



National Lotteries Board

Strategic Plan

2014/15 – 2018/19

Date of Tabling February 2015



Official Signoff

The National Lotteries Board (NLB) has in response to feedback received on the Annual Performance Plan (APP), from the dti and Auditor General South Africa (AGSA) revised both the APP as well as Strategic Plan and aligned them to the Treasury Framework on Planning. In the process, the NLB took the opportunity to re-examine its Strategic objectives to address pertinent issues such as financial sustainability. Furthermore, whilst the mandate of the NLB has remained intact, the Lotteries Amendment Act of 2013 has placed emphasis on the core functions of the organization, especially pertaining to the distribution of funds to good causes. Strategic Objective 1 in the Strategy was elevated from a process target to a strategic target that seeks to align the organization to best accommodate the prescripts of the amended Act. In order to explore alternate revenue streams as a measure to maximize funds received from the sale of lottery tickets for good causes, it became evident that Strategic Objective 2 was necessary. The objective further aims to address efficiency in the payment of grants. Objective 4 has been reviewed to incorporate salient aspects of the Amended Act in order to enhance the distribution of grants in accordance with legislated mandate.

It is hereby certified that this plan was revised by the Management of the National Lotteries Board and accurately reflects the performance targets which the National Lotteries Board will endeavor to achieve given the resources indicated in the budget.

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Table 1: Acronyms and Definitions

Acronym/Term	Description/Definition
Act	Means the Lotteries Act No.57 of 1997 as amended.
Applicant	Means the juristic person making an application for funding.
Board	Means the National Lotteries Board, established in terms of Section 2 of the Act.
Chairperson	Means the Chairperson of the Board appointed in terms of Section 3(1) (a) of the Act.
Central Applications Office (CAO)	Means the division of the National Lotteries Board responsible for performing all administrative and associated functions in respect of the Distribution of Funds.
CEO	Means the Chief Executive Officer of the Board appointed in terms of Section 7(1) (a) of the Act.
Distributing Agency (DA)	Means the agency appointed in terms of Section 27, 28, 29 or 30 of the Act.
GMS	Means the Grant Management System used by the Board to record and track all applications received.
King Report	Means the current version of Report on Corporate Governance published by the King Committee on Corporate Governance.
Key Performance Indicators	Means qualitative/quantitative statements measures/observed parameters that can be used to describe performance and measure change or trends over a time period.
Minister	Means the Minister of Trade and Industry.
NLDTF	Means the National Lottery Distribution Trust Fund.
PFMA	Means the Public Finance Management Act.
Procedure Manual	Means the Grant Procedure Manual as used in the

Acronym/Term	Description/Definition
	Central Applications Office.
Programmes	Means a collection of projects that together achieve a beneficial change for an organization.
Projects	Means temporary structure designed to achieve specific objectives within allocated budget and timeframes.
Policy Directive	Means the directions issued by the Minister to the Distributing Agencies in terms of Section 32 (3) of the Act.
PISE	Post Indaba Stakeholder Engagement
Strategic Initiatives	Means broad actions that an organization undertakes to achieve its objectives.
Strategic Objectives	Means organizational intentions geared towards responding to organizational mandate, aspirations and challenges.
Strategic Outcomes	Means organizational results generated through the implementation of programmes, and should correspond to strategic objectives.

Introduction

The National Lotteries Board (NLB) was established in terms of the Lotteries Act (No 57 of 1997) to regulate the National Lottery as well as other lotteries, including Society Lotteries to raise funds and promotional competitions. The NLB also advises the Minister of Trade and Industry on policy matters relating to the National Lottery and other lotteries.

Members of the NLB are appointed by the Minister of Trade and Industry and hold office for a period of five years, after which they may be reappointed. NLB members are also trustees of the National Lottery Distribution Trust Fund (NLDTF), into which National Lottery proceeds that are intended for allocation to good causes are deposited.

This document is based on a review of the strategic intent of the NLB. The review took cognizance of the needs of the NLB Stakeholders and Clients, its mandate as well as the role that the organization can play in meeting South African national outcomes and key priorities.

As such, this plan provides a broad overview of the strategic intent the NLB has adopted and it includes the strategic goals, outcomes and objectives, as well as multi-year projections of programmes and strategic initiatives.

In conclusion, the review process takes cognizance of the strategic context within which the NLB operates.

