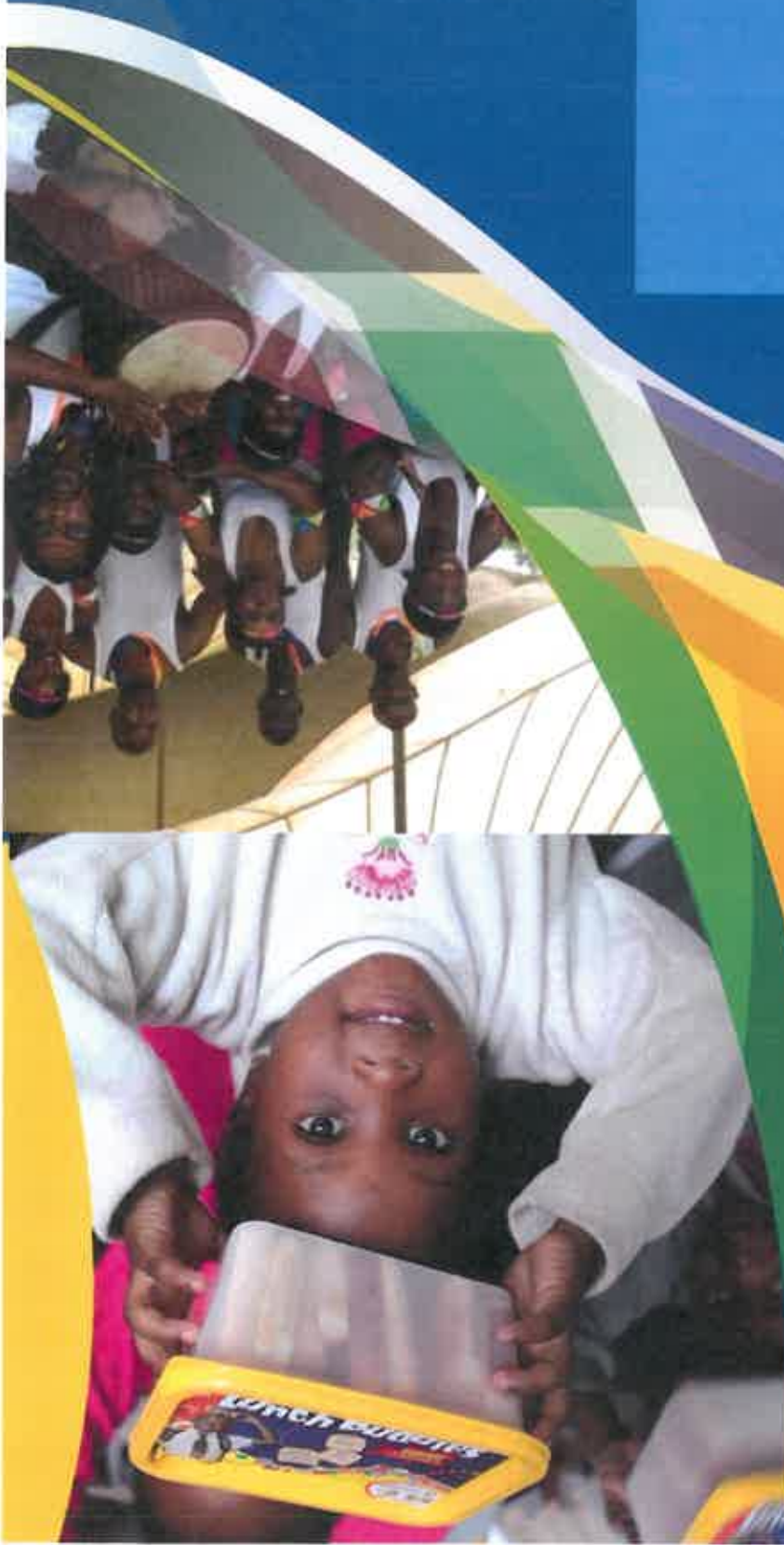


Date of Tabling 27 June 2014

2014/15 – 2018/19

NLB Strategy




Official Signoff

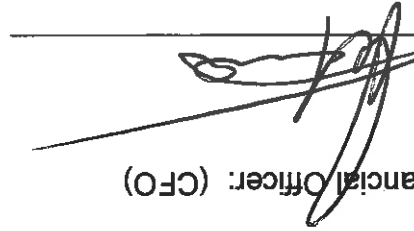
The NLB has in response to the DTI feedback on the Board's Strategy and Annual Performance Plan revised the two documents and aligned them to the Treasury Framework on Planning. In the process, the NLB took the opportunity to re-look the Strategic objectives to address its sustainability. Strategic Objective number [1] in the Strategy was elevated from a process target to a strategic target that talks to the sustainability of the NLB. The sustainability target will address a range of issues that talks to the Business Continuity Plan, Business sustainability Strategy, Transition and management of Lottery License, Business Capability and absorption model. The process of the License transition is further detailed in the Business Plan. The NLB needs to consider a comprehensive plan to make sure that absorption capability of the new license is in place after the Project Management Office has dealt with the License processes in terms of transition. The resource plan will also deal with issues of risk and litigation minimization during the transition period.

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.

Head Official for Planning: (CEO)

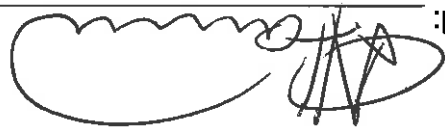
Signed: 

Chief Financial Officer: (CFO)

Signed: 

Date of Approval 23 June 2014

Signed:



Chairperson of the Board: Professor A N Nevhutanda

Approved:

National Lotteries Board

2014

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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
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 which the Board and Key Stakeholders undertook during 2013. 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, and more specifically undertook a high level review of its own performance over the last two (2) years.

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 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 of 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: 2012 - 2015

In order to achieve the above mandates, the NLB provides the following key services, as follows:

Regulation

Sales of the National Lottery appear to have stabilized after the gap in operation in 2007. Although sales are at the same level as achieved in the previous licence, if one takes into account the ticket price increase and inflation, the current levels are below expectation. From a social responsibility view, it is not advisable to stimulate sales through new games and aggressive marketing and consequently, the focus of the Board in the coming years will be on improving its regulatory practice through the establishment of a regulatory policy that is aligned to the Lottery operation context in South Africa.

