

DELIVERING
THE NEW
NORMAL



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ANNUAL INTEGRATED
REPORT 2021

GENERAL INFORMATION

GAMBLING AUTHORITY OVERVIEW

The Gambling Authority is an autonomous body mandated by the Gambling Act, 2012 to regulate the Gambling Industry in Botswana.



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Gaborone

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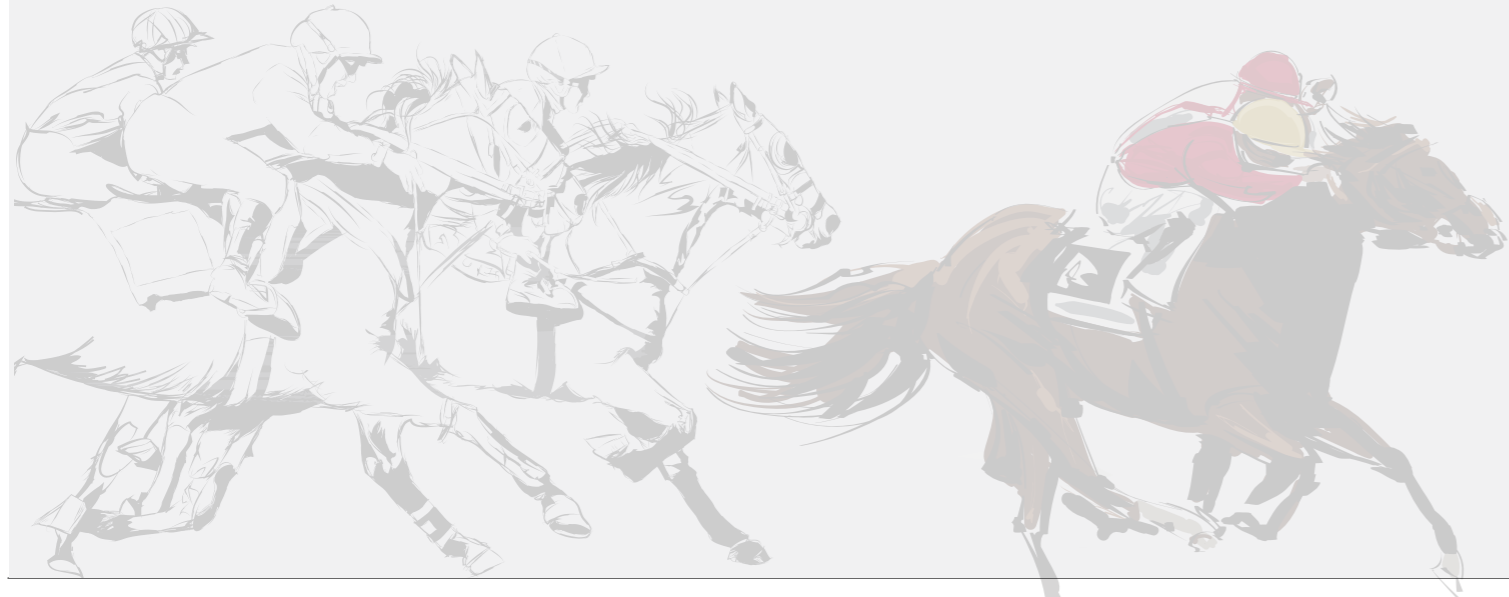
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Twitter
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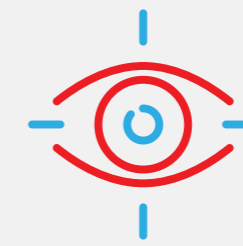
GAMBLING AUTHORITY

MISSION, VISION, VALUES AND STRATEGIC INTENT



MISSION

To effectively regulate and promote responsible gaming, and contribute to the socio-economic development of Botswana.



VISION

To Transform Botswana's economy through safe gaming.



VALUES

Professionalism.
Integrity.
Commitment.
Transparency.

STRATEGIC INTENT

We will contribute to Botswana's transformation agenda and economic development by diversifying the gaming industry. This will be attained through the development and implementation of a responsive licensing regime and promotion of responsible gaming.

SUBMISSION OF THE GAMBLING AUTHORITY ANNUAL INTEGRATED REPORT 2020/2021



Hon. Mmusi Kgafela MP
Minister of Investment, Trade and Industry
Private Bag 004
Gaborone

Dear Hon. Minister

RE: Submission of the Gambling Authority's Integrated Annual Report 2020/21

We are pleased to submit the Gambling Authority's (the Authority) Integrated Annual Report in accordance with Section 31 of the Gambling Act, 2012 (the Act).

The report covers the Authority's performance for the fiscal year 2020/2021 and highlights both our financial and non-financial reporting matters.

Yours Sincerely,

Blessed S. Monyatsi
Board Chairperson

Thulisizwe W. Johnson
Chief Executive Officer

ABBREVIATIONS/ ACRONYMS

AML	Anti-Money Laundering	IoDSA	Institute of Directors South Africa
ACAMS	Association of Certified Anti-Money Laundering Specialists	IR	Integrated Reporting
ARCO	Audit and Risk Committee	<IR>	Integrated Reporting Framework
BAOA	Botswana Accountancy Oversight Authority	IT	Information Technology
BAC	Bid Adjudication Charter	ICT	Information Communication Technology
BEC	Bid Evaluation Charter	IFRS	International Financial Reporting Standards
BoBS	Botswana Bureau of Standards	IIRC	International Integrated Reporting Council
CAGR	Compound Annual Growth Rate	KYC	Know Your Customer
CBD	Central Business District	MITI	Ministry of Investment, Trade and Industry
CDD	Customer Due Diligence	MoU	Memorandum of Understanding
CIPA	Companies and Intellectual Property Authority	N/A	Not Applicable
COVID19	Corona virus Disease 2019	NDP	National Development Plan
CFT	Combating the Financing of Terrorism	NGO	Non-Governmental Organisation
CPF	Counter Proliferation Financing	NLDF	National Lottery Distribution Fund
DCEC	Directorate on Corruption and Economic Crime	NSO	National Strategy Office
DNFBP	Designated Non-Financial Businesses and Professions	OECD	Organization for Economic Cooperation and Development
EDMS	Electronic Document Management System	PEEPA	Public Enterprises Evaluation and Privatisation Agency
EGM	Electronic Gaming Machine	PFMA	Public Finance Management Act
EGP&R	Excessive Gambling Prevention and Rehabilitation	PMS	Performance Management System
ERTP	Economic Recovery and Transformation Plan	(PTY) LTD	Proprietary Limited
FATF	Financial Action Task Force	REGCO	Regulatory Committee
FC	Financial Capital	RFA	Request for Applications
FI	Financial Institutions	RFAC	Risk, Finance and Audit Committee
FIA	Financial Intelligence Agency	SaaS	Software as a Service
F&KIBS	Finance and Knowledge Intensive Business Services	SDC	Service Delivery Capital
FY	Financial/ Fiscal Year	SOE	State Owned Enterprise
GA	Gambling Authority	SPESCO	Strategy, Policies, Ethics and Social Committee
G&SC	Governance and Safety Capital	SRC	Stakeholders Relationship Capital
GDP	Gross Domestic Product	STM	Suspicious Transaction Monitoring
GGR	Gross Gambling Revenue	OC	Organisational Capital
HR	Human Resources	TOR	Terms of Reference
IAGR	International Association of Gaming Regulators	UN	United Nations
ICRG	International Cooperation Review Group	VISION 2036	Botswana's 2nd National Vision that aims to transform Botswana from an upper middle income country to a high income country by 2036
		VOIP	Voice Over Internet Protocol
		VDR	Virtual Data Room



GAMBLING AUTHORITY'S LEGISLATIVE AND OTHER MANDATES



LEGISLATIVE MANDATE

Gambling Act, 2021

The Gambling Authority is mandated under the Act to, amongst other things:

- a) issue gambling licenses;
- b) regulate gambling;
- c) collect levies and license fees;
- d) control the spread of irresponsible gambling;
- e) monitor social effects of gambling and address compulsive and problem gambling in order to promote responsible gambling;
- f) ensure compliance with the Act and Regulations by licensees; and
- g) curb illegal gambling.

Gambling Act, 2012:

<http://gamblingauthority.co.bw/docs/Gambling-Act.pdf>

Public Finance Management Act

The Authority is subject to the Public Finance Management Act which regulates the control and management of public moneys.

PFMA Act:

<https://botswanalaws.com/alphabetical-list-of-statutes/public-finance-management>

Financial Intelligence Act

The Authority is designated as a Supervisory Authority under the Financial Intelligence Act. Therefore, it has a responsibility to ensure that its licensees comply with stipulations of the act on issues of money laundering and suspicious transactions.

FI Act:

<http://gamblingauthority.co.bw/docs/FIA-Act-2019.pdf>

POLICY MANDATE

The Authority subscribes to and is bound by the following policies amongst others:

- Gaming and Gambling Policy;
- EDD policy
- BWP10m reservation policy for citizens; and the
- Citizen Economic Empowerment Policy.

Gaming and Gambling Policy for Botswana:

<http://gamblingauthority.co.bw/docs/Gaming-And-Gambling-Policy.pdf>

OUR RESPONSE TO COVID19



THE GAMBLING AUTHORITY HAS IMPLEMENTED A COUPLE OF INITIATIVES TO RESPOND TO COVID19 PANDEMIC.



i. Partnered with private healthcare provider (Stockfort Health) to amongst others.

- Manage employee and visitor screening on entry to premises.
- Manage employee covid-19 testing.
- Covid-19 positive case management (monitoring recovery of covid-19 positive patients and offering advisory services).
- Staff education on Covid-19 protocols and prevention strategies through health-talks.
- Offering psycho-social support to staff to assist them deal with the negative effects of the pandemic.



ii. Office de-congestion.

- Authority decided to de-congest the work environment by introducing working from home arrangements such that their office occupancy is always at 50%.
- Provision of tools to enable work from home arrangements (Laptops and home internet)



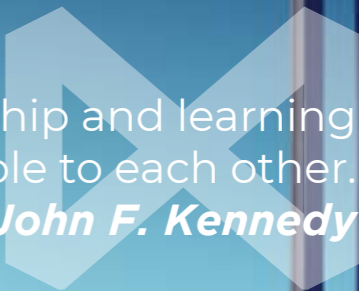
iii. Provision of PPE to all staff including face masks and sanitisers.



iv. Frequent disinfection of surfaces in the workplace to reduce opportunity for infection whilst in the workplace

COVID19 INFORMATION AND HELP

Helpline: 16649 Portal: <https://covid19portal.gov.bw/>



Leadership and learning
are indispensable to each other.
- *John F. Kennedy*

**BOARD
MEMBERS**

BOARD MEMBERS PROFILES



BLESSED S. MONYATSI
BOARD
CHAIRPERSON

Blessed Monyatsi is an expert in Social Development, Health and Administration. His specific skills include development and management of health programs, strategic planning, monitoring and evaluation and capacity building. Over the last 20 years, he worked continuously in HIV/AIDS and TB programs. Mr. Monyatsi is currently employed by ACHAP as Head of New Projects. Prior to this he held various leadership positions among them CEO of Tebelopele Voluntary Counselling and Testing Centres. He holds an MBA (2011), MA in Development Studies (2004) and Bachelor of Social Work (1996) all from the University of Botswana. He attended several short courses in governance, leadership, strategy and business management.



OLEBILE MACHETE
VICE
CHAIRPERSON
(Retired 31st October 2020)

Olebile Machete is the National Coordinator of Childline Botswana. He has been involved in various policy development assignments among them the Botswana Children's Act, the Botswana National Development Plan 11, Botswana Child Care Regulations as well as development of Guidelines for Civil Society Funding. Mr. Machete holds a BA in Sociology from the University of Botswana.



MARVIN T. TORTO
VICE
CHAIRPERSON
(Appointed 4th December 2020)

Marvin T. Torto, Managing Partner of the law firm Salbany Torto Attorneys holds a Bachelor of Laws Degree (University of Botswana) and admitted to practice as a Conveyancer, Notary Public and Attorney of the Courts of Botswana. Mr Torto has been in private practice for a period in excess of 20 years. He is a former founding board member of Botswana Fibre Networks (BoFinet). He has also served as Vice Chairperson of the Law Society of Botswana Council and as a member of the Judicial Services Commission (JSC).



THULISIZWE JOHNSON
CHIEF EXECUTIVE
OFFICER

Thulisizwe Johnson has an illustrious career having led the National Development Bank, Metropolitan Life Botswana, Brizant (Pty) Limited and Barclays Bank of Botswana. He also held executive management positions in ULC (Pty) Ltd (now Bank ABC) BIFM, Tswelelo (Pty) Ltd and the Botswana Development Corporation.

Mr. Johnson holds an MSc in Management with majors in Finance and Marketing from Hult University (USA), and a BA Economics from the University of Botswana. He completed an Executive Development Programme with the London Business School (UK) and an Investment Appraisal and Management Course with the Harvard International Institute of Development.

BOARD MEMBERS PROFILES CONTINUED



ROSINAH BONTSI
BOARD
MEMBER

Rosinah Bontsi is the Director of the Economic Diversification Drive Unit (EDDU) in the Ministry of Investment, Trade and Industry, a position she has held since September 2016. Prior to this she was the Director of the Department of Trade and Consumer Affairs and the Ministerial Performance Improvement Coordinator.

Ms. Bontsi holds a BA (Economics and Administration) from the University of Botswana. She completed a number of short courses among them the Change Agents Training and Leadership Strategies, Performance Management through the Balanced Score Card, Corporate Governance and Senior Management Leadership Programme.

Ms. Bontsi sits in the Fairground Holdings (Pty) Ltd board and has held various secretarial portfolios for the National Industrial Licensing Authority, the Buy Botswana. Campaign Committee, the Economic Diversification and Trade Council and the then Botswana International Trade Fair.



ARABANG KANEGO
BOARD
MEMBER

Arabang Kanego joined the board as a nominee of the Minister responsible for Environment, Wildlife and Tourism. She is a strong advocate for the environment and has held various natural resources positions. Her knowledge and skills assisted the board and the Authority on sustainability planning.

She holds an MSc in Advanced Professional Studies from the University of Strathclyde (Scotland), a BA in Environmental Science and Theology and a Diploma in Secondary Education both from the University of Botswana.

Deceased 01/09/2021



ITUMELENG MAREKO
BOARD
MEMBER

Itumeleng Mareko was nominated by the Minister responsible for Finance and Economic Development in line with Section 7 of the Gambling Act. She holds the position of Director - Finance and Banking in the same Ministry. Her portfolio covers review of legislation governing banks and non-bank financial institutions and anti-money laundering and combating the financing of terrorism. She holds an M.Com (Accounting and Finance) from the Macquarie University (Australia) and a BA (Economics and Accounting) from the University of Botswana.

**BOARD MEMBERS
PROFILES**
CONTINUED



MMAKOME F. MASENDU
BOARD MEMBER

Mmakome Masendu retired from the civil service after 34 years of service. Her last position was Chief Commercial Officer at the then Ministry of Trade and Industry (now Ministry of Investment, Trade and Industry). Her portfolio covered overseeing trade, liquor and gambling licensing. She was also secretary of the Casino Control Board and has been instrumental in the drafting of the Gaming and Gambling Bill.

Ms. Masendu holds a Diploma in Trade Policy from WTO Geneva Switzerland and a BComm from the University of Botswana.



EUNICE N. MMONO
BOARD MEMBER

Eunice Naledi Mmono is the Director of the Department of Town and Country Planning and was nominated by the Minister responsible for Land Management, Water and Sanitation Services. She has close to 40-year experience in spatial planning. She specialises in settlement development planning.

Ms. Mmono holds an MSc. in Urban Planning and Post Graduate Diplomas in Urban Planning and Urban Design all obtained from Oxford Brookes University (UK). She also holds an Advanced Professional Diploma in Urban and Rural Planning from Ardhi Institute (Now the University of Dar-es-Salaam) in Tanzania.

**CO-OPTED BOARD
COMMITTEE MEMBERS**



COLLEEN BLUMTON
AUDIT & RISK COMMITTEE MEMBER
(Retired 24th August 2020)

Colleen Blumton possesses a wealth of experience in financial, business and management services. She has worked in both the private sector and in international development organizations. Her areas of specialization include project appraisal and implementation, systems design, business development, grant management and funder/donor relations.

Ms. Blumton is a Fellow Member of the Association of Chartered Certified Accountants (ACCA), a Fellow Chartered Accountant (FCA) and a member of the Botswana Institute of Chartered Accountants. She holds an MBA from the University of Wales/Manchester Business School (UK), a joint programme.



KGOMOTSO JONGMAN
REGULATORY COMMITTEE MEMBER

Kgomotso Jongman graduated with a Bachelor of Social Work and Master in Social Work degrees from the University of Botswana. He also attained a PhD in Social Work and Social Development from the University of Stellenbosch. His research interests lie in youth development. He is a practicing counsellor and life coach and has set up Jo'Speaks (Pty) Ltd, a company which provides those services.



SETLHALEFI MOTSHEGWA
AUDIT & RISK COMMITTEE MEMBER

Setlhalefi Motshegwa has consulted extensively in company financial and management accounting, business management and development, projects appraisal and tax advisory. He holds an MBA from the University of Botswana and an ACCA. Mr. Motshegwa is a Fellow Certified Chartered Accountant (FCCA) and Fellow Chartered Professional Accountant (FCPA).



MMAMETSI SETLHARE
AUDIT & RISK COMMITTEE MEMBER
(Appointed 4th December 2020)

Mmametsi Setlhare is Head of Audit Services at Debswana Diamond Company and has previously held senior positions with the Motor Vehicle Accident Fund, BancABC, BCL Mining Company, Botswana Housing Corporation, Air Botswana and PwC. She holds a BCom in Accounting from the University of Botswana and is a member of the Chartered Institute of Management Accountants (CIMA) where she is a Fellow Chartered Accountant (FCMA, CGMA). Her other memberships include the Institute of Internal Auditors (Botswana), the Institute of Directors (South Africa) and the Information Systems Auditors and Control Association (ISACA).

Ms. Setlhare is a seasoned Internal Audit Practitioner having practices for over 27 years. She brings a wealth of governance experience having served on various boards of both state-owned and corporate organisations, among them those of the Botswana International University of Science and Technology and the Botswana Power Corporation.



BOITUMELO VAVANI
REGULATORY COMMITTEE MEMBER

Boitumelo Vavani teaches psychology at the University of Botswana and practices as a counsellor at that institution's Psychology Clinic. Previously, she worked as a consultant for the Tara H. Moross Mental Hospital in Johannesburg, South Africa. She Holds an MA in Clinical Psychology from the University of Witwatersrand and a Bachelor of Psychology from the University of Botswana.



"Coming together is a beginning,
staying together is progress, and
working together is success."
- Henry Ford

EXECUTIVE COMMITTEE

EXECUTIVE COMMITTEE



THULISIZWE JOHNSON
CHIEF EXECUTIVE OFFICER

Thulisizwe Johnson has an illustrious career having led the National Development Bank, Metropolitan Life Botswana, Brizant (Pty) Limited and Barclays Bank of Botswana. He also held executive management positions in ULC (Pty) Ltd (now Bank ABC) BIFM, Tswelelo (Pty) Ltd and the Botswana Development Corporation.

Mr. Johnson holds an MSc in Management with majors in Finance and Marketing from Hult University (USA), and a BA Economics from the University of Botswana. He completed an Executive Development Programme with the London Business School (UK) and an Investment Appraisal and Management Course with the Harvard International Institute of Development.



POTLAKO MAWANDE
CHIEF OPERATING OFFICER

Potlako Mawande has diverse skills sets having worked for 25 years in a variety of industries which include gambling, retail, hospitality, media and advertising. The last 10 of the 25 years of his illustrious career was spent in the gambling industry both in industry and as a regulator. His competencies span all industry critical areas including technical and strategic insights, business acumen, driving change, leading people, and stakeholder management. Mr. Mawande has represented the Authority at several international gaming exhibitions as both an exhibitor and speaker. He holds a BA from the University of Botswana.



PETER KESITILWE
CHIEF FINANCIAL OFFICER

Peter Kesitilwe possesses acute business acumen owing to over 17 years of work experience in state owned and corporate entities with both a national and regional footprint. His experience spans Finance, Procurement, Investments and Business Development. His key areas of specialization include: Commercial Awareness; Project Management; Sourcing Strategies; Contract Negotiations; Policy Development and Implementation; Business Strategy Development and Implementation; Financial Management; Management of Liquidity; Mitigating Operational, Financial and Reputational Risk; and Corporate Governance.

Previously, Mr. Kesitilwe was Group Chief Financial Officer at the Boitekanelo Group, Director of Corporate Services at the Local Enterprise Authority (LEA). He has also worked for Botswana Savings Bank and African Alliance Botswana as a Management Accountant.

He holds an MSc in Strategic Business Management from the Manchester Metropolitan University (UK), he is a Fellow Chartered Accountant (FCA), a Chartered Management Accountant (ACMA) and a Chartered Global Management Accountant.



CHANDIDA MASOMOSOMO
CHIEF LEGAL OFFICER

Chandida Masomosomo is an admitted attorney and has over 20 years' experience working as both an attorney and corporate counsel. Prior to joining the Authority, she worked at the Attorney General's Chambers and the Civil Aviation Authority of Botswana. She holds an LLB from the University of Botswana and an LLM from the University of Cape Town.



MBATI LEBANG
CHIEF INTERNAL AUDITOR

Mbatl Lebang is a seasoned Internal Audit and Risk Management professional with over 17 years' experience. He previously served as Auditor at PricewaterhouseCoopers, Director of Risk and Internal Audit at the Local Enterprise Authority and Head of Internal Audit at Tati Nickel Mining Company. He assisted organizations he worked for to develop sound governance, risk and internal control systems. Mr. Lebang is a Certified Internal Auditor (CIA) from the Institute of Internal Auditors and holds AAT certification. He is a member of the Institute of Internal Auditors (IIA) and Institute of Risk Management (IRMUK).



JOSEPH MATOME
BOARD SECRETARY

Joseph Matome brings a lot of governance experience into the Authority as Board Secretary. He has sat in various boards among them those of the Botswana Qualifications Authority (BQA), Botswana Communications Regulatory Authority (BOCRA) Botswana Postal Services (BPS), Pula Medical Aid Fund, Kalahari Conservation Society, Mokolodi Wildlife Foundation, Khama Rhino Sanctuary, Debswana Investments (SA), Sesiro Insurance Company, the International Baccalaureate Organisation - IBO - (Geneva), and the United World Colleges International Board (London). He was Group Company Secretary for the Debswana Diamond Company and the Anglo-American Corporation Botswana.

Mr. Matome holds a B.Sc. (Hons) in Business Administration from Bath University and an International Baccalaureate Diploma from the United World College of the Atlantic, both in the UK. He has also graduated from a Management Development Programme with the Gordon Institute of Business (University of Pretoria), leadership training and exposure with the Duke of Edinburgh's Commonwealth Leadership Forum (Oxford) and a Leadership Programme in the United States through the USIS Exchange Programme on Sustainable Development.



MORUNTSHI KEMORWALE
ACTING CHIEF OF STAFF

Moruntshi Kemorwale has built a career in corporate and public affairs over the past 18 years. He worked for the Morupule Coal Mine, African Copper Mine, Botswana Agricultural Marketing Board, Directorate on Corruption and Economic Crime, Botswana Television and the Caribbean Education Company-Botswana. He is a member of the International Association of Business Communicators (IABC), and he is a Chartered Public Relations Practitioner (CPRP) with the Public Relations Institute of Southern Africa (PRISA).

He holds a Post Graduate Diploma in Management from the Regent Business School in South Africa and a Bachelor of Arts Degree from the University of Botswana. He has attended various short courses in management, responsible gaming and gambling addiction counselling.

Statement by Chairperson of the Board

STATEMENT BY CHAIRPERSON OF THE BOARD



BLESSED S. MONYATSI

BOARD CHAIRPERSON

On behalf of the Board, I present the April 2020 to March 2021 annual report. A year ago, I gave a cautious outlook on developments in the global risk landscape particularly the shift on organisational effectiveness as disrupted by the COVID19 epidemic. As we present our report this year, there are clear signs of the impact COVID19 has had on our performance and strategic efficacy. However, our organization and the industry it regulates stayed afloat as a result of the hard decisions we made and the strategic shifts we employed. In the paragraphs that follow, I discuss activities we implemented during the year under review. Fuller details of these undertakings will be discussed in subsequent sections of the report, starting with the Chief Executive Officer's report.

Delivering the New Normal

This is the theme that the Authority has adopted for this integrated annual report. It serves as the guiding principle of all our actions through this pandemic and we believe it will remain relevant as we traverse this pandemic and into the future.

Integrated Thinking and Reporting

We continue to make good progress in the adoption of the integrated thinking and reporting governance model, the OECD Principles on Corporate Governance and King IV Code of Corporate Governance. These models seek to improve ways of working, governance and reporting frameworks. Using frameworks and tools such as risk management and combined assurance, the Authority has tailored and deployed five capitals to achieve its mandate and deliver value. We believe that this report will demonstrate how we have deployed the capitals to create outcomes and impact in line with our mandate as a regulator of gambling in Botswana.

STATEMENT BY CHAIRPERSON OF THE BOARD

CONTINUED

Restructuring Our Board

The Board and its committees have been restructured and this reduced Board committees from six (6) to three (3). This has, however, not undermined the monitoring and oversight responsibilities of the Board and its committees. The Terms of Reference of the committees as well as those of the Board have been re-drafted to emphasize the Board's role as providing oversight and supervision, and operational issues have been delegated to management. The outcome of this exercise has been better focus by the Board to drive the Authority's strategic agenda.

“WE BELIEVE THIS THEME WILL REMAIN RELEVANT AS WE TRAVERSE THIS PANDEMIC AND INTO THE FUTURE.”

not only claimed human lives but has also put the economic and social systems of the gambling industry through the most severe stress test yet. I would like to commend the industry for its compliance and cooperation with all directives issued by government. I admire the resilience and fortitude of gambling businesses and their employees in these trying times.

Five years into its existence, the Authority has encountered several challenges that have required the review of both the Gambling Act and regulations governing its operations. The Authority has also been required to take on regulatory oversight of other activities. As a result, a number of amendments have been proposed through our Ministry for consideration by government. We expect that the proposed amendments will be accepted and thereby ease the regulatory burden on the licensees in line with the government's objective to improve the "ease of doing business".

Stakeholder engagement is a key strategic initiative for the Authority as we seek to improve knowledge and understanding of the gambling industry amongst our varied stakeholders. Even though this was hampered by the pandemic, we carried out a baseline survey on the prevalence of excessive and problem gambling in Botswana. The study is complete and is being shared with stakeholders. The intention is that the study will be used by the Authority, licensees, academics, and researchers to design interventions that combat gambling addiction.

Navigating the Impact of COVID19

The COVID19 pandemic has clearly demonstrated the vulnerability of our globally interconnected organisations and people. While the control and containment measures taken by our government have had dire consequences for the economy and on the livelihoods of many of our people, they were necessary and effective in managing effects of the pandemic. Like many parts of the economy, the gambling industry has been affected negatively. The pandemic has

Significant Events

During the year under review, the Authority progressed the National Lottery applications to adjudication stage. The Board selected and announced a preferred candidate as well as a reserve applicant for the national lottery licence. Having completed that stage, the Authority entered the negotiation phase of the licence agreement with the preferred applicant. On completion of the negotiations, the Authority will announce the award of the licence.

STATEMENT BY CHAIRPERSON OF THE BOARD

CONTINUED

Appreciation and Conclusion

I thank the management and staff of the Authority for their resilience in the face of the COVID19 pandemic to continue to deliver on our strategic objectives. Despite the initiatives taken to counter COVID19, several of our employees tested positive for the virus which placed strain on the Authority and family members of the sick. We had to decongest the office by having some employees work from home. Our digitization strategy, launched two years ago, also came in handy during this time as there was no disruption to our services even as the majority of our employees worked offsite.