PART A

PART A: Strategic Overview

1. Vision

A vision statement is sometimes referred to as the picture or aspirational description of an organization would like be or to achieve/accomplish in the medium to long term. The vision statement is the inspiration of the organization. It provides the framework for which the development of all strategies and plans that the organization intends to achieve are molded. Most importantly, it should be the point of departure in developing the strategic intent for the NLB. The Vision of the NLB is crafted as follows:

“The catalyst for social upliftment”.

The NLB is the forerunner in regulating all societal lotteries and promotional competitions, thereby advancing social upliftment of people of South Africa. The NLB further endeavors to ensure that raised funds are distributed equitably and expeditiously across the board.

The NLB further advocates and advances socio-economic well-being of communities in need.

2. Mission

The mission statement of the NLB is a brief description of the organization’s fundamental purpose and it advocates and articulates the reason for the existence of the NLB.

The Mission of the NLB is:

- *To regulate all lotteries and sport pools with integrity and ensure the protection of all participants.*
- *To maximize revenue for good causes in a responsible manner.*
- *To distribute funds equitably and expeditiously.*

3. Core Values

The NLB is committed to achieve sustainable growth through the practice of good corporate governance, provision of excellent service and sound regulatory practice. In fulfilling the mission statement the NLB lives the following core values as tabulated below:

Table 2: NLB Core Values

Value	Description
Integrity	To be honest, open, accessible and fair in all our dealings, decisions and actions.
Performance Excellence	To take ownership of our responsibilities, to work effectively, efficiently, with professionalism and ensuring a positive sustainable impact on the communities we serve.
Service Excellence	To provide a level of service which is of a high quality, target based and meets the expectations of all stakeholders.
Social Consciousness	To be sensitive to the needs of the community in order to initiate social upliftment.

4. Legislative and Other Mandates

4.1. Constitutional Mandate

The NLB does not have any direct constitutional mandate. However, it carries its work having due regard to the rights as contained in the Constitution of the Republic of South Africa, which guarantees every citizen certain rights to ensure a democratic and open society in which every citizen's rights are recognized and protected.

4.2. Legislative Mandate

The National Lotteries Board has been established through the Lotteries Act (Act 57, 1997). The Board consists of a Chairperson, one member designated by the Minister and five other members.

The Functions of the Board are set out in the Lotteries Act as follows:

- Advise the minister on the issuing of the licence to conduct the National Lottery.
- Ensure that the National Lottery and Sports Pools are conducted with all due propriety.
- Ensure that the interests of every participant in the National Lottery are adequately protected.
- Ensure that the net proceeds of the National Lottery are as large as possible.
- Administer the National Lottery Development Trust Fund (NLDTF) and hold it in trust.
- Monitor, regulate and police lotteries incidental to exempt entertainment, private lotteries, society lotteries and any competition contemplated in Section 54.
- Advise the Minister on percentages of money to be allocated in terms of Section 26(3).

- Advise the Minister on the efficacy of legislation pertaining to lotteries and ancillary matters.
- Advise the Minister on establishing and implementing a social responsibility program in respect of lotteries.
- Administer and invest the money paid to the board in accordance with the Lotteries Act.
- Perform such additional duties in respect of lotteries as the Minister may assign to the board.
- Make such arrangements as may be specified in the licence for the protection of prize monies and sums for distribution.
- Advise the Minister on any matter relating to the National Lottery and other lotteries or any other matter on which the Minister requires the advice of the board.

In addition to the above, the National Lotteries Board has also been tasked with the responsibility of providing Administrative, Managerial and Technical Support to the Distributing Agencies.

4.3. Recent Court Rulings

The NLB, the Distributing Agencies and the Minister were cited as respondents in a class action matter which was heard in the Western Cape High Court in May 2010.

The applicants in the matter were the South African Education and Environment Project (SAEP) and the Claremont Methodist Church, Social Impact Ministry Sikhula Sonke (Sikhula Sonke). Between 2003 and 2009 SAEP submitted seven applications to the National Lotteries Board (NLB). Sikhula Sonke submitted two applications, one in 2007 and another in 2008. All the applications were not successful. The applicants sought redress under the Administration Justice Act (PAJA) a reconsideration of their

various funding applications. The original application was originally lodged as urgent but the court found no urgency and referred the matter to the normal role. In May 2010 the matter went before Judge Gamble.

The Court found that the Distributing Agency (DA) had no statutory or regulatory power to make binding rules on applicants. The Court was of the view that the guidelines issued by the DA are non-legislative “guiding policies” and therefore cannot override, amend or be in conflict with the relevant legislative provisions. The Court also expressed the view that such guidelines set a useful purpose to enable the DA’s to apply some measure of uniformity when considering applications for funding.

