



Strategic Plan  
2019/20

# National Lotteries Commission



NATIONAL LOTTERIES COMMISSION

a member of **the dti** group

## Foreword by the Minister



The National Lotteries Commission has successfully gone through various phases of transition. The improvements as laid out in the Amended Legislation work toward the delivery of the brand promise of Changing Lives – be it through the provision of grants to good causes or protection of the public through compliance enforcement for competition organisers.

The NLC has already demonstrated the difference that lottery funding is making to people and communities as the organisation seeks to drive continuous improvements in their grant-making and wider activities.

A handwritten signature in blue ink, appearing to read 'Rob Davies', written in a cursive style.

**Dr Rob Davies, MP**  
**Minister of Trade and Industry**

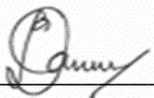
## Official Signoff

It is hereby certified that this strategic plan was developed by the management of the National Lotteries Commission and accurately reflects the strategic outcome orientated goals which the NLC will endeavor to achieve over the period.

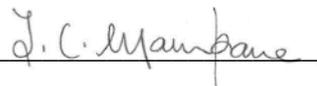
**X. Ntuli**  
**Chief Financial Officer**

Signed:  \_\_\_\_\_

**A. Maharaj-Domun**  
**Official Responsible for Planning**

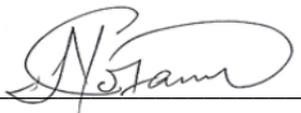
Signed:  \_\_\_\_\_

**TCC Mampane**  
**Commissioner**

Signed:  \_\_\_\_\_

**Approved by:**

**Prof NA Nevhutanda**  
**Chairman**  
**31 January 2019**

Signed:  \_\_\_\_\_

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**Table 1: Acronyms and Definitions**

<b>Acronym/Term</b>	<b>Description/Definition</b>
<b>Act</b>	Means the Lotteries Act No.57 of 1997 as amended.
<b>Applicant</b>	Means the juristic person making an application for funding.
<b>Board</b>	Means the National Lotteries Board, established in terms of Section 2 of the Act.
<b>Chairperson</b>	Means the Chairperson of the Board appointed in terms of Section 3(1) (a) of the Act.
<b>Grant Funding</b>	Means the division of the NLC responsible for performing all administrative and associated functions in respect of the Distribution of Funds.
<b>CM</b>	Means the Commissioner of the NLC appointed in terms of Section 7(1) (a) of the Act.
<b>Distributing Agency (DA)</b>	Means the agency appointed in terms of Section 27, 28, 29 or 30 of the Act.
<b>GMS</b>	Means the Grant Management System used by the Board to record and track all applications received.
<b>King Report</b>	Means the current version of Report on Corporate Governance published by the King Committee on Corporate Governance.
<b>Key Performance Indicators</b>	Means qualitative/quantitative statements measures/observed parameters that can be used to describe performance and measure change or trends over a time period.
<b>Minister</b>	Means the Minister of Trade and Industry.
<b>NLDTF</b>	Means the National Lottery Distribution Trust Fund.
<b>PFMA</b>	Means the Public Finance Management Act.
<b>Procedure Manual</b>	Means the Grant Procedure Manual as used in Grant Funding.
<b>Programmes</b>	Means a collection of projects that together achieve a beneficial change for an organization.
<b>Projects</b>	Means temporary structure designed to achieve specific objectives within allocated budget and timeframes.
<b>Policy Directive</b>	Means the directions issued by the Minister to the Distributing Agencies in terms of Section 32 (3) of the Act.
<b>PISE</b>	Means Post Indaba Stakeholder Engagement
<b>Strategic Initiatives</b>	Means broad actions that an organization undertakes to achieve its objectives.

Acronym/Term	Description/Definition
<b><i>Strategic Objectives</i></b>	Means organizational intentions geared towards responding to organizational mandate, aspirations and challenges.
<b><i>Strategic Outcomes</i></b>	Means organizational results generated through the implementation of programmes, and should correspond to strategic objectives.

## Introduction

The National Lotteries Commission (NLC) 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 NLC also advises the Minister of Trade and Industry on policy matters relating to the National Lottery and other lotteries.

In 2015, the Lotteries Amendment Act was promulgated in order to provide the following:-

- *the establishment of a National Lotteries Commission;*
- *to provide for the extension of the powers of the Board;*
- *to provide for the licensing of an organ of state to conduct the National Lottery;*
- *to provide for a clear accountability process for the distributing agency;*
- *to provide for the professionalism of the distributing agency;*
- *to eliminate overlapping of functions between the Minister and the Board;*
- *to provide for the removal of the reconstruction and development programme as a category; entitled to be allocated money of the fund;*
- *to provide for matters connected therewith.*

The salient provisions of the Act (which is a strategic guide in the implementation of the mandate of regulation and distribution) as envisaged in the amendments further included these provisions:

- The Amended Lotteries Act stipulates that the National Lottery Commission shall be established;
- The Commission shall be a juristic person;
- The Commission is governed by a Board appointed in accordance with the Lotteries Act;
- The Commission shall, applying the principles of openness and transparency, exercise the functions assigned to it in terms of the Act by the Minister;
- The Commission may, upon request by the Minister, board or on its own initiative in consultation with the Board, conduct research on worthy good causes that may be funded without lodging an application in terms of the Act;
- The Commission may upon request by the Minister, board or on its own initiative in consultation with the Board, solicit applications for grants from good causes.

Furthermore the Commission must ensure that:

- The National Lottery and sports pools are conducted with all due propriety and strictly in accordance with the Constitution, the Lotteries Act and all other applicable law and the licence for the National Lottery. (Licence agreements)
- The interests of every participant in the National Lottery are adequately protected.
- The Commission shall promote public knowledge and awareness by:-
  - Development and implementation of measures to educate and inform the public about the lotteries and provisions of this Act.
  - Educate the public on the process, requirements and qualifications relating to the application for grants in terms of the Act.
- Manage the staff, financial, administrative and clerical functions or any duties of the distributing agency as directed by the Minister or the Board, except the function to adjudicate upon applications to the distributing agency for grants in terms of the Act.
- Exercise any other function as delegated or directed by the Minister or the Board.