I thank the Minister, Assistant Minister, management and team of the Ministry of Investment, Trade and Industry for their support and guidance. I thank the parastatals in our Ministry for their support too. We are indebted to stakeholders even outside the Ministry for giving us support and assistance when we needed it.

I commend and thank our licensees for their support and cooperation throughout the pandemic. We exist for them and we are delighted that they have complied with initiatives to combat the pandemic, and also extended support to their employees who were affected by the pandemic.

Sadly, we lost two key members of our team. Ms Thato Jim was a young member of staff who through her talents and qualifications designed our annual report and other communications. She will be sorely missed by us and her family. Ms Arabang Kanego was a Board Member for 5 years and passed on recently. Her contribution to the Board was immense and she too will be sorely missed by us and her family. May their souls rest in eternal peace.

During the year under review, Mr. Olebile Machete, Vice Chairperson of the Board and Ms. Colleen Blumton; a co-opted member of the Audit and Risk committee retired. We thank them for their valuable contributions to the Authority and we wish them well. Mr. Marvin Torto was elected Vice Chairperson and Ms Mmametsi Setlhare joined the Audit and Risk committee as a co-opted member. I wish them both good service and look forward to a fruitful relationship



Blessed S. Monyatsi
Board Chairperson

STATEMENT OF PERFORMANCE BY CEO



THULISIZWE JOHNSON
CHIEF EXECUTIVE OFFICER

Introduction

In 2019, the Authority adopted Integrated Thinking and Reporting (IR) as a model of governance and reporting for our institution. This report is our third integrated report, and we believe we have made great improvements to our reporting framework, reflecting a maturity in integrated thinking within the organisation.

Aligning our Mandate to the National Agenda

H.E.'s RESET Agenda and MITI Post COVID19 Recovery Plan

The Ministry of Investment, Trade and Industry (MITI)'s mandate is to create a conducive business and investment environment to promote private sector-led economic growth and development. To achieve these, MITI has developed high level deliverables which include creation of sustainable industries and trade; economic diversification; promotion of domestic and foreign investment; wealth and job creation; citizen economic empowerment; entrepreneurship development; and poverty eradication.

Since the development of the plan, the domestic and global economic and health impacts of the pandemic on Botswana have given rise to the Economic Recovery and Transformation plan (ERTP) which has focused around His Excellency the President's Reset Agenda as well as the themes of citizen economic empowerment, job creation, upscaling local production and creating market access.

RESET Priorities for the Government of Botswana

The President of Botswana, His Excellency, Dr. M.E.K Masisi, introduced a Reset Agenda to bring in major reforms with a view to improving service delivery and Botswana's overall economic performance. The current global crisis caused by COVID19 and the resultant economic meltdown necessitated re-evaluation of the way government had been doing things, hence these priorities. Under the theme Implementing our change mandate, the priorities are the following: Priority 1: Save Botswana's Population from COVID19; Priority 2: Align the Botswana

STATEMENT OF PERFORMANCE BY CEO

CONTINUED

Government Machinery to the Presidential Agenda; Priority 3: Digitalization; Priority 4: Value-chain Development; and Priority 5: Mindset Change.

The Authorities strategic outputs and operating model are aligned to deliver the ERTP and the Reset agenda. The Authority has made great strides to protect lives from COVID19, to digitize our operations which are paperless and services online as well as through the licensing of operators for different licence types.

Integrated Thinking and Reporting

The Authority has adopted Integrated Thinking and Reporting as a governance and reporting framework. Integrated thinking is the process of integrating intuition, reasoning, and imagination with the objective of developing a holistic continuum of strategy, tactics, action, review, and evaluation. It leads to integrated decision-making and actions that consider creation of value over the short, medium, and long term.

Integrated reporting is a concise communication about how the organisation's strategy, governance, performance and prospects lead to creation of value over the short, medium and long-term.

The Authority has adopted the 6 capitals determined by the International Integrated Reporting Council (IIRC) and merged them into 5 capitals appropriate to the Authority as a regulator and these are elaborated in the main report. Our reporting framework and strategic outlook are reported through these capitals.

Managing under COVID19

The Authority has taken all the necessary actions to limit the spread of COVID19 amongst its employees. Several actions were taken which included following the protocols announced by the Presidential Taskforce and the Director of Health Services, specifically the wearing of masks and sanitizing and washing of hands, the disinfecting of surfaces on a regular basis and the registration and temperature checks of employees and visitors using our premises.

The Authority introduced a bi-monthly rapid antigen testing programme of all employees and decongested the office by introducing a working from home component on a scheduled basis. Although we have had a high number of cases (almost 50% of all staff), we were able to intercept through the testing programme thus reducing the potential for spread in the office.

Our high level of digitization meant we were able to monitor casinos online, implement procurement and tendering processes through a virtual data room (VDR), and in the process cancelling the need for paper-based tendering. Our electronic document management system (EDMS) enabled online document filing and access and supported the introduction of virtual meetings enabled through the various virtual channels. Indeed, the new normal!

Implementing Anti-money Laundering in the Casinos

The Gambling Authority is a Supervisory Authority empowered by the Financial Intelligence Act for Anti-money laundering/Counter Terrorist Financing and Counter Proliferation Financing (AML/CFT/CPF) for the gambling industry. Several initiatives have been completed to ensure that the industry is compliant with



↓ 36%
Gross Gambling Revenue due to COVID19 Pandemic

STATEMENT OF PERFORMANCE BY CEO CONTINUED

all legislation in spirit and in letter. We have implemented Know Your Customer (KYC), customer due-diligence (CDD), suspicious transactions monitoring (STM) and a Risk-based Supervision Manual. In addition, we have developed and issued directives and guidance notes to the casinos for them to understand their obligations with respect to the Financial Intelligence Act and Regulations, specifically with respect to the conduct of money laundering risk assessment, reporting suspicious transactions, proliferation and terrorist financing and the utilization of UN sanctions lists. Each of the casinos now has a Compliance Officer dedicated to AML/CFT/CPF.

Performance Against Our Strategic Objectives

The Authority has developed a 5-year strategic plan and this plan is implemented and performance reported to the Board on a quarterly basis. The plan is currently being aligned with the capitals to enable consistent reporting for the

Board and our stakeholders. We reproduce our scorecard on page 64 demonstrating how we have used our capitals to generate value for our stakeholders.

Financial Capital

Our financial position as of March 31, 2021, continues to show a healthy and stable financial position. Our auditors, PWC, have issued an unqualified audit opinion. A key strategic outcome is to generate more funds out of our industry rather than relying on the Government subvention. The Authority intends to issue more licences. It is anticipated that a diversity of licences will result in less burden on each licensee as we transition to a self-funding model. During the pandemic and in the years before that, the Authority has received funds significantly less than its operational requirements but has managed the funds available in a prudent manner. Gross Gambling Revenue (GGR) is the revenue earned by our licensees after allowable deductions. The gambling industry in Botswana like the

rest globally, was negatively affected by the COVID19 pandemic and we experienced a GGR reduction of 36%.

Levies Collected

The Authority collects 10 percent of GGR as a levy into the levy fund. The reduction in GGR therefore affected the levy fund for the year. Due to the impact of COVID19 on Government finances, Government through the Public Finance Management Act (PFMA) has directed that all levies collected be paid across to the Consolidated Fund. In that regard, P92.98 million has been paid to the Government of Botswana.

Delivering the New Normal

As we highlighted in our last report, the Authority took a deliberate decision when it was set up to be a digitized and paperless organisation with the capability to operate virtually. This approach was ahead of its time for a corporate in Botswana and has borne tremendous benefits for our organisation and our

STATEMENT OF PERFORMANCE BY CEO CONTINUED



stakeholders, and we continue to invest in it. We have a strong virtual service culture, that is supported by our ICT strategy.

The aim and approach of the Gambling Authority's ICT strategy has been to develop a technologically driven long-term, sustainable environment that is low-cost and low maintenance, whilst not sacrificing efficiency, effectiveness, and operational soundness. The Authority's IT philosophy is based on doing more with less and seeks in the long term to spend less both in terms of its capitals and in terms of time whilst achieving more in terms of security (data/information protection and integrity), operational efficiency (reducing redundancy, incoherence, downtime), and always ensuring system uptime and availability of services. We are also cognizant of the need to ensure we contribute to a green environment and reducing our carbon footprint. To achieve the above the Authority embraced cloud-based computing and opted for a "software as a service approach" (SaaS) for its environment and infrastructure. Some of the solutions to support this is telephony everywhere through

VOIP technology, the use of EDMS, and the integration of our service software into an enterprise model approach. To achieve this, we have invested in a strong and high bandwidth wireless internet fibre network.

The Changing Gambling Landscape

COVID19 has brought with it opportunities to innovate and leverage technology. Our focus is to assist our operators to grow their digital footprint through internet-based gambling and betting. We view this as an imperative driven by both changing customer demands as well as the impact of COVID19, which disrupted how we currently operate. Cognizant of the land-based investments, we will innovate together with the current operators to ensure that the invested casinos are not undermined. New licences, lotteries and sports betting will be largely internet based given the anticipated customer base. Our regulations and oversight capability is being upgraded to ensure that these opportunities are captured.

The Future Ahead

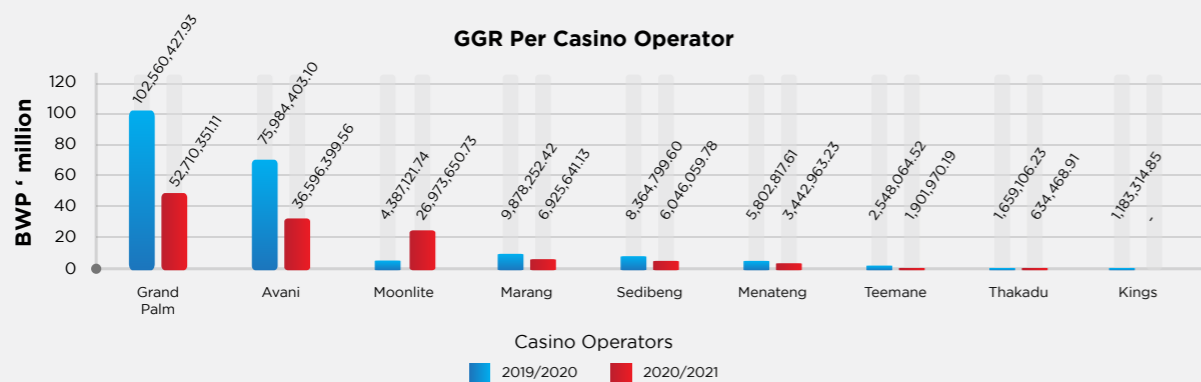
As stated before, one of the important commitments we are making as we move into

the future is digitisation. We believe we are positioned for a future where we can regulate a more diversified and digitized gambling industry for the benefit of all our stakeholders and the nation. We are committed to staying ahead of time in recognition of the disruptive nature of COVID19 with a reimagined approach to regulatory effectiveness.

GRATITUDE

I would like to thank my colleagues at the Authority for their hard work and responsiveness to the challenges that we face. I thank the Board for their support always. I thank the operators and suppliers for walking the journey with us. I thank the Ministers, Permanent Secretary, the leadership of MITI and other Ministries for the support they have given us. I pray for the souls of our departed in the Authority, MITI and our nation and will continue to pray that we conquer COVID19 through following the protocols and creating new opportunities for Batswana.

Thulisizwe Johnson
Chief Executive Officer



SUMMARISED FINANCIAL PERFORMANCE

The Authority recorded a

-1%
net profit margin compared to

-1%
in 2019/2020

Staff Cost/Revenue Ratio increased to

50%
from
47%

due to inflationary salary increases while revenue decreased.

Operating expenditure/Revenue ratio decreased from

52%
to
46%

due to cost curtailment during the year.

Liquidity and Cash ratios were

0.9
and

90%
respectively

SUMMARISED FINANCIAL PERFORMANCE Continued

A. Revenue

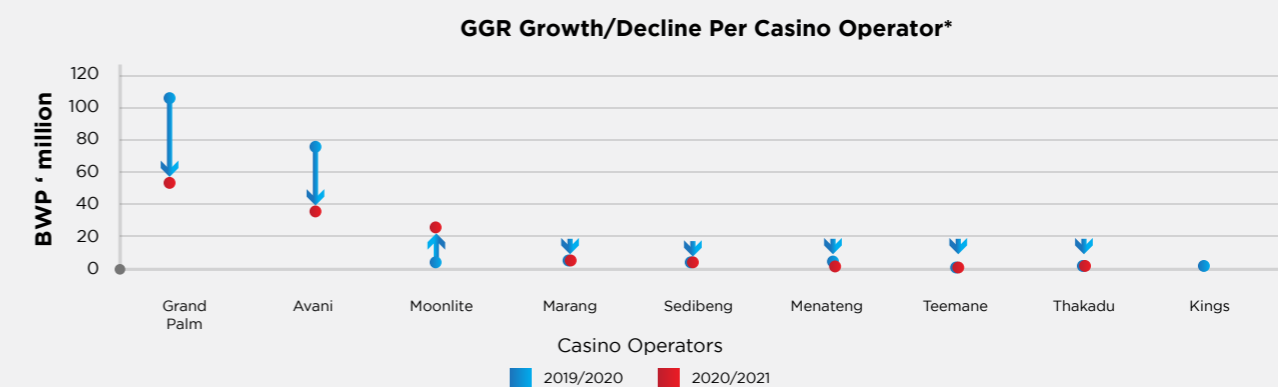
Gambling Authority is funded through government subventions and in the year under review, the subvention received was P37.27 million representing 87% of the total income compared to P41.73 million in the previous year. The income generated from rendering of services in the previous year stood at P3.63 million, and we have seen a reduction to P0.89million in the current year, mainly due to the national lockdowns which affected Gambling Authority licensees as well.

B. Working Capital

A matching of the current assets (P54.52million) to the current liabilities (P56.99million) shows that the authority has a low working capital, this is mainly due to the government subvention cuts in the financial year ended 31st March 2021.

C. Levies Collected

Casino license levies collected from the financial years 2016 to 2021 amounted to P86.15 million and 92.98 million was paid to Government inclusive of interest.



*NB: Detail on page 26

BASIS OF PREPARATION

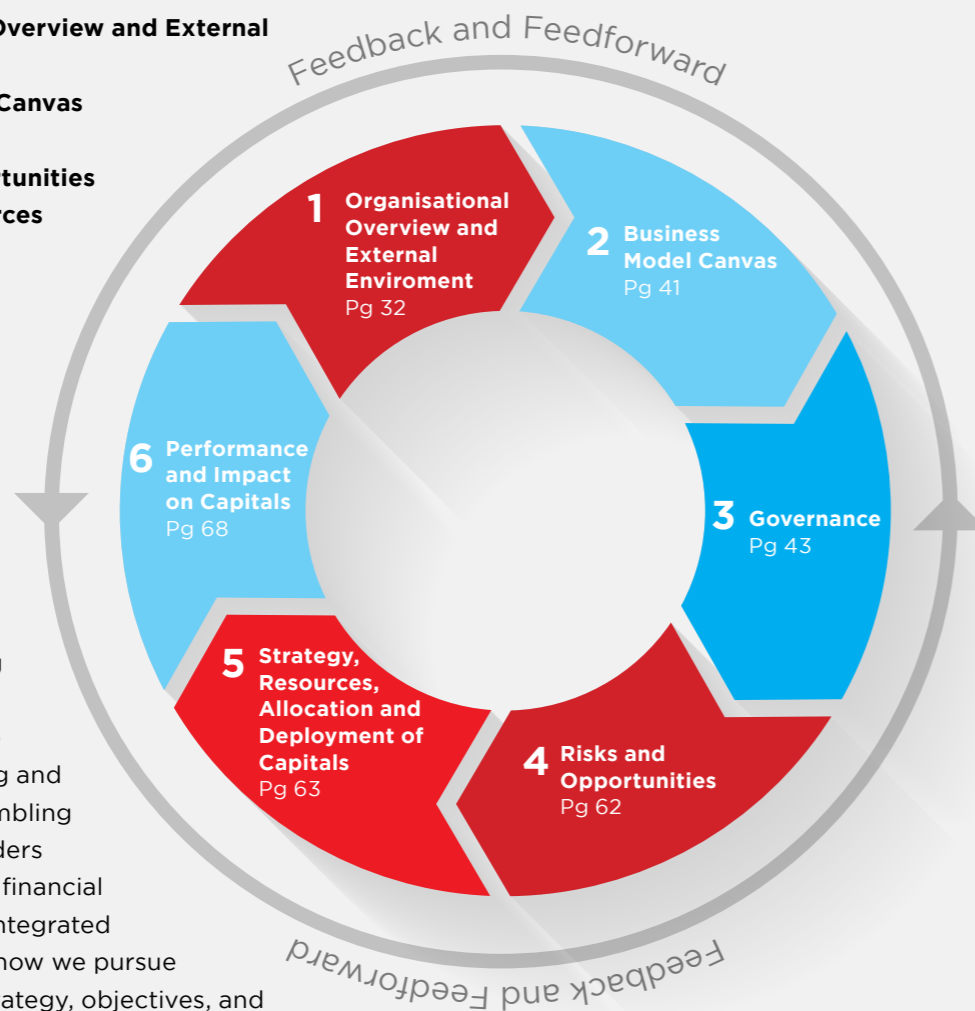
Outline of Our Story

This annual report addresses the following matters, as demonstrated in figure below:

- **Organisational Overview and External Environment**
- **Business Model Canvas**
- **Governance**
- **Risks and Opportunities**
- **Strategy, Resources Allocation and Deployment of Capitals**
- **Performance and Impact on Capitals**

These headings were developed and aligned as guided by the International Integrated Reporting guidelines. These guidelines guarantee transparent reporting and disclosure to the Gambling Authority's stakeholders on non-financial and financial aspects of gaming. Integrated Reporting discloses how we pursue our core purpose, strategy, objectives, and business model while deploying allocated resources and capitals for beneficial performance and a longterm value creation and sustainability. In this report, we tell our story; the story of how we have used the capitals (resources) allocated and entrusted to us by the Government and the people

of Botswana, to generate sustainable value for our stakeholders and the nation. We are hopeful, that our approach to reporting,



which is aligned to international best practice will provide an eagle's eye view on how we have added value for the benefit of our stakeholders.

THE OBJECTIVES OF THIS INTEGRATED REPORT

Defining Integrated Thinking and Reporting

The International (IR) Framework defines integrated reporting in the following terms: "a process founded on integrated thinking that results in a periodic integrated report by an organisation about value creation over time. Integrated thinking is the active consideration of the relationships between an organisation's various operating and functional units and the capitals that are used or affected. An integrated report is a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term." An integrated report, therefore, focuses on the relationships and value created through both the non-financial (pre-financial) and financial information, whilst traditional annual reports tend to focus more on financial information to the exclusion of the other capitals of the integrated reporting model, such as manufactured, human, natural, intellectual, and social and relationship capitals. Source: IIRC



The objective of this integrated report, which is produced to fulfill our statutory obligations as per Section 31, under Part V of the Gambling Act, 2012 (the Act), as well as s113 (c) of the Act is to orientate the multiple stakeholders of the Authority to understand the institution's core purpose, strategic objectives, and business model. The Integrated Report also enunciates how we use and affect our resources (capitals/ inputs) to deliver on our mandate to create and nurture longterm sustainable value.



This report also presents the medium-to-long-term sustainability outlook of the Authority. Through this report, we hope to not only create knowledge and understanding of our value adding activities, but to also promote feedback from our stakeholders on how our business impacts their lives, and how best we can serve them going into the future.



We also aim to paint a clear picture on the future we envision for the Authority as well as the gaming (including gambling) industry in Botswana. We are of the view that it is only when stakeholders understand and share the dreams and aspirations of the Authority that they will meaningfully interact with us for the realization of the total value of capitals employed.

ORGANISATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

National and Global Context

Amid the COVID19 crisis, the global market for Gambling estimated at US\$711.4 Billion in year 2020, is projected to reach a revised size of US\$876 Billion by 2026, growing at a CAGR (Compound Annual Growth Rate) of 3.6% over the analysis period. Lottery, one of the segments analysed in the report, is projected to record a 2.8% CAGR and reach US\$372.6 Billion by the end of the analysis period. After a thorough analysis of the business implications of the pandemic and its induced economic crisis, growth in the Betting segment is readjusted to a revised 4.4% CAGR for the next 7-year period. SOURCE Global Industry Analysts, Inc.

The global gambling market is driven by increasing penetration of online gaming and betting. The Botswana market has experienced a 35% reduction in casino revenues due to the COVID19 pandemic; and it is expected to recover with the introduction of the National Lottery and other licence types such as sports betting. This recovery, which we had initially projected to manifest over a period of 3 years, may take longer as the COVID19 pandemic continues to affect market performance.

Locally, our national vision (Vision 2036) pronounces that Botswana will have a strong external focus with a market that is largely outside our borders by the year 2036. This will be realised through an economy that is diversified, competitive and private sector led, with sustainable business opportunities.

This intent is further supported by the National Development Plan 11 which aligns with the national vision and commits to

developing diversified sources of economic growth as one of the priority areas in the long term.

Vision 2036 aims to transform Botswana from an upper middle-income country to a high-income country within the next 15 years. This Vision identifies the following four key Pillars as foundation of the principles it espouses: Sustainable Economic Development, Human and Social Development, Sustainable Environment, and Governance, Peace and Security.

The Ministry of Investment, Trade and Industry contributes to the Vision 2036 pillar 'Prosperity for All' and the NDP 11 'Economy and Employment' thematic area. Therefore the Ministry drives policy formulation and strategies that seek to diversify the national economy through the creation of a conducive business environment; and diversified industries in addition to creating sustainable employment for Botswana by facilitating domestic and foreign direct investments. The Ministry also promotes the development of an entrepreneurial culture. These priority areas seek to address key national challenges such as poverty, unemployment, income inequality, and slow economic growth.

Given the fact that the Authority is a regulator, its role in the new national transformation agenda would be to effectively facilitate the growth of the gaming industry. A position that is endorsed by both the NSO and the MITI. Specifically, the Authority is expected to contribute to the Finance and Knowledge Intensive Business Services (F&KIBS) cluster of the national transformation agenda.

ORGANISATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT CONTINUED

A clear understanding of the contribution that the Authority is expected to play in the national transformation journey enabled the leadership to test and adapt the current Vision, Mission, Strategic Intent and Values in alignment with the new national agenda. The resultant strategic foundations that are presented below seek to give clear strategic direction and drive economic and social impact in agreement with the national vision. Below we note the Authority's new strategic foundations:

- **Revised Vision Statement:** Transform Botswana's economy through safe gaming
- **Revised Mission Statement:** To effectively regulate and promote responsible gaming, and contribute to the socio-economic development of Botswana
- **Revised Values:** Professionalism, Integrity, Commitment, Transparency

Our Core Values Defined

In addition to MITI's core values, the Authority upholds the following values in all our dealings with stakeholders, operators, other industry participants, partners, and key publics:



Professionalism: We will leave a positive impression on our tracks whenever we deal with or on behalf of our stakeholders.



Integrity: We will be honest and show a consistent and uncompromising adherence to strong moral and ethical principles and values.



Commitment: We pledge to dedicate all our capitals to the realisation of our Vision and Mission.



Transparency: We will conduct our business in such a way that it is easy for others to see what actions are performed. Transparency to us implies openness, communication, and accountability.

Read together, our values can be shortened as "Pro-ICT", and this resonates well with our ambition of becoming an organisation that does its business online. We believe in a virtual office as it creates efficiency and effectiveness in our delivery.

Leveraging our Vision & Mission

During the year under review, the Board of the Authority reviewed and modified the organisation's Values, Mission, Vision, and strategy to align them with the National Vision 2036 and our host Ministry's Vision (Ministry of Investment Trade and Industry – MITI).

This was to align the organisation with the nation's aspirations and to enable the Authority to effectively regulate and promote responsible gaming and contribute to the socio-economic development of Botswana. Our revised Vision and Mission are as captured below:

The Authority's Vision is aligned to the National Vision 2036 – "Prosperity for All", which informs the Authority's strategy in contributing towards the following:



Pillar 1 - Sustainable Economic Development: through facilitating a dynamic and innovative gaming industry (such as Lottery licensing

ORGANISATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

CONTINUED

which is ongoing, signing of a Memorandum of Understanding (MoU) on funding the proposed gaming laboratory to be hosted by the Botswana Innovation Hub).

Pillar 2 - Human and Social Development: through creating employment, and development of gambling industry businesses by continuing to licence employees and services providers; as well as supporting good causes through the National Lottery Development Fund (NLDF).

Pillar 3 - Sustainable Environment: supporting expanded long-term sustainability and stakeholder value creation.

Pillar 4: Governance, Peace and Security - ensuring stability of internal and industry governance while promoting security through responsible gaming.

The Authority's Vision, Mission and Values are also aligned to the parent Ministry's corporate strategy as demonstrated below.

Enhancement of the Achievement of the Ministry of Investment, Trade and Industry's Corporate Strategy

The Gambling Authority exists as an entity under the Ministry of Investment, Trade, and Industry (MITI). The Ministry's Vision is "Prosperity through vibrant, diversified and competitive industry," and the Authority's Vision of "Transforming Botswana's Economy Through Safe Gaming" is in tandem and in support of this greater vision for the economy.

The Ministry's mission reads as follows, "The Ministry of Investment, Trade and Industry Facilitates the Promotion of Investment and Development of Sustainable Industries and Trade". In support of the Ministry's mission, the Authority adopted a mission statement that aims, "To effectively regulate and promote responsible gaming and contribute to the socio-economic development of Botswana".

