool. This level is an acceptable or compliant zone in terms of the compliance barometer maturity levels.
- > One hundred and forty (140) revenue audits and compliance audits were conducted at several licensed operators in the province to ensure compliance with the relevant legislation, rules and conditions of license.
- > One hundred and forty (140) inspections at licensed operators in the province were conducted in line with the requirements of the Eastern Cape Gambling and Betting Act (Act 5 of 1997).
- > Eight hundred and seventy-one (871) applications for employee registration were processed during the 2023/24 financial year for the period ending 31 March 2024.
- > SMMEs in the province benefitted from R368,5 million in total procurement spend by licensees of total spend going towards local suppliers.
- > Fifteen (15) sweeps (operations) were carried out which sought to eradicate illegal gambling, including protecting the public from nefarious trends related to illegal gambling, and licensed gambling operators from illegal competition. The sweeps that were conducted in all five zones² of the province saw:
- > sixty-nine (69) illegal gambling site operations identified and closed,
- > sixty-eight (68) cases opened with SAPS and owners or managers of illegal sites arrested, and
- > one hundred and seventeen (117) illegal gambling machines/devices confiscated.
- > Sixteen (16) successful awareness sessions and responsible gambling campaigns were conducted on the Minimisation of Harmful Effects of Excessive and Irresponsible Gambling as well as on illegal gambling. These awareness and responsible gambling campaigns were conducted for social workers of Nelson Mandela Bay Metropolitan, Buffalo City Metro, Amathole, Joe Gqabi, Alfred Nzo, Chris Hani, Sarah Baartman, and OR Tambo District Municipalities. Included here were employees of the ECGB across all occupational levels, and in terms of which 702 people attended workshops.
- > Eight (08) interaction sessions conducted with Law Enforcement Agencies and law enforcement agency clusters training on legislative and technical aspect of illegal gambling.
- > Four (04) Staff engagement and wellness sessions were held with all staff members on various issues affecting their welfare.
- > One (1) seminar was conducted on the study to investigate growth and transformation within the gambling industry in the Eastern Cape over the past ten years, considering the following factors, among others:
 - > PDI employment trends per gambling mode,
 - > Aggregate employee remuneration trends,
 - > PDI employee remuneration trends,
 - > Licensed operators' B-BBEE compliance trends,
 - > Economic impact analysis results.
- > One (1) impact and evaluation assessment for Corporate Social Investment (CSI) Projects was implemented through the provision of mobile Mathematics, Science and Technology (MST) kits in the most rural and no-fee paying schools in the Eastern Cape Province. This was conducted by the ECGB. Overall, the impact and evaluation study found that the roll-out of mobile MST kits by the ECGB to rural and no-fee paying schools throughout the Eastern Cape Province has had a notably positive impact on learners and educators who have been utilising the kits for the purpose of teaching and learning of mathematics, science and technology subjects.
- > Three hundred and sixty-seven (367) young people have been reached through the Taking Risks Wisely school programme, which the ECGB in collaboration with the South African Responsible Gambling Foundation (NRGF) implemented in seven (7) schools in the province. The Taking Risks Wisely programme was driven under the theme "Managing risks responsibly by avoiding impulsive behaviour".
- > Four (4) key CSI projects of the ECGB were implemented in the poorest wards and communities in terms of the provincial Anti-Poverty Strategy and CSI policy of the ECGB in order to benefit the under-privileged from the poorest wards in the province. Beneficiaries were four schools based in the poorest wards of the province. The investment of R699 405 benefitted 1161 Grades R-12 learners with regard to the teaching, learning and mastery of mathematics, science, and technology outcomes.
- > Fourteen (14) Designated and Vulnerable Groups projects were implemented and these projects included provision of support to people living with disabilities at Walter Sisulu Local Municipality in the Joe Gqabi District Municipal Area; this was an economic empowerment initiative to the beneficiaries of Vuyo James Centre, an NPO working to reduce economic vulnerability and releasing human capital for people living with disabilities. Amateur boxing tournaments and empowerment sessions were hosted, with a total of 363 boxers participating in the tournaments and empowerment sessions for both male and female boxers from the Nelson Mandela Bay Metropolitan Municipality, Buffalo City Metropolitan Municipality, Amathole, Chris Hani, Sarah Baartman, and OR Tambo District Municipalities of the province. The aim of hosting these tournaments by the

The estimated value of gross gaming revenue (GGR) lost from illegal gambling amounted to R29 million and the value of machines or devices confiscated amounted to R585 000.

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 the following:

- > Eight (8) outside billboards containing messages that promote awareness regarding responsible gambling and illegal gambling were mounted in the towns of Bhisho, King William's Town, East London, Mdantsane, Peddie and Butterworth in the Buffalo City Metropolitan Municipality (BCMM) and also in Amathole District Municipality (ADM). Advertising was also done on the backs of 10 Mayibuye buses which travel different routes in the BCMM and ADM. This billboard and bus-back advertising was part of a multi-media campaign in Zone 2 that was intended to promote awareness regarding responsible gambling and illegal gambling.
- > A total of 964 354 people were reached through responsible gambling campaigns, according to feedback from a survey that was carried out regarding people who had heard, seen or read messages about responsible gambling in Zone 2 (Amathole District and Buffalo City Metro Municipality).

² Zone refers to a demarcation of the province in terms of the ECGB for licensing purposes where certain district and local municipalities are grouped under one of the five zones 1-5.

ECGB and collaborating partner Mpucuko Sports Development (MSD), was to give the young stars a balance between sport, academics, and personal development, and the project is intended to keep youth off the streets and instead inspired to build a better future for themselves.

- > Print, general events and social media platforms were utilised to communicate and profile the work of the ECGB, including responsible gambling messages in the various local and district municipalities of the province.
- > One (1) research study was conducted on the socio-economic and environmental impact assessments of Limited Payout Machines (LPMs) and bookmakers in the Eastern Cape province. Overall LPMs and bookmakers contribute significantly to the economy and the research findings have highlighted the presence of gaps in both LPMs and bookmakers across the province. Thus, there is potential to introduce additional gambling machines/establishments. However, the negative economic, social and environmental impacts of LPMs and bookmakers should be addressed and strict regulations implemented, including regular monitoring of establishments to ensure compliance. Awareness campaigns educating people on responsible gambling, and information on structures available to provide support to gamblers with addiction problems should be widely and regularly conducted in the province. The success of the gambling industry requires a combined effort from the ECGB, route operators, site operators, and institutions, e.g., religious and educational institutions, amongst others.

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

- > On-going institutionalisation of enterprise risk management and monitoring and evaluation of the risk register for 2023/24.
- > 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.
- > Effective organisational performance reporting and feedback sessions.
- > Ten (10) recruited Unemployed Graduates and Student Interns on an Internship and learnership program for experiential learning and training for a period of 18 months and two years respectively from universities and local TVET colleges and have been placed in the various Divisions in accordance with their area of study. Two (2) of the ten recruited Unemployed Graduates and Student Interns resigned during the year as they find other job opportunities.
- > Various interventions of training and capacity building programmes were facilitated where the ECGB employees have been equipped to respond to new challenges of innovation and regulatory requirements.
- > Two (2) ICT Disaster Recovery testing conducted to ensure management of risk on all ICT related functions and systems thereby avoid loss of critical and key information of the organisation.
- > One (1) Emergency Evacuation drill conducted at ECGB offices to test the response time by the employees and effectiveness of the alert siren/bell system.
- > Seven (7) Internal Audits performed on various activities within the organisation testing effectiveness of internal controls processes.



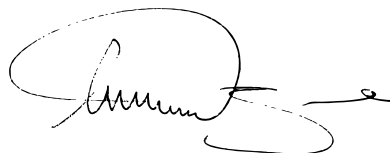
Level 4

organisational maturity was achieved



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

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



MR RM ZWANE

Chief Executive Officer



1.8



STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

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

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

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

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

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

In our opinion, this Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2024.

MR RM ZWANE

Chief Executive Officer



MS T. MACKIE

Chairperson of the Board





Football World Championship
Final

STATISTIC

LIVE

FOOTBALL



TEAM1

2-1



TEAM2

19:51 (+3) (0-0, 0-2)

1x2	v1	1.06	Draw	2.64	v2	10.54
Double						
Total		1.775	(2.5m)			3.1
(2.5m)		3.48	(0m)			1.44
(0m)		5.4	(0.5m)			1.09
(3.5m)	10		(1m)			1.03
(4m)	26		(4.5m)			1.02
(5m)	40		(5m)			1.01
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EXCELLENCE

EFFICIENT





SOCIALLY RESPONSIBLE

We provide excellent service to our stakeholders and through facilitating and broadening access to socio-economic benefits to the communities within which we operate.



UNITY / INTEGRITY / DEDICATION / TRUST / EQUALITY



PART B

PERFORMANCE INFORMATION



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 to 13 of the Report of the Auditor-General, included in Part F: Annual Financial Statements.

OVERVIEW OF PERFORMANCE

2.2

2.2.1 SERVICE DELIVERY ENVIRONMENT

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

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

During the 2023/24 financial year, the following context informed the operations and activities of the ECGB:

- > Continued investigations and information gathering, which further strengthened the entity's relationship with the Criminal Justice Cluster in the province, facilitating sweeps on illegal gambling as well as court action in this regard.
- > Monitoring of developments in the gambling industry to inform risk identification and assessments by the Board.
- > Strategic engagements with 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 the 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.
- > Continued efforts regarding research and development functions to support the policy objectives of the entity.

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

2.2.1.1 OVERALL PERFORMANCE

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

The entity collected R184 million in gambling tax revenue from all licensed gambling operators in the province and disbursed this to the Provincial Revenue Fund.

Forty-four (44) licence applications for various gambling licences were investigated for issuing to suitable and qualifying applicants. The total of 44 applications for licenses is made up of various applications for bookmaker licences (1), amendment of licence conditions (4), transfer of licence to another person (17), removal of business to other premises (7), acquisition of a financial (and controlling) interest (6), addition of premises to a totalisator licence (2), gambling machine site licences (7) and a national manufacturer licence (1).

Fifteen (15) gambling licences were awarded to qualifying applicants and comprises of the following:

- > Two (2) bookmaker gambling licenses (key license);
- > Five (5) additional premises to a totalisator (TAB agencies) licence;
- > One (1) additional premises to bookmaker licences;
- > Five (5) Type A gambling machine site licences; and
- > Two (2) Type C gambling machine site licences.

One (1) public hearing was held to ensure transparency in the process of awarding licences. The public hearing was held for a gambling machine site licence application, and various applications for amendment of licence conditions, transfer of licence to other persons, removal of business to other premises, addition of premises to a totalisator licence, acquisition of a financial interest in a licence holder, gambling machine site licences and a bookmaker licence were also considered.

One hundred and forty (140) revenue audits and compliance audits were conducted at several licensed operators in the province to ensure compliance with the relevant legislation, rules and conditions of license, and to verify the completeness and accuracy of gaming revenue reported by all operators in the province.

One hundred and forty (140) inspections were conducted at licensed operators in the province in line with the requirements of the Eastern Cape Gambling and Betting Act (Act 5 of 1997).

Eight hundred and seventy-one (871) applications for employee registration were processed during the 2023/24 financial year.

< PART B >

Performance Information

Fifteen (15) sweeps (operations) were carried out which sought to eradicate illegal gambling, including protecting the public from nefarious trends related to illegal gambling and licensed gambling operators from illegal competition. The sweeps that were conducted in all five zones³ of the province saw:

- > sixty-nine (69) illegal gambling site operations identified and closed,
- > sixty-eight (68) cases opened with SAPS and owners or managers of illegal sites arrested, and
- > one hundred and seventeen (117) illegal gambling machines/ devices confiscated.

An estimated value of GGR lost from illegal gambling amounted to R29 million and the value of machines or devices confiscated amounted to R585 000. The industry in the province achieved a Level 4 compliance maturity rating ranging from 90%-100%, as measured by the compliance barometer. This level is an acceptable or compliant level (zone) in terms of the compliance barometer maturity levels. Figure 1 below shows the overall picture of the compliance level of the licensees per each category of the licensees for the period under review.

Figure 1: Barometer dashboard on compliance level of licensees

Licence Category	%	Level	Barometer Dashboard on Industry Compliance Maturity Level for 2023/24
Casino	94.4	4	Based on the procedures performed to test this licence type's compliance and the overall score, this licence type has prima facie complied and attained Level 4 to the GICMIF.
Bingo	96.7	4	Based on the procedures performed to test this licence type's compliance and the overall score, this licence type has prima facie complied and attained Level 4 to the GICMIF.
Route Operator	94.9	4	Based on the procedures performed to test this licence type's compliance and the overall score, this licence type has prima facie complied and attained Level 4 to the GICMIF.
Bookmakers	76.2	2	Based on the procedures performed to test this licence type's compliance and the overall score, this licence type has partially complied and attained Level 2 to the GICMIF, which indicates that there are areas of concern requiring urgent attention.
Type A	99.9	4	Based on the procedures performed to test this licence type's compliance and the overall score, this licence type has prima facie complied and attained Level 4 to the GICMIF.
Type B	86.6	3	Based on the procedures performed to test this licence type's compliance and the overall score, this licence type has partially complied and attained Level 3 to the GICMIF, which indicates that there are areas of concern requiring urgent attention.
Type C	96.2	4	The LPM Type C Licence appears to be at Level 4 in terms of our GICMIF's maturity levels based on the average score of 99.2% obtained.
Type D	75.4	2	Based on the procedures performed to test this licence type's compliance and the overall score, this licence type has partially complied and attained Level 2 to the GICMIF, which indicates that there are areas of concern requiring urgent attention.
Tote	94.0	4	Based on the procedures performed to test this licence type's compliance and the overall score, this licence type has prima facie complied and attained Level 4 to the GICMIF.
Industry Overall	90.4	4	The overall industry's maturity in Level 4 for the period under review, as contemplated by the GICMIF has prima facie complied

■ Level 4 Compliance level of 90% or more	■ Level 3 Compliance level of 80% - 90%	■ Level 2 Compliance level of 70% - 80%	■ Level 1 Compliance level below 70%
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SMMEs in the Eastern Cape province benefitted from R368,5 million in total procurement spend by licensees, which equates to 45% of the operators' total spend going towards local suppliers.

Licensed gambling operators contributed R12.7 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 2024.

The entity continued during 2023/24 to play a major role in driving economic growth and job creation in the Eastern Cape province through stringent regulation of the industry. To this end, a total number of 3 579 sustainable job opportunities were created cumulatively as at 31 March 2024. Table 1 below indicates the total number of sustainable job opportunities created by the industry cumulatively, various type of licensees, and the total number of persons employed as a result of licences issued in terms of the designated groups.

³ Zone refers to a demarcation of the province in terms of the ECGB for licensing purposes where certain district and local municipalities are grouped under one of the five zones 1-5.

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

TYPE OF LICENSEES	GAMING TOTAL	NON-GAMING TOTAL	FEMALES		YOUTH		DISABLED		PDI		NON-PDI	
			Non-Gaming	Gaming	Non-Gaming	Gaming	Non-Gaming	Gaming	Non-Gaming	Gaming	Non-Gaming	Gaming
Casinos	542	550	322	341	236	252	3	2	528	507	22	35
Bookmakers	246	78	65	185	60	158	1	0	76	237	2	9
Route Operator & Site operators	724	439	167	353	70	312	5	0	216	635	223	89
Bingos	407	265	181	178	173	111	2	0	260	394	5	13
Totalisator	17	0	0	12	0	0	0	0	0	17	0	0
Certificate of Suitability	70	55	19	12	0	0	0	2	55	60	0	10
Manufacturers	19	8	5	4	3	2	0	0	6	19	2	0
ISO	103	56	40	51	19	37	0	0	51	90	5	13
TOTAL	2128	1451	799	1136	561	872	11	4	1192	1959	259	169

Four (4) key CSI projects of the ECGB were implemented in the poorest wards and communities to a value of R699 405 in terms of the provincial Anti-Poverty Strategy and CSI policy of the ECGB in order to benefit the under-privileged from the poorest wards in the province. Beneficiaries were four schools situated in the poorest wards of the province as follows:

- > Mlungisi Primary School in the Amathole District Municipality (ward 14) – 614 learners.
- > Nobumba Primary School in the Amathole District Municipality (ward 9) – 163 learners.
- > Ngcwanguba SPS in OR Tambo District Municipality (ward 25) – learners.
- > Mahemeng SPS in Joe Gqabi District Municipality (ward 15) – 207 learners.

The CSI investment in 2023/24 benefitted one thousand one hundred and sixty-one (1161) Grades R-12 learners with regard to the teaching, learning and mastery of mathematics, science, and technology outcomes.



1161

learners benefitted from the ECGB's CSI investment

One (1) survey was commissioned in Zone 2 to receive feedback from 792 000 people who had heard, read or seen messages about excessive and illegal gambling during the 2023/24 financial year, and a total of 964 354 people had either seen, heard or read messages about excessive and irresponsible gambling. Results of the survey results revealed that:

- > Focus on ECGB branding: There is a clear need to increase the presence and knowledge of the population of Zone 2 in regard to the ECGB brand. Increasing the brand awareness of ECGB will facilitate the residents of Zone 2 associating ECGB with responsible gambling and using the ECGB resources as a first-stop in the gambling space.
- > Focus on social media, online gambling platforms and billboards: Messaging on responsible gambling (in terms of budget allocation) should be directed toward the high impact, high ranked media channels. Budget directed at the lowest three media channels – workshops, taxi rank signs, and print media – should be reviewed and likely reduced.
- > Review spending on responsible gambling: Given the responses from Zone 2 on the level of gambling issues and illegal gambling practices, it would be prudent to review the extent to which responsible gambling is required in Zone 2 – the budget for messaging in the zone may need to be reduced.
- > Ensure clear link to ECGB website in responsible gambling messaging: There is an evident need to create a clear link between messages on responsible gambling and the ECGB website. The ECGB website should be the main source of information on responsible gambling and help for issues around gambling. This connection is currently lacking, given the responses from Zone 2 residents: the aim should be to drive traffic to the ECGB website.
- > Ensure valid resources on the ECGB website: There must be sufficient and evident resources on the ECGB website for issues around gambling and illegal gambling. This is not presently the case and should be rectified. Furthermore, every effort should be made to ensure that the interested residents are directed to this website by the ECGB responsible gambling messages.