This document is based on a review of the strategic intent of the NLC. The review took cognizance of the following:

- (a) the needs of the NLC Stakeholders,
- (b) NLC's dual mandate,
- (c) the role that the organization can play in meeting South Africa's national outcomes and key priorities,
- (d) the impact of the 4<sup>th</sup> Industrial Revolution

As such, this plan provides a broad overview of the strategic intent the NLC has adopted and it includes the strategic goals, outcomes and objectives.

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

# PART A

## **PART A: Strategic Overview**

### **1. Vision**

The vision statement represents the inspiration for the NLC. It provides the framework for the development of all strategies and plans for the organisation. Most importantly, it is the point of departure in developing the strategic intent for the NLC.

The Vision of the NLC is crafted as follows:

***“The catalyst for social upliftment”***

The NLC is mandated by an Act of Parliament to regulate the National Lottery and other lotteries through proceeds derived from the sales of lottery tickets. The NLC further endeavours to ensure that funds are distributed equitably and expeditiously across South Africa to advance the socio-economic well-being of communities in need.

### **2. Mission**

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

The Mission of the NLC 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 NLC 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 NLC lives the following core values as tabulated below:

**Table 2: NLC Core Values**

Value	Description
<b>Integrity</b>	To be honest, open, accessible and fair in all our dealings, decisions and actions.
<b>Performance Excellence</b>	To take ownership of our responsibilities, to work effectively, efficiently, with professionalism and ensuring a positive sustainable impact on the communities we serve.
<b>Service Excellence</b>	To provide a level of service which is of a high quality, target based and meets the expectations of all stakeholders.
<b>Social Consciousness</b>	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 NLC has the sole mandate to regulate and prohibit lotteries and sports pools and to provide for matters connected therewith. It further 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 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 Commission 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.

The amended legislation further provides for the following:

- the establishment of a National Lotteries Commission;
- to provide for the extension of the powers of the Board;
- to provide for the licensing of an organ of state to conduct the National Lottery;
- to provide for a clear accountability process for the distributing agency;
- to provide for the professionalism of the distributing agency;
- to eliminate overlapping of functions between the Minister and the Board;
- to provide for the removal of the reconstruction and development programme as a category; entitled to be allocated money of the fund;

- to provide for matters connected therewith.

## 5. Situational Analysis

The National Development Plan (NDP) offers a long-term perspective to ensure that all South Africans attain a decent standard of living through the elimination of poverty and reduction of inequality. It further identifies the role different sectors of society need to play in reaching that goal. The 2014-2019 planning cycle served as the first in a series of five-year planning cycles to advance the goals of the NDP.

In line with its mandate, vision and mission, NLC's formulation of programme activities and targets is aligned to the political, social and economic realities of South Africa. In particular, the NLC's role and functions as outlined in the Amended Lotteries Act places 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 the NLC within the disciplinary context of social development and social upliftment. This includes addressing unemployment and alleviating poverty as aligned to the NDP. The NLC is therefore driven by government policies on economic and social development.

The National Lottery is different from other gambling categories in that it is operated with the goal of generating funds for charitable, sports, arts and other worthy causes rather than as an entity focused on maximising returns for shareholders, employees and other stakeholders. PwC's Gambling Outlook 2017-2021 forecasts the National Lottery GGR to increase, but growth will be very modest, averaging only around 0.7% per year. The NLC does not receive funds from the fiscus and the dependence on a single source of revenue against rising inflation and an increase in the NPO "ask" has become a huge challenge for the entity. The 2019 National Elections could possibly influence a shift in the mandate of the organisation whilst the political instability in all spheres of government also contributes to the negative impact on the economy.

South Africa's economy, ranked as upper-middle income by the World Bank, is currently one of the largest economies on the African continent. Historically, South Africa's economy was mainly built on primary and secondary industries, such as mining and manufacturing, but in recent decades, and in line with global developments, growth has shifted to the tertiary

industries. Presently, industries that contribute to the economy include finance, real estate and business services; manufacturing; and wholesale and retail trade. Of the nine provinces in South Africa, three power houses stand out. Gauteng, Kwazulu-Natal and Western Cape collectively contribute a significant portion to the country's value added, reported at over 60 percent. The economy slipped into recession during the second quarter of 2018, shrinking by 0,7% quarter-on-quarter. The 0,7% downturn in the second quarter of 2018 was a result of a fall-off in activity in the agriculture, transport, trade, government and manufacturing industries. Despite long periods of positive economic growth, unemployment remains one of the key challenges faced by South Africa.

Revenue generation is key to ensure the survival and success of the national lottery. The NLC receives on average approximately 80% of its funding from the share of ticket sales. Whilst the invigoration of the games has resulted in an increase in gross revenue, it does very little to measure up against the growth and demand for funding received from registered NPO's. The operator is further faced with continuing challenges from a weakening economy, increased competition from book makers and illegal lottery operators.

Stats SA's estimate for the 2018 mid-year population puts the total at 57.7 million people. The rate of growth increased between 2002 and 2018. The estimated overall growth rate increased from approximately 1,04% for the period 2002–2003 to 1,55% for the period 2017–2018. The proportion of the elderly in South Africa is on the increase and this is indicative in the estimated growth rate over time rising from 1,21% for the period 2002–2003 to 3,21% for the period 2017–2018. Given the fluctuation in fertility over time, the growth rate among children aged 0–14 increased between 2002 and 2012, with a stall in the period 2013–2018.

About 62% of SA's population is eligible to play the lottery (18 years and older).

For more than two decades, South Africa has sought to address poverty and inequality with a wide range of initiatives, including the use of fiscal policy to support redistributive measures. The social wage – which refers to the government's investment in education, health services, social development including social assistance to vulnerable households and individuals as well as contributory social security, public transport, housing, and local amenities as a redistributive measure – has played a notable role in the government's efforts to reduce poverty and inequality. However, high unemployment remains the key challenge for South Africa and the country struggles to generate sufficient jobs. Nearly half of the population of is considered

chronically poor at the upper-bound national poverty line of ZAR 992 per person per month (2015 prices). This segment of the population is characterized by high poverty persistence. A second segment of the population has an above average chance of falling into poverty (the transient poor). A third segment, the nonpoor but vulnerable, face above average risks of slipping into poverty though their basic needs are currently being met. These latter two groups made up 27 percent of the population. Combining these two groups with the chronic poor suggests that for about 76 percent of the population, poverty is a constant threat in their daily lives.