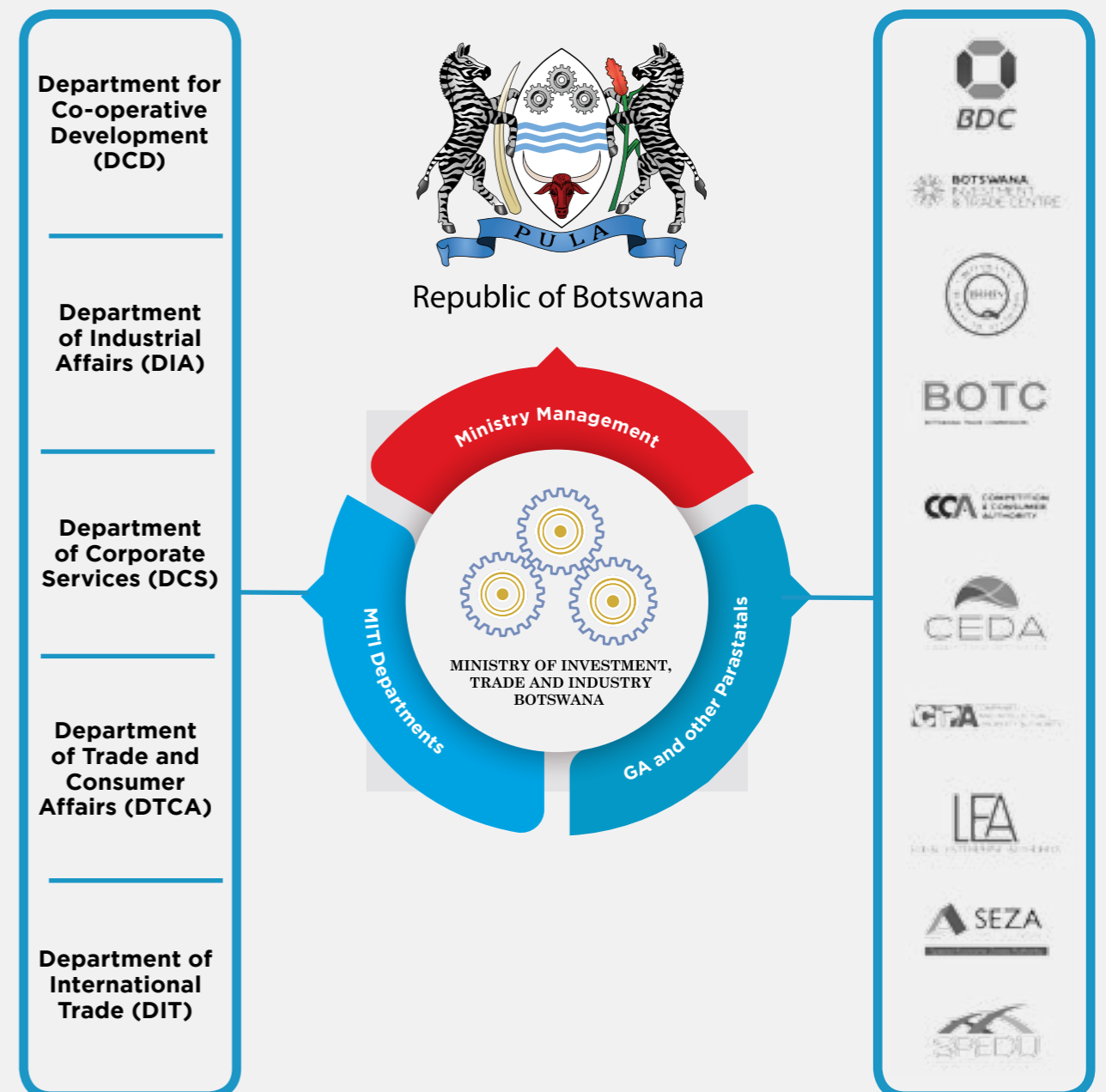
The Authority shares two of the Ministry's core values of "Professionalism and Integrity," in addition to the other two values of Commitment and Transparency, whilst MITI has Teamwork and Innovation as the other additional values. This deliberate balance in the strategic positioning of MITI and the Authority, was done to ensure alignment in purpose and to create sustainable value for our stakeholders, out of the capitals we use. The basic relationship between MITI and Gambling Authority is depicted in the diagram on the next page.

The Gambling Authority is one amongst 10 other parastatals in the Ministry of Investment, Trade, and Industry, with complementary mandates. Specifically, the Authority's core mandate is captioned and demonstrated in the pages that follow.

ORGANISATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

CONTINUED

Relationship with Botswana Government, Ministry of Investment, Trade and Industry, and other MITI parastatals.



ORGANISATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT CONTINUED

The Gambling Authority's Core Purpose and Organisational Values

Driving our Strategic Objectives

At the core of our business model is a 5-year revised strategy which when transformed into outputs delivers stakeholder value in the short to medium and long-term future of our Organisation and the nation. This strategy is hinged on six (6) key specific and measurable deliverables that have been summarised below and illustrated in the picture that follows.

Our Core Purpose Statement

The strategic intent of the Gambling Authority represents a clear statement of what the Authority intends to achieve during the defined strategic period. The strategic intent reflects alignment with the expected contribution of the Authority to the national transformation agenda and intended impact on the diversification of the national economy. The new strategic intent is presented below:

We will contribute to Botswana's transformation agenda and economic development by diversifying the gaming industry through the development and implementation of a responsive licensing regime and the promotion of responsible gaming.

The amended strategic intent focuses on the delivery, licensing and monitoring of gaming

activities, while ensuring the continuous promotion of responsible gambling within a safe environment. The Authority's strategic intent can only be achieved by a leadership team that is highly experienced, capable, and committed to organisational excellence. The Gambling Authority will therefore focus on the following five (5) strategic themes that are aligned with being a strong gambling regulator while driving the organisation's strategic intent:

- **Organisational Capability** – A clear set of organisational capabilities that will drive the mandate of the Authority have been identified. These include core, secondary, support and governance capabilities that inform the Authority's agenda for competency and technical skills development, process management and technology adoption.
- **Good Corporate Governance** – The Authority will adhere to principles or a code of conduct that governs the organisation's system of rules, practices, and processes by which it will be directed and controlled. These principles will endeavour to balance the interests of government, management, industry players, consumers, suppliers, financiers, and the community at large.
- **Robust and Responsive Regulatory Framework** – The Authority will develop and implement a cohesive set of regulatory mechanisms to monitor operators, consumers, and other industry

ORGANISATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT CONTINUED

participants, while promoting responsible gambling.

- **Operational Excellence** - The core and support operations of the Authority will be driven by a set of robust policies, processes, and procedures that are supported by a risk-based approach complemented by the strategic use of technology.
- **Communication and Engagement** – The Authority will promote, inform, and educate consumers (including targeted stakeholders) about its mandate, the concept of gambling, its expected contribution to the national economy, importance of responsible gambling and protection of players as part of its awareness and education campaign.

Our Strategy Journey to date

At inception, the Gambling Authority developed a five (5) year strategic plan to guide the establishment of the new entity, to guide implementation of regulatory mechanisms that guide compliance within the gambling industry, and to guide contribution to the national economy.

The Strategic Plan has been reviewed annually by the Board since then and in 2019 the Gambling Authority deemed it necessary to review the current strategy, test and adapt it, since most of the foundational elements were in place and some of the strategic initiatives had become operational. In addition, the new national transformation agenda that seeks to move the country from an upper

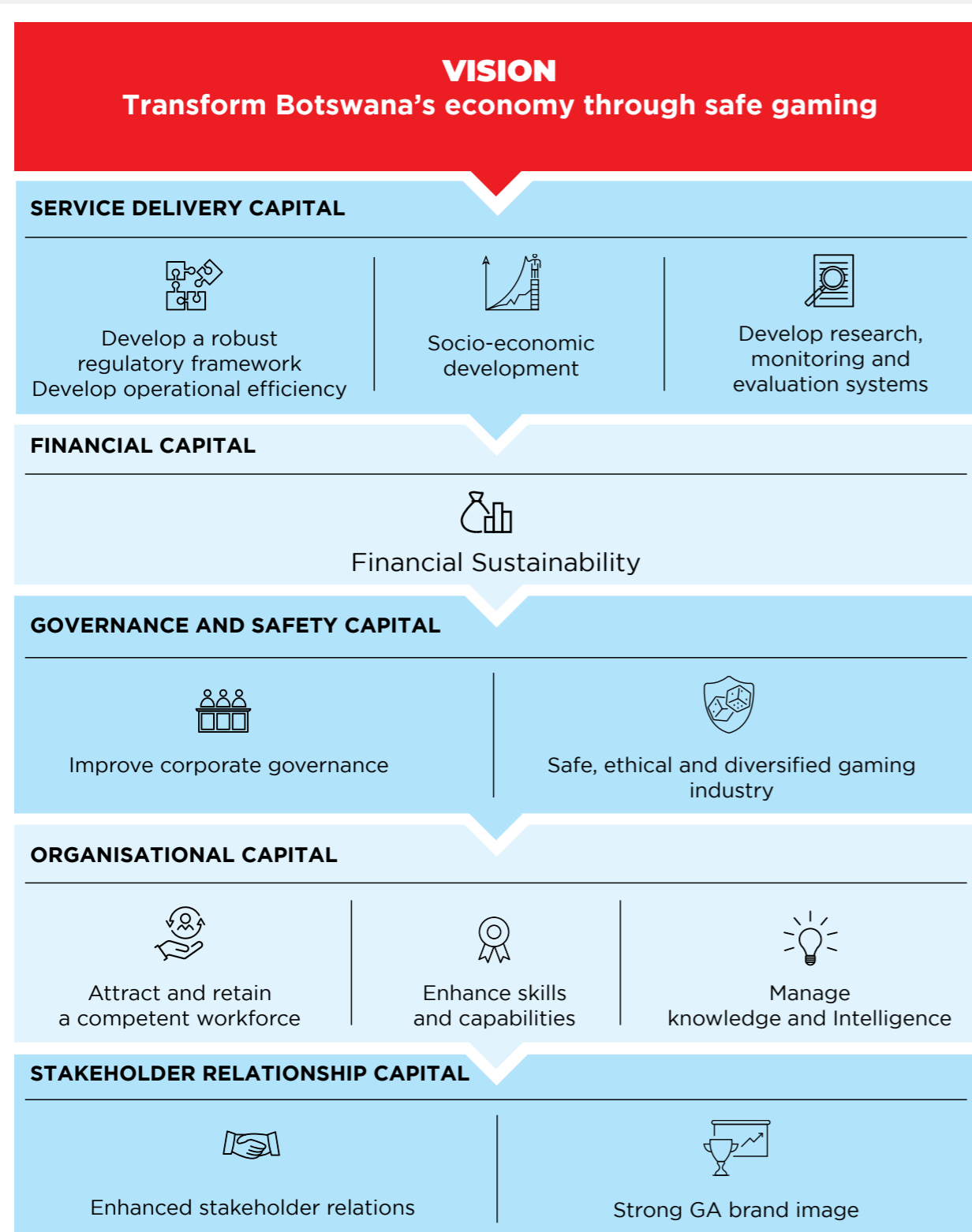
middle income to a high income country and the national drive toward the 4th Industrial Revolution, compelled parastatals such as the Gambling Authority to align their strategic thinking with Vision 2036 and the new national transformation agenda.

It is against this background that a strategic review exercise was undertaken attended by representatives of the Ministry, the Authority's Board, and management. The objective of the session was to seek a clear understanding of the Government's transformation agenda (presented by the NSO) and the strategic imperatives of our host Ministry of Investment, Trade and Industry, especially the Apex Model and the expected contribution of the Authority.

This session enabled members of the Board and management to seek clarity on its role in the transformation agenda and gather the necessary knowledge that would guide the development of an aligned strategic direction for the remaining period of the Strategic plan period 2017-2022. The session provided a firm basis for testing and adapting the strategic direction of the Authority in line with the evolving national transformation agenda.

A subsequent strategic planning session was arranged in Gaborone with the full participation of the executive management team of the Authority with the aim of developing the new corporate strategy in response to the evolving national transformation agenda.

THE REVISED GAMBLING AUTHORITY STRATEGY MAP: 2017 – 2022



THE GAMBLING AUTHORITY'S CAPITALS OF THE INTEGRATED REPORTING MODEL

In working towards achieving the strategic objectives and reporting on the outcomes, the Authority was partly influenced by the Integrated Reporting <IR> model amongst other standards. To ensure alignment going into the future, the Authority has re-worked the six capitals of the <IR> model to its own five capitals for relevance on how they have been processed to extract value.

The Authority has tracked the following five capitals and we will, as much as possible, demonstrate throughout this report how we have processed them to derive value for our stakeholders. However, it is worth a note that it has not been smooth to track all the capitals as the Authority's strategy had not been fully transformed along the <IR> framework. Furthermore, the strategy team is working on aligning the core elements of our strategy with the identified capitals.

In this report, therefore, we will report on both our capitals as identified below as well as on our strategic objectives as derived from our corporate strategy.

Transition of the Original IIRC Capitals

The Authority has translated the 6 capitals defined by the International Integrated Reporting Council (IIRC) to 5 capitals and redefined them in line with its mandate.

Definition of the Adopted Capitals

- **Organisational Capital:** This refers to our Internal Resources encompassing people, policies, systems, technology, and processes. It entails our responsibility to our people, and other assets.
- **Stakeholder Relationship Capital:** We have developed a stakeholder relationship action plan, and we are currently involved with stakeholders as identified through our stakeholder mapping matrix. Our stakeholder portfolio is diverse and is characterised by government, licensees, gamblers, citizens, non-governmental organisations (NGOs) and others. We continue to play our role in line with the demands of Vision 2036 that envisions a diversified tourism industry which includes gaming tourism, amongst others. We are also in constant communication with our parent Ministry to measure our output on a quarterly basis through our strategy scorecard. We have secured an online strategy management and monitoring tool to use going forward. We will assess and measure the real impact in 5 years at the end of our strategy.

IIRC Capitals

The six Capitals (IIRC)

- Financial Capital
- Human Capital
- Social and Relationship Capital
- Intellectual Capital
- Natural Capital
- Manufactured Capital

GA Capitals

The five Gambling Authority redefined capitals

- **Financial Capital**
• Government subvention, levies, grants/loans, revenue from industry
- **Organisational Capital**
• Internal Resources- people, policies, systems, technology, process
- **Stakeholder Relationship Capital**
• Stakeholder interest, vision 2036, Government (NDP11, MITI) licensees, gamblers, citizens NGO'S
- **Service Delivery Capital**
• Solutions/Regulation/Responsible Gaming/the Act
- **Governance and Safety**
• Combined assurance model, Gambling Act, King IV, responsible gaming programme, FIA Act

THE GAMBLING AUTHORITY'S CAPITALS OF THE INTEGRATED REPORTING MODEL

CONTINUED

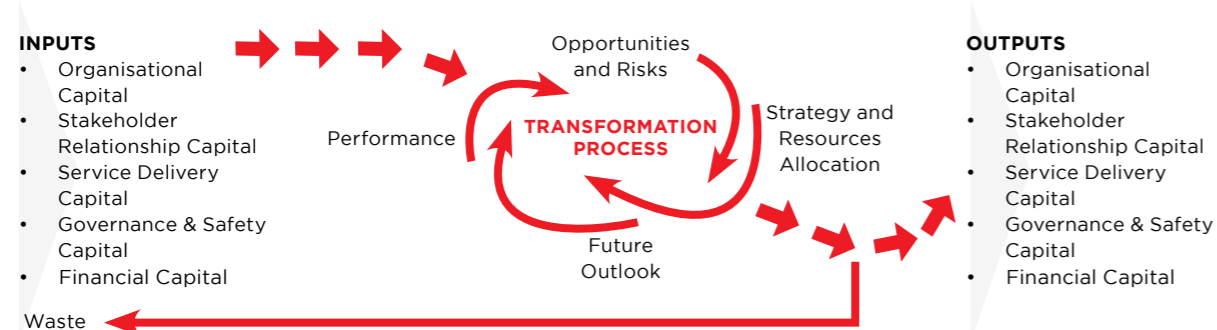
- Governance and Safety:** the Combined assurance model, Gambling Act, King IV, responsible gaming programme, Financial Intelligence Act. The Financial Intelligence Act deals with issues of suspicious transactions, financing of terrorism and money-laundering. The Authority is a supervisory authority under the Act and therefore has a responsibility to ensure that the entities it regulates comply with the provisions of this Act. A governance model is in place as well as a Responsible Gaming Framework (At final stage of drafting) which will give further impetus to responsible gambling efforts.
- Service Delivery Capital:** (Solutions/Regulation/Responsible Gaming/the Act/ Performance) The Authority has invested in online systems to ensure that its stakeholders all over Botswana and abroad obtain its services.
- Financial Capital:** These include government subvention, levies, grants/loans, as well as revenue from industry. The Authority will in the next financial year review its strategic objectives with a view to reduce the number of "objectives" to significant elements such as financial sustainability and others and changing others such as IT systems and HR skills and competencies to "enablers." This transformative journey is also made possible by the implementation of our capability model, which demonstrates how we use our resources to create value for our stakeholders.

The capability model is what our stakeholders and the nation see when we process our capitals through our business model. In other words, our capitals are mostly the intangibles (at least to our stakeholders) of our organisation and capability model is what they are likely to interact with.

Transforming Capitals into Outputs and Outcomes

The next chapter is a story of how we transform our inputs (capitals) or stocks of value into outputs and outcomes. Below we share the adopted GA transformation model, from the Integrated Reporting's Octopus Model. This diagram illustrates how we use our capitals (inputs) through our transformation process to deliver value for our stakeholders. We also acknowledge that there are gaps in our processes and systems that deduct value from our organisation. Our aim is to identify all the risks that may have negative impact on our business and turn them into opportunities.

Transforming Capitals into Outputs



BUSINESS MODEL CANVAS

The Gambling Authority developed a Mission Model Canvas (an adapted Business Model Canvas for mission focused organisations) that highlights how the Authority mobilises resources, raises a budget to solve a problem, and creates value for a set of beneficiaries. This model illustrates our approach in transforming allocated resources (capitals) into services. Our objective remains to find a way to produce services that meet or exceed stakeholder requirements and service specifications and within all other managerial constraints. The

model safeguards quality of service and productivity.

The Authority summarises its business model as indicated in the diagram below. Our business model covers and introduces key partners, key activities, our value proposition, buy-in and support, key resources, deployment and beneficiaries. The totality of the canvas below demonstrates our key activities and processes as well as the beneficiaries of our organisational planning and performance.

Mission Model Canvas

Mission (or problem) Description-To effectively regulate and control the gambling industry, account for revenue from the industry and contribute to the socio-economic development of Botswana				
Key Partners <ul style="list-style-type: none"> Legal advisors Technical advisors External auditors Regulators (local and international) ICT infrastructure Providers ICT service providers Government Research institutions Botswana Police Services (BPS) Directorate on Corruption and Economic Crime (DCEC) 	Key Activities <ul style="list-style-type: none"> Licensing Compliance Research Fund distribution Public awareness and training Stakeholder Relationship Management Levy collection Development of technical standards Responsible Gambling Strategy development and Implementation 	Value Proposition <ul style="list-style-type: none"> Contribution to GDP Revenue Employment Fair play Player protection Entertainment Clear and transparent Rules Elimination of illegal Gambling Funding Capacity building Recreational facilities Sustainable development of talent Administrative capability (coaches, referees, administrators, etc) and facilities Growth of industry (Arts and Culture) to support economic diversification Youth empowerment Creation of centres of excellence Family protection Minor protection Skills development Business continuity 	Buy-in and Support <ul style="list-style-type: none"> Gambling Authority Board Ministry of Investment Trade and Industry Ministry of Finance and Economic Development Ministry of Youth Empowerment, Sports and Culture Ministry of Nationality, Immigration and Gender Affairs Parliament His Excellency, The President Cabinet Attorney General Land Boards Botswana Police Services Directorate of Intelligence Services Financial Intelligence Agency Councils Village Development Committees Awarding Committees Non Governmental Organisations Foreign Investors Business community Industry suppliers Advisors Operators Players Youth IAGRA CIPA Botswana Unified Revenue Services 	Beneficiaries <ul style="list-style-type: none"> Government Consumers (Players/ Punters) Operators Industry suppliers Charities Sports Federation Arts and Culture Associations Youth Organisations Councils Primary and Secondary Schools Tourism Organisations Non-Governmental Organisations
Key Resources <ul style="list-style-type: none"> Competencies Funding Facilities IT Infrastructure 				
Deployment <ul style="list-style-type: none"> Regional Offices Targeted communication <ul style="list-style-type: none"> Media, Outreach Programmes Publications Digital Monitoring channels Pltso and Kgotla meetings 				
Mission Achievement (or "fulfilment "or "impact " Factors or criteria <ul style="list-style-type: none"> Economic Impact Social Impact Safe and Fair Gaming Environment Industry diversification (Tourism and Gambling environment) Wealth creation (citizenship economic empowerment and number of millionaires) Strong Brand Image international Recognition 				

THE GAMBLING AUTHORITY'S CORE PURPOSE AND ORGANIZATIONAL VALUES

The Authority's core purpose was refined during the year under review to read as follows:

Enabling an environment that is conducive for economic growth through regulating gaming in a responsible manner for the benefit of diverse stakeholders

Performance against Strategic Objectives

One year remains in the life of the Authority's Strategic Plan 2017-2022. Strategic objectives have been refined during the year under review to capture recent developments in the country's strategic agenda. This was done without losing key elements of the previous objectives. The new objectives read as follows:

Objective No. 1: To Create a Diversified Responsible Gaming Industry

During the year under review, we completed the baseline research on excessive and problem gambling in Botswana.

Objective No. 2: To Enhance Stakeholder Value

During the year under review, we announced the National Lottery Licence preferred bidder, as well as approved one casino licence for the Masa Casino. Work on betting and bingo licences Requests for Applications is continuing and the Authority is in a position to publicise the invitations for bidders.

Strategic Impacts

During the year under review, we have had the following strategic Impacts:

- **Economic Activity:** We steered the industry from collapse by working consultatively to find suitable options for all.
- **GDP Growth:** The Gross Gambling Revenue stood at P135.23million, which is a decline of P53.59million or 36% when compared with previous year where the Gross Gambling Revenue stood at P188.82million. The GGR per casino operator is displayed below.
- **Employment Creation:** The industry did not retrench any employees despite the COVID19 hardships. It is worth noting, however, that the Gambling Authority is not itself a creator of jobs, save for the few required for the operational imperative. We create a conducive environment and licence investors who in turn create sustainable jobs for the economy.

DEPLOYMENT OF CAPITALS/ STOCKS OF VALUE

Capital No.1:



During the review period we engaged 65% of the stakeholders we had planned to engage. Our stakeholder engagement journey was greatly impacted by COVID19 as health protocols were introduced to contain and manage the possible spread of the coronavirus. A comprehensive Stakeholders Engagement and Communication Report is attached to this report.

Capital No.2:



Our licensing programme delivered a casino licence and two transfers for casino licences; this was in addition to the announcement of the preferred applicant of the National Lottery. After a lengthy process, proposals for amending the Gambling Act were completed by Management and draft amendments to the Act presented to the Board for approval and submitted to the Ministry of Investment, Trade, and Industry. The aim of these amendments is to align the Gambling Authority with global advances in the gaming sector of the economy.

Capital No.3:



Our Responsible Gaming Framework has been completed and is awaiting board approval. We also finalised the Baseline study on prevalence of excessive and problem gaming in Botswana. The results of this study are expected to give further impetus to our responsible gaming interventions.

Capital No.4:

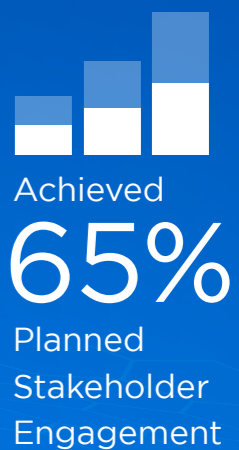


The financial Statement of the Gambling Authority for the financial year ended 31st March 2021 were audited by PricewaterhouseCoopers. The Authority incurred a deficit of P0.40 million compared to a deficit of P0.34million in the previous year. The minimal deficit increase of P.06m (1.5%) is mainly due to cost savings strategies in managing operations as during the year government subvention was cut and other income reduce due to lockdown.

Capital No.5:



We continue to implement the 4th Industrial Revolution Transformation with a digitised, transparent practices office and working environment that is King IV compliant, and that has incorporated Integrated Thinking and Reporting as well as Organisation for Economic Cooperation and Development (OECD) Governance Guidelines. Our staff are coached and mentored inhouse for effective implementation and delivery.

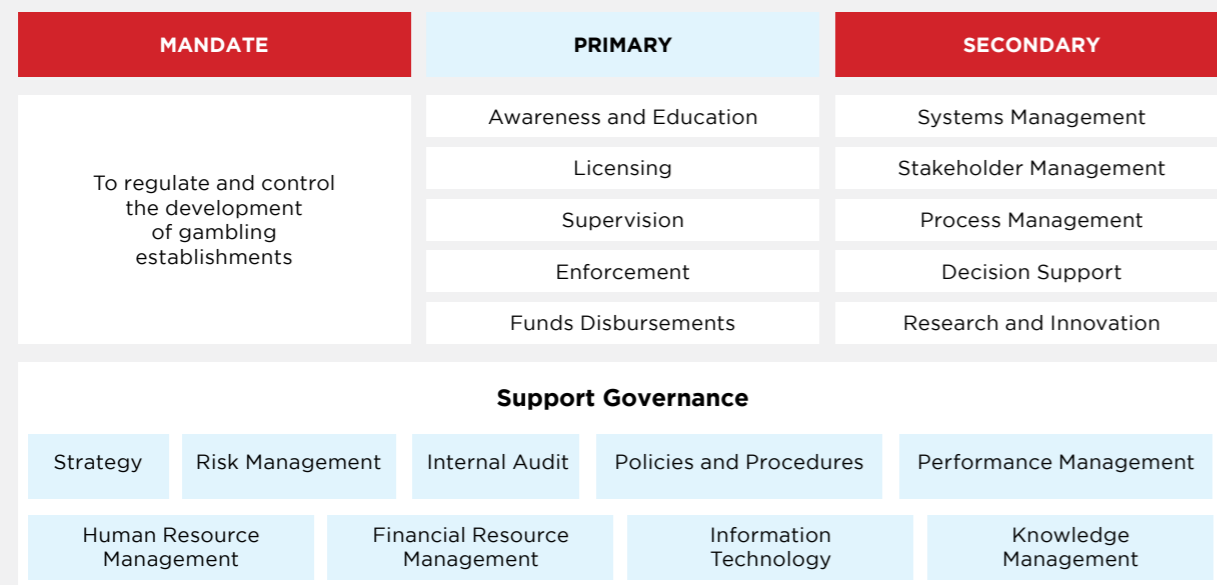


ONE
NEW
LICENCE
ISSUED

OUR CAPABILITY MODEL

The Authority's capability model (illustrated below) indicates advocacy, public awareness and education, licensing, supervision, enforcement, and funds collection and disbursements as primary capabilities that will enable the Authority to strengthen regulation and control of the gambling industry. These are and should be supported by efficient systems management, effective stakeholder management, robust risk management, and informed decision support.

In addition, an enabling corporate governance framework as well as a favourable legislative and policy environment enhances the effectiveness of the Authority. These capabilities have been developed within the Authority to drive effective industry regulation and supervision while also promoting responsible gambling.



GOVERNANCE

GOVERNANCE GUIDELINES

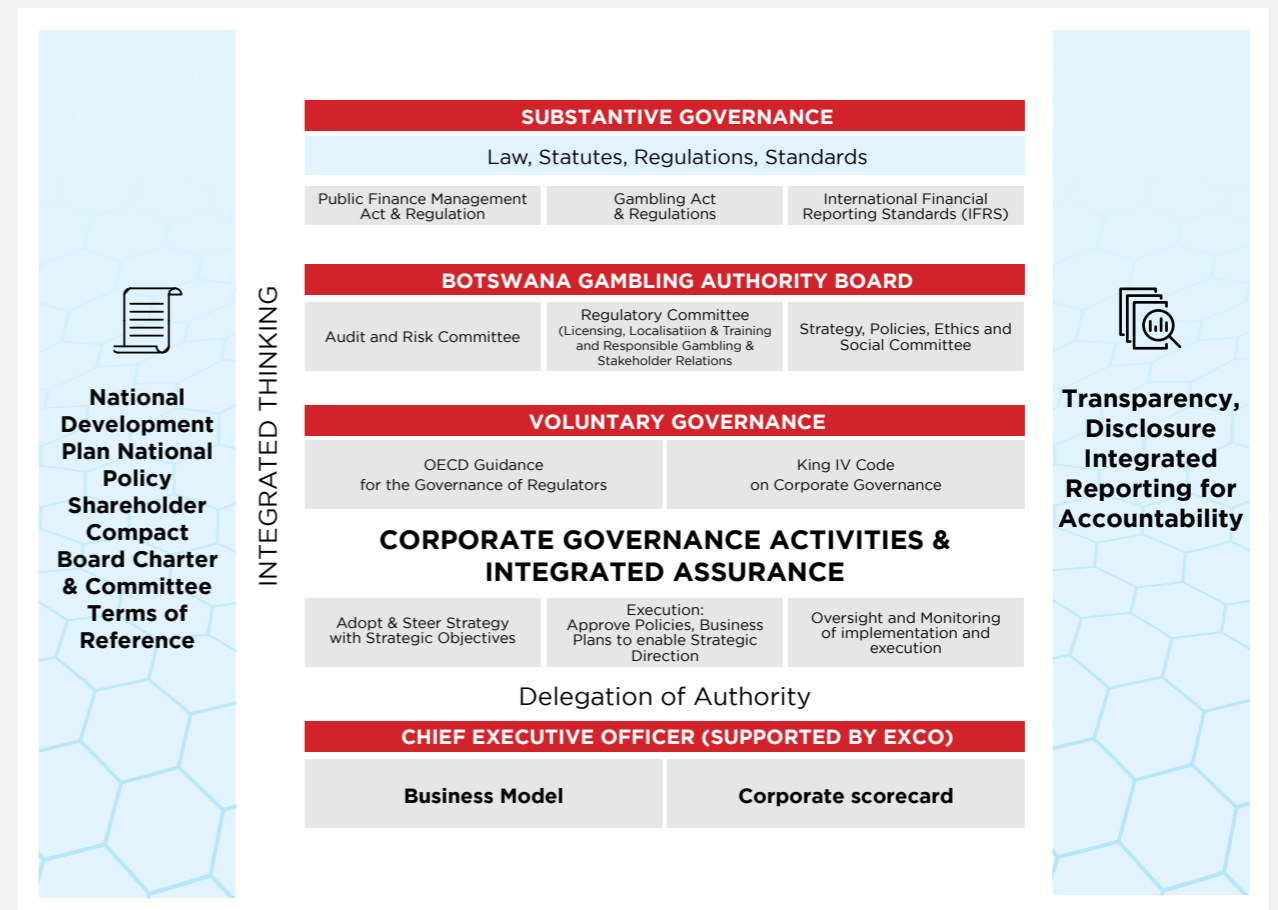
The following is the hierarchy of Governance guidelines adopted by the Gambling Authority:

Statutes - (Compulsory) - Such as primarily the Gambling Act and other statutes in support.

