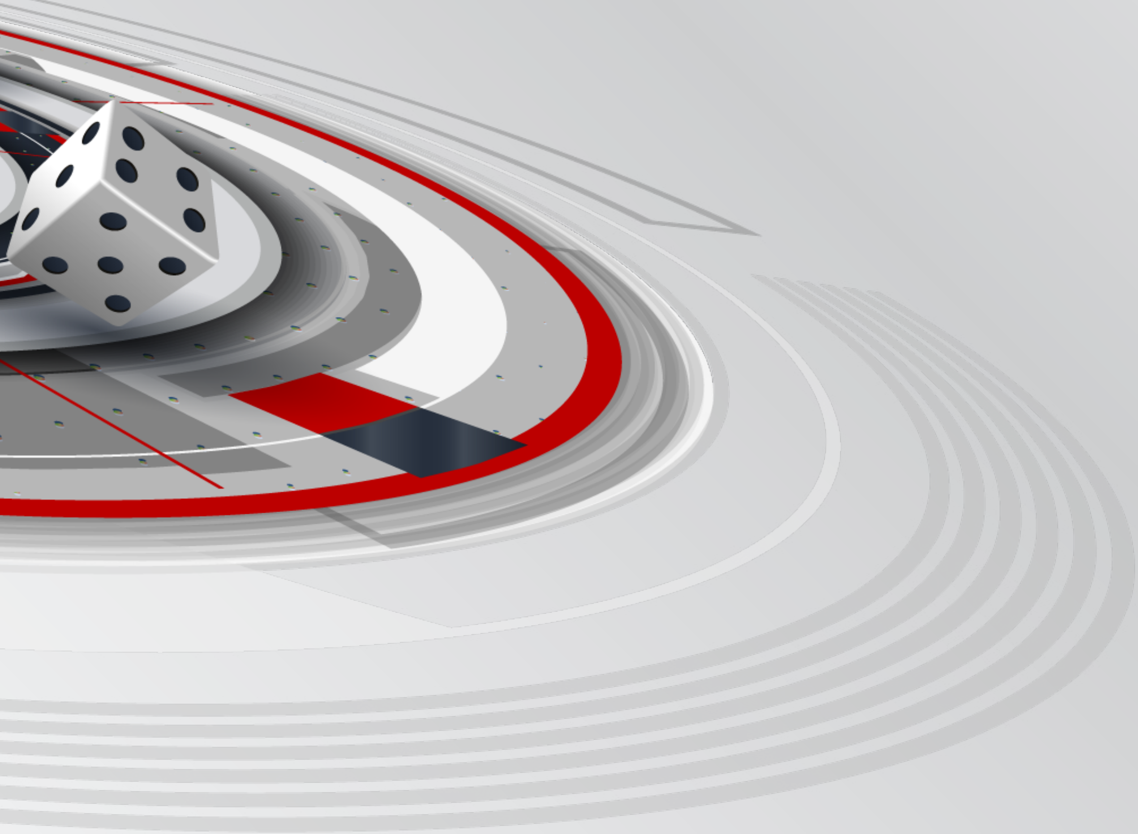
ANNUAL REPORT 2023/24

National Gambling Board
South Africa

a member of **the dtic** group



MINISTER’S NOTE TO PARLIAMENT

DEAR HONOURABLE SPEAKER,

I have the honour, in terms of section 65 of the Public Finance Management Act, 1999 (Act 1 of 1999), to present the Annual Report of the National Gambling Board, South Africa for the year ended 31 March 2024.

Mr Parks Tau, MP
Minister of Trade, Industry and Competition
Executive Authority of the National Gambling Board

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PART A

General Information

1. PUBLIC ENTITY'S **GENERAL INFORMATION**

REGISTERED NAME	National Gambling Board of South Africa
PHYSICAL ADDRESS	1085 Francis Baard Street, Hatfield, Pretoria, South Africa
POSTAL ADDRESS	Private Bag X27, Hatfield, 0028
TELEPHONE NUMBER/S	+27 86 772 7713 or +27 10 003 3475
FAX NUMBER	+27 86 618 5729
EMAIL ADDRESS	info@ngb.org.za
WEBSITE ADDRESS	www.ngb.org.za
EXTERNAL AUDITORS	Rakoma and Associates Inc.
BANKERS	Standard Bank South Africa

2. **LIST OF** ABBREVIATIONS/ACRONYMS

AA	Accounting Authority
AfCFTA	African Continental Free Trade Agreement
AFS	Annual Financial Statements
AGSA	Auditor-General South Africa
APP	Annual Performance Plan
ARC	Audit and Risk Committee
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
COVID-19	Coronavirus Disease
CSA	Chief Strategic Adviser
CSR	Corporate Services and Research
DG	Director-General
DSM-IV	Diagnostic and Statistical Manual of Disorders
EXCO	Executive Committee
FAMSA	Family and Marriage Society of South Africa
FIC	Financial Intelligence Centre
FICA	Financial Intelligence Centre Act, 2001 (Act 38 of 2001)
FPP	Fraud Prevention Plan
FY	Financial Year
GDP	Gross Domestic Product
GGB	Gauteng Gambling Board
GGR	Gross Gambling Revenue
GRC	Gambling Review Commission
HCO	Human Capital Optimisation
ICT	Information Communication Technology
ILO	International Labour Organisation
ISO	Independent Site Operator
MANCO	Management Committee
MTSF	Medium Term Strategic Framework
NCEMS	National Central Electronic Monitoring System
NGA	National Gambling Act, 2004 (Act 7 of 2004)
NGB	National Gambling Board
NGPC	National Gambling Policy Council
NRGP	National Responsible Gambling Programme
PFMA	Public Finance Management Act, 1999 (Act 1 of 1999)
PLA	Provincial Licensing Authority
PPE	Property, Plant and Equipment
RMC	Risk Management Committee
SARGF	South African Responsible Gambling Foundation
SASSA	South African National Council on Alcoholism
the dtic	Department of Trade, Industry and Competition
TO	Turnover

3. FOREWORD BY THE EXECUTIVE AUTHORITY

I present the Annual Report of the National Gambling Board (NGB) for the financial year 2023/24, marking its ninth consecutive clean audit. This report showcases the NGB's dedicated efforts in navigating South Africa's fast-changing gambling landscape.

The gambling sector remains a vital part of our economy, contributing significantly through revenue generation and job creation. However, it also brings challenges, such as problem gambling and social issues, which require continued vigilance and responsive regulation.

The 2023/24 financial year has brought further technological advancements, particularly in online gambling, which remains prohibited in South Africa, except for betting on sport and horseracing. This surge in illegal online gambling activities and the widespread advertising of gambling, often targeting vulnerable populations, has presented new challenges for regulators. The convergence of technology, consumer behaviour, and regulatory frameworks has necessitated a robust response to these challenges.

This report highlights the NGB's ongoing efforts to fulfil its core mandate, in addition to its collaboration with entities under the Department of Trade, Industry and Competition (the dtic). The entity has advanced the outcomes of increased industrialisation, enhanced transformation of the economy, and building a capable state through continued effective regulation of the gambling industry for the benefit of the South African people.

Looking ahead to the 2024/25 financial year, the NGB will continue to refine its core mandate while aligning its efforts with the dtic's broader objectives.

I would like to extend my sincere appreciation to the Accounting Authority, management, and staff for their dedicated efforts over the past year. Their work has been invaluable in driving the continued success of the NGB.

Mr Parks Tau, MP
Minister of Trade, Industry and Competition
Executive Authority of the National Gambling Board

4. ACCOUNTING AUTHORITY'S OVERVIEW

Ms Caroline Kongwa
Accounting Authority for the NGB

In line with the mandate given by the Government, the regulatory approach of the National Gambling Board (NGB) comprises processes and activities involving compliance oversight of the industry, monitoring and enforcement, and informing and educating industry and communities about the harmful impacts of gambling. To deliver on this, in FY2023/24 we identified long-term outcomes aimed at fostering a fair, transparent industry and and the protection of society from gambling harms. I am pleased to present the Annual Report of the NGB for FY2023/24.

FY2023/24 marked a crucial juncture where the convergence of technology, regulation, and consumer behaviour presented us with both challenges and unprecedented opportunities. FY2023/24 certainly echoed this convergence as the betting sector in South Africa firmly established its leading market share presence at almost two-thirds (61%) in gross gambling revenue terms. The casino industry lags behind with a 29% share whilst the LPM and Bingo sectors have remained stagnant at 7% and 3% respectively.

The main challenges experienced by the National Gambling Board in the regulation of gambling over the last year pertain to the shifting gambling landscape in a restrictive environment. This shift has mainly been attributed to significant increases in gambling prevalence, shifts in gambling preferences i.e. from casinos to betting and increased access to online gambling following COVID-19.

This is mainly because of technological advancement, which has resulted in a surge in online activity, including online gambling which is currently prohibited in South Africa, with the exception of betting on sport and horseracing. Illegal online gambling activity by consumers and operators has thus increased. Uncontrolled advertising of gambling on social media, public places like airports, taxis and buses as well as billboards has exacerbated the proliferation of illegal and online gambling. The increased phenomenon of social influencers and socialites in gambling advertising widens the appeal and accessibility of gambling information to even minors and vulnerable individuals.

These developments have seen increased calls for legislative reform in South Africa with regulators usually confronted with the criticism that legislative development does not keep up with technological advancement. Further proposals have been made in the form of a Proposed Remote Gambling Bill of 2024.

In light of these considerations, effectively overseeing the gambling industry remained a paramount task for the NGB. The organization diligently monitored and accounted for all legal gambling machines, devices, owners, licensed entities, and excluded individuals. Leveraging the National Central Electronic Management System (NCEMS), the NGB fulfilled its oversight obligations for the LPM sector as mandated by section 27 of the National Gambling Act, 2004 (Act 7 of 2004) (NGA). Additionally, it maintained comprehensive national functional registers to track and manage a national database of gambling machines, facilitating the identification, approval, and registration processes for all such devices within the Republic of South Africa.

Moreover, the NGB played a crucial role in evaluating PLAs compliance with gambling legislation. Although most PLAs consider commitments with Broad-Based Black Economic Empowerment (B-BBEE) when licensing operators and compliance with the NGA when it comes to advertising and promotions and issuance of national licences, a major non-compliance of operators with Section 11 of the NGA which states that "*A person must not engage in or make available an interactive game except as authorised in terms of this Act or any other national law*" was identified wherein bookmakers are offering online casino games illegally.

The NGB also employed a multifaceted approach involving regulatory enforcement, law enforcement collaboration, and public awareness campaigns to address illegal gambling. In the year under review, the NGB worked collaboratively with law enforcement agencies to identify, investigate, and prosecute illegal gambling operators. Joint task forces were established to investigate and prosecute illegal operators, targeting their financial assets and networks. In addition, the entity also ensured that it facilitated S16 confiscation of proceeds from suspected illegal gambling activities through South African banking institutions' financial transaction monitoring systems.

The NGB also undertook a research study to effectively monitor the socio-economic patterns of gambling in South Africa from a provincial and national perspective and is pleased to present a summary of the results in Part C of this Annual Report.

With the continuous growth of online gambling, there is a heightened risk of addiction and related social issues. Prioritizing responsible gambling measures to protect players is important. A concerted focus on cultivating stakeholder relationships yielded impressive results for our mandated broad-based public education programme, resulting in a fourth year of overachievement in the current MTSF period. The 3.5 million reach of our community interventions was maximised through collaboration with like-minded civic and public sector organisations and further augmented with a national educational campaign on community radio. The year ended on a high note with the NGB co-hosting a webinar with the International Association of Gaming Regulators (IAGR) on advertising and responsible gambling.

The South African gambling industry is evolving rapidly with technological advancements, advanced player preferences and changes to the regulatory landscape. However, to unlock the full potential of the industry in a sustainable manner, deliberate reforms are required to tackle the adverse effects of gambling.

I would like to acknowledge the hard work of the NGB officials who performed relentlessly under challenging conditions to achieve beyond what was expected. The NGB achieved nine (9) consecutive clean audits from FY2015/16 to FY2023/24. The health of the organisation is evidence of such efforts from employees as well as the robust controls that the organisation has put in place.

Ms Caroline Kongwa
Accounting Authority of the National Gambling Board
31 July 2024

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

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

All information and amounts disclosed in the Annual Report is consistent with the Annual Financial Statements audited by Rakoma & Associates Inc.

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

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

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

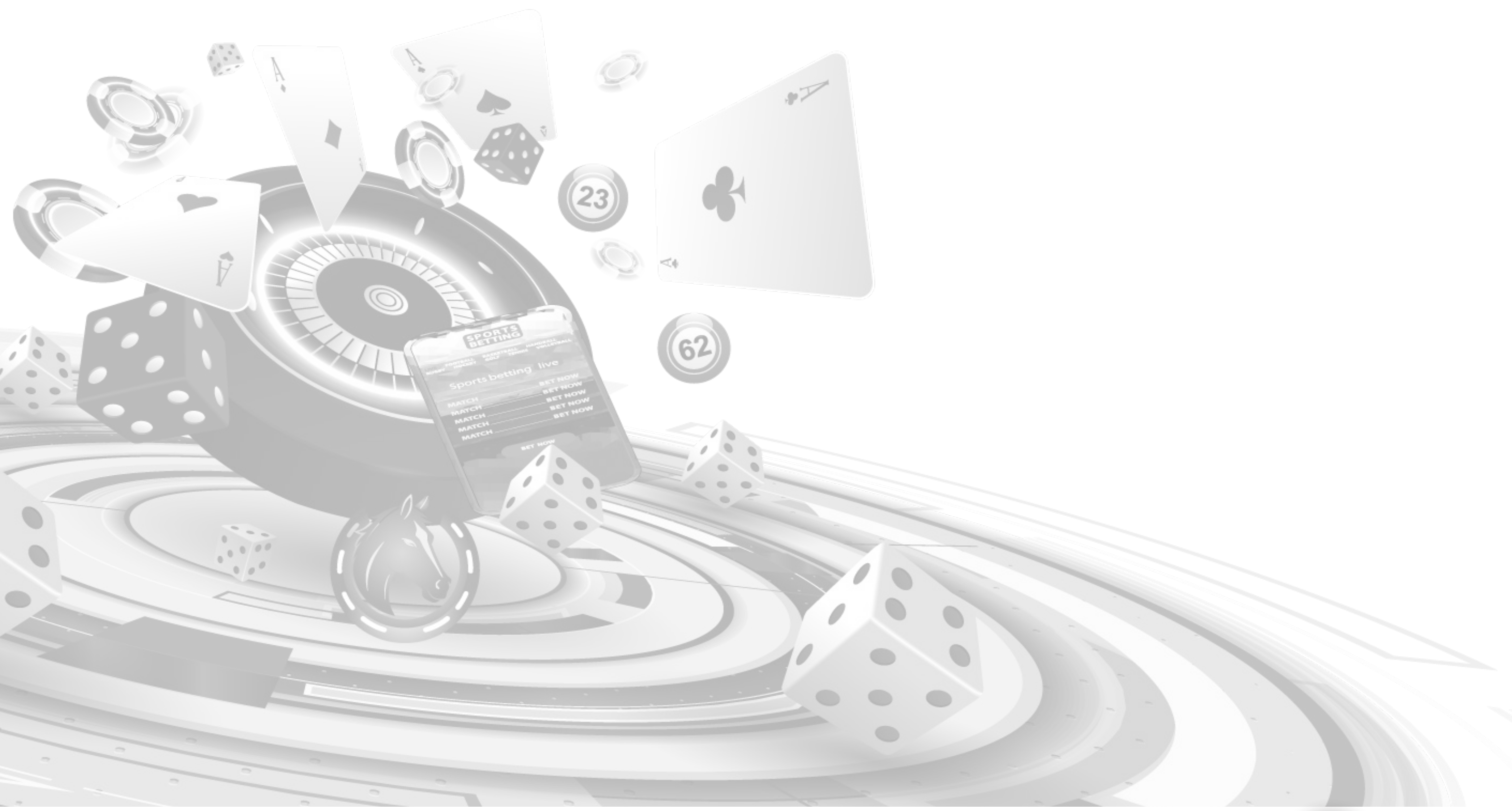
The Accounting Authority is responsible for establishing and implementing a system of internal controls which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resource information and the annual financial statements.

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

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

Yours faithfully

Ms Caroline Kongwa
Accounting Authority of the National Gambling Board
31 July 2024



6. STRATEGIC OVERVIEW

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

6.1 Vision, Mission, and Values

VISION

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

MISSION

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

VALUES

- Professionalism
- Moral integrity
- Transparency
- Commitment and consistency
- Effective implementation of resolutions
- Responsive communication
- Teamwork
- Respect and tolerance

7. LEGISLATIVE AND OTHER MANDATES

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

- Oversight of gambling in the Republic of South Africa by:
  - Evaluating the issuing of national licences by the Provincial Licensing Authorities (PLAs);
  - Evaluating the compliance monitoring of licensees by PLAs;
  - Conducting oversight evaluation of the performance of PLAs so as to ensure that the national norms and standards established by the NGA are applied uniformly and consistently throughout the Republic; and
  - Assisting PLAs to ensure that the unlicensed gambling activities are detected.
- Monitoring of market conduct and market share.
- Monitoring socio-economic patterns of gambling activity and research and identify patterns of the socio-economic impact of gambling and addictive or compulsive gambling.
- Establishing and maintaining a national registry of every gambling machine or gambling device manufactured within or imported into the Republic, as well as maintaining all other legislator prescribed registers.
- Investigating the circumstances of any gambling activity that relates to unlawful winnings that the NGB has held in trust, and either deliver the winnings to the person who won them if not found to be illegal winnings or apply to the High Court for an order to declare the winnings forfeited to the State if the gambling activity was found to be illegal.
- Advising and providing recommendations to the National Gambling Policy Council (NGPC) on, amongst others, matters of national policy and legislative changes relating to gambling.

Other mandates

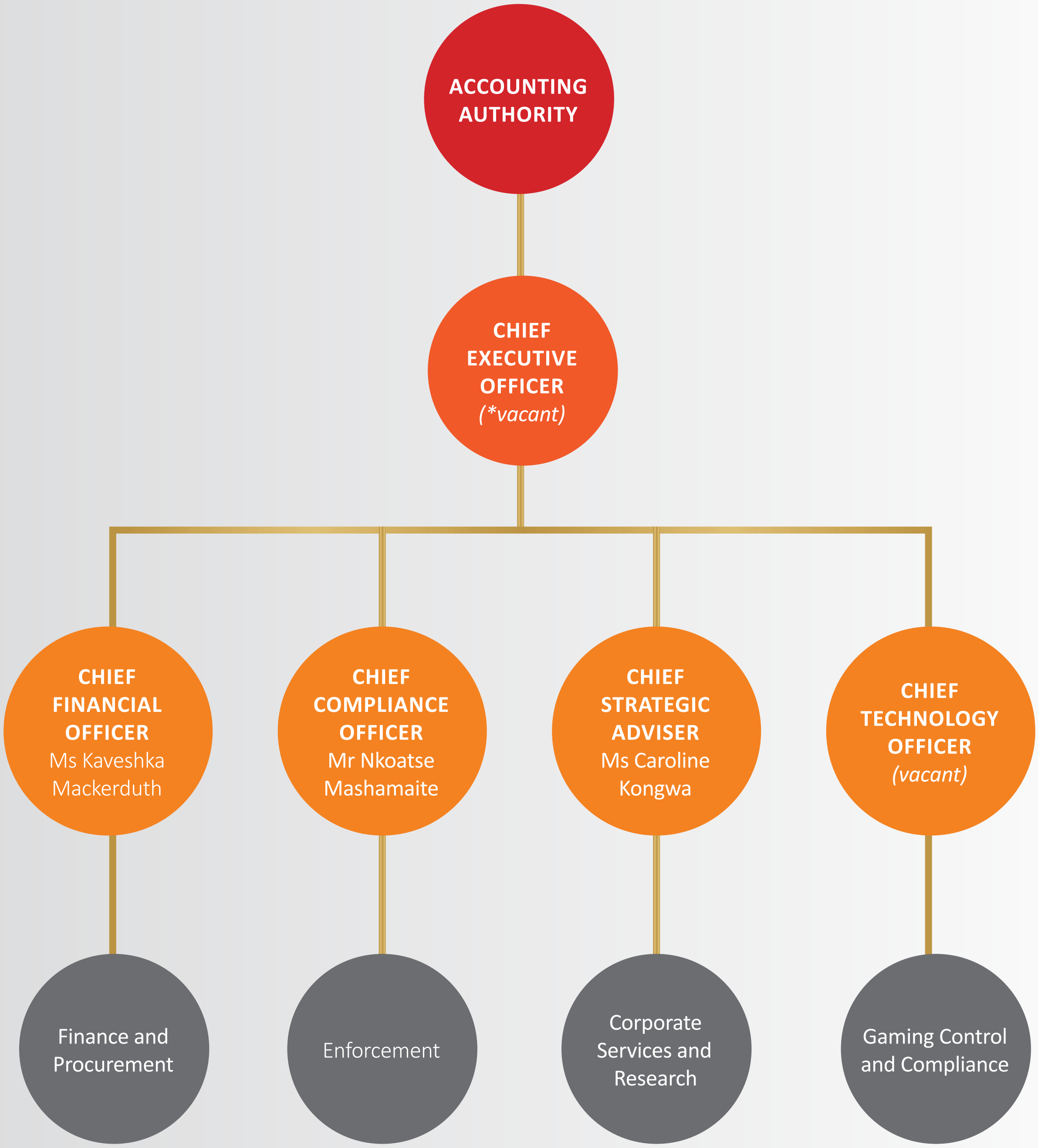
In addition, the NGB is required to comply with other legislative frameworks, including but not limited to the following legislation:

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

Policy mandates

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

8. ORGANISATIONAL STRUCTURE[1]



* Vacant

1 Ms. Caroline Kongwa is designated as the Accounting Authority in terms of Section 49 of the Public Finance Management Act, 1999. The organisational structure was changed effective September 2023.

PART B

Performance Information

1. AUDITOR’S REPORT: PREDETERMINED OBJECTIVES

Rakoma & Associates Inc. currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the management report, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor’s report.

Refer to page 61 of the Report of the Auditors Report, published as Part E: Financial Information.

2. OVERVIEW OF NATIONAL GAMBLING BOARD'S PERFORMANCE

2.1 Service Delivery Environment

The medium-term economic growth outlook of South Africa 2023 remains constrained due to longstanding structural constraints which continue to limit economic performance (National Treasury 2023). The weaker projection for 2023 mainly reflected lower household consumption expenditure due to higher inflation and interest rates as well as falling real disposable income and lower net exports, with power cuts which as expected continued for the remainder of the year. Joblessness remains extremely high as the unemployment rate declined marginally from 32.9% in the third quarter of 2022 to 32.6% in the second quarter of 2023.

Despite a year of muted economic growth in South Africa that saw the economy grow marginally by 0.6% in 2023 (Stats SA, 2023), the gambling industry has continued to postulate growth due to continuous technological change and innovation. This has had an impact on regulation of the industry, particularly aimed at ensuring that gambling control and compliance is adhered to whilst protection of consumers from the harmful effects of gambling is well balanced. The NGB has continued to make progress against its objectives set out in the Strategic Plan FY2022-27 and Annual Performance Plan 2023/26 through its key outputs.

The gambling industry is complex and regulatory requirements are extensive and continuously evolving. The NGB continuously monitored and analysed emerging issues and trends with the potential to impact the gambling industry. A marked shift in the gambling landscape since COVID-19, has seen betting completely take over the gambling landscape to hold 61% of market share. More and more consumers are exposed to online forms of betting due to the ease of access to technology and exposure to gambling advertising. Advertisements on online games have peaked, targeting young adults as these adverts also feature role models (influencers) for young people. This means that a greater number of people are susceptible to the negative consequences of gambling, that is problem gambling and addictive and compulsive gambling.

On a positive note, the gambling industry contributes a significant amount of revenue to the national economy. The growth in the industry, especially in terms of the total amount wagered and GGR, has resulted in increased tax revenues for the government. In the fiscal year 2023/24, there was a notable increase in the total amount wagered and GGR also saw substantial growth compared to the previous years. This had a ripple effect on taxes which also grew, and this additional income can be used for public services and infrastructure development.