The importance of labour markets and education factors in explaining inequality has been growing. A decomposition analysis suggests race, education, and labour market income are the main contributors to the observed high level of inequality. The inequality of opportunity in education is particularly influential in the transition to tertiary education, where despite a high return, access to higher education remains limited. The influence of education on inequality raises concerns regarding low-income families that lack easy access to credit markets and incur relatively high costs of sending a child to college. This serves as a major barrier to getting sufficient levels of education to participate actively in the semi-skilled and skilled labour market. Rural areas have the highest poverty concentration. Eastern Cape, KwaZulu-Natal, and Limpopo are the poorest provinces. At 59 percent, Eastern Cape had the highest poverty rate in 2015. Limpopo had the highest poverty headcount ratio of 67 percent in 2006, about 72 percent in 2009, and 53 percent in 2011. Its poverty rate in 2015 was 57 percent. Gauteng consistently has had the lowest poverty rate.

Given the above elaborations on the levels of unemployment and poverty in the country, the long-lasting and life-altering changes that will be ushered in by the Fourth Industrial Revolution (4IR) cannot be negated. It's understandable to feel anxious about the ability to anticipate change when assessing the current state of play. Unemployment is rife as a result of the decline in mining and manufacturing, and graduates are unable to find jobs because their qualifications are ill-matched to the needs of the private sector. With an increasingly young population, productivity growth matters because it drives innovation, it can increase real wages, and it can enable the economy to grow.

The real economy and the digital economy are not mutually exclusive. The two have become one and the same as technologies blur the lines between the physical, digital, and biological

spheres. The vast and growing potential of the Fourth Industrial Revolution is yet to be fully grasped. The ICT sector, industry and governments have a responsibility to unlock its potential for citizen service delivery, customer experience and innovative solutions, for a better life for all. The NLC's Enterprise Resource Planning (ERP) aims to do exactly this from both an internal as well as external perspective. Entire systems of production, management and governance are being affected and, as digitization continues, the issue becomes intimately intertwined with harnessing human innovation. Furthermore, the increase of mobile and internet use comes with its own threats – namely cyber security, which has become a massive global problem. Prioritizing cyber security capabilities is not only important for protecting organizations and their customers' data, assets and reputations, but also fundamental to successful digital transformation.

The acceleration of innovation and the velocity of disruption are hard to comprehend or anticipate and that these drivers constitute a source of constant surprise, even for the best connected and most well informed. Indeed, across all industries, there is clear evidence that the technologies that underpin the 4th IR are having a major impact on businesses. For the NLC, online gambling has changed the landscape as people want to participate in games that are easily accessible. We can no longer afford to treat online gaming as illegal. The survival of the industry requires an urgent assessment of limitations in the current legislation.

Whether consumers or businesses, customers are increasingly at the epi-centre of the economy, which is all about improving how customers are served. Physical products and services, moreover, can now be enhanced with digital capabilities that increase their value. New technologies make assets more durable and resilient, while data and analytics are transforming how they are maintained. A world of customer experiences, data-based services, and asset performance through analytics, meanwhile, requires new forms of collaboration, particularly given the speed at which innovation and disruption are taking place. And the emergence of global platforms and other new business models, finally, means that talent, culture, and organizational forms will have to be rethought. NLC has set aside necessary investments to enable staff and external stakeholders to participate in and benefit from services through a secure infrastructure. Innovation remains a tool towards success, especially within an era of increasingly advancing business, social, and economical environments. 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 NLC 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. At the NLC, this is addressed through the enacted ICT Governance Framework.

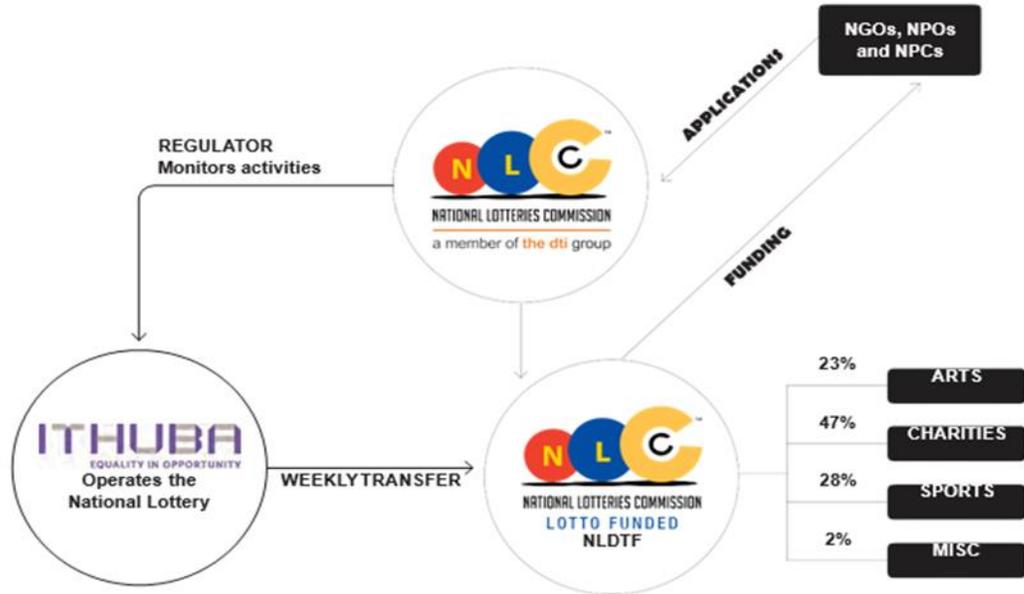
The proposed National Gambling Amendment Bill 2017 amends the definition of permissible “Bets and wagers” in Section 44 and expressly excludes bets on the national lottery, foreign lottery, lottery results and sports pools. It further goes on to explicitly confirm the NLC’s regulatory responsibility for both “numbers betting” and sports pools.

The NLC through its mandate has also played a role to bring about growth by ensuring that funds are distributed to qualifying beneficiaries. Sectors funded by the NLC contribute to job creation, rural development, infrastructure development, promoting wellness and social cohesion. This aligns to the objectives of the NDP as well as the Nine Point Plan in order to eliminate poverty and reduce inequality by 2030 and also bring about economic growth. Over R24 billion has been distributed to good causes since its inception. 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.