The Court set aside the NLB’s refusal to fund three of the applications made to it and ordered the NLB to reconsider the three applications and make decisions within 60 days of the order and to provide unsuccessful application(s) with reasons for the refusal in the communication of its decision.

The NLB appealed the High Court ruling and in October 2011, the SCA upheld the decision of the High Court.

Regulations published by the Minister in July 2010 have largely addressed the issue of when an application can be lawfully rejected on the basis on non-compliance with requirements. The Distributing Agencies have also agreed that guidelines have to be aligned with the regulations.

5. Situational Analysis

5.1 Strategic Context

The Lotteries Amendment Act (32 of 2013) was signed into law by the President of the Republic in October 2013. The amended Act was designed to address some shortcomings in the original 1997 legislation and to improve the functioning of the

National Lotteries Board through inter alia clarifying and extending the powers and functions of the Board; as well as providing clear accountability for the Distributing Agencies. The NLB carefully tracked the amendment process since the original public consultations initiated by the dti and had already begun to consider and implement internal strategic and operational changes in line with the emerging thinking and final provisions of the Legislation.

NLB is the largest organisation with a gaming regulatory and funding mandate in Africa, with over 10,500 lottery points of sale across South Africa scheduled in the agreement between the NLB and its licensee as well as over 100 000 registered NGO's in the ecosystem. In 2014 the government introduced its strategic agenda for five years until 2019. Thirteen government priorities were identified for that period.

These priorities are also outlined in the National Development Plan (NDP) was adopted by cabinet in 2012 to address the issues of socio-economic challenges and growth. In line with its mandate, vision and mission, NLB's formulation of programme activities and targets is aligned to the political, social and economic realities of South Africa.

In particular, the NLB's role and functions as outlined in the amended Lotteries Act, place an obligation on the organisation to support (directly and indirectly) the electoral mandate of Government. From a strategic perspective, the sight of government priorities provides a major opportunity for NLB within the disciplinary context of social development and social upliftment. These include addressing unemployment and alleviating poverty in alignment with the NDP. The NLB is therefore driven by government policies on economic and social development.

The global market is gradually recovering from the global financial crisis that took hold of markets in 2008. South Africa's economic performance has been sluggish, with the actual annualized growth rate reported at 1.4 percent in the third quarter of 2014. Growth is expected to pick up gradually over a two year horizon (2015 and

2016), with the South African Reserve Bank forecasting growth to be fractionally below 3 per cent in the second year of the forecast. This outlook will have negative impact on the revenue generated by the National Lottery operator.

Government's role as a source of counter-cyclical demand is visible in its relative large contributions to overall growth. The NLB, through its mandate has also played a role to bring about this growth by ensuring that funds are distributed to qualifying beneficiaries. Sectors funded by the NLB contribute to job creation, rural development, infrastructure development, promoting wellness and social cohesion. This aligns to the objectives of the NDP to eliminate poverty and reduce inequality by 2030 and also bring about economic growth.

There are approximately 100 000 NPO's currently registered with the Department of Social Development that could theoretically access funding. Additional to those are several non-profit companies, public benefit trusts, schools and sport clubs. The NLB, through the NLDTF, is the biggest funder of NPO's in the country across various sectors including the Charities, Sport & Recreation as well as Arts, Culture, Heritage and Environment sectors. Over R18 billion has been distributed to good causes over the first 15 years of existence. However, the reliance on a single source of funds does not make it possible to address the needs of the entire NGO/NPO sector in South Africa.

NLB finds itself in an opportune position to use technology to enhance service delivery. A modern and secure IT infrastructure will provide the organisation with the ability to provide efficient access to funding as well as to expedite funding processes.

Investments in technology and more especially in broadband services have a vital role to play in moving the NLB business objectives forward. However, such investments must not be focused only on infrastructure development. They must also provide for advanced online services, and address inequity and delivery of information to all citizens of this country – especially for those in under-served

areas. To this end, it will be vital for the organisation to work towards establishing networked information and communication technologies (ICTs) in partnership with establishment and licensed electronic communication network which will play an ever-increasing role to its stakeholders. NLB has set aside necessary investments to enable staff and external stakeholders to participate in and benefit services from a secured infrastructure and enterprise architecture. Innovation remains a tool towards success, especially within an era of increasingly advancing business, social, and economical environments. As such the organisation will continue to create an innovation framework based on legislative requirements and most importantly the stakeholders. We plan to introduce innovative methods of interaction, for example through use of mobile devices to allow stakeholders take on new roles as enabled and empowered participants. In order to capitalise on these opportunities, the NLB shall ensure that the developed technology roadmap encapsulates principles of a flexible, scalable, cost-effective and risk tolerant infrastructure and enterprise environment. It must however be noted that introducing new services in a network often presents challenges, among them security. In this organisation, this is addressed through the enacted ICT Governance framework.