While the gambling industry generates revenue and employment, it may exacerbate existing socio-economic inequalities. Low-income individuals who are more vulnerable to gambling-related problems may be disproportionately affected. Efforts have therefore been made to implement responsible gambling measures, including awareness campaigns and support services for those affected by gambling addiction.

The NGB's efforts to regulate the gambling industry involved public-education initiatives aimed at highlighting the negative effects of gambling. These interventions sought to inform and educate both the industry and wider communities about the dangers of gambling and the importance of making informed choices to avoid harm. Public engagement played a crucial role in advocating against the risks of gambling addiction and educating the public about treatment options for compulsive and addictive gambling behaviours.

Regulating the gambling industry in South Africa requires innovation and agility. The NGB currently monitors the LPM industry through technology referred to as NCEMS, which ensures that gambling revenue is accurately captured and allocated to the relevant stakeholders.

The NGB has also observed the effect of disruptive technologies with concern over impact on responsible gambling and illegal gambling activities. The NGB is currently hamstrung in its efforts to ensure responsible gambling as the National self-exclusion register is not yet in operation pending the gazetting of section 14 (1-6) of the NGA. Once gazetted, problem gamblers can be properly registered, excluded nationwide and assisted.

2.2 Organisational environment

The NGB management made concerted efforts to ensure that the organisation continued its operations and delivered on its mandate. In fulfilling its mandate as an advisory body, the NGB managed to perform against its performance targets and over-achieved in some areas. Such achievements can be attributed to the commitment and ability of officials to ensure that the organisation succeeds. The entity ensured that the staff compliment was maintained. However, while there were no retrenchments during the FY 2023/24, there were three (3) resignations.

The effectiveness and efficiency of internal controls were evidenced by the NGB incurring no instances of fruitless, wasteful or irregular expenditure. Moreover, there were sufficient controls in place to mitigate the risks of non-achievement of objectives, which were supported by a dependable information, communication and technological infrastructure, enabling the entity to thrive in discharging its operations. The NGB remains resilient in monitoring activities in the LPM Sector through the NCEMS to ensure accurate revenue generation.

2.3 Key policy developments and legislative changes

There are various government policies and plans which continued to inform the NGB's strategic direction and implementation of its mandate to achieve its intended outcomes, namely:

- The National Development Plan (NDP), 2030
- The Medium-Term Strategic Framework 2019-2024
- The National Gambling Policy, 2016
- 2023 State of the Nation Address
- African Continental Free Trade Agreement (AfCFTA)
- During FY2023/24 there were no significant policy amendments or legislative changes.

2.4 Progress towards achievement of institutional Impact and Outcomes

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

#	Outcome	Outcome Indicator	Five (5) year target	Progress made against the five (5) year target
1	Account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons	Percentage variance of uptime on the systems	Within 5% variance of uptime on the systems	There was a zero % variance on the uptime on the systems for FY2020/21; FY2021/22; and FY2022/23
2	Economic transformation and increased participation of Historically Disadvantaged Individuals in the mainstream gambling industry	Development of an industry-wide transformation agenda Monitored PLA's on the increase in number of Historically Disadvantaged Individuals licenced in the gambling industry	Development of an industry-wide transformation framework	Reviewed the B-BBEE levels of four (4) Casinos and one (1) bingo operator to inform development of the Transformation Framework
3	Effectively monitored PLA compliance with gambling legislation	Number of oversight evaluations conducted for PLAs compliance with gambling legislation.	Twenty-seven (27) compliance oversight evaluations conducted for PLAs compliance with gambling legislation	Eighteen (18) compliance oversight evaluations conducted for PLAs compliance with gambling legislation
4	Facilitated S16 confiscation of proceeds from illegal gambling activities	Reduction in the balance of proceeds from illegal gambling activities	100% reduction in the balance of proceeds from illegal gambling activities	6.6% reduction in the balance of proceeds from illegal gambling activities
5	Effectively monitored socio-economic patterns of gambling activity within the Republic	Publish and disseminate national integrated data and trend analysis to the gambling industry and regulators	Five (5) annual publications	The NGB has published four (4) Gambling Sector Performance Reports for the following financial years: • FY2019/20; • FY2020/21; • FY2021/22; and • FY2022/23
6	Uniformity of legislation in the gambling industry	Authoritative advice on policy, statutory matters and legislation is provided to the Minister	Five (5) Advisory reports presented to **the dtic**	Five (5) Advisory reports pertaining to the following matters were presented to **the dtic**: • Future regulation of the gambling industry FY2020/21 • The economic recovery and reconstruction plan for the gambling industry FY2020/21 • Gambling Legislative Advisory Report FY2020/21 • Market Enquiry 2021/22 • Gambling Legislative Advisory Report FY2021/22
7	Broad-based public education	Percentage implementation of the broad-based public education programme	100% implementation of the broad-based public education programme	The NGB overachieved on this target, bringing the percentage achievement on the broad-based public education programme to cumulative actual achievement of 224%.

There were no amendments to the approved 2022/27 Strategic Plan and 2023/26 Annual Performance Plan during the year.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1 The strategic outcomes of the NGB are implemented through three (3) budgeted programmes. Two (2) programmes within the NGB contributed towards the organisation's core mandate, impact, outcomes, and outputs, which are set out in detail below.

3.1.1 PROGRAMME 1: GAMING CONTROL AND COMPLIANCE

3.1.1.1 Purpose of the programme

The Gaming Control and Compliance (GCC) programme performs mandated operational core functions in terms of the NGA. The programme conducts technical analysis of the modes of gambling, system audits, enforcement and compliance monitoring of PLAs in line with statutory imperatives as provided for in the gambling legislation.

3.1.1.2 Sub-programmes

The following sub-programmes contribute to the provision of services by the GCC programme:

Functional National Registers

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

National Central Electronic Monitoring System (NCEMS)

The NGB is mandated in terms of section 27 of the NGA, read with regulation 14 of the National Gambling Regulations, 2004, to supply, install, commission, operate, manage and maintain the NCEMS. According to the requirements of section 27 of the NGA, the NCEMS must be capable of detecting and monitoring significant events associated with any LPM that is made available for play in the Republic, including analysis and reporting of data. The NCEMS is essentially a system to track each LPM operated by a Route Operator (RO) or Independent Site Operator (ISO) in terms of location and status; record and validate every transaction on the LPM in real time; and periodically report collected data.

Gaming Control

The sub-programme monitors and analyses technological developments that affect gambling regulation and advises on the compliance of gaming devices with gambling legislation.

Compliance

The sub-programme is responsible for ensuring compliance with section 33 of the NGA which requires the NGB to evaluate the issuing of national licences by PLAs and the compliance monitoring of licensees by PLAs.

Enforcement

The NGB is mandated in terms of section 33(c) of the NGA to assist the PLAs in ensuring that unlicensed gambling activities are detected. The sub-programme is required to ensure that, in complying with the NGA, the circumstances of the gambling activity of any winnings withheld and remitted to the NGB are investigated and if found to be illegally obtained, such funds are forfeited to the State.

3.1.1.3 Contribution towards institutional outcomes

The GCC programme contributes towards the following outcomes as set out in the NGB's 2023-2026 Annual Performance Plan:

- Accounted for and identified all legal gambling machines, devices and owners, licensed juristic, natural persons and excluded persons to combat illegal gambling activities;
- Facilitated Limited Pay-out Machine sector gross gambling revenue contribution to the economy;
- Ensured uniformity of legislation to regulate gambling in a fair and equitable manner, to attract investment in the gambling industry;
- Effectively monitored PLA compliance with gambling legislation;
- Facilitated S16 confiscation of proceeds from illegal gambling activities.

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

Programme / Sub-programme:								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2021/2022**	**Audited Actual Performance 2022/23**	**Planned Annual Target 2023/24**	**Actual Achievement 2023/24**	**Deviation from Planned Target to Actual Achievement 2023/24**	**Reasons for Deviations**
Account for and identify all legal gambling machines, devices and owners, licensed juristic and natural persons and excluded persons	Maintained functional national registers	Percentage uptime on functional national registers	Over-achieved 100% uptime of national registers	Over-achieved 100% uptime of national registers	95% uptime and system analysis on functionality, effectiveness and maintenance of national registers	Over-achieved 100% uptime of national registers	The uptime target of 95% was exceeded by 5%	The uptime target of 95% was exceeded by 5%. No down time was reported due to hosting in a secure site with built in redundancies
Facilitated Limited Pay-out Machine sector gross gambling revenue contribution to the economy	Maintained operational National Central Electronic Monitoring System	Percentage uptime of a fully operational National Central Electronic Monitoring System (NCEMS)	Over-achieved 99.99% uptime of National Central Electronic Monitoring System (NCEMS)	Over-achieved 99.99% uptime of National Central Electronic Monitoring System (NCEMS)	95% uptime on a fully operational NCEMS and system analysis of data, detection and monitoring of significant events associated with any LPM made available for play in the Republic	Over-achieved 100% uptime of National Central Electronic Monitoring System (NCEMS)	The uptime target of 95% was exceeded by 5%	The uptime target of 95% was exceeded by 5%. No down time was reported because of the redundancies built into the system.
Ensured uniformity of legislation to regulate gambling in a fair and equitable manner, to attract investment in the gambling industry	Advisory Reports on the gambling regulation	Number of reports on gambling regulation in terms of section 65 of the NGA produced	Over-achieved: Eight (8) reports were produced: Four (4) S65 advisory reports on gambling regulation and one (1) consolidated S65 report was submitted to the Accounting Authority Three (3) reports on a legislative review were submitted to the Accounting Authority	Achieved One (1) consolidated report on S65 Advisory Report on gambling regulation produced	One (1) consolidated S65 Advisory Report on gambling regulation produced	Achieved One (1) consolidated S65 Advisory Report on gambling regulation was produced	Not applicable	Not applicable
Effectively monitored PLA compliance with gambling legislation	Evaluation of nine (9) PLAs compliance with gambling legislation	Number of reports on nine (9) PLAs compliance with gambling legislation	N/A	One (1) consolidated report on PLAs compliance evaluation with gambling legislation produced	One (1) consolidated report on PLA compliance evaluation with gambling legislation produced	Achieved One (1) consolidated report on PLAs compliance evaluation with gambling legislation was produced	Not applicable	Not applicable
	Conducted technical analysis of gambling games, machines and devices	Number of reports on technical analysis conducted	Four (4) Advisory Reports on gaming control and one (1) consolidated report on regulation were submitted to the Accounting Authority	One (1) consolidated report on technical analysis of gambling games, machines and devices was produced	One (1) consolidated report on technical analysis of gambling games, machines and devices produced	Achieved One (1) consolidated report on analysis of technical gambling games, machines and devices was produced	Not applicable	Not applicable

Programme / Sub-programme:								
Outcome	**Output**	**Output Indicator**	**Audited Actual Performance 2021/2022**	**Audited Actual Performance 2022/23**	**Planned Annual Target 2023/24**	**Actual Achievement 2023/24**	**Deviation from Planned Target to Actual Achievement 2023/24**	**Reasons for Deviations**
Facilitated S16 confiscation of proceeds from suspected illegal gambling activities	Targeted Investigation completed within 30 days on the circumstances of illegal gambling activities	Turn-around time to complete investigations on the circumstances of the illegal gambling activity	N/A	21.4% of the total number of cases targeted for investigation completed	Investigation completed within thirty (30) days from receipt of all information	Achieved All investigations conducted were completed within 30 days from receipt of complete information	Not applicable	Not applicable

3.1.1.4.1 Narrative of Significant achievement

The NGB ensured that the national registers system was available at all times, achieving 100% availability. This achievement meant that the necessary information captured and stored in the relevant registers was easily accessible for use, thereby playing a critical role in the regulation of the industry. Furthermore, the NGB managed to achieve a 100% availability for NCEMS which is used to monitor, capture and report significant events on all LPMs made available for play in the Republic. This achievement ensured that the LPM sector was properly monitored and available to operators and punters all the time.

The NGB successfully analysed and reported on the gambling products currently used in the betting and wagering by bookmakers. The NGB identified instances where some of the products are interactive in nature and have subsequently engaged the relevant PLAs and reported to **the dtic** as well. These products are accessed through the internet and are not part of the products tested and approved in the Letter of Certification (LoC) but are treated as “contingencies” whose outcome people bet on.

The NGB’s commitment to fostering economic transformation opportunities for Historically Disadvantaged Individuals (HDIs) within the mainstream gambling industry remains unwavering. The NGB monitored transformation in the bookmaker’s mode of gambling. Based on the verified contributions it was noted that supplier and enterprise development, skills development, and socio-economic development contributions made by the gambling industry, totalling over R342 million, ensured the sustainability of SMMEs, promotion of income-generating businesses and employment opportunities, support and empowerment of communities in the betting sector as well as the empowerment of the operator’s employees.

The NGB fulfilled its mandate of compliance oversight of PLAs and identified non-compliances of operators with the NGA for further action by PLAs.

The NGB continued to evaluate and complete investigations on reported unlawful winnings in terms of Section 16(4) of the NGA. The investigations conducted on the received unlawful winnings were all completed within 30 days from receipt of relevant documents, including confirmation of receipt of funds in the unlawful winnings bank account.

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

The NGB has successfully maintained functional national registers and the NCEMS such that there have been no systems downtime during the period under review. The five-year (5) target of remaining within a 5% variance of uptime on the systems has been achieved for the FY2020/21, FY2021/22, FY2022/23 and FY2023/24. The NGB will continue to ensure strict adherence to this standard over the remainder of the MTSF period.

The NGB was able to analyse the new products and technologies implemented in the gambling industry for compliance with legislation and was able to provide advice to **the dtic** with regards to the products used mostly in the betting and wagering sector.

The NGB continues to monitor PLAs compliance with gambling legislation and has conducted nine (9) of the twenty-seven (27) compliance oversight evaluations for PLAs compliance with gambling legislation. As such the NGB has achieved 33,33% of the MTSF target.

The NGB conducted S16 investigations on over 70% of the unlawful winnings received since inception and a 100% of investigations received during 2023-24.

3.1.2 PROGRAMME 2: CORPORATE AND RESEARCH SERVICES

3.1.2.1 Purpose of the programme

The Corporate Services and Research (CSR) programme provides mandated operational core functions in terms of the National Gambling Act, 2004, (Act 7 of 2004). The programme specifically provides a broad-based public education and awareness programme as well as an economic analysis of gambling sector performance of the industry.

The CSR programme further provides support services to the NGB to ensure satisfactory internal and external stakeholder engagement, and seeks to attain a conducive work environment, which enhances business efficiency. The CSR programme comprises of the following sub-programmes, Human Capital Optimisation (HCO), Legal Services, Research, ICT, and Corporate Governance.

3.1.2.2 Sub-programmes

Research and Advisory Services

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

Stakeholder Engagement

Stakeholder engagement resides at the centre of the NGB's mandate to improve public awareness about the latent risks and socio-economic impact of gambling. This is achieved through a robust combination of face-to-face engagement in communities, as well as mass communication through the media and digital media. The National Programme on Broad-Based Public Education sets out the strategic and tactical approach followed by the organisation in advocating for legal forms of gambling, the avoidance of illegal and unregulated modes of gambling, and the practice of responsible gambling behaviour by the public. The National Programme is based on the findings of research into the overstimulation of gambling, ensuring that the broad-based public education programme is targeted at the most pertinent geospatial and demographic areas where illegal and compulsive gambling are statistically known to be most probable. This includes disadvantaged areas with high unemployment, amongst social grant recipients and the youth.

Legal Services

Legal Services provides corporate legal services to the NGB in form of legal opinions, legal advice, legislative drafting, litigation, and drafting and vetting of contracts. Legal Services ensures that NGB's interests are promoted and protected in its business operations and further ensures that the NGB operates within the ambit of the law.

Corporate Governance

Corporate Governance focuses on Risk Management and governance matters relating to Records Management. Risk Management focused on the identification, assessment and mitigation of strategic, operational and reputational risks that may hinder the NGB from achieving its objectives. Records Management ensures that there is proper maintenance of records, access to and protection of information.

Information Communication Technology

ICT ensures that assistive technologies are provided to support and enhance the overall organisational performance and efficiency.

Human Capital Optimisation

HCO focuses on integrated management of the work environment in order to optimise and nurture human capital to ensure business efficiency is obtained and ensure that there is a conducive environment wherein balanced labour relations are maintained.

3.1.2.3 Contribution towards institutional outcomes

The CSR programme contributes towards the following outcomes as set out in the NGB's 2023-2026 Annual Performance Plan:

- Addressed structural challenges in the LPM sector to facilitate growth;
- Effectively monitored socio-economic patterns of gambling activity within the Republic; and
- Educated and informed society on the harmful effects of gambling.

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

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviations
Addressed structural challenges in the LPM sector to facilitate growth	Conducted research on the structural challenges in the LPM sector to facilitate growth	Number of reports on research conducted on the structural challenges in the LPM sector to facilitate growth	N/A	N/A	One (1) consolidated report on the structural challenges in the LPM sector to facilitate growth produced	Achieved One (1) consolidated report on the structural challenges in the LPM sector to facilitate growth was produced	Not applicable	Not applicable
Effectively monitored socio-economic patterns of gambling activity within the Republic	Monitored market share and market conduct in the gambling industry	Number of reports on gambling sector performance produced	Over-achieved Seven (7) reports were produced: Three (3) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance were submitted to the Accounting Authority Three (3) reports on socio-economic implications of market share and market conduct in the gambling industry were produced	Over-achieved Nine (9) reports were produced: Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance were produced Four (4) reports on socio-economic implications of market share and market conduct in the gambling industry were produced	Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance produced	Over-achieved Nine (9) reports were produced: Four (4) reports (based on unaudited data) and one (1) annual report on audited gambling sector performance were produced Four (4) reports on socio-economic implications of market share and market conduct in the gambling industry were produced	Four (4) additional reports were produced	Additional analysis was conducted per quarter on the socio-economic implications of market share and conduct due to efficiencies within the division
	Conducted economic analysis and research on the impact of gambling	Number of reports on Economic Analysis and research conducted on the impact of gambling produced	Over-achieved Six (6) reports were produced: Three (3) reports on the economic analysis and research conducted on the impact of gambling were submitted to the Accounting Authority Three (3) reports on benchmarking the South African gambling industry against other jurisdictions were produced	Over-achieved Two (2) reports were produced: One (1) annual consolidated economic analysis and research report on the impact of gambling was produced One (1) annual consolidated report on benchmarking the South African gambling industry against other jurisdictions was produced	One (1) annual consolidated economic analysis and research report on the impact of gambling produced	Over-achieved Five (5) reports were produced: One (1) annual consolidated economic analysis and research report on the impact of gambling was produced Four (4) reports on benchmarking the South African gambling industry against other jurisdictions were produced	Four (4) additional reports were produced	Additional analysis was conducted to benchmark South Africa against other countries due to efficiencies within the division.

Outcome	Output	Output Indicator	Audited Actual Performance 2021/2022	Audited Actual Performance 2022/23	Planned Annual Target 2023/24	Actual Achievement 2023/24	Deviation from Planned Target to Actual Achievement 2023/24	Reasons for Deviations
Educated and informed society on the harmful effects of gambling	Broad based public education interventions	Number of broad-based public educational interventions about the risks of and socio-economic impact of gambling conducted	Conducted fourteen (14) broad-based public education interventions about the risks and socio-economic impact of gambling	Over-achieved Conducted seventy-six (76) broad-based public educational interventions about the risks and socio-economic impact of gambling	Conduct thirty (30) broad-based public education interventions about the risks and socio-economic impact of gambling	Over-achieved Conducted sixty-three (63) broad-based public educational interventions about the risks and socio-economic impact of gambling	Thirty-three (33) additional educational interventions were conducted	Additional educational interventions were conducted due to efficiencies within the division

3.1.2.4.1 Narrative of Significant achievement

The NGB diligently tracked socio-economic trends in gambling activity across the Republic. The findings from its national socio-economic study conducted during the review period unveiled notable shifts in gambling patterns.

- Gambling has transitioned from a pastime enjoyed by small pockets of society to being a commonplace activity. The national incidence of gambling rose from 30.6% in 2017 to 65.7% in 2023. Provincially, some provinces' incidence is as high as 79%. The preferred modes of gambling were the National Lottery and betting on sports and other contingencies online. Notably, the betting prevalence shot up in 2023 with a gambling incidence of 46%, compared to just 13% in 2017.
- While gambling is often thought to be a male dominated activity, particularly those associated with sports and bars, the survey revealed an equal spilt between males and females in gambling participation. Gamblers were largely young, with most gamblers falling within the 25-34 age category.
- A grave concern of regulators is punters gambling to generate an income as opposed to gambling as a leisure activity, thereby displacing income away from household necessities. The survey revealed that the main motivations to gamble were a chance to win large sums and needing the money. A minority of gamblers indicate that they gamble as a form of relaxation/leisure or because they enjoy playing games of risk.
- Vulnerable groups are also at the centre of regulatory protection. While the survey did not directly assess minors' gambling participation, a question was posed to the adult sample about their awareness of underage gambling. 29% of respondents indicated that they were aware of underage gambling within their close social circles. Further, 27% of gamblers were recipients of social grants at the time of the survey, suggesting that at least a quarter of gamblers may already be in precarious social circumstances.
- With the rise in the prevalence of gambling, it is expected that the harms associated with gambling see concomitant increases. The survey revealed a large jump in problem gambling from 5.8% in 2017 to 31% in 2023. This 5-fold increase in problem gambling will require greater support services to the public to maintain a responsible gambling landscape.
- Apart from the social harms of gambling, there are benefits to the economy. The socio-economic study revealed that the gambling sector contributed 0.83% to the South African economy in 2022. The GDP multiplier was 1.62, meaning that for every R100 output or value added created by the gambling sector, another R62 was generated in other sectors of the economy.
- During FY2023/24, gross gambling revenue amounted to R59.3 billion, a 25.7% increase from the previous year. Analysis of GGR by gambling mode revealed betting to have generated 60.5% of total revenue at R35.9 billion. A shift in gambling market share started around the COVID-19 era, when betting overtook casinos as the largest gambling market. This trend continued unabated to the current situation with the casinos' market share reduced to 29.3%.
- GGR growth between the modes of gambling showed betting to have experienced the highest growth at 51.2%, comparing GGR in FY2023/24 to FY2022/23. Over the same period, casino GGR experienced insignificant growth (0.1%) while LPMs declined by 1.9%. The bingo sector grew by 2.4%. This is the first period since the pandemic that the LPM sector has experienced negative growth whilst casinos and bingo had low growth.
- Taxes/levies amounted to R4.8 billion during FY2023/24, which is 19.2% higher than the value in the previous year. Betting generated the largest proportion of taxes/levies at 49.9%, followed by casinos (36.5%), LPMs (10.2%) and bingo (3.4%).
- In the year under review, the target for broad-based public education was overachieved. Sixty-three (63) interventions were conducted against a target of thirty (30). These interventions spanned across the communication channels of community outreach, media interviews, public service announcements on community radio stations and digital media. Messaging

disseminated during interventions included brand and reputation building for the NGB and the legal gambling industry, legislation and regulation applicable to gambling, illegal versus legal forms of gambling, advocacy for responsible gambling and information about sources of assistance for problem gambling. The target to reach 1 million people with educational messaging on the harmful impacts of gambling, was exceeded by the NGB reaching over 3.5 million people.

- A collaborative approach saw community engagements conducted with partners, including **the dtic**, Provincial Licensing Authorities (PLAs), the South African Responsible Gambling Foundation (SARGF), the National Credit Regulator (NCR), the South African Social Services Agency (SASSA), Government Communications and Information Systems (GCIS), the South African Depression and Anxiety Group (SADAG), and a variety of civic organisations. In this way, the NGB succeeded in the goal of delivering a Capable State by taking services to the public, and in enhancing social cohesion by advocating for legal and responsible gambling. Cost containment curtailed the scope of in-person industry stakeholder engagements, however a webinar featuring international and national gambling industry experts successfully replaced the annual conference in the last quarter of the FY.