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.

### **Performance Delivery Environment**

As an independent body that serves the public interest with integrity and professionalism, the NLC creates value by carrying out two primary activities. The organisation’s primary activities is illustrated below:



### NLC AS A REGULATOR

The NLC’s mandate to regulate all lotteries and sports pools with integrity and ensure protection of all participants is realised through the activities of the Regulatory Compliance Division. The NLC’s regulatory mandate continues to be one of the main priority areas, focusing on monitoring compliance and performance of the National Lottery Operator with the Amended Lotteries Act and Licence Agreement. The NLC ensures optimum and balanced regulation of lottery operators through the Regulatory Compliance model depicted below.



In accordance with the Board's directive to ensure that the NLC is positioned and recognised foremost as a regulator, the following must be implemented:

- o Develop a strategy that will influence the direction of the legislation through advising the Minister;
- o Align the structure to the Regulatory mandate of the NLC;
- o Introduce programmes that give effect to section 2B that stipulates that the Commission must ensure the interests of every participant in the National Lottery are adequately protected;
- o Explore and recommend to the Minister innovative ways to combat illegal lotteries including professionalizing or regulating certain illegal lotteries ie. Fafi and online activities;
- o Explore opportunities in Private Lotteries as contemplated in the Lotteries Act.

### **Regulating the National Lottery Operator**

The National Lottery comprises of various games of chance, and is mainly built on integrity, which is the main objective of our regulatory work to ensure that the integrity and reputation of the National Lottery is maintained. The protection of lottery participants further remains top of our agenda for the reviews that we conduct to ensure adherence to the Act and Licence Agreement by the Operator; coupled with the NLC's legislative mandate outlined in the Act to ensure that:

- The National Lottery and sports pools are conducted with all due propriety and strictly in accordance with the Constitution, the Act, all other applicable laws, as well as the Licence for the National Lottery;
- Interests of every participant in the National Lottery are adequately protected; and
- Net proceeds of the National Lottery are as large as possible.

### ***National Lottery Game Design***

The NLC further ensures that measures are in place to mitigate the negative social impact of gambling in the design and development of any National Lottery game, with particular emphasis on preventing under-age play, curbing excessive play and not over-stimulating the lottery industry.

### ***National Lottery Proceeds***

Apart from generating revenue for good causes, the Operator has focused on reinvigoration of the National Lottery by regularly communicating on various media channels. In addition to raising funds for good causes and paying prizes to lottery winners, the Operator is required to pay commission to retailers who sell lottery tickets and pay out prizes.

### ***Participant protection***

We continue to create awareness to lottery participants on game rules and the claim period for prizes to ensure that winners claim their prizes in a timely manner. We also assist participants who had their tickets lost or stolen through the verification processes of the Operator, as well as reporting such theft to the relevant law enforcement agencies. Based on the Board's directive to give impetus to player protection, the following activities will be reinforced:

- o ensuring that the Operator pays prizes promptly by conducting regular reviews of payments to prize winners;
- o protecting players against possible fraud, by checking that the Operator implements appropriate security measures to verify the identity of winners who claim prizes;
- o conducting reviews to ensure that the Operator protects the anonymity of winners, in line with the Licence requirements;
- o approving and monitoring descriptions and procedures for key processes;
- o ensuring that clear information is available to players, including information on games available, how to play and how to claim prizes;

- o handling complaints from players should they be unhappy with the service they have received from either a Retailer or the Operator, after having exhausted the Operator's complaints handling procedures;
- o ensuring that there are controls in place to protect players against excessive play; and
- o ensuring that there are controls in place to protect against underage play.

### ***Society Lotteries***

With the introduction of the Lotteries Act in 1997, the Fund-raising Act was repealed and introduced a new method for Non-Profit Organisations (NPOs) to raise funds through conducting society lotteries (which must be authorised by the NLC), private lotteries and lotteries incidental to exempt entertainment. Regulatory Enforcement assesses applications for societies and lottery schemes. As part of our campaign to promote sustainability of non-profit organisations (NPOs), we encourage civil society organisations to register society lotteries for the purpose of fund-raising to support their various community-based initiatives. Through our education and awareness initiatives on this opportunity, we have noted an increase in organisations registering as societies. The Act allows an NPO to operate up to 6 schemes in a year raising a maximum of R2 million per scheme.

### ***Competition for the National Lottery***

Betting on the outcome of the National Lottery was allowed as a form of bookmaking for betting operators registered with respective provincial gambling boards. This was a great concern both for the Operator and the regulator as it is seen to be in direct competition with the National Lottery. At face value, prize pay-outs from these games offered by bookmakers are far greater than those won when playing the National Lottery. The proposed National Gambling Amendment Bill 2017 amends the definition of permissible "Bets and wagers" in Section 44 and expressly excludes bets on the national lottery, foreign lottery, lottery results and sports pools. It further goes on to explicitly confirm the NLC's regulatory responsibility for both "numbers betting" and sports pools. Going forward, bets on the outcome of the national lottery and other lotteries will be the jurisdiction of the NLC and these provisions need to be captured in the Amended Lotteries Act.

### ***Illegal Lotteries***

There is a general consensus that business innovation is always advancing at lightning speed and regulation is often-times playing catch-up. It emerged that regulation was not seen as the

complete solution to deal with illegal lotteries, and alternative approaches to restrict illegal lotteries had to be identified through conducting research. The comprehensive “Impact of Illegal Lotteries” (2016) study documented the proliferation of illegal lotteries in the country. It included an analysis of totalisators offering sports pools, fahfee, bookmakers offering fixed odd bets on the outcome of a lottery, some promotional competitions, bets placed on international lotteries and lottery scams. According to the study, the amount typically lost to the economy equates to R6 billion per annum. Historically, the NLC took punitive action against the operators of these illegal lottery schemes. However, NLC has considered the possibility of legalising and licensing some additional lottery schemes. In this way, to adapt the famous US anti-prohibition saying to our current purpose, we hope to bring popular but illegal games “out of the underground and into the sunlight” where they can be appropriately monitored and regulated. In this way, the reputation and integrity of the National Lottery can best be protected, whilst revenues for the National Lottery and for good causes are maximised. This subsequently led to the “Feasibility Study on the Regulation of Illegal Lotteries”. In essence, the study gives rise to a number of recommendations, including amending the current legislation; blurred lines of regulatory responsibility and jurisdiction between the lotteries and gambling legislation; and the consideration of new regulatory approaches.