The organisation is conscious about issues affecting its physical environment. Environmental projects are funded within the Arts, Culture and National Heritage sector in order to preserve South Africa's natural heritage and protect precious resources. Further to that, the NLB considers the environmental impact of its daily business. In an effort to reduce the carbon footprint of operations, the organisation is transitioning to a paperless environment where day-to-day tasks will be facilitated through electronic means. The responsible disposal of waste and electronic equipment is facilitated through the '*reduce, reuse, recycle*' principle. On a larger scale, the Board has approved plans to secure long-term accommodation and premises for the NLB. To this end, issues around energy efficiency and environmental impact will build the basis for construction alongside operational requirements.

Whilst the Lotteries Amendment Act has emphasized the role of the NLB as a Regulator in the national lottery sphere, it would still appear that lack of enforcement powers in relation to illegal lotteries remains a challenge.

There is also space and the opportunity to continually and consistently liaise with different provincial Gambling Boards on issues of concurrent interest in the lottery sphere to ensure proper governance and alignment with the aim to protect and maximize revenue generated by the National Lottery for good causes.

Corporate Governance is crucial to business sustainability and growth of the organization. The development and implementation of a proper corporate governance framework is endorsed by the Board. The Board accepts responsibility for the application and compliance with the principles of ensuring that effective corporate governance is practised consistently throughout the organisation.

The Board discharges this role through its charters based on a Corporate Governance Framework which includes amongst others the principles of the Lotteries Act, PFMA, Treasury Regulations and good governance principles. These are further aligned to the organisations top strategic risks and reviewed annually.

The framework addresses the following principles:

- Regulatory Compliance Framework
- Information and Communication Technology governance
- Business Continuity and Sustainability Framework
- Anti-Fraud and Risk Management Framework

5.2 Organisational Environment

In order to achieve its dual mandate of regulator as well as distribution of funds to good causes, the NLB provides the following key services:

Regulation

The current Licence expires in the fourth quarter of the 2014/2015 financial year. The Board has adjudicated on the tenders received for the 3rd Lottery Licence and has made a recommendation to the Minister. The new operator was announced in the third quarter of the 2014/15 financial year.

The proliferation of other Lotteries in the marketplace continues to be a challenge. The most common form being the SMS competition. The Board has been successful in halting some of the more prominent competitions but the sheer number of competitions and the bravado with which they are conducted is a growing concern.

The Board has put in place certain strategic initiatives to confront the challenges including additional capacity for surveillance and enforcement of illegal lotteries.

NLDTF Distribution

In an effort to make the National Lottery Distribution Trust Fund (NLDTF) more accessible to all, the Board embarked on a series of workshops throughout the country. The interaction with applicants and beneficiaries raised many constructive issues. It was agreed that in order to explore these issues further, the Board needed to conduct a series of focused consultations with all stakeholders and to document and communicate the results to the Department so that the legislative framework could be aligned to the needs of the communities that are meant to be served by the NLDTF.

In striving to promote stakeholder engagement with funded beneficiaries and strategic partners, the NLB has hosted the National Indaba in 2012, 2013 and 2014 financial years. This was followed by the provincial Post-Indaba Stakeholder Engagements (PISE). The PISE was also well supported by provincial and municipal leadership. Other roadshows to create awareness of the NLB's programmes also served to highlight the NLB brand. In measuring the success of the engagement, The NLB

conducted a perception survey to determine the NLB standing with stakeholders including beneficiaries. The NLB has obtained 60% overall stakeholder relation satisfaction as a baseline in 2013/14 financial year. The NLB has further improved its corporate image through media engagement which has reduced negative publicity. In response to the new National Lotteries Act as amended, The NLB has embarked on a rebranding and repositioning campaign.

Furthermore, the organization has undertaken entering into several partnerships with key stakeholders in order to establish working relationships in pursuit of positive and productive community outcomes and the achievement of common goals.