The current licence expires in the fourth quarter of the 2014/2015 financial year. The Board has recommended to the Minister that the Request for Proposals (RFP) be issued in the first quarter of the 2013/2014 financial year with a bid return deadline of December 2013.

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 stopping 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. New enforcement provisions intended to be introduced in the amendment to the Lotteries Act will assist the Board greatly in taking action against unscrupulous operators.

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 in the 2010/2011 and 2013/14 financial years. 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.

To this end, provincial consultations were held in all provinces in May/June 2011 and a National Indaba was held in June 2011 and in April 2013 at the Gallagher Estate and Burchmore respectively. More than 1500 delegates representing all beneficiary groups and interested parties were allowed to debate the priorities and operation of the NLDTF. Several resolutions were adopted at the conclusion of the Indaba for implementation as indicated below:

- Development of a National Funding Policy that is aligned with National Priorities and delivers maximum impact.
- Redefinition of the function of the Distributing Agencies, NLDTF and the NLB – roles, focus areas and accountability.
- Re-examination and broadening of categories in terms of numbers and distribution.
- Differentiation: match complexity of the process and the task to the complexity and the process inter alia: smaller tasks – a simpler process.
- Capacity building and mentoring of smaller organizations, or form partnerships to access NLDTF funding.
- Reinforce integrity through internal controls. Minister of Trade and Industry: development and formulation of Code of Conduct (to handle these types of conflict – may include Ombudsman).
- Further investigation on the matter of natural persons.

All of the above resolutions require legislative amendments in order for implementation purposes. In addition to the above, there were several suggestions for improving internal processes (quick fixes) which the Board has already begun implementing. The Board has also adopted the development of a National Funding

Policy as a primary objective in this plan. Through the objective, the Board will conduct research and make recommendations to the Minister.

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 Board was aware that the DTI had set up the gambling review commission and regulatory impact assessment and indeed the Board provided input into both processes. The Board therefore 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.