### ***Investigations***

Illegal lotteries and Promotional competitions, which are regulated under the Consumer Protection Act, taking the form of lotteries, have been the subject of investigations. Operators of these activities who are found to be in contravention of the Lotteries Act are issued warning letters, letters of demand, and mostly signed undertakings to cease with their operations and properly register their lotteries, where applicable. Promotional competitions are always difficult to regulate, as they are both a form of lottery and a tool to promote business. Section 36 of the Consumer Protection Act (CPA) defines promotional competitions as “any competition, game, scheme, arrangement, system, plan or device for distributing prizes by lot or chance”. This definition applies regardless of whether participants need to demonstrate any skill or ability in order to win a prize. Due to the element of chance, promotional competitions are often categorised as lotteries or gambling. The massive expansion in social media in South Africa has made promotional competitions an increasingly popular way for businesses to interact with potential customers. Promotional competitions may not charge a consideration or subscription as a condition of entry. As such, they are not supposed to compete with the National Lottery and are not intended to be money-making schemes in their own right. The Impact of Illegal

Lotteries study confirmed that this does not always occur, and that many promotional competitions “either charge too high an entry fee, sell more than the allowed number of tickets, or have a prize where the value exceeds a prescribed limit. As a result, these promotional competitions are being run more for commercial gain than for promotional purposes” (NLC 2016: 38). It is clear that promotional competitions are abused, and that many illegal schemes are offered under the guise of promotional competitions. Some form of regulation is needed to protect consumers from this abuse.

The Lotteries Amendment Act, 2013 removed the definition of a promotional competition from the Lotteries Act, despite the fact that the term is still used in sections 1, 56, and 57 of the Lotteries Act. This means that promotional competitions that meet the conditions of a lottery cannot be authorised in terms of the Act. The argument in favour of the NLC regulating promotional competitions directly is that the NLC has a better understanding of the workings of lottery schemes and is therefore better placed to regulate this particular game of chance and to protect the consumer. From this perspective, the Lotteries Act should be amended to make provision for both the authorisation and the regulation of promotional competitions.

## **NLC AS A GRANT-MAKER**

The funding of grants to good causes is the second mandate of the NLC.

### ***Funding for Impact***

As alluded to earlier, the revenue received from the Operator has been stagnant whilst the number of NPO’s has grown considerably since 2010. The NLC therefore finds itself in a place where it is required to do more with less, as demand for funding outstrips what is available. In response, we have revised the underpinning philosophy of our funding model to be based on “Funding for Impact”. This calls for a much more systematic and deliberate approach to grant making that enables the NLC to do more with less. It is the provision of funding to targeted projects and programmes that are catalytic in nature that lead to measurable, positive social change and community upliftment.

### ***Beneficiary-Centrism***

Apart from developing a better understanding of local needs, the NLC is committed to the optimisation of beneficiary support. In order to achieve impact in funding organisational

capabilities such as a programmatic approach as well as results-based management are being developed. A programme approach recognises that development takes place through interconnected actions within a specified geographical location. It further recognises that there may be multiple needs that are often better addressed by multiple actors. Development is not a linear occurrence but a cross pollination of multivariate factors coalescing to produce desired change. A programme approach is better positioned to impact various socio economic and political factors which produce a “defective” social system in a specific environment. Adopting a programming approach goes some way in unearthing the underlying factors which produce the social conditions that grant funding aims to address. The conceptual relationship between funding for impact and beneficiary-centricity is a causal one. Beneficiary-centricity is one of the key interventions, that if undertaken successfully will enable more impactful funding in the context of the NLC. Beneficiary-centricity is therefore one of the strategic and operational capabilities that should be developed by the NLC in order to achieve impact in funding. The NLC’s vision is to be a catalyst for social upliftment with a brand promise of “changing lives.” The broad societal impact that we aim to achieve extends beyond financially sustaining the organisations that we fund but to change lives of the beneficiaries that benefit from our funding as well as the communities in which they live.

### ***Proactive Funding***

One of the strategies introduced to address the shortcomings in priority areas in general is the introduction of the funding model, which aims to respond to social problems and opportunities through a strategic and evidence-based mixed funding model. The amended legislation made provision for proactive funding (research-based funding) which can emanate from three sources, viz. the Minister, the Board or the Commission. NLC has already successfully implemented Proactive Funding Projects.

### ***Education and Awareness***

Education and Awareness constitutes a critical component in NLC’s strategy to empower beneficiaries holistically. The primary aim of the programme is to develop informational measures to educate the public about lotteries and provisions of the Lotteries Amendment Act No 32 of 2013 and by explaining the process, requirements and qualifications for grants.

### ***Stakeholder Engagements***

The National Stakeholder Engagement Indaba is a flagship project of the organization. The inaugural Indaba took place in 2011 followed by events in 2013, 2014, 2015 and 2017. The overall objectives of the National Indaba have always been to reiterate the NLC's commitment to work closely with the beneficiaries and various other key stakeholders to understand stakeholder realities and challenges in order to enable the NLC to improve its service delivery of its mandate.

### **Organisational Delivery Environment**

The NLC prides itself on the attraction of a skilled and experienced work force. Aligned to the commitment to be a better regulator and beneficiary centric funder, the entity has embarked on investing in the upskilling of critical positions to improve efficiencies. The establishment of the Grant Funders Professional Standards in partnership with tertiary institutions and other funding organisations remains a focal point.

Moreover, NLC has realised the impact and the looming changes as a result of the 4th IR. On the whole governments will increasingly face pressure to change their current approach to public engagement and policymaking, as their central role of conducting policy diminishes owing to new sources of competition and the redistribution and decentralization of power that new technologies make possible.

Ultimately, the ability of government systems and public authorities to adapt will determine their survival. If they prove capable of embracing a world of disruptive change, subjecting their structures to the levels of transparency and efficiency that will enable them to maintain their competitive edge, they will endure. If they cannot evolve, they will face increasing trouble.