Guiding Principles - (Voluntary) - These include primarily the King Code as adopted by PEEPA and BAOA for SOEs.

To complement these guidelines, the Gambling Authority has added the OECD principles for State Owned Enterprises to which Botswana is signatory through international treaties.

INTEGRATED GOVERNANCE FRAMEWORK



©Adapted from "The Governance Framework", Peter Goss (Pty.) Ltd.

INTEGRATED GOVERNANCE, THINKING AND REPORTING

Much of the intended Integrated Governance framework has been accomplished.

The new Board Committee Terms of Reference were approved by the Board on the 8th October 2020 and implemented with new committee members on 4th December 2020.

During the year under review the Board approved the replacement of the previous six committees with the following:

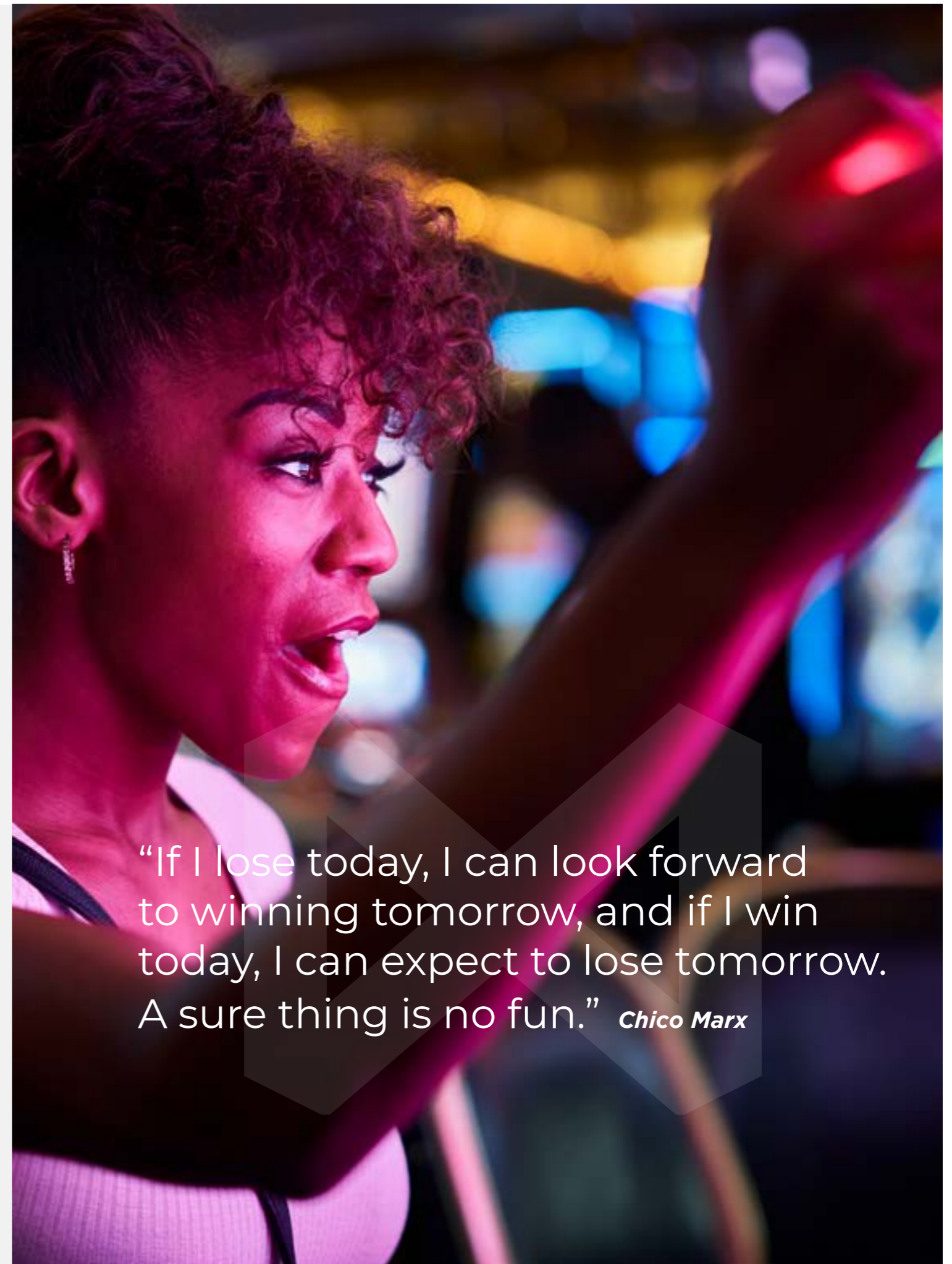
- Audit and Risk Committee - ARco - (Financial Capital and Organisational Capital, Governance and Safety Capital)
- Regulatory - REGco - (Service Delivery Capital and Stakeholder Relations Capital - incorporating committees required by the Act)
- Strategy, Policies, Ethics and Social - SPESco - (Organisational Capital and Stakeholder Capital)

The new Committees incorporate the statutory committees addressing Responsible Gambling and Training and Localisation in the Industry.

The following activities are still pending in order to complete the framework:

- Revision of the shareholder compact and the board charter;
- Finalization of the delegation of authority policy and matrix;
- Implementation of the PMS;
- Approval of the organisational structure by the shareholder (Government); and
- Implementing the third phase of the integrated reporting model.

Below we report on each of the reviewed committees.



“If I lose today, I can look forward to winning tomorrow, and if I win today, I can expect to lose tomorrow. A sure thing is no fun.” *Chico Marx*

BOARD GOVERNANCE

All Positions on the Board were filled except for the position of Board Member; "...representative of the Community" in line with Section 7 of the Act. The matter is being addressed by the Shareholder.

- i. **Mr Blessed S. Monyatsi** – Chairperson and Board member with; "...knowledge and experience in the field of community or socio-economic development" (S 7 Gambling Act 2012)
- ii. **Mr Marvin T. Torto** – Vice Chairperson with effect from 4th December 2020, and appointed as member of the legal profession, in line with the Gambling Act 2012.
- iii. **Mr Thulisizwe W. Johnson** – Chief Executive Officer
- iv. **Ms Rosinah Bontsi** – Member nominated by the Minister responsible for Investment, Trade and Industry in accordance with Section 7 of the Gambling Act (the Act)
- v. **Ms Arabang Kanego** – Member nominated by the Minister responsible for Environment, Wildlife and Tourism in accordance with Section 7 of the Act.
- vi. **Ms Itumeleng Mareko** – Member nominated by the Minister responsible for Finance and Economic Development in line with Section 7 of the Act.
- vii. **Ms Mmakome F. Masendu** – Member nominated as a person with experience in the Gambling Industry, in line with Section 7 of the Act.

viii. **Ms Eunice N. Mmono** – Member nominated by the Minister responsible for Land Management, Water Management and Sanitation Services.

The following are Coopted Members for the Committees of the Board:

- i. **Dr Kgomotso Jongman** – Regulatory Committee (incorporating Excessive Gambling Prevention and Rehabilitation Committee as required by the Gambling Act)
- ii. **Mr Setlhalefi Motshegwa** – Audit and Risk Committee
- iii. **Ms Boitumelo Vavani** – Regulatory Committee (incorporating former Excessive Gambling Prevention and Rehabilitation Committee as required by the Gambling Act)
- iv. **Ms Mmametsi Setlhare** (Appointed 4th December 2020) – Audit and Risk Committee

Ms Colleen Blumton Resigned on 24th August 2020 from the old Risk Finance and Audit Committee.

Mr Olebile Machete retired from the Board and from his position as Vice Chairperson on 31st October 2020

AUDIT AND RISK COMMITTEE (ARCO)

Purpose

ARCO is the Board's Committee entrusted with providing independent monitoring and oversight of effectiveness of specific Board assurance functions provided by external auditors, internal audit, risk management, finance function effectiveness and combined assurance. External, regulatory licensing and responsible gambling compliance does not fall within the remit of the ARCO.

ARCO Terms of Reference set out how the Board provides stakeholders and users of the annual financial statements, users of the integrated annual report and users of any other external reports issued by the Board with the following important data that enables the assessment of the Gambling Authority's performance:

- a. An appraisal of the external auditor's viewpoint on areas of significance identified during the audit, while being the intermediary between the external auditor, internal audit, other combined assurance providers and top management.

ARCO supports the Board by satisfying itself about how significant findings, made by assurance providers, were addressed by management.

ARCO has no executive powers with regard to its work. The Committee is responsible for oversight, supervision and monitoring in relation to the following:

- a. The effectiveness of internal controls.
- b. The integrity of the annual financial statements, the organisation's financial reporting and the integrated annual report, internal financial control processes, independent auditors' judgements about the quality and appropriateness of the Board's accounting policies and accounting and other principles applied in financial management and reporting. The effectiveness of the combined integrated assurance model and assurance functions including the risk management function,

compliance and regulatory function, external auditors, internal auditors, legal advisors, forensic investigators and forensic auditors, environmental sustainability, and other expert advisors.

- c. The effectiveness and implementation of policies of the finance function.
- d. Risk management strategy, planning and evaluation; and
- e. The quality of the internal audit function, reporting, resources, and management actions.
- f. The quality of the internal audit function, reporting, resources, and management actions.

ARCO shall have the following powers delegated to it by the Board:

- a. To approve the Internal Audit Plan;
- b. To approve the Audit Closeout Letter; and
- c. To note and approve Liquidity and Financial Sustainability reports.

AUDIT AND RISK COMMITTEE (ARCO) Continued

Composition

SECRETARY

JOSEPH MALOPE MATOME – Board Secretary

MEMBER'S QUORUM

50% OF MEMBERS (At least 2 being Board Members)

MEMBERS: APPOINTMENT/ NAME (IN FULL)	POSITION	REAPPOINTMENT DATE	END DATE	RENEWAL DATE
I MAREKO (Ms)	Chairperson	04/12/2020	31/05/2022	30/11/2021
A KANEGO (Ms) *Deceased 1 st September 2021	Member	04/12/2020	31/05/2022	30/11/2021
M F MASENDU(Ms)	Member	04/12/2020	28/02/2023	31/08/2022
S MOTSHEGWA(Mr)	Member	04/12/2020	31/10/2021	30/04/2021
M SETLHARE (Ms)	Member	04/12/2020	03/12/2023	30/06/2023

Attendance

Name	I Mareko	A Kanego	M F Masendu	S Motshegwa	M Setlhare
Meetings Attended	1/1	1/1	1/1	1/1	1/1

REGULATORY COMMITTEE (REGCO)

Purpose

The Regulatory Committee (REGCO) is formed under section 13 of the Gambling Act of 2012 which provides for the establishment of, and delegation of powers, roles and responsibilities to Board Committees.

REGCO is the Board Committee entrusted with providing independent monitoring and oversight of regulatory compliance regarding inter alia, licensing and monitoring of gambling establishments and activities, compliance with license conditions for all licensees, licensing of employees in the gambling industry, and licensees' compliance in the conduct of their businesses.

REGCO responsibility includes oversight and monitoring of the following:

- a. Licensing and monitoring of gambling establishments and activities.
 - b. Compliance with licence conditions for all licensees.
 - c. Licensing of employees in the gambling industry.
 - d. Licensees' conduct of their business in a compliant manner.
 - e. The existence of programmes, policies and strategies aimed at preventing compulsive gambling and the rehabilitation of gamblers.
 - f. Promotion of responsible and safe gambling practices in Botswana.
 - g. Training of citizens and localisation programmes of expatriate held positions; and
 - h. Monitoring effective communication channels with stakeholders.
- REGCO has the following powers delegated to it by the Board:
- a. To approve the annual statutory Responsible Gambling Report and submit the report to the Minister of Investment, Trade and Industry as per section 113 of the Gambling Act.
 - b. To approve and review the effectiveness of the annual stakeholder engagement plan.
 - c. To approve the annual licensing program and review progress against the plan.
 - d. To approve the compliance monitoring program and to receive exceptions reports related thereto.
 - e. To approve licensee audit plans and to receive exceptions reports related thereto.

REGCO supports the Board in fulfilling its powers, roles and responsibilities. The Board sets the delegation of authority framework for REGCO. If the Board decides not to delegate all or some of its roles and responsibilities, the Board will ensure that it fulfils those responsibilities itself.

Any delegation by the Board does not constitute a discharge of the Board's accountability. The Board must still apply its collective mind to the information, opinion, recommendations, decisions, reports and statements presented by REGCO.

REGULATORY COMMITTEE (REGCO) Continued

Composition

SECRETARY

JOSEPH MALOPE MATOME – Board Secretary

MEMBER'S QUORUM

50% OF MEMBERS (At least 2 being Board Members)

MEMBERS: APPOINTMENT/ NAME (IN FULL)	POSITION	REAPPOINTMENT DATE	END DATE	RENEWAL DATE
M T TORTO (Mr)	Chairperson	04/12/2020	30/11/2022	31/05/2022
T W JOHNSON (Mr)	Member	04/12/2020	31/05/2022	30/11/2021
R BONTSI (Ms)	Member	04/12/2020	31/10/2023	30/04/2023
I MAREKO (Ms)	Member	04/12/2020	31/05/2022	30/11/2021
E N MMONO (Ms)	Member	04/12/2020	31/05/2022	30/11/2021
K JONGMAN (Dr)	Member	04/12/2020	26/02/2023	25/08/2022
B VAVANI (Ms)	Member	04/12/2020	26/02/2023	25/08/2022

Attendance

Name	M T Torto	T W Johnson	R Bontsi	I Mareko	E N Mmono	K Jongman	B Vavani
Meetings Attended	1/1	1/1	1/1	1/1	1/1	*2/2	*2/2

*NB: K. Jongman and B. Vavani were engaged in work to develop the Responsible Gambling Framework for Botswana, hence they attended an extra meeting.

STRATEGY, POLICIES, ETHICS AND SOCIAL COMMITTEE (SPESCO)

Purpose

The Strategy, Policies, Ethics and Social Committee (SPESCO) is formed under section 13 of the Gambling Act of 2012 which provides for the establishment of, and delegation of powers, roles and responsibilities to Board Committees.

SPESCO is the Board Committee entrusted with providing independent supervision, monitoring and oversight of the Board's commitment to promoting an ethical culture, corporate citizenship and the remuneration policy.

Furthermore, SPESCO is responsible for oversight, supervision and monitoring in relation to implementation of the following:

- Corporate Strategy.
- Corporate Policy.
- Human Resource Planning and Succession.
- Remuneration Policy.
- Social and Ethics Strategy and Policy.
- Stakeholder

Relationship Strategy and Policy.
g. Information and Technology Policy and Governance.

It is the role of SPESCO to support the Board in fulfilling its powers, roles and responsibilities. The Board sets the delegation of authority framework for SPESCO.

It should be noted that any delegation by the Board of its responsibilities does not by or of itself constitute a discharge of the Board's accountability. The Board will still apply its collective mind to the information, opinion, recommendations, decisions, reports and statements presented by SPESCO.

SPESCO therefore has unrestricted access to information, including records, property and personnel of the Board, and must be provided with adequate resources to conduct necessary inquiry or investigations to fulfil its authority and oversight responsibilities. Any access to information or other data

must be secured within the confines of protocols agreed with the Board.

SPESCO is further empowered with access to outside advisors and experts for independent professional advice. Any such appointments of external advisors must be subject to the Board's planned budgets and resources and subject to Board approval. Due procurement procedures must be followed in consultation with the CEO.

In conclusion, and in light of the above, SPESCO does have the mandate to put forward recommendations to the Board in respect to governance. The Committee has been delegated by the authority to make decisions pertaining to governance. The delegation of authority does not however discharge the Board of its responsibility. In line with this, decisions that the Committee makes are subject to the scrutiny of the Board.

STRATEGY, POLICIES, ETHICS AND SOCIAL COMMITTEE (SPESCO) Continued

Composition

SECRETARY JOSEPH MALOPE MATOME – Board Secretary

MEMBER'S QUORUM 50% OF MEMBERS (At least 2 being Board Members)

MEMBERS: APPOINTMENT/ NAME (IN FULL)	POSITION	REAPPOINTMENT DATE	END DATE	RENEWAL DATE
E N MMONO (Ms)	Chairperson	04/12/2020	31/05/2022	30/11/2021
R BONTSI (Ms)	Member	04/12/2020	31-10-2023	30/04/2023
A KANEGO (Ms) * Deceased 1 st September 2021	Member	04/12/2020	Deceased	Deceased
M F MASENDU (Ms)	Member	04/12/2020	28/02/2023	31/08/2022
M T TORTO (Mr)	Member	04/12/2020	30/11/2022	31/05/2022

Attendance

Name	E N Mmono	R Bontsi	A Kanego	M F Masendu	M T Torto
Meetings Attended	3/3	2/3	3/3	3/3	3/3

OLD BOARD COMMITTEES

RISK FINANCE AND AUDIT COMMITTEE Financial year 2020-2021

Member Name	Colleen Blumton	Itumeleng Mareko	Setlhalefi Motshegwa	Olebile Machete
Meetings attended	2/3	3/3	3/3	3/3

HUMAN RESOURCES AND COMPENSATION COMMITTEE Financial year 2020-2021

Member Name	Olebile Machete	Eunice N Mmono	Thokozani M Torto	Rosinah Bontsi
Meetings attended	2/2	2/2	-	1/2

LICENSING & COMPLIANCE COMMITTEE Financial year 2020-2021

Member Name	Arabang Kanego	Mmakome F Masendu	Itumeleng Mareko	Eunice N Mmono	Thokozani M Torto	Rosinah Bontsi
Meetings attended	1/2	2/2	2/2	2/2	2/2	2/2

EXCESSIVE GAMBLING PREVENTION COMMITTEE Financial year 2020-2021

Member Name	Boitumelo Vavani	Mmakome F Masendu	Kgomotso Jongman	Eunice N Mmono	Thulisizwe Johnson
Meetings attended	2/2	2/2	2/2	2/2	1/2

TRAINING AND LOCALISATION COMMITTEE Financial year 2020-2021

Member Name	Itumeleng Mareko	Rosinah Bontsi
Meetings attended	2/2	2/2

BOARD TENDER COMMITTEE Financial year 2020-2021

Member Name	Arabang Kanego	Itumeleng Mareko	Olebile Machete	Thokozani M Torto	Rosinah Bontsi
Meetings attended	2/2	2/2	2/2	2/2	1/2

“Gambling is not about how well you play the games, it’s really about how well you handle your money.” *VP Pappy*

BOARD ANNUAL PLAN

The Board achieved most of its annual plans for the year. The most significant of these were:

1. The selection of the preferred and the reserve bidders to operate the first ever Botswana National Lottery.
2. The adoption of the Integrated Governance Framework which reduced the number of Board Committees from six to three, as well as further embedding Integrated Thinking throughout the organisation and the publication of the second improved Integrated Annual Report.

The following are board meetings held and the assignments they achieved:

Board Meeting March/April 2020

3. Corporate Scorecard 2020 for Approval
4. Budget 2020/2021 For Approval

Board Meeting, June/July 2020

5. Board Annual Evaluation and Assessment
6. Annual Financial Statements 2020
7. Board Annual Plan 2020

Special Board August 2020

8. Integrated Annual Report
9. National Lottery Development Fund Governance Framework for Approval (Discussions ongoing on Fund Order Framework).

Board Meeting 8th October 2020

10. Governance Review - Integrated Governance Framework, Board Committee Restructuring (incl. TORs), Delegation of Authority Policy and Matrix, Draft Board and Committee Agendas and Documentation.
11. Reappointment/Extension of External Auditors (Five Year Cycle)

12. Annual Report Delivery to Government (Late by One Month)

Board Meeting December 2020/January 2020

13. Annual Strategy and Scorecard Review
14. Annual Budget Estimates and Three-Year Forecast

Board Meeting March/April 2021

15. Corporate Scorecard 2021/2022
16. Board Annual Plan 2021/2022
17. Final Budget 2021/2022 - Post February 2021 Budget Speech

Other Goals for the Year 2020/2021

18. Approval of new Organisation Structure
19. Approval of changes to the Gambling Act and Regulations
20. Board Charter Review
21. Shareholder Compact Review
22. 360-degree Board Evaluation
23. Award Lottery Licence; two (2) Sports Betting Licences
24. 90% Attendance, per member, of Scheduled Board and Committee Meetings
25. No Meetings Postponed due to lack of quorum.
26. Board Assessments - Review of Actual Board Competencies vs Required Competencies.
27. Chairpersons IoDSA Course
28. Audit and Risk Committee Risk Oversight Training (with CFAO instead of External Auditor)
29. Board Members to attend **at least one** Board Development/Training Course
30. ALL Board Members to attend Annual Induction/Re-induction Workshop.
31. At least 2 Board or Board Committee/Management Members to achieve Certified Board Member Status
32. Integrated Thinking and Reporting - Integrated Governance Framework

BOARD ANNUAL PLAN Continued

Some planned activities were not achieved. The following are some of the significant ones:

1. Award of the National Lottery Licence due to court cases currently ongoing and the late start to negotiations with the preferred applicant. The Authority was also not able to issue Request For Applications for Sports Betting due to lack of funds for the process.
2. The Gambling Act amendments and the Gambling Levy Fund Order have not yet been approved by the Ministry. These are key for the self-sustainability and licensing program rollout plan and costs of the Authority, and to enable it to rely on fees and levies collected for its revenue rather than Government subventions.
3. The approval of the Organisation and Remuneration Structure which is required to better carry out and extend its mandate. There will be need for a National Lottery Development Fund management team when the lottery operates and a current need for Information and Technology Strategy and Human Resource Policy direction.
4. Training and Inductions due to COVID19 challenges.

BOARD PERFORMANCE AND EFFECTIVENESS (NB. FOR 2019-2020 FINANCIAL YEAR) (AS PER PRINCIPLE 9 OF THE KING IV)

The Gambling Authority Board continued its Board evaluation process with a “near” 360-degree approach i.e. with internal third-party assessments and facilitation.

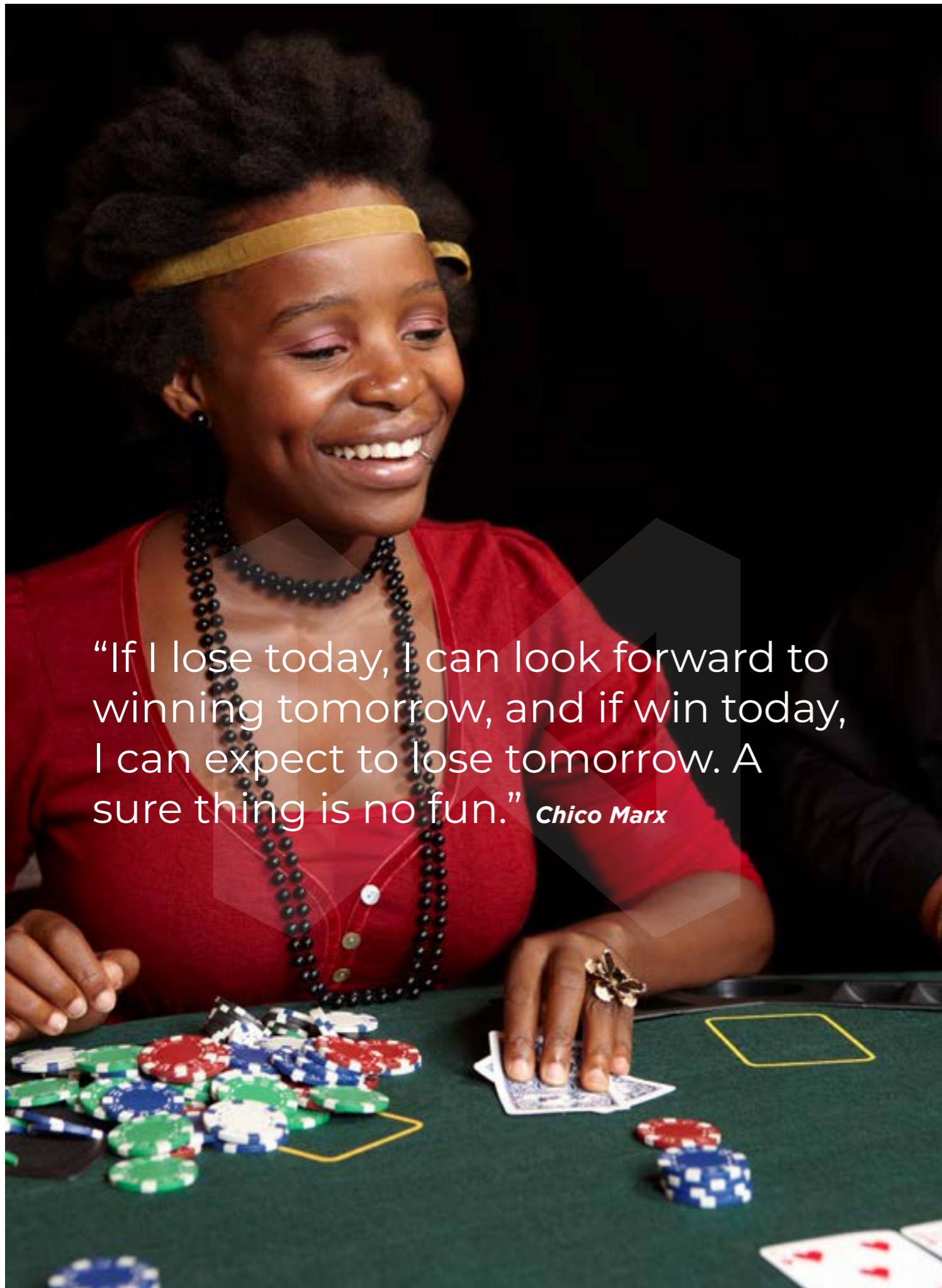
The King IV Code suggest that such detailed approach be carried out every three years with self-evaluation taking place in between as we have done in this case.

The scoring ranged from 1 (Poor/Low) to 3 (Average) to 5 (Very Good/High).

NB. Evaluations are done one year in arrears.

There were no low scores for the year 2019-2020

Board activity was high (4/5). There was improvement from the 2018-2019 evaluation with much achieved in the area of governance improvement and strategy review.