< PART B >

Performance Information

One (1) impact and evaluation assessment study was conducted on Corporate Social Investment (CSI) Projects implemented through the provision of mobile Mathematics, Science and Technology (MST) kits in the most rural and no-fee paying schools in the Eastern Cape Province by the ECGB. The study made use of two separate surveys, one allocated for learners utilising the mobile MST kits, and one specifically designed for mathematics, science and/or technology educators from the respective beneficiary schools and are summarised as follows:

KEY LEARNER SURVEY RESULTS:

- > 65.8% for mobile MST kits, science is used the most amongst beneficiary schools.
- > 99% indicate that learners enjoy the practical lessons with the mobile MST kits.
- > 72.4% indicate that learners do not struggle to use kits.
- > 89% indicate that mobile MST kits help learners prepare for formal assessments.
- > 67.9% of learners enjoy the practical classes very much.
- > 91.1% indicate that mobile MST kits have broadened learners' level of knowledge.

KEY EDUCATOR SURVEY RESULTS:

- > 96.3% positive impact in regard to educators' confidence levels in facilitating maths, science and/or technology.
- > Upward trend indication of when educator respondents had their first experience with MST.
- > 54.5% mobile MST kits impact on educators' overall teaching ability.
- > 54% indicate no challenges experienced when using kits by educators.
- > 69.1% indicate learners' overall performance improved.
- > 50.9% indicate no learner representation/participation at maths, science and/or technology expos or fairs.

Overall, the impact and evaluation study found that the roll-out of mobile MST kits by the industry and the ECGB to rural and no-fee paying schools throughout the Eastern Cape Province has had a notably positive impact on learners and educators who have been utilising the kits for the purpose of teaching and learning of mathematics, science and technology subjects.

One (1) research study was conducted on socio-economic and environmental impact assessments of Limited Payout Machines (LPMs) and bookmakers in the Eastern Cape Province. The study findings reveal that:

- > LPMs and bookmakers contribute significantly to the economy and the research findings have highlighted the presence of gaps in both LPMs and bookmakers across the province;
- > there is potential to introduce additional gambling machines/establishments. However, the negative economic, social and environmental impacts of LPMs and bookmakers should be addressed and strict regulations implemented, including regular monitoring of establishments to ensure compliance;
- > awareness campaigns educating people on responsible gambling, and structures available to provide support to gamblers with addiction problems, should be widely and regularly conducted in the province; and
- > the success of the gambling industry requires a combined effort from the ECGB, route operators, site operators and institutions, e.g., religious and educational institutions, amongst others.

One (1) seminar was conducted on the study to investigate growth and transformation within the gambling industry in the Eastern Cape over the past ten years considering the following factors, among others:

- > PDI employment trends per gambling mode;
- > Aggregate employee remuneration trends;
- > PDI employee remuneration trends;
- > Licensed operators' B-BBEE compliance trends;
- > Economic impact analysis results.

In the intensification of responsible gambling campaigns and awareness, print, general events and social media platforms were utilised to communicate and profile the work of the ECGB on the Minimisation of Harmful Effects of Excessive and Irresponsible Gambling as well as on illegal gambling and the Taking Risks Wisely school programme.

The ECGB commissioned an independent study to establish and evaluate the effectiveness of responsible gambling messages and platforms utilised by the ECGB. The results of the study revealed that approximately 964 354 people (or 77.7% of the total eligible gambling population sampled) in Zone 2 have been exposed to messaging on responsible gambling.

Seven (7) schools were targeted for implementing the Taking Risks Wisely programme under the theme "Managing risks responsibly by avoiding impulsive behaviour". A total of three hundred and sixty-seven (367) young people were reached through these in-school sessions on Taking Risks Wisely as well as Responsible Gambling campaigns.

A total of sixteen (16) sessions and workshops on responsible gambling and illegal gambling were conducted in collaboration with the South African Responsible Gambling Foundation (SARGF), wherein 702 people were workshopped on problem gambling, excessive gambling and how to deal with the phenomenon at home, at the workplace, and in the communities at large.

Five (5) general events were utilised to profile the work of the ECGB. These events included the promotion of responsible gambling and educating communities about the dangers of excessive and illegal gambling, including ways to mitigate the harmful effects of excessive gambling.

Eight (8) outside billboards were mounted in the towns of Bhisho, King Williams Town, East London, Mdantsane, Peddie and Butterworth, to convey awareness messages on responsible and illegal gambling, covering the Buffalo City Metropolitan Municipality (BCMM) and Amathole District Municipality (ADM). Bus back advertising on 10 Mayibuye buses that travel different routes in the BCMM and ADM was also utilised. These buses carried messages of responsible and illegal gambling. These billboards and bus back advertising were part of a multi-media campaign in Zone 2 that was intended to promote awareness regarding responsible gambling and illegal gambling.

Twelve (12) engagement workshops/sessions were held with Ward Councillors, PR Councillors and Senior Management of the municipalities and other stakeholders in the province with the purpose of:

- > informing and empowering the leadership of the local municipalities about the work and mandate of the ECGB;
- > establishing and strengthening working relations between the two institutions in terms of the Intergovernmental Relations Framework, and the Stakeholder Management Strategy of the ECGB;
- > complying with the instructions and directives of the Legislature and Portfolio Committee, that all local municipalities in the province be engaged, informed, and apprised about the work of ECGB by the Management of ECGB accordingly;
- > establishing collaboration in regard to implementation of CSI projects in the poorest wards;
- > presenting to all licensees and soliciting comments about a newly developed CSI Strategy.

A total of two hundred and eighty-seven (287) Ward Councillors, PR Councillors and Senior Management of the municipalities and other stakeholders were reached through these engagement workshops/sessions.

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

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.

2.2.1.2 CHALLENGES ENCOUNTERED AND CORRECTIVE STEPS

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

- > In order for the entity to implement the indefinite licence regime, the Department (DEDEAT) was further requested to commence with the legislative review process.
- > Requesting guidance from DEDEAT on how to obtain financial assistance in terms of relief to SMMEs affected by the energy crisis as announced by the Minister of Small Business Development.

2.2.2 ORGANISATIONAL ENVIRONMENT

Two ECGB Board members' terms expired and/or resigned during the year and another two Board member representatives from the Department of Safety and Security and the Department of Finance, Provincial Treasury respectively 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 energy crisis and 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.

The Department (DEDEAT) was requested during the course of the financial year under review to facilitate the gazetting of zero-rating of sports betting as the entity envisages additional revenue collection for the fiscus from sports betting, and the process has since been completed wherein implementation of zero-rating will commence in April 2024.

The Honourable MEC of the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) has considered and approved as contemplated in section 33 of the Act, the amended Conditions of Licence to all Type C Licence Holders in respect of the increased maximum number of LPMs from 15 to 19.

A significant activity that was implemented during the year under review was the rationalisation of public entities in the Eastern Cape through the support of Provincial Treasury and GTAC, and one specific process has been that of the merger of ECGB and ECLB. A project structure to guide the merger processes was identified and various Board Members, CEOs and Management Officials were appointed accordingly to serve on different structures and work-streams. Board members from both the ECGB and the ECLB were appointed by the MEC to serve on the Joint Board Task Team (JBTT), together with the two CEOs of the two public entities to lead the Joint Management Committee (JMC).

A number of officials were appointed by the CEOs of the two public entities to serve on seven different work streams. Workstreams were expected to prepare the necessary documentation that is required to facilitate the merger (e.g., strategic plan, business case, legislation, organogram, budget, etc). These workstreams consisted of the relevant management members of the two entities and DEDEAT, and were expected to meet at least bi-weekly. All the structures from the JMC to the JBTT are to submit written reports at the agreed time intervals at which these meetings are scheduled according to the terms of reference.

GTAC's contract has since expired and according to Provincial Treasury, the structures, i.e., the Joint Board Task Team (JBTT) and the Joint Management Committee (JMC) have been mandated to lead the facilitation of the merger process as expected.

< PART B >

Performance Information

The organisational maturity assessment of the Eastern Cape Gambling Board was conducted to evaluate the various aspects of an organisation to determine its level of development, effectiveness, and capability in achieving its goals.

The assessment was conducted using the established framework which was developed on behalf of the organisation by the National Treasury Technical Assistance Unit GTAC. The framework covers the seven domains, and each domain has a set of questions or statements that the participants were asked to rate on a scale of one to five.

The organisation was aiming a level 4 maturity as its target for the financial year 2023/2024.

Level 4 typically represents an advanced stage of maturity where the organisation not only has established processes but also uses metrics and analysis to manage and improve those processes. It is characterised by predictive and optimised practices that are deeply integrated into how the ECGB functions.

However, achieving Level 4 is not the peak of the journey. Many maturity models include a Level 5, which focuses on continuous process optimisation and innovation, ensuring that the organisation not only maintains its performance levels but also continues to improve and adapt to new challenges and opportunities. In this regard, ECGB can still improve and attain the highest level of maturity.

An independent assessment and evaluation of the ECGB'S organisational maturity was conducted and the outcomes and results indicate that the ECGB is performing at organisational maturity level 4, which is characterised as "Manage".

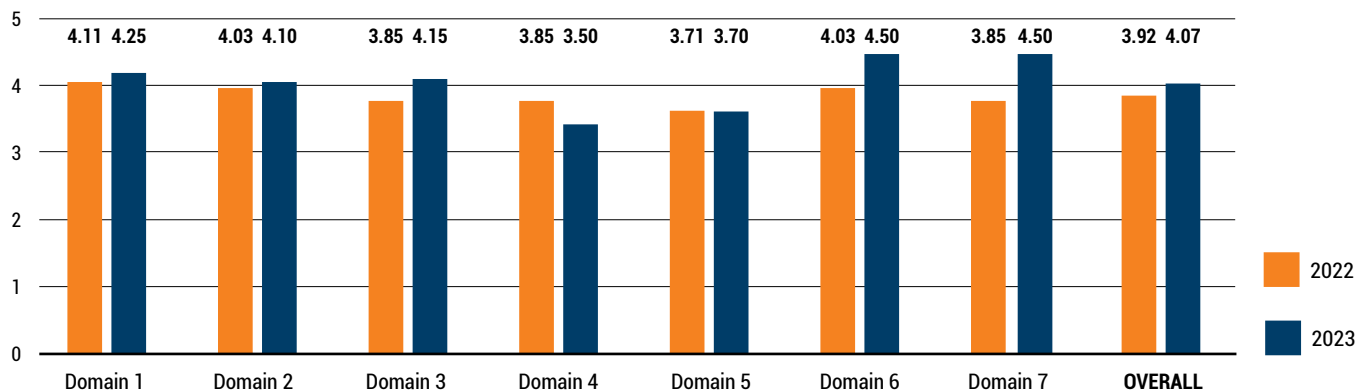
It is characteristic of processes at this level that, using process metrics, effective achievement of the process objectives can be evidenced across a range of operational conditions. The suitability of the process in multiple environments has been tested and the process refined and adapted. Process users have experienced the process in multiple and varied conditions and are able to demonstrate competence.

The process maturity enables adaptations to particular projects without measurable losses of quality or deviations from specifications. Process capability is established from this level. The institution role players are fully satisfied at level 4 with the implementation of plans, procedures etc. The ECGB is managing its core business in the most cost efficient and cost-effective way.

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

The Human Resources domain experienced a decline from a rating of 3.85 to 3.50 whilst the Communications domain remained stagnant at 3.70. All other five domains had an upward movement which represented an improvement. An overall score of 4.07 on the maturity assessment scale was achieved as depicted in the graph below.

ECGB Comparative Analysis



The results of the Maturity Assessment Report indicate that the ECGB has improved from an overall score of 3.92 to 4.07 when comparing 2022/23 and 2023/24. All domains have shown an improvement except Human Resources, Skills and Staffing, which has decreased, with Communication and Stakeholder Management remaining almost stagnant. Although these two areas will need to be attended to by management going forward, the overall performance of the organisation is satisfactory.

The table below depicts a comparative analysis of outcomes per domain of the organisational maturity assessment conducted between the years 2022/23 and 2023/24.

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

Domain	Average Rating 2023	Average Rating 2024	Legend
Independence and Legal Framework	4.11	4.25	▲
Corporate Governance	4.03	4.10	▲
Processes and procedures/Systems	3.85	4.15	▲
Human Resources/Skills/Staffing	3.85	3.50	▼
Communication and Stakeholder Management	3.71	3.70	◀▶
Organisation and Management	4.03	4.50	▲
Performance management	3.85	4.50	▲
Overall Score	3.92	4.07	

▲ Improvement

◀▶ Lack of movement

▼ Drop in performance

2.2.3 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

There were significant key policy developments during the period under review.

- > As contemplated in section 33 of the Act, a consultation was done with the MEC in order to issue the amended Conditions of Licence to all Type C Licence Holders in respect of the increased maximum number of LPMs from 15 to 19.
- > The Department (DEDEAT) was requested during the course of the financial year under review to facilitate the gazetting of zero-rating of sports betting as the entity envisages additional revenue collection for the fiscus from sports betting and the process has since been completed wherein implementation of zero-rating will commence in April 2024.



ZERO-RATING

sports betting implemented
in April 2024

2.2.4 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

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

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

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

OUTCOME 1

Effective governance with an enabling workplace environment

PROGRESS MADE BY THE ECGB:

- a An assessment and evaluation of the ECGB organisational maturity was conducted and an outcome of level 4 was achieved. The assessment and evaluation were conducted by an independent service provider, and an overall score of 4.07 on the maturity assessment was attained.
- b An Organisational Performance Reporting System has been institutionalised to measure and regulate the Board in terms of its performance and financial prudence.
- c Effective organisational performance reporting and feedback was effected, according to which quarterly reports regarding organisational performance were presented to the Board, DEDEAT and Provincial Treasury, with a portfolio of evidence compiled and submitted bi-annually for review by internal audit.
- d Clean audit outcomes were anticipated and maintained on both financial information and predetermined outcomes.
- e Training and capacity building of all ECGB employees was facilitated, to equip them to respond to new challenges of innovation and regulatory requirements.
- f Continuous institutionalisation of enterprise risk management and monitoring was carried out, with evaluation of the risk register for 2023/24.
- g Ten (10) recruited Unemployed Graduates and Student Interns on an Internship and learnership Program for experiential learning and training for a period of 18 months and two years respectively from universities and local TVET colleges and have been placed in the various Divisions in accordance with their area of study. Two (02) of the ten recruited Unemployed Graduates and Student Interns resigned during the year as they find other job opportunities.
- h Various interventions of training and capacity building programmes were facilitated where the ECGB employees have been equipped to respond to new challenges of innovation and regulatory requirements.
- i The Board and its sub-committees met according to an approved annual schedule and in accordance with their terms of reference.

OUTCOME 2

Transformed and sustainable gambling industry in the province

PROGRESS MADE BY THE ECGB:

- a In pursuance of this strategic outcome, the ECGB followed industry best practices for issuing licences, including the following categories or types of licences:
 - Two bookmaker gambling licenses (key license);
 - Five additional premises to totalisator (TAB agencies) licences;
 - One additional premises to bookmaker licences;
 - Five Type A gambling machine site licences; and
 - Two Type C gambling machine site licences.
- b The entity continued during 2023/24 to play a major role in driving economic growth and job creation in the Eastern Cape province, through stringent regulation of the industry. To this end, a total number of 3579 sustainable job opportunities were created cumulatively as at 31 March 2024.
- c Requests for Proposals (RFPs) on the different types of licences which the Board rolls out at different periods were widely published in the Eastern Cape using mainstream print media;
- d One public hearing was facilitated to ensure transparency in the process of awarding licences, for a gambling machine site licence application. Various applications were considered for amendment of licence conditions, transfer of licence to other persons, removal of business to other premises, addition of premises to a totalisator licence, acquisition of a financial interest in a licence holder, gambling machine site licences and a bookmaker licence.
- e SMMEs in the province benefitted from R368.5 million in total procurement spend by licensees, which equates to 45% of the operator's total spend going towards local suppliers in the Eastern Cape.

OUTCOME 3**Educated, informed and responsible punters and general public**

PROGRESS MADE BY THE ECGB:

- a** In the intensification of responsible gambling campaigns and awareness, print, general events and social media platforms were utilised to communicate and profile the work of the ECGB on Minimisation of Harmful Effects of Excessive and Irresponsible Gambling as well as on illegal gambling and the Taking Risks Wisely school programme.
- b** The ECGB commissioned an independent study to establish and evaluate the effectiveness of responsible gambling messages and platforms utilised by the ECGB. The results of the study revealed that approximately 964 354 people (or 77.7% of the total eligible gambling population sampled) in Zone 2 have been exposed to messaging on responsible gambling.
- c** Seven schools were targeted for implementing the Taking Risks Wisely programme under the theme "Managing Risks Responsibly by avoiding Impulsive Behaviour". A total of 367 young people were reached through these in-school sessions on Taking Risks Wisely as well as Responsible Gambling campaigns.
- d** A total of 16 awareness sessions and workshops on responsible gambling and illegal gambling were conducted in collaboration with SARGF, wherein 702 people were workshopped on problem gambling, excessive gambling and how to deal with the phenomenon at home, at the workplace, and in the communities at large.