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

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

- The NGB monitored socio-economic patterns of gambling activity, culminating in four quarterly reports on gambling sector performance and one summarised published report. Further, a largescale national socio-economic study was undertaken, allowing for a greater understanding of gambling patterns to inform the government's response to problem gambling.
- The outcome to educate and inform the public on the harmful effects of gambling was thus achieved through broad-based public education campaigns that utilised communication channels and targeted stakeholder partnerships. The total of sixty-three (63) interventions achieved in FY2023/2024 consisted of thirty-eight (38) face-to-face community outreaches, twenty-two (22) radio advertisements and interviews, and three (3) website articles. Over three and a half million (3 650 755) citizens were educated through twenty-one (21) rural-area outreaches, thirty-nine (39) urban area outreaches and three (3) digital campaigns.

3.2 Women, youth and persons with disabilities

3.2.1 Procurement spend on women, youth and persons with disabilities

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

To discharge this obligation, the NGB further complied with the prescripts of the Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) (PPPFA) and strictly applied the 80/20 or 90/10 preference system to promote the achievement of spending on designated groups. To this end, the NGB set out to procure goods and services while implementing specific goals aimed at advancing transformation. The NGB procured goods and services from black-owned entities, spending R189.2 million on this designated group. Ninety-three (93) of the suppliers and service providers were more than 30% black-women owned and received payments to the value of R179.6 million. A total of R232.8 million was spent by the entity on locally produced goods and services, representing an achievement of 116.38% of the annual target R200 million.

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

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

The NGB continues to actively seek out persons from designated groups in terms of its new procurement initiatives which allows the entity to attract enterprises to become beneficiaries of the entity's supplier development as well as enterprise development initiatives.

3.3 Linking performance with budgets

TABLE 1: PROGRAMME EXPENDITURE

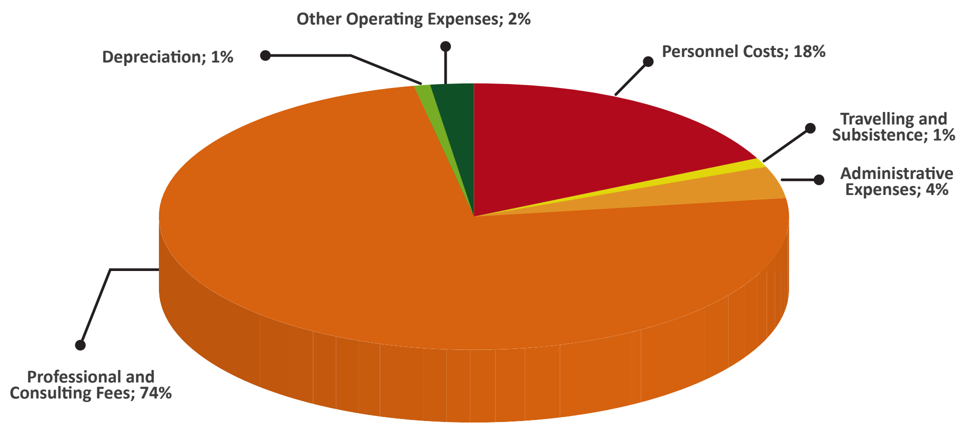
Programme/activity/ objective	2023/2024			2022/2023		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Gaming Control & Compliance	209 445 367	215 857 261	-6 411 894	220 924 218	211 043 222	9 880 996
Corporate Services & Research Services	44 030 926	43 661 115	369 811	33 009 056	43 518 865	-10 509 809
Finance & Procurement	19 399 431	19 961 696	-562 265	20 624 113	21 687 918	-1 063 805
Total	**272 875 724**	**279 480 072**	**-6 604 348**	**274 557 387**	**276 250 005**	**-1 692 618**

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

Revenue and expenditure analysis

As at 31 March 2024, total revenue of R278.3 million was received while total expenditure amounted to R279.5 million. This represents 102% of the budgeted year-to-date expenditure against the planned expenditure of R272.9 million. A deficit of R1.2 million was reported during the financial year ended 31 March 2024.

FIGURE 1: PERCENTAGE OF EXPENDITURE ACCORDING TO COST ITEMS



A significant portion (74%) of the entity's expenditure was incurred against professional and consulting fees, mainly for the payment of the NCEMS operator in exchange for the LPM monitoring services rendered on behalf of the NGB. Personnel expenditure accounts for 18% of the entity's total expenditure, followed by administrative expenses, travelling and subsistence expenses, other operating expenses and depreciation at 4%, 2%, 1% and 1% respectively.

3.4 Strategy to overcome areas of under-performance

The NGB did not underperform in the period under review.

4. REVENUE COLLECTION

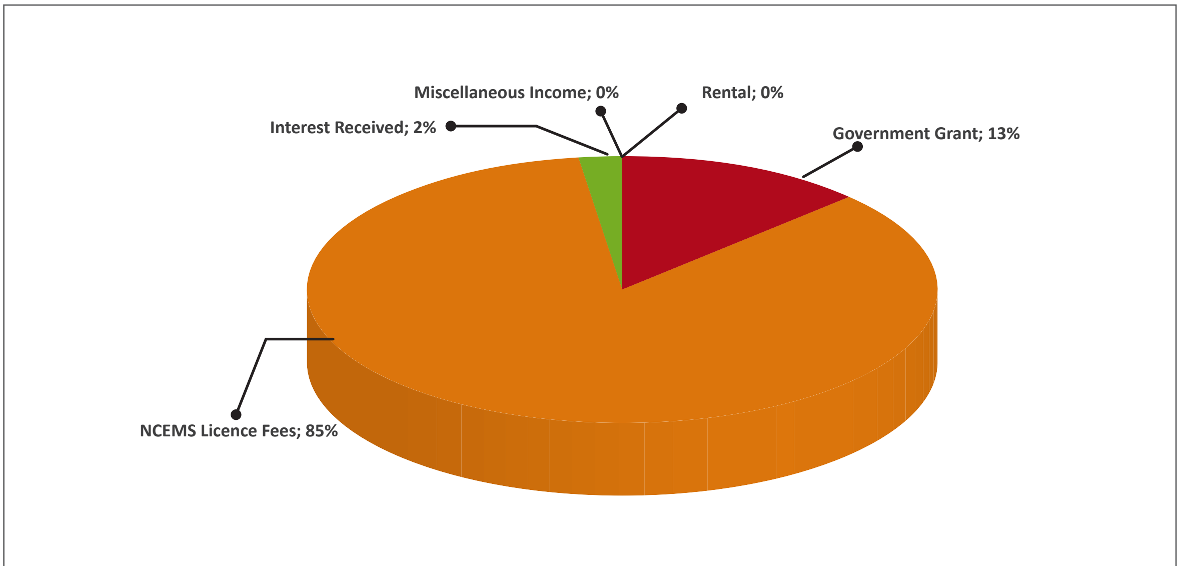
TABLE 2: REVENUE

PROGRAMMES	2023/2024			2022/2023		
	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER) / UNDER COLLECTED	ESTIMATE	ACTUAL AMOUNT COLLECTED	(OVER) / UNDER COLLECTION
	R'000	R'000	R'000	R'000	R'000	R'000
Government Grant	33 152 400	33 152 000	400	35 928 000	35 928 000	0
NCEMS Licence Fees	229 009 020	236 384 452	-7 375 432	200 500 000	221 048 859	-20 548 859
Interest Received	7 377 965	7 195 123	182 842	3 720 000	2 521 115	1 198 885
Rental	1 225 000	1 564 016	-339 016	0	400 411	-400 411
Miscellaneous Income	43 207 227	0	43 207 227	0	0	0
Total	**313 971 612**	**278 295 590**	**35 676 022**	**240 148 000**	**259 898 385**	**-19 750 385**

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

Over and above the grant amounting to R33.2 million, additional revenue amounting to R245.1 million was received from other sources which include LPM monitoring fees of R236.4 million, interest on short-term investments amounting to R7.4 million and rental income amounting to R1.6 million.

FIGURE 2: PERCENTAGE REVENUE SPLIT



In the FY2023/24, LPM monitoring fees accounted for 85% of the total revenue, while 13% of the revenue was received from **the dtic** grant allocation. The remainder of the revenue (2%) was received from other sources such as interest received and rental income.

5. CAPITAL INVESTMENT

Capital investment, maintenance and asset management plan

The NGB maintains a fixed asset register with a total asset value of R45.4 million. R42.7 million of these assets are in the form of Property, Plant and Equipment (PPE), predominantly in the form of an office building. The balance of PPE is comprised of computer equipment, motor vehicles, office furniture and equipment. Intangible assets make up R2.8 million of the NGB's non-current assets and are mainly internally generated national registers.

Safeguarding of assets

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

Asset maintenance

A maintenance contract is in place for the office building to undergo regular maintenance. Included in the maintenance agreement are general repairs, repairs of the lift, electrical repairs, and maintenance, amongst others.

PART C

Gambling Sector Performance

1. OVERVIEW OF THE GAMBLING INDUSTRY

The NGB is mandated by the NGA, Section 65(2)(e) to monitor market conduct and market share pertaining to casino, bingo, LPMs and betting on horse racing and sports in the South African gambling industry. In doing so, the NGB has gathered provincial gambling statistics and information for the period 1 April 2023 to 31 March 2024. NGB monitors market conduct (e.g. number of operators, gambling positions and outlets in the South African gambling sector), and also gathers and analyses national gambling statistics in terms of turnover (TO), GGR and the collection of taxes/levies.

TABLE 3: SNAPSHOT OF THE GAMBLING INDUSTRY AS AT 31 MARCH 2024

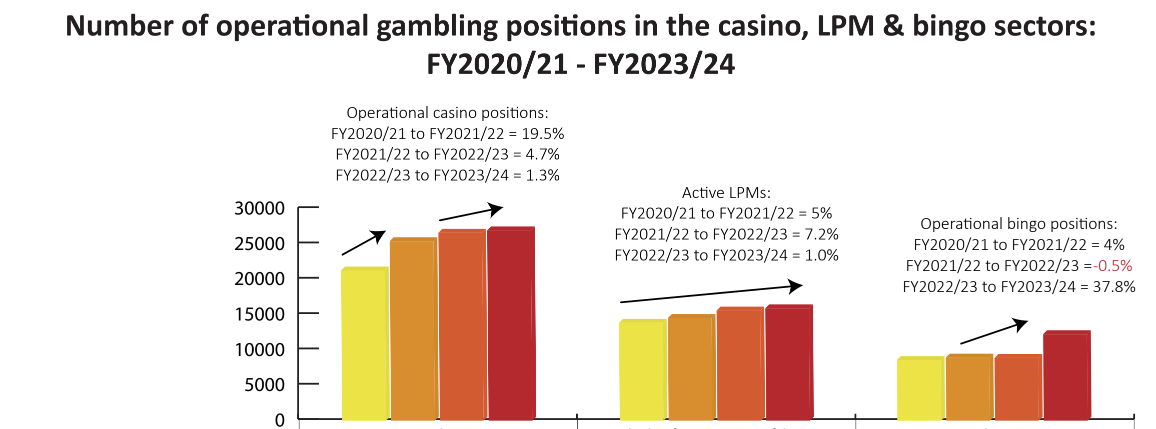
Variable	FY2022/23	FY2023/24	FY2023/24	FY2023/24	FY2023/24	FY2023/24
	Market conduct – as at Quarter 4 Statistics – Total all Quarters	Market conduct – as at Quarter 4 Statistics – Total all Quarters	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Number of operational casinos	38	37	38	38	37	37
Number of operational slots (casinos)	21 978	22 070	21 966	22 104	22 079	22 070
Number of operational tables (casinos)	911	955	946	942	949	955
Number of operational gambling positions (casinos)	26 695	35 748	35 483	35 387	35 261	35 748
Number of operational totalisator outlets	299	366	315	308	368	366
Number of operational bookmakers	326	349	301	302	353	349
Number of operational bookmaker outlets	531	594	532	543	607	594
Number of operational Limited Payout Machine (LPM) site operators	2 624	2 599	2 604	2 586	2 599	2 599
Number of active LPMs	15 642	15 805	15 809	15 597	15 805	15 805
Number of operational bingo outlets	70	70	70	71	70	70
Number of operational bingo positions	8 917	12 290	9 094	9 434	12 204	12 290
Traditional	0	0	0	0	0	0
Electronic Bingo Terminals	8 917	12 290	9 094	9 434	12 204	12 290
National gambling statistics: Turnover	R815 110 216 812	R1 142 683 922 400	R246 676 951 844	R274 928 711 892	R324 652 444 132	R296 425 814 533
National gambling statistics: GGR	R47 168 024 499	R59 306 767 610	R13 798 176 185	R14 357 353 096	R15 733 717 008	R15 417 521 321
National gambling statistics: Taxes/ levies collected	R4 058 691 173	R4 840 977 357	R1 134 639 396	R1 185 873 121	R1 281 982 088	R1 238 482 752

2. MARKET SHARE AND MARKET CONDUCT

The NGB continuously monitors market share and market conduct in the gambling industry to keep abreast of revenue generation and tax collection in the industry whilst ensuring that the industry operates in a fair environment that encourages competitiveness and job creation. The number of operational gambling positions and growth rate in GGR per mode was analysed from the FY2020/21 to FY2023/24.

As shown in figure 3 below, the number of operational casino positions and active LPMs in the country remained largely unchanged relative to the previous year. The number of operational casino positions increased by 1.3% to 27 040 while LPMs increased by 1.0% to 15 805. The bingo industry, on the other hand, saw a massive expansion, increasing the number of electronic bingo terminals (EBTs) by 37.8% to 12 290 EBTs.

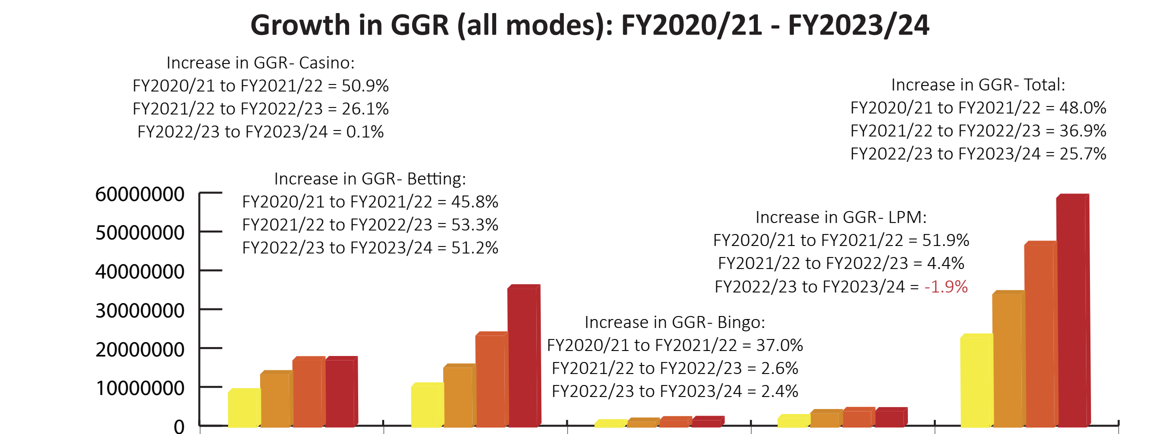
FIGURE 3: NUMBER OF GAMBLING POSITIONS IN THE CASINO, LPM & BINGO SECTORS: FY2020/21 – FY2023/24



	Casino	Limited payout machines	Bingo
Operational positions, FY2020/21	21 349	13 914	8 625
Operational positions, FY2021/22	25 507	14 591	8 960
Operational positions, FY2022/23	26 695	15 642	8 917
Operational positions, FY2023/24	27 040	15 805	12 290

Figure 4 below shows GGR growth across the gambling modes over the period FY2020/21 to FY2023/24. Overall, GGR expanded by 25.7% during FY2023/24 relative to the previous year. This growth was driven by the betting sector which increased by 51.2% to R35.9 billion. The casino industry saw miniscule growth (0.1%), while LPM GGR declined by 1.9%. The bingo industry experienced low growth of 2.4%.

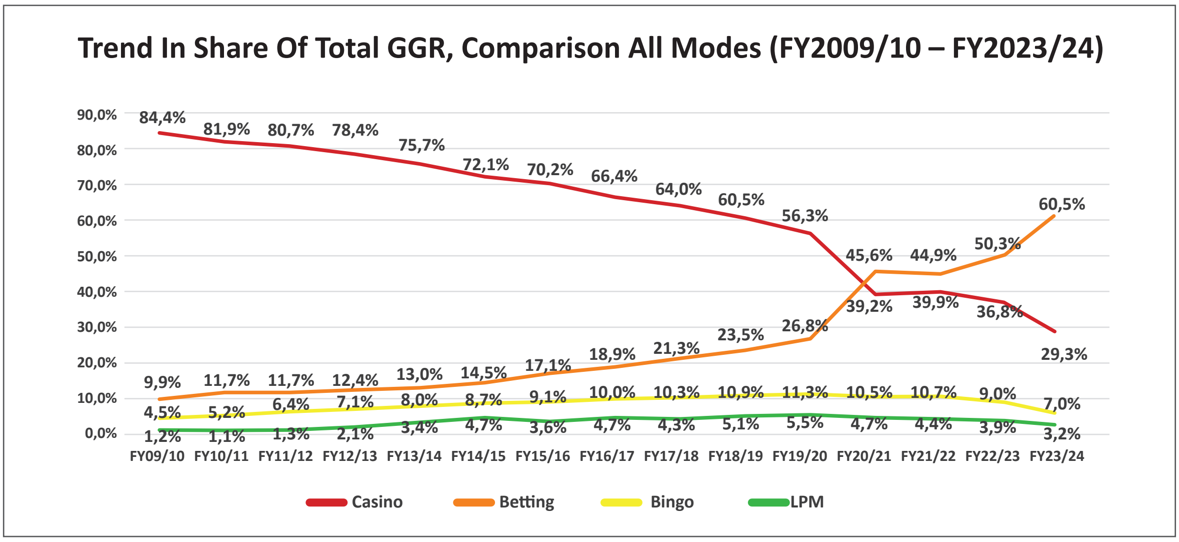
FIGURE 4: GROWTH IN GGR, ALL MODES (FY2020/21 – FY2023/24)



	GGR Casino	GGR Betting	GGR Bingo	GGR LPM	TOTAL
GGR, FY2020/21	9 107 191 030	10 609 620 944	1 103 215 830	2 434 393 885	23 254 421 689
GGR, FY2021/22	13 753 507 077	15 468 352 646	1 510 403 511	3 698 726 491	34 430 989 725
GGR, FY2022/23	17 342 258 570	23 748 237 393	1 847 180 224	4 230 348 312	47 168 024 499
GGR, FY2023/24	17 356 154 721	35 908 575 322	1 892 333 728	4 149 703 839	59 306 767 610

Figure 5 below illustrates the trend in GGR market share from FY2009/10 to FY2023/24. As at 31 March 2024, GGR from all modes of gambling totalled R59.3 billion (all quarters). Betting accounted for the largest share of GGR at 60.5%. Casinos made up 29.3%, while LPMs and bingo took up 7.0% and 3.2% of the gambling market. Over time, LPMs and bingo have maintained small market shares that have remained relatively stable – although both declined in FY2023/24. A striking swap occurred between betting and casinos. Starting in FY2020/21, when betting became the dominant gambling mode in South Africa, its rapid expansion has continued unabated. These two sectors appear to be trading places, with the picture becoming the inverse of a decade ago.

FIGURE 5: TREND IN SHARE OF TOTAL GGR, COMPARISON ALL MODES (FY2009/10-FY2022/23)



In the FY2023/24, GGR increased by 25.9% relative to the previous financial year to R59.3 billion. Betting accounted for the bulk of GGR generated at 60.5%. The Western Cape (31.7%) accounted for the highest amount of GGR generated across provinces, followed by Gauteng (22.1%) and Mpumalanga (21.9%) as illustrated in figures 6 and 7 below.

FIGURE 6: GGR PER GAMBLING MODE, ALL PROVINCES, FY2023/24

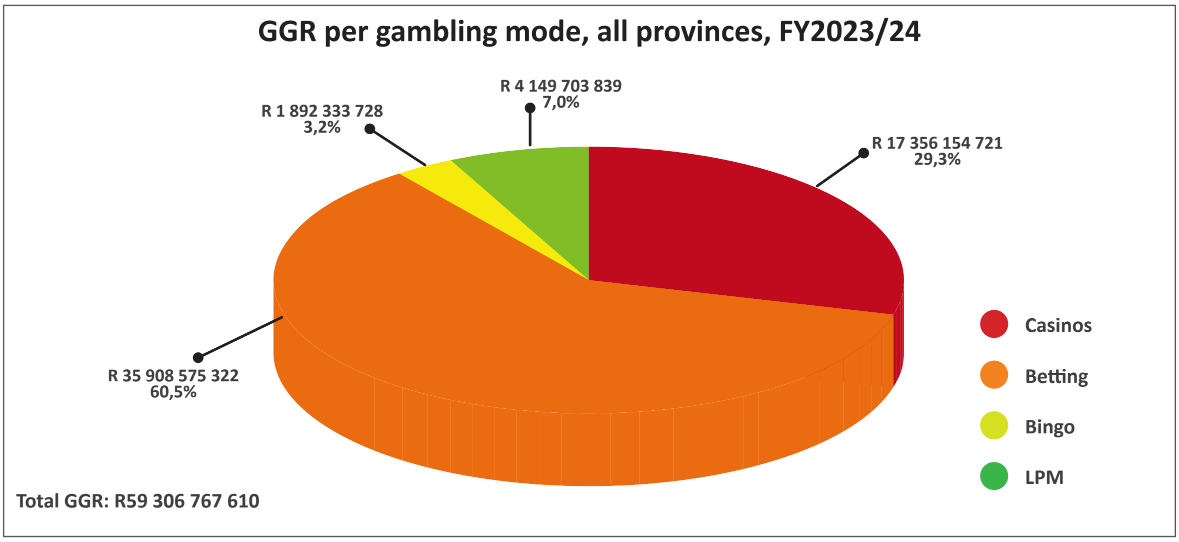
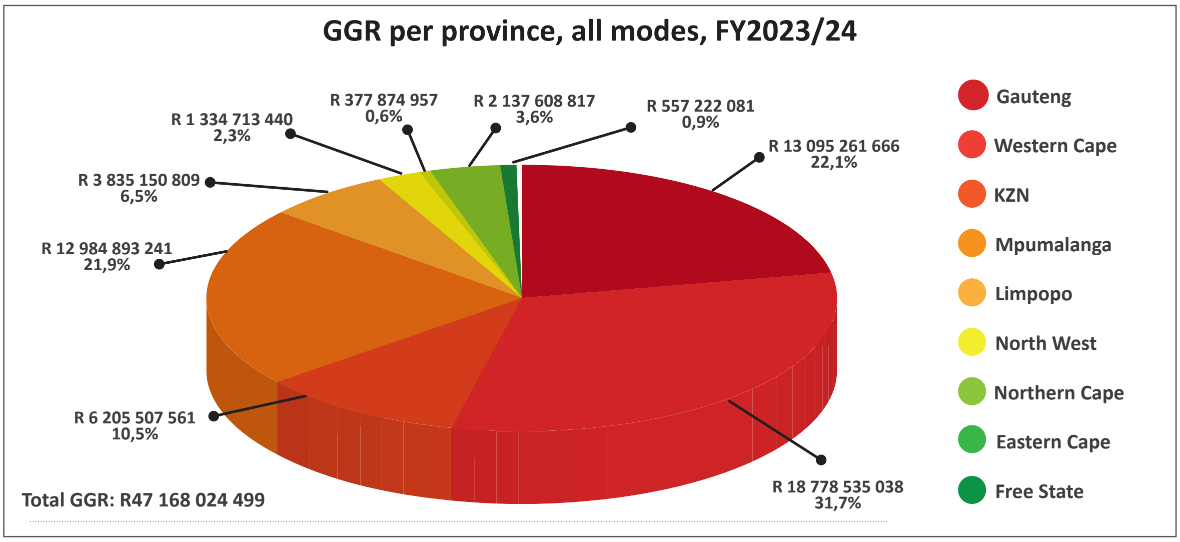


FIGURE 7: GGR PER PROVINCE, ALL MODES, FY2023/24



One of the economic benefits derived from the gambling industry is its ability to generate revenue for the government from taxes and levies collected. These revenues are an important tool for the administration of fiscal policy in the form of government expenditure towards economic development, infrastructure improvement, building schools, enhanced service delivery etc. A total amount of R4.8 billion was collected during FY2023/24, which is 19.2% higher than the taxes/levies in the previous financial year. At 49.9%, betting contributed the highest amount of taxes/levies relative to other gambling modes as depicted in figure 8 below. The Western Cape (30.1%) accounts for the largest share of taxes/levies generated across provinces as depicted in figure 9 .