The NLB has carefully tracked the amendment process pertaining to the Lotteries Act since the original public consultations initiated by the dti and has already begun to consider and implement internal strategic and operational changes in line with the emerging thinking and final provisions of the Legislation.

In particular, the Grant Funding Division (GFD) took note of the key provisions impacting on its strategy and operations and developed a response. The following section summarises the key provisions, the GFD's current response and future plans with regard to the amendment and pending regulations.

A Funding Policy and Funding Model has been developed that makes provision for the "pro-active" funding of projects based on research; and for differentiated grants with different processes, requirements and qualifications depending on the size and complexity of the award i.e. smaller awards will require a less onerous process of approval than a large complicated project. Partial implementation of this policy is reflected in the two most recent Calls for Applications, where a more focused and defined approach was taken (i.e. Sports facilities for the Sports Call and ECD "Centres of Excellence" for the Charities Call).

In addition, a policy to govern applications made in partnership has been approved, which will ensure consistency and better oversight of partnership applications made in

terms of the provision that only in exceptional cases (where the applicant is able to demonstrate why it is unable to apply on its own) should a conduit be used.

Establishment of Provincial Offices

Provincial Offices have been established in eight provinces, with full time rollout of services scheduled in 2015/16. This is to ensure that the organisation is more accessible and responsive to its stakeholders and to ensure the equitable distribution of funds across provinces.

Business Process Review

All of the changes outlined above will have an impact on the GFD's existing business processes, business rules and standard operating procedures. A Business Process Review is underway, which will develop improved and suitable processes to ensure efficient implementation of the new strategies and operational requirements, including work flows, staffing, skills, training and development, as well as ensuring that the development of the new Grant Management System (GMS) is responsive and relevant to user requirements. This includes a strong emphasis on increased automation of key processes, and the systematic generation of data for analysis and planning.

Sustaining Organizational Capacity

It became clear to the Board that the impediments to optimum service delivery arose from both legislative as well as organizational constraints. In respect of the legislative constraints, the dti published the Lotteries Amendment Act. The Board then decided to focus on its internal structure and operations. To this end, the Board engaged the services of an independent consultant to conduct an organizational diagnosis and to make recommendations to the Board on possible restructuring options.

The Board itself held further consultations with applicants, beneficiaries and other interested parties. It has considered the recommendations made at the National Indaba, the recommendations arising from the organizational diagnostic together with its own research and agreed that realignment of the NLB organizational structure was essential to improved service delivery and effective functioning.

Organizational Re-alignment

The Board agreed on several high-level re-structuring elements. In 2012/13 the board approved a new structure which was implemented in the third quarter of 2012/13 and the following years. To date total staff complement is at 210.

All Executive members and management appointments were made in line with the structure. Organisational Skills and capacity audit was completed. Human Capital Management strategies were developed and implemented. Around 80% of training budget was utilised for closing the gaps as per the NLB skills audit. Learnership and Internship programmes have been implemented in line with the national priorities on job creation and skills development. Learners and interns were placed both internally and externally through the NLB funded beneficiaries in line with NDP priorities.

Figure 1: NLB High Level Organizational Structure



5.3 Stakeholder Analysis

The NLB has a variety of stakeholders which assumes substantial influence over the operation of the organization. These stakeholders have respective expectations that must be fulfilled as tabulated below:

Table 3: Stakeholder Analysis Matrix

Stakeholder	Influence	Expectation
The Board	<ul style="list-style-type: none"> Strategic direction 	
Licensed Operator	<ul style="list-style-type: none"> Revenue Sustainability Influence Public Perception Image and Integrity of the Board 	<ul style="list-style-type: none"> Regulatory Fairness Interaction Predictability Promptness Approvals Continuity
Department of Trade and Industry (The DTI)	<ul style="list-style-type: none"> Approvals and Timing of: <ul style="list-style-type: none"> Approvals Assistance Appointment of Board/ Distributing Agencies Legislation 	<ul style="list-style-type: none"> Conformance Governance Continuity Reporting
Parliament Portfolio Committee's	<ul style="list-style-type: none"> Sanction Legislation 	<ul style="list-style-type: none"> Accountability Governance Integrity Ethics Contribution to National Priorities
Applicants	<ul style="list-style-type: none"> Quality of Grants Public Perception Turnaround Risk Profile of the Board Geographic Spread of Funding 	<ul style="list-style-type: none"> Clarity of Criteria Transparency Responsiveness Turnaround Mentorship/guidance Interaction Accessibility Fairness Consistency Feedback
Beneficiaries	<ul style="list-style-type: none"> Quality of Grants Social Impact Risk Public acknowledgement and declaration of grants received Public Perception 	<ul style="list-style-type: none"> Transparency Responsiveness Turnaround Mentorship/guidance Interaction Accessibility Fairness and consistency