These awareness sessions and responsible gambling campaigns were conducted for social workers of Nelson Mandela Bay Metropolitan, Buffalo City Metro, Amathole, Joe Gqabi, Alfred Nzo, Chris Hani, Sarah Baartman, and OR Tambo District Municipalities. Included here were employees of the ECGB across all occupational levels.
- e** Five general events were utilised to profile the work of the ECGB. These events included the promotion of responsible gambling and educating communities about the dangers of excessive and illegal gambling, including ways to mitigate the harmful effects of excessive gambling.
- f** Eight outside billboards were mounted, covering the Buffalo City Metropolitan Municipality (BCMM) and Amathole District Municipality (for ADM, these were mounted in the towns, Bhisho, King William's Town, East London, Mdantsane, Peddie and Butterworth) to convey awareness messages on responsible and illegal gambling.

g The ECGB's Responsible and Illegal Gambling messaging was profiled through bus back advertising on 10 Mayibuye buses that travel different routes in the BCMM and ADM. These buses carried messages of responsible and illegal gambling.

h Twelve engagement workshops/sessions with Ward Councillors, PR Councillors and Senior Management of the municipalities and other stakeholders in the Province were held, with the purpose of:

- informing and empowering the Leadership of the Local Municipalities about the work and mandate of the ECGB;
- establishing and strengthening working relations between the two institutions in terms of the Intergovernmental Relations Framework, and the Stakeholder Management Strategy of the ECGB;
- complying with the instructions and directives of the Legislature, Portfolio Committee, that all local municipalities in the province be engaged, informed, and apprised about the work of the ECGB by the Management of ECGB;
- establishing collaboration towards implementation of CSI projects in the poorest wards;
- presenting to all Licensees and soliciting comments about a newly developed CSI Strategy.

A total of 287 Ward Councillors, PR Councillors and Senior Management of the municipalities and other stakeholders were reached through these engagement workshops/sessions.

i Communities, families and employees who are aware of relatives, spouses or any other persons with a gambling addiction are encouraged to call the toll-free number 0800 006 008 to seek help and assistance with regard to this addiction. These services are free and at no cost and are only meant to assist and help our communities in the province.

j Five 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.

OUTCOME 4**Empowered communities located in areas where there is a gambling footprint as well as impoverished areas in the Province****PROGRESS MADE BY THE ECGB:**

- a** In pursuance of this strategic outcome, the entity contributed R699 405 towards socio-economic development opportunities and other CSI-related contributions, supporting designated and vulnerable groups in Eastern Cape areas identified as impoverished.
- b** CSI projects of the ECGB were implemented in the poorest wards and communities in terms of the provincial Anti-Poverty Strategy and CSI policy of the ECGB in order to benefit the under-privileged from the poorest wards in the province. Beneficiaries were four schools based in the poorest wards of the province as follows:
- Mlungisi Primary School in the Amathole District Municipality (ward 14) – 614 learners.
 - Nobumba Primary School in the Amathole District Municipality (ward 9) – 163 learners.
 - Ngcwanguba SPS in OR Tambo District Municipality (ward 25) – 177 learners.
 - Mahemeng SPS in Joe Gqabi District Municipality (ward 15) – 207 learners.

The investment benefitted 1 161 Grades R-12 learners with regard to the teaching, learning and mastery of mathematics, science and technology outcomes.

- c** The gaming industry in the province is also expected and compelled through their licence conditions to invest in communities through their own CSI and SED projects as part of building a cohesive social compact with communities and various stakeholders where they operate, guided by the Anti-Poverty Strategy of the province and the CSI Framework of the Gaming Industry. By the end of the 2023/24 financial year, the

gaming industry had invested in various municipalities in the province a combined amount of R12.7 million towards CSI/SED initiatives in line with the CSI framework of the Eastern Cape Gambling Board.

- d** Fourteen Designated and Vulnerable Groups projects and sessions were implemented at various district municipalities in the Eastern Cape province. These projects and sessions included the following:
- One project as provision of support to people living with disabilities at Walter Sisulu Local Municipality in the Joe Gqabi District Municipal Area. The ECGB provided support in kind as an economic empowerment initiative to the beneficiaries of Vuyo James Centre, so that all the required materials, tools and products were provided for the centre to reduce their economic vulnerability and releasing human capital for people living with disabilities.
 - Nine amateur boxing tournaments were hosted, and a total of 363 boxers participated in the tournaments for both male and female boxers from the district municipalities of the province. The aim of hosting these tournaments by the ECGB and collaborating partner Mpucuko Sports Development (MSD) is to give the young stars a balance between sport, academics, and personal development. The project intends to keep youth off the streets so they would be inspired to build a better future for themselves.
 - Four youth empowerment sessions were conducted with youth who participated in the amateur boxing tournaments in the district municipalities. The sessions were hosted with various stakeholders that were mobilised from within their institutions/departments, to take part in the sessions in order to share with the young stars (boxers) life skills programmes that are beneficial to the youth, as well as informing them about economic and independent empowerment as an alternative to boxing.

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 2 to receive feedback from 792 000 people who had heard, read or seen messages about excessive and illegal gambling during the 2023/24 financial year, and a total of 964 354 people had either seen, heard or read messages about excessive and irresponsible gambling. Results of the survey results revealed that:
- Focus on ECGB branding: There is a clear need to increase the presence and knowledge of the population of Zone 2 in regard to the ECGB brand. Increasing the brand awareness of ECGB will facilitate the residents of Zone 2 associating ECGB with responsible gambling and using the ECGB resources as a first-stop in the gambling space.
 - Focus on Social Media, Online Gambling Platforms, and Billboards: Messaging on responsible gambling (in terms of budget allocation) should be directed toward the high impact, high ranked media channels. Budget directed at the lowest three media channels – Workshops, Taxi Rank Signs, and Print Media – should be reviewed and likely reduced.
 - Review spending on responsible gambling: Given the responses from Zone 2 on the level of gambling issues and

illegal gambling practices, it would be prudent to review the extent to which responsible gambling is required in Zone 2 – the budget for messaging in the zone may need to be reduced.

- Ensure clear link to ECGB website in responsible gambling messaging: There is an evident need to create a clear link between messages on responsible gambling and the ECGB website. The ECGB website should be the main source of information on responsible gambling and help for issues around gambling. This connection is currently lacking given the responses from Zone 2 residents: The aim should be to drive traffic to the ECGB website.
 - Ensure valid resources on the ECGB website: There must be sufficient and evident resources on the ECGB website for issues around gambling and illegal gambling. This is not presently the case and should be rectified. Furthermore, every effort should be made to ensure that the interested residents are directed to this website by the ECGB responsible gambling messages.
- b** An impact and evaluation assessment study was conducted on Corporate Social Investment (CSI) Projects implemented through the provision of mobile Mathematics, Science and Technology (MST) kits in the most rural and no-fee paying schools in the Eastern Cape Province by the ECGB. The study made use of two separate surveys, one allocated for learners utilising the mobile MST kits and one specifically designed for mathematics, science and/or technology educators from the respective beneficiary schools are summarised as follows:

Key Learner Survey Results:

- 65.8% Mobile MST kits, science is used the most amongst beneficiary schools.
- 99% Indicate learners enjoy the practical lessons with the mobile MST kits.
- 72.4% Indicate learners do not struggle to use kits.
- 89% Indicate that mobile MST kits help learners prepare for formal assessments.
- 67.9% of learners enjoy the practical classes very much.
- 91.1% Indicate mobile MST kits have broadened learners' level of knowledge.

Key Educator Survey Results:

- 96.3% Positive impact towards educators' confidence levels in facilitating maths, science and/or technology.
- Upward trend indication of when educator respondents had their first experience with MST.
- 54.5% Mobile MST kits impact on educators' overall teaching ability.
- 54% Indicate no challenges experienced when using kits by educators.
- 69.1% Indicate learners' overall performance improved.
- 50.9% Indicate no learner representation/participation at maths, science and/or technology expos or fairs.

Overall, the impact and evaluation study found that the roll-out of mobile MST kits by the ECGB to rural and no-fee paying schools throughout the Eastern Cape Province has had a notably positive impact on learners and educators who have been utilising the kits for the purpose of teaching and learning of mathematics, science and technology subjects.

- c** A research study was conducted on socio-economic and environmental impact assessments of Limited Payout Machines (LPMs) & Bookmakers in the Eastern Cape Province. The study findings reveal that:
- LPMs and Bookmakers contribute significantly to the economy and the research findings have highlighted the presence of gaps in both LPMs and Bookmakers across the province.
 - there is potential to introduce additional gambling machines/ establishments. However, the negative economic, social and environmental impacts of LPMs and Bookmakers should be addresses and strict regulations implemented including regularly monitoring of establishments to ensure compliance.
 - awareness campaigns educating people on responsible gambling and structures available to provide support to gamblers with addiction problems should be widely and regularly conducted in the province.
 - the success of the gambling industry requires a combined effort from the ECGB, route operators, site operators, institutions e.g. religious and educational amongst others.

OUTCOME 6**Compliant and protected gaming industry****PROGRESS MADE BY THE ECGB:**

a In pursuance of this strategic outcome, the industry in the province achieved a Level 4 compliance maturity rating ranging from 90%-100%, as measured by the compliance barometer. This level is an acceptable or compliant zone in terms of the compliance barometer maturity levels.

Two hundred and eighty (280) 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 R184 million in gambling tax revenue from all licensed gambling operators in the province, which was 3% below target as a result of the gambling industry operating under difficult and trying times due to the effects of the downward economic slide, including the current energy crisis and a protracted delay in terms of implementing zero-rated sports betting.

b Non-compliance notices were issued, with interest and penalties imposed where applicable.

c Fifteen sweeps/gambling raids were carried out across all five zones in the province to search for and eradicate illegal gambling operations. These sweeps, which were conducted in collaboration with the South African Police Service, resulted in:

- 69 illegal gambling site operations identified and closed,
- 68 cases opened with SAPS and owners or managers of illegal sites arrested,
- 117 illegal gambling machines/devices confiscated.

The estimated value of GGR lost from illegal gambling operations amounted to R29 million and the value of machines or devices confiscated amounted to R585 000.

280

**Revenue, compliance
audits and inspections
were conducted**



2.3

PERFORMANCE BY PROGRAMME

2.3.1 BUDGET PROGRAMME 1: CORPORATE SERVICES MANAGEMENT AND ADMINISTRATION

2.3.1.1 PURPOSE OF THE PROGRAMME

The purpose of this programme is to provide corporate administrative and management support services to the organisation and the budget programme, including the Board, to ensure that the ECGB mandate is executed, achieved, and reported upon accordingly. Utilisation of different platforms to ensure the communication, marketing, and profiling of the ECGB as an efficient and effective gaming regulator were prioritised.

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
- > Communications Services

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:

- > A 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.

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

Outcome	Outputs	Output Indicators	Actual Achievement 2021/22	Actual Achievement 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation From Planned Target to Actual Achievement for 2023/24	Reasons for Deviations
PURPOSE OF THE SUB-PROGRAMME: FINANCIAL MANAGEMENT SERVICES								
<i>To administer the ECGB's revenue and expenditure to conduct all financial dealings efficiently and effectively.</i>								
Compliant and Protected Gambling Industry	Taxes and Fees collected from licensed operators. License certificates issued to operate.	Revenue Collected and Disbursed to Fiscus	R160.3 million	R189.5 million ⁴	R190 million ⁵	R184 million	-R6 million	The under-achievement of revenue collection is mainly attributable to the effects of the downward economic slide, including the current energy crisis and a protracted delay of implementing zero-rated sports betting.
PURPOSE OF THE SUB-PROGRAMME: STRATEGIC MANAGEMENT SERVICES								
<i>To manage the ECGB strategic planning process in line with Treasury requirements and to monitor and evaluate organisational performance against agreed targets.</i>								
<i>To facilitate the empowerment of local communities and to contribute to the Eastern Cape government's Poverty Eradication Programme and Anti-Poverty Strategy.</i>								
<i>To mainstream vulnerable and designated groups, which are the youth, the disabled, women and the elderly within the province, including other emerging vulnerable groups identified by the Department of Planning, Monitoring and Evaluation (DPME).</i>								
<i>To strengthen and support the socio-economic development projects of the Board and those established in terms of licence conditions so that they are sustainable and add value to the lives of the people of the Eastern Cape.</i>								
Empowered communities located in areas where there is a gambling footprint as well as impoverished areas, including supporting COVID-19 initiatives in the province	Maths, Science and Technology kits Interactive eLearning Material Towards 4IR Evaluation Reports on Demonstrating Desired Outcomes	Number of Key CSI Projects Implemented	4	4	4	4	No deviation	None
PURPOSE OF THE SUB-PROGRAMME: OFFICE OF THE CEO								
<i>To provide leadership, overall strategic oversight, and an administrative function to ensure the efficiency of the ECGB. In addition, to implement risk assurance management systems and services to improve corporate governance requirements within the entity.</i>								
Effective governance within an enabling workplace environment	Organisational Maturity Framework Report on Assessment of the Organisation's Maturity	Organisational Maturity Index	Level 3 Organisational Maturity	Level 3 Organisational Maturity	Level 4 Organisational Maturity	Level 4 Organisational Maturity	No deviation	None

⁴ The total amount of R189,5 million disbursed to the provincial fiscus by year-end includes fees/interest and penalties which were not projected or planned for collection.

⁵ The annual target for 2023-24 was revised down from R200 million to R190 million.

< PART B >

Performance Information

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

<p>PURPOSE OF THE SUB-PROGRAMME: LEGAL SERVICES AND BOARD SECRETARIAT</p> <p>To ensure legal and secretariat support to the Board and CEO and to provide sound legal support and advice to ECGB personnel.</p>	<p>PURPOSE OF THE SUB-PROGRAMME: HUMAN RESOURCES MANAGEMENT AND DEVELOPMENT</p> <p>To ensure that all matters relating to human capital management and development are implemented effectively and efficiently. In addition, to ensure that the ECGB becomes an employer of choice.</p>	<p>PURPOSE OF THE SUB-PROGRAMME: INFORMATION MANAGEMENT AND TECHNOLOGY</p> <p>To provide end-user and internal system support and to ensure the effective running of all IT-related matters within the ECGB.</p>	<p>PURPOSE OF THE SUB-PROGRAMME: COMMUNICATION SERVICES</p> <p>To implement the ECGB Act and other statutory legislation through conducting responsible gambling campaigns and public education and utilisation of different platforms to ensure the protection of punters and consumers and the general citizenry from uncontrollable and excessive gambling practices, as well as to market and profile the ECGB as an efficient and effective gaming regulator and development entity.</p>
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2.3.1.5 LINKING PERFORMANCE WITH BUDGETS PER SUB-PROGRAMME OF BUDGET PROGRAMME 1

PROGRAMME 1: FINANCIAL PERFORMANCE BY SUB-PROGRAMME

Sub-Programme	2023/24			2022/23		
	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	10 270	10 258	11	9 604	9 631	(27)
Strategic Management Services	9 190	9 102	88	6 421	6 468	(48)
Legal Services and Board Secretariat	7 000	6 949	51	6 640	6 512	128
Financial Management Services	14 448	14 279	169	11 791	12 360	(568)
Human Resources Management and Development	9 000	8 802	198	7 694	7 667	27
Information Management and Technology	7 680	7 656	24	5 504	5 474	30
Communication and Marketing	2 115	2 057	57	0	0	0
Total Expenditure	59 702	59 104	597	47 654	48 112	- 459
% Under/(Over) Expenditure			1.00%			-0.95%

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

The under-performance against the planned performance indicator revenue collection during the financial year of reporting is mainly attributable to the effects of the downward economic slide, including the current energy crisis, and the protracted delay in implementing zero-rated sports betting. The zero-rating of sports betting has been gazetted for implementation in 2024. The licensed bookmakers will be engaged on the standard operating procedures and tax implications. An update will be provided in the 2024-25 financial year.

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 ECGA and other statutory mandates through conducting investigations, licensing, compliance, revenue and gaming control and law enforcement; as well as by protecting consumers and including public interest activities such as educating consumers and the public about responsible gambling and mitigation of excessive and uncontrolled gambling.

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
- > Responsible Gambling and Public Education

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.

2.3.2.3 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
- > Educated, informed and responsible punters and general public

As a regulatory authority, we play a pivotal role in fostering responsible gambling practices, protecting vulnerable individuals, and promoting a fair and transparent gaming environment. Our commitment extends beyond mere oversight; we actively engage with stakeholders, collaborate with government agencies, and invest in community initiatives to ensure the sustainable growth of the gambling sector while contributing positively to the well-being of the Eastern Cape's residents.