FIGURE 8: TAXES/LEVIES PER GAMBLING MODE, ALL PROVINCES, FY2023/24

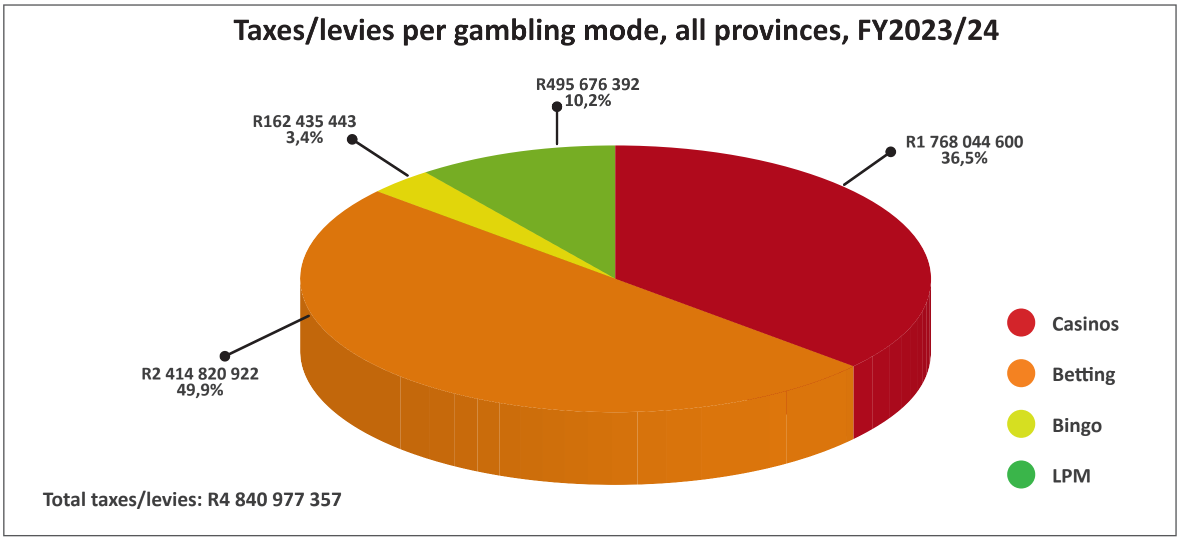
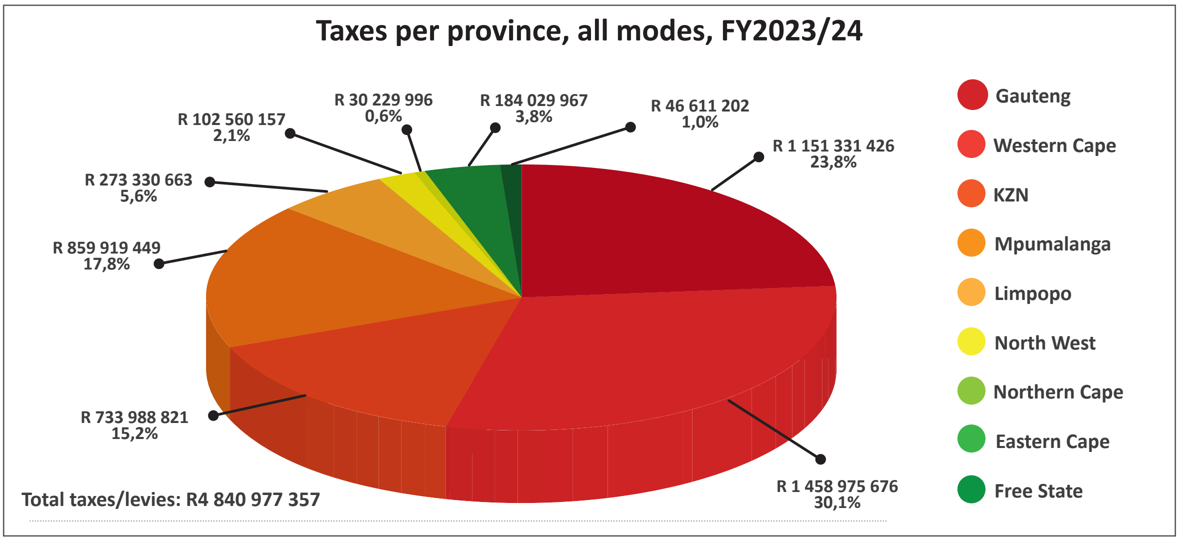


FIGURE 9: TAXES/LEVIES PER PROVINCE, ALL MODES, FY2023/24

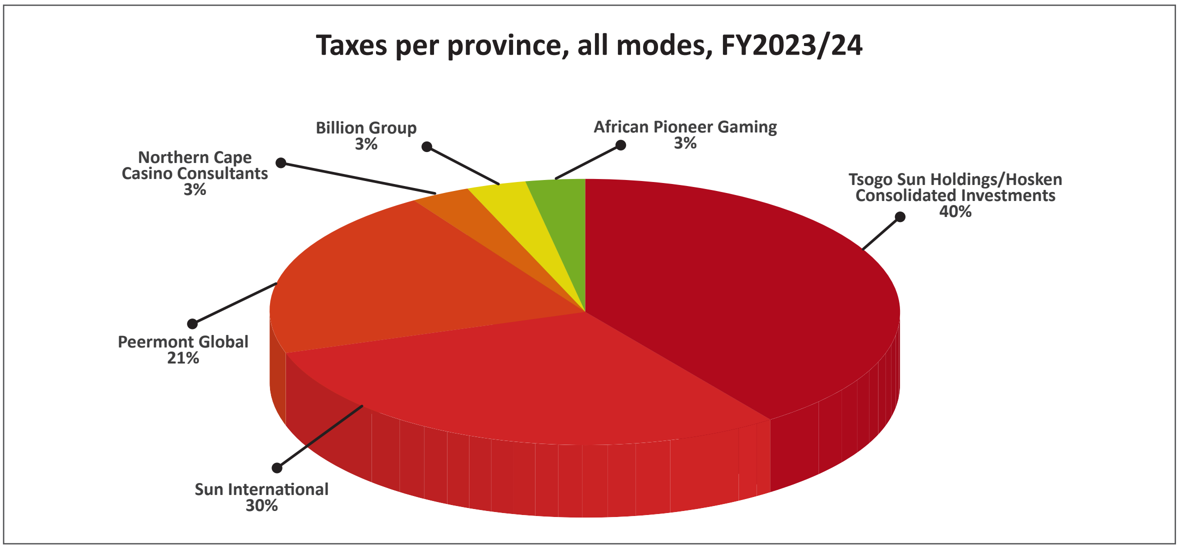


Operators per gambling mode

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

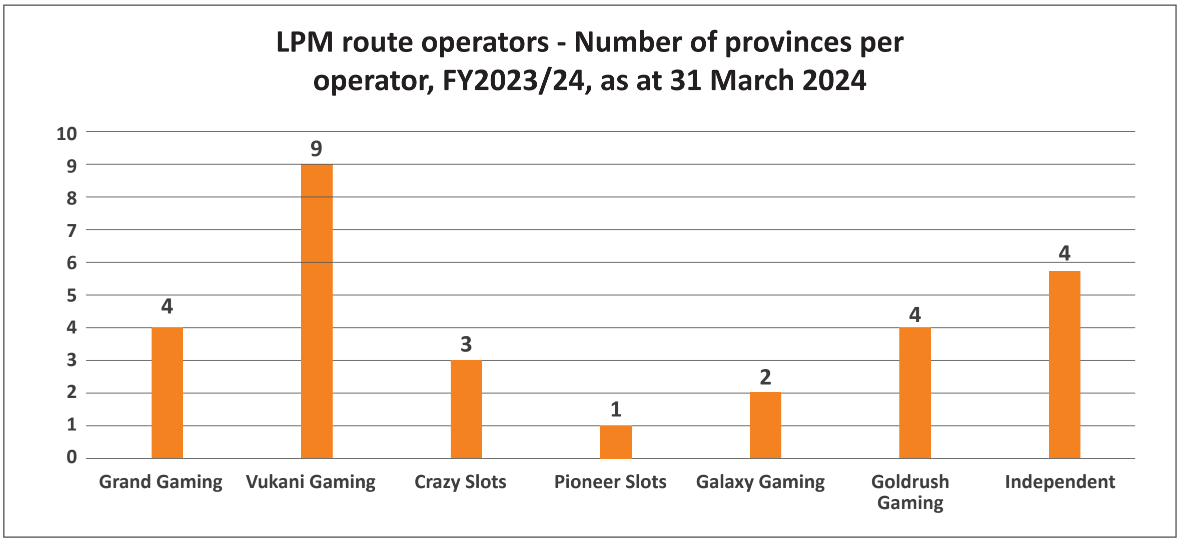
- **Casino sector:** As at 31 March 2024, a total number of thirty seven (37) casinos out of a maximum of forty one (41) licenses were operational in South Africa. The controlling shareholders for operational casinos are Sun International with eleven (11) casinos, Tsogo Sun Holdings/Hosken Consolidated Investments with fifteen (15) casinos, Peermont Resorts with eight (8) casinos, Northern Cape Casino Consultants with one (1) casino, Billion Group with one (1) casino and African Pioneer Gaming with one (1) casino as reflected in Figure 11.

FIGURE 10: MARKET SHARE OF OWNERSHIP OF OPERATIONAL CASINOS AS AT 31 MARCH 2024



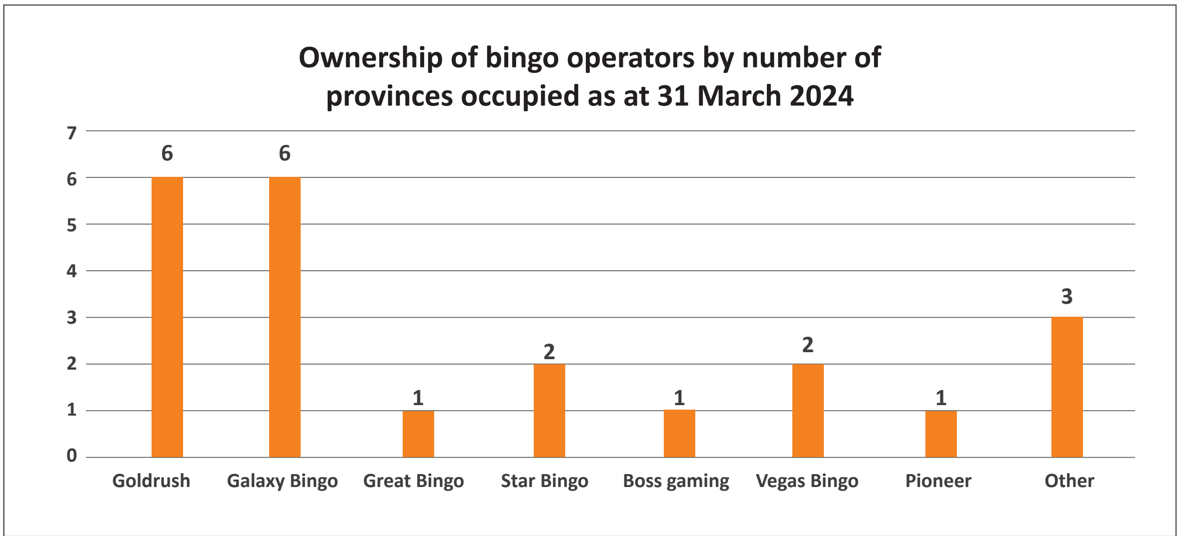
- **LPM sector:** The share of relevant LPM operators which are operational across the country are illustrated in Figure 11 below as at 31 March 2024. During FY2023/24, Vukani Gaming operated in all nine (9) provinces; Goldrush Gaming operated in four (4) provinces; Grand Gaming in four (4) provinces; Crazy slots in three (3); Galaxy Gaming in 2 (two); and Pioneer Slots in 1 (one) province. Independent operators were operational in 4 provinces.

FIGURE 11: OWNERSHIP OF LPM (ROUTE AND INDEPENDENT OPERATORS) BY NUMBER OF PROVINCES OCCUPIED AS AT 31 MARCH 2024



- **Bingo sector:** As at 31 March 2024, bingo is licensed and rolled out in six (6) out of the nine (9) provinces namely; Gauteng, North West, Limpopo, Mpumalanga, KwaZulu-Natal and Eastern Cape. Goldrush and Galaxy are operational in all 6 provinces. Star Bingo and Vegas are operational in 2 provinces. Great Bingo, Boss Gaming and Pioneer are in one province each. 3 provinces have at least one other bingo operator.

FIGURE 12: OWNERSHIP OF BINGO OPERATORS BY NUMBER OF PROVINCES OCCUPIED AS AT 31 MARCH 2024



- **Betting sector:** Gold Circle is the totalisator operator in KwaZulu-Natal. 4Racing took over the business operations of Phumelela in Gauteng, Mpumalanga, Limpopo, North West, Northern Cape, Eastern Cape and the Free State. Trotco (Pty) Ltd t/a Ithotho is also licensed in KwaZulu-Natal as a totalisator and a race course operator. Licensed bookmakers are located in all the provinces throughout the Republic. Bets can be placed on horse racing and sport (on and off course), as well as on any other legal contingency.

3. B-BBEE IN THE GAMBLING INDUSTRY

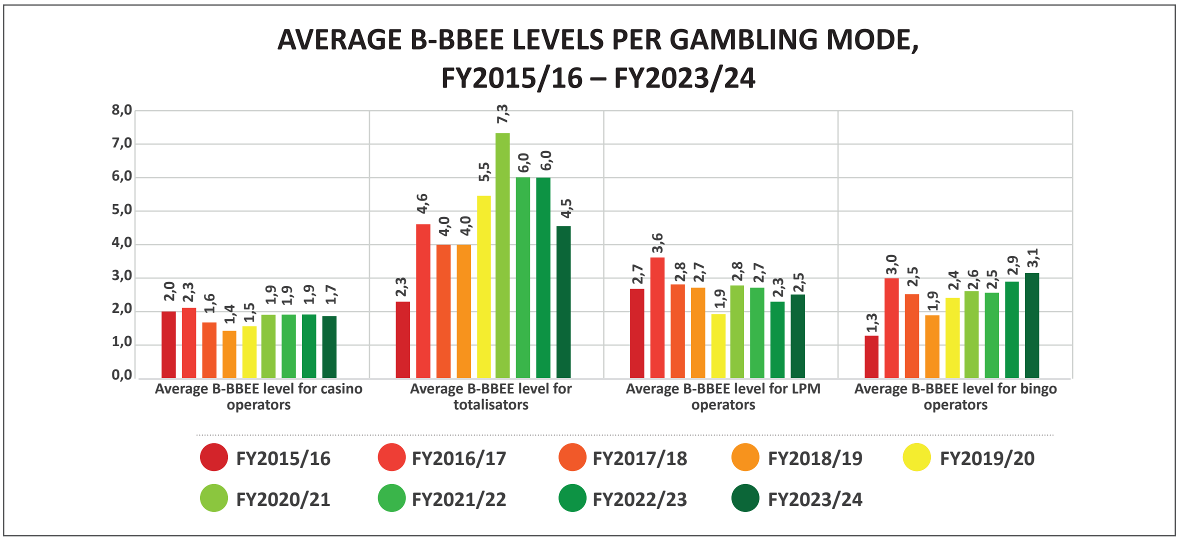
B-BBEE is an economic and political imperative in South Africa. Empowerment in the South African gambling industry is measured in terms of the Codes of Good practice published by **the dtic**. The gambling industry, to date, does not have its own transformation charter. Thus gambling enterprises are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

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

Based on the information submitted by PLAs, the average B-BBEE status or contributor level of the South African gambling industry as at 31 March 2024 per gambling mode and operator, was as follows:

- Average B-BBEE level for casino operators: Level 1.7
- Average B-BBEE level for totalisators: Level 4.5
- Average B-BBEE level for LPM operators: Level 2.5
- Average B-BBEE level for bingo operators: Level 3.1 (currently only operational in Gauteng, Mpumalanga, North West, Eastern Cape and KwaZulu-Natal).

FIGURE 13: AVERAGE B-BBEE LEVELS PER GAMBLING MODE, FY2015/16 – FY2023/24



A detailed breakdown of B-BBEE levels per gambling mode and operator from FY2011/12 to FY2023/24, is reflected below:

Table 4 presents the B-BBEE levels for the casino sector from FY20211/12 to FY2023/24. On average, the casino sector achieved a level 1.7 B-BBEE compliance for the FY2023/24, similar to the previous financial year. This deems the sector as the most compliant of all modes of gambling with black empowerment in terms of ownership, management control, skills development, enterprise and supplier development, and socio-economic development.

TABLE 4: B-BBEE LEVELS FOR THE CASINO SECTOR FROM FY2011/12 TO FY2023/24

Province	Name of Casino	Controlling Shareholder	Contributor/ BBBEE												
			FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Gauteng	Morula Sun Casino (GT),	Sun International	2	2	2	2	2	4	Closed	Closed	Closed	Closed	Closed	Closed	Closed
	Carnival City (GT)	Sun International										2	2	2	1
	Time Square (GT)	Sun International					2	2	1	1			1	1	1
	Montecasino (GT),	Tsogo Sun	2	2	2	2	2	2	1	1		1	1	2	1
	Gold Reef City Casino (GT),	Tsogo Sun	3	2	2	2	2	2	1	1		2	2	2	2
	Silverstar Casino (GT)	Tsogo Sun	2	2	2	2	1	1	1	1		2	2	1	1
	Emperors Palace (GT)	Peermont Global	2	2	2	2	2	1	1	1		2	1	2	4
	Emerald Safari Resort (GT)	London Clubs International			3	2	2	4	2	2		4	3	2	2
Western Cape	Grandwest Casino (WC),	Sun International	3	3	2	2	2	4	3	2	1	1	1	1	2
	Golden Valley Casino (WC),	Sun International	3	3	2	2	3	3	1	4	2	2	3	1	4
	Caledon Hotel Spa Casino (WC),	Tsogo Sun	2	2	2	2	2	2	2	1	1	1	2	2	3
	Casino Mykonos (WC),	Tsogo Sun									2	2	2	2	2
	Garden Route Casino (WC),	Tsogo Sun									1	1	2	2	3
KwaZulu Natal	Sibaya Casino (KZN),	Sun International	2	2	2	2	2	3	3	1	1	3	3	4	1
	Suncoast Casino (KZN),	Tsogo Sun	2	2	2	2	2	2	1	1	1	1	1	2	2
	Black Rock Casino (KZN),	Tsogo Sun	3	3	3	2	2	2	1	1	1	1	1	2	2
	Golden Horse Casino (KZN),	Tsogo Sun	2	2	2	2	2	1	1	1	1	1	1	2	2
	Umfolozi Casino (KZN),	Peermont Global	2	2	2	2	2	1	1	1	1	1	1	1	1
Mpumalanga	The Ridge Casino (MP),	Tsogo Sun	3	2	2	2	2	1	1	1	1	1	2	2	2
	Emnotweni Casino (MP),	Tsogo Sun	3	2	2	2	2	1	1	1	1	1	2	2	2
	Graceland Hotel Casino (MP)	Peermont Global									1	1	1	1	1
Limpopo	Meropa Casino (LP),	Sun International	2	2	2	2	2	4	1	1	1	2	2	5	1
	Khoroni Hotel Casino (LP)	Peermont Global									1	1	1	1	1
	Thaba Moshate (LP)	Peermont Global									1	1	1	1	1
North West	Sun City (NW),	Sun International	3	3	3	3	2	1	1	1	1	1	2	1	1
	Carousel Casino (NW),	Sun International		2	2	2	2	4	2	1	3	5	5	2	Closed
	Mmabatho Palms Casino (NW),	Peermont Global									1	5	1	1	1
	Rio Casino (NW),	Peermont Global									1	2	1	1	1

Province	Name of Casino	Controlling Shareholder	Contributor/ BBBEE												
			FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Northern Cape	Flamingo Casino (NC),	Sun International	4	4	4	2	4	4	4	2	2	2	2	1	2
	Desert Palace Hotel Resort (NC)	Northern Cape Consultants Kairo	2	2	2	2	2	2	2	2	2	2	2	2	2
	Grand Oasis Casino	Tsogo Sun					2	2	2	2	2	2	2	2	2
Eastern Cape	Boardwalk Casino (EC),	Sun International	3	3	3	2	2	3	3		2	2	2	2	1
	Wild Coast Sun (EC),	Sun International	3	3	3	3	2	2	2		2	1	1	1	1
	Hemingways Casino (EC),	Tsogo Sun	3	3	3	2	1	1	1		1	1	1	1	2
	Queens Casino (EC),	African Pioneer Gaming Pty Ltd			2	3	2	3	3		8	8	8	8	2
	Mayfair Casino (EC)	Billion Group									1	1	1	1	1
Free State	Windmill Casino (FS),	Sun International	2	2	2	2	2	4	2	2	2	3	5	4	2
	Naledi (FS),	Sun International	2						Not rated	Not rated	Closed	Closed	Closed	Closed	Closed
	Gold Fields	Tsogo Sun	2	2	2	2	2	2	1	1	1	2	1	1	1
	Frontier Inn	Peermont Global									1	1	1	1	1
Average BBBEE Level			2,5	2,4	2,3	2,1	2	2,3	1,6	1,4	1,5	1,9	1,9	1,9	1,7

On average, the totalisator sector achieved a level 4.5 B-BBEE compliance for the FY2023/24, however several PLAs reported non-compliance of totalisators in their province.

TABLE 5: B-BBEE LEVELS FOR TOTALISATORS FROM FY2011/12 TO FY2023/24

B-BBEE LEVELS, TOTALISATORS, FY2011/12 – FY2032/24														
Name of totalisator	Name of provincce	Contributor / B-BBEE level												
		FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2918/19	FY2019/20	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Kenilworth Racing (4Racing)	Western cape				2	2	4	4	4	8	8	8	8	8
Gold Circle	KwaZulu-Natal			4	4	2	3	4	4	6	5	5	2	2
4Racing	Limpopo	3	3	2	2	2	5	4	4	6	6	6	4	Non-compliant
4Racing	Mpumalanga	3	3	2	2	2	5	4	4	4	8	4	4	Non-compliant
4Racing	Gauteng		3	2	2	2	5	4	4		6	6	6	4
4Racing	North West	4	3	3	3	2	5	4	4	6	8	8	8	Non-compliant
4Racing	Free State	3	3	2	2	2	5	4	4	4	8	4	8	
4Racing	Eastern Cape			2	2	2	5			6	6	6	4	4
4Racing	Northern Cape					5	4	4	4	4	8	8	8	
Average		3,4	3,2	2,6	2,4	2,3	4,6	4	4	5,5	7	6	6	4,5

On average, the bingo sector achieved a level 3.1 B-BBEE compliance for the FY2023/24. Table 5 presents the BBBEE levels for the bingo sector from FY2011/12 to FY2023/24.