Stakeholder	Influence	Expectation
	<ul style="list-style-type: none"> • Turnaround 	<ul style="list-style-type: none"> • Visibility • Sustainability Feedback
Distributing Agencies (DA)	<ul style="list-style-type: none"> • Quality of Grants • Fund Management • Public Perception • Risk Profile of NLB/NLDTF • Equitable Distribution • Turnaround • Compliance 	<ul style="list-style-type: none"> • Support • Consistency • Quality • Interaction with Board • Communication/Reporting • Turnaround
Lottery Players	<ul style="list-style-type: none"> • Revenue • Sustainability • Public Perception 	<ul style="list-style-type: none"> • Transparency • Integrity • Assistance and Counseling • Visibility • Communication • Fair chance of realizing their aspirations of winning
Staff	<ul style="list-style-type: none"> • Productivity • Morale • Public Perception • Performance Effectiveness 	<ul style="list-style-type: none"> • Fairness • Respect of Worker Rights • Equity • Involvement • Best Practice HRM policies/practices • Conducive work environment • Adequate resourcing • Transparency • Ethical Behaviour
Interest Groups	<ul style="list-style-type: none"> • Public perception • Policy • Structure 	<ul style="list-style-type: none"> • Transparency and Fairness • Control of excessive Participation • Communication Involvement • Enforcement
Auditor-General (AGSA)	<ul style="list-style-type: none"> • Governance • Compliance • Public Perception 	<ul style="list-style-type: none"> • Conformance to Legislation/Standards • Integrity • Comprehensiveness and Accuracy of Information • Reporting

Stakeholder	Influence	Expectation
Media	<ul style="list-style-type: none"> Public Perception 	<ul style="list-style-type: none"> Regular Communication Transparency Access to Information
Relevant Ministries	<ul style="list-style-type: none"> Policy Implementation National Priorities alignment 	<ul style="list-style-type: none"> Involvement Transparency in allocation of grants Consultation Align policy & pay out Information sharing
Grant Makers	<ul style="list-style-type: none"> Best Practice Fairness 	<ul style="list-style-type: none"> Uniformity Capacity Building Share Information Collaboration/ Partnerships
Organized Labour	<ul style="list-style-type: none"> Policies Productivity 	<ul style="list-style-type: none"> Framework for engagement Willingness to work Transparency Communication Fairness Structures Enabling environment for association
The Public	<ul style="list-style-type: none"> Operations Strategy Culture 	<ul style="list-style-type: none"> Transparency Fairness Consistent Delivery Integrity Values orientation Information Sharing
National Treasury (NT)	<ul style="list-style-type: none"> Regulatory environment Remuneration 	<ul style="list-style-type: none"> Reporting Governance
Other Lotteries	<ul style="list-style-type: none"> Revenue 	<ul style="list-style-type: none"> Regulatory Fairness
Operators	<ul style="list-style-type: none"> Enforcement 	<ul style="list-style-type: none"> Interaction Predictability Promptness Approvals Continuity

Stakeholder	Influence	Expectation
Suppliers	<ul style="list-style-type: none"> • Risk • Effectiveness • Turnaround 	<ul style="list-style-type: none"> • Transparency • Fairness • Consistency Ethical Behaviour

5.4 SWOT Analysis

SWOT analysis is one of the most used forms of business analysis. A SWOT analysis examines and assesses the impacts of internal strengths and weaknesses, and external opportunities and threats, on the success of the "subject" of analysis. An important part of a SWOT analysis involves listing and evaluating the organization's strengths, weaknesses, opportunities, and threats. The Section below provides a summarized description of SWOT analysis elements, as follows:

Strengths:

These are the factors that give an organization the competitive edge within the environment within which it operates. Strengths are those factors that give the organization a distinctive advantage which boosts its competitiveness. However, strengths are, in effect, resources, capabilities and core competencies at the organization's disposal. The organization can use such factors to accomplish its strategic objectives.

Weaknesses:

These are a limitation, fault, or defect within the organization that refrain it from achieving its objectives; it is what an organization does poorly or where it has inferior capabilities or limited resources as compared to other organizations within which it operates.