< PART B >

Performance Information

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

Outcome	Outputs	Output Indicators	Actual Achievement 2021/22	Actual Achievement 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation From Planned Target to Actual Achievement for 2023/24	Reasons for Deviations
PURPOSE OF THE SUB-PROGRAMME: INVESTIGATION AND LICENSING ADMINISTRATION								
<i>To implement the Eastern Cape Gambling Act (ECGA) and other statutory mandates through conducting investigations in order to award licenses to suitably qualified applicants by the Board of the ECGB. Furthermore, to provide information on economic opportunities associated with the gambling industry, including types of licenses to be rolled out by the ECGB, to potential entrepreneurs and investors, business organisations and local economic development agencies within the province.</i>								
Transformed and Sustainable Gambling Industry in the Province	License certificate to operate gambling site	Number of Key Gambling Licences Issued ⁶	8	6	2	2	No deviation	None
	Reports on the awareness sessions conducted	Number of Gambling Economic Opportunities Awareness Sessions Conducted	5	5	5	8	3	The over-achievement of awareness sessions on economic opportunities in the gambling sector was due to demand being more than anticipated.
PURPOSE OF THE SUB-PROGRAMME: LAW ENFORCEMENT AND GAMING CONTROL								
<i>To implement the ECGA and other statutory legislation through conducting compliance inspections to eliminate non-compliance through law enforcement and gaming control. In addition, the sub-programme provides investigative leadership with respect to detection, investigations, and prevention of illegal gambling, as well as working closely with law enforcement agencies in the Province.e.</i>								
Compliant and Protected Gambling Industry	Reports on illegal operations identified	Number of Sweeps Conducted	10	10	15	15	No deviation	None
	Reports on the closure of illegal gambling sites	Number of confiscated illegal gambling devices and equipment						
PURPOSE OF THE SUB-PROGRAMME: AUDIT AND COMPLIANCE SERVICES								
<i>To implement the ECGA and other statutory legislation through conducting compliance, systems, and revenue audits to ensure revenue collected is correct, devices are not easily manipulated, and bid commitments and conditions of licenses are adhered to and fulfilled.</i>								
Compliant and Protected Gambling Industry	Reports on revenue audits for verification of taxes and fees	Number of Revenue Audits Conducted	46	68	70	70	No deviation	None
	Reports on compliance audits conducted	Gambling Industry Compliance Maturity Level	Compliance Level 4	Compliance Level 4	Compliance Level 4	Compliance Level 4	No deviation	None
PURPOSE OF THE SUB-PROGRAMME: RESPONSIBLE GAMBLING AND PUBLIC EDUCATION								
<i>To implement the ECGA and other statutory legislation through conducting responsible gambling campaigns and public education, and through the utilisation of different platforms to ensure the protection of punters, consumers and general citizenry from uncontrolled and excessive gambling practices. In addition, to market and profile the ECGB as an efficient and effective gaming regulator and development entity.</i>								
Educated, Informed and Responsible Punters and General Public	Confirmation reports regarding messages of responsible gambling	Number of People who Provided Feedback about Excessive and Irresponsible Gambling Messages	639 662 people provided feedback	938 403 people provided feedback	792 000 people provided feedback	964 354 people provided feedback	172 354 people provided feedback	People who provide feedback with regard to excessive and irresponsible gambling messages have been more than the anticipated number.

⁶ 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

Sub-Programme	2023/24			2022/23		
	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	12 397	11 562	834	11 584	11 594	- 11
Law Enforcement and Gaming Control	6 547	6 249	298	6 747	6 742	5
Audit and Compliance Services	8 493	7 923	570	6 617	6 594	23
Responsible Gambling and Public Education	2 432	2 267	166	4 828	4 814	14
Total Expenditure	29 869	28 001	1 867	29 775	29 744	32
% Under/(Over) Expenditure			6.25%			0.11%

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.

< PART B >

Performance Information

2.3.3 BUDGET PROGRAMME 3: KNOWLEDGE AND INFORMATION MANAGEMENT

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.

2.3.3.2 SUB-PROGRAMMES

The following are budget sub-programmes of Knowledge and Information Management:

- > Empirical Research
- > Monitoring and Evaluation

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

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

Outcome	Outputs	Output Indicators	Actual Achievement 2020/21	Actual Achievement 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation From Planned Target to Actual Achievement for 2022/23	Reasons for Deviations
PURPOSE OF THE SUB-PROGRAMME: EMPIRICAL RESEARCH								
<i>To build a strong foundation of valid and reliable empirical research to inform operational, policy advisory and public interest activities, as well as to conduct ad hoc surveys to examine levels of information, attitudes, behaviour, and social changes within the gaming industry in the Eastern Cape and the ECGB itself.y.</i>								
	Bid specification							
	Bid evaluation report on tender issued							
Informed Policy Decision Making Based on Research and Evaluation Outcomes	SLA Board's resolutions on Findings and Recommendations	Empirical Research Studies Commissioned	0	1	1	1	No deviation	None
	Checklist on the implementation of Research Findings and Recommendations							

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

PURPOSE OF THE BUDGET SUB-PROGRAMME: MONITORING AND EVALUATION

To assess, evaluate and verify the impact of the socio-economic development initiatives and/or any other implemented programmes/projects to inform policy, decision making and direction of the organisation. The Monitoring and Evaluation process assists the organisation to identify what is working and what is not, and to make informed decisions on how to improve the implemented programmes and/or projects.

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

Sub-Programme	2023/24			2022/23		
	Adjusted Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Adjusted Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Empirical Research	1 303	926	377	510	387	123
Monitoring & Evaluation	141	0	141	0	0	0
Total Expenditure	1 444	926	518	510	387	123
% Under/(Over) Expenditure			35.89%			31.77%

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

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

2.4

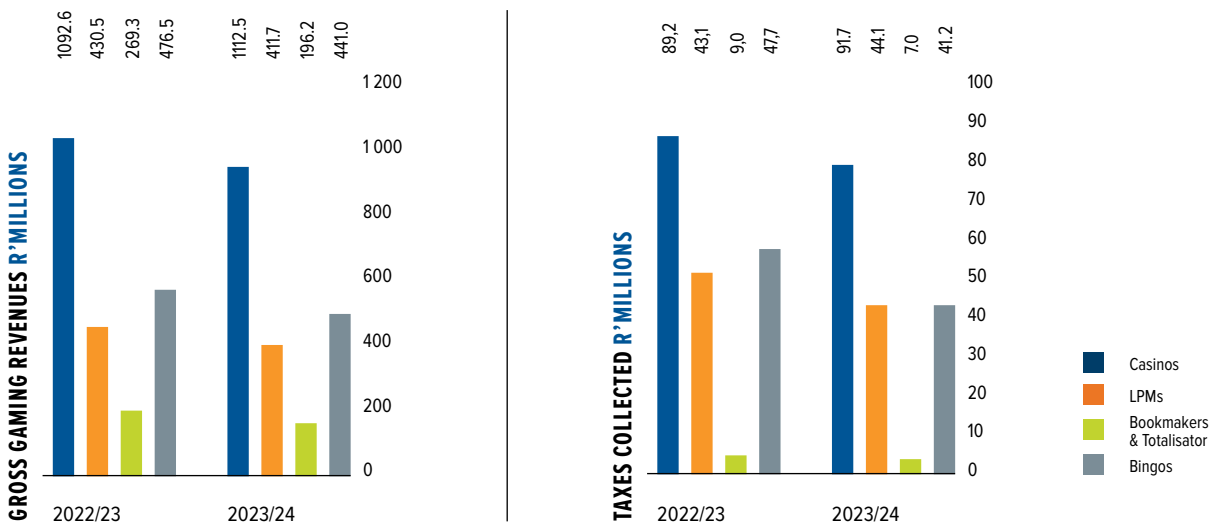
SUMMARY OF REVENUE COLLECTION

Revenue to Fiscus	2019/20 R'000	2020/21 R'000	2021/22 R'000	2022/23 R'000	2023/24 R'000
Casinos	90 639	43 863	73 230	89 205	91 720
Bookmakers and Totalisator	11 816	7 757	8 865	8 955	7 032
Bingo	47 484	25 424	38 971	47 673	44 103
Limited Payout Machines	39 824	25 093	39 221	43 111	41 217
TOTAL	189 763	102 137	160 287	188 944	184 071*

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

2.4.1 GROSS GAMING REVENUE AND TAX STATISTICS 2022/23 VS 2023/24

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




 2.5

CAPITAL INVESTMENT

	2023/24			2022/23		
	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
Infrastructure Projects						
Building extension project phase 2 ⁷	6 623	2 024	4 638	6 972	1 209	5 763

⁷ The investments are made up of the building alterations disclosed within note 6 of the AFS contained in part F of this report.

COMPLIANT ETHICAL





SOCIALLY RESPONSIBLE



PART C



GOVERNANCE

Our primary responsibilities encompass the licensing and supervision of gambling operators, ensuring compliance with legal and ethical standards, and safeguarding the interests of both consumers and the industry itself.



UNITY / INTEGRITY / DEDICATION / TRUST / EQUALITY

3.1

INTRODUCTION

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

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

3.2

PORTFOLIO COMMITTEES

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

No	Date
1	1 June 2023
2	17 November 2023

Reports Submitted to the Executive Authority
Presentation of 2023-24 Annual Performance Plans
Presentation of 2022-23 Annual Reports and 2023-24 six-month oversight report.

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

3.3

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 right:

No	Date	Reports Submitted to the Executive Authority
1	20 April 2023	2022-23 Fourth Quarter Financial and Performance Report
2	20 July 2023	2023-24 First Quarter Financial and Performance Report
3	31 August 2023	2022-23 Annual Report, including the Annual Financial Statements
4	30 September 2023	2024-25 Annual Budget and Budget Adjustments 2023-24
5	20 October 2023	2023-24 Second Quarter Financial and Performance Report
6	31 October 2023	2023-24 Six Months Oversight Report and Six Months Performance Information Report
8	19 January 2024	2023-24 Third Quarter Financial and Performance Report
9	31 January 2024	2024/25–2026/27 Annual Performance Plan

3.4

THE ACCOUNTING AUTHORITY

3.4.1 THE ROLE OF THE BOARD

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

3.4.2 BOARD CHARTER

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

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

3.4.3 COMPLIANCE WITH THE CHARTER

The objective of the Board Charter is to ensure that all Board members, employees of the entity and other stakeholders are aware of the duties and responsibilities of the Board and it 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 and/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.



THE BOARD

Sets the tone in leading by example with ethical and effective management

3.4.4 COMPOSITION OF THE BOARD

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

Name	Designation	Date Appointed	Qualifications	Area of Expertise	Other Committees	No. of Meetings Attended
Ms T Mackie-Huisman	Chairperson	March 2019	MA Communication	Tourism	N/A	8/8
Ms V Vika	Deputy Chairperson	May 2021	Bachelor of Journalism and Media Studies; Management Development Certificate; Executive Development Certificate	Socio-Economic Development	Human Resources and Remuneration Compliance, Licensing and Transformation	8/8
Adv. J Buchner	Member	May 2021	LLM; LLB; B Juris	Law Legal Practitioner	Compliance, Licensing and Transformation; Human Resources and Remuneration	8/8
Ms V Majola	Member	Sept 2020	M Com in Development Finance; M Com in Economics Policy; BCom Economics and Management	Finance Economics Treasury	Finance	1/8
Mr M Zokoza	Member	Nov 2021	Master of Arts: Development Studies; BCom: Tourism Management; Bachelor of Arts	Economic Development; Environmental Affairs and Tourism	Compliance, Licensing and Transformation; Finance	7/8
Ms N Zuma ⁹	Member	May 2021	Post Grad Diploma in Management; National Diploma Human Resources Management	Safety and Security	Compliance, Licensing and Transformation; Human Resources and Remuneration	4/8
Mr Q Mafuya	Member	Nov 2021	LLB; B Proc; Certificate in Corporate Governance; Certificate in Budgeting in Public Sector; Corporate Governance	Community Representative	Finance; Human Resources and Remuneration	8/8
Mr MN de Beer	Member	Nov 2021	BCom (Hon) Accountancy; BCom Accountancy; Internal Audit Quality Assessor	Accounting, Chartered Accountant	Finance, Audit and Risk	8/8
Dr N Ncede ¹⁰	Member	Dec 2023	Doctor of Public Administration; Master's degree Business Administration	Strategic Planning, Monitoring and Evaluation Financial Management Audit and Risk Policy Development	None	0/8
Ms B Jozana-Msayi	Member	Dec 2023	Master of Philosophy in Development Finance; Post Graduate Diploma in Public Management; Bachelor of Accounting Science	Finance Economic Development Compliance norms and standards	None	1/8
Mr RM Zwane	Ex Officio Member	Dec 2009	MA Business Administration	Chief Executive Officer	N/A	8/8

⁹ The member's term of office expired during the year.

¹⁰ Members appointed during the year.

3.4.5 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	4	4	Ms V Vika (Chairperson) Adv. J Buchner Ms N Zuma Mr Q Mafuya
Audit and Risk Committee	6	5	Mr M Mbedhli (Chairperson) *** Ms T Mnqeta *** Ms T Cumming *** Mr MN de Beer Mr M Wesi ^{10***}

*** Denotes Audit & Risk Committee members who are not Board members.

3.4.6 REMUNERATION OF BOARD MEMBERS

- > The Board Remuneration Policy was approved by the MEC for Economic Development, Environmental Affairs and Tourism (DEDEAT) on 18 June 2013, and is the standing policy for 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 F of this report (the Annual Financial Statements), which provides the amounts paid to each Board member in terms of the Board Remuneration Policy for the past two financial years.

¹⁰ Members appointed during the year.

ECGB BOARD MEMBERS



T MACKIE-HUISMAN
Chairperson



V VIKA
Deputy Chairperson



J BUCHNER
Board Member



B MSAYI
Board Member



Q MAFUYA
Board Member



MN DE BEER
Board Member



N NCEDE
Board Member



M ZOKOZA
Board Member



RM ZWANE
Chief Executive Officer

THE BOARD

is mandated to oversee gambling and betting activities in the Eastern Cape and to advise the responsible MEC on related matters



3.5

RISK MANAGEMENT

Good governance is the means of ensuring due and adequate control over the strategy and direction of any organisation. Principle 11 of the King IV Report on Corporate Governance for South Africa (2016) states that: "The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives."

Furthermore, Section 3.1 of the ECGB Enterprise Risk Management Policy (2022) states that: "The Board of Directors recognises that it has a responsibility to manage risks effectively in order to control its assets and liabilities, protect its employees and community against potential losses, minimise uncertainty in achieving its goals and objectives and maximise the opportunities to achieve its vision."

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

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

It is the responsibility of the Board and management to ensure that rigorous internal control and risk management policies, practices, and procedures are in place to facilitate the achievement of the organisation's objectives.

Enterprise-wide Risk Management (ERM) is a formal and systematic response to all key risks facing the organisation. It is a disciplined and integrated approach that supports the alignment of strategy, process, people, and technology, and allows the organisation to identify, prioritise, and effectively manage its critical risks. By understanding all risks in an integrated framework, the organisation executed proper strategies to successfully achieve its objectives and to meet its performance goals or outcomes.

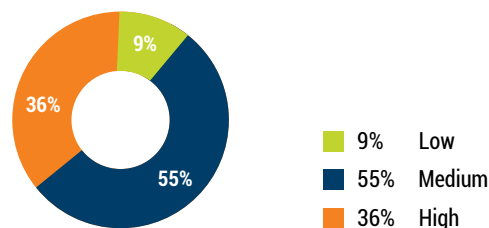
The risk register as a key monitoring tool and inventory of the organisation's risks, was reviewed on a quarterly basis, and mitigation strategies are monitored throughout the year. Progress against mitigation action plans was noted in the risk register and reported to the Audit and Risk Committee by Management on a quarterly basis.

The table below was used to assist management in quantifying the adequacy and effectiveness of existing controls mitigating or reducing the impact of identified risks, in order to determine the residual risk exposure:

Description	Criteria	Rating
Most Effective	Risk exposure is effectively controlled and managed.	75%
Effective	Some of the risk exposure is effectively controlled and managed.	50%
Partially Effective	There is room for some improvement.	25%
Ineffective	Control measures are ineffective.	0%

■ Low
 ■ Medium
 ■ High

The organisation has adopted an approach of implementing a rating process through a poll system by the Management Committee (Manco) and as such, movement in inherent and residual rating wherein the following Dashboard depicts the ECGB's prioritised strategic risks with inherent trend and residual-risk trend by year end as at 31 March 2024:



STRATEGIC RISKS DASHBOARD AS AT 31 MARCH 2024

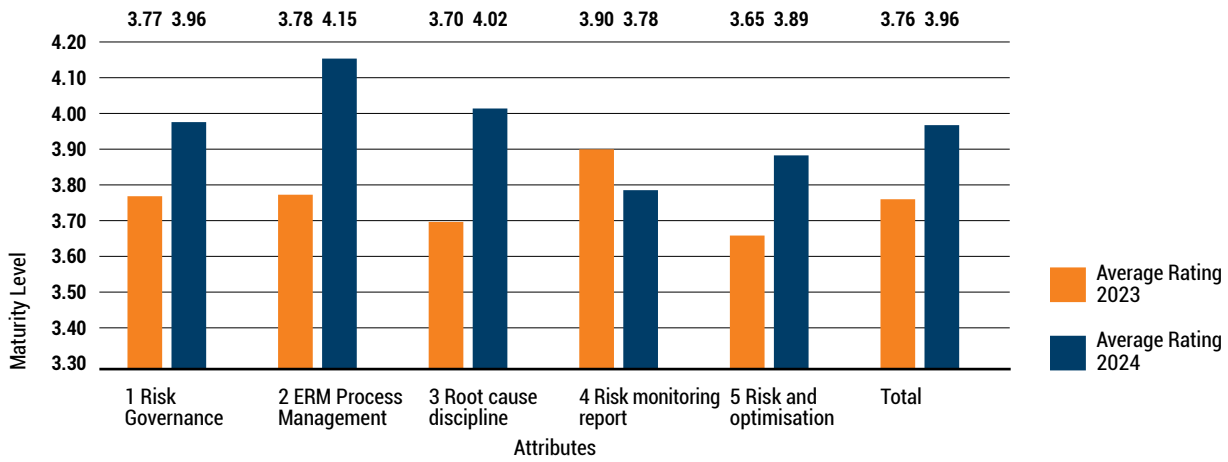
Risk No	Strategic Outcome	Risk Name	Inherent Rating	Trend	Residual Rating	Trend
SR1	Good corporate governance with an enabling work-place environment.	Planned merger between Eastern Cape Liquor Board and ECGB without appropriate consultations	20	◀▶	15	
SR2	Compliant and protected gaming industry.	Proliferation of illegal gambling	20	◀▶	15	◀▶
SR3	Good corporate governance with an enabling work-place environment.	Business continuity disruptions and loss of information	20	◀▶	15	◀▶
SR4	Transformed and Sustainable Gambling Industry in the Province.	Litigation against licensing, transformation and other regulatory decisions of the Board	20	◀▶	10	◀▶
SR5	Transformed and Sustainable Gambling Industry in the Province.	Lack of interest or reduced investment in the province as a result of fixed term license regime and lack of zero-rated sports betting	16	◀▶	16	◀▶
SR6	Good corporate governance with an enabling work-place environment.	Inability to retain and attract appropriate skills impacting on a capable and motivated workforce	16	◀▶	8	◀▶
SR7	Compliant and protected gaming industry.	Failure to prevent and detect non-compliance by licensees and registrants	16	◀▶	8	◀▶
SR8	Educated, Informed and Responsible Punters and General Public.	Prevalence of irresponsible gambling	16	◀▶	8	◀▶
SR9	Good corporate governance with an enabling work-place environment.	Regression in internal control environment	16	◀▶	8	◀▶
SR10	Empowered communities located in areas where there is a gambling footprint, as well as impoverished areas.	Ineffective empowerment Initiatives in targeted communities	16	◀▶	8	◀▶
SR11	Transformed and Sustainable Gambling Industry in the Province.	Over concentration of licenses in a geographic area	9	◀▶	5	▲

▲ Improvement ▶◀ Unchanged ▼ Regressed

The action plans for improving or changing risk mitigation measures were rolled out within the specified timeframes. It is worth noting that a process of tracking progress made with risk interventions was followed. Such a process provides a trail of information that may have proven to be necessary at some future stage. Because risk is often a process of perception, misunderstandings can arise where no records are kept.