TABLE 6: B-BBEE LEVELS FOR THE BINGO SECTOR FROM FY2011/12 TO FY2023/24

B-BBEE LEVELS, BINGO, FY2011/12 – FY2023/24														
Name of province	Name of bingo operator	Contributor / BBBEE level												
		FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY201819	FY2019/20	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Gauteng	Goldrush (Atterbury)	3	2	2	3.7*	1.6*	7.5*						4	4
	Goldrush Bingo Morula												4	5
	Bingo(Mall@Reds)													6
	Bingo(Vaal)													6
	Bingo(Kolonnade)													6
	Goldrush West Gate							7.8*	7.8*		7	7	8	6
	Goldrush Alberton												8	8
	Galaxy Bingo		2	2	2	2	2*	1	1		1	1	1	2
Mpumalanga	Goldrush Bingo Ermelo						8	8		8	8	8	8	6
	Goldrush Bingo middleburg												8	6
	Goldrush Bingo Bushbuckridge							2 (Exempt)	8 and	2 (Exempt Micro Enterprise)	2 (Exempt Micro Enterprise)	2 (Exempt Micro Enterprise)	2 (Exempt Micro Enterprise)	2
	Galaxy Bingo Hazyview							2 (Exempt)	1	1	2 (Qualifying Small Enterprise)	2 (Qualifying Small Enterprise)	2 (Qualifying Small Enterprise)	2
	Galaxy Bingo Emalahleni							1 (Exempt)	1 (Exempt)	1 (Exempt Micro Enterprise)	1 (Exempt Micro Enterprise)	1 (Exempt Micro Enterprise)	2 (Exempt Micro Enterprise)	2
	Galaxy Bingo Mbombela												2 (Exempt Micro Enterprise)	2
	Galaxy Bingo Tonga												2 (Qualifying Small Enterprise)	2
	Supabingo (Acornhoek)												4 (Exempt Micro Enterprise)	4
	Star Bingo								4 (Exempt)	4 (Exempt Micro Enterprise)	4 (Exempt Micro Enterprise)	4 (Exempt Micro Enterprise)	4 (Exempt Micro Enterprise)	4
North West	Goldrush Bingo Rustenburg			N/A	4	1	2	2	2	2	2	2	2	4
	Goldrush Bingo Potchefstroom												2	2
	Galaxy Bingo Moruleng				1	1	4	4	2	2	2	2	2	2
	Galaxy Bingo Brits												2	2
	Pioneer bingo										1	n/a	1	2
	Ansino Vryburg												2	2
	Eliocube								2	2	2	2	2	n/a
	Latiano Bingo												N/A	n/a
	Jonoforce Bingo												n/a	n/a
	Firegame Bingo													2
Eastern Cape	Galaxy Bingo			1	1	1.8*	2	2		1.8	2	2	2	2
	Palacio Bingo						2	2		2	2	2	2	2
	Goldrush Bingo						2	2		2	2	2	2	2
	ISO Golden Palace Sterkspruit											1	1	1
	ISO Spin and Win Entertainment Mbizana											2	2	2
	ISO K2014000230 (Pty) Ltd t/a Spin N Win Uitenhage											1	1	2
	ISO K2017448757 (Pty) Ltd t/a Spinners Mount Frere											2	2	n/a
	ISO GEC Gaming (Pty) Ltd t/a Royal Aces & Bistro											1	1	1

B-BBEE LEVELS, BINGO, FY2011/12 – FY2023/24														
Name of province	**Name of bingo operator**	**Contributor / BBBEE level**												
		FY2011/12	**FY2012/13**	**FY2013/14**	**FY2014/15**	**FY2015/16**	**FY2016/17**	**FY2017/18**	**FY201819**	**FY2019/20**	**FY2020/21**	**FY2021/22**	**FY2022/23**	**FY2023/24**
KwaZulu-Natal	Galaxy Bingo					1	2	2	2	2	2	2	2	2
	Great Bingo						1	1	1	1	2	1	1	1
	Goldrush Bingo						4	N/A	N/A	4	4.6	4,6	4,6	4
	Star Bingo											4	4	4
	Go Bingo											4	4	4
Limpopo	Boss Gaming						4		4	2	2	2	2	2
	Galaxy Bingo						2	2	2	2	2	2	2	2
	Goldrush Bingo							2	2	2	2	2	2	2
	Vegas Bingo							2	2	2	2	2	2	2
Average		3	2	1,7	2	1,3	3	2,5	1,9	2,4	2,6	2,5	2,9	3,1

On average, the LPM sector achieved a level 2.5 B-BBEE compliance for the FY2023/24.

TABLE 7: B-BBEE LEVELS FOR THE LPM SECTOR FROM FY2011/12 TO FY2023/24

B-BBEE LEVELS, LPMs, FY2011/12 – FY2023/24														
Name of province	**Name of route operators**	**Contributor / B-BBEE level**												
		FY2011/12	**FY2012/13**	**FY2013/14**	**FY2014/15**	**FY2015/16**	**FY2016/17**	**FY2017/18**	**FY2018/19**	**FY2019/20**	**FY2020/21**	**FY2021/22**	**FY2022/23**	**FY2023/24**
Gauteng	Vukani Gaming		1	3	2	2	1	1	1		1	1	1	2
	Gold Rush Gaming					2	7	7	5		8	8	8	8
	Hot Slots				0	8	8		8		4	4	4	1
	Grand Gaming		1	4	3	5	8	6	6		4	4	4	1
	Crazy Slots							Not compliant	Non-Compliant		8	8	5	8
Eastern Cape	Vukani Gaming			3	3	3	3	3		1	1	1	1	2
	Pioneer Slots			3	1	2		4		1	3	3	3	1
Free State	Vukani Gaming	3	1	1	1	2	2	2	2	1	1	2	1	2
	Goldrush							2	2	2	2	2	2	2
KwaZulu-Natal	Vukani Gaming	1	1	3	2	2	2	2	2	1	1	1	1	2
	Kingdom Slots	4	4	3	3	5	2	5	4	3	2	2	1	1
	Luck-at-it	1	1	1	1	2	5	1	2	1	1	1	1	2
	KZN Slots	5	5	5	5	5		4	4	3	4	4	1	2
Limpopo	Vukani Gaming	2	2	3	2	2	1	1	1	1	1	1	1	4
	Goldrush	3	3	1	1	1	4	1	1	1	8	8	4	4

B-BBEE LEVELS, LPMs, FY2011/12 – FY2023/24														
Name of province	Name of route operators	Contributor / B-BBEE level												
		FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22	FY2022/23	FY2023/24
Mpumalanga	Vukani Gaming	4	3	3	2	2	3	3	1	2	2	2	2	2
	Tripple 7 Slots									4 (Exempt Micro Enterprise)	4 (Exempt Micro Enterprise)	4 (Exempt Micro Enterprise)	4 (Exempt Micro Enterprise)	4
	Hendecol Gaming									1 (Exempt Micro Enterprise)	1 (Exempt Micro Enterprise)	1 (Exempt Micro Enterprise)	1 (Exempt Micro Enterprise)	1
	Grand Gaming			2	2	2	Level 2 QSE	4 (Exempt)	Exempt	4	5	4	1	4
	Galaxy Gaming					1	2 (Exempt	1 (Exempt)	Exempt	2	1 (Exempt Micro Enterprise)	2 (Exempt Micro Enterprise)	2 (Exempt Micro Enterprise)	2
	Decatex Gaming									1 (Exempt Micro Enterprise)	2 (Exempt Micro Enterprise)	1 (Exempt Micro Enterprise)	1 (Exempt Micro Enterprise)	4
North West	Vukani Gaming	4	2	2	2	1	4	2	2	1	1	1	1	2
	Goldrush Slots		3	1	1	1	2	2	2	2	2	2	5	4
	Varloflash						4	2	2	2	2	2	2	2
	Tshufi Gaming								2	2	2	2	2	2
	Magic Slots								2	2	2	2	2	2
	Ansino-Klerksdorp												2	2
	Ansino Portchefstroom												2	2
	Vegas Slots Rustenberg									2	2	2	2	n/a
	Vegas SlotsHebron									2	2	2	2	n/a
Western Cape	Vukani Gaming	2	3	3	2	3	3	2	2	2	2	1	1	1
	Grand Gaming				2	5	5	4	4	3	3	2	2	1
Northern Cape	Goldrush Gaming						2	2	2	2	2	2	2	2
	Vukani Gaming					2	2	2	2	2	2	2	2	2
Average:		**2,9**	**2,4**	**2,5**	**2,1**	**2,7**	**3,6**	**2,8**	**2,7**	**1,9**	**2,8**	**2,7**	**2,3**	**2,5**

4. EMPLOYMENT IN THE GAMBLING INDUSTRY

The NGB monitors direct employment numbers in the gambling sector (industry and regulators). A total number of 34316 people (direct employment) were employed in the gambling industry (including at regulators) as at 31 March 2024, up by 5% from the FY2022/23 level of 32677. The casino and bookmaker sectors accounted for the highest numbers in terms of direct employment in the gambling industry as reflected in Table 8.

TABLE 8: DIRECT EMPLOYMENT PER PROVINCE AND MODE, FY2023/24

DIRECT EMPLOYMENT PER PROVINCE AND MODE, FY2023/24										
PROVINCE										
Gambling mode	Gauteng	Western Cape	KwaZulu-Natal	Mpuma-langa	Limpopo	North West	Northern Cape	Eastern Cape	Free State	TOTAL
Casinos	3 450	2 614	5 450	314	333	419	246	542	392	13 760
Totalisators	185	139	896	25	66	12	4	13	45	1385
Bookmakers	5 539	1 586	3 132	705	1 068	743	228	246	208	13 455
LPM	644	46	95	436	675	101	23	724	350	3 094
Bingo	271	0	762	182	196	167	0	407	0	1 985
Regulators										
PLAs	108	69	63	74	64	72	18	55	114	637
TOTAL	**10 197**	**4 454**	**10 398**	**1 736**	**2 402**	**1 514**	**519**	**1 987**	**1 109**	**34 316**

5. RESPONSIBLE GAMBLING[1]

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

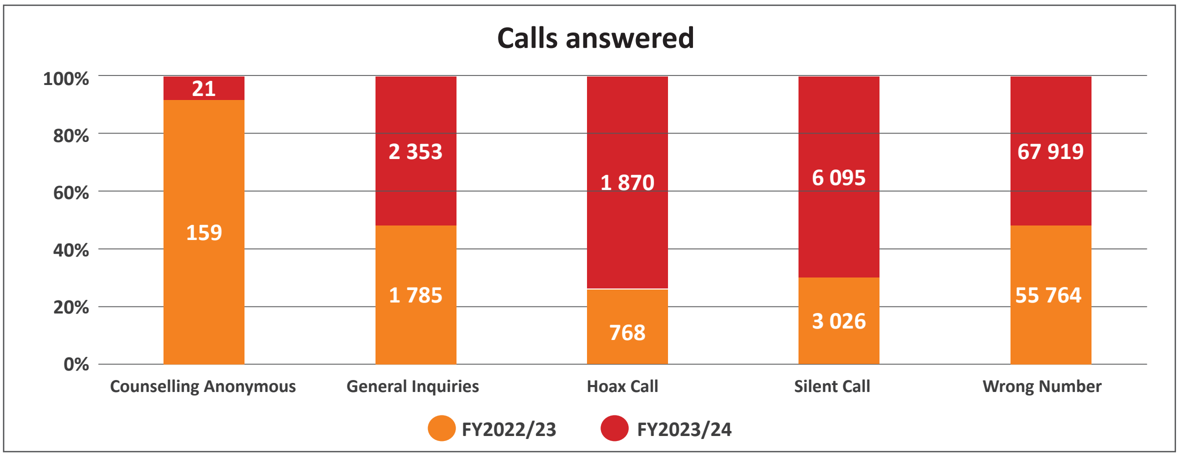
The Foundation is funded by the South African gambling industry, which consists of the following sub-sectors: casino, betting, bingo, LPM and bookmakers. The industry funding is curbed at 0.1% of the industry's GGR (i.e. money staked less money paid out in winnings).

Through its flagship programme, the National Responsible Gambling Programme (NRGP), the Foundation provides free treatment and counselling to individuals negatively affected by gambling. It also offers public awareness programmes to sensitise the public about the adverse consequences of disordered gambling on themselves and their loved ones. Over and above these programmes, there is a Social Interventions Unit that provides counselling and support to vulnerable groups, that is, children, teenagers, the elderly, and social grant recipients.

5.1 Treatment and Counselling

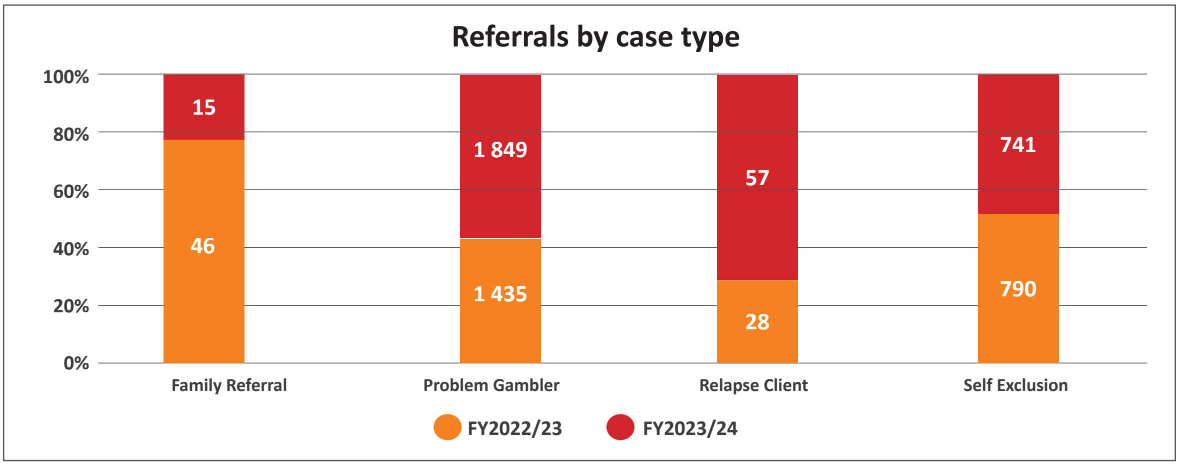
The total number of calls answered in the year under review was 78 258. Most of the calls answered were classified under wrong number accumulating up to 87% (67 919) of calls answered as most of these related to online betting account queries (cashing out, closing accounts, uploading FICA documents, game and wagering related) as online betting has expanded and non-counselling related calls. The accumulation has impacted the NRGP counselling line negatively congesting the line to those punters seeking treatment and counselling.

FIGURE 14: TOTAL CALLS ANSWERED



Of the total of 78 258 calls answered, 2 662 were successfully referred for either Family sessions, Problem gambling sessions, relapse sessions or Self-exclusion sessions.

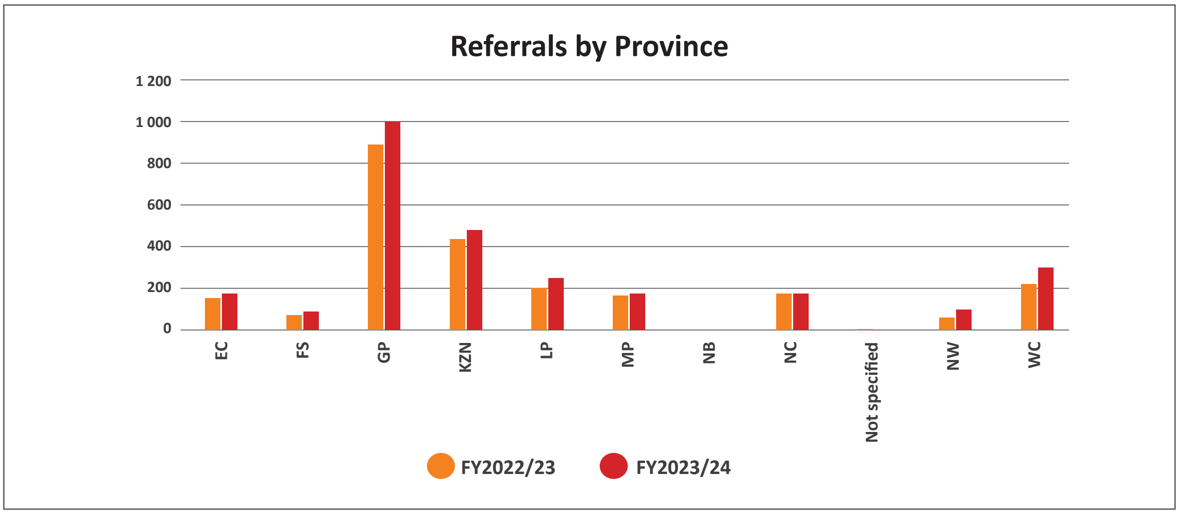
FIGURE 15: REFERRALS BY CASE TYPE



1 FY 2023/24 The South African Responsible Gambling Foundation Highlights for the NGB.

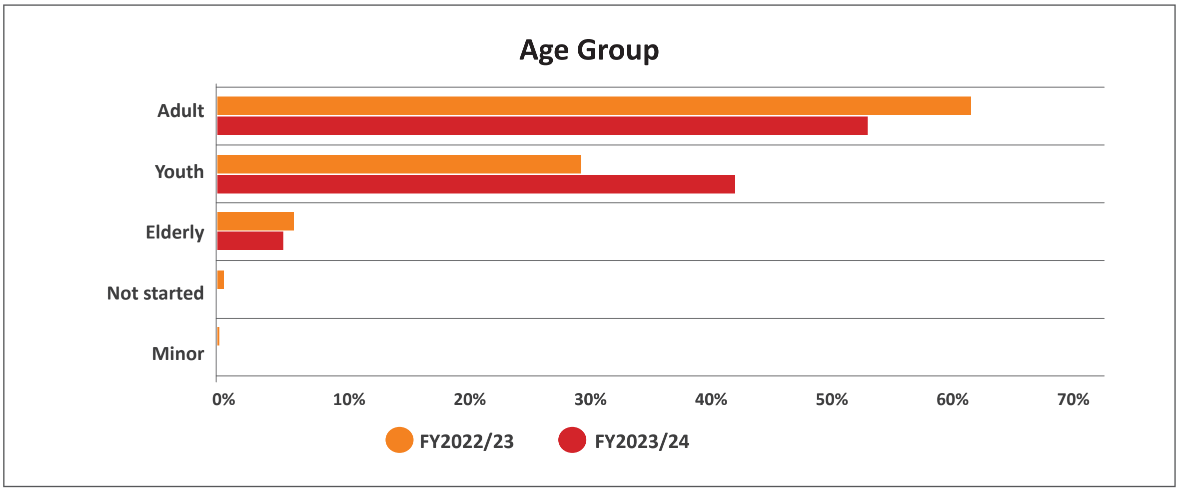
Of the 2 662 referrals made, 1 035 were from Gauteng, 532 from KwaZulu Natal, 300 from Western Cape, 249 from Limpopo, 169 from Mpumalanga, 142 from Eastern Cape, 97 from North-West, 91 from Free State, 42 from Northern Cape, 2 from Namibia whilst 3 did not specify.

FIGURE 16: REFERRALS BY PROVINCE



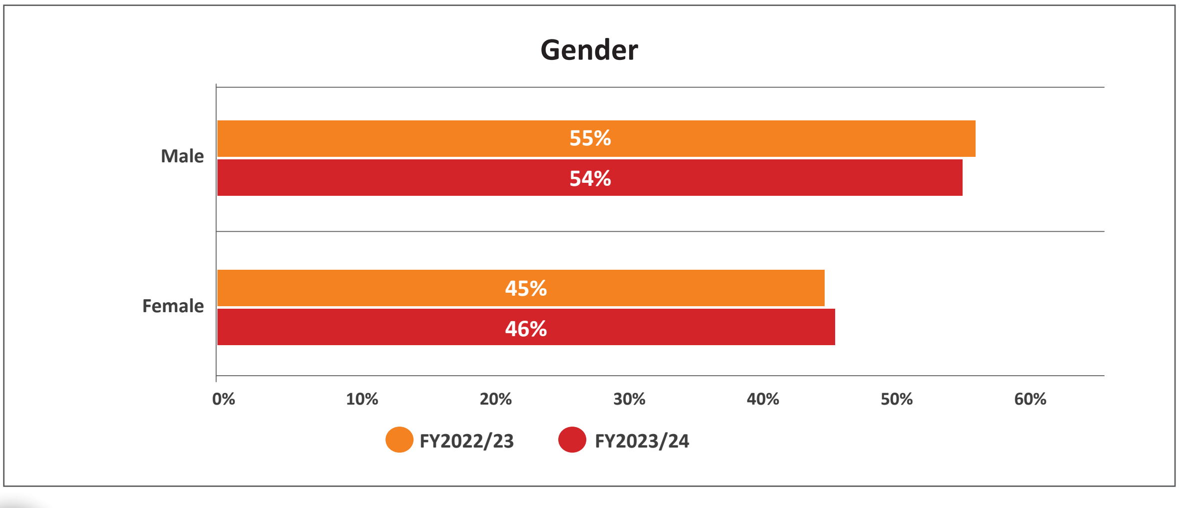
Of the 2 662 referrals made, 1 695 were adults, followed by 787 youth, 116 were elderly, 61 did not state their age and 3 were minors (under the age of 18).

FIGURE 17: REFERRALS BY AGE GROUP



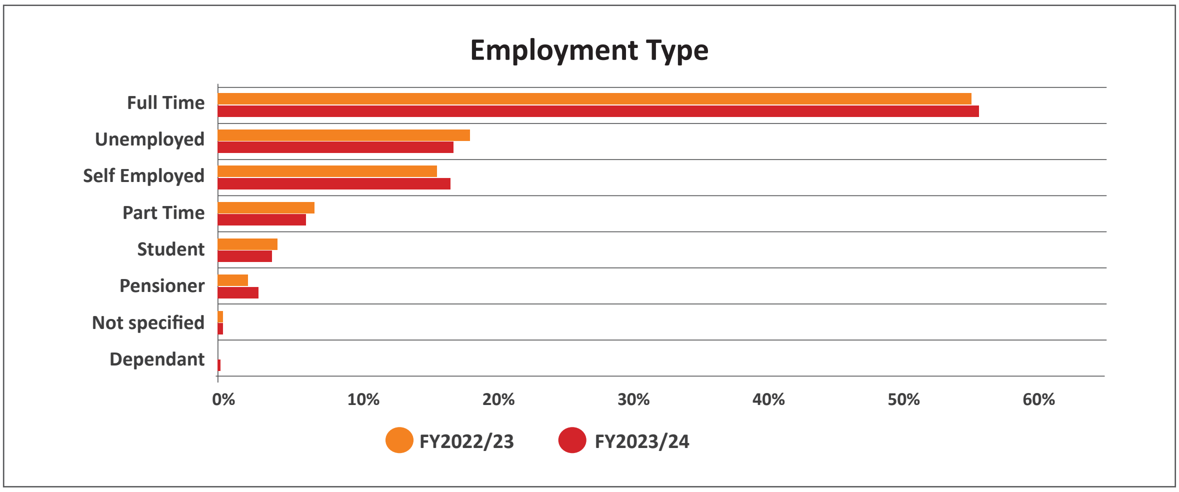
Of the 2 662 referrals, 1 452 were males and 1 209 were females and 1 did not state their gender.

FIGURE 18: REFERRALS BY GENDER



Of the 2 662 referrals, 1 472 were employed full time, followed by 472 who were unemployed, 396 self employed, 169 worked part-time, 90 were students, 58 pensioners, 4 did not state their employment status, and 1 was a dependant.