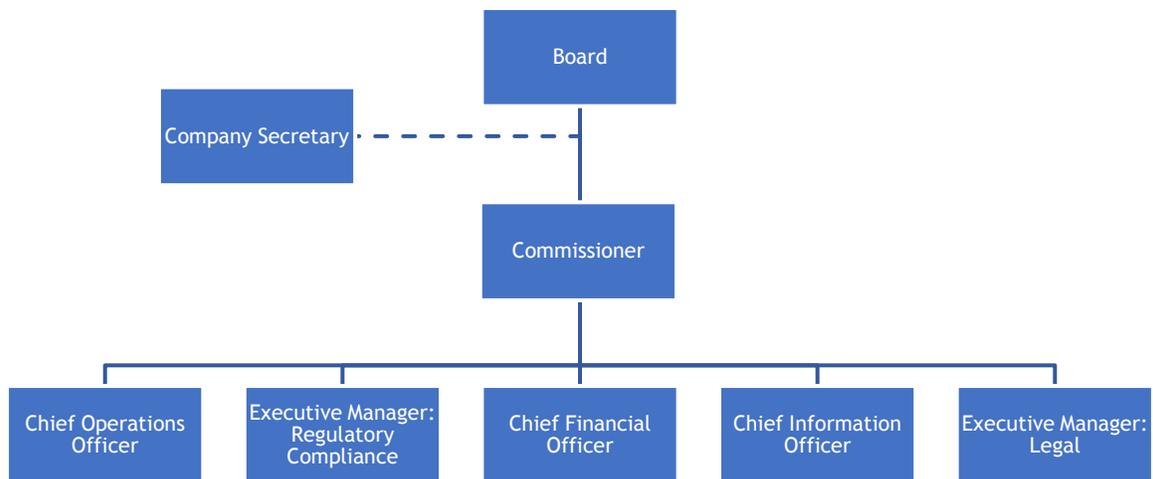
This is particularly true in the realm of regulation. Current systems of public policy and decision-making evolved alongside the Second Industrial Revolution, when decision-makers had time to study a specific issue and develop the necessary response or appropriate regulatory framework. The whole process was designed to be linear and mechanistic, following a strict "top down" approach.

But such an approach is no longer feasible. Given the 4th IR's rapid pace of change and broad impacts, legislators and regulators are being challenged to an unprecedented degree. The

primary question is about how regulators and legislators can preserve the interest of the consumers and the public at large while continuing to support innovation and technological development. The general consensus is that entities need to embrace “agile” governance, just as the private sector has increasingly adopted agile responses to software development and business operations more generally. This means regulators must continuously adapt to a new, fast-changing environment, reinventing themselves so they can truly understand what it is they are regulating. To do so, governments and regulatory agencies will need to collaborate closely with business and civil society.

To this end, the NLC has adopted a forward-looking skills agenda, one that focuses on infusing a digital mindset in the workforce by making technology and innovation the pinnacle of all training programmes.

**Figure 1: NLC High Level Organizational Structure**



### 5.3 Stakeholder Analysis

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

Stakeholder	Influence	Expectation
<b>Staff (including Distributing Agencies)</b>	<ul style="list-style-type: none"> <li>• Quality of Grants</li> <li>• Fund Management</li> <li>• Public Perception</li> <li>• Risk Profile of NLC/NLDTF</li> <li>• Equitable Distribution</li> <li>• Turnaround</li> <li>• Compliance</li> <li>• Productivity</li> <li>• Morale</li> <li>• Public Perception</li> <li>• Performance Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Support</li> <li>• Consistency</li> <li>• Quality</li> <li>• Interaction with Board</li> <li>• Communication/Reporting</li> <li>• Turnaround</li> <li>• Fairness</li> <li>• Respect of Worker Rights</li> <li>• Equity</li> <li>• Involvement</li> <li>• Best Practice HRM policies/practices Conducive work environment Adequate resourcing</li> <li>• Transparency</li> <li>• Ethical Behaviour</li> </ul>
<b>Interest Groups</b>	<ul style="list-style-type: none"> <li>• Public perception</li> <li>• Policy</li> <li>• Structure</li> </ul>	<ul style="list-style-type: none"> <li>• Transparency and Fairness</li> <li>• Control of excessive Participation</li> <li>• Communication Involvement Enforcement</li> </ul>
<b>Auditor-General (AGSA)</b>	<ul style="list-style-type: none"> <li>• Governance</li> <li>• Compliance</li> <li>• Public Perception</li> </ul>	<ul style="list-style-type: none"> <li>• Conformance to Legislation/Standards</li> <li>• Integrity</li> <li>• Comprehensiveness and Accuracy of Information</li> <li>• Reporting</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>• Public Perception</li> </ul>	<ul style="list-style-type: none"> <li>• Regular Communication</li> <li>• Transparency</li> <li>• Access to Information</li> </ul>
<b>Relevant Ministries</b>	<ul style="list-style-type: none"> <li>• Policy Implementation</li> <li>• National Priorities alignment</li> </ul>	<ul style="list-style-type: none"> <li>• Involvement</li> <li>• Transparency in allocation of grants</li> <li>• Consultation</li> <li>• Align policy &amp; pay out</li> <li>• Information sharing</li> </ul>
<b>Grant Makers</b>	<ul style="list-style-type: none"> <li>• Best Practice</li> <li>• Fairness</li> </ul>	<ul style="list-style-type: none"> <li>• Uniformity</li> <li>• Capacity Building</li> <li>• Share Information</li> <li>• Collaboration/ Partnerships</li> </ul>