Opportunities:

These include any favorable current or prospective situation within the organization's environment, such as trends, change or factors overlooked which could be facilitated to allow the organization to enhance its competitive edge.

Threats:

These entail any unfavorable situation, trend or impending change in an organization's external surrounding environment which is currently or which has potential of damaging or threatening its ability to compete successfully within the environment it operates. Threats may be a barrier, constraint, or anything which may inflict challenges, damages, harm or injury to the organization.

Table 4: List of Strength and Weaknesses

Strength	Weaknesses
<ul style="list-style-type: none"> • Leadership • Financial independence Organizational competence • The largest funder • Sole regulator in the industry • National footprint • Largest social benefactor • Sole regulator in the industry • National footprint • Strong brand • Industry knowledge • Strong brand • Industry knowledge 	<ul style="list-style-type: none"> • Ageing technology infrastructure • Lack of enforcement powers for regulating illegal lotteries • Limitations in the proper monitoring and evaluation of grants • Fragmented IT applications • Resistance to organizational change • Single revenue source • Managing conflict of interest • Poor responsiveness (turnaround times) • Lack of clear adjudication framework

Table 5: List of Opportunities and Threats

Opportunities	Threats
<ul style="list-style-type: none"> • Increased social impact • Enhanced operational efficiency • Technology advancement 	<ul style="list-style-type: none"> • Fraud and Corruption / collusion / fraud • Illegal lotteries • Revocation of license • Misrepresentation • Sustainability (One source of revenue)

Opportunities	Threats
<ul style="list-style-type: none"> • Increased monitoring of project efficiency • Proactive Funding • Repositioning of the organisation • Legislative improvement • Partnerships with other funders • Rationalization of entities 	

6. Strategic Outcomes Orientated Goals of the NLB

Table 6: Strategic Outcome Goals

Strategic Outcome Orientated Goal 1:	Enhance management of the NLB business
Goal Statement	Provide leadership and administrative capacity and capability to ensure effective service delivery, whilst enhancing financial sustainability of the NLB
Programme	Administration and Support Services
Strategic Outcome Orientated Goal 2:	Compliant and Regulated Lottery Industry receptive to the NLB mandate
Goal Statement	<ul style="list-style-type: none"> • Improve regulatory practice through the development and enforcement of a regulatory policy and compliance framework and the regulation of illegal lotteries • Improve regulatory practice through the monitoring of the 3rd National Lottery Licence
Programme	Compliance and Regulation
Strategic Outcome Orientated Goal 3:	Fair and Equitable distribution of Grant Funding
Goal Statement	Provide administrative support to the Distributing Agencies to ensure that grant funding is distributed according to the legislated mandate
Programme	Grant Funding and Service Delivery

PART B

PART B: Strategic Objectives

The Strategic goals will be achieved through the implementation of the following programmes:

7.1 Programme 1: Administration and Support Services

The purpose of the programme is to provide leadership and support to the entire organization particularly the core business for effective service delivery. It focuses on general administration and provision of support services to ensure compliance and governance.

Compliance and governance requirements of the NLB are outlined in the Act, PFMA and National Treasury Regulations. The Minister of Trade and Industry is the Executive Authority and the Board of Directors is the Accounting Authority.

Table 7: Administration and Support Services Strategy Matrix

Programme	Administration and Support Services
Strategic Objective [1]	To enhance administration of the NLB and ensure compliance with applicable legislation and policy prescripts
Strategic Outcome	Enhanced management of the NLB business
Baseline	<ul style="list-style-type: none"> • Approved re-branding strategy • Aligned organizational structure • Work study for Grant Funding business processes and workflows
Resource Considerations	<ul style="list-style-type: none"> • Dedicated resources for marketing and communications, HR & Talent Management and ICT • IT Capital expenditure budget
Risk Description	<ul style="list-style-type: none"> • Reputation of the NLB • Inadequate alignment of the organizational structure