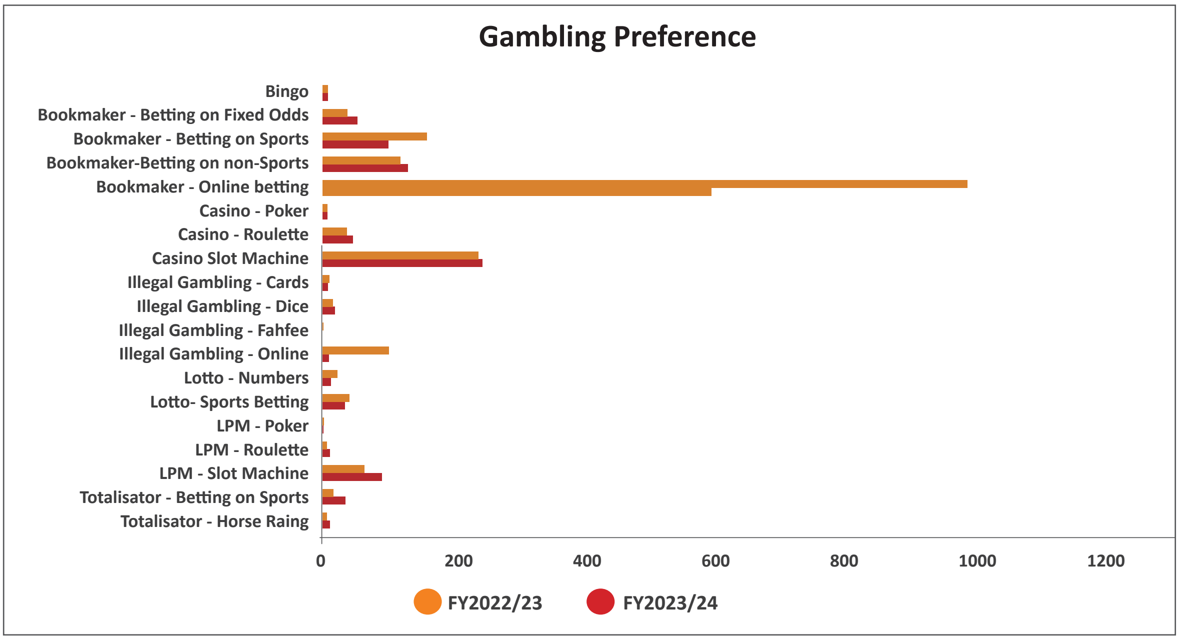
FIGURE 19: REFERRALS BY EMPLOYMENT TYPE



From the referrals under the year in review the top 10 preferred modes of gambling were:

1) Bookmaker – online betting
2) Casino slot machines
3) Bookmaker-betting on sports
4) Bookmaker betting on non sports
5) Illegal gambling – online
6) LPM slot machines
7) Lotto-Sports betting
8) Bookmakers- betting on fixed odds
9) Casino roulette
10) Lotto numbers

FIGURE 20: REFERRALS BY GAMBLING PREFERENCE



5.2 Treatment Unit

The treatment appointments scheduled, and their statuses are broken down into a total of 5 917 appointments scheduled. From this number a total of 498 were cancelled appointments, 459 were for no-show sessions, 421 appointments were for pending sessions and 4 539 were for treated sessions.

In the table below the 5 917 appointments scheduled are allocated according to referral types; family referrals had a total of 53 appointments scheduled, 4 044 appointments were scheduled for problem gamblers, 148 appointments scheduled were for relapse clients and 1 672 appointments were scheduled for self-exclusions.

TABLE 9: SCHEDULED TREATMENT APPOINTMENTS

Scheduled Treatment Appointments					
Referral Type	**Number of Cancelled Sessions**	**Number of No-Show Sessions**	**Number of Pending Sessions**	**Number of Treated Sessions**	**Grand Total**
Family Referral	7	4	1	41	53
Problem Gambler	380	360	327	2 977	4 044
Relapse	14	7	11	116	148
Self-Exclusion	97	88	82	1 405	1 672
Grand Total	**498**	**459**	**421**	**4 539**	**5 917**

5.3 Inpatient Admission/Psychiatric Evaluation

In the year under review the diagnoses that were conducted during the psychiatric evaluations and inpatient admissions included the following: Bipolar Mood Disorder, Borderline Personality Trait, Gambling Disorder, Multiple Psychosocial Stressors, Cannabis Use Disorder and Suicide ideation, Depression, Acute Stress & Adjustment Disorder, Major Depressive Disorder, Generalized Anxiety Disorder, Childhood Trauma.

A total number of **16 psychiatric evaluations** were conducted, which resulted in **9 patients** being admitted to various psychiatric institutions during the financial year. Admissions were done in hospitals like Elim (Gauteng), Summit Clinic (Western Cape), Akeso Hospital (KwaZulu-Natal), Ixande (Western Cape) and Sunnyside Hospital (Eastern Cape).

TABLE 10: INPATIENT ADMISSIONS BY QUARTERS 2023/2024

Inpatient Admissions by Quarters 2023/2024					
Consultation Type	**Quarter 1 (April – June)**	**Quarter 2 (July – September)**	**Quarter 3 (October to December)**	**Quarter 4 (January – March)**	**Grand Total**
Psychiatric Evaluation	3	7	4	2	16
Admissions	2	4	2	1	9
Admission Days	42 days	84 days & 7day extension	48 days and 7 days extension	14 days	202 admitted days

5.4 Self- Exclusions

A total of 736 self-exclusion clients were treated during the year, 1 411 treatment sessions were administered, and 522 letters were issued to those seeking to uplift themselves. From the total of 522 letters issued, the detailed demographics of the individuals who received letters is presented, which includes provinces, and analysis of the Yale Brown Obsessive Compulsive Scale adapted for Pathological Gambling (PG-YBOCS).

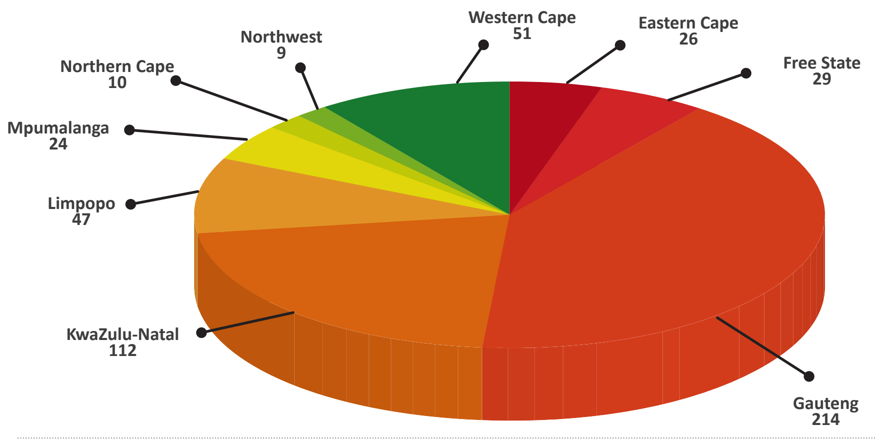
The Yale Brown Obsessive Compulsive Scale adapted for Pathological Gambling (PG-YBOCS) was developed to measure the severity and change in severity of pathological gambling symptoms. The PG-YBOCS measures the severity of problem gambling over a recent time interval (usually within the past one/two week(s).

TABLE 11: GAMBLING DURING SELF-EXCLUSIONS

Gambled during Self-Exclusion?			
PGYBOCS -Rating	**No**	**Yes**	**Grand Total**
Extreme	1	3	4
Mild	74	37	111
Moderate	23	14	37
No Score	1		1
Severe	5	4	9
Subclinical	236	124	360
Grand Total	**340**	**182**	**522**

Of the 522 letters issued, Gauteng saw a distribution of 214 letters, followed by KwaZulu-Natal with a total of 112, Western Cape 51, Limpopo came fourth with a total of 47 letters issued in the province, Free State issued 29 letters, the Eastern Cape issued 26 letters, Mpumalanga 24 letters, Northen Cape 10 letters and with a total of 9 letters issued was North-West.

FIGURE 21: SELF EXLUSION LETTERS



5.5 Social services

This programme is designed for PGs who have completed their recommended therapeutic sessions but still require ongoing support. These clients are allocated into groups coordinated and managed by the NRGP support group, where they get to share their stories and how others are managing and coping with their gambling addiction. Clients have seen these as valuable, hence the increased uptake. In the year under review 3 minors (under the age of 18) where impacted by the potential harmful effects of problem gambling and where provided psychoeducational intervention through the minor intervention programme.

The Employee Assistance Programme (EAP) is a work-based intervention that supports employees with life issues that affect their productivity and health in the workplace. The NRGP offers an integrated and comprehensive proactive and reactive employee health and wellness services in this digital era where gambling and online betting are being offered digitally, thus, employee behaviour and financial health are undergoing significant transformations. The Foundation's Social services unit, therefore, aims to offer support to employees to ensure a productive workforce for the benefit of all stakeholders (gambling industry and the public sector).

TABLE 12: EMPLOYEE ASSISTANCE PROGRAMME

Company/Institution	Date	Province	Location	No. of sessions	Urban/Rural	No. of Female	No. of Males	Total number of employees in a session
Transnet (Port Elizabeth)	24/11/23	Eastern Cape	Port Elizabeth	1	Urban	-	-	112
Office of the Premier (Mpumalanga)	06/12/23	Mpumalanga	Nelspruit	1	Urban	27	11	38
National Department of Transport	31/01/24	Gauteng	Pretoria	1	Urban	24	15	39
Mogwase Correctional Services	27/02/24	Northwest	Mogwase	1	Rural	33	31	64
Rustenburg Correctional Services	28/02/24	Northwest	Rustenburg	3	Urban	40	54	94
Losperfontein Correction centre	29/02/24	Northwest	Brits	2	Rural	32	29	61
Eskom	12/03/24	KwaZulu Natal	New Castle	1	Urban	29	24	53
City of Ekurhuleni	27/03/24	Gauteng	Alberton	1	Urban	16	9	25
Total		**5**	**8**	**11**		**-**	**-**	**486**

PART D
Governance

1. INTRODUCTION

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

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

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

A corporate governance function within an organisation that is not aligned to the business strategy of the organisation will potentially destabilise that organisation, and expose it to critical business failure if not remedied. The NGB aligns its governance with its business strategy to ensure that corporate governance supports the decision making process.

2. PORTFOLIO COMMITTEES

The NGB attended one (1) meeting with the Portfolio Committee on Trade, Industry and Competition during the reporting period. This meeting was a briefing by the NGB on its first, second and third quarter financial and non-financial performance for the 2023/24 financial year. Issues raised by the Portfolio Committee included the constitution of the NGB, online gambling, transformation of the industry and the status of the National Gambling Amendment Bill.

3. EXECUTIVE AUTHORITY

The NGB has implemented its approved Strategic Plan 2022-27 and performed against its planned outcomes as contained in its Annual Performance Plan 2023-26.

TABLE 13: REPORTS SUBMITTED TO THE MINISTER

Reports submitted	Date submitted
Quarter 1 performance report (April- June 2023)	31 July 2023
Quarter 2 performance report (July to September 2023)	31 October 2023
Quarter 3 performance report (October to December 2023)	31 January 2024
Quarter 4 performance report (January to March 2024)	30 April 2024

4. THE ACCOUNTING AUTHORITY (AA)

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

Due to the proposed repositioning of the NGB to the NGR, the position of the CEO will not be filled until the repositioning has been completed, and the NGB will remain under administration until this process has been finalized. The entity remains under the leadership of the AA.

TABLE 14: PROFILE OF THE AA

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

5. RISK MANAGEMENT

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

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

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

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

A risk management system is characterised by the existence of various policies, strategies, processes, procedures and tools for identifying, evaluating, monitoring, managing and reporting of all material risks to which an entity is exposed. The NGB makes use of a risk management system that fits the above definition and is implemented across all its business units to enhance its ability to create effective management of resources and to ensure the transparency and accountability thereof.

Risk Management is an integral part of the management process at the NGB with all the various policies, strategies, processes, procedures and tools having been crafted thoughtfully and implemented in a holistic manner that makes risk management an organisation-wide event as it is embedded in daily practices and business processes. This ultimately creates a cumulatively pre-emptive effect on how risk management is conducted, thereby enhancing the effectiveness of risk management.

During the FY2023/24, the Strategic and Operational risks of the NGB were reviewed to identify emerging risks. Further, the NGB conducted a risk assessment on an on-going basis to improve the management of the risks. The risk management report was presented to the Management Committee (MANCO), Executive Committee (EXCO) and Risk Management Committee (RMC).

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

Risk Management Committee

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

6. INTERNAL AUDIT

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

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

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

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

Key Activities and Objectives of the Internal Audit for FY2023/24

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

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

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

7. AUDIT AND RISK COMMITTEE (ARC)

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

Key activities and objectives of the Audit and Risk Committee for FY2023/24

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

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

TABLE 15: COMMITTEES

Committee	No. of meetings held	No. of members	Name of members
Audit and Risk Committee	4	5	Ms. G Deiner
			Mr. L Phahlamohlaka
			Adv L Thubakgale
			Mr.M Dondolo
			Mr. Z Myeza

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

TABLE 16: QUALIFICATIONS OF ARC MEMBERS:

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Ms. G Deiner	BCompt Accounting Science Higher Diploma in Education – Postgraduate Bachelor of Arts (BA) Professional Accountant (SA)	External	N/A	15 July 2019[1]	N/A	4
Mr. L Phahlamohlaka	Bachelor of Commerce Postgraduate Certificate in Executive Leadership	External-**the dtic** representative (Director: Management Accounting)	N/A	17 July 2015	N/A	4
Adv L Thubakgale	Post Graduate certificate in labour dispute resolution practice Master in Business Administration (MBA) Master in Law (LLM) Advance Diploma in Labour Law Gradium Baccalaureus Legum (LLB) Gradium Baccalaureus Luris (B.luris)	External	N/A	20 September 2021	N/A	3
Mr. M Dondolo	Master's in Business Administration (MBA) Postgraduate Diploma in Business Management, National Diploma in Internal Auditing Certificate in Enterprise Risk Management	External	N/A	20 May 2022	N/A	3
Mr. Z Myeza	BCom-Accounting Master's in Business Administration (MBA) Certificate in Corporate Governance Certificate in Aviation Management Master Practitioner in Real Estate Chartered Director: SA	External	N/A	20 May 2022	N/A	4

1 Member was re-appointed on 15 July 2022 for a second term

Remuneration of members of the Audit and Risk Committee

The Audit and Risk Committee (ARC) members were remunerated according to the National Treasury circular, which categorises emoluments for different categories of listed public entities. No travel expenses were incurred by ARC members, as all ARC meetings during FY2023/2024 were conducted virtually. Table 17 reflects the remuneration paid to ARC members during the financial year.

TABLE 17: REMUNERATION TO ARC MEMBERS

Name	Remuneration	Other allowance	Other re-imbursements	Total
Ms. G Deiner (Chairperson)	R40 014	-	-	R40 014
Adv L Thubakgale (RMC Chairperson)[2]	R51 756	-	-	R51 756
Mr. L Phahlamohlaka	-	-	-	-
Mr. M Dondolo	R16 188	-	-	R16 188
Mr. Z Myeza	R21 584	-	-	R21 584
TOTAL				**R129 542**

Mr. L Phahlamohlaka did not receive any remuneration from the NGB as he is a representative of **the dtic**.

8. COMPLIANCE WITH LAWS AND REGULATIONS

The NGB has in place a governance framework and a corporate compliance checklist. These were developed to determine specific provisions in each legislation that the NGB ought to comply with, and continually enable the officials to observe legal compliance requirements when performing any function. The NGB utilised a corporate calendar to ensure that timelines for submitting corporate information were met and reported on a quarterly basis.

9. FRAUD AND CORRUPTION

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

During FY2023/24, various activities were conducted to create awareness to the NGB staff on Anti-Fraud. This included the distribution of posters regarding fraud prevention, staff disclosing their financial interests, and the review of all NGB policies to ensure adequacy of controls to prevent and mitigate the fraud risk. The policies include the protection of whistle-blowers, in the event that any staff member feels a need to report any suspected fraud or corruption taking place at the NGB through the appropriate internal reporting mechanisms.

The NGB also has in place an externally focused email-based hotline, which is made available to the public to report any cases of suspected fraud or corruption by an NGB official. The fraud prevention hotline is published on the NGB website, to ensure that it is readily accessible at all times. There have been no cases of suspected fraudulent activities reported during the 2023/24 financial year.

10. MINIMISING CONFLICT OF INTEREST

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

2 RMC Chairperson's term is for the period 7 January 2022 to 6 January 2025

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

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

11. CODE OF CONDUCT

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

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

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

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

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

13. AUDIT AND RISK COMMITTEE REPORT

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

Audit and Risk Committee Responsibility

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

The Effectiveness of Internal Control

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

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

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

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

In-Year Management and Monthly/Quarterly Report

The public entity reported quarterly to the National Treasury as required by the PFMA.

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

Evaluation of Annual Financial Statements

We have reviewed the annual financial statements prepared by the public entity for FY2023/24. There were no matters of concern that were brought to the attention of the committee that warranted intervention.

Auditor's Report

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

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

Appreciation

The ARC wishes to express its appreciation to the management of the NGB, who has successfully achieved its ninth (9^{th}) consecutive clean audit.

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

Ms G Deiner
Chairperson of the Audit and Risk Committee
National Gambling Board
Date: 31 July 2024

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 53 of 2003 and as determined by **the dtic**.

TABLE 18: COMPLIANCE WITH ANY RELEVANT CODE OF GOOD PRACTICE (B-BBEE CERTIFICATE LEVELS 1 – 8):

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

PART E

Human Resource Management

1. INTRODUCTION

Overview of Human Resource (HR) matters

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

Our people are our crucial enablers, the driving force behind the NGB's vision and mission. Only through their knowledge, skills and dedication will we meet our objective of becoming a game changer in regulating a safe and sustainable gambling industry. Ensuring that we attract and retain the best talent is therefore critical to our success.

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

Human Capital Optimisation (HCO) made concerted efforts to ensure the implementation of the Human Capital Strategy. The strategy is intended to assist the organisation in achieving its strategic objectives through the implementation of performance management goals to create an environment where people can perform to the best of their abilities and produce work of the highest quality.

The other key pillar of the strategy is to implement talent management strategies that involve attracting and retaining high-quality employees, developing their skills, and continuously motivating them to improve on their performance. The primary purpose will therefore be to create a motivated workforce that will stay with the organisation and in the long term be beneficial to the NGB in achieving its objectives.

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

Our human capital are the people the NGB employs who take pride in the work that they do. They are very critical drivers to ensure that the NGB achieves its strategic objectives and business performance. Our employees have a mix of qualifications, skills, and experience instrumental to creating value and long-term sustainability for the organisation.

Talent acquisition policies and processes were developed and implemented through the Talent Management Plan. The Recruitment and Selection Policy as well as Retention Policy were reviewed to ensure alignment to the Talent Management Plan to equip the NGB to attract and retain a skilled workforce. There were also appointments of four (4) Interns on the structure to afford graduates the exposure and practical working experience.

Employee performance management framework

Human Capital Strategy resides firmly within the organisation's strategic objectives and subscribes to the requirements thereof, promoting the cascading of performance management and measurement at all levels across the NGB.

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

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

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

Employee wellness programmes

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

Policy development

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

Highlighted achievements

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

The NGB further awarded four (4) bursaries to its internal employees with an aim to enhance and accelerate their performance in their scope of work. The awarding of bursaries by NGB is aimed at responding to the need to build a talent pipeline to address the scarce and critical skills required to improve performance. There has been records and evidence of good performance demonstrated by the bursary recipients through performance appraisals of the current performance cycle and thus result in improvement of organisational performance.

Four (4) Internship opportunities were offered during 2023/24 in various divisions with the main aim of bridging the skill gaps and capacitating them with the relevant practical knowledge and experience within the corporate world.

The NGB has the responsibility to ensure that the skills development gaps are addressed in line with the National Skills Development Plan (NSDP) and other government priorities. The implementation of the Bursaries and Internships enables the tracking of the return on investment, which will ensure continuous improvement on performance towards the achievement of operational as well as strategic objectives of the NGB.

Challenges faced by the public entity

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

Future HR plans/goals

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

Human resource oversight statistics

TABLE 19: PERSONNEL COST BY PROGRAMME

Programme/activity/objective	Total Expenditure for the entity	Personnel Expenditure	Personnel exp. as a % of total expenditure	No. of employees	Average personnel cost per employee
Corporate Services and Research	43 661 115	23 414 213	8%	20	1 170 711
Finance and Procurement	19 961 696	10 033 250	4%	6	1 672 208
Gaming Control and Compliance	215 857 261	16 577 039	6%	8	2 072 130
TOTAL	**279 480 072**	**50 024 502**	**17%**	**34**	**1 471 309**

*Employees include four (4) Interns in the CSR programme that were appointed

Total employee costs for the 2023/24 financial year amounted to R50,024,502. The highest costs were evidenced under the Corporate Services and Research programme. This is directly linked to the programme having the highest number of staff members including the four (4) Interns.

TABLE 20: PERSONNEL COST BY SALARY BAND

Level	Personnel Expenditure	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee
Top Management	8 866 895	18%	3	2 955 632
Senior Management	13 141 001	26%	6	2 190 167
Professional qualified	12 884 001	26%	7	1 840 572
Skilled	13 533 394	27%	15	902 226
Semi-skilled	1 599 210	3%	3	533 070
Unskilled	0	0%	0	0
TOTAL	**50 024 502**	**100%**	**34**	**1 471 309**

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

In implementing the above strategic approach, salaries paid to the Skilled labour force Professionally Qualified and Senior Management comprised the highest portion of salaries paid within the NGB, at 27%, 26% and 26%, respectively, closely followed by salaries paid to Top Management at 18%.

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

TABLE 21: PERFORMANCE REWARDS

Programme/activity/objective	Performance rewards	Personnel Expenditure	% of performance rewards to total personnel cost
Top Management	1 334 922	8 866 895	15%
Senior Management	1 714 070	13 141 001	13%
Professional qualified	1 849 520	12 884 001	14%
Skilled	1 741 286	13 533 394	13%
Semi-skilled	156 955	1 599 210	10%
Unskilled	-		
TOTAL	**6 796 753**	**50 024 502**	**14%**

Performance rewards were implemented in line with the Performance Management Policy. Overall, performance rewards paid out during the financial year comprised 14% of the NGB's total personnel expenditure.

TABLE 22: TRAINING COSTS

Programme//activity/objective	Personnel Expenditure	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Corporate Services and Research	23 414 213	80 142	0%	7	11 449
Finance and Procurement	10 033 250	-	0%	0	0
Gaming Control and Compliance	15 577 039	349 222	2%	5	69 844
TOTAL	**50 024 502**	**429 364**	**1%**	**12**	**35 780**

Training costs incurred related to bursaries issued and various short-term training courses that were conducted.

TABLE 23: EMPLOYMENT AND VACANCIES

Programme/activity/objective	2023/2024 Approved Posts	2023/2024 No. of Employees	2023/2024 Vacancies	% of vacancies
Corporate Services and Research	21	17	4*	19
Finance and Procurement	7	7	0	0
Gaming Control and Compliance	12	10	2	17
TOTAL	**40**	**34**	**6**	**15**

* The position of CEO has been put on hold due to a moratorium placed and it is accounted for under CSRD.

As at the end of the financial year, there were six (6) vacant positions, namely, the Chief Technology Officer, Economic Researcher, Manager: Corporate Governance, Manager: Compliance Oversight and Personal Assistant to CSA. The position of the CEO could not be filled due to the moratorium on this position.

TABLE 24: EMPLOYMENT AND VACANCIES PER PROGRAMME

Programme / activity / objective	2022/2023 No. of Employees	2023/2024 Approved Posts	2023/2024 No. of Employees	2023/2024 Vacancies	% of vacancies
Top Management	3	5	3	2*	40%
Senior Management	6	7	6	1	14%
Professional qualified	8	9	7	2	22%
Skilled	13	16	15	1	6%
Semi-skilled	3	3	3	-	-
Unskilled	-	-	-	-	-
TOTAL	**33**	**40**	**34**	**6***	**15%**

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

TABLE 25: EMPLOYMENT CHANGES

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	-	-	3
Senior Management	6	1	1	6
Professional qualified	8	1	2	7
Skilled	13	3	1	15
Semi-skilled	3	-	-	3
Unskilled	-	-	-	-
Total	**33**	**5**	**4**	**34**

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

There were changes in employment within the financial year. There were five (5) appointments and four (4) terminations within the senior management, professional qualified and in the skilled categories.

TABLE 26: REASONS FOR STAFF LEAVING

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	3	100%
Dismissal	0	0%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	0	0%
Other	0	0%
Total	**3**	**100%**

The reason for staff leaving was due to three (3) resignations during the financial year under review.