Stakeholder	Influence	Expectation
<b>Organized Labour</b>	<ul style="list-style-type: none"> <li>• Policies</li> <li>• Productivity</li> </ul>	<ul style="list-style-type: none"> <li>• Framework for engagement</li> <li>• Willingness to work</li> <li>• Transparency</li> <li>• Communication</li> <li>• Fairness</li> <li>• Structures</li> <li>• Enabling environment for association</li> </ul>
<b>The Public</b>	<ul style="list-style-type: none"> <li>• Operations</li> <li>• Strategy</li> <li>• Culture</li> <li>• Reputation</li> </ul>	<ul style="list-style-type: none"> <li>• Transparency</li> <li>• Fairness</li> <li>• Consistent Delivery</li> <li>• Integrity</li> <li>• Values orientation</li> <li>• Information Sharing</li> </ul>
<b>National Treasury (NT)</b>	<ul style="list-style-type: none"> <li>• Regulatory environment</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting</li> <li>• Governance</li> </ul>
<b>Other Lotteries</b>	<ul style="list-style-type: none"> <li>• Revenue</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory Fairness</li> </ul>
<b>Operators</b>	<ul style="list-style-type: none"> <li>• Enforcement</li> <li>• Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Interaction</li> <li>• Predictability Promptness Approvals</li> <li>• Continuity</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Risk</li> <li>• Effectiveness</li> <li>• Turnaround</li> </ul>	<ul style="list-style-type: none"> <li>• Transparency</li> <li>• Fairness</li> <li>• Consistency</li> <li>• Ethical Behaviour</li> </ul>

## 5.4 SWOT Analysis of the NLC

The Section below provides a summarized description of SWOT analysis elements, as follows:

### Strengths:

These are the factors that give the NLC an advantage (competitive edge) in the environment within which it operates. They represent in effect, resources, capabilities and core competencies at the NLC's disposal and may be used to accomplish the strategic objectives.

Weaknesses:

These represent limitations, faults, or defects within the organization that inhibit the achievement of 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 that it operates in. 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"><li>• Leadership</li><li>• Financial independence</li><li>• Organizational competence</li><li>• The largest funder of the NPO/NGO Sector</li><li>• Sole lottery regulator in the industry</li><li>• National footprint</li><li>• Strong brand</li><li>• Industry knowledge and skill</li><li>• Strong participant protection</li><li>• Proactive Funding</li><li>• Integrated ICT Systems</li></ul>	<ul style="list-style-type: none"><li>• Lack of enforcement powers for regulating illegal lotteries</li><li>• Reliance on a single revenue source</li></ul>

**Table 5: List of Opportunities and Threats**

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

Opportunities	Threats
<ul style="list-style-type: none"> <li>• Technological infrastructure localisation</li> <li>• Repositioning of the organization</li> <li>• Regulatory enhancement</li> <li>• Partnerships with other stakeholders</li> <li>• 4th Lottery Licence</li> <li>• “Africanisation” of the lottery</li> <li>• Alignment of legislation</li> </ul>	

## 6. Strategic Outcomes Orientated Goals of the NLC

Table 6: Strategic Outcome Goals

<b>Strategic Outcome Orientated Goal 1:</b>	<b>Enhanced management of the NLC business</b>
<b>Goal Statement</b>	Provide strategic leadership, management, administrative capacity and capability to ensure effective service delivery, whilst ensuring the financial sustainability of the NLC
<b>Programme</b>	Administration
<b>Strategic Outcome Orientated Goal 2:</b>	<b>Regulated and Compliant Lottery Industry receptive to the NLC mandate</b>
<b>Goal Statement</b>	<ul style="list-style-type: none"> <li>• Improve regulatory practice through the regulation of society and other lotteries</li> <li>• Improve regulatory practice through the enforcement of illegal lotteries</li> <li>• Improve regulatory practice through the monitoring of the National Lottery</li> <li>• Protecting the interests of participants</li> </ul>
<b>Programme</b>	Regulatory Compliance
<b>Strategic Outcome Orientated Goal 3:</b>	<b>Fair and Equitable distribution of Grant Funding</b>
<b>Goal Statement</b>	<ul style="list-style-type: none"> <li>• Ensure equitable distribution through the prescripts of the amended legislation</li> <li>• Provide administrative support to the Distributing Agencies to ensure equitable distribution of funds</li> <li>• Conduct research on worthy good causes</li> </ul>
<b>Programme</b>	Grant Funding and Support Services

## PART B

### **PART B: Strategic Objectives**

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

#### **7.1 Programme 1: Administration**

The purpose of the programme is to provide strategic leadership and support to the entire organization for effective service delivery.

- (a) The Office of the Commissioner provides strategic leadership and direction
- (b) Corporate Performance ensures proper planning aligned to the PFMA and NT guidelines, the monitoring of organizational goals and the reporting thereof;
- (c) Marketing, Communication and Stakeholder Engagement facilitate greater awareness of the NLC's mandate through educational campaigns to ensure a meaningful understanding of the NLC's service offering;
- (d) ICT is entrusted to provide agile solutions that address business priorities and to enable capabilities for improved information management
- (e) The Secretariat function ensures organizational compliance, sound corporate governance and best practices aimed at creating an ethical culture;
- (f) Human Capital plays a critical role in ensuring the promotion and adherence of applicable legislation and policy whilst cultivating a high-performance culture in the workplace; acquisition of competent and highly skilled employees;
- (g) Financial Management provides support to the NLC with respect to financial resource allocations and the management thereof;
- (h) Legal provides support and advisory services to enable the NLC to execute its functions as mandated.

**Table 7: Administration Strategy Matrix**

<b>Programme</b>	<b>Administration and Support Services</b>
<b>Strategic Objective [1]</b>	Enhance administration of the NLC and ensure compliance with applicable legislation and policy prescripts
<b>Strategic Outcome</b>	Enhanced management of the NLC business
<b>Baseline</b>	<ul style="list-style-type: none"><li>• Rebranding Strategy</li><li>• Collaborative partnerships</li><li>• Education and Awareness Campaigns</li></ul>