This achievement for the organisation will continue to improve risk management functions to the next maturity level. The chart below demonstrates the average achievement per attribute and overall risk management maturity level attained in 2022/23-2023/24 financial year.

Risk Maturity Assessment Results



3.6

INTERNAL AUDIT AND AUDIT COMMITTEES

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

- > reviewed the reliability and integrity of the financial and operating information, and
- > reviewed the systems established to ensure compliance with policies and appropriate legislation and to determine whether the ECGB complies with these requirements.

3.7

REPORT OF THE AUDIT AND RISK COMMITTEE



3.7.1 RESPONSIBILITY

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

3.7.2 KEY ACTIVITIES AND OBJECTIVES OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is a statutory committee specially appointed 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.

3.7.3 INTERNAL CONTROL ENVIRONMENT

The Audit and Risk Committee concludes that the internal control environment was effective for the year under review. No findings indicating significant control weaknesses, including material financial loss, fraud, corruption or error were reported to the Audit and Risk Committee during the year ended 31 March 2024. 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:

- > 2022/23 Quarter 4 Performance and Annual Report review
- > 2023/24 Quarters 1, 2 and 3 Performance Report Review
- > Supply Chain Management Review and three competitive bid review reports
- > License award process
- > Illegal gambling activities
- > 2024/25 Draft Annual Performance Plan Review
- > 2024/25 Strategic Risk Assessment Report
- > General Financial Controls Review
- > Revenue Review

Follow up reviews were conducted on:

- > System conversion (Gambling Regulations System)
- > Information technology general controls

In addition, the following documents were revised by the internal audit and approved by the Committee during the 2023/24 year.

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

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

Internal audit facilitated management's risk assessment, and the committee reviewed the strategic risk register quarterly in order to make recommendations to the board. ICT governance was reviewed on a quarterly basis by the committee.

3.7.4 IN-YEAR MANAGEMENT AND QUARTERLY REPORTS

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

3.7.5 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 2023; however the committee has reviewed the status of quarterly key controls and the audit action plan for addressing internal control deficiencies. The external auditors are standing invitees to the committee meetings and there has been communication throughout the year. The Committee is satisfied that the Auditor-General is independent of the entity.

The Audit and Risk Committee reviewed the Annual Report including the Annual Financial Statements in May 2024. No significant areas of concern were identified, and the Committee recommended them to the Board for approval to submit to the Auditor-General for audit.

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



MR M MBEDHLI

Chairperson of the Audit and Risk Committee



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 2024:

Name	Qualifications	Internal or External	If Internal, Position in the Public Entity	Date Appointed	Number of Meetings Attended
Mr M Mbedhli	BTech (Internal Auditing), Member of the Institute of Internal Auditors	External	N/A	1 October 2017	6 of 6
Ms T Mnqeta	BCom, Member of the Institute of Risk Management	External	N/A	1 October 2017	6 of 6
Ms T Cumming	BCom (Hons), CA(SA)	External		12 November 2020	6 of 6
Mr MN de Beer	BCom (Hons), CA(SA)	External	N/A	22 November 2021	6 of 6
Mr M Wesi	Masters in Information Technology in ICT Management	External	N/A	15 February 2024	1 of 6

3.8

COMPLIANCE WITH LAWS AND REGULATIONS

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

- > Constitution of the Republic of South Africa, 1996 (as amended). The ECGB ensures that the Bill of Rights is observed in all dealings with its stakeholders and employees
- > National Gambling Act, 2004 (as amended)
- > Eastern Cape Gambling Act, 1997 (as amended) and Gambling Regulations thereof
- > Public Finance Management Act, 1997 (as amended) and Treasury Regulations
- > Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (as amended)
- > Preferential Procurement Policy Framework Act, 2000 (as amended)
- > Broad-Based Black Economic Empowerment Act, 2003 (as amended)
- > Labour Relations Act, 1995 (as amended)
- > Basic Conditions of Employment Act, 1997 (as amended)
- > Employment Equity Act, 1998 (as amended)
- > Skills Development Levies Act, 1999 (as amended)
- > Promotion of Access to Information Act, 2000 (as amended)
- > Promotion of Administrative Justice Act, 2000 (as amended)
- > National Archives and Records Service of South Africa Act, 1996 (as amended)
- > Income Tax Act, 1962 (as amended)

- > Financial Intelligence Centre Act, 2001 (as amended)
- > Electronic Communications and Transactions Act, 2002 (as amended)
- > Protection of Personal Information Act, 2013
- > Occupational Health and Safety Act, 1993 (as amended)
- > Compensation for Occupational Injuries and Diseases Act, 1993 (as amended)
- > Unemployment Insurance Act, 2001 (as amended)

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

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

3.9

FRAUD AND CORRUPTION

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

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

3.10

MINIMISING CONFLICT OF INTEREST

The entity manages conflict of interest by including a standing agenda item for all Board and committee meetings, including meetings related to internal supply chain and HR recruitment, in which members are required to state any conflicts of interest. Staff and Board members are required biannually to disclose any interests in companies or other entities. Staff and Board members are also required to declare any gifts, donations or sponsorships received from licensees and suppliers of the entity.

3.11

CODE OF CONDUCT

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

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

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

3.12

HEALTH SAFETY AND ENVIRONMENTAL ISSUES

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

A health and safety plan was approved and implemented during the building renovations undertaken during the year. One evacuation drill was conducted in the financial year.

3.13

SOCIAL RESPONSIBILITY

In pursuance of the strategic outcome "Empowered communities located in areas where there is a gambling footprint as well as impoverished areas in the Province", the entity contributed R699 405 towards socio-economic development opportunities, and other CSI-related contributions supported designated and vulnerable groups in Eastern Cape areas identified as impoverished.

There were 4 key CSI projects of the ECGB that were implemented in the poorest wards and communities in terms of the provincial Anti-Poverty Strategy and CSI policy of the ECGB in order to benefit the under-privileged from the poorest wards in the province.

Beneficiaries of the ECGB CSI projects were four schools based in the poorest wards of the province as follows:

- > Mlungisi Primary School in the Amathole District Municipality (ward 14) – 614 learners.
- > Nobumba Primary School in the Amathole District Municipality (ward 9) – 163 learners.
- > Ngcwanguba SPS in OR Tambo District Municipality (ward 25) – 177 learners.
- > Mahemeng SPS in Joe Gqabi District Municipality (ward 15) – 207 learners.

The investment benefitted 1161 learners in the mastery of mathematics, science, and technology outcomes for Grades R-12. Figure 2 below depicts the CSI Framework Focus Areas for contributions or projects implemented by the ECGB and licensees in various impoverished communities in the Eastern Cape.

Figure 2: CSI Framework Focus Areas

CSI/SED FRAMEWORK BASKETS/AREAS OF FOCUS

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



R699 405

was contributed towards socio-economic development opportunities, and other CSI-related contributions.

The pictures of the CSI projects of the ECGB that were implemented in the poorest wards and communities are depicted below:



Handover of Mathematics, Science and Technology Kits in Mlungisi Primary School (Stutterheim)



Handover of Mathematics, Science and Technology Kits in Ngcwanguba Primary School (Elliotdale).



Handover of Mathematics, Science and Technology Kits in Mahemeng Primary School (Mount Fletcher).



Handover of Mathematics, Science and Technology Kits in KwaNobumba Primary School (Peddie).

< PART C >
GOVERNANCE

Licensed gambling operators contributed R12.7 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 2024.

Licensee Category	Education Basket	Health Basket	Arts And Culture Basket	Social Development Basket	Sports And Tourism Basket	Agriculture Basket	Total
Casino	R206 253	R315 151	R113 500	R119 983	R445 577	R0	R1 200 463
Bingo	R4 218 915	R343 666	R1 195 979	R194 203	R1 845 276	R0	R7 798 039
ISO	-	-	-	-	-	-	R0.00
Bookmaking and Betting	R254 501	R29 778	R0	R100 453	R91 344	R0	R476 076
Tote			R481 639			R0	R481 639
LPM	R567 350	R0	R352 701	R246 554	R246 426	R0	R1 413 031
Route Operator	R399 406	R180 000	R100 000	R425 564	R79 275	R160 000	R1 344 244
TOTAL CSI SPEND	R5 646 425	R868 595	R2 243 819	R1 086 756	R2 707 898	R160 000	R12 713 493

In honouring the former State President, President Mandela, a Mandela International Day was conducted in collaboration with Science Capital SA wherein ECGB employees visited Toboshana Farm Primary School in Ducats, East London for handing over the following:

- > Brand new school shoes to the 20 identified needy learners of Toboshana Farm School, provided by ECGB.
- > Mathematics and Science kit apparatus provided by ECGB.
- > Projector machine and a laptop provided by Science Capital SA.
- > Paint material and accessories as follows:
 - > Six (6x 20) litres of green roof paint.
 - > Ten (10) x painting brush (5x 150mm and 5x 75mm) with their plates.
 - > Five (5) x 750ml turpentine liquid.
 - > One (1) litre silver paint for burglar gates.

The pictures of the Mandela International Day conducted in collaboration with Science Capital SA and ECGB employees at Toboshana Farm Primary School in Ducats, East London are depicted below:



Handover of mathematics, science and technology kits, school laptop, and date projector at Toboshana Farm School

The ECGB has an obligation as a public sector institution to implement programmes seeking to support designated and vulnerable groups. In addition, it is obligated to attain affirmative action/transformation targets for economic empowerment and socio-economic transformation of designated/vulnerable groups which includes youth, elderly, disabled persons and women.

In this regard, the ECGB collaborated with Mpucuko Sports Development (MSD), an NPO for developing youth through district amateur boxing tournaments during the 2023/24 financial year.

The aim of hosting these tournaments by the ECGB and MSD is to give the young stars a balance between sport, academics, and personal development, and the intention is to keep youth off the streets so that they may be inspired to build a better future for themselves. During the 2023/24, 9 boxing tournaments were planned for implementation as a measure to reach and interact with the amateur boxers. One last boxing tournament which was a final "best of the best" youth amateur provincial boxing tournament was planned in the Buffalo City Municipality.

The table below illustrates that 363 boxers participated, and in terms of demographics, it illustrates the numbers of males and females participating according to district municipality, and areas/locations where the tournaments were hosted during the 2023/24 financial year.

NO.	DISTRICT AND LOCAL MUNICIPALITY	BOXERS PARTICIPATING EQUITY DEMOGRAPHICS		TOTAL NUMBER OF BOXER PARTICIPANTS	AREA / LOCATION WHERE TOURNAMENT WAS HELD	DATES
		MALE BOXERS	FEMALE BOXERS			
1.	Buffalo City district, Buffalo City MM	24	6	30	Mdantsane	29 April 2023
2.	Sarah Baartman, Makana LM	19	11	30	Grahamstown	13 May 2023
3.	OR Tambo District, King Sabata Dalindyebo	25	5	30	Mthatha	3 June 2023
4.	Chris Hani District Municipality	40	8	48	Queenstown	1 July 2023
5.	Buffalo City Municipality	46	14	60	Dimbaza	5 August 2023
6.	Nelson Mandela Bay Metro Municipality	50	10	60	Uitenhage	30 September 2023
7.	Amathole District Municipality	37	6	43	Stutterheim	02 December 2023
8.	Buffalo City Municipality	18	12	30	Gompo	10 February 2024
9.	Buffalo City Municipality	23	9	32	East London	21 March 2024
SUB-TOTALS		282	81	363		

Further to the boxing tournaments hosted during the year under review, four empowerment sessions with youth who participated in the amateur boxing tournaments in the districts municipalities were hosted with various stakeholders which were mobilised to take part in the sessions. All these stakeholders shared with the young stars (boxers) programmes from within their institutions/departments that are beneficial to the youth and informed them on economic and independent empowerment as an alternative to boxing.

The pictures of the boxing tournaments and empowerment sessions hosted by ECGB in collaboration with MSD in 2023/24 are depicted below:



Empowerment session in Sarah Baartman District Municipality, Makhanda, Rhodes University 17 February 2024



Youth empowerment Session at Dr. WB Rubusana ECDOE (Buffalo City Municipality)

< PART C >
GOVERNANCE



Youth Empowerment Session at Nelson Mandela Bay Metro, Gqeberha (16 September 2023)



Best of the Best Amateur Boxing Tournament Final

Furthermore, one further Designated and Vulnerable Groups programme was conducted for the people living with disabilities, implemented at Walter Sisulu Local Municipality in the Joe Gqabi District Municipal Area. A disability centre by the name of the Vuyo James Centre, an NPO that is operated for people living with disabilities, was identified by the Department of Economic Development, Environment Affairs and Tourism as a beneficiary

based in the Walter Sisulu Local Municipality in the Joe Gqabi District Municipal Area. The ECGB provided support in kind as an economic empowerment initiative to the beneficiaries of Vuyo James Centre, so that all the required materials, tools and products were provided for the centre to reduce their economic vulnerability and releasing human capital for people living with disabilities.



Designated and Vulnerable Groups project for People Living with Disabilities

3.14

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Criteria	Response Yes / No	Discussion (include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	Yes	<p>The ECGB is empowered in terms of Section 53(1)(c) of the National Gambling Act, 2004 (as amended), to impose reasonable and justifiable conditions on a licence to 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 a licence must be held by local PDIs as a reasonable and justifiable condition to meaningfully empower PDIs who are local inhabitants ("the Local PDI Requirement") in terms of Section 33(1) (k) of the ECGA. A research study was commissioned during the year to establish whether there was a rationale for the implementation of unique PDI requirements by the ECGB. At year end, the study was still in progress.</p>
Developing and implementing a preferential procurement policy?	Yes	<p>All procurement is conducted in line with the approved Supply Chain Management Policy of the Board, which includes the preferential procurement regulations in terms of the Preferential Procurement Policy Framework Act, 2000 (as amended). In this regard, new preferential procurement regulations and related Treasury Instruction were issued as from 16 January 2023, and preferential points are awarded for all procurement exceeding R2000 based on the specific goals set by the entity.</p>

3.15

RESPONSIBLE GAMBLING AND PUBLIC EDUCATION

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

One of the ECGB's strategic outcomes is to seek to ensure Educated, Informed and Responsible Punters and General Public which can be attained by investing more energy, time, and resources on harm minimisation as a result of excessive and irresponsible gambling as well as the institutionalisation of a culture of responsible gambling in the province.

In the intensification of responsible gambling campaigns during the financial year under review, the ECGB commissioned an independent study to establish and evaluate the effectiveness of responsible gambling messages and platforms utilised by the ECGB. The results of the study revealed that approximately 964 354 people (or 77.7% of the total eligible gambling population sampled) in Zone 2 have been exposed to messaging on responsible gambling.

Seven schools were targeted for implementing the Taking Risks Wisely programme under the theme "Managing Risks Responsibly by avoiding Impulsive Behaviour". A total of 367 young people were reached through these in-school sessions on Taking Risks Wisely as well as Responsible Gambling campaigns.

A series of campaigns, information sessions, road shows and mediated workshops on responsible gambling and illegal gambling were conducted/implemented during the period under review which sought to:

- > inform, empower, and enhance understanding of problem gambling and excessive gambling and how to deal with the phenomenon at home, in the workplace, and in the communities at large;
- > raise awareness and literacy while reducing stigma and shame associated with gambling harm to a selected target of employees from the various stakeholders in the province;
- > highlight the referral and support services that are available when problem gambling is identified at home and in the communities; and
- > raise awareness with regard to illegal gambling that is currently plaguing the province.

A number of stakeholders have been engaged in working collaboratively with the South African Responsible Gambling Foundation (SARGF) on the understanding of problem gambling, excessive gambling and how to deal with the phenomenon at home, at the workplace, and in the communities at large.