TABLE 27: LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

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

TABLE 28: EQUITY TARGET AND EMPLOYMENT EQUITY STATUS - MALE

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	-	1	-	-	-	1
Senior Management	3	-	-	1	-	-	-	1
Professional qualified	3	-	-	1	-	-	-	1
Skilled	5	1	-	1	-	1	-	1
Semi-skilled	1	-	-	1	-	-	-	-
Unskilled	-	-	-	-	-	-	-	-
TOTAL	**13**	**2**	**-**	**5**	**-**	**1**	**-**	**4**

TABLE 29: EQUITY TARGET AND EMPLOYMENT EQUITY STATUS - FEMALE

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	-	-	1	1	-	-	1
Senior Management	3	-	-	1	-	-	-	1
Professional qualified	2	-	1	1	1	-	-	1
Skilled	10	-	-	1	-	-	-	1
Semi-skilled	2	-	-	1	-	-	-	-
Unskilled	-	-	-	-	-	-	-	-
TOTAL	18	-	1	5	2	-	-	4

TABLE 30: EQUITY TARGET AND EMPLOYMENT EQUITY STATUS – DISABLED STAFF

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	-	-	-	-
Senior Management	-	-	-	-
Professional qualified	-	-	-	-
Skilled	-	-	-	-
Semi-skilled	-	-	-	-
Unskilled	-	-	-	-
TOTAL	0	0	0	0

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

- There were eleven (11) approved top and senior management positions at the NGB at the beginning of the financial year. At the end of the financial year, there were nine (9) occupied positions, five (5) of which were occupied by females and four (4) by males. There are three (3) vacant top and senior management positions.
- There are no people with disabilities currently employed at the NGB. A further analysis of the targets against the NGB's status quo reveals the following:
- Indian females are over-represented as they comprise 5.9% (2) of the total staff complement (34) against a total EAP National target of 1 %.
- African females are over-represented as they comprise 52.9% (18) of the total staff complement (34) against a total EAP National target of 35.6 %.
- There is under-representation of Whites and Coloured (male and female) as well as Indian male.

Attempts made to address variances

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

PART F

Financial Information

Word from the **CFO's Office**

The NGB is pleased with the nineth consecutive clean audit outcome achievement.

Overall operating Environment

Notwithstanding this milestone achievement, the 2023/2024 financial year has been a challenging one. The adverse economic conditions experienced in South Africa and globally has adversely impacted the NGB.

Financial Performance

Overall revenue decreased from R290 million (FY2022/2023) to R278 million (FY2023/2024). Revenue from the NCEMS monitoring fees has decreased in comparison to amounts realized in previous financial years. This can be partially attributed to the decrease in the monitoring fee percentage from 6% in FY2022/2023 to 5.61% in FY2023/2024. Additionally, grant funding from the dtic was also decreased by 10% during the FY2023/2024.

This resulted in the NGB reprioritizing expenditure to ensure that the entity remained in good financial standing, and no over-expenditure was incurred. Attempts to curtail expenditure included strict adherence to the National Treasury's cost containment measures relating to travel-related expenditure as well as filling posts on a contract basis as opposed to indefinitely committing the organisation in future financial years.

It is noteworthy that, in an attempt to curtail costs with regard to international travel, the NGB received funding from international sponsorships/donors for international travel that was undertaken. This enabled the entity to save on travel related expenditure which is mandated in terms of section 65 of the NGA for the NGB to conduct benchmarking against international jurisdictions.

The procurement of the entity's office accommodation is one of its key achievements. It is envisaged that the decision to own office premises will give rise to savings on funds which would have otherwise been incurred on rental expenditure, thus contributing positively to the national fiscus.

Although the entity reported a deficit, this amount is cash backed as the expenditure was incurred in the current financial year while the revenue was received and committed in previous financial years.

Financial Position and Cashflow

The NGB has a strong financial position that is supposed by current assets that exceed liabilities. Debtors were able to settle their accounts within 30 days which enabled the NGB to strengthen its cashflow position. In addition, no debtors were impaired. Cash on hand at year end amounted to R69 million.

The NGB is also proud to indicate that it has settled creditors within 13 days of receipt of invoices in FY2023/2024 which is an improvement from 16 days in the previous FY2022/2023. This is well within the legislated norm of 30 days.

Overall Analysis

The NGB continues to operate as a going concern, and this is confirmed by the strong financial ratios as described above and a viability assessment performed by the external auditors.

1. INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON NATIONAL GAMBLING BOARD OF SOUTH AFRICA

Report on the audit of the financial statements

Opinion

1. We have audited the financial statements of the National Gambling Board of South Africa set out on pages 68 to 102, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In our opinion, the financial statements present fairly, in all material respects, the financial position of the National Gambling Board of South Africa as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the General Recognised Accounting Practice and the requirements of the Public Finance Management Act No. 1 of 1999.

Basis for opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

4. We are independent of the public entity in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

5. We believe that the audit evidence we have obtained is sufficient and appropriate to providea basis for our opinion.

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the General Recognised Accounting Practice and the requirements of the Public Finance Management Act No. 1 of 1999; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the 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 for the audit of the financial statements

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

9. A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

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

11. We selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. We selected programmes that measure the public entity's performance on its primary mandated functions and that are of significant

national, community, or public interest.

Programme	Page numbers	Purpose
Programme 1: Gaming Control and Compliance	16-18	The Gaming Control and Compliance (GCC) programme performs mandated operational core functions in terms of the National Gambling Act. The programme conducts technical analysis of the modes of gambling, system audits, enforcement and compliance monitoring of PLAs in line with statutory imperatives as provided for in the gambling legislation.
Programme 2: Corporate and Research Services	19-22	The Corporate Services and Research (CSR) programme provides mandated operational core functions in terms of the National Gambling Act, 2004, (Act 7 of 2004). The programme specifically provides a broad-based public education and awareness programme as well as an economic analysis of the gambling sector performance. The CSR programme further provides support services to the NGB to ensure satisfactory internal and external stakeholder engagement, and seeks to attain a conducive work environment, which enhances business efficiency. The CSR programme comprises of the following sub-programmes, Human Capital Optimisation (HCO), Legal Services, Research, ICT, and Corporate Governance.

12. We evaluated the reported performance information for the selected programmes 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.

13. We performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that we can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

14. We performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.

15. We did not identify any material findings on the reported performance information for the selected programmes.

Other Matter

16. We draw attention to the matter below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for the achievements of planned targets for the year.

Report on compliance with legislation

18. In accordance with the PAA and the general notice issued in terms thereof, we 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 publicentity's compliance with legislation.

19. We performed procedures to test compliance with selected requirements in key legislation inaccordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.

20. Through an established AGSA process, we 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.

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

Other information in the annual report

22. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

23. Our opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and we do not express an audit opinion or any form of assuranceconclusion on it.

24. Our responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

25. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Internal control deficiencies

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

27. We did not identify any significant deficiencies in internal control.

Auditor tenure

28. In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December2015, we report that Rakoma & Associates Inc. has been the auditor of the National Gambling Board of South Africa for four years.

Rakoma and Associates Inc.

Rakoma and Associates Inc
Per: Edgar Rakoma CA (SA)
Registered Auditor
Engagement Partner

Willow Wood Office Park Block D,
CNR, 3rd Ave & Ceder Rd
Johannesburg
2021
31 July 2024

Auditor's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

30. In addition to our responsibility for the audit of the financial statements as described in this auditor's report, we also:

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Annual financial statements, performance and annual report	PFMA 55(1)(c)(i) PFMA 55(1)(b) PFMA 55(1)(a)
Revenue management	PFMA 51(1)(b)(i)
Consequence Management	PFMA 51(1)(e)(iii) Instruction note No. 4 of 2022/2023: PFMA Compliance and Reporting Framework, Par 4.12 TR 33.1.3 PRECCA 34(1) TR 33.1.1 TR 16A9.1(b)(ii)
Expenditure management	PFMA 51(1)(b)(ii) PFMA 53(4) TR 31.1.2(c)
Liability management	PFMA 66(3)(c) PFMA 66(5) TR 32.1.1(a) TR 32.1.1(b) TR 32.1.1(c)
Strategic planning and performance management	TR 30.1.1 TR 30.1.3(a) TR 30.1.3(b) TR 30.1.3(d) TR 30.2.1
Asset management	TR 30.2.1 TR 16A.7.6 TR 16A.7.7 TR 31.2.1 TR 31.3.3 PFMA 54(2)(c) PFMA 54(2)(d)
Procurement and contract management	Treasury reg 16A6.1 SCM instruction note 2 of 2021/22 par. 3.2.1 SCM instruction note 2 of 2021/22 par. 3.2.4 National Treasury Instruction 4A of 2016/17 Treasury reg.16A8.4 PFMA SCM Instruction No. 3 of 2021/22 par. 7.2 PFMA 38(1)(b) PFMA 45(b) PFMA 57(b)

General Information

Country of incorporation and domicile	South Africa
External auditors	Rakoma and Associates Incorporated
Physical address	1085 Francis Baard StreetHatfield Pretoria 0028
Postal address	Private Bag X27 Hatfield 0028
Telephone number	+ 27 10 003 3475
Website address	www.ngb.org.za
Bankers	Standard Bank of South Africa

Abbreviations used:

AA	Accounting Authority
COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
PFMA	Public Finance Management Act 1999 (Act 1 of 1999)
the dtic	The Department of Trade, Industry and Competition
ARC	Audit and Risk Committee
NCEMS	National Central Electronic Monitoring SystemNSA
NGB	National Gambling Board of South Africa

Accounting Authority's Responsibilities and Approval

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

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

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

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

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

The AA has reviewed the entity's cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

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

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

The annual financial statements set out on page 68, which have been prepared on the going concern basis, were approved by the accounting authority on 31 July 2024 and were signed on its behalf by:

Ms. Caroline Kongwa
Accounting Authority

Statement of Financial Position as at 31 March 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	69 057 022	103 545 422
Inventories	4	75 504	44 770
Receivables from exchange transactions	5	1 802 449	1 963 940
Statutory receivables from exchange transactions- LPM monitoring fees	6	17 552 518	15 949 317
		88 487 493	**121 503 449**
Non-Current Assets			
Receivables from exchange transactions	5	81 827	492 685
Property, plant and equipment	7	42 649 153	1 893 798
Intangible assets	8	2 752 945	3 075 088
		45 483 925	**5 461 571**
Total Assets		**133 971 418**	**126 965 020**
Liabilities			
Current Liabilities			
Payables from exchange transactions	9	16 603 742	15 662 710
NCEMS service fees payable	10	33 403 235	26 215 927
Provisions	11	1 442 136	1 379 595
		51 449 113	**43 258 232**
Total Liabilities		**51 449 113**	**43 258 232**
Net Assets		**82 522 305**	**83 706 788**
Accumulated surplus		82 522 305	83 706 788
Total Net Assets		**82 522 305**	**83 706 788**

* See Note 24

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Limited payout machines (LPM) monitoring fees	12	236 384 452	247 256 642
Interest received		7 195 123	5 918 585
Other income	13	1 564 016	311 127
Total revenue from exchange transactions		**245 143 591**	**253 486 354**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies		33 152 000	36 477 000
Total revenue		**278 295 591**	**289 963 354**
Expenditure			
Depreciation and amortisation	7&8	(1 864 479)	(2 596 739)
Employee related costs	14	(41 157 607)	(34 730 675)
Executive and non-executive managers' remuneration	15	(8 996 437)	(6 720 736)
Operating leases	16	(4 923 466)	(6 835 607)
NCEMS service fees	17	(196 794 977)	(206 011 530)
General Expenses	18	(25 743 108)	(19 354 718)
Total expenditure		**(279 480 074)**	**(276 250 005)**
(Deficit) surplus for the year	29	**(1 184 483)**	**13 713 349**

* See Note 24

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2022	**69 993 439**	**69 993 439**
Changes in net assets Surplus for the year	14 203 178	14 203 178
Total changes	14 203 178	14 203 178
Balance at 31 March 2023	**84 196 617**	**84 196 617**
Opening balance as previously reported	84 196 617	84 196 617
Adjustments Correction of errors	(489 829)	(489 829)
Balance at 01 April 2023	**83 706 788**	**83 706 788**
Deficit for the year	(1 184 483)	(1 184 483)
Total changes	(1 184 483)	(1 184 483)
Balance at 31 March 2024	**82 522 305**	**82 522 305**

Note(s)

* See Note 24

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Grants		33 152 000	36 477 000
Interest received		7 194 630	5 553 158
Rental income		1 249 898	-
Limited payout machines (LPM) monitoring fees		234 780 057	249 668 728
		276 376 585	291 698 886
Payments			
Employee related costs		(49 514 357)	(39 566 292)
Suppliers		(219 152 272)	(227 746 893)
		(268 666 629)	(267 313 185)
Net cash flows from operating activities	19	**7 709 956**	**24 385 701**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(41 936 155)	(714 853)
Purchase of other intangible assets	8	(262 200)	-
Net cash flows from investing activities		**(42 198 355)**	**(714 853)**
Net decrease in cash and cash equivalents		**(34 488 400)**	**23 670 849**
Cash and cash equivalents at the beginning of the year		103 545 422	79 874 572
Cash and cash equivalents at the end of the year	3	**69 057 022**	**103 545 421**

* See Note 24

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Limited payout machines (LPM) monitoring fees	249 000 000	(19 990 980)	**229 009 020**	236 384 452	**7 375 432**	31
Interest received	5 420 000	1 957 965	**7 377 965**	7 195 123	**(182 842)**	31
Other income	1 500 000	(275 000)	**1 225 000**	1 564 016	**339 016**	31
Total revenue from exchange transactions	**255 920 000**	**(18 308 015)**	**237 611 985**	**245 143 591**	**7 531 606**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	36 836 000	(3 683 600)	**33 152 400**	33 152 000	**(400)**	31
Retention of cash surplus	-	43 207 228	**43 207 228**	-	**(43 207 228)**	31
Total revenue from non-exchange transactions	**36 836 000**	**39 523 628**	**76 359 628**	**33 152 000**	**(43 207 628)**	
Total revenue	**292 756 000**	**21 215 613**	**313 971 613**	**278 295 591**	**(35 676 022)**	
Expenditure						
Employee related costs	(40 809 817)	(405 703)	**(41 215 520)**	(41 157 607)	**57 913**	31
Executive managers' remuneration	(7 771 973)	(1 258 027)	**(9 030 000)**	(8 996 437)	**33 563**	31
Depreciation and amortisation	(1 848 000)	(706 146)	**(2 554 146)**	(1 864 479)	**689 667**	31
Operating leases	(5 306 800)	-	**(5 306 800)**	(4 923 466)	**383 334**	31
NCEMS service fees	(207 500 000)	17 039 152	**(190 460 848)**	(196 794 977)	**(6 334 129)**	31
General Expenses	(28 751 798)	4 443 387	**(24 308 411)**	(25 743 108)	**(1 434 697)**	31
Total expenditure	**(291 988 388)**	**19 112 663**	**(272 875 725)**	**(279 480 074)**	**(6 604 349)**	
Deficit for the year	**767 612**	**40 328 276**	**41 095 888**	**(1 184 483)**	**(42 280 371)**	

Statement of Comparison of Budget and Actual Amounts

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Non-Current Assets						
Property, plant and equipment	500 000	41 442 383	**41 942 383**	41 942 383	-	31
Intangible assets	300 000	67 080	**367 080**	367 080	-	
	800 000	**41 509 463**	**42 309 463**	**42 309 463**	**-**	
Total Assets	**800 000**	**41 509 463**	**42 309 463**	**42 309 463**	**-**	
Net Assets	**800 000**	**41 509 463**	**42 309 463**	**42 309 463**	**-**	
Reserves						
Accumulated surplus	800 000	41 509 463	**42 309 463**	42 309 463	-	

Accounting Policies

1. Significant accounting policies

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

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Trade receivables

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the entity makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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

Impairment testing

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

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

Provisions

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

Residual values and useful lives of PPE

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

1.4 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

Accounting Policies (continued)

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Buildings	Straight-line	40 to 50 years
Leasehold improvement	Straight-line	Over the lease period
Furniture and office equipment	Straight-line	3 to 10 years
Motor vehicles	Straight-line	5 years
IT equipment	Straight-line	3 to 10 years

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

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

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

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

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

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

1.5 Intangible assets

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

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

Expenditure on research is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

Accounting Policies (continued)

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

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

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.6 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.7 Financial instruments

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

Classification

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

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

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

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost using effective interest rate.

Impairment and uncollectibility of financial assets

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

Financial assets measured at cost:

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

Accounting Policies (continued)

Derecognition

Financial assets

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

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

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

Financial liabilities

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

Presentation

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

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

Financial Risk Management

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

Credit Risk and Market Risk

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

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

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

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

Interest Rate Risk Management

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

- investing in short term deposit accounts;
- transacting with well established financial institutions of high quality credit standing and the accounts bearing interest at prevailing market rates; and
- the entity does not hold significant finance leases with fluctuating interest rates.

Liquidity Risk

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

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

Fair Value

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

1.8 Taxation

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

1.9 Leases

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

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

Accounting Policies (continued)

Operating leases - lessor

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

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

Operating leases - lessee

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

1.10 Contingent liabilities

Contingent liabilities are possible obligations that arose from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within control of the entity; or a present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

1.11 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for distribution at no charge or for a nominal charge.

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

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

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

1.12 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

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

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount

Accounting Policies (continued)

with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

1.13 Employee benefits

Short-term employee benefits

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

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

Accounting Policies (continued)

Retirement benefits Provident Fund

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

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

1.14 Provisions and contingencies

Provisions are recognised when:

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

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

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

Employees entitlement to performance bonus is recognised when the NGB has approved a percentage of the annual package as bonus for the year. The provision becomes actual after being qualified by the results of the performance measurement tool applied.

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

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

1.15 Revenue from exchange transactions

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

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

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

Measurement

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

Rendering of services

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

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

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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

1.16 Revenue from non-exchange transactions

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

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

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

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.

Accounting Policies (continued)

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

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

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

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

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

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

Measurement

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

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.17 Comparative figures

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

1.18 Fruitless and wasteful expenditure

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

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

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

Accounting Policies (continued)

1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including - (a) this Act; or (b) the State Tender Board Act, 1968 (Act 86 of 1968), or any regulations made in terms of the Act; or (c) any provincial legislation providing for procurement procedures in that provincial government.

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

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

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

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

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

1.20 Budget information

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

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

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

The approved budget covers the fiscal period from 2022/04/01 to 2023/03/31.

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

1.21 Related parties

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

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

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

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

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

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

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

Accounting Policies (continued)

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

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

1.22 Events after reporting date

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

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

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

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

1.23 Statutory receivables

Definition

Statutory Receivables are receivables that arise from legislation as opposed to contractual deliverables. Receivables that arise due to contractual agreement are accounted for in terms of the accounting policy on Financial Instruments. Statutory Receivables are classified and recognised as exchange or non-exchange in accordance with the relevant GRAP standards on Revenue and essentially based on whether or not there is a supply of goods and services in exchange for economic benefits or similar value

Identification

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

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

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

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

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

Recognition

The entity recognises statutory receivables as follows:

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

Initial measurement

The entity initially measures statutory receivables at their transaction amount.

Accounting Policies (continued)

Subsequent measurement

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

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

Interest

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

Other charges

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

Impairment losses

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

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

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

Derecognition

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

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

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments

Accounting Policies (continued)

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

1.24 Impairment of cash-generating assets

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

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

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

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

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

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life. Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Useful life is either:

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

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

Identification

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

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

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

Value in use

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

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2024 or later periods:

Standard/ Interpretation:	Effective dates to be determined by the Minister	Expected impact:
GRAP 105- Transfer of Functions Between Entities Under Common Control		Unlikely there will be a material impact
GRAP 106- Transfer of Functions Between Entities Not Under Common Control		Unlikely there will be a material impact
GRAP 107- Mergers		Unlikely there will be a material impact
IGRAP 22- Foreign Currency Transactions and Advance Consideration		Unlikely there will be a material impact
Amendments- Improvements to Standards of GRAP		Unlikely there will be a material impact
GRAP 103 (as revised): Heritage Assets		Unlikely there will be a material impact
GRAP 104 (as revised): Financial Instruments		Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements		Unlikely there will be a material impact

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	-	75
Bank balances	63 818 522	98 376 798
Short-term deposits	5 238 500	5 168 549
	69 057 022	**103 545 422**

4. Inventories

Stationery on hand and consumables	75 504	44 770
Inventories recognised as an expense during the year	93 006	42 262

Inventory pledged as security

None of the inventory was pledged as security.

5. Receivables from exchange transactions

Trade receivables	431 894	342 221
Prepayments	1 452 382	2 114 404
	1 884 276	**2 456 625**
Non-current assets	81 827	492 685
Current assets	1 802 449	1 963 940
	1 884 276	**2 456 625**

Notes to the Annual Financial Statements (continued)

Figures in Rand	2024	2023

6. Statutory receivables from exchange transactions - LPM monitoring fees

LPM monitoring fees accrued but not yet received	17 552 518	15 949 317

How the transaction arises

Section 27 (1) of the NGA requires the NGB to establish and maintain a national Central Electronic Monitoring System capable of (a) detecting and monitoring significant events associated with any Limited Pay-out Machine that is made available for play in the Republic; and (b) analysing and reporting that data in accordance with the prescribed requirements. The NGB may contract with any person to supply any or all of the products or services required to fulfil its obligations in terms of subsection (1). Subsection (4) prescribes that every Limited Pay-out Machine that is made available for play must be electronically linked to the National Central Electronic Monitoring System, and the licensee of that machine must pay the prescribed monitoring fees in relation to that machine.

How the transaction amount is determined

In terms of Schedule 2 of the National Gambling Regulations 2004, monitoring fees are calculated as a percentage of Gross Gambling Revenue at 6%, 5.61%, 5.21%, 4.42%, 3.87% and 3.24% respectively for installed Limited Pay-out Machines up to

15,000, 25,000, 35,000, 42,000 and more than 42,000 respectively. During the financial period ended 31 March 2023, installed limited pay-out machines exceeded 15,000, culminating in a reduction of monitoring fees from 6% to 5.61 of the Gross Gambling Revenue.

Interest charged including the basis and rate

The interest rate charged on statutory receivables which are overdue is the prescribed rate of interest in terms of the Prescribed Rate of Interest Act, 1975 (Act 55 of 1975) determined by the Minister of Justice and Correctional Services published in the Government Gazette from time to time. The interest rate charged during the year varied from 7.5% to 10.75% per annum.

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

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

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

Discount rate applied to the estimated future cash flows

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

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

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

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

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

Notes to the Annual Financial Statements (continued)

Figures in Rand	2024	2023

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

Current	15 924 474	15 788 791
30 days past due	1 519 237	64 834
60 days past due	105 351	29 258
90 days past due	922	23 498
120 days past due	-	17 729
150 days past due	2 534	25 207
	17 552 518	**15 949 317**

Analysis of statutory receivables past due that have been impaired:

No statutory receivables from exchange transactions were impaired during the period ended 31 March 2024. The ageing of the entity's statutory receivables is presented below:

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

Opening balance	17 552 518	15 949 317
Less: Amounts impaired	-	-
30 days past due	-	-
60 days past due	-	-
90 days past due	-	-
120 days past due	-	-
180 days past due	-	-
Total statutory receivables from exchange transactions	**17 552 518**	**15 949 317**

Factors considered in assessing impairment losses:

When the statutory receivables were considered holistically, it was determined that the recoverability of amounts which are 180 days past due is uncertain. Specific circumstances relating to individual debtors were also considered. None of the operators' balance was 180 days past due, resulting in no impairment of any receivable.

Circumstances leading to the reversal of impaired loss:

No reversal of impairment loss was necessary during the year, as there was no impaired loss recorded in the previous financial year.