Programme	Administration and Support Services
	<ul style="list-style-type: none"> <li>• ERP</li> <li>• Ethics Strategy</li> </ul>
<b>Resource Considerations</b>	<ul style="list-style-type: none"> <li>• Marketing and reputational considerations</li> <li>• Dedicated resources</li> <li>• ICT Capital expenditure budget</li> <li>• Effective Corporate Governance</li> </ul>
<b>Risk Description</b>	<ul style="list-style-type: none"> <li>• Brand reputation</li> <li>• Integrated ICT infrastructure</li> <li>• Sustainability</li> <li>• Fraud &amp; Conflict of interest</li> </ul>
<b>Risk Mitigation</b>	<ul style="list-style-type: none"> <li>• Regulatory positioning</li> <li>• Integrated infrastructure</li> <li>• Create awareness &amp; implement ethics related policies</li> </ul>
<b>Strategic Initiatives</b>	<ul style="list-style-type: none"> <li>• Marketing positioning strategy</li> <li>• Education and Awareness</li> <li>• Integrate Regulatory functions on the ERP</li> <li>• Conduct organization wide ethical behavior interventions</li> </ul>
<b>Strategic Objective [2]</b>	To ensure financial sustainability, control and discipline in line with applicable legislation and policy prescripts
<b>Strategic Outcome</b>	Creating a sustainable and financially efficient NLC
<b>Baseline</b>	<ul style="list-style-type: none"> <li>• Percentage of grants paid in accordance with GNR644, 6(c)(iv)</li> <li>• Interest income received on investments</li> <li>• Percentage of localised procurement</li> </ul>
<b>Resource Considerations</b>	<ul style="list-style-type: none"> <li>• Dedicated resources for finance</li> <li>• Approved Investment Strategy</li> <li>• Appropriate ICT systems for monitoring allocations and supply chain</li> </ul>

<b>Programme</b>	<b>Administration and Support Services</b>
<b>Risk Description</b>	<ul style="list-style-type: none"> <li>• Non-performing markets</li> <li>• Inadequate performance of the National Lottery Operator</li> <li>• Sustainability of the NLC</li> </ul>
<b>Risk Mitigation</b>	<ul style="list-style-type: none"> <li>• Capital Preservation guarantee</li> <li>• Enhanced monitoring of Operator performance</li> <li>• Implementation of the Sustainability Strategy</li> </ul>
<b>Strategic Initiatives</b>	<ul style="list-style-type: none"> <li>• To ensure a higher percentage disbursement of grants within the 60 day regulated timeframe</li> <li>• To ensure growth of surplus funds through implementation of strategies to improve return on investments</li> <li>• To ensure that a higher percentage of procurement benefits local businesses</li> </ul>

## 7.2 Programme 2: Regulatory Compliance

The purpose of this programme is to ensure compliance and to regulate the entire Lottery Industry in line with the NLC 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 as well as protecting the interests of all participants.

- (a) Regulatory Compliance ensures that the National Lottery is conducted with all due propriety;
- (b) Regulatory Enforcement is tasked with curbing illegal lotteries; the registration of society and other lotteries and to provide remedies against the exploitation of participants;
- (c) Both functions are delivered through the provincial structure

**Table 8: Compliance and Regulation Strategy Matrix**

<b>Programme</b>	<b>Compliance and Regulation</b>
<b>Strategic Objective [3]</b>	To implement relevant initiatives geared towards ensuring compliance with the Act
<b>Strategic Outcome</b>	Compliant and regulated Lottery Industry receptive to the NLC mandate

<b>Programme</b>	<b>Compliance and Regulation</b>
<b>Baseline</b>	<ul style="list-style-type: none"> <li>• Lotteries Act and existing legislation and regulations</li> <li>• Regulatory Compliance Strategy and Policy</li> <li>• 3<sup>rd</sup> National Lottery Operator</li> </ul>
<b>Resource Considerations</b>	<ul style="list-style-type: none"> <li>• Dedicated resources for Compliance Enforcement</li> <li>• Improved capacity and capability</li> </ul>
<b>Risk Description</b>	<ul style="list-style-type: none"> <li>• Lack of enforcement powers in combatting illegal lotteries</li> <li>• Technological advancements</li> <li>• Online gaming</li> </ul>
<b>Risk Mitigation</b>	<ul style="list-style-type: none"> <li>• Develop partnerships with law enforcement agencies</li> <li>• Alignment of skills</li> <li>• Legislative amendments</li> </ul>
<b>Strategic Initiatives</b>	<ul style="list-style-type: none"> <li>• Investigate reported and identified illegal lottery schemes</li> <li>• Implement the 3<sup>rd</sup> National Lottery Licence Monitoring Matrix/Scorecard</li> <li>• Implement Player protection programs</li> <li>• Upskilling of employees on the regulatory function</li> </ul>

### **7.3 Programme 3: Grant Funding**

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. It further encompasses the monitoring and evaluation functions, including that of research and development.

- (a) Business Development provides strategic enabling support for enhanced organizational positioning, learning and impact;
- (b) Distributing Agencies are responsible for considering, evaluating and adjudicating applications for grants or recommendations of funding of worthy good causes;

(c) Grant Funding provides administrative support to the Distributing Agencies through the provincial structures

**Table 9: Grant Funding Strategy Matrix**

<b>Programme</b>	<b>Grant Funding</b>
<b>Strategic Objective [4]</b>	To ensure fair and equitable grant allocations
<b>Strategic Outcome</b>	Fair and Equitable distribution of Grants
<b>Baseline</b>	<ul style="list-style-type: none"> <li>• Implementation of 150 days turnaround time</li> <li>• Percentage allocations to provinces as per GNR182</li> <li>• Sound Monitoring &amp; Evaluation Systems</li> </ul>
<b>Resource Considerations</b>	<ul style="list-style-type: none"> <li>• Full-time Distribution Agencies</li> <li>• Human and financial resources</li> <li>• ICT Systems</li> </ul>
<b>Risk Description</b>	<ul style="list-style-type: none"> <li>• Sustainability of Civil Society Organisations</li> <li>• Misaligned Funding Model &amp; allocations</li> <li>• Non-compliance to monitoring and evaluation requirements</li> </ul>
<b>Risk Mitigation</b>	<ul style="list-style-type: none"> <li>• Enhanced education and awareness campaigns</li> <li>• Capacity Building</li> <li>• Enhanced monitoring and evaluation to assess the impact of funding</li> <li>• Review of the efficacy of the funding model</li> </ul>
<b>Strategic Initiatives</b>	<ul style="list-style-type: none"> <li>• Percentage Implementation of 150 days turnaround times</li> <li>• Allocate at least 5% of funding to all provinces</li> <li>• Conduct impact assessments</li> <li>• Assess the current grant funding model</li> </ul>

## 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)**

This predominantly relates to the final phase of upgrading the NLC's ICT Infrastructure and the integration thereof with other relevant National Departments.

##### **8.2 Infrastructure plans**

NLC plans to embark on acquiring long term accommodation.