“If I lose today, I can look forward to winning tomorrow, and if win today, I can expect to lose tomorrow. A sure thing is no fun.” *Chico Marx*

BOARD ATTENDANCE AND REMUNERATION

Board Meeting Attendance and Remuneration

Board Member Name	Remarks	Attendance
Blessed S. Monyatsi	Appointed Chairperson 01 June 2019. Continuing Second Term	8/8
Rosinah Bontsi	Appointed 1 June 2019	8/8
Arabang Kanego	Second Term (Diseased 1st September 2021)	8/8
Olebile Machete	Term ended 31/10/2020	5/5
Mmakome F. Masendu	Continuing Second Term	8/8
Itumeleng Mareko	Appointed 01 June 2019	7/8
Eunice N. Mmono	Appointed 01 June 2019	8/8
Marvin T. Torto	Appointed 01 December 2019	7/8
Thulisizwe Johnson	Continuing Third Term	8/8

Board and Co-opted Committee Members' Meetings Allowances

Member	Pula
Arabang Kanego	36,000.00
Blessed Monyatsi	51,750.00
Colleen Blumton	3,600.00
Mmametsi Setlhare	3,600.00
Kgomotso Jongman	7,200.00
Boitumelo Vavani	7,200.00
Mmakome Masendu	34,200.00
Olebile Machete	28,800.00
Setlhalefi Motshegwa	9,000.00
Eunice Mmono	46,800.00
Itumeleng Mareko	45,000.00
Marvin Torto	30,600.00
Rosinah Bontsi	N/A
Thulisizwe Johnson	N/A
TOTAL PAID	305,550.00

Thulisizwe Johnson (Executive Board member - CEO) and Rosinah Bontsi (Board member - Nominee of host Ministry MITI) do not receive sitting allowances.

RISKS, OPPORTUNITIES AND COMBINED ASSURANCE

Our Approach to Managing Risk and Opportunities

Integrated Risk Management and Combined Assurance

The Authority continues to implement an integrated risk management and combined assurance approach which leverages on the combined efforts from different assurance providers such as Risk Management, External Auditors, Internal Auditors and other specialist experts.

The concerted efforts from the varied pool of expertise assist with implementation of a coordinated approach to identifying, quantifying, and developing appropriate mitigation strategies that will reduce risk exposure to tolerable levels.

During the period under review, the Authority identified the COVID19 pandemic as one of the key risks affecting the industry that it regulates and also posing a health risk to its most valuable resource, the human capital. The uncertainty brought about by

the pandemic was monitored throughout the year and mitigation measures were deployed to reduce the negative effects to the organisation and its staff. Due to consequent financial pressures experienced, the Authority re-evaluated its priorities to ensure that the COVID19 impact is minimized. Enhancements were also made to the employee wellness program by introducing office decongestion by enabling staff to work from home on rotational basis. Employees were also provided with face masks, sanitizers and access to voluntary COVID19 testing.

The Authority maintains a corporate risk register which is considered by the Board quarterly. The aggregate efforts from our combined assurance model have continued to equip both management and Board with the requisite assurance and insight for informed decision making. These efforts have had a positive impact on the Governance and Safety Capital.

The following are the top risks for 2020/21 reporting period and are linked to four of our strategic objectives. We deployed mitigation measures to address these risks and ensure unimpeded business continuity.

Top Risks 2020/21

Risk	Strategic Objective Impacted	Capital impact
1. COVID19 Pandemic	Drive financial sustainability	Financial Organisational
2. Inadequate resources for financial sustainability	Drive financial sustainability	Financial Organisational Service Delivery
3. Failure to issue New Approved Licenses	Create a diversified Gambling Industry	Service Delivery
4. Insufficient public education and addict support Regarding safe gambling and rehabilitation	Develop a Robust Policy and Regulatory Framework	Governance & Safety
5. Deficient Information Technology Governance	Strategic Planning Leverage on Technology	Service Delivery Organisational
6. Inadequate Funding to Support Organisational Realignment	Attract and Retain a Competent Workforce	Service Delivery Organisational

STRATEGY, RESOURCES AND DEPLOYMENT OF CAPITALS

Strategic Performance

We have been able to use most of our capitals efficiently and effectively. Below is an update on how the Authority has performed against our strategy during the year under review.

Licensing a Diversified Gambling Industry

During the year under review, the Authority made significant strides that advanced the strategic objectives under the licensing, monitoring and compliance functions as espoused in the Gambling Act, 2012.

Financial Sustainability

The Authority has continued to strive towards financial sustainability by strengthening its capacity to collect fees and to verify levies paid by licensees.

Create a Diversified Gaming Industry

During the year under review and in line with the strategic objective; "to create a diversified gaming industry", the Authority presided over the licensing of a new casino at Masa Centre in the Gaborone CBD. It also presided over the transfer of the Moonlite Casino licence from the Gaborone Bus Rank to Airport Junction, and the Kings Casino licence to new owners.

Anti-money laundering and Counter Terrorism Finance (AML/CFT/CPF)

During the course of the past financial year the Authority was engaged in the supervision of the industry in connection with Anti Money Laundering and Counter Terrorism Finance. Botswana was placed under supervision by the ICRG and had immediate outcomes that it had to achieve before a review.

The Authority is making strides to be a regulator of choice. Our hope is that as the industry grows with new license types and increased revenues in the market there will be more opportunities to contribute to the strategic goals and organisational capitals.

Responsible Gambling

A comprehensive Responsible Gambling Annual Report 2020-21 is attached to this report.

STRATEGY, RESOURCES AND DEPLOYMENT OF CAPITALS Continued

Below we share the Authority's Scorecard for fiscal year 2020-2021. It illustrates the Authority's performance against set strategic objectives.

Objective	Measure	Strategic Initiative	Risks	Mitigation	Key Performance Indicator	Comment	RAG RATING
Finance Perspective							
Drive financial sustainability	% Funded by Government	Develop a business case to be presented to Govt for financial sustainability	1. Govt policy may want to retain budgetary funding through the consolidated fund 2. Under performance of the levies to sustain the Authority	1. Selling our strategic vision and getting buy-in for the value of independence 2. Closely monitor the performance of the operators	1. Approve Business Case for Self Sustainability.	1. The fund orders are still being discussed by MITI and GA 2. Once completed the revenue and GA funding model will be put in place."	Yellow
		Amend Gambling Act to support the business case model	1. Rejection of Amendment 2. Lengthy process for Parliamentary approval"	1. Lobbying of MITI Leadership, Attorney General, Cabinet for buy-in.	1. Approved Amendment of Gambling Act.	The draft Act is still under consideration	
Stakeholders Perspective							
Create a diversified Gaming industry	Number of license types issued	Issue Lottery, bingo and horse/ sports betting licences and Casino Licences	1. No successful bidders 2. Inadequate funding for evaluation or other required consultants.	1. Investor roadshow 2. Business case for outsourced evaluation and engagement of consultants where required.	Issued Lottery, bingo, betting and Casino Licences	1. The award was made on the 4th of June. Grow Mine Pty Ltd was announced as the preferred bidder and Ithuba Botswana was announced as the reserve bidder. 2. A Casino licence was awarded to Scenic Adventures to operate a Casino at Masa in 2019. The opening of the Casino has been delayed due to the Covid -19 pandemic.	Yellow
		Engage Stakeholders	1. Resource constraints	1. Continuous lobbying of Key Stakeholders. 2. Target key Stakeholders	1. Executed Stakeholder Engagement Plan.	Due to protocols on social distancing the Authority has been engaging stakeholders using social media	
		% Implementation of Brand proposition Strategy	1. Limited Resources	1. Prioritisation of focus areas in brand strategy	Executed brand strategy	1. Corporate Brand image enhancement centered on stakeholder engagement and awareness of GA	

STRATEGY, RESOURCES AND DEPLOYMENT OF CAPITALS Continued

Objective	Measure	Strategic Initiative	Risks	Mitigation	Key Performance Indicator	Comment	RAG RATING
Internal Process Perspective							
Develop a robust policy and regulatory framework	% completion	Develop and Implement a responsible and safe gambling programme, rules and regulations	1. Non - Acceptance of the programme 2. Misaligned messaging 2. Potential lack of Local Expertise 3. Lack of buy in from Licensees 4. Failure to Reach the audience	1. Research and efficient communication plan 3. Engage licensees	Executed Responsible gaming programme	1. Rules and Regulations are in place 2. Licensees are being engaged to enhance level of compliance 3. Central Monitoring system able to assist in investigation of complaints 4. RGP research has been completed and results will be announced by end of May 2021 5. Approved RGP Strategy and budget in place	Yellow
	% completion	Implement a Whistle Blowing facility for unfair and illegal practices in the gaming industry	1. Inadequate funding 2. Lack of buyin by stakeholders	1. Stakeholder engagement 2. Cooperation agreements	Whistleblowing facility platforms in place	1. Toll free whistle blowing line in place 2. Staff and general public made aware of whistle blowing line	Green
	% completion	Develop a market intelligence capability	1. Poor stakeholder relations 2. Inadequate funding	1. Stakeholder Engagement 2. Focus on key priority areas	Key information availability	1. A programme to be put in place coupled with brand communication	Yellow
	% Completions	Develop standards for machines to be licensed in Botswana	1. Inadequate funding 2. Lack of buy in from stakeholders	1. Stakeholder engagements	Published standards	1. Standards being implemented in conjunction with Botswana Bureau of Standards.	Yellow

STRATEGY, RESOURCES AND DEPLOYMENT OF CAPITALS Continued

Objective	Measure	Strategic Initiative	Risks	Mitigation	Key Performance Indicator	Comment	RAG RATING
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Internal Process Perspective Continued

	Establishment	Establish an enforcement unit within the Authority	1. Inadequate funding 2. Lack of buy-in by Board	Stakeholder engagement	Establishment of an enforcement unit within the Authority	1. The enforcement processes are being documented and the building up of an enforcement unit within the Operations department is envisioned in the proposed organisational structure. 2. An MOU will be developed afterwards.	
	Achieving project milestones	Develop and implement King IV adoption plan	1. Inadequate funding 2. Lack of buy in	Stakeholder engagement	Achieve of milestones	1. Integrated Governance Framework with new reduced committees covering King IV and added OECD guidelines for Parastatals and Regulators will be in place by end of Financial Year 2020/2021. 75% Done. 2. First Integrated Annual Report produced. 3. Integrated Thinking to be fully implemented in organisation in 2021/2022 Year	

Learning and Growth

Attract and retain a competent workforce	% Completion of approved project plan	Implementation of the recommendations of the organisation realignment project	1. Inadequate funding 2. Lack of buy in	Stakeholder engagement,	Implemented approved project plan	1. Re-alignment on-halt due to the envisaged rationalisation of parastatals	
	% Completed	Implement PMS	1. Non-commitment to PMS	Disciplinary action	Signed off contracts and reviews for 100% of employees	1. On-going	
Enhance skills and capabilities	% Completion of training plan	Develop and implement a training plan	1. Inadequate funding	Board and Ministry engagement and buy in	Completed training plan	1. In-house training being done	

Operational Performance

OPERATIONAL PERFORMANCE

As stated previously, this chapter details the achievements and challenges as demonstrated in the scorecard above.

Licensing Division

Through the existing licensing framework, the Department continued to ensure effective gaming regulation during the period under review by ensuring that licences are issued to fit and proper persons. Nonetheless, the effect of the COVID19 pandemic and the associated lockdowns resulted in a decline in applications being received by the Department.



National Lottery

Despite the adverse consequences brought about by the COVID19 pandemic, the Authority successfully selected the preferred bidder for the inaugural National

Lottery. Growmine Africa (Pty) Ltd t/a Dineo tsa Pula was the preferred applicant and Ithuba Solutions (Pty) Limited t/a Ithuba Botswana was the reserve applicant. The selection is subject to successful negotiation and conclusion of a licence agreement acceptable to the Gambling Authority. The negotiations resumed in January 2021.

Casino

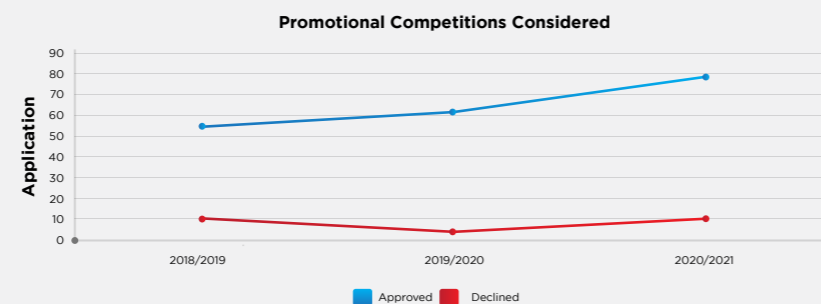
The Authority extended the period of time allocated to applicants, Scenic Adventures (Pty) Ltd t/a Masa Casino and Speedy Investments (Pty) Ltd t/a Kings Casino, to complete developments of their

casino premises owing to pressures brought about by the COVID19 pandemic. The two applicants' licenses were both approved in December 2019 and were given 15 months to complete developments of the casino premises as stipulated by the Gambling Act. When the period lapsed, they applied for extension which was granted in February 2021 for a further 15 months. The extensions took effect on March 2021.



Employee Licensing

The pandemic had a negative impact on the gambling industry, the lockdown restrictions placed in March 2020 by the Public Health Act (Directions for the Prevention of the Spread of COVID19) resulted in a cessation of operations in the



Operational Performance Continued

gambling sector and the subsequent general curfews resulted in a contraction of economic activity in gambling establishments. For the period under review, twenty-one (21) new applications were approved. Annual Fit and Proper checks were done on one hundred and thirty-seven (137) casino employees and fifteen (15) Service Provider employees.

Promotional Competitions

Promotional competitions have become a popular marketing tool used by businesses to promote their products or services to customers. The Authority is mandated to oversee the running of promotional competitions in Botswana to ensure that they are conducted



in a fair and transparent manner. The Authority also must ensure that the way they are conducted does

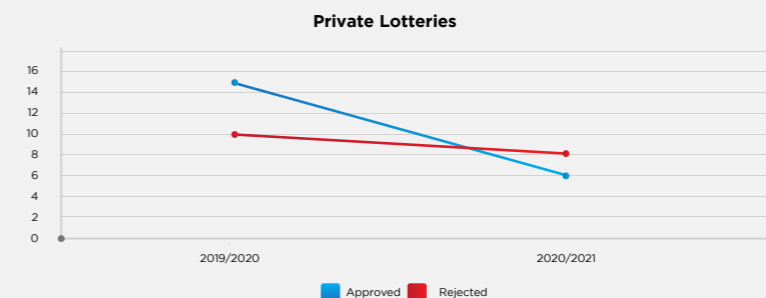
not stray into the realm of gambling activities. Though the promotional competition regulations are yet to be published, the Authority has seen a steady increase in the number of promotional competitions that are submitted for consideration. The increase in the submissions can be attributed to an increase in public awareness on the mandate of the Authority. During the fiscal year 2020/2021 a total of 91 promotional competitions were considered by the division. Of the 91 proposals submitted 79 were approved and 12 were rejected. A comparison of the number of competitions submitted year on year is summarised in the table on Page 72.

Private Lotteries

The division mostly considers private lottery requests from charitable organisations and churches. Due to the lockdown restrictions placed in March

2020 by the Public Health Act (Directions for the Prevention of the Spread of COVID19) the division saw a decline in the number of requests as compared to the previous year. For

the period under review, the division considered fourteen (14) applications for private lotteries. From the considered requests, six (6) were approved and (8) were rejected.



OPERATIONAL PERFORMANCE Continued

SERVICE PROVIDERS

A total number of ten (10) service providers have been registered by the Authority. The list of service providers is as follows.

LICENCED SERVICE PROVIDERS

Name	Type of Service provided
Aruze Gaming Africa (Pty) Ltd	Maintenance provider and seller of gambling machines and devices
Kalula Trade 23 (Pty) Ltd t/a Specialised Video Solutions	Maintenance provider of surveillance equipment
International Game Technology Africa (Pty) Ltd	Distributor of gambling machines and devices
Associated Casino Management Services (Pty) Ltd	Distributor of gambling machines and devices
SG Gaming Africa (Pty) Ltd	Distributor of gambling machines and devices
SNB Investments (Pty) Ltd	Maintenance provider and seller of gambling machines and devices
Umlingo Trade and Invest 70 (Pty) Ltd	Maintenance provider and distributor of gambling machines and devices
umAfrika Gaming Technologies (Pty) Ltd	Supplier of gambling machines and devices
Novomatic Africa (Pty) Ltd	Supplier of gambling machines and devices
TCS John Huxley Africa (Pty) Ltd	Supplier of gambling machines and devices
DRGT Africa (Pty) Ltd	Manufacturer, supplier, and maintenance provider of gambling machines and devices
GLI Africa (Pty) Ltd	Testing agent of gambling machines and devices
Omega Gaming (Pty) Ltd	Maintenance provider and distributor of gambling machines and devices

GAMBLING MACHINES AND DEVICES

As per section 89 of the Gambling Act 2012, a person shall not own or possess any gambling machine unless it is licensed with the Authority. The table below shows the total number of gambling machines and tables in the country.

NUMBER OF GAMBLING MACHINES & TABLES

Casino name	Number of machines	Number of tables	Spare machines	Location
Grand Palm	150	17	25	Gaborone
Avani	140	11	24	Gaborone
Menateng	58	0	8	Francistown
Marang	58	0	9	Francistown
Moonlite	122	10	-	Gaborone
Sedibeng	50	0	7	Francistown
Teemane	57	0	5	Jwaneng
Kings	50	4	2	Lobatse
Thakadu	50	0	-	Lethakane
TOTAL	735	41	80	

OPERATIONAL PERFORMANCE Continued

CASINO INSPECTIONS 2020/2021

The Authority has continued to conduct casino inspections following on its plan despite the challenges brought about by the COVID19 pandemic. In an effort to curb Covid related risks, the Authority preferred off-site inspections to on-site inspections (Illustrated in the inspections table below). Online platforms like the Central Electronic Monitoring System (CEMS) and video conferencing were used to obtain information from the Casinos. Twelve (12) targeted inspections were conducted, and only one (1) general inspection was conducted during the fiscal year 2020/2021. There were no inspections conducted at Kings Casino because it is still on its relocation processes. Reports from these inspections shows an improvement in the compliance level for Casinos.

CASINO INSPECTIONS

CASINO	TYPE OF INSPECTION		TOTAL
	General	Targeted	
Marang	-	1: Employee licensing (Off-site)	1
Avani	-	1: Employee licensing (Off-site)	
1: AML/CFT (On-site)	2		
Grand Palm	1-Licence renewal (On-site)	1: Employee licensing (Off-site)	
1: AML/CFT (On-site)	3		
Moonlite	-	1: Employee licensing (Off-site)	
1: AML/CFT (On-site)			
1: AML/CFT (Off-site)	3		
Thakadu	-	1: Employee licensing (On-site)	1
Sedibeng	-	1: Employee licensing (Off-site)	1
Menateng	-	1: Employee licensing (Off-site)	1
Teemane	-	1: Employee licensing (Off-site)	1
Kings	-	-	0
TOTAL	1	12	13

OPERATIONAL PERFORMANCE Continued

CASINO REQUESTS

As mandated by legislation, the Authority strives to ensure compliance on all operations that are conducted in Casinos. In this regard, the Authority considers requests made by Casinos for changes on the gaming floor, gaming devices and procedures. The consideration of such requests by the Authority has resulted in better management of Casinos and improvement in the compliance level. The table below summarizes requests reviewed by the Authority during the past fiscal year.

CASINO	PERIOD	
	2019/2020	2020/2021
Marang	4	4
Avani	5	15
Grand Palm	14	11
Moonlite	-	9
Thakadu	-	-
Sedibeng	-	2
Menateng	1	3
Teemane	-	-
Kings	-	-

CASINO PROMOTIONAL COMPETITIONS

To ensure safe gaming and customer protection in casinos, the Authority reviews the mechanics of casino promotional competitions. During the year under review, the Authority saw a reduction in the number of casino promotional competitions conducted (Illustrated in the table below). The reduction is attributed to business disruptions caused by the COVID19 pandemic.

CASINO	PERIOD	
	2019/2020	2020/2021
Marang	1	-
Avani	2	2
Grand Palm	8	2
Moonlite	2	4
Thakadu	2	-
Sedibeng	3	1
Menateng	1	-
Teemane	-	-
Kings	-	-

OPERATIONAL PERFORMANCE Continued

MACHINES CRUSHED

The Authority did not receive any requests from casinos to destroy gaming devices during the period under review. This is attributable to effects of the COVID19 because casinos were not able to acquire new machines therefore did not destroy old machines. The effects of COVID19 coupled with a reduction in revenue resulted in no changes to the gaming floor.

CASINO	PERIOD	
	2019/2020	2020/2021
Marang	0	-
Avani	0	-
Grand Palm	59	-
Moonlite	20	-
Thakadu	0	-
Sedibeng	0	-
Menateng	16	-
Teemane	0	-
Kings	0	-

APPROVED GAMING EQUIPMENT SHIPMENT

Acquisition of new gaming equipment by casinos was significantly affected by the COVID19 pandemic during the fiscal year 2020/2021. However, some casinos were able to acquire gaming equipment like shufflers, cards, chips and game kits. The gaming equipment is vetted and approved through Letters of Certification/Test Reports to ensure compliance with gaming standards.

SERVICE PROVIDER	SHIPMENT			
	Slots Machines	Tables	Game Software/Kits	Others
Scientific Gaming Africa (Pty) Ltd	-	-	-	3
TCS John Huxley (Pty) Ltd	-	-	-	5
Umlingo Trade and Invest 70 (Pty) Ltd	-	-	1	-
UmAfrika Gaming Technologies (Pty) Ltd	-	-	14	-

ENFORCEMENT

The Compliance and Monitoring Unit ensures compliance through enforcement of the Act and its regulations. During the year under review, the Authority received three (3) complaints against casinos. The complaints were all play-related where punters alleged to have been cheated while playing. Investigations were carried out and the cases were resolved amicably with no enforcement actions taken.

OPERATIONAL PERFORMANCE Continued

AML/CFT/CPF

Botswana is classified by the Financial Action Task Force as a country needing increased monitoring and timeframes have been set for the country to have addressed strategic deficiencies to counter money laundering, terrorist financing, and proliferation financing. Therefore, the Authority as a supervisor for the casino industry continues to make strides in ensuring that the strategic deficiencies are addressed within set timeframes.

Below is a summation of the work carried out by the Authority to address these strategic deficiencies.

ACTION ITEM	ACTION ITEM UPDATE
IMPLEMENTATION OF THE RISK BASED SUPERVISORY MANUAL	<p>The Gambling Authority conducted four (4) inspections during the period under review. One was an offsite inspection on one of its supervised entities as determined by its high risk profile. The purpose of this inspection was to assess the casino's level of compliance with its AML/CFT/CPF obligations. Inspection findings shown that the licensee had conducted a risk assessment survey and had developed AML/CFT policies and procedures. However, they were found to be deficient. The Authority intervened and assisted the licensee to upgrade its risk assessment capabilities and to improve the AML/CFT/CPF policies.</p> <p>The Authority carried out another three on-site targeted inspections on three (3) Casinos. The inspections were triggered by internal audit reports and a concern raised by the Financial Intelligence Agency (FIA) on low reporting by the casino sector despite the high cash intensive nature of the business. The scope of the inspections covered Cash Transaction Reporting and Suspicious Transactions Reporting. The results indicated a lack of knowledge in reporting cash transactions through the goAml platform which resulted in low reporting. As an intervention, the Authority together with FIA conducted a training on Cash Transactions Reporting for the casinos. There has been improvement in the casino's cash transaction reports ever since the training.</p>
STAFF TRAINING ON AML/CFT/CPF SUPERVISION	<p>To ensure continuous capacitation of the Compliance Unit on AML/CFT/ CPF supervision, staff members continued to attend virtual trainings on AML/CFT/CPF during the year under review. The training improves their understanding of financial crime and helps to improve supervision strategies. The Authority also received technical assistance through the EU global facility. The virtual trainings covered; conducting financial investigations, understanding risk-based supervision as well as ultimate beneficial ownership. Moreover, two (2) officers from the Compliance Unit attended training on the Implementation of Targeted Financial Sanctions. The training was later cascaded to the rest of the Compliance Unit. After the training, there has been significant improvement in the in the time taken to disseminate the UN sanction list as received from FIA (undue delay) and increased filing of returns by casinos.</p>

OPERATIONAL PERFORMANCE Continued

ACTION ITEM	ACTION ITEM UPDATE
OUTREACH PROGRAMS TO ENHANCE APPLICATION OF AML/CFT/CPF OBLIGATIONS	<p>The COVID19 pandemic brought about a new dispensation of digital transformation. Taking advantage of this high digital uptake, the Authority conducted virtual trainings to continuously capacitate the casino sector. The Authority hosted a refresher virtual training on AML/CFT/CPF obligations which covered:</p> <ol style="list-style-type: none"> ML/TF risk assessments; AML/CFT policies and procedures; Compliance function; Cash transaction reporting and suspicious transactions reporting; and Record keeping and customer due diligence measures. <p>All the 8 casinos attended the training. Following the training, casinos have shown improved understanding of their obligations through the submission of refined ML/TF risk assessments and AML/CFT policies.</p> <p>Additionally to enhancing casino understanding and application of AML/CFT obligations on reporting, the Authority working in collaboration with FIA conducted a virtual awareness training on goAml. The purpose of the awareness training was to intensify reporting of the casino sector on Cash Transaction Reporting and Suspicious Transaction Reporting. The compliance unit and the casinos attended the trainings.</p> <p>The Authority, in consultation with FIA, issued the following guidance notes to assist casinos with their AML/CFT/CPF obligations:</p> <ol style="list-style-type: none"> Guidance notes on cash transaction reporting and suspicious transaction reporting; Guidance notes on proliferation and proliferation financing; and Guidance notes on the implementation of targeted financial sanctions. <p>The Gambling Authority's website also has a number of information resources on AML/CFT/CPF compliance. These include information flyers on the FIA Act and regulations, guidance notes on proliferation and proliferation financing, guidance notes on cash transaction reporting and suspicious transaction reporting.</p>

LEVIES

Revenues

There are two (2) streams of casino revenue; 1) revenue generated from slots and tables which aggregates to gross gaming revenue (GGR), and 2) fees collected from casino players as entrance fees. The table below summarises revenue performance of the casinos during the year under review:

Summary Of Revenues

There was a decline in revenue as presented above. The casinos decrease of 36.06% as gross gaming revenue, 40.37% as entrance fees and subsequently a decline in the levies due to the Authority by 36.06% as compared to the previous year.

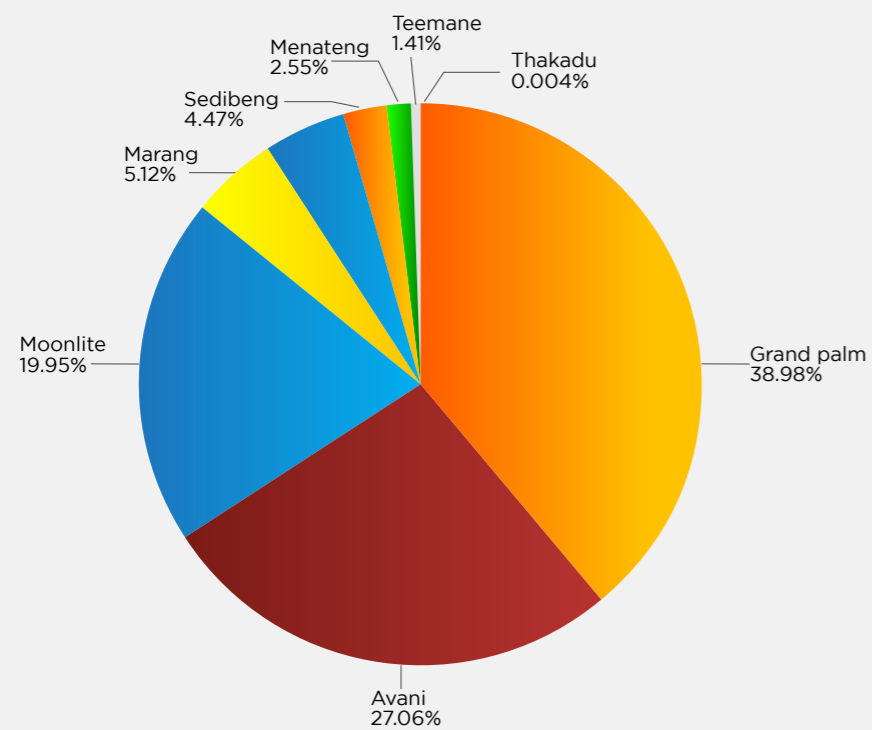
All casinos did not yield desired results in terms of the revenue. This is primarily due to the adverse effects of the COVID19 global pandemic.