The table below reflects a total of 16 sessions and workshops on responsible gambling and illegal gambling conducted in collaboration with SARGF, wherein 702 people have been workshopped on problem gambling, excessive gambling and how to deal with the phenomenon at home, in the workplace, and in the communities at large:

NO.	ORGANISATION	THEMES / TOPICS	NUMBER OF PEOPLE REACHED	EQUITY DEMOGRAPHICS		REGION/ LOCATION	Date
				Males	Women		
1.	Employees of the ECGB Programme 2 (Compliance and Licensing)	Workshop on Excessive and Irresponsible Gambling as well as illegal gambling in general	32	11	21	East London, ECGB Offices, Downstairs Boardroom	24 April 2023
2.	Social workers of Buffalo City Metropolitan Municipality		23	6	17	Side Hall, Cradock	19 July 2023
3.	Social workers of Amathole District Municipality		06	-	06	Council Chambers, Lady Grey	20 July 2023
4.	Social workers of OR Tambo District Municipality		19	03	16	Council Chambers, Port Alfred	15 August 2023
5.			63	09	54	Council Chambers, Makhanda	16 August 2023
6.	Social workers of Chris Hani District Municipality	Workshops on Minimisation of Harmful Effects of Excessive and Irresponsible Gambling as well as illegal gambling	23	09	14	Council Chambers, Gqeberha	6 September 2023
7.	Social workers of Nelson Mandela Metropolitan Municipality		31	07	24	Multipurpose Centre, Zwide, Gqeberha	11 October 2023
8.	Citizenry of the Nelson Mandela Metropolitan Municipality		25	06	19	Council Chambers, Somerset East	12 October 2024
9.	People of the Nelson Mandela Metropolitan Municipality		265	128	137	Council Chambers, Somerset East	3-5 November 2023
10.							6-10 November 2024
11.	Social Workers of Sarah Baartman District Municipality		18	01	17	Municipality Town Hall, Adelaide	14 November 2023
			63	09	54		15 November 2023
12.	Employees of the Eastern Cape Gambling Board (Programme 1)	Workshop on Excessive and Irresponsible Gambling as well as illegal gambling in general	15	05	10	Amathole Offices, Butterworth	6 December 2023
13.	Social workers of Joe Gqabi District Municipality		11	04	07	Scenery Park, East London	20 February 2024
14.	Social workers of Joe Gqabi District Municipality	Workshops on Minimisation of Harmful Effects of Excessive and Irresponsible Gambling as well as illegal gambling	36	07	29	Scenery Park, East London	21 February 2024
15.	Social workers of Alfred Nzo District Municipality		39	05	34	Scenery Park, East London	14 March 2024
16.	Social workers of Alfred Nzo District Municipality		33	02	31	Bizana, Mbizana	19 March 2024
TOTAL NUMBER OF PEOPLE REACHED			702	212	490		

It has emerged from these campaigns, sessions and workshops that there is a high risk of pathological gamblers if problem gambling and/or excessive gambling is not addressed. While there are strides towards advancing responsible gambling through public education and ensuring the industry's accountability for the well-being of both players and society at large, the impact that illegal gambling is making on excessive and irresponsible gamblers remains a thorny issue in society.

Gambling industry players are committed to maintaining a gaming environment that is safe, transparent, and enjoyable for

all; however the growing prevalence of illegal gambling dilutes all the efforts made. Illegal gambling poses a high risk as it is linked to other organised crime and punters are compromised.

While educating people about dangers of excessive and/or irresponsible gambling, it is pivotal to also tap into the impact that illegal gambling is having on encouraging pathological gamblers particularly because there is no protection on illegal gambling establishments. It then means that public education needs to be conducted, focusing on both responsible gambling as well as raising awareness about illegal gambling.



RESPONSIBLE

GAMBLING





SOCIALLY RESPONSIBLE

At the heart of our mission lies the promotion of responsible gambling, the mitigation of social issues associated with gambling.



UNITY / INTEGRITY / DEDICATION / TRUST / EQUALITY

PART D

HUMAN RESOURCES MANAGEMENT



PART D >>

4.1

INTRODUCTION

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

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

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

The Human Resource Management division provides the following services:

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

HR Priorities for the Year Under Review and the Impact of these Priorities

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

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

People are the organisation's most valuable resource and their management and development are 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 to enhance personal development. Furthermore, the succession planning programme has been developed to ensure that the necessary skills are in place to guarantee availability of experienced and capable employees to assume those roles when they become available. The organisation offers competitive salaries and benefits. Its policies allow for professional growth and employee wellness. Career advancement programmes are also in place to allow progression of internal employees.

EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

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

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

EMPLOYEE WELLNESS PROGRAMMES

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

The organisation developed a Wellness Plan which guides the facilitation of wellness interventions and sessions such as the annual staff Wellness Day, as well as educational sessions on selected wellness topics. Some focused awareness sessions on men's and women's health were held.

POLICY DEVELOPMENT

The HR Department ensures that policies are up to date. A total of five policies were reviewed and two were in the process of being reviewed.

ACHIEVEMENTS DURING THE YEAR

A change management programme was implemented. The programme focuses on assisting the organisation to deal with changes brought by the organisational structure review, improving the organisational culture and assisting in the automation process. Sessions to empower management on leading change were held and a staff session was also held.

Filling of two vacancies took place and eight graduate interns and two student interns were placed on the internship programme.

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

An Internship Plan that guides the intake of interns during the year was developed and a total of seven interns were placed on the internship programme by end of March 2024.

A job evaluation process for all new and old positions was conducted to ensure implementation of the reviewed organisational structure.

CHALLENGES FACED BY THE PUBLIC ENTITY

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

FUTURE HR PLANS / GOALS

- > The implementation of the reviewed Organisational Structure
- > Continuation of implementation of a change management programme which assists in effective management of changes in the organisation and enhances the organisational culture.
- > Selected HR policies will be reviewed in the 2024/25 financial year to ensure alignment with the overall organisational strategy.
- > Development of a Competency Framework for the organisation.
- > The Human Resource Strategy will be reviewed, and a Change Management Strategy will be developed.
- > The implementation of an organisation-wide succession plan to ensure that a pool of employees is ready for vacancies that may occur.
- > The ethics programme will be strengthened through conducting

4.2

HUMAN RESOURCE OVERSIGHT STATISTICS

TOTAL PERSONNEL COST BY PROGRAMME¹¹

Programme	Total Expenditure for the Entity (R'000)	Total Personnel Expenditure (R'000)	Personnel Cost as a % of Total Expenditure (R'000)	No. of staff	Average Personnel Cost per Employee (R'000)
Programme 1 : Corporate Services Management (and Capital Expenditure)	59 105 435	571 835	53%	33	830 838
Programme 2 : Gambling Regulation and Consumer Protection	28 000 774	22 490 643	80%	26	749 688
Programme 3 : Research and Public Education	925 864	-	0%	-	-
TOTAL	88 032 073	54 062 479	61%	59	1 580 526

* Personnel expenditure excludes organisational recruitment costs, casual and temporary labourers, and intern stipends.

PERSONNEL COST BY SALARY BAND (EXCLUDING PERFORMANCE BONUS BELOW)

Level	Personnel Expenditure (R'000)	% of Personnel Exp. to Total Personnel Cost (R'000)	No. of Employees	Average Personnel Cost per Employee (R'000)
Executive / Senior Management	9 688 058	11%	4	2 422 015
Management	8 978 874	10%	7	1 282 696
Specialists and Professional Qualified	6 003 668	7%	5	1 200 734
Skilled	20 784 922	24%	32	649 529
Semi-Skilled	3 803 635	4%	8	475 454
Unskilled	473 991	1%	3	157 997
TOTAL	49 733 148	56%	59	842 935

PERFORMANCE BONUS PAID*

Level	Performance Bonus (R'000)	Other Personnel Costs (R'000)	% Performance Bonus Paid
Executive/Senior Management	1 040 449	9 688 058	11%
Management	1 037 789	8 978 874	12%
Specialists and Professional Qualified	668 667	6 003 668	11%
Skilled	1 323 601	20 784 922	6%
Semi-Skilled	231 072	3 803 635	6%
Unskilled	27 753	473 991	6%
TOTAL	4 329 331	49 733 148	

* Bonus paid during the year related to performance of the 2022-23 financial year.

¹¹ Costs reflected exclude employees appointed on short-term contracts, casual labour costs and the internship programme.

TRAINING AND DEVELOPMENT COSTS (LOCAL)

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No. of Employees Trained	Avg Training Cost per Employee (R'000)
Programme: Corporate Services Management and Administration	31 571 835	390 885	1%	38	10 286
Programme: Gambling Regulation and Consumer Protection	22 490 643	654 092	3%	30	21 803
Programme 3 : Research and Public Education	-	-	-	-	-
TOTAL	54 062 479	1 044 977		68	

* Number of people trained includes the interns.

EMPLOYMENT AND VACANCIES

Positions Vacant	2022/23 Number of Employees	2022/23 Approved Posts	2023/24 No. of Employees	2023/24 Approved Posts	% of Vacancies
Records Officer	1	1	0	1	100%
Manager: Compliance	0	1	0	1	100%
Licensing Officer	2	2	1	2	50%
Junior Inspector	2	2	1	2	50%
Gaming Control Officer	0	2	0	1	100%

Level	2022/23 Number of Employees	2023/24 Approved Posts	2023/24 No. of Employees	2023/24 Vacancies	% of Vacancies
Executive/Senior Management	3	4	4	0	0%
Management	5	7	6	1	14%
Professionally Qualified/ Specialists	6	5	5	0	0%
Skilled	30	33	29	4	12%
Semi-Skilled	8	8	8	0	0%
Unskilled	3	3	3	0	0%
TOTAL	55	60	55	5	0%

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Employment at End of the Period
Executive/Senior Management	3	1	0	4
Management	5	2	1	6
Professionally Qualified/ Specialists	6	0	1	5
Skilled	30	2	3	29
Semi-Skilled	8	0	0	8
Unskilled	3	0	0	3
TOTAL	55	5	5	55

REASONS FOR STAFF LEAVING

Reason	Number	% of Total Staff
Death	0	0%
Resignation	2	3.6%
Dismissal	1	1.8%
Retirement	0	0%
Ill health	0	0%
Expiry of Contract	0	0%
Promotion*	0	0%
Other	0	0%
TOTAL	3	5.3%

< PART D >

Human Resources Management

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 employment equity targets have been achieved in the filling of vacancies. An Employment Equity report is submitted annually to the Department of Labour as required by the Employment Equity Act (Act 55 of 1998).

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Executive/Senior Management	2	2	0	0	0	0	0	0
Management (incl. Professionally Qualified/ Specialists)	3	4	0	0	1	0	0	0
Skilled	15	13	0	1	0	0	2	2
Semi-Skilled	1	1	0	0	0	0	0	0
Unskilled	0	1	0	0	0	0	0	0
TOTAL	21	21	0	1	1	0	2	2

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Executive/Senior Management	2	2	0	0	0	0	0	0
Management (incl. Professionally Qualified/ Specialists)	7	7	0	0	0	0	0	0
Skilled	12	13	1	1	0	0	0	1
Semi-Skilled	7	7	0	0	0	0	0	0
Unskilled	2	2	0	0	0	0	0	0
TOTAL	30	31	1	1	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



SOCIALLY RESPONSIBLE



As a regulatory authority, we play a pivotal role in fostering responsible gambling practices, protecting vulnerable individuals, and promoting a fair and transparent gaming environment.



UNITY / INTEGRITY / DEDICATION / TRUST / EQUALITY

PART E

PFMA COMPLIANCE REPORT



5.1

PFMA COMPLIANCE REPORT

Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract
Newspaper subscriptions	Arena Holdings	Single sourcing	N/A	16
Board training and development	Institute of Directors South Africa	Single sourcing	N/A	66
Bookmaker information system use access	Turfspport (Pty) Ltd	Single sourcing	N/A	3
Total				85

Contract variations and expansions

Project Description	Name of Supplier	Contract Modification Type (Expansion or Variation)	Contract Number	Original Contract Value R'000	Value of Previous Contract Expansion/s or Variation/s (if applicable) R'000	Value of Current Contract Expansion or Variation R'000
Provision of security services	Whispers Security (Pty) Ltd	Expansion	ECGB-20/21-BID-07	1 237	68	1 305
Alterations to ECGB Offices (Phase 2)	KM26 Projects	Expansion	ECGB-22/23-BID 2	4 844	969	5 813
Provision of Mobile Communication Solutions for a period of twenty-four (24) months	Mobile Telephone Network (PTY) Ltd)	Expansion	ECGBB-19/20-BID 01	3 440	124	3 564
Provision of an electronic document management solution with digitised workflows	nVision (PTY) Ltd	Expansion	ECGB-21/22- BID -01	5 654	759	6 413
Total				9 521	1 920	17 095



SOCIALLY RESPONSIBLE



PART F

Our commitment extends beyond mere oversight; we actively engage with stakeholders, collaborate with government agencies, and invest in community initiatives to ensure the sustainable growth of the gambling sector while contributing positively to the well-being of the Eastern Cape's residents.



FINANCIAL INFORMATION

UNITY / INTEGRITY / DEDICATION / TRUST / EQUALITY

6.1

AUDITOR-GENERAL'S REPORT

Report of the Auditor-General to the Eastern Cape Provincial Legislature on Eastern Cape Gambling Board.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

1. I have reviewed the financial statements of the Eastern Cape Gambling Board set out on pages 79 to 105 which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

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 2024 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

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.

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

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

REPORT ON THE ANNUAL PERFORMANCE REPORT

8. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

9. I selected the following material performance indicators related to Gambling Regulation and Consumer Protection presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.
- Number of key gambling licences issued
 - Number of gambling economic opportunities awareness sessions conducted
 - Number of sweeps conducted
 - Number of revenue audits conducted
 - Gambling industry compliance maturity level
 - Number of people provided feedback with regards to excessive and irresponsible gambling messages
10. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
11. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets
12. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
13. I did not identify any material findings on the reported performance information for the selected indicators.
15. I performed procedures to test compliance with selected requirements in key legislation in accordance with the Auditor-General of South Africa (AGSA) findings engagement methodology. This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
16. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
17. I did not identify any material non-compliance with the selected legislative requirements.

INTERNAL CONTROL DEFICIENCIES

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

PROFESSIONAL ETHICS AND QUALITY CONTROL

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

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



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Auditor General

East London
31 July 2024

REPORT ON COMPLIANCE WITH LEGISLATION

14. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

ANNEXURE TO THE AUDITOR'S REPORT**COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS**

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Sections 38(1)(b); 44; Sections 45(b); Sections 51(1)(b)(ii); 51(1)(e) (iii); Sections 53(4); Sections 55(1)(a) - (b); 55(1)(c)(i); Section 57(b)
Treasury regulations	Treasury Regulation 8,2,1; 8,2,2; Treasury Regulation 16A3.2; Treasury Regulation 16.6A6.1; 16A6.2(a) & (b); Treasury Regulation 16A6.3(a) - (c); 16A6.4; 16A6.5; Treasury Regulation 16A6.6; Treasury Regulation 16A8.3; 16A8.4; Treasury Regulation 16A9.1(b)(ii); 16A9.1(d) - (f) Treasury Regulation 16A9.2(a)(ii); Treasury Regulation 30.1.1; 30.1.3(a) - (b); 30.1.3(d); Treasury Regulation 30.2.1; Treasury Regulation 31.1.2 (c); Treasury Regulation 33.1.1; 33.1.3
Public Service regulations	Public service regulation 18(1) and (2)
Construction Industry Development Board Act 38 of 2000 (CIDB)	Section 18(1)
CIDB regulations	Regulations 17; 25(7A)
Preferential Procurement Policy Framework Act 5 of 2000 (PPPFA)	Section 2.1(a),(b) and (f)
Preferential Procurement regulations (PPR), 2011	Regulations 9.1
Preferential Procurement regulations (PPR), 2017	Regulations 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.8; 7.8; 8.2; 8.5 Regulations 9.1; 10.1; 10.2; 11.1
Preferential Procurement regulations (PPR), 2022	Regulations 4(4)
Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA)	Section 34(1)
NT SCM Instruction Note 04 of 2015/16	Paragraph 3.4
NT SCM Instruction Note 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 07 of 2017/18	Paragraph 4.3
NT SCM Instruction Note 05 of 2020/21	Paragraph 4.8; 4.9; 5.3
Erratum NT SCM Instruction Note 05 of 2020/21	Paragraph 2
Second Amendment to NT SCM Instruction Note 05 of 2020/21	Paragraph 1
NT Instruction Note 11 of 2020/21	Paragraph 3.1; 3.4(b); 3.9

6.2

STATEMENT
OF FINANCIAL
POSITION

As at 31 March 2024

	Notes	2024 R	2023 RESTATED* R
ASSETS			
Current assets			
Cash and cash equivalents	2	26 800 827	27 905 917
Prepayments	3	308 090	169 671
Statutory receivables for distribution from non-exchange transactions	4	15 531 918	14 848 527
Statutory receivables from exchange transactions	5	470 447	39 599
Other receivables from non-exchange transactions	6	1 188 733	443 871
		44 300 015	43 407 585
Non-current assets			
Property, plant and equipment	7	27 208 215	25 713 921
Intangible assets	8	4 474 423	4 538 194
TOTAL ASSETS		75 982 653	73 659 700
LIABILITIES			
Current liabilities			
Collections for distributions from non-exchange transactions	9	15 413 249	14 882 927
Trade and other payables from exchange transactions	10	10 853 613	10 377 134
Employee benefits	11	7 267 729	5 977 831
Finance lease obligation	12	131 654	378 465
		33 666 245	31 616 358
Non-current liabilities			
Employee benefits	11	1 344 943	492 602
Finance lease obligation	12	2 600	122 122
TOTAL LIABILITIES		35 013 788	33 018 477
NET ASSETS		40 968 865	40 641 223
Net assets			
Accumulated surplus		40 968 865	40 641 223
TOTAL NET ASSETS		40 968 865	40 641 223