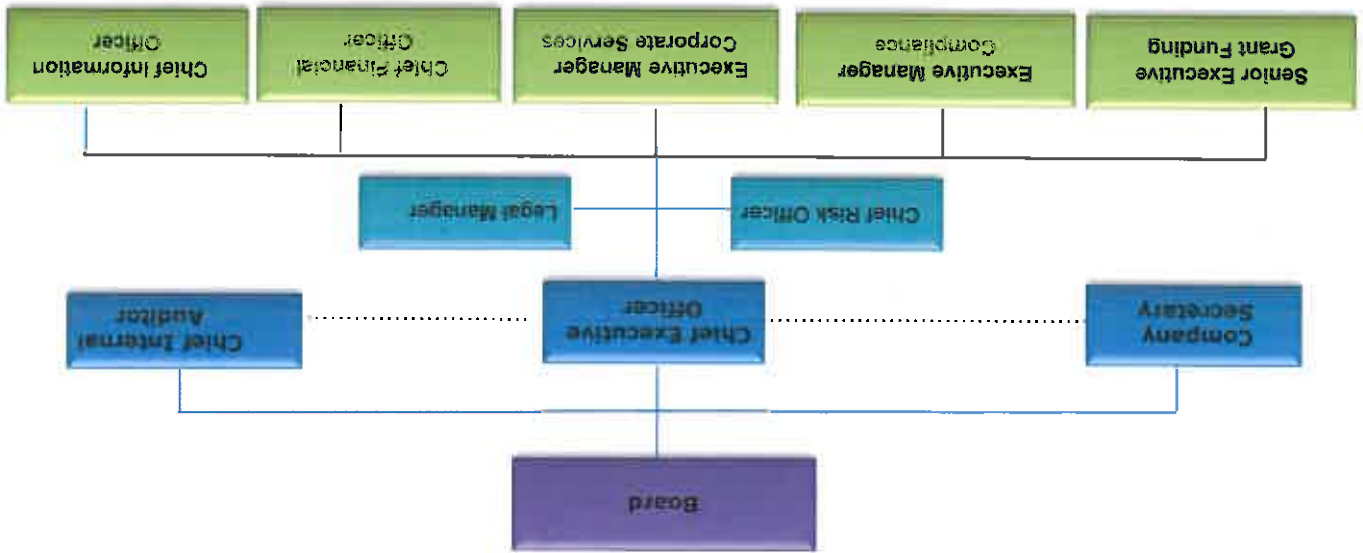
The Board itself held further consultations with applicants, beneficiaries and other interested parties in all provinces in May and June 2011 as outlined above. It has considered the recommendations made at the National Indaba, the recommendations arising from the organizational diagnostic together with its own research and agreed that realignment of the NLB organizational structure was essential to improved service delivery and effective functioning.

5.2. Organizational Environment and Re-alignment

Organizational Environment

The NLB high level organizational structure is articulated in the diagram below as follows:

Figure 1: NLB High Level Organizational Structure



Organizational Re-alignment

The Board agreed on several high-level re-structuring elements. There are several operational level implications of the re-alignment which would in any event occur in the normal operation of the organization and are not mentioned here. Some of the significant elements of the re-alignment are:

- The position of Chief Operating Officer is not warranted and should be replaced by a new position entitled Senior Executive: Grant Funding.
- The employment contracts of the CEO, and CFO are to be converted to fixed term contracts of 3 to 5 years.
- One new executive position entitled Chief Information Officer should be created to provide strategic leadership in the information and technology area.
- Legal Services to be relocated from Corporate Services to the Executive Office
- The operational model of the NLB in respect of grant funding should be converted from the centralized model into a decentralized model with offices in

each province independently processing applications, assessments and site visits.