It must be also noted that, though there was a decline in the levies, one casino had growth in the gross gaming revenue mainly due to increase in their tables and slots games and their marketing strategic migration from one geographical location to another.

Market Share 2020/21

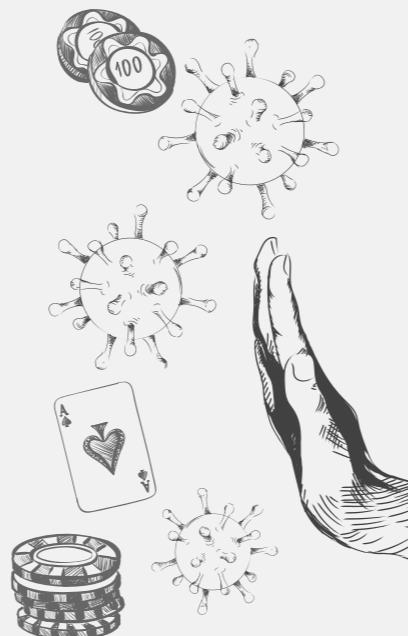
The Grand Palm Casino continues to dominate the market with a 38% market share, followed by Avani with 27%. The Moonlite Casino has grown exponentially over the last year to capture a sizeable share of the market and it's the third largest with a 19% share of the market.

Casino Market Share 2020-21



↓ **36.06%**
casinos decrease as gross gaming revenue

↓ **36.06%**
decline in the levies as compared to the previous year



Summary

Operations of the casino industry have been adversely affected by the COVID19 pandemic which led to a decline in revenue. This resulted in some operators holding off levy payment so as to save their businesses and retain employees. However, there is good prospect for the businesses as the COVID19 regulations have been relaxed.

TIP-OFFS ANONYMOUS MOBILE

REPORT ALL CASES OF:

- FRAUD
- CORRUPTION
- EMBEZZLEMENT
- MOONLIGHTING
- BRIBERY
- FAVOURITISM

◀ **ORANGE - 144**

◀ **MASCOM - 71119603**

◀ **BTC - 080060064**



Stakeholders Engagement and Communication Report

STAKEHOLDER ENGAGEMENT AND COMMUNICATION REPORT 2020/21

The core role of the Communication Unit is to engage and involve various stakeholders to communicate the Authority's mandate through a comprehensive plan and appealing packaging. The Authority strives to build and maintain good stakeholder relations. The advent of the COVID19 pandemic compelled the world to shift from traditional to digital communication platforms. For the Authority, the shift was not seismic as it had already developed a smart office environment which proved handy at the height of the pandemic. Figure 1 details the Authority's key stakeholders and the nature of the relationship it has built with them.

Figure 1: Stakeholder Relationship

Stakeholder	Relationship with Authority
Ministry of Investment, Trade, and Industry	The Ministry of Investment, Trade and industry is the Authority's parent Ministry. They work collaboratively to achieve their mandates. The Authority continued playing an active role in the initiatives in the Ministry's initiatives to support the youth and people with disabilities.
Parliament and Cabinet	Parliament and cabinet are vital partners in the Authority's role to change legislation. For example, the Authority is currently working to review and change some sections of the Gambling Act and to pass regulations to guide operators and players in Botswana's gaming space. Parliament and cabinet are therefore instrumental in supporting these undertakings.
FIA	The Authority has established close relationships with FIA in order to work collaboratively to address money laundering, terrorism as well as proliferation financing.
Casinos	These are the establishments where punters are legally allowed to partake in gambling activities and the Authority maintained strong contact with these establishments throughout the year on regulatory and compliance matters as well as on matters of responsible gambling.
Media Houses	The media's role is to disseminate communication to various stakeholders. The Authority has kept media practitioners abreast of activities happening within it. This was done through media conferences addressed by the Chief Executive Officer and through media releases. The Authority has a standing policy of responding to all media enquiries within 48 hours, and has lived up to it both during the year under reporting and in previous years.
Punters	This refers to players at casino establishments and the Authority, through its Operations Division, maintains an up-to-date record of all gamblers in Botswana as well as an exclusion register, which is a requirement of the Gambling Act, 2012. The Authority is currently working on developing a self-help portal for punters and their families.

NB: Continues to next page

STAKEHOLDER ENGAGEMENT AND COMMUNICATION REPORT 2020/21 Continued

Figure 1: Stakeholder Relationship Continued

Stakeholder	Relationship with Authority
Business Botswana	This is a business umbrella body, therefore maintaining a relationship with them provides the Authority a captive audience of the entire Botswana's business sector. The Authority maintains cordial relations with them.
Counselling Centres	Counselling centres play a vital role in supporting the responsible gambling wing of the Authority. The Authority outsources problem gambling cases to the centres for counselling and other interventions.
Gamblers Association of Botswana	This is a community of people who consume gambling products and services. They give insights on how best to work with casinos and punters. The organisation is faced with challenges among them lack of operational space, lack of commitment by the members among others.
Ministry of Health and wellness	The Ministry is responsible for the nation's health and wellbeing. In this regard, the Authority engages with it through the Responsible Gaming Programme to leverage its skilled personnel and facilities to rehabilitate gambling addicts. The Ministry sits on the Authority's reference group for the responsible gambling research.

Below we highlight other engagements the Authority was involved with during the year under review.


Figure 2: Stakeholders engagement and Involvement


Engagement	Purpose
National Lottery Licence	Announcement of the preferred bidder to operate the National Lottery Licence in Botswana. The event was live on Gabz FM, Yarona FM and on the Voice online newspaper, as well as the Authority's Facebook page.
Radio Engagements	The CEO took the GA message to different radio stations (RB 1, Yarona FM, RB 2, Gabz Fm and Duma FM) speaking on the Authority's response to COVID19 and how it adapted its service offerings to serve stakeholders better.
Donation of Face Masks	As part of the Authority's corporate social responsibility initiatives, we donated 2036 face masks to various institutions in different parts of the country, among them the Mochudi Resource Centre for the Blind, the Cheshire Foundation and various primary schools.
Responsible Gaming Framework for Botswana	A stakeholder engagement session was organized to review the Responsible Gaming Framework developed by the Authority. Attendants included the University of Botswana, the Ministry of Health and Wellness, all casinos, counselling services providers (registered with GA), BOCONGO, MISA Botswana, Editors' Forum, Gamblers Association of Botswana and interested identified individual former gamblers.
Research on Prevalence of Problem Gambling in Botswana	The Authority carried out this study to assess the prevalence of problem gambling in Botswana. Key objectives of the study were to investigate problems caused by gambling, their impacts, causes, and possible ways to mitigate their effects. This was a national level study with data collected from a representative number of villages and towns across the country. The completion of the study is a milestone for the Authority as the research is pioneering and will provide a baseline for all matters around problem gambling.

STAKEHOLDER ENGAGEMENT AND COMMUNICATION REPORT 2020/21 Continued

Below we highlight significant planned stakeholder engagement activities for the year 2020/2021 and the performance status of each one.

Figure 3: Stakeholder Engagement and Communication Plan

Stakeholder - Hon. Minister - MITI & Hon. Assistant Minister - MITI				
Category	Mindset	Level of influence	Level of interest	Concerns
Policy Makers External	Positive	High	High	Licensing Programme
Type of Engagement	Timeline	Objectives		
1 on 1 presentation	Q1	Update on GA mandate, Licensing programme, Lottery Fund governance. Responsible Gaming		
Outcomes/Impact				Status
Update on GA Mandate, further engagement required on issues raised. Meeting with MITI leadership to be scheduled.				DONE 

Stakeholder - Media				
Category	Mindset	Level of influence	Level of interest	Concerns
NGO - external	Generally Negative	High	Medium	Governance Lottery Licence and impacts of COVID19
Type of Engagement	Timeline	Objectives		
Media Briefing Radio Interviews	Q1	To launch the GA stakeholder Engagement Plan Update on the Lottery Licence and impacts of COVID19 and working from home.		
Outcomes/Impact				Status
GA gained PR value at less cost, by being reported in the news. Value has not been quantified.				DONE 


STAKEHOLDER ENGAGEMENT AND COMMUNICATION REPORT 2020/21 Continued

Stakeholders Engagement & Communication Plan 2020/2021

Stakeholder - Consumer Public In Jwaneng, Kgatleng Lobatse Molepolole Kanye Ramotswa

Category	Mindset	Level of influence	Level of interest	Concerns
General External	Generally Negative	Medium	Medium	Opportunities Responsible gaming and licencing

Type of Engagement	Timeline	Objectives
Mass public campaign and Presentations In councils	Q3	Share mandate of the Authority and enlist their support in the execution of the Responsible Gaming Programme Requirements for private lottery and promotional competitions

Outcomes/Impact	Status
NOT DONE Due to COVID19 protocols and restrictions. However, the Authority continue updating its stakeholders via its Facebook page and other media like newspapers and radio	NOT DONE 

Stakeholder - Youth & General Public

Category	Mindset	Level of influence	Level of interest	Concerns
General External	Generally Negative	Medium	Medium	Responsible Gaming

Type of Engagement	Timeline	Objectives
Nothern Trade Fair	Q2	GA Mandate
Consumer Fair	Q2	Responsible Gaming
Global Expo	Q3	Requirements for private lotteries, promotional competitions

Outcomes/Impact	Status
NOT DONE Due to COVID19 protocols and restrictions	NOT DONE 


STAKEHOLDER ENGAGEMENT AND COMMUNICATION REPORT 2020/21 Continued

Stakeholders Engagement & Communication Plan 2020/2021

Stakeholder - Needy & Underprivileged Members of Our Society

Category	Mindset	Level of influence	Level of interest	Concerns
General External	Positive	Low	Low	Responsible Gaming

Type of Engagement	Timeline	Objectives
Sponsorship and Follow GA CSI Programme	Q3	Implementation of the GA CSI policy

Outcomes/Impact	Status
Successfully donated 2036 Face Masks to Primary School Pupils in various schools	DONE 

Stakeholder - Employees

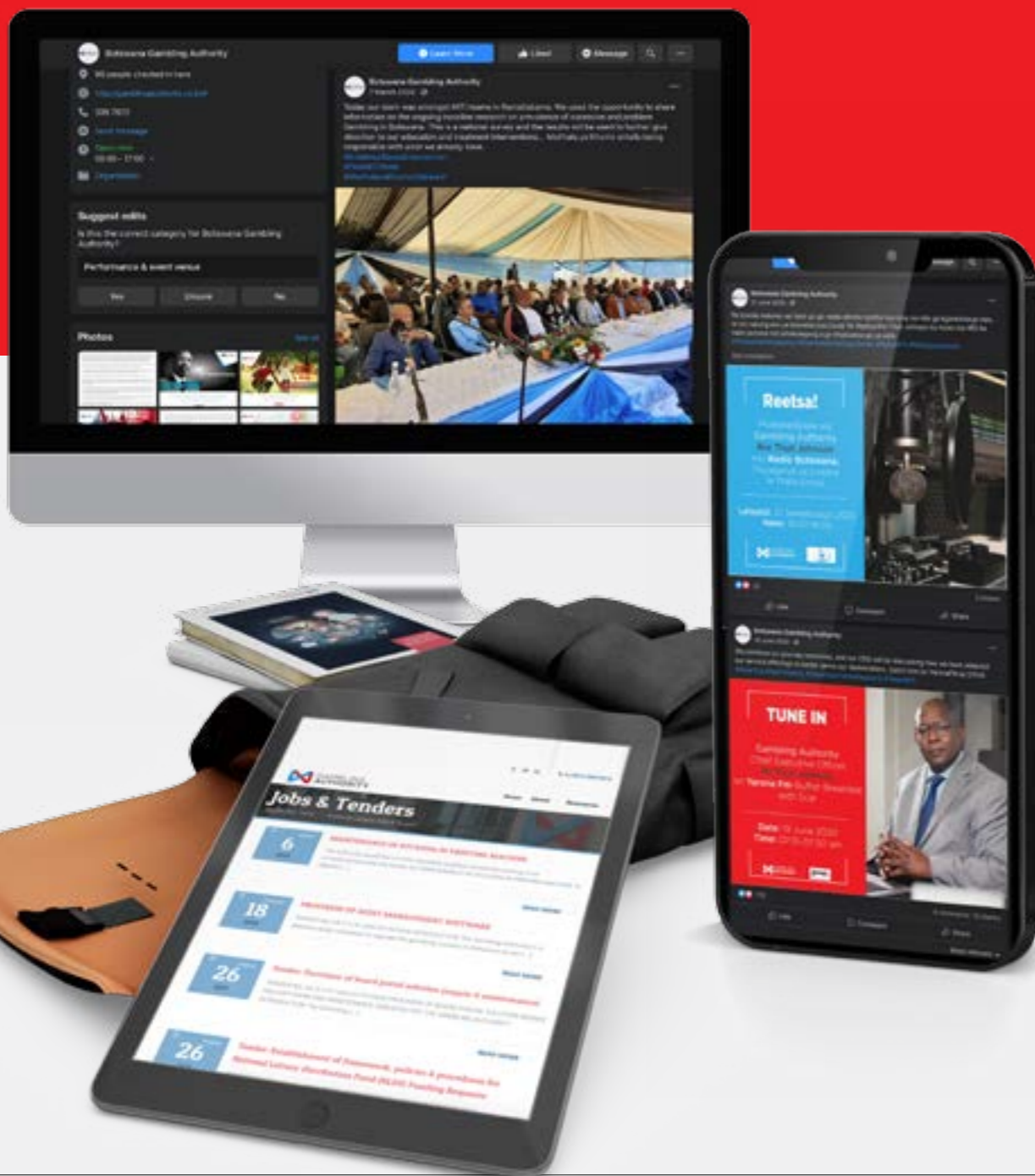
Category	Mindset	Level of influence	Level of interest	Concerns
Internal	Positive	High	High	Future of the Authority Career Progression MITI Collaboration

Type of Engagement	Timeline	Objectives
Internal communication platforms	Q1 Q2 Q3 Q4	Keep employees informed and engaged on projects, policies and changes that affect their jobs

Outcomes/Impact	Status
Empower Involve and Collaborate	ON COURSE 

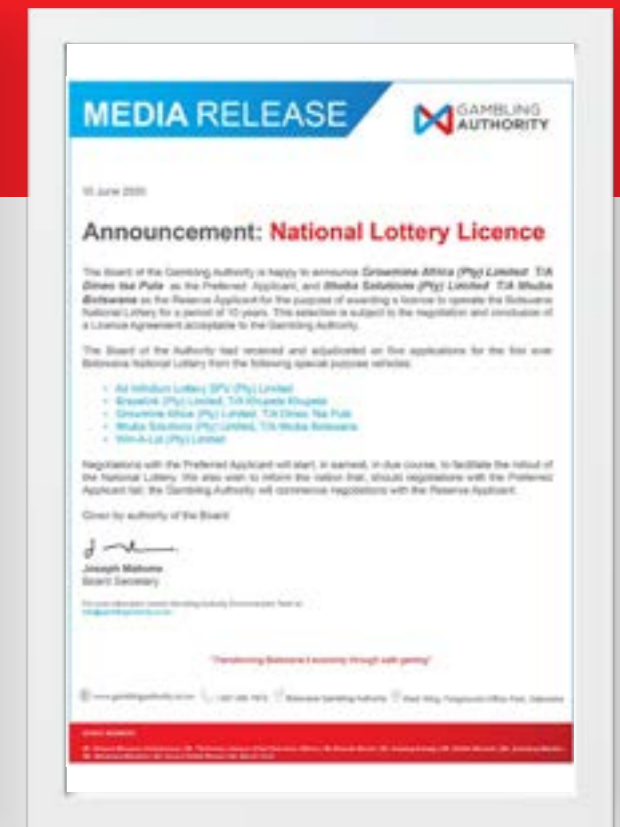
**STAKEHOLDER ENGAGEMENT AND COMMUNICATION
REPORT 2020/21** Continued

**EXAMPLES OF SOME ENGAGEMENTS
ON FACEBOOK AND THE WEBSITE**



**STAKEHOLDER ENGAGEMENT AND COMMUNICATION
REPORT 2020/21** Continued

**SAMPLES OF SOME CONTENT /
ADVERTISEMENTS SHARED ON
DIFFERENT PLATFORMS**



STAKEHOLDER ENGAGEMENT AND COMMUNICATION REPORT 2020/21 Continued

Photos Gallery of Stakeholder Engagement Events

Below are photos from various stakeholder engagements that took place in April 2020 and some during the research period.



Social media has proven to be a very powerful tool of our time, the Authority will continue to make use of this digital platform and others to communicate and establish a strong bond with its stakeholders.

Responsible
Gambling
Report

RESPONSIBLE GAMBLING REPORT



Hon. Mmusi Kgafela MP
Minister of Investment,
Trade and Industry
Private Bag 004
Gaborone



Dear Hon. Minister,

Submission of the Gambling Authority Annual Report on Responsible Gambling 2020/2021

We submit the Gambling Authority's Responsible Gambling Report for the year 2020/21. This is in fulfilment of Section 113 (1) (c) of the Gambling Act, 2012.

Sincerely,

Thulisizwe Johnson
Chief Executive Officer

Marvin T. Torto
Chairperson-REGCo

RESPONSIBLE GAMBLING REPORT Continued

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RESPONSIBLE GAMBLING REPORT Continued

1.0 INTRODUCTION

This report is prepared in fulfilment of Section 113 (1) (c) of the Gambling Act, 2012. It outlines activities of the Gambling Authority for Fiscal Year 2020/2021. The Authority notes that gambling, and the extent of the harm associated with it, is a significant public health issue for all jurisdictions across the world, thus, Botswana took a deliberate decision to license and regulate gambling to ensure the safety of all involved and the sustenance of the industry.

2.0 BACKGROUND INFORMATION

The Gambling Act, 2012 establishes the Excessive Gambling and Rehabilitation Committee (EGPR) as a sub-committee of the Board and its purpose is to guide and monitor the development and implementation of programmes and strategies aimed at preventing addictive or compulsive gambling and to rehabilitate compulsive gamblers. It is worth a note that this committee has been reconfigured and given an added mandate and to capture this revised mandate aptly it will now be called the Regulatory Committee (REGCO).

3.0 REGCO TERMS OF REFERENCE

The following are key REGCO terms of reference in relation to its responsible gambling mandate:

1. Guide and monitor the development and implementation of programmes and strategies aimed at preventing addictive or compulsive gambling and the rehabilitation of compulsive gamblers.
2. Promote responsible and safe gambling practices in Botswana by putting in place measures to prevent problem gambling.
3. Employ early intervention strategies and train staff, both within gambling establishments and the Authority, to implement the strategies.
4. Explore and implement methods currently used to treat problem gamblers among

5. them, counselling, education, self-exclusion, and prohibition.
5. Ensure data collection and evaluation.
6. Engage in gambling policy research, formulation, and evaluation.
7. Work with other professionals in the health and social settings to ensure that gambling remains safe.
8. Ensure that problem gambling is understood adequately through research and community sensitization activities.
9. Put in place policies that ensure licensees act ethically.
10. Encourage the gambling industry and the community to share information on societal concerns on gambling; and
11. Monitor and evaluate the impact of responsible gambling measures.

Duties and Responsibilities

The duties and responsibilities of the committee in relation to responsible gambling are to:

- Consider policy proposals and strategies to proactively combat excessive gambling practices.
- Ensure that under-age and vulnerable persons are protected from gambling activities and that messages/advertising is not targeted at children;
- Determine what research, education and treatment programmes are needed to support the responsible gambling strategy and their requisite resources;
- Carry out research, surveys and studies on the prevalence, health and social impact of gambling in Botswana with a view to providing remedial solutions;
- Encourage the gambling industry to put in place proactive excessive gambling prevention measures;
- Review regulations from time to time to ensure that they capture Board objectives on safe gambling;

RESPONSIBLE GAMBLING REPORT Continued

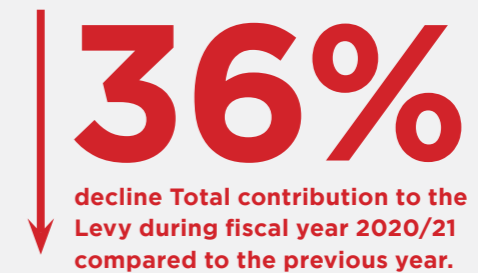
- Ensure that self-exclusion procedures are implemented effectively;
- Hold public enquiries and hearings, or workshops and seminars, or publish articles for publication in journals on any topic within its purview;
- Guide industry practices on measures that would reduce problem gambling including exclusions and other feasible options; and
- Build capacity for treatment of problem gamblers.

4.0 CONTRIBUTION TO THE RESPONSIBLE GAMBLING LEVY FOR FY2020-2021

The Gambling Regulations of 2016, Part XXVI, Section 109 state that: A licensee shall, in addition to the levy provided in Excessive Gambling regulation 108, contribute five per cent of its gross revenue to the Excessive Gambling Prevention and Rehabilitation Levy which funds prevention, monitoring and rehabilitation programmes against problem gambling.

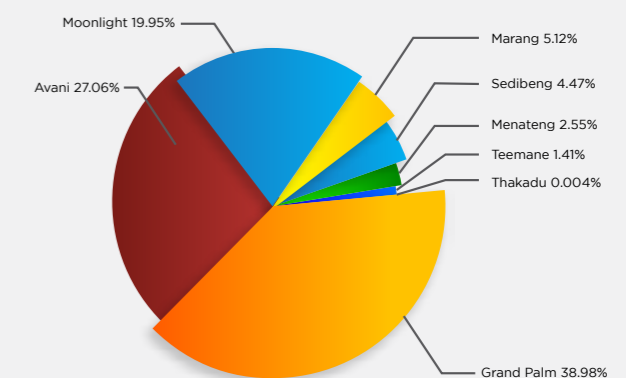
Total contribution to the Levy during the fiscal year 2020/21 was BWP 6,04 million a 36,3% decline when compared to P9,44 million collected the previous year. This decline in contribution is attributed to the decline in revenues of major licensees. The Grand Palm which has been the highest contributor saw a 48,6% decline in gambling revenues. Avani and Marang saw 51,8% and 29,8% decline in revenue and levy contributions, respectively. Despite this significant drop in revenues for the industry, one licensee recorded growth in revenue and responsible gambling levy contributions. Moonlite casino recorded a notable 514,8% growth in gambling revenue and responsible gambling levy contributions. Whilst it may be safely concluded that the decline in revenue and levy contributions by most of the casinos was due to the COVID19 impact. That being the case it is worth noting that the Authority approved Moonlite casino's

license transfer from the Gaborone Bus station to their new premises at Airport Junction mall. Moonlite's growth in sales is attributable to the increased number of table games and slots games.



The figure and table below demonstrate percentage responsible gambling levy and disaggregated responsible gambling levy contributions per casino for the fiscal year under review.

Figure 1: PERCENTAGE RESPONSIBLE GAMBLING LEVY CONTRIBUTION PER CASINO 2020-2021



RESPONSIBLE GAMBLING REPORT Continued



5.0 ACTIVITIES OF THE COMMITTEE

The Authority recognizes that gambling and its associated harm constitute a significant public health threat. As a result, Botswana decided to license and regulate gambling to ensure safety for all involved and to sustain the country's nascent gambling industry.

This the Authority discharges through a two-pronged programme; proactive and reactive approaches. The former approach entails public education, stakeholder engagement, networking, and ongoing psychosocial support strategies; while the latter approach engages exclusion, psychosocial support, rehabilitation, and treatment strategies.

The proactive approach is the cornerstone of the responsible gambling programme and various capitals have been channeled its way to ensure that it gotten right the first time.

Baseline Research on Excessive and Problem Gambling - In 2020, The Gambling Authority commissioned a research to establish the prevalence of problem or compulsive gambling in Botswana. The aim of the study is to investigate problems that come about due to gambling, their impacts, causes, and possible mitigations. This research will come up with best practice models pertaining to prevention and treatment of compulsive gaming. It will contribute towards the formulation of evidence-based policies and regulations.

The Authority awarded 5AM Consultancy to carry out the baseline study. The team works with a multi-stakeholder reference group which includes members of REGCO and representatives from Statistics Botswana, Ministry of Health and Wellness, Ministry of Local Government, University of Botswana etc.

Data collection has been completed and data are currently being analyzed. Study findings will be disseminated among key stakeholders who include licensees, the Ministry of Health, health practitioners and Government officials.

Responsible Gaming Framework - Botswana government liberalised the gambling industry to tap into gambling's socio-economic benefits among them entertainment and sports funding. However, there was caution not to over licence which could lead to gambling harm. For this reason, the Responsible Gaming Framework was crafted to set parameters within which the industry could operate but with capacity to detect and prevent the incidence of problem gambling. The framework entails standards, policies, procedures and guidelines for the approved responsible gambling programme. The document is on the latter stages of development with stakeholder consultation currently being carried out. It will then be published for use by the Authority, the gambling industry, licensees, players and other stakeholders. The framework will be published and launched during the next financial year.

RESPONSIBLE GAMBLING REPORT Continued

Counselling and other support - Gamblers and their family members have the choice to undertake voluntary counselling and/or rehabilitation at any stage of their gambling lives, including post gambling, with costs borne by the Authority.

Self-Exclusion and Third-Party Exclusion - Exclusion is a common practice in responsible gambling. The Gambling Act, provides for two types of exclusion, being self-exclusion and third-party exclusion. Self-exclusion is available to assist gamblers who recognize that they have lost control over their gambling and wish to invoke external controls. Third-party exclusion is made available to protect individuals who show a severe gambling disorder and are unable or unwilling to exclude themselves from a licensed gaming facility. Statistical data is provided in tables that follow to illustrate exclusion prevalence for the year under review.

During FY2020/21, the Authority excluded 52 punters, which brings the cumulative number of excluded persons to 319 since April 2016 when the Authority came into being. Table 2 presents disaggregated gambling exclusion data. The data show that casinos account for a significant number of third-party exclusion applications at 88% while spouses and children occupy second and third positions at 8% and 4% respectively (Figure 2). No applications were received from other family

members like siblings, intimate partners etc. or business associates for the exclusion of a relative or a business partner who gambles. Casinos made their exclusion applications openly while relatives preferred anonymity (Figure 2).

A trend analysis of the last four years - FY2017 to FY2021 - showed no significant changes in the gambling exclusion pattern (Figure 4). Only three casinos, namely Avani, the Grand Palm and Moonlite applied for gambler exclusion. Figures 7, 8 and 9 illustrate gambler exclusion by casino over this four-year period.

During the year under reporting, the Authority excluded 52 punters, bringing the cumulative number of excluded persons to 319 since April 2016 when the Authority came into being. During the year under reporting, there were 14 271 active gamblers. Active gamblers refers to people who took part in gambling during the reporting period.

Table 2: Disaggregated Monthly Gambling Exclusion Data (FY2020/21)

Below we capture monthly exclusions for both self and third-party exclusions as stipulated in the Gambling Act.