* Prior year restatement is disclosed in Note 38

6.3

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2024

	Notes	2024 R	2023 Restated* R
REVENUE			
Revenue from exchange transactions	13	11 989 114	12 351 286
Revenue from non-exchange transactions	13	70 725 000	70 043 000
		82 714 114	82 394 286
EXPENDITURE			
Administrative expenditure	14	12 330 971	10 126 013
Corporate social investment	15	699 405	676 955
Consumer protection and public education	16	1 356 890	2 856 213
Depreciation and impairment of PPE	7	2 702 005	2 703 641
Amortisation of intangible assets	8	1 036 169	841 645
Employee costs	17	56 885 758	51 948 168
Legal costs		1 559 407	1 912 155
Marketing and research costs	18	1 698 514	781 683
Other operating expenditure	19	7 237 629	5 615 789
Statutory audit fees	20	848 635	781 856
TOTAL EXPENDITURE		86 355 383	78 421 402
NET REVENUE / (EXPENDITURE)		(3 641 269)	3 972 884
OTHER INCOME			
Finance income	21	3 790 062	2 861 786
Surplus on disposal of PPE	22	178 849	64 180
TOTAL OTHER INCOME		3 968 911	2 925 966
SURPLUS FOR THE YEAR		327 642	6 898 850

* Prior year reinstated and disclosed in Note 38

6.4

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2024

	Notes	Accumulated Surplus R	Total R
Balance as at 1 April 2022		34 335 208	34 335 208
Restatement of prior year figures	38	(592 835)	(592 835)
Balance as at 1 April 2022		33 742 373	33 742 373
Restated balance as at 1 April 2022		33 742 373	
Surplus for the year		6 898 850	6 898 850
Balance as at 1 April 2023		40 641 223	40 641 223
Surplus for the year		327 642	327 642
Balance as at 31 March 2024		40 968 865	40 968 856

6.5 CASH FLOW STATEMENT

For the year ended 31 March 2024

	Notes	2024 R	2023 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Gambling fees and taxes		190 021 479	198 601 493
DEDEAT grant		70 725 920	70 043 000
Receipts from rendering of services		11 730 920	13 361 734
Interest received from Debtors*	21	234 102	201 376
		272 711 501	282 207 603
Payments			
Gambling fees and taxes paid to the Province		184 321 510	190 428 067
Payment to employees and on behalf of employees		55 252 477	46 214 685
Payment to suppliers and other payments		32 442 382	36 594 362
		272 016 369	273 237 114
Net cash flows from operating activities	22	695 132	8 970 489
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received*	21	3 555 960	2 660 409
Proceeds from sale of property, plant and equipment	22	547 077	704 447
Purchase of property, plant and equipment		(4 543 729)	(4 164 167)
Purchase of intangible assets	8	(972 398)	(2 499 247)
Net cash from investing activities		(1 413 089)	(3 298 557)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		(387 132)	(303 570)
Net cash from financing activities		(387 132)	(303 570)
Net increase in cash and cash equivalents		(1 105 089)	5 368 361
Cash and cash equivalents at beginning of the year		27 905 917	22 537 555
Cash and cash equivalents at end of the year	2	26 800 828	27 905 917

* Interest income from debtors was reclassified to cash flows from operating activities to achieve fair presentation according to the nature of the transaction. The reclassification is retrospective.

6.6

STATEMENT OF COMPARISON OF ACTUAL AND BUDGET AMOUNTS

For the year ended 31 March 2024

	Notes	Approved Budget R	Final Adjusted Budget R	Actual Amounts R	Difference: Final Budget and Actual R	Variance %
REVENUE						
Revenue from exchange transactions	34	15 427 822	15 427 822	11 989 114	(3 438 708)	(22.3%)
Revenue from non-exchange transactions		70 725 000	70 725 000	70 725 000	-	0.0%
		86 152 822	86 152 822	82 714 114	(3 438 708)	(4.0%)
EXPENDITURE						
Administrative expenditure		10 147 185	11 957 984	12 330 971	372 987	3.1%
Corporate social investment		511 623	731 623	699 405	(32 218)	(4.4%)
Consumer protection and public education		2 000 000	1 780 000	1 356 890	(423 110)	(23.8%)
Depreciation and impairment of PPE	34	1 699 507	2 699 507	2 702 005	2 498	0.1%
Amortisation of intangible assets		1 329 866	939 866	1 036 169	96 303	10.2%
Employee costs		59 303 000	57 768 464	56 885 758	(882 706)	(1.5%)
Legal costs		2 579 851	1 581 421	1 559 407	(22 014)	(1.4%)
Marketing and research costs	34	1 105 839	1 700 000	1 698 514	(1 486)	(0.1%)
Other operating expenditure		6 784 595	7 822 601	7 237 629	(584 972)	(7.5%)
Statutory audit fees		859 762	859 762	848 635	(11 127)	(1.3%)
TOTAL EXPENDITURE		86 321 229	87 841 229	86 355 383	(1 485 846)	(1.7%)
TOTAL SURPLUS		(168 407)	(1 688 407)	(3 641 269)	(1 952 862)	115.7%
BASIS DIFFERENCES						
Investing activities						
Finance income	34	2 151 997	2 151 997	3 790 062	1 638 065	76.1%
Profit on disposal of PPE		-	-	178 849	178 849	100.0%
		2 151 997	2 151 997	3 968 911	1 816 914	0.8
SURPLUS FOR THE YEAR		1 983 590	463 590	327 642	(135 948)	(29.3%)
CAPITAL EXPENDITURE	34	5 012 795	13 052 795	5 536 927	(7 515 868)	(57.6%)

6.7

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2024

1 ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2024

1.1 REPORTING ENTITY

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

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

1.2 BASIS OF PREPARATION

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

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

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

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2025:

Reference	Effective date	Nature of change	Expected impact
GRAP 104 Financial Instruments (Revised)	01-Apr-25	<p>The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.</p> <p>The most significant changes to the Standard affect:</p> <ul style="list-style-type: none">• Financial guarantee contracts issued• Loan commitments issued• Classification of financial assets• Amortised cost of financial assets• Impairment of financial assets• Disclosures.	The entity expects to implement the changes in the 2025/26 financial year. The impact of the changes is currently being assessed.

A summary of the significant accounting policies is disclosed below.

1.2.1 Property, plant and equipment

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

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

Item	Average useful life
Buildings	50 years
Fixtures and fittings	10 years
Motor vehicles	5 years
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 useful life.

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

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

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

Property, plant and equipment are reviewed for impairment losses in accordance with the Standard of GRAP on Impairment of Non-cash-generating Assets, specifically considering events which indicate that the carrying amount may not be recoverable. An impairment loss is recognised in respect of the amount by which the carrying amount of the asset exceeds its recoverable service amount, which is the higher of an asset's net selling price (fair value less costs to sell) and its value in use (the present value of the asset's remaining service potential). An impairment loss or reversal of an impairment loss is recognised as an expense/income in the statement of financial performance as incurred.

Property, plant and equipment is derecognised when the asset is disposed of, or when there are no further economic benefits or service potential expected from the continued use of the asset. The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in surplus.

1.2.2 Intangible Assets

An asset is identified as an intangible asset when:

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

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

1.2.3 Financial instruments

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

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

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

Impairment of financial assets

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

The entity has the following types of financial assets:

Other receivables

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

Cash and cash equivalents

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

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

Trade and other payables

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

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

13th cheque - refer 1.2.9 below

Finance lease - refer 1.2.10 below

Derecognition of financial instruments

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

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

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

1.2.4 Statutory receivables

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

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

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

Statutory receivables are derecognised when the asset is disposed of when the entity no longer has the rights to the future economic benefits or service potential, 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 a statutory receivable is determined as the difference between the sales proceeds and the carrying value and is recognised in surplus.

1.2.5 Post employment benefits

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

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

1.2.6 Provisions and contingencies

Provisions are recognised when:

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

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

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

Performance bonus

The entity's performance management policy provides for the payment of performance bonuses to employees who achieve defined levels of performance for the reporting period.

At reporting date the entity recognises a provision to the extent that a present obligation exists, there is probability of an outflow of cash and a reliable estimate of the performance bonuses payable can be made.

At reporting date, the probability of an outflow is assessed based on historical performance by employees. An estimate of the probable future outflows is based on an employee's total cost to company and the historical performance achieved.

Individual performance assessments are concluded after the reporting date, consequently an uncertainty exists about the performance outcomes of each employee. In addition, the performance bonus is payable upon approval by the Board, an uncertainty also exists about the timing of the outflow of economic resources.

Contingent assets and contingent liabilities

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

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

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

1.2.7 Revenue

Revenue from exchange transactions:

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

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

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

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

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

Revenue from non-exchange transactions (taxes and transfers)

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

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

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

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

The Board acts as an agent to the Provincial Revenue Fund and all gambling taxes and part of the fees collected are paid over at the end of each month as prescribed by the Gambling and Betting Act and the service level agreement entered into with the Executive Authority. (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. Receivables 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.

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Financial Information

Short-term employee benefits include items such as:

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

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

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

13th cheque

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

Performance bonus

The entity's performance management policy provides for the payment of performance bonuses to employees who achieve defined levels of performance for the reporting period.

At reporting date the entity recognises a provision to the extent that a present obligation exists, there is probability of an outflow of cash and a reliable estimate of the performance bonuses payable can be made.

At reporting date, the probability of an outflow is assessed based on historical performance by employees. An estimate of the probable future outflows is based on an employee's total cost to company and the historical performance achieved.

Leave provision

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

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

Long service award provision

Long service awards are provided to employees who achieve certain pre determined milestones of service within the Board. The expected costs of these benefits are accrued over the period of employment.

The Board's obligation in respect of this benefit is valued internally annually and the corresponding liability is raised.

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

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

- current service cost;
- interest cost;

- past service cost;
- the effect of any curtailments or settlements;

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

1.2.10 Leases

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

Finance leases - lessee

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

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

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

Operating leases - lessee

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

1.2.11 Prepayments

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

1.2.12 Fruitless and wasteful expenditure

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

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

1.2.13 Irregular expenditure

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

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate

steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the Annual Financial Statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant expenditure item, be disclosed as such in the note to the Annual Financial Statements and updated accordingly in the irregular expenditure register.

1.2.14 Taxation

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

1.2.15 Related parties

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

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

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

1.2.16 Budget information

Comparison of budget and actual amounts for the fiscal period ended: 31 March 2024 are presented in a separate additional financial statement: Statement of Comparison of Actual and Budget Amounts. The entity presents both the approved and the final budget amounts. Differences (variances) between the actual amounts and budget amounts are also presented. Explanations for variances of 10% or R1million or more are disclosed in the notes to the financial statements. These variances are considered material due to their likely impact on the decisions of users, particularly the Provincial Treasury requires explanations for variances within a specified threshold. The financial statements and budget are both prepared on the accrual basis.

1.2.17 Accounting estimates and judgements

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

Judgements and estimates are principally made in the following areas:

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

1.2.18 Commitments

Commitments are not recognised but are disclosed in the notes only when required by the reporting framework.

Items are classified as commitments where the entity contractually commits itself to future transactions that will normally result in the outflow of resources embodying economic benefits.

Commitments are disclosed as required by the reporting framework only for approved and contracted capital commitments, where the expenditure has been approved and awarded at the reporting date.

Commitments that are approved but not yet contracted, where the expenditure has been approved but has yet to be awarded or is awaiting finalisation at the reporting date are not disclosed.

The entity discloses capital commitments in accordance with GRAP 17 and 31, as well as operating lease commitments in accordance with GRAP 13.

1.2.19 Subsequent events

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

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2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Bank balances	24 575 627	25 984 873
Cash on hand	5 000	5 000
	24 580 627	25 989 873
Investigation deposits	2 220 200	1 916 044
	26 800 827	27 905 917

Cash and cash equivalents held by the entity that are ringfenced for license investigations. 2 220 200 1 916 044

Investigation deposits received are disclosed in note 10.

3 PREPAYMENTS

Business licences	239 690	82 493
Other prepaid expenditure	68 400	87 178
	308 090	169 671

4 STATUTORY RECEIVABLES FOR DISTRIBUTION FROM NON-EXCHANGE TRANSACTIONS

Government taxes and levies from non-exchange transactions	15 531 918	14 848 527
Less: Impairment allowance of statutory receivables for distribution	-	-
	15 531 918	14 848 527

Taxes and levies are gambling taxes for March 2024 that were not yet due or received at year-end.

5 STATUTORY RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade debtors	470 447	39 599
	470 447	39 599

Trade debtors - Age analysis

120 days and older	-	-
90 days	239 013	5 048
60 days	4 300	-
30 days	-	-
Current	227 134	34 551
TOTAL	470 447	39 599
Amounts past due, but not impaired (greater than 30 days ageing)	243 313	5 048

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

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6 OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Deposits	16 831	16 831
Sundry debtors	1 171 901	427 041
	1 188 732	443 871

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

7 PROPERTY, PLANT AND EQUIPMENT

	2024			2023		
	Cost R	Accumulated depreciation and impairment R	Carrying value R	Cost R	Accumulated depreciation and impairment R	Carrying value R
Buildings	20 572 341	1 923 395	18 648 947	18 547 437	1 724 302	16 823 136
Cell phones leased	577 297	415 060	162 236	604 744	206 381	398 362
Computer equipment	7 274 598	4 853 196	2 421 402	6 728 866	3 624 668	3 104 198
Fixtures and fittings	3 089 614	1 770 463	1 319 151	3 071 749	1 491 999	1 579 750
Furniture and equipment	2 451 159	1 537 689	913 469	2 125 914	1 373 352	752 561
Land	1 070 750	-	1 070 750	1 070 750	-	1 070 750
Motor vehicles	3 594 584	922 324	2 672 260	3 330 717	1 345 552	1 985 164
	38 630 344	11 422 127	27 208 215	35 480 176	9 766 255	25 713 921

Reconciliation of property, plant and equipment - 31 March 2024

	Opening balance R	Additions R	Disposals R	Depreciation R	Impairment R	Total R
Buildings	16 823 136	2 024 904	-	199 093	-	18 648 947
Cell phones leased	398 362	20 801	16 881	239 032	1 014	162 236
Computer equipment	3 104 198	719 121	8 519	1 383 153	10 245	2 421 402
Fixtures and fittings	1 579 750	17 865	-	278 464	-	1 319 151
Furniture and equipment	752 561	325 245	-	164 337	-	913 469
Land	1 070 750	-	-	-	-	1 070 750
Motor vehicles	1 985 164	1 456 592	342 829	426 667	-	2 672 260
	25 713 921	4 564 529	368 229	2 690 745	11 260	27 208 215

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 R2 024 904 (2023: R512 305) represent the construction costs to finalise the building extension project during the financial year.

Due to budget constraints (budgets available are earmarked for specific projects) 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 18 items of computer equipment and 280 items of furniture and equipment with a historical acquisition cost of R501 063 and R1 265 545 respectively, included in the balances reflected above. None of the property, plant and equipment have been pledged as guarantee for liabilities.

Included in Note 19 is expenditure incurred to repair and maintain items of property, plant and equipment totalling R121 857, (2023: R264 858).

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 14 leased iPads with a carrying value of R57 973 as at year-end.

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Reconciliation of property, plant and equipment - 31 March 2023

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

8 INTANGIBLE ASSETS

	2024			2023		
	Cost R	Accumulated amortisation R	Carrying value R	Cost R	Accumulated amortisation R	Carrying value R
Summary						
Computer software	1 379 594	515 927	863 667	620 266	259 688	360 578
Internally generated software	6 627 140	3 016 382	3 610 756	6 414 070	2 236 453	4 177 616
Total	8 006 734	3 532 309	4 474 423	7 034 336	2 496 141	4 538 194

Reconciliation of intangible assets - 31 March 2024

	Opening Balance (R)	Additions (R)	Disposals (R)	Transfers (R)	Amortisation (R)	Total (R)
Computer software	360 578	759 329	-	-	256 239	863 667
Internally generated software	4 177 616	213 069	-	-	779 930	3 610 756
Total	4 538 194	972 398	-	-	1 036 169	4 474 423

Reconciliation of intangible assets - 31 March 2023

	Opening Balance (R)	Additions (R)	Disposals (R)	Transfers (R)	Amortisation (R)	Total (R)
Computer software	526 644	-	-	-	166 066	360 578
Internally generated software	2 353 948	2 499 247	-	-	675 579	4 177 617
Total	2 880 592	2 499 247	-	-	841 645	4 538 195

Pledged as security

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

Intangible assets in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of intangible assets

Internally generated software	2 373 745	2 198 683
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Details of intangible assets

A register containing the information on intangible assets is available for inspection at the registered office of the entity.

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9 COLLECTIONS FOR DISTRIBUTION FROM NON-EXCHANGE TRANSACTIONS

Taxes and levies	15 413 249	14 882 928
	15 413 249	14 882 928

Taxes and levies for distribution are gambling taxes for March 2024 that were distributed to the provincial revenue fund after year-end.

10 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Accruals	3 945 256	3 460 158
Investigation deposit accounts	2 220 200	1 916 044
Creditors	4 688 157	5 000 932
	10 853 613	10 377 134

No creditors are overdue and relate to goods and services received on or before 31 March 2024.