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 	<ul style="list-style-type: none"> • Transparency • Responsiveness

Expectation	Influence	Stakeholder
<ul style="list-style-type: none"> • Turnaround Mentorship/guidance • Interaction Accessibility • Fairness and consistency • Visibility • Sustainability Feedback 	<ul style="list-style-type: none"> • Risk • Public acknowledgement and declaration of grants received • Public Perception • Turnaround 	
<ul style="list-style-type: none"> • Support • Consistency • Quality • Interaction with Board • Communication/Reporting • Turnaround 	<ul style="list-style-type: none"> • Quality of Grants • Fund Management • Public Perception • Risk Profile of NLB/NLDTF • Equitable Distribution • Turnaround • Compliance 	<p>Distributing Agencies (DA)</p>
<ul style="list-style-type: none"> • Transparency • Integrity • Assistance and Counseling • Visibility • Communication • Fair chance of realizing their aspirations of winning 	<ul style="list-style-type: none"> • Revenue • Sustainability • Public Perception 	<p>Lottery Players</p>
<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 	<ul style="list-style-type: none"> • Productivity • Morale • Public Perception • Performance Effectiveness 	<p>Staff</p>
<ul style="list-style-type: none"> • Transparency and Fairness • Control of excessive Participation • Communication Involvement Enforcement 	<ul style="list-style-type: none"> • Public perception • Policy • Structure 	<p>Interest Groups</p>

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

Stakeholder	Influence	Expectation
Operators	<ul style="list-style-type: none"> • Enforcement 	<ul style="list-style-type: none"> • Interaction • Predictability/Promptness • Approvals • Continuity
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 position and independence • Cost effectiveness (Low Cost Operations) Knowledge and expertise in the lottery space • Organizational competence • Scale of impact of grants is life improving • Largest social benefactor 	<ul style="list-style-type: none"> • Deficiencies in the GMS (Lack of integration, Application, Data integrity) • Inconsistency in the application of the Performance Management System (PMS) • Lack of understanding • Lack of understanding culture Staff morale • Poor responsiveness (turnaround times/cycles, DA's meeting frequency, Deliberation) • Inconsistencies in grant funding • Internal fraud • Lack of Governance in respect of the DA

Table 5: List of Opportunities and Threats

Opportunities	Threats
<ul style="list-style-type: none"> • Increase social impact • Increase distribution • Increase DA efficiency • Further regional presence • Grant funding leadership • Automated application and enquiry (use of technology) • Increased monitoring of project efficiency • Funding model • Increased accessibility of beneficiaries to our services • Improved public relations and visibility • Improved organizational image • Legislative improvement • Partnerships with other funders 	<ul style="list-style-type: none"> • Corruption / collusion / fraud • Illegal lotteries • Revocation of license • Misrepresentation • Sustainability (One source of revenue)

PART B:**PART B: Strategic Goals and Programmes****6. Strategic Outcomes Orientated Goals of the NLB**

Table 6: Strategic Outcome Goals

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

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

6.1. 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	
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"> • Developed fraud prevention plan • Developed risk management strategies • Developed organizational performance management system and performance information reporting • Developed compliance matrix • Developed governance matrix
Resource Considerations	<ul style="list-style-type: none"> • Dedicated resources for audit, governance and risk management
Risk Description	<ul style="list-style-type: none"> • Reputation of the NLB • Fraud and corruption
Risk Mitigation	<ul style="list-style-type: none"> • Implement compliance matrix • Implement fraud prevention plan
Strategic Initiatives	<ul style="list-style-type: none"> • To develop and implement governance and risk management framework, policy and strategies • To enhance and implement organizational performance management system and performance information

Programme		Administration and Support Services
		<ul style="list-style-type: none"> • To implement relevant finance and supply chain management policies • To implement business continuity plan • To develop and implement knowledge management strategies • To develop and implement grant funding e- system
Strategic Objective [2]	To establish and maintain partnerships with key stakeholders and Law Enforcement Agencies	
Strategic Outcome	Enhanced management of the NLB business	
Baseline	<ul style="list-style-type: none"> • Formalized partnerships with other Lotteries, Key Stakeholders and Law Enforcement Agencies • Signed MOUs 	
Resource Considerations	<ul style="list-style-type: none"> • Updated prospective partnership database • Reviewed MOUs • Human and financial resources 	
Risk Description	<ul style="list-style-type: none"> • Lack of market penetration • Ineffective partnership programmes 	
Risk Mitigation	<ul style="list-style-type: none"> • Develop partnership policy • Allocate resources specific for creating partnerships • Signed MOUs 	
Strategic Initiatives	<ul style="list-style-type: none"> • To develop and implement strategic partnerships policy and strategies 	

6.2. 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 lotteries.