Programme	Administration and Support Services
	<ul style="list-style-type: none"> • Brand awareness • Reliable IT infrastructure
Risk Mitigation	<ul style="list-style-type: none"> • Implement re-branding strategy • Re-design organizational structure in accordance with amended legislation
Strategic Initiatives	<ul style="list-style-type: none"> • To develop and implement the re-branding strategy • To re-design and populate the organizational structure • To implement business continuity plan • To develop and implement the E-system/Integrated Enterprise Wide Architecture Platform
Strategic Objective [2]	To ensure financial sustainability, control and discipline in line with applicable legislation and policy prescripts
Strategic Outcome	Creating a sustainable and financially efficient NLB
Baseline	<ul style="list-style-type: none"> • Percentage of grants paid in accordance with GNR644, 6(c)(iv) • Interest income received on investments
Resource Considerations	<ul style="list-style-type: none"> • Dedicated resources for finance • Approved Investment Strategy • Appropriate IT system for monitoring payment process
Risk Description	<ul style="list-style-type: none"> • Non-performing markets • Inadequate performance of the National Lottery Operator
Risk Mitigation	<ul style="list-style-type: none"> • Capital Preservation guarantee • Enhanced monitoring of Operator performance
Strategic Initiatives	<ul style="list-style-type: none"> • To ensure a higher percentage disbursement of grants within the 60 day regulated timeframe • To ensure growth of surplus funds through implementation of strategies to improve return on investments

7.2 Programme 2: Compliance and Regulation

The purpose of this programme is to ensure compliance and to regulate the entire Lottery Industry in line with the NLB mandate. It ensures that mechanisms are instituted to ensure compliance with applicable laws and regulations as they relate to the lotteries environment. The programme also plays a role in ensuring adequate monitoring, regulation and policing of lotteries.

Table 8: Compliance and Regulation Strategy Matrix

Programme	Compliance and Regulation
Strategic Objective [3]	To implement relevant initiatives geared towards ensuring compliance with the Act
Strategic Outcome	Compliant and regulated Lottery Industry receptive to the NLB mandate
Baseline	<ul style="list-style-type: none"> • Lotteries Act and existing legislation and regulations • Regulatory Compliance Strategy and Policy • 3rd National Lottery Operator recommended for appointment
Resource Considerations	<ul style="list-style-type: none"> • Dedicated resources for Compliance Enforcement • Improved capacity and capability
Risk Description	<ul style="list-style-type: none"> • Lack of enforcement powers in combatting illegal lotteries
Risk Mitigation	<ul style="list-style-type: none"> • Develop partnerships with stakeholders
Strategic Initiatives	<ul style="list-style-type: none"> • Investigate reported and identified illegal lottery schemes • To develop and implement the 3rd National Lottery Licence Monitoring Matrix/Scorecard

7.3 Programme 3: Grant Funding and Service Delivery

The purpose of this programme is to provide administrative support to the Distributing Agencies and to ensure that the grant funding is distributed according to the legislated mandate. It is responsible for the management of grant funding processes and ensures evaluation of distribution impact of grants.

Table 9: Grant Funding and Administration Strategy Matrix

Programme	Grant Funding and Service Delivery
Strategic Objective [4]	To ensure fair and equitable grant allocations
Strategic Outcome	Fair and Equitable distribution of Grant Funding
Baseline	<ul style="list-style-type: none"> • Developed grant funding model, aligned to Amended Lotteries Act • Education and Awareness workshops conducted provincially • Developed monitoring and evaluation plan/framework • Percentage allocations to provinces as per GNR182
Resource Considerations	<ul style="list-style-type: none"> • Full-time Distribution Agencies • Human and financial resources • ICT Systems • Compliant applications
Risk Description	<ul style="list-style-type: none"> • Lack of compliant applications • Non-compliance to monitoring and evaluation requirements
Risk Mitigation	<ul style="list-style-type: none"> • Enhanced education and awareness campaigns in underperforming provinces • Enhanced monitoring and evaluation to assess impact of NLDTF
Strategic Initiatives	<ul style="list-style-type: none"> • Implementation of the grant funding model

Programme	Grant Funding and Service Delivery
	<ul style="list-style-type: none"><li data-bbox="623 258 1321 344">• Conduct education and awareness workshops nationally<li data-bbox="623 369 1321 405">• Allocate at least 5% of funding to all provinces<li data-bbox="623 430 1338 516">• Conduct monitoring and evaluation site visits to assess the impact of NLDTF funds

PART C

PART C: Links to other plans

8. Links to the long-term infrastructure and other capital plans

8.1 Capital expenditure projects (Capex)

The most prominent capex item is the redesign of the grant management system (e-system) together with the full integration of all other systems. Included here is not only the system design but also the acquisition of the necessary hardware.

8.2 Infrastructure plans

NLB plans to embark on acquiring long term accommodation. It is projected that the project will take approximately 3 years for completion (2015-2018).