11 EMPLOYEE BENEFITS

Current employee benefits

Performance bonus provision opening balance	3 818 390	3 931 556
Provision used during the year	(4 329 331)	(4 036 240)
Over/ (Under) provision	(510 941)	(104 684)
Provision for the year	4 911 713	3 923 074
Performance bonus provision closing balance	4 400 772	3 818 390
Leave provision opening balance	1 968 206	1 899 492
Provision for the year	4 440 519	3 628 633
Leave used during the year	(3 541 057)	(3 349 296)
Leave paid out during the year	(190 002)	(210 623)
Leave provision closing balance	2 677 666	1 968 206
Current portion of provision for long service awards	189 295	191 235
Current employee benefits closing balance	7 267 729	5 977 831

Non-current employee benefits

Provision for long service award opening balance	1 471 233	1 242 867
Provision used during the year	(156 000)	(88 000)
Provision for the year	219 004	316 366
Provision for long service award closing balance	1 534 237	1 471 233
Less: current portion	(189 295)	(191 235)
Non-current employee benefits closing balance	1 344 942	1 279 998

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LONG SERVICE AWARD

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 in future. In estimating the provision, management has taken into consideration the probability of staff leaving the employ of the entity before they are eligible for an award. In addition, with respect to employees who are on non-permanent contracts, the historical pattern of those contracts getting renewed has been taken into account in determining the probability they may become eligible for the long service award.

The Board offers employees Long Service Awards for every five (5) years of unbroken service completed, from five years of service to thirty (30) years of service, inclusive.

Below is the long service award policy of the entity:

Years of service	Financial award
5	5 000
10	13 000
15	22 000
20	35 000
25	35 000
30	35 000

VALUATION OF ASSETS

The long service awards liability for the entity is provided for. However, no dedicated assets have been set aside to meet this liability. The obligation is settled using resources that are available during the reporting period it becomes due and payable.

Key assumptions used

Discount rate	8%	8%
Staff turnover	3.79%	4.76%

Net expense recognised in surplus

Current service costs	178 470	141 366
Interest costs	106 699	162 550
Reversals/Settlements	-222 165	-75 553
	63 004	228 362

SENSITIVITY ANALYSIS

The estimate of the long service award is dependent on the assumptions used. The tables below outline firstly how the accrued liability as at 31 March 2024 is impacted by changes in the assumptions used, mainly the staff turnover rate, and secondly how the income statement expenses (interest and service cost) are impacted by changes in assumptions.

A decrease in the staff turnover rate would result in a higher obligation being payable in future as more staff are retained and become eligible for the long service bonus. The reverse change in the staff turnover rate will have the opposite impact, that is, the future obligation would decrease as fewer employees will be eligible for the long service award.

	+10% Staff turnover rate	Valuation assumption	- 10% Staff turnover rate
Total Accrued Liability	1 465 652	1 471 233	1 476 813
Current service costs	177 793	178 470	179 147
Interest costs	106 294	106 699	107 104

PERFORMANCE BONUS

The provision for performance bonus relates to the payment of bonuses to the entity's employees based on the assessment of performance for the financial period ended 31 March 2024. The provision is based on historic data namely, past performance by employees and the outflow is considered to be probable. The settlement of the provision is dependent on key factors such as the performance of employees as well as the timing of the approval of the board of directors.

LEAVE PAY

The provision for leave pay is based on the total amount of leave days due to each employee at reporting date multiplied by each employee's daily rate of remuneration. At reporting date, an uncertainty exists as to whether the leave will be taken or be forfeited by employees.

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12 FINANCE LEASE OBLIGATION

Minimum lease payments due		
- within one year	131 654	378 465
- later than one year but not later than five years	2 600	122 122
Present value of minimum lease payments	134 254	500 587

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

Current liabilities	131 654	378 465
Non-current liabilities	2 600	122 122

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 purchased 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	10 520 605	10 701 246
Recoveries	1 333 973	1 446 003
Sundry income	134 536	204 037
	11 989 114	12 351 286

Revenue from non-exchange transactions

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

Unconditional government funding - Department of Economic Development, Environmental Affairs and Tourism	70 725 000	70 043 000
	70 725 000	70 043 000

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14 ADMINISTRATIVE EXPENDITURE			
Bank charges		55 958	59 456
Board members - fees		1 109 850	1 178 550
Board members - travel and subsistence		512 041	296 186
Internal audit fees		1 055 913	1 639 095
Consultation fees		1 264 146	1 050 855
Evaluation and hearings		451 737	488 246
Inspection, investigation, compliance and audit costs		1 222 949	1 052 649
Stationery and printing		255 320	326 449
Training and development	24	3 679 078	2 713 437
Travelling and subsistence		1 366 368	928 643
Stakeholder events		1 357 611	392 447
		12 330 971	10 126 013

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 R699 405 (2023: R676 955).

16 CONSUMER PROTECTION AND PUBLIC EDUCATION

The Board undertook various responsible gambling and public education activities amounting to R1 356 890 (2023: R2 856 213). 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.

17 EMPLOYEE COSTS

Basic salary		44 153 095	40 525 161
Casual and temporary labour		5 973	12 492
Funeral benefit		8 921	8 910
Insurance		192 516	181 821
Medical aid - company contributions		1 877 938	1 820 091
Pension		4 110 793	3 902 115
Performance awards		4 911 713	3 923 074
Recruitment costs		305 658	231 753
Other non pensionable allowances		688 312	886 115
Unemployment Insurance Fund		119 471	120 642
Skills development levy		511 368	513 278
		56 885 758	52 125 452

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Senior management remuneration (included in the figures above):		
Remuneration of the Chief Executive Officer - Mr RM Zwane		
Allowances	120 000	120 000
Bonus*	625 309	578 990
Fund contributions	481 533	448 820
Salary	3 258 398	3 049 865
13th cheque**	301 557	281 225
Long service award	35 000	-
	4 786 797	4 478 900
Remuneration of the Chief Financial Officer - Z. Mqoboli		
Allowances	245 327	29 167
Bonus*	348 909	109 720
Fund contributions	262 138	81 113
Salary	1 918 545	591 446
13th cheque**	-	-
	2 774 919	811 445
Remuneration of the Compliance & Licensing Manager - B. L. Jaxa		
Allowances	108 000	108 000
Bonus*	379 879	351 740
Fund contributions	311 119	288 473
Salary	1 925 811	1 801 899
13th cheque**	183 198	170 846
	2 908 007	2 720 957
Remuneration of the Executive Manager: Corporate services - Y. Roboji (appointed February 2024)		
Allowances	40 000	-
Bonus*	-	-
Fund contributions	7 810	-
Salary	278 840	-
13th cheque**	-	-
	326 650	-
SENIOR MANAGEMENT REMUNERATION	10 796 373	8 011 303

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

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

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18 MARKETING AND RESEARCH COSTS

The costs for marketing and research include the following:

Advertising, subscriptions and publications	772 650	292 641
Research and public education	925 864	489 042
	1 698 514	781 683

19 OTHER OPERATING EXPENDITURE

Canteen and catering	72 251	133 132
Communication costs	716 997	745 026
Computer consumables	91 996	106 550
Courier and delivery charges	1 678	563
Consumables	107 043	28 051
Fuel, oil and licenses	604 143	775 640
Insurance premiums	425 298	381 923
Software support	79 503	183 813
Maintenance and repairs	217 830	264 858
Municipal services	683 058	646 759
Rentals in respect of operating leases - plant, machinery and equipment	99 328	123 869
Security services	415 075	413 379
Software annual license fees	3 627 851	1 757 731
Staff wellness programme	95 578	54 195
Uniforms and crockery	-	300
	7 237 629	5 615 789

20 STATUTORY AUDIT FEES

Statutory Audit - Auditor-General	848 635	781 856
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21 FINANCE INCOME

Interest revenue

Bank	3 555 960	2 660 410
Statutory receivables	234 102	201 376
	3 790 062	2 861 786

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22 CASH GENERATED FROM OPERATIONS

Surplus	327 642	6 898 850
Adjustments for:		
Amortisation of intangible assets	1 036 170	841 646
Depreciation and impairment of PPE	2 702 005	2 703 641
Interest income	(3 555 960)	(2 660 409)
Cash (profit) / loss on disposal of assets (refer below)	(178 849)	(64 180)
Changes in working capital:		
Increase in trade and other payables and provisions	2 361 644	(434 462)
(Increase) / Decrease in statutory and other receivables and prepayments	(1 997 520)	1 685 403
	695 132	8 970 489
Disposal of property, plant and equipment		
Proceeds received	(547 077)	(704 448)
Carrying value of disposals	368 229	640 269
Cash (surplus) / deficit on assets disposed during the year	(178 849)	(64 180)
Proceeds receivable (excluded above)		
(Surplus) on disposal of PPE	(178 849)	(64 180)

23 OPERATING LEASE COMMITMENTS

Minimum lease payments due		
- within one year	-	99 501
- later than one year and not later than five years	389 634	-
Present value of minimum lease payments	389 634	99 501

LEASING ARRANGEMENTS

- Two photocopy machines for a period of 36 months ending in February 2027 and with a minimum monthly charge of R16 941 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.

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24 TRAINING AND DEVELOPMENT COSTS**Local travel**

Car hire	34 723	7 208
Daily allowance	88 077	38 772
Training	678 905	513 973
Travel and accommodation	243 272	142 805

Overseas travel

Car hire	-	-
Daily allowance	284 511	88 651
Training	119 545	14 933
Travel and accommodation	1 087 482	592 109

Conferences

Car hire	23 109	49 092
Daily allowance	58 158	70 007
Training / Conference costs	269 132	604 104
Travel and accommodation	370 241	327 982

Bursary

Registration fees and books	211 816	214 593
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Board Members' Training

	110 738	49 206
	14	3 579 709
		2 713 437

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25 BOARD AND COMMITTEE MEMBERS EMOLUMENTS

	Board Fees R	Expenses / Allowances R	Sub Committees R	Other R	Total R
31 March 2024					
For services as Board and committee members	633 550	-	200 550	275 750	1 109 850
31 March 2023					
For services as Board and committee members	740 500	-	209 050	229 000	1 178 550

Detailed Board members emoluments:	Board Fees R	Retainer R	Board Committee Fees R	Training Overseas & Local R	Total R
31 March 2024					
Board members					
T Huisman	149 000	144 000	3 800	38 250	335 050
V Vika	137 250		37 000	38 250	212 500
J Buchner	116 750		33 200	4 250	154 200
N Mafuya	114 750		34 200	25 500	174 450
M N De Beer	115 800		38 700	12 750	167 250
	633 550	144 000	146 900	119 000	1 043 450

Audit committee members (who are not Board members)

T Mqeta	-	-	27 050	4 250	31 300
T Cumming	-	-	22 800	8 500	31 300
M Wesi	-	-	3 800	-	3 800
	-	-	53 650	12 750	66 400
TOTAL	633 550	144 000	200 550	131 750	1 109 850

In 2023/24 R 34 361 (2023: R91 138) of the Board members fees reflected in this note were recovered against investigation deposits in the license application process and are included in Recoveries revenue in Note 13.

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

Audit committee members (who are not Board members)

T Mqeta	-	-	39 350		39 350
T Cumming	-	-	26 600		26 600
	-	-	65 950	-	65 950
TOTAL	740 500	144 000	209 050	85 000	1 178 550

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26 RELATED PARTIES

Relationships

a) DEDEAT:

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

b) Key management personnel

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

Transactions:

a) DEDEAT

COLLECTIONS FOR DISTRIBUTION

Opening balance		14 882 928	15 740 636
Taxes and levies billed on behalf of DEDEAT/Provincial Revenue Fund		184 851 831	189 570 359
Taxes and levies paid over to DEDEAT/Provincial Revenue Fund		(184 321 511)	(190 428 067)
Outstanding collections for distribution at year end	9	15 413 249	14 882 928

STATUTORY RECEIVABLES

Amounts collected from licensees not paid over at year-end		(50 695)	(216 899)
Amounts payable to East Cape Racing (refer note 36)		169 364	182 496
Outstanding receivables at year end	4	15 531 918	14 848 527

27 RISK MANAGEMENT

Liquidity risk:

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

Maturity analysis of non-derivative financial liabilities

Contractual maturities due

- within one year	26 398 516	25 638 526
- in second year	2 600	122 122
	26 401 116	25 760 648

Credit risk:

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

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

Cash and cash equivalents	26 800 827	27 905 917
Other receivables from exchange transactions	1 188 733	443 871

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Interest rate risk

The entity's interest-bearing assets are included under cash and cash equivalents. As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates due to short term nature of interest bearing assets.

Balances with banks, deposits and all call and current accounts attract interest at rates that vary with the South African prime rate. The company's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus/deficit.

Interest charged on trade debtors in arrears is linked to the South African prime interest rate.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on financial instruments exposure to interest rates at reporting date. The sensitivity analysis shows reasonable expected changes in the interest rate, either an increase or decrease in the interest percentage. The equal but opposite percentage adjustment to the interest rate would result in an equal but opposite effect on surplus and therefore has not been separately disclosed below. The disclosure only indicates the effect of the change in interest rate on surplus.

Estimated increase in interest rates

Cash and cash equivalents	26 800 827	27 905 917
1% thereof	268 008	279 059

28 FINANCIAL INSTRUMENTS

	Amortised cost R	Fair value R
31 March 2024		
Financial assets	1 188 733	26 800 827
Cash and cash equivalents		26 800 827
Other receivables from exchange transactions	1 188 733	
Financial liabilities	(26 401 116)	
Payable on collection for distributions	(15 413 249)	
Trade and other payables from exchange transactions	(10 853 613)	
Finance lease obligation	(134 254)	
31 March 2023		
Financial assets	443 871	27 905 917
Cash and cash equivalents		27 905 917
Other receivables from exchange transactions	443 871	
Financial liabilities	(25 760 648)	
Payable on collection for distributions	(14 882 927)	
Trade and other payables from exchange transactions	(10 377 134)	
Finance lease obligation	(500 587)	

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 in the foreseeable future.

The Eastern Cape Provincial government commenced with a project to rationalise provincial public entities. As part of this project, there are plans to merge the ECGB with the Eastern Cape Liquor Board. At reporting date, the date of the merger was unknown. However, it is intended that both entities will be merged as going concerns.

Due to the above, management has assessed the entity as a going concern for the foreseeable future and has prepared the annual financial statements on the going concern basis.

30 EVENTS AFTER REPORTING DATE

Management has reviewed the events between 31 March 2024 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 2024, except for the information included in Note 33.

< PART F >

Financial Information

Figures in Rand

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31 TAXATION

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

32 COMMITMENTS

Capital commitments

Approved and contracted for:

Property, plant and equipment	5 378 527	6 051 216
Intangible assets	3 300 954	3 507 449
	8 679 481	9 558 664

33 CONTINGENCIES

CONTINGENT LIABILITIES

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

3 900 000 5 900 000

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 2024. A request to retain these funds has been submitted to Provincial Treasury. They allow the rollover of capital commitments (refer to note 32) based on past practice and in terms of Provincial Instruction 3 of 2013/14. Accordingly, pending their decision, the Board has not raised a liability for the surrender of surplus funds calculated as disclosed alongside.

8 679 481 9 558 663

34 BUDGET VERSUS ACTUAL

The budget disclosed in the comparison of budget to actual amounts covers the period 01 April 2023 to 31 March 2024 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	%
Revenue from exchange transactions: The previous year had high costs recoveries related to the Zone 5 license renewal. The licensing process was concluded in the previous year.	(3 438 708)	(22.3%)
Consumer protection and public education: The public education subprogramme had a vacancy of a key staff member. This affected its ability to roll out planned programmes within the financial year, resulting in the underspending of the allocated budget.	423 110	23.8%
Amortisation of intangible assets: Certain internally generated software was brought into use in the current year, the development started in the current financial year. At the time of preparing the budget, this software were not taken into account.	96 303	10%
Finance income: The increases in the prime lending rate during the year resulted in higher rates on the entity's call accounts.	1 638 065	76%
Capital expenditure: Capital expenditure is underspent primarily due to the delay in commencing the building alterations project and the delayed delivery of equipment and materials. During construction the building has been closed off, this impacted the software development and infrastructure projects that required physical access to the building. Capital commitments in the above regard are disclosed in Note 32.	(7 515 868)	(58%)

Changes from approved to final budget

Changes between the approved and final budget are due primarily to reallocations within the approved budget to utilise budget savings in areas of cost pressures. Furthermore the capital expenditure budget was adjusted upwards due to additional capital funding requirements and the approved roll-over of surplus funds from the 2022-23 financial year.

Figures in Rand

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35 PRINCIPAL-AGENT ARRANGEMENTS

Refer to note 26 for details of the taxes collected and paid to the Provincial Revenue Fund through 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.

Four Racing

Opening balance	182 496	173 140
Taxes and levies billed to bookmakers	5 951 854	7 848 098
Taxes and levies paid over to EC Racing	(5 964 986)	(7 838 742)
Amounts impaired	-	-
Outstanding payable at year end	169 364	182 496

36 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.

37 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

There was no irregular, fruitless and wasteful expenditure during the year under review.

38 CHANGE IN ACCOUNTING POLICY

In the current year, the entity changed its accounting policy for long service awards and adopted the projected unit cost method for all long service award. The change resulted in the entity recognising an obligation for all future long service award that an employees are eligible for.

Previously, the entity accounted only for the next long service award that an employee would become eligible for depending on the applicable length of service.

In addition to the recognition and measurement of the long service award, additional disclosures are made in note 11 in accordance with GRAP 25.

The impact of the change is as follows:	Notes	2023
Statement of financial position		
Employee benefits (Previously provisions)		
Previously stated		6 497 611
Restatement		770 118
Restated balance	11	7 267 729
Long service award		
Previously stated (presented under provisions)		701 115
Restatement		770 118
Restated balance	11	1 471 233
Statement of financial performance		
Compensation of employees		
Previously stated		51 948 168
Restatement		177 284
Restated total	17	52 125 452







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