Month	Total Exclusions	Self Exclusions	Third Party Exclusions	
			Exclusions by casinos	Exclusions by Family Members
April	-	-	-	-
May	-	-	-	-
June	3	3	-	-
July	4	3	1	-
August	1	1	-	-
September	5	4	1	-
October	13	7	6	-
November	10	1	9	-
December	3	2	1	-
January	3	1	-	2
February	4	1	2	1
March	6	3	3	-
Total	52	26	23	3

RESPONSIBLE GAMBLING REPORT Continued

SELF-EXCLUSIONS

The total number of gamblers who voluntarily excluded themselves from gambling during the year under review is 26. This accounts for 50% of all exclusions recorded during the year.

THIRD PARTY EXCLUSIONS

Casinos account for a significant number of third-party exclusion applications, at 23 of the 26 applicants. The remaining 3 applications were made either by spouses or children of gamblers. We have not had an application by other family members (e.g., siblings, partner etc) or business associates and others, applying for the exclusion of a relative or partner who gambles. The below also account for the total number of applications made by third parties. During the year under review, the Authority had not rejected any submitted application.

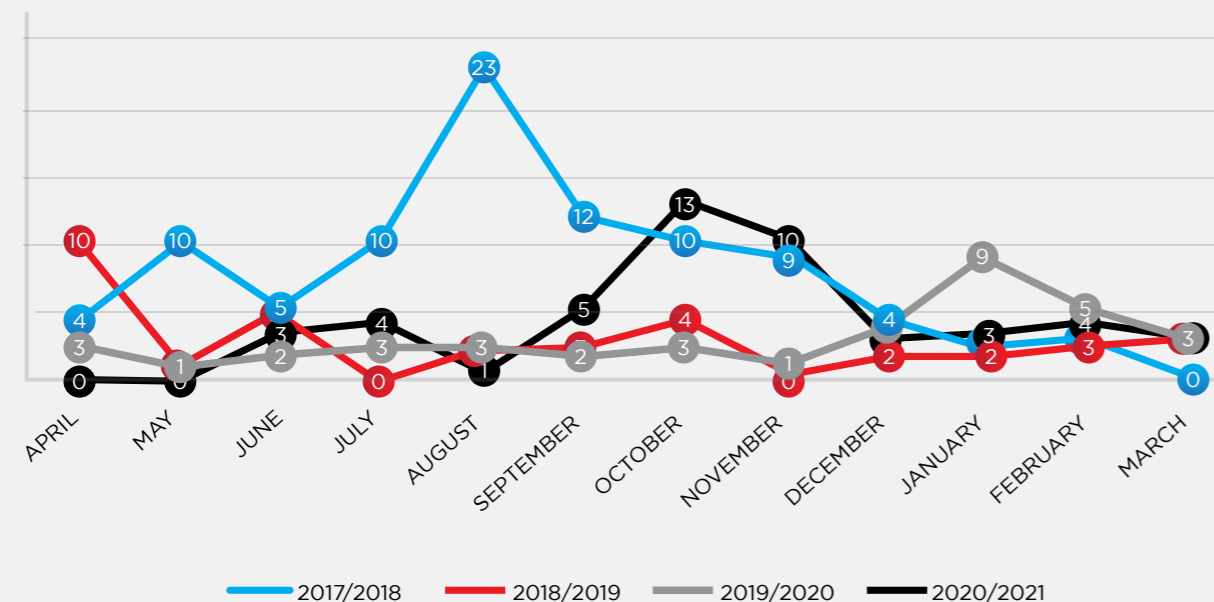
ANONYMOUS V/S OPEN THIRD-PARTY EXCLUSION APPLICANTS 2020-2021

We allow 3rd party applicants to be anonymous if they chose to. During the year under reporting, we had 3 applicants who all chose to remain anonymous. All reports from casinos were made openly. The numbers and reasons will be tracked for underlying issues, and as part of our responsibility we will address those issues as part of our mandate.

TOTAL GAMBLING EXCLUSIONS TREND 2018-2021

Below we demonstrate exclusion trends for the last four (4) years and there are no significant changes. The below statistics account for both self and third-party exclusions.

Figure 2: Gambling Exclusions Trend 2018-2021



RESPONSIBLE GAMBLING REPORT Continued

GAMBLING SELF-EXCLUSIONS BY GENDER 2020-2021

Data show that more males (76%) than females (24%) applied for exclusion over the period under review.

Figure 3: Gambling Exclusion by Gender 2020-2021

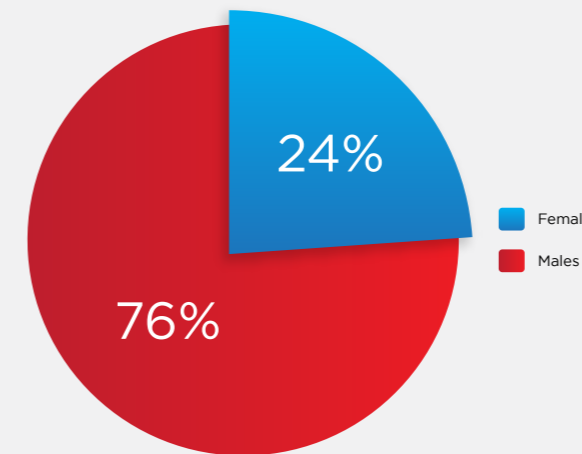
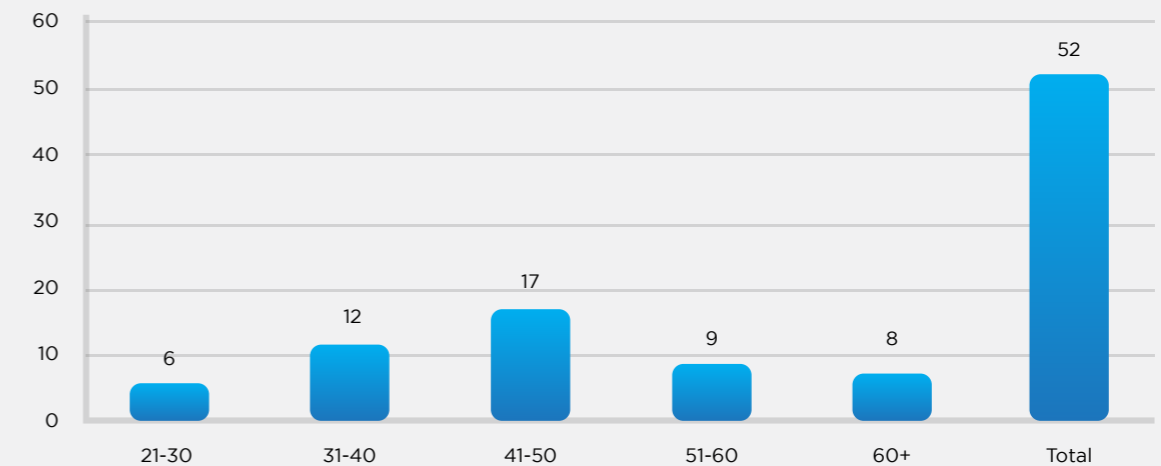


Figure 4: Total Gambling Exclusions by Age 2020-2021

The middle-aged cohort 41 - 50 had the highest inclination for gambling exclusion at 17 exclusions followed by the youthful age cohort 31 - 40, at 12 persons.

Total Gambling Exclusions By Age Cohort 2020-21



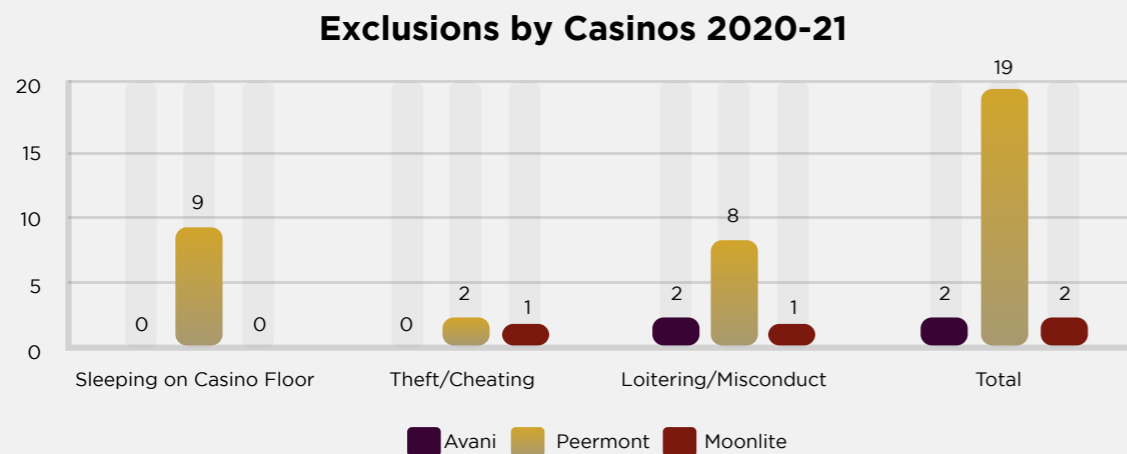
RESPONSIBLE GAMBLING REPORT Continued

TOTAL NUMBER OF EXCLUSIONS BY CASINOS FROM 2020-2021

Below is a breakdown of exclusions by casinos as captured above. Only three casinos applied for the exclusion of gamblers. Casinos excluded gamblers for offences such as sleeping on the casino floor, theft/cheating, loitering/misconduct, and solicitation.

Avani Casino applied for the exclusion of 2 gamblers, Peermont 19 gamblers and Moonlite Casino 2 gamblers, during the year under review, and all were upheld by the Authority, and extended to all other casinos.

Figure 5: Gambling Exclusions by Age 2020-2021



Counselling and Rehabilitation - Problem gamblers undergo counselling and recommendations are made at the end of the programme on whether to re-admit them or keep them excluded for their own benefit. The Authority has selected four (4) rehabilitation centers in Botswana to provide voluntary counselling services to gamblers and costs are borne by the Authority. These are:

- Gaborone Rehabilitation and Emergency Centre.
- New Beginnings Counselling Centre.
- Psychologists Botswana; and
- Thuso Psychotherapy Clinic.

Tables 3 and 4 illustrate counselling referrals and their uptake during the year under review. Nine (9) women and two (2) men opted for voluntary counselling offered by the Authority during the reporting period. Figure 9 disaggregates counselling referrals by age.

RESPONSIBLE GAMBLING REPORT Continued

VOLUNTARY COUNSELLING REFERRALS (FY 2020/21)

During the year under review, the Authority referred a total of 11 gamblers for voluntary counselling, as per the below table.

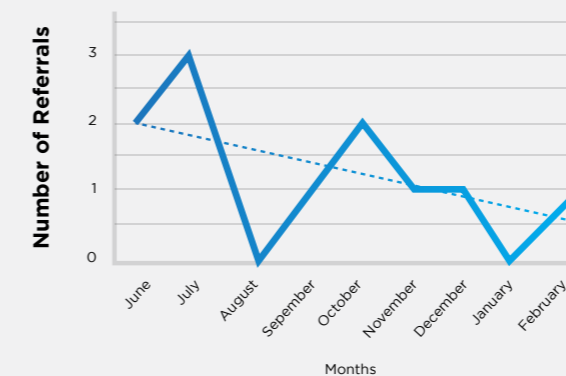


Table 3: Voluntary Counselling Referrals

COUNSELLING SESSION ATTENDANCE (FY 2020/21)

Of the 11 counselling referrals by the Authority, only 2 gamblers, completed their sessions, whilst 4 were currently attending their sessions, at the end of the Financial Year. Five (5) gamblers, either did not complete their sessions or they never attended at all. The nonattendance of sessions is a concern to the Authority, and we can only conclude that human beings generally do not appreciate counselling. It must be noted that, without completing the sessions, an assessment cannot be made for their re-admission into counselling, and therefore the Authority does not allow them back.

Session Attendance 2020/2021	
Completed	2
Did not complete	3
Never attended	2
Currently attending	4
Total	11

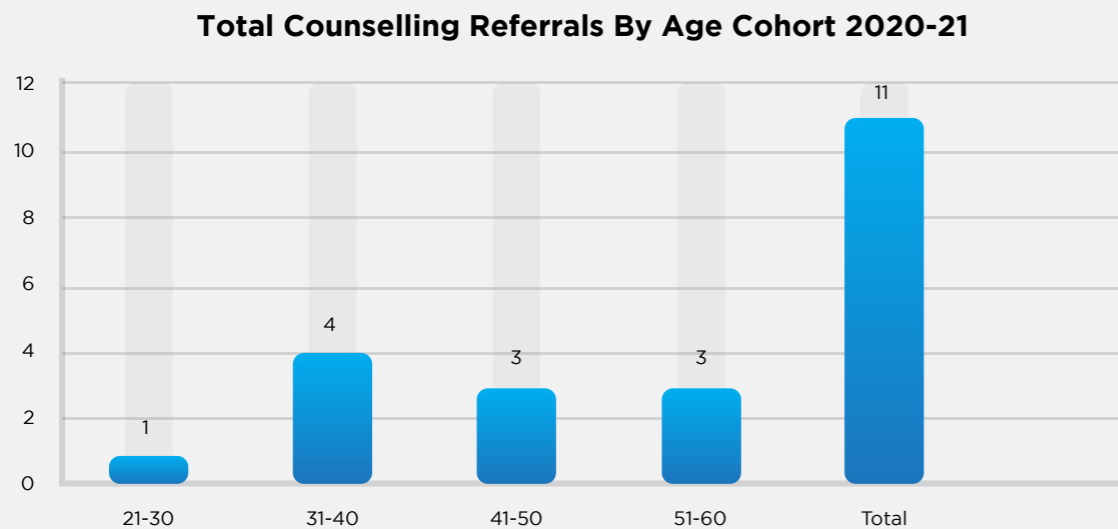
Table 4: Counselling Session Attendance

RESPONSIBLE GAMBLING REPORT Continued

COUNSELLING REFERRALS BY AGE (FY 2020/21)

The age brackets, 31 and above, accounted for majority of counselling referrals. We have not yet conducted a study to determine the reasons for this.

Figure 6: Counselling Referrals By Age (Fy2020/21)



6. OUTLOOK, CHALLENGES AND OPPORTUNITIES

Implementing the Gambling Counselling and Rehabilitation Programme during the year under review met with some challenges. The main challenges faced are that clients do not attend counselling sessions despite having requested for the service, and clients are generally reluctant to go for counselling even when it is clear that they need it. In most cases, punters agree to individual counselling but reject therapists' recommendations of family therapy. Some punters agree to counselling with the sole purpose of being re-admitted to gambling and not for coping better or self-improving.

The Authority continues to engage with registered service providers on how best to enroll more people with need in the Counselling and Rehabilitation Programme.

Thulisizwe Johnson
Chief Executive Officer

Marvin T. Torto
Chairperson-REGCO

GAMBLING AUTHORITY
ANNUAL FINANCIAL
STATEMENTS
for the year ended 31 March 2021

GENERAL INFORMATION

FOR THE YEAR ENDED 31 MARCH 2021

CONTENTS

Country of incorporation and domicile:	Botswana
Nature of business and principal activities:	Gambling
Authority is a statutory entity formed in terms of the Gambling Act, 2012 to license and regulate all gambling activities in Botswana.	
Members of the Board:	Mr. Blessed S Monyatsi Mr. Olebile Machete (Retired on 31 st Oct 2020) Mr. Marvin T Torto (Appointed 4 th Dec 2020) Mr. Thulisizwe W Johnson Ms. Rosinah Bontsi Ms. Arabang Kanego (Deceased 1 st Sep 2021) Ms. Itumeleng Mareko Ms. Mmakome F Masendu Mr. Eunice N Mmono
Registered address:	West Wing Fairscape Presinct, Fairgrounds Office Park Gaborone
Postal address:	Private Bag BR 161 Broadhurst Gaborone
Bankers:	First National Bank of Botswana Limited Banc ABC African Alliance Investment Bank
Auditors:	PricewaterhouseCoopers Certified Auditors
Legal form:	Statutory body formed in terms of the Gambling Act, 2012

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Statement of responsibility by the Members of the Board	102
Independent auditor's report	103 - 105
Statement of comprehensive income	106
Statement of financial position	107
Statement of changes in funds	108
Statement of cash flows	109
Notes to the financial statements	110 - 131
The following supplementary information does not form part of the financial statements and is unaudited:	
Detail income statement	Annexure 1

GAMBLING AUTHORITY STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2021

The Members of the Board of Gambling Authority are responsible for the annual financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standards.

Gambling Authority (the "Authority") maintains systems of internal control, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of Authority's assets. The members of the board are also responsible for the design, implementation, and maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of Members of the Board to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

The Members of the Board of the Authority are responsible for the controls over, and the security of the website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to the Government of Botswana (through the Honourable Minister of Investment, Trade and Industry).

The going concern basis has been adopted in preparing the annual financial statements. The Members of the Board have no reason to believe that the Authority will not be a going concern in the foreseeable future, based on the continuous support by the Government of Botswana through the Ministry of Investment, Trade and Industry.

Our external auditors conduct an examination of the financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting controls. Regular meetings are held between management and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the Members of the Board.

The annual financial statements on pages 106 to 131 and supplementary information on Annexure 1 were authorised for issue by the Members of the Board on 29 July 2021 and are signed on its behalf by:



Mr. Blessed Monyatsi
(Chairperson)



Mr. Thulisizwe Johnson
(Chief Executive Officer)

INDEPENDENT AUDITOR'S REPORT TO THE MINISTER OF INVESTMENT, TRADE AND INDUSTRY

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Gambling Authority (the "Authority") as at 31 March 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

The Gambling Authority's financial statements set out on pages 106 to 131 comprise:

- the statement of financial position as at 31 March 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in funds for the year then ended;
- the statement of cash flows for the year then ended; and
- notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with 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.

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

Independence

We are independent of the Authority in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other information

The Members of the Board are responsible for the other information. The other information comprises the information included in the document titled "Gambling Authority Annual Financial Statements for the year ended 31 March 2021" which we obtained prior to the date of this auditor's report and the other sections of the document titled "Gambling Authority Annual Report 2020/21", which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MINISTER OF INVESTMENT, TRADE AND INDUSTRY

Our opinion on the financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

Responsibilities of the Members of the Board for the financial statements

The Members of the Board are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members of the Board either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. 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 Authority's internal control.

INDEPENDENT AUDITOR'S REPORT TO THE MINISTER OF INVESTMENT, TRADE AND INDUSTRY

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Members of the Board.
- Conclude on the appropriateness of the Members of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with the Members of the Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with Section 30(3) of the Gambling Authority Act, 2012, we confirm that:

- We have received all the information and explanation which, to the best of our knowledge and belief, were necessary for the performance of our duties as auditors;
- The accounts and related records of the Gambling Authority have been properly kept;
- The Gambling Authority has complied with all the financial provisions of the Act; and
- The financial statements prepared by the Gambling Authority were prepared on a basis consistent with that of the preceding year except for the adoption of new and revised International Financial Reporting Standards as stated in Note 1 to the financial statements and represents a true and fair view of the transactions and financial affairs of the Authority.



Individual Practicing Member: Kosala Wijesena
Registration number: 20000110

Gaborone
28 September 2021

GAMBLING AUTHORITY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

		2021 P	2020 P
	Note		
Revenue	3	2,737,836	3,633,654
Government subvention	13	37,266,632	41,730,801
Amortisation of capital grants	12	987,145	1,209,261
Other income	4	1,740,959	2,045,670
Total income		42,732,572	48,619,386
Operating expenses	5	(40,957,472)	(48,084,337)
Operating surplus		1,775,100	535,049
Finance income	6	156,498	300,552
Finance cost	6	(2,335,514)	(1,177,646)
Deficit for the year		(403,916)	(342,045)
Total comprehensive loss for the year		(403,916)	(342,045)

GAMBLING AUTHORITY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

		2021 P	2020 P
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	8	4,194,989	5,559,396
Right-of-use asset	17	27,324,628	12,529,253
		31,519,617	18,088,649
Current assets			
Short term investments	9	-	30,000,000
Trade and other receivables	10	3,903,567	3,000,556
Cash and cash equivalents	11	50,618,824	94,942,550
		54,522,391	127,943,106
Total ASSETS		86,042,008	146,031,755
RESERVES AND LIABILITIES			
Funds			
Accumulated fund		576,898	980,814
		576,898	980,814
Non-current liabilities			
Capital grant	12	1,746,053	2,733,198
Lease liability	18	26,724,436	10,491,598
		28,470,489	13,224,796
Current liabilities			
Deferred income	13	45,172,105	43,076,884
Lease liability	18	2,150,766	2,166,220
Accounts and other payable	15	5,106,047	6,642,925
Levies payable	16	4,565,703	79,940,116
		56,994,621	131,826,145
Total liabilities		85,465,110	145,050,941
TOTAL FUNDS AND LIABILITIES		86,042,008	146,031,755

GAMBLING AUTHORITY STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 MARCH 2021

	Accumulated fund P	Total P
Balance at 1 April 2019	1,322,859	1,322,859
Total comprehensive loss for the year	(342,045)	(342,045)
Balance at 31 March 2020	980,814	980,814
Balance at 1 April 2020	980,814	980,814
Total comprehensive loss for the year	(403,916)	(403,916)
Balance at 31 March 2021	576,898	576,898

GAMBLING AUTHORITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 P	2020 P
Cash generated from operations			
Operating surplus		1,775,100	535,049
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment	8	1,751,335	1,815,382
Depreciation on right of use asset	17	3,232,396	2,464,771
Loss on disposal property, plant and equipment		(3,021)	272,928
Amortisation of capital grant	12	(987,145)	(1,209,261)
<i>Changes in working capital</i>			
(Increase)/decrease in trade and other receivables		(903,011)	1,228,512
(Decrease)/increase in trade and other payables		(1,536,878)	1,606,561
Increase/(decrease) in levies payable		455,905	(892,621)
Increase in deferred income	13	2,095,221	3,978,536
Net cash generated from operations		5,879,902	9,799,857
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(403,808)	(1,733,352)
Proceeds from disposal of property, plant and equipment		19,901	350,000
(Investment in)/ redemption of short term investments	9	30,000,000	(30,000,000)
Interest received	6	156,498	300,552
Net cash flow from/(used in) investing activities		29,772,591	(31,082,800)
Cash flows from financing activities			
Lease payments	18	(4,145,901)	(4,103,787)
Net cash used in financing activities		(4,145,901)	(4,103,787)
Net change in cash and cash equivalents		31,506,592	(25,386,730)
Cash and cash equivalents at beginning of year		15,614,008	41,000,738
Cash and cash equivalents at end of year	11	47,120,600	15,614,008

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. Summary of significant accounting policies

Statement of compliance

The financial statements of the Gambling Authority have been prepared in accordance with International Financial Reporting Standards. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

Basis of preparation of financial statements

The financial statements are prepared on the historical cost and are presented in Botswana Pula (P). Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Adoption of new and revised international financial reporting standards

Standards and interpretations effective in the current year

In the current year, the entity has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for annual periods beginning on or after 1 April 2020. These did not have a significant impact on the Authority's financial statements:

Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material. (Effective for Annual periods beginning on or after 1 January 2020).

These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs:

- use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting;
- clarify the explanation of the definition of material; and
- incorporate some of the guidance in IAS 1 about immaterial information.

IFRS 16, 'Leases' COVID19-Related Rent Concessions Amendment.

The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. Summary of significant accounting policies (continued)

Standards in issue but not yet effective

A number of new standards and amendments to standards are issued but not yet effective for year ended 31 March 2021. Those which may be relevant to the Authority are set out below. The Authority does not plan to adopt these standards or amendments to standards early. These will be adopted in the period that they become mandatory. The following new or amended standards are not expected to have a significant impact on the Authority's financial statements:

Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current. (Effective for annual periods beginning on or after 1 January 2022).

These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; clarify the explanation of the definition of material; and incorporate some of the guidance in IAS 1 about immaterial information.

Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use. (Effective for annual periods beginning on or after 1 January 2022).

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract. (Effective for annual periods beginning on or after 1 January 2022).

The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

Annual improvements cycle 2018 -2020. (Effective for annual periods beginning on or after 1 January 2022).

IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. Summary of significant accounting policies (continued)

Property, plant and equipment

All Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment charges. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of each asset to their residual values over their estimated useful lives as follows:

- Office equipment	4 years
- Furniture, fittings and equipment	5 -10 years
- Computer equipment	3 years
- Motor vehicles	4 years
- Leasehold improvements	Over the lease period
- E Books	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. Summary of significant accounting policies (continued)

Financial Instruments

Classification

The Authority classifies its financial assets and financial liabilities into the following categories:

- Financial assets at amortised cost
- Financial liabilities at amortised cost

The classification depends on the purpose for which the financial instruments were obtained/ incurred. Management determines the classification of its financial assets at initial recognition.

Recognition and measurement

Financial instruments are recognised initially when the Authority becomes a party to the contractual provisions of the instruments

The Authority classifies financial instruments or their component parts on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement.

Subsequent measurement

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. The Authority's receivables, which are not provisionally priced, consist of fixed or determined cash flows related solely to principal and interest amounts. The Authority's intent is to hold these receivables until cash flows are collected. Receivables are recognized initially at fair value, net of any transaction costs incurred and subsequently measured at amortized cost using the effective interest rate method. The Company recognizes a loss allowance, as appropriate, for expected credit losses on a financial asset that is measured at amortized cost.

Financial liabilities at amortised cost

Financial liabilities are measured at amortized cost using the effective interest rate method, unless they are required to be measured at fair value through profit and loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flow from the investments have expired or have been transferred and the Authority has transferred substantially all risk and rewards of the ownership

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. Summary of significant accounting policies (continued)

Impairment of financial assets

The Authority recognises a loss allowance for expected credit losses on trade and other receivable. The amount of expected credit losses (ECL) is updated at each reporting date. The loss allowance is measured at a lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on these receivable has not increased significantly since initial recognition, then the loss allowance is measure at 12 month ECL. In order to assess whether to apply lifetime ECL or 12 month ECL to trade and other receivables, the Authority considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a receivable being credit impaired at the reporting date or of an actual default occurring.

In assessing whether credit risk on a receivable or group of receivable has significantly increased since initial recognition, the Authority compares the risk of a default occurring as at reporting date with the risk of default occurring as at the date of initial recognition. The Authority considers both quantitate and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost and effort.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

The Authority writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings.

Trade and other receivable

Trade and other receivables, excluding prepayments, are classified as financial assets subsequently measured at amortised cost. They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Authority's business model is to collect the contractual cash flows on trade and other receivables.

Trade and other receivables are recognised when the Authority becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position. Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. Summary of significant accounting policies (continued)

Accounts and other payable

Accounts payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Levies payable

Levies payable includes the license levy collected and held by authority on behalf of the Levy Fund, which is yet to be established.

Right-of-use assets and lease liability

Initial measurement

Upon lease commencement, a right-of-use asset and a lease liability are recognised. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar.

The lease liability is initial measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

Subsequent measurement

After lease commencement, the right-of-use asset is measured using a cost model (cost less accumulated depreciation and impairment charges), amortised over the lease term on straight-line basis.

Lease liability is subsequently remeasured to reflect changes in:

The lease term (using a revised discount rate); the assessment of a purchase option (using a revised discount rate); the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate).

The remeasurements are treated as adjustment to the right-of-use asset.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. Summary of significant accounting policies (continued)

Revenue

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods/services supplied, stated net of discounts and returns. The Authority recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Authority; and when specific criteria have been met for each of the Authority's activities, as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Rendering of services

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. This includes application fees, annual fees, transfer fees, national lottery fees, casino entrance fees, income from gambling machines, employee licence fees etc. earned by the Authority as a part its principal activities as the Regulator of gambling activities. The Authority recognises revenue from rendering services when it transfers control of a service to a customer.

