



# Board Members' Report

for the year ended 31 March 2002

## 1. Introduction

The members of the National Gambling Board have pleasure in presenting their report for the year ended 31 March 2002. This report complements the financial statements and provides additional information and explanations relating to the operations and performance of the Board as well as relevant statutory information required in terms of the National Gambling Act, 1996 (No. 33 of 1996) (the Act) and the Public Finance Management Act, 1999 (No. 1 of 1999) and Treasury Regulations thereunder.

## 2. Nature of Business

The Board has been established in terms of the Act for the regulation and co-ordination of certain matters relating to casinos, gambling and wagering and in particular for the promotion of uniform norms and standards applying generally throughout the Republic.

## 3. Objects and functions

### OBJECTS

In terms of the Act the Board's objects are:

- to promote uniform norms and standards applying generally throughout the Republic, and to bring about uniformity in the legislation relating to gambling in force in the various provinces;
- to establish and maintain a national inspectorate to perform inspection services in respect of certain gambling activities;
- to monitor the existence of any dominant or over-concentrated market-share in the gambling industry in the Republic;
- to advise the Minister and the provinces on any matter in respect of which the Minister or provinces require the advice of the Board;
- to do research with reference to any matter referred to above and to study and investigate all such matters in order to make recommendations for the development, improvement, modernisation or reform thereof;
- to facilitate the resolution of any disputes, which may arise between the respective provinces regarding the regulation and control of gambling activities;
- to liaise with any foreign international body having any objects similar to the objects of the Board.

### FUNCTIONS

In order to achieve its objects referred to above, the Board –

- shall have due regard to
  - the powers of the provinces and the regional, economic, financial, social and moral interests of the Republic;
  - the promotion of the basic principles underlying gambling in the Republic;
  - international developments in the field of gambling;
- shall from time to time advise the Minister on the maximum number of any kind of gambling licences to be awarded in the Republic or in any one province;
- may advise and provide guidelines to the provincial authorities on the regulation and control of gambling or wagering activities, including –
  - the manner and nature of the regulation and control of gambling activities in general or in connection with a specific gambling activity;
  - the granting, issuing, suspension, withdrawal and amendment of gambling licences;
  - the criteria to be complied with before any gambling licence is granted;
  - the nature and manner of the auditing of the businesses of licensees and the documents and records which shall be kept and submitted to the provincial authorities;
  - the imposition of taxes, levies and duties in respect of any gambling activities;
  - the types of games that may be played in a casino;
  - the types, minimum standards and qualities of gambling equipment which may be used by any licensee;
  - the control and restriction of the game of bingo or any similar game;
  - any matter on which the Minister or a provincial authority requires the advice of the Board;
  - measures relating to the advancement, upliftment and economic empowerment, through the gambling industry, of persons or groups or categories of persons disadvantaged by unfair discrimination;
  - in general, any other matter which the Board may consider necessary or expedient to give advice to the Minister or provincial authority;
- may advise the Minister on the determination of national norms and standards regarding any matter that should apply generally throughout the Republic;

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- may in consultation with the Minister allocate out of the funds of the Board such amounts as may be necessary for programmes for the rehabilitation of persons who in its view have become addicted to obsessive gambling; and
- the Board may require any licensing authority to submit any report or information related to the activities of such licensing authority to the Board.

### 4. Key objectives for the year

In addition to various projects supporting the core functions of the Board, the following key objectives have been identified for the year under review –

- Introducing a legal framework for interactive (Internet) gambling in the Republic
- Implementing a central electronic monitoring system (CEMS) to service the provincial licensing authorities (PLAs) and the Board on a national basis
- Providing a solution to rehabilitate persons who have become addicted to obsessive gambling, and to promote responsible gambling on a national basis
- Providing reliable statistical and research material on an ongoing basis
- Increasing the effectiveness of the national inspectorate to perform the functions provided for in the Act

### 5. Performance against objectives

The performance information in respect of key objectives for the year under review is dealt with in the Performance Report set out on page 12, which is not subject to audit.

### 6. Financial Performance

The financial results for the year as reflected in the attached income statement can be summarised as follows:

- Transfers on budget allocation amounting to R7 million (2001: R12.5 million) were received from DTI which, together with CEMS contract fees of R2 million (2001: Nil), interest revenue of R605 000 (2001: R861 000) and other revenue totalling R2 000 (2001: R81 000) resulted in revenue for the year totalling R9.6 million (2001: R14.4 million).
- Expenses as set out in the income statement amounted to R14.1 million (2001: R14.2 million) resulting in a deficit of R4.5 million (2001: Surplus of R235 000) for the year.

- The results for the year were positively influenced by savings on budgeted expenses mainly due to staff vacancies that resulted from a delay in certain planned operations.

The accumulated surplus is reflected in the attached statement of changes in funds. After deducting the deficit for the year, the accumulated surplus of R11.0 million (2001: R10.8 million) brought forward from the previous year decreased to R6.5 million (2001: R11 million) at the end of the year.

The financial position at the end of the year is reflected in the attached balance sheet. Total assets with a book value of R8.7 million (2001: R14.7 million) is made up of furniture and equipment, computers and a motor vehicle, amounting to R853 000 (2001: R913 000) and current assets of R7.9 million (2001: R13.7 million). Total liabilities (all current) amounted to R2.2 million (2001: R3.6 million).

### 7. Capital Expenditure

Net capital expenditure on office furniture, office equipment, computer equipment and software amounted to R367 114 (2001: R369 000).

### 8. Emoluments of Board and executive members

The emoluments of Board and executive members are disclosed in note 6 to the financial statements.

### 9. Board Members

The names of Board Members appear on page 32.

### 10. Report of the Audit Committee

The Audit Committee has reviewed the effectiveness of the Board's internal controls and considers the systems appropriate for the effective operation of its business. The Committee has also evaluated the annual financial statements and has recommended their approval by the Board.