7. Property, plant and equipment

	2024			2023		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	40 087 041	(469 520)	39 617 521	-	-	-
Furniture and fixtures	3 681 803	(2 992 249)	689 554	3 500 900	(2 945 769)	555 131
Motor vehicles	1 849 348	(968 375)	880 973	1 113 177	(869 548)	243 629
IT equipment	3 602 214	(2 295 412)	1 306 802	2 756 340	(1 867 039)	889 301
Leasehold improvements	326 371	(172 068)	154 303	326 371	(120 634)	205 737
Total	**49 546 777**	**(6 897 624)**	**42 649 153**	**7 696 788**	**(5 802 990)**	**1 893 798**

Notes to the Annual Financial Statements (continued)

Figures in Rand	2024	2023

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Other changes	Depreciation	Total
Land and buildings	-	40 087 041	-	-	(469 520)	39 617 521
Furniture and fixtures	555 131	202 975	(2 700)	-	(65 852)	689 554
Motor vehicles	243 629	736 171	-	(3 629)	(95 198)	880 973
IT equipment	889 301	896 460	(5 443)	-	(473 516)	1 306 802
Leasehold improvements	205 737	19 735	-	-	(71 169)	154 303
	1 893 798	**41 942 382**	**(8 143)**	**(3 629)**	**(1 175 255)**	**42 649 153**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	904 249	-	(800)	(348 318)	555 131
Motor vehicles	309 955	-	-	(66 326)	243 629
IT equipment	948 400	388 482	(20 907)	(426 674)	889 301
Leasehold improvements	839 935	326 371	-	(960 569)	205 737
	3 002 539	**714 853**	**(21 707)**	**(1 801 887)**	**1 893 798**

Pledged as security

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

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

	2024	2023
General expenses	143 165	137 080

8. Intangible assets

	2024			2023		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	5 437 089	(2 685 260)	2 751 829	5 070 009	(2 220 927)	2 849 082
Computer software, other	401 995	(400 879)	1 116	1 100 354	(874 348)	226 006
Total	**5 839 084**	**(3 086 139)**	**2 752 945**	**6 170 363**	**(3 095 275)**	**3 075 088**

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	2 849 082	367 081	(464 334)	2 751 829
Computer software, other	226 006	-	(224 890)	1 116
	3 075 088	**367 081**	**(689 224)**	**2 752 945**

Notes to the Annual Financial Statements (continued)

Figures in Rand	2024	2023

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software, internally generated	3 313 416	(464 334)	2 849 082
Computer software, other	556 524	(330 518)	226 006
	3 869 940	**(794 852)**	**3 075 088**

Pledged as security

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

9. Payables from exchange transactions

	2024	2023
Trade payables	11 336 357	10 452 723
Unidentified confiscated gambling winnings	4 957 531	4 888 453
SARS for PAYE and UIF	1 457	19
Confiscated winnings from identified punters	308 397	321 515
	16 603 742	**15 662 710**

Unidentified confiscated gambling winnings refer to money confiscated from suspected illegal gamblers whose identity has not been estalished by the NGB. Confiscated winnings from identified punters, on the other hand, refer to moneys confiscated from suspected illegal gamblers whose identity has been established through the completion of a NGB 2 form which contains details of such punter from whom such winnings have been confiscated. For all winnings confiscated, banks and gambling establishments are required to complete the NGB 2 form and send it to the NGB to enable the NGB to approach the courts to confirm that such winnings are indeed illegal winnings so they can be forfeited to the state. If the confiscated winnings are declared by the courts not to be illegal winnings or if the unlawful winnings committee deems the amount not to be illegal gambling winnings, such winnings are refunded to the punter.

10. NCEMS service fees payable

	2024	2023
NCEMS service fees incurred but not yet paid	33 403 235	26 215 927

NCEMS service fees are recognised as current liabilities when they accrue to the NCEMS operator.

11. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for leave	1 379 595	3 232 820	(3 073 486)	(96 793)	1 442 136

Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for leave	1 405 842	2 952 182	(2 953 781)	(24 648)	1 379 595
Provision for performance bonuses	2 483 051	-	(1 836 566)	(646 485)	-
	3 888 893	**2 952 182**	**(4 790 347)**	**(671 133)**	**1 379 595**

Provision for leave

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

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

Notes to the Annual Financial Statements (continued)

Figures in Rand	2024	2023

12. Limited payout machines (LPM) monitoring fees

LPM monitoring fees charged	236 384 452	247 256 642

In exchange for monitoring LPM activities, the NGB charges a monitoring fee which is collected from LPM operators by the NCEMS operator on behalf of the NGB. The NGB pays the NCEMS operators a fee for the services rendered.

13. Other income

Rental income	1 564 016	-
Miscellaneous income	-	311 127
	1 564 016	**311 127**

Future minimum lease payment under non-cancellable operating lease of an office building:

Within 1 year	1 219 347	-
2 to 5 years	245 667	-
	1 465 014	**-**

The NGB has leased a portion of its building to three tenants whose 36 months lease contracts were ceded to the NGB. Total monthly rental payments of approximately R200,167 (including VAT) are payable to the NGB, with annual escalation clauses of 5.5%, 7% and 8% for the various tenants. No contingent rent is payable.

14. Employee related costs

Basic	35 213 525	29 881 435
UIF	69 985	65 849
Leave pay provision charge	116 960	58 719
Defined contribution plans	1 021 333	869 668
13th Cheques	2 595 032	1 950 205
Housing allowances	2 001 568	1 785 252
Other salary-related costs	139 204	119 547
	41 157 607	**34 730 675**

15. Executive and non-executive managers' remuneration

2024

	Emoluments	Allowances	13th chequce	Performance bonuses	Other benefits	Total
Chief Financial Officer: Ms K Mackerduth	2 142 862	51 492	184 852	443 646	75 535	2 898 387
Chief Strategic Adviser: Ms C Kongwa	2 540 569	55 092	212 825	510 781	89 018	3 408 285
Chief Compliance Officer: Mr N Mashamaite	1 902 477	51 492	158 540	380 495	67 219	2 560 223
	6 585 908	**158 076**	**556 217**	**1 334 922**	**231 772**	**8 866 895**

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

Notes to the Annual Financial Statements (continued)

Figures in Rand	2024	2023

2023

	Emoluments	Allowances	Pension fund	13th Cheque	Other benefits	Total
Chief Financial Officer: Ms K Mackerduth	1 564 435	48 744	210 344	147 898	63 859	2 035 280
Chief Strategic Adviser: Ms C Kongwa	2 040 925	52 344	274 410	192 945	82 613	2 643 237
Chief Compliance Officer: Mr N Mashamaite (Appointed date: 01 May 2022)	1 423 785	43 482	190 972	146 796	56 852	1 861 877
	5 029 145	**144 570**	**675 726**	**487 639**	**203 324**	**6 540 394**

Over and above the remuneration disclosed above the Chief Financial Officer: Ms. K. Mackerduth received a performance bonus of R164,331 during the year ended 31 March 2023. While the expenditure was provided for in the previous financial period, the payment was made during the current period.

Over and above the remuneration disclosed above the Chief Strategic Adviser: Ms. C. Kongwa received a performance bonus of R214,383 during the year ended 31 March 2023. While the expenditure was provided for in the previous

financial period, the payment was made during the current period.

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

2024

	Member's fees	Total
Ms GA Deiner (Audit Committee Chairperson)	40 014	40 014
Adv. L. Thubakgale (Audit Committee member and Risk Management Committee Chairperson)	51 756	51 756
Mr M. Dondolo (Audit Committee member)	16 188	16 188
Mr Z. Myeza (Audit Committee member)	21 584	21 584
	129 542	**129 542**

2023

	Member 's fees	Total
Ms. GA Deiner (Audit Committee Chairperson)	57 798	57 798
Adv. L. Thubakgale (Audit Committee member and Risk Management Committee Chairperson)	68 742	68 742
Mr. B. Furstenburg (Audit Committee member, Resignation date: 30 April 2022)	5 238	5 238
Mr M. Dondolo (Audit Committee member, Appointment date: 25 May 2022)	24 282	24 282
Mr Z. Myeza (Audit Committee member, Appointment date: 25 May 2022)	24 282	24 282
	180 342	**180 342**

Notes to the Annual Financial Statements (continued)

Figures in Rand	2024	2023

16. Operating lease expense

Current year

Premises	4 776 785	6 688 926
Photocopiers	146 681	146 681
	4 923 466	**6 835 607**

Future minimum lease payments under non-cancellable operating leases forpremise

Within 1 year	-	4 776 784
	-	**4 776 784**

The National Gambling Board leased a building from M&T Development (Pty) Ltd for a period of nine years and eleven months, effective from 01 December 2012 to 31 October 2022. The lease was renewable for an optional period of a

further nine years and eleven months. Subsequent to the expiry of the lease, the entity concluded a one year lease agreement with the landlord, effective from 01 November 2022 to 31 October 2023 at a monthly rental of R682,398. No contingent rent was payable.

Future minimum lease payments under non-cancellable operating leases for photocopiers

Within 1 year	146 681	146 681
2 to 5 years	-	146 681
	146 681	**293 362**

The NGB has contracted with Konica Minolta and Toshiba to rent three (3) and four (4) photocopiers respectively over a 36 month period. Monthly rentals of R8,574 and R3,650 are payable to Konica Minolta and Toshiba respectively, with no escalation clauses. No contingent rent is payable and the lease contracts are not renewable at the end of the lease period.

17. NCEMS service fees

Service fees paid to the NCEMS operator	196 794 977	206 011 530

Notes to the Annual Financial Statements (continued)

Figures in Rand	2024	2023

18. General expenses

Professional and consulting fees		
Legal fees	4 149 157	4 640 034
Internal Audit	621 402	288 129
Other consulting fees	3 853 570	1 273 533
	8 624 129	**6 201 696**
Travel and subsistence		
Travel- local	616 253	1 056 436
Travel- overseas	3 991 035	3 833 498
	4 607 288	**4 889 934**
Other operating expenses		
Recruitment costs	506 317	282 200
Advertising	1 144 959	57 547
Training	573 758	396 481
Temporary staff cost	415 787	-
Internet costs	490 543	1 675 250
Telephone and fax	28 730	47 222
Printing	138 087	92 732
Bank charges	109 985	66 387
Car license	4 502	1 014
Cleaning	350 690	18 519
Conferences	312 435	401 258
Copying costs	67 917	11 924
Office relocation costs	235 193	-
Fuel and oil	77 617	135 014
Subscriptions and membership fees	684 953	393 629
Electricity	1 126 635	433 409
Software expenses	1 406 519	931 238
Stationery	93 006	46 327
General maintenance	2 813 794	1 721 325
Small Office Equipment	20 008	41 443
Insurance	262 289	181 687
Refreshment	103 049	82 038
Storage	4 733	17 347
Security costs	726 459	426 548
Loss on Disposal of Assets	8 146	21 706
Foreign exchange losses	3 627	24 283
	11 709 738	7 506 528
Auditors Remuneration		
External audit fees	801 953	756 560
	801 953	**756 560**
	25 743 108	**21 634 082**

Notes to the Annual Financial Statements (continued)

Figures in Rand	2024	2023

19. Cash generated from operations

(Deficit) surplus	(1 184 483)	13 713 349
Adjustments for:		
Depreciation and amortisation	1 864 479	2 596 739
Losses	11 777	21 706
Movements in provisions	62 541	(2 509 298)
Changes in working capital:		
Inventories	(30 734)	437
Receivables from exchange transactions	(1 030 852)	1 224 606
Payables from exchange transactions	8 017 228	9 338 162
	7 709 956	**24 385 701**

Notes to the Annual Financial Statements (continued)

Figures in Rand	2024	2023

20. Commitments

Authorised capital expenditure		
Already contracted for but not provided for		
Office premises	-	44 000 000
Computer equipment	-	170 691
Office furniture	-	184 000
Motor vehicle	-	735 301
Leasehold improvements	-	19 735
Website development	361 560	-
Refurbishment of office premises	13 857 217	-
	14 218 777	**45 109 727**
Total capital commitments		
Already contracted for but not provided for	14 218 777	45 109 727
Authorised operational expenditure		
Already contracted for but not provided for		
Recruitment services	637 146	687 511
Printing of corporate documents	120 000	-
Internet and telephone services	1 176 622	394 317
Employee wellness services	755 877	-
Media monitoring services	185 601	-
Internal audit services	331 587	952 989
Armed response services	-	13 718
Security services	341 913	242 708
Transcription services	-	63 080
Off-site storage services	285 749	290 482
Vetting of recruits	21 586	14 286
B-BBEE verification	-	143 261
Cleaning services	218 912	-
External audit services	850 071	1 652 024
ICT support services	698 245	1 833 831
Research services	4 498 956	4 444 969
Training	26 450	44 120
Subscription	-	341 836
Uniform for cleaning staff	-	15 387
Fumigation and carpet cleaning	-	14 289
Education and awareness campaign	-	598 564
Competency assessment of staff	-	122 416
Maintenance- building	230 544	91 352
Probity on service providers	143 520	-
Translation services	163 863	-
ICT support and communication services	620 499	-
Hosting service fo ICT servers	498 166	-
	11 805 307	**11 961 140**
Total operational commitments		
Already contracted for but not provided for	11 805 307	11 961 140
Total commitments		
Total commitments		
Authorised capital expenditure	14 218 777	45 109 727
Authorised operational expenditure	11 805 307	11 961 140
	26 024 084	**57 070 867**

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

Notes to the Annual Financial Statements (continued)

Figures in Rand	2024	2023

21. Related parties

Relationships:

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

Related party balances

Rental receivable from related parties

	2024	2023
Rental for a building leased to the Department of Trade, Industry and Competition	3 140	3 140

Related party transactions

22. Agent/Principal Arrangement

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

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

The NGB has entered into a contract with the NCEMS operator for the supply, installation, commissioning, operation, management and maintenance of the NCEMS for LPMs in the Republic of South Africa and collection of related monitoring fees on behalf of the NGB for eight (8) years. The contract stipulates terms and conditions of services. Any subsequent changes will be agreed and documented by both parties in the form of an addendum to the existing agreement.

The agent-principal arrangement exists for purposes of rendering a monitoring service to the LPM industry (3rd party). Risks in relation to failure to monitor the industry has been passed on to the NCEMS operator in the form of a performance guarantee. The NCEMS operator has furnished the NGB with an irrevocable performance guarantee in the amount of R30,000,000 (Thirty Million Rand), issued by a financial service provider approved by the NGB.

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

Notes to the Annual Financial Statements (continued)

Figures in Rand	2024	2023

23. Change in estimate

Property, plant, equipment and intangible assets

The remaining useful lives of all assets were assessed during the year. A change in accounting estimate was made in relation to Computer Equipment, Computer Software and Office Equipment. The effect of the change in accounting estimate on the current year's results was an increase in the current year's surplus by R387,638. The effect of the change in accounting estimate on future financial periods will be a decrease in net surplus of R112,123, R73,494 and R73,490 for the 2024/25, 2025/26 and 2026/27 financial periods respectively.

24. Prior-year adjustments

Subsequent to the conclusion of the Annual Financial Statements for the period ended 31 March 2023, the entity received invoices from two services providers. This meant that the audited AFS for the period ended 31 March 2023 did not reflect the two invoices for legal services (R354,262) and internet services (R74,800), resulting in the liabilities in the Statement of Financial Position and expenses in the Statement of Financial Position being understated by a total amount of R429,062.

An amount of R60,766 was recorded as a prepayment in error during the 2022/2023 financial period, necessitating that it be reclassified from prepayments to software licenses and upgrades.

The correction of the errors results in the following adjustments:

Statement of financial position

2023

	Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions	5	2 024 706	(60 766)	1 963 940
Payables from exchange transactions	9	15 233 647	429 063	15 662 710
		17 258 353	**368 297**	**17 626 650**

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Restated
General expenses	18	18 864 889	489 829	19 354 718

25. Risk management

Liquidity risk

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

Other financial liabilities	44 262 010	25 915 545

The table below illustrates the NGB's Maturity Analysis for non-derivative financial liabilities:

At 31 March 2024	less than 1 year	Between 1 and 2 years	between 2 and 5 years	Over 5 years	Total
Trade and other payables	44 262 010	-	-	-	44 262 010

At 31 March 2023	less than 1 year	Between 1 and 2 years	between 2 and 5 years	Over 5 years	Total
Trade and other payables	25 912 545	-	-	-	25 912 545

Notes to the Annual Financial Statements (continued)

Figures in Rand	2024	2023

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

Sensitivity Analysis

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

Cash and Cash Equivalents-increase by 1%	-	-	690 570	1 035 454
Cash and Cash Equivalents-decrease by 1%	-	-	(690 570)	(1 035 454)

Credit risk and Market risk

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

a) Cash and Cash equivalents are placed with high credit quality financial institutions thus rendering the credit risk with regard to cash and cash equivalents limited.

b) Transactions are entered into with reputable institutions approved by National Treasury.

c) With regard to accounts receivables credit risk is limited by the fact that the organisation does not issue loans to staff or raise debtors in its day to day operations.

d) Funds are invested in short term facilities which are highly liquid.

e) The entity does not offer credit facilities either to employees or any other person except where a receivable may be raised due to advance on travel and subsistence.

Exposure to Credit Risk

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

Cash and cash equivalent	69 057 022	103 545 422
Other receivables	317 258	3 140
	69 374 280	**103 548 562**

Concentration of credit risk

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

Cash and Cash equivalents (excluding petty cash)	69 057 022	103 545 422
Other receivables	317 258	3 140
	69 374 280	**103 548 562**

Financial Instrument

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

Cash and cash equivalents (excluding petty cash)	69 057 022	103 545 347
Receivables	317 258	3 140
Other financial liabilities	(44 262 010)	(25 912 545)
	25 112 270	**77 635 942**

Notes to the Annual Financial Statements (continued)

Figures in Rand	2024	2023

Interest rate risk

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

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

Trade receivables	1 to 30 days past due	91-120 past due	91-120 past due	more than 120 days past due	Total
2024	189 647	-	-	-	189 647
2023	-	-	-	3 140	3 140
	-	-	-	-	-

26. Unauthorised expenditure

There was no unauthorised expenditure during the year.

27. Fruitless and wasteful expenditure

There was no fruitless and wasteful expenditure during the year.

28. Irregular expenditure

There was no irregular expenditure during the year.

29. Going concern

During the financial period ended 31 March 2024, the entity reported a deficit of R1,291,065. The deficit was as a result of payments made during the year which were funded from retained earnings as opposed to the current year's budget. A cash surplus of R37 million was reported as at 31 March 2024, which is indicative of sufficient retained earnings. The NGB's total assets exceeded its liabilities by approximately R82.4 million. The NGB is substantially dependent on the government for continued funding of its operations. The entity's five-year strategy, the annual performance plan and budget were approved by the Minister of Trade,Industry and Competition, which is indicative of a commitment to fund the NGB's operations for the next medium term expenditure framework (MTEF) period. The NGB's ability to continue as a going concern and meet its financial obligations remains intact, and is further strengthened by the additional revenue of R236.4 million earned from the NCEMS during the year under review, arising out of an eight (8) year contract with the NCEMS Operator.

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

30. Contingent liabilities

	2024	2023
National Treasury- Cash surplus	36 962 877	78 690 275
Less commitments	(26 024 084)	(57 070 867)
	10 938 793	**21 619 408**

National Treasury- A contingent liability exists as a result of a cash surplus reported in the current year, 2023/24, which must be surrendered to the National Treasury, unless permission is granted to retain it. The cash surplus has been calculated using a formula prescribed by the National Treasury, through the National Treasury Instruction Note 12 of 2020/2021, as follows: Cash and cash equivalents at the end of the year, plus receivables, less current liabilities. Commitments have been taken into account to arrive at the contingent liability amount.

Notes to the Annual Financial Statements (continued)

Figures in Rand	2024	2023

31. Explanation of variances

Variances which are equal to or more than R200,000 are explained below. Variances which are below R200,000 are considered immaterial and, therefore, not explained. It should also be noted that the NGB had to revise its budget downward during the financial year to take into account the decrease in LPM Monitoring fee percentage that adversely impacted revenue accruing to the NGB. Consequently the NGB had to revise its budget to ensure costs were adjusted to prevent over- expenditure.

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

The budget for LPM monitoring fees was decreased to reflect the LPM industry's performance which performed at levels lower than those initially envisaged during initial budgeting. The actual LPM monitoring fees exceeded the revised budgeted amount due to the performance of the LPM industry which surpassed predictions.

Interest received

The budget for interest received was increased to align the initial budget with actual financial performance based, on observations made subsequent to the initial budget. The negative variance between the revised budget and actual revenue was as a result of reduced cash available for investment in short-term facilities.

Other income

The reduction in the budget for other income was as a result of revenue which was aimed at aligning budgeted rental revenue with lease agreements with tenants. The positive variance was due to the fact that amounts recovered from tenants for variable costs exceeded those anticipated during budgeting.

Government grant

The Government grant was reduced to align with cost containment measures implemented by the National Treasury in the form of a grant reduction.

Employee costs and Executive managers'remuneration

The increase in the budget for employee costs was aimed to make provision for the filling of vacant positions, while the executive managers' remuneration budget constituted a reallocation from the employee costs budget.

Depreciation and amortisation

An upward revision of the depreciation and amortisation budget was made to align the budget with actual expenditure which has decreased due to leasehold improvements whose useful lives came to an end during the year.

Operating leases

The positive budget variance on operating leases was due to a saving realised when a re-negotiation of the lease term for a leased building resulted in reduced rent.

NCEMS service fees

The budget on NCEMS service fees was reduced once the entity realised the financial performance of the LPM industry had declined. However, the final amount paid for NCEMS services exceeded the reduced budget estimate as the NCEMS operator collected more revenue for the NGB than envisaged, giving rise to a increased service fees budget. NCEMS service fees are funded directly from the NCEMS revenue generated.

General expenses

The reduction of the general expenditure budget was made due to the realisation that projected revenue had declined, necessitating that corresponding expenditure be reduced. The negative budget variance was due to additional legal fees required to process confiscated winnings as well as payments for a research project for which funds were retained from the cash surplus as opposed to the current year's budget.

Notes to the Annual Financial Statements (continued)

Figures in Rand	2024	2023

Property, plant and equipment

The budget for property, plant and equipment was increased to allocate funding to replace the entity's vehicle and to acquire office premises as a result of the entity receiving approval by the National Treasury to retain a cash surplus.

Retention of cash surplus

An amount of R43,207,228 was added to the current year's budget in order to fund operational expenditure of R2,384,015 and capital expenditure (office premises) amounting to R40,823,212.

32. Events after the reporting date

There is no subsequent event that has occured after the reporting period that will materially impact the entity.

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

In terms of section 13G(1) all spheres of government, public entities and organs of state must report on their compliance with the broad-based black economic empowerment in their audited annual financial statements and annual reports. During the financial period ended 31 March 2024, the NGB was measured for Broad-Based Black Economic Empowerment (B-BBEE) compliance in accordance with **the dtic** Codes of Good Practice, Gazette Number 38766 and 36928. The applicable scorecard used to determine the NGB's compliance with the B-BBEE Act, 2013 (Act 46 of 2013) was the Codes of Good Practice – Specialised Generic (Revised codes). The NGB was found to be a compliant contributor to the B-BBEE Act, 2013 as a level 8 contributor. The B-BBEE certificate is valid until 12 May 2025.

34. Information on payment of supplier invoices

Description	Number of invoices	Value
Valid invoices received	523	250 487 145
Invoices paid within 30 days or agreed period	523	250 487 145

All invoices were paid within 30 days of receipt of invoices. This was made possible by the fact that the entity makes payments on the 15th of the month and at the end of the month.

35. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract
Sage South Africa (Pty) Ltd	Sage South Africa (Pty) Ltd	Sole service provider	none	33 815
SSS Electrical (Pty) Ltd	SSS Electrical (Pty) Ltd	Emergency	none	4 943
Winelect CC	Winelect CC	Emergency	none	12 075
Subtotal	-			50 833
				50 833

36. Appointments through contract variations

Project description	Name of supplier	Contract modification type	Contract number	Original contract value	Value of contract variation
Turnkey solution (space planning, advisory, design and refurbishment and office relocation)	Afroteq Advisory (Pty) Ltd	Variation	None	14 498 970	549 483
Subtotal	-	-	-	14 498 970	549 483
				14 498 970	**549 483**

NOTES

NOTES

PROBLEM GAMBLING IS TREATABLE

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