Contribution towards responsible gambling

This includes contribution received from all licensed casinos in respect of activities relating to excessive gambling prevention and rehabilitation, which are carried out by Excessive Gambling Prevention and Rehabilitation Committee, a committee established by Authority's board for the said purpose. This contribution is accounted for as deferred income at initial recognition and subsequently recognised in the statement of comprehensive income over the period necessary to match with the expenses relating to excessive gambling prevention and rehabilitation activities which they are intended to compensate. Contribution received for which the related expense have not been incurred is carried as deferred income and is included under current liabilities.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Government grants

Government grants are assistance by government in the form of transfers of resources to the Authority in return for compliance with certain conditions relating to the operating activities of the Authority.

Government subventions relating to a particular period are recognised in the statement of comprehensive income in the respective period when there is a reasonable assurance that the subventions will be received.

Grants from the Government are initially recognised to unspent grants under current liabilities in the statement of financial position, once there is reasonable assurance that the Authority will comply with the conditions attaching to them (as applicable) and it is reasonably assured that the grant will be received.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1. Summary of significant accounting policies (continued)

Government grants (continued)

Grants received for specific expenses are recognised in the statement of comprehensive income over the period necessary to match with the expenses they are intended to compensate. Grants received for which the related expense have not been incurred remain included in current liabilities as unspent grants received from Government.

Grants received for the acquisition of property, plant and equipment ("capital assets") are transferred from unspent grants to capital grants in the statement of financial position in the period in which the underlying asset is bought. Grants, for which the underlying asset has been bought, is subsequently recognised in the statement of comprehensive income to match the depreciation of the related assets, as other income. Grants received for which assets have not been purchased, remain included in current liabilities as unspent grants received from Government.

2. Critical accounting estimates and judgements

In preparing the financial statements management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities, and disclosures of contingent assets and liabilities. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

In applying the company's accounting policies, the following estimates and judgements have been made which carry the risk of causing significant material adjustments to the carrying value of asset and liabilities within the next year:

Estimated useful lives and residual values of property, plant and equipment

The Authority follows the guidance of IFRS and determines the residual values and useful lives of assets at each reporting date. This determination requires significant judgement. In making this judgement the management evaluates amongst other factors, the purpose for which the respective asset is acquired, market conditions at the reporting date and the practice adopted by similar organisations.

Accounting for license levies and contributions towards responsible gambling collected from Licensed casinos

Gambling Authority ("Authority") collects license levy (at 10% on gaming revenue) and contribution (at 5% on gaming revenue) towards activities relating to prevention of excessive gambling and rehabilitation from all licensed casinos in Botswana.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

2. Critical accounting estimates and judgements (continued)

Accounting for license levies and contributions towards responsible gambling collected from Licensed casinos (continued)

License levy collected is expected to be transferred to a fund ("Levy Fund") to be established in accordance with Section 134(1) of the Gambling Act, 2012 ("the Act") which has not been established by the year end.

The Authority had considered that the License Levy collected as amounts collected on behalf of the Levy Fund and has recognised as a liability and included under current liabilities pending the establishment of the Levy Fund and finalisation of its structure, control and administration. The accounting treatment would depend on the final conclusions relating to its structure, control and administration upon its establishment.

During the current financial year, Ministry of Investment Trade and Industry instructed the Authority to transfer all License levies collected to date on behalf of the Levy Fund to a Government Bank account held at the Bank of Botswana. It was further instructed to continue depositing levies to such account until otherwise directed once the Gambling Levy Fund order is made into law. Accordingly, the treatment of accounting for the license levies as a liability is considered to be appropriate.

This includes contribution received from all licensed casinos in respect of activities relating to excessive gambling prevention and rehabilitation, which are carried out by Excessive Gambling Prevention and Rehabilitation Committee, a committee established by Authority's board for the said purpose. This contribution is accounted for as deferred income at initial recognition and subsequently recognised in the statement of comprehensive income over the period necessary to match with the expenses relating to excessive gambling prevention and rehabilitation activities which they are intended to compensate. Contribution received for which the related expense have not been incurred is carried as deferred income and is included under current liabilities.

Treatment of grants received from Government

Taking into account its nature and substance, the Authority considers amounts that it receives from the Government to fall within the scope of IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. In reaching this conclusion, the Authority considers the terms attached to each of the grants received and the current practice adopted by other parastatals in Botswana. Accordingly, the Authority recognises the amounts received in accordance with the accounting policy as included in note 1 - Government grants.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

2. Critical accounting estimates and judgements (continued)

Determining the lease term

Lease liabilities include the net present value determined using the following observable data inputs: the remaining lease period, the lease payments and interest rate implicit in the lease.

In determining the remaining lease period, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Among others management's intention of renewal, amounts already spent on leasehold improvements, conditions attached renewal, particularly rental being market rent for renewal period will be based on market rates, location and underlying importance of the property for the Authority etc have been taken into account. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

GAMBLING AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2021 P	2020 P
3. Revenue		
Rendering of services		
Annual fees	800,000	900,000
Renewal fees	83,415	-
Casino entrance fees	982,421	1,584,904
Income from gambling machines	702,000	833,250
Employee license fees	170,000	315,500
	2,737,836	3,633,654
4. Other income		
Responsible Gaming Contributions	1,720,176	2,025,348
Other operating income	20,783	20,322
	1,740,959	2,045,670
5. Operating surplus		
Operating surplus is arrived at after charging the following items;		
Auditors remuneration - audit fees	(267,827)	(233,362)
Auditors remuneration - audit related services	-	(341,062)
Consultancy and professional fees	(6,404,795)	(6,849,481)
Depreciation on property, plant and equipment (note 8)	(1,751,335)	(1,815,382)
Depreciation on right of use asset (note 17)	(3,232,396)	(2,464,771)
Donations	(87,819)	(248,636)
Board members fees (note 20)	(174,600)	(604,800)
Legal fees	(1,568,645)	(1,032,589)
Loss on disposal of property, plant and equipment	(3,021)	(272,928)
Meeting and conference costs	(311,356)	(2,056,982)
Provision for loss allowance (note 10)	(100,263)	(162,000)
Rent	-	(2,424)
Staff cost (Note 5.1)	(21,224,175)	(22,914,410)
Travel and accommodation	-	(2,497,270)
Expenses on Responsible Gaming activities	(1,720,176)	(2,025,348)
Other expenses	(4,111,064)	(4,562,892)
	(40,957,472)	(48,084,337)
5.1 Staff costs		
Salaries	(20,416,230)	(20,468,438)
Staff welfare	(807,945)	(2,445,972)
	(21,224,175)	(22,914,410)

GAMBLING AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2021 P	2020 P
6. Net finance cost		
Finance income		
Interest income	(156,498)	(300,552)
Finance cost		
Interest on IFRS 16: Lease liability	2,335,514	1,177,646
Net finance cost	2,179,016	877,094

7. Taxation

Authority is exempt from income tax under paragraph (xx) Part 1 of the second schedule of the Income Tax Act (52:01).

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

8. Property, plant and equipment

Year ended 31 March 2020

	Leasehold improvements p	E-Books p	Office equipment p	Computer equipment p	Furniture and fittings p	Motor vehicles p	Total p
Net book amount at beginning of year	1,369,634	4,087	1,614,129	302,749	1,881,270	1,092,485	6,264,354
Additions	53,880	-	119,540	526,818	-	1,033,114	1,733,352
Disposals	-	-	-	-	-	(980,346)	(980,346)
Depreciation on Disposal	-	-	-	-	-	357,418	357,418
Depreciation	(400,538)	(1,543)	(405,873)	(201,761)	(495,596)	(310,071)	(1,815,382)
Net book amount at end of year	1,022,976	2,544	1,327,796	627,806	1,385,674	1,192,600	5,559,396

As at 31 March 2020

Cost	2,546,016	8,120	2,122,434	1,368,391	3,131,742	1,886,969	11,063,672
Accumulated depreciation	(1,523,040)	(5,576)	(794,638)	(740,585)	(1,746,068)	(694,369)	(5,504,276)
Net book amount	1,022,976	2,544	1,327,796	627,806	1,385,674	1,192,600	5,559,396

Year ended 31 March 2021

Net book amount at beginning of year	1,022,976	2,544	1,327,796	627,806	1,385,674	1,192,600	5,559,396
Additions	135,143	-	158,521	110,144	-	-	403,808
Disposals	-	-	-	(112,351)	-	-	(112,351)
Depreciation on Disposal	-	-	-	95,471	-	-	95,471
Depreciation	(409,656)	(1,543)	(366,640)	(245,151)	(494,334)	(234,011)	(1,751,335)
Net book amount at end of year	748,463	1,001	1,119,677	475,919	891,340	958,589	4,194,989

As at 31 March 2021

Cost	2,681,159	8,120	2,280,955	1,366,184	3,131,742	1,886,969	11,355,129
Accumulated depreciation	(1,932,696)	(7,119)	(1,161,278)	(890,265)	(2,240,402)	(928,380)	(7,160,140)
Net book amount	748,463	1,001	1,119,677	475,919	891,340	958,589	4,194,989

Property, plant and equipment up to 31 March 2017 wholly includes assets funded through capital grants. From the financial year 2018 onwards, Authority purchased assets from self generated funds. Disclosed below are the respective net book values as at 31 March 2021 and depreciation for the year then ended.

Net book value as at 31 March 2021

Funded by capital grants	586,831	1,001	122,832	-	787,165	248,224	1,746,053
Funded by internally generated funds	161,632	-	996,845	475,919	104,175	710,365	2,448,936
	748,463	1,001	1,119,677	475,919	891,340	958,589	4,194,989

Net book value as at 31 March 2020

Funded by capital grants	970,892	2,544	176,828	46,811	1,239,307	296,816	2,733,198
Funded by internally generated funds	52,084	-	1,150,968	580,995	146,367	895,784	2,826,198
	1,022,976	2,544	1,327,796	627,806	1,385,674	1,192,600	5,559,396

Depreciation for the year ended 31 March 2021

Funded by capital grants	384,061	1,543	53,996	46,811	452,142	48,592	987,145
Funded by internally generated funds	25,595	-	312,644	198,340	42,192	185,419	764,190
	409,656	1,543	366,640	245,151	494,334	234,011	1,751,335

Depreciation for the year ended 31 March 2020

Funded by capital grants	378,185	1,543	149,427	65,603	522,254	92,249	1,209,261
Funded by internally generated funds	22,353	-	256,446	136,158	(26,658)	217,822	606,121
	400,538	1,543	405,873	201,761	495,596	310,071	1,815,382

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

9. Short term investments

Short term deposits

During the last financial year, the Authority invested in short term investments with BancABC with a maturity period of 365days and redeemed in the current year.

10. Trade and other receivables

Levies, contributions and fees receivable
Less: Loss allowance

Prepayments
Other receivables

Trade and other receivables are receivable within a year. Since impact of discounting is not significant, the fair value of trade and other receivables equals the carrying amount. Levies, contributions and fees receivable are normally collected within 90 days. Provision has been made in respect of long outstanding and/or irrecoverable balances. Owing to the nature of Authority's receivable, debtors have been individually assessed.

Loss allowance

Opening balance
Amount written-off (note 20)
Provision for the year
Closing balance

Gross carrying values and loss allowance categorised based on ageing are as follows;

31 March 2021

0 to 30 days
31 to 60 days
61 to 90 days
Over 90 days

31 March 2020

0 to 30 days
31 to 60 days
61 to 90 days
Over 90 days

	2021 P	2020 P
Short term deposits	-	30,000,000
Levies, contributions and fees receivable	2,714,784	1,596,432
Less: Loss allowance	(495,500)	(402,500)
Prepayments	2,219,284	1,193,932
Other receivables	1,320,243	1,454,247
	364,040	352,377
	3,903,567	3,000,556
Opening balance	(402,500)	(240,500)
Amount written-off (note 20)	7,263	-
Provision for the year	(100,263)	(162,000)
Closing balance	(495,500)	(402,500)

	Gross carrying	Loss allowance value	Net carrying value
0 to 30 days	2,165,284	-	2,165,284
31 to 60 days	29,000	-	29,000
61 to 90 days	-	-	-
Over 90 days	520,500	(495,500)	25,000
	2,714,784	(495,500)	2,219,284
0 to 30 days	1,134,932	(62,000)	1,072,932
31 to 60 days	1,000	-	1,000
61 to 90 days	120,000	-	120,000
Over 90 days	340,500	(340,500)	-
	1,596,432	(402,500)	1,193,932

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

	2021 P	2020 P
11. Cash and cash equivalents		
Cash on hand	910	499
Cash at bank	5,260,968	7,570,147
Short-term deposits	45,356,946	87,371,904
	50,618,824	94,942,550

As at 31 March 2021, cash and cash equivalents included an amount of P 3.5Mn [2020: P79.33Mn] relating to licence levy held by the Authority on behalf of the Levy Fund.

For the purpose of the statement of cash flows, the year end cash and cash equivalents comprise the following:

Cash and cash equivalents as above	50,618,824	94,942,550
Less: Licence levy received	(3,498,224)	(79,328,542)
	47,120,600	15,614,008

12. Capital Grants

Balance at beginning of year	2,733,198	3,942,459
Amortisation of grant to income during the year	(987,145)	(1,209,261)
Depreciation of property, plant and equipment (Note 8)	(987,145)	(1,090,353)
Prior year under provision	-	(118,908)
Balance at end of year	1,746,053	2,733,198

13. Deferred income

Government subvention

Opening balance	5,367,719	10,110,700
Received during the year	33,234,043	36,987,820
Less: Amount utilised during the year and transferred to income	(37,266,632)	(41,730,801)
Closing balance (note 13.1)	1,335,130	5,367,719

Excessive Gambling Prevention and Rehabilitation Committee

Opening balance	37,709,165	28,987,648
Amounts utilised during the year and transferred to other income (Note 4)	(1,720,176)	(2,025,348)
Contributions due for the year	6,023,087	9,441,244
Interest accrued	1,824,899	1,305,621
Closing balance (note 13.2)	43,836,975	37,709,165
Total deferred income	45,172,105	43,076,884

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

13. Deferred income (continued)

13.1 This refers to amounts allocated from annual subvention for National Lottery Licensing process, during the 2019 financial year. The process has not been finalised yet and the balance relates to funds yet to be utilised as at 31 March 2021.

13.2 This refers to contribution collected from licensed casinos towards a programmed aimed at supporting responsible gambling monitored by the Excessive Gambling Prevention and Rehabilitation Committee. The unutilised portion of contributions collected is treated as deferred income.

	2021 P	2020 P
14. Operating lease liability		
At the beginning of the year	-	589,935
Raised during the year	-	-
Adjustment against right of use asset on adoption of IFRS 16	-	(589,935)
At the end of the year	-	-
15. Accounts and other payables		
Fees received in advance	300,000	300,000
Accrued leave pay and gratuity	2,599,358	2,238,130
Accruals and other payable	2,206,689	4,104,795
	5,106,047	6,642,925
16. Levies payable		
Licence levy payable to Levy Fund	4,565,703	79,940,116

Levies payable represent the total amount of licence levies collected and held by the Authority as at the year-end. On 19 June 2020, Ministry of Investment Trade and Industry instructed the Authority to transfer all Levy collected to date on behalf of the Levy Fund to a Government Bank account held at the Bank of Botswana. It was further instructed to continue depositing levies to such account until otherwise directed once the Gambling Levy Fund order is made into law.

GAMBLING AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

17. Right-of-use asset

The Authority leases its office building. The rental contract is made for fixed periods of 5 years with an extension option for further 5 years.

	2021 P	2020 P
Buildings		
Opening balance	12,529,253	-
Initial recognition on adoption of IFRS 16	-	15,583,959
Less: Offset of deferred lease obligation	-	(589,935)
Lease modifications (refer note 18)	18,027,771	-
Depreciation charge	(3,232,396)	(2,464,771)
Closing balance	27,324,628	12,529,253

18. Lease Liability

Opening balance	12,657,818	-
Initial recognition on adoption of IFRS 16	-	15,583,959
Lease modification	18,027,771	-
Interest accrual	2,335,514	1,177,646
Repayments	(4,145,901)	(4,103,787)
Closing balance	28,875,202	12,657,818

Lease modification mainly refers to the change in remaining lease period considered in the determination of lease liability. During the current financial year, Authority renewed its lease agreement and additional extension period of 5 years has been considered as management is reasonably certain that the extension option would be exercised.

The lease payments are discounted using the interest rate implicit in the lease which approximates to 8.25% p.a.

Current	2,150,766	2,166,220
Non-current	26,724,436	10,491,598
Total lease liability	28,875,202	12,657,818

The maturity of the lease liabilities is as follows:

No later than 1 year	2,150,766	2,166,220
Later than 1 year and no later than 5 years	12,388,040	10,240,397
More than 5 years	14,336,396	251,201
	28,875,202	12,657,818

Gross lease payable	40,664,225	15,519,816
Less: Future interest	(11,789,023)	(2,861,998)
	28,875,202	12,657,818

GAMBLING AUTHORITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

	2021 P	2020 P
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19. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Financial assets at amortised cost

Short term investments	-	30,000,000
Trade and other receivables	2,583,324	1,546,309
Cash and cash equivalents	50,618,824	94,942,550
	53,202,148	126,488,859

Financial Liabilities at amortised cost

Lease liabilities	28,875,202	12,657,818
Accounts and other payables	4,806,047	6,342,925
Levies payable	4,565,703	79,940,116
	38,246,952	98,940,859

The fair value of financial assets and liabilities approximates to their carrying values.

20. Related party disclosures

Gambling Authority is established under Gambling Act, 2012 and is a parastatal of the Republic of Botswana.

(a) Grant received

Ministry of Investment Trade and Industry (Note 13)	33,234,043	36,987,820
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(b) Compensation to Key management personnel

Key management includes Members of the Board and Members of the Executive Committee. The compensation paid or payable to key management for employee services are shown below;

Short term-employee benefits	7,564,478	7,980,892
Accrued gratuity	1,630,349	1,276,439

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

20. Related party disclosures (continued)

(c) Directors' Emoluments

	2021	2020
	P	P
Mr. Thabiso Tafila	-	20,250
Ms. Boikanyo Mathipa	-	9,000
Ms. Eunice Mmono	23,400	82,800
Ms. Itumeleng Mareko	21,600	93,600
Ms. Neo Mothobi	-	9,000
Mr. Marvin Torto	19,800	23,400
Ms. Arabang Kanego	23,400	57,600
Mr. Blessed Monyatsi	45,000	101,700
Ms. Mmakome Masendu	25,200	75,600
Mr. Olebile Machete	14,400	131,850
Ms. Boitumelo Vavani	1,800	-
	174,600	604,800

(e) Receivable from Key management personnel

Mr Thulisizwe Johnson	-	3,979
Mr Thabiso Tafila	-	3,284
	-	7,263

Having considered the nature of these receivables and circumstances on which the balances were originated, the board has approved to write-off the above receivable balances during the current financial year.

21. Risk Management

Capital Risk Management

The Authority's objectives when managing capital are to safeguard the Authority's ability to continue as an on-going concern in order to provide benefits to stakeholders.

There are no externally imposed capital requirements and there have been no changes to what the Authority manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

21. Risk Management (continued)

Financial Risk Management

The Authority's activities expose it to a variety of financial risk as follows;

Liquidity risk

The Authority's risk to liquidity is a result of the funds available to cover the future commitments. The Authority manages liquidity through an ongoing review of future commitments and credit facilities.

The following tables detail the Authority's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Authority can be required to pay.

31 March 2021

Trade and other payables
Levies Payable
Lease liability

	Less than 1 year	1-5 Years	Over 5 years
	P	P	P
	4,806,047	-	-
	4,565,703	-	-
	4,453,655	19,275,298	16,935,272
	13,825,405	19,275,298	16,935,272
	6,342,925	-	-
	79,940,116	-	-
	3,035,142	9,622,676	-
	89,318,183	9,622,676	-

31 March 2020

Trade and other payables
Levies Payable
Lease liability

Credit risk

Credit risk consists mainly of cash and cash equivalents and accounts receivable.

The Authority only deposits cash with major banks and financial institutions with high quality credit standing and limits exposure to any one counter-party. As at the year-end, the Authority has deposits with First National Bank of Botswana Limited, African Alliance Assets Management, BancABC and Stanlib Investment Management Services. There are no credit ratings available in Botswana.

First National Bank of Botswana Limited is listed on the Botswana Stock Exchange and is a subsidiary of First Rand Holdings Limited, a company listed on the Johannesburg Stock Exchange. African Alliance Investment Bank and BancABC are subsidiaries of African Alliance Limited and BancABC House respectively. STANLIB Botswana is a joint venture between Stanbic Bank Botswana and STANLIB.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

21. Risk Management (continued)

Financial Risk Management (continued)

Financial assets exposed to credit risk at the year end were as follows:

	2021 P	2020 P
Trade and other receivables	2,583,324	1,546,309
Cash at bank and short-term bank deposits		
First National Bank of Botswana Limited	5,260,968	7,570,147
African Alliance Assets Management	1,936,838	14,514,322
BancABC	11,920,108	37,736,136
BIFM Unit Trust	-	13,410,099
IPRO Botswana	-	20,132,359
Stanlib Investment Management Services	31,500,000	12,112,129
Morula Capital	-	19,466,859
	50,617,914	124,942,051
Total exposure to credit risk	53,201,238	126,488,360

Market risk: Cash flow Interest rate risk

Fluctuation in interest rates impact on the value of short-term cash investment and financing activities, giving rise to interest rate risk. The cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risk.

At 31 March 2021, if interest rates on short-term deposit had been 0.5% higher / lower with all other variables held constant, surplus for the year would have been P17,284 (2020: P48,611) lower/higher, mainly as a result of higher / lower interest income on floating rate deposits.

22. Commitments - Capital commitments

There were no capital expenditure contracted for at the reporting date but not yet incurred.

23. Contingent liabilities

There were no contingent liabilities at the reporting date.

24. Events after reporting date

At the date of finalisation of the financial statements, no events have come to the attention of Management and the Board of Directors that require disclosure in or adjustments to the financial statements.

GAMBLING AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

25. Going concern

The Authority incurred a deficit of P403,916 (2020: P342,045) for the year and as at 31 March 2021, the Authority's current liabilities exceed its current assets by P2,472,230 (2020: 3,883,039). These conditions would ordinarily cast significant doubt on the Authority's ability to continue as a going concern.

During the current financial year, the Authority had a cut in its Government subvention received and reduced income from casino entrance fees due to lock down. However, with cost savings strategies, Authority was able to manage the operations. . A subvention of P 32.6 Mn has been approved for the next financial year 2021/2022 and taking into account various plausible impact scenarios and information available at the time of approving the annual financial statements, the Authority assessed that it has sufficient cash and liquid assets available to meet its obligations as these fall due and to remain a going concern for the ensuing twelve months. No material uncertainty exists that would indicate the Authority will not be a going concern,

Based on the foregoing, the Authority has prepared the financial statements on the going concern basis.

ANNEXURE 1

GAMBLING AUTHORITY DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

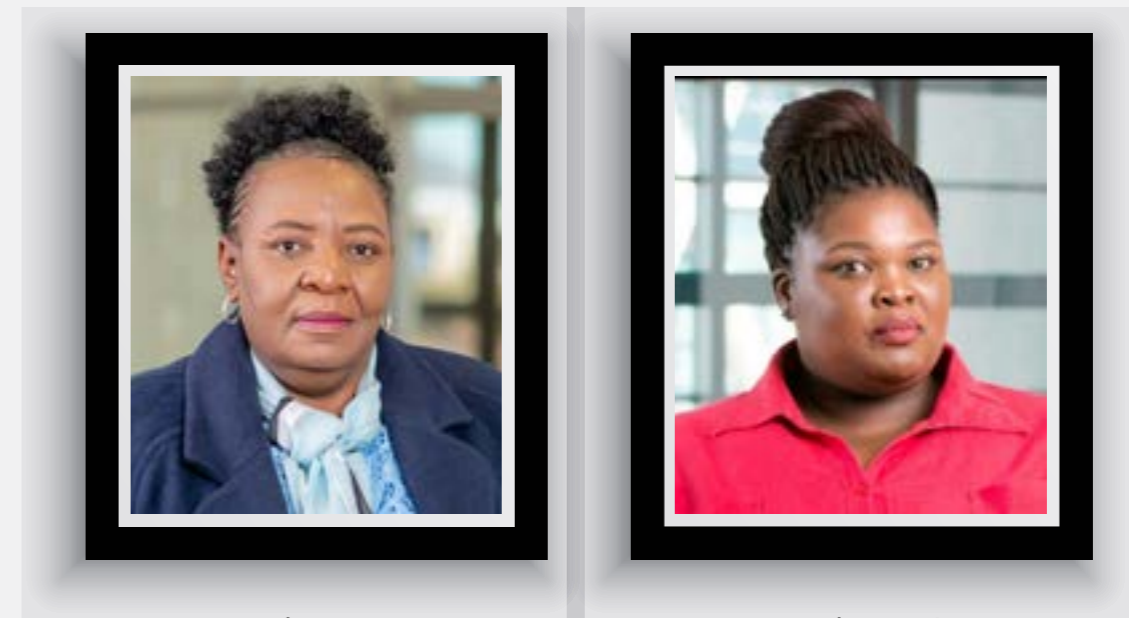
	2021 P	2020 P
INCOME		
Rendering of services	2,737,836	3,633,654
Government subvention	37,266,632	41,730,801
Amortisation of capital grants	987,145	1,209,261
Others	1,740,959	2,045,670
Interest received	156,498	300,552
	42,889,070	48,919,938
EXPENDITURE		
Advertising and promotions	(181,428)	(623,020)
Auditors remuneration	(267,827)	(574,424)
Bank charges	(33,260)	(39,758)
Cleaning	-	(28,600)
Consultancy and professional fees	(6,404,795)	(6,849,481)
Courier and postage	(237)	(3,545)
Depreciation	(4,983,731)	(4,280,153)
Board fees	(174,600)	(604,800)
Donations	(87,819)	(248,636)
Insurance	(386,660)	(410,573)
Interest on IFRS 16: Lease liability	(2,335,514)	(1,177,646)
Legal fees	(1,568,645)	(1,032,589)
Loss on disposal property, plant and equipment	(3,021)	(272,928)
Meeting and conference costs	(311,356)	(2,056,982)
Motor vehicle expenses	(184,902)	(138,681)
Office expenses	(221,946)	(217,756)
Printing and stationery	(6,941)	(6,261)
Provision for loss allowance	(100,263)	(162,000)
Rentals	-	(2,424)
Repairs and maintenance	(65,423)	(54,370)
Salaries and wages	(20,416,230)	(20,468,438)
Security	(703,981)	(659,707)
Staff welfare	(807,945)	(2,445,972)
Subscriptions	(22,889)	(35,163)
Telephone and internet	(942,430)	(1,059,933)
Travel and accommodation	-	(2,497,270)
Utility	(329,299)	(961,194)
Licensing & Monitoring	(148,365)	(187,743)
Responsible Gaming Costs	(1,720,176)	(2,025,348.00)
COVID19 Crisis Management	(883,303)	(136,588.00)
Total expenditure	(43,292,986)	(49,261,983)
Deficit for the year	(403,916)	(342,045)

The supplementary information does not form part of the annual financial statements and is unaudited.

NOTES

NOTES

DEDICATION



Ms Arabang Kanego

Ms Thato Jim

We dedicate this Annual Integrated Report to our two colleagues who passed on. Ms Thato Jim was a young member of staff who through her talents and qualifications designed our annual reports and other communications. She will be sorely missed by us and her family. Ms Arabang Kanego was a Board Member for 5 years and passed on recently. Her contribution to the Board was immense and she too will be sorely missed by us and her family. May their souls rest in eternal peace.





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Botswana Gambling Authority