Table 8: Compliance and Regulation Strategy Matrix

Programme	
Compliance and Regulation	Strategic Objective [3]
	To implement relevant initiatives geared towards ensuring compliance by the society and illegal Lotteries 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 • Records of inspection surveys conducted
	Resource Considerations
	<ul style="list-style-type: none"> • Updated beneficiary database • Improved capacity and capability
	Risk Description
	<ul style="list-style-type: none"> • Lack of policy framework for Distributing Agencies and Beneficiaries
	Risk Mitigation
	<ul style="list-style-type: none"> • Develop and implement compliance and policy framework for Distributing Agencies and Beneficiaries
	Strategic Initiatives
	<ul style="list-style-type: none"> • To develop and implement lotteries policy framework, policy and strategies

6.3. 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 funding allocation to all provinces
Strategic Outcome	Fair and Equitable distribution of Grant Funding
Baseline	<ul style="list-style-type: none"> Established two (2) provincial offices
Resource Considerations	<ul style="list-style-type: none"> Distribution Agencies Human and financial resources Systems and processes
Risk Description	<ul style="list-style-type: none"> Lack of grant funding policy framework and policy Lack of grant funding systems
Risk Mitigation	<ul style="list-style-type: none"> Develop and implement grant funding framework, policy and strategies
Strategic Initiatives	<ul style="list-style-type: none"> To develop and implement grant funding framework, policy and strategies Build the capacity of Distributing Agencies and Beneficiaries Develop and implement service delivery improvement plan Establish provincial offices To develop and implement monitoring and evaluation plan

7. HIGH LEVEL REVENUE & EXPENDITURE - ACTUAL (R'000)

NLB	2009	2010	2011	2012	2013
REVENUE	49 415	65 376	83 573	101 042	125 876
Grants ex NLDTF	47 456	63 733	81 956	99 468	124 281
Licence fees	1 308	1 308	1 308	1 308	1 308
Interest	510	301	255	237	253
Other	141	34	54	29	34
EXPENDITURE	49 415	65 376	83 573	101 042	125 876
Compensation of employees	23 817	35 081	45 413	54 171	58 655
Goods and services	23 752	28 336	37 404	45 440	64 896
Depreciation & amortisation	1 846	1 959	756	1 431	2 325
RECOVERY	0	0	0	0	0

NLDTF	2014				
	2009	2010	2011	2012	2013
REVENUE	2 223 945	2 194 260	2 037 389	2 027 204	1 903 977
Fund revenue	1 536 533	1 602 849	1 608 520	1 719 977	1 616 691
Interest	687 412	591 411	415 169	307 227	287 286
Other	0	0	13 700	0	0
EXPENDITURE	1 366 178	3 434 094	2 960 738	1 583 220	1 997 304
Grants to NLB	47 456	63 733	81 956	99 468	124 281
Allocation of grants	1 275 813	3 277 824	2 763 049	1 402 143	1 863 519
Administrative expenses	13	21	3 238	7 623	(2 316)
GRAP adj lpro the reversal of the present valuing of provisions	42 896	92 516	112 495	73 986	11 820

RECOVERY

857 767	(1 239 834)	(923 349)	443 984	(93 327)
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HIGH LEVEL REVENUE & EXPENDITURE - PROJECTIONS (R'000)

NLB	2014	2015	2016
REVENUE	265 395	355 143	381 778
Grants ex NLDTF	252 703	353 445	378 558
Licence fees	1 308	1 308	2 800
Interest	336	330	360
Other	11 048	60	60
EXPENDITURE	265 395	355 143	381 778
Compensation of employees	123 161	135 066	145 195
Goods and services	138 053	202 014	217 183
Depreciation & amortisation	4 181	18 063	19 400
RECOVERY	0	0	0

NLDTF	2014			2015			2016		
	REVENUE	2014	2015	2016	REVENUE	2014	2015	2016	
Fund revenue	1 580 000	1 600 000	1 600 000	1 600 000	342 573	234 501	195 738		
Interest	342 573	234 501	195 738						
Other									
EXPENDITURE	2 621 980	1 834 501	1 795 738						
Grants to NLB	252 703	353 445	378 558						
Allocation of grants	2 369 247	1 481 026	1 417 150						
Administrative expenses	30	30	30						
RECOVERY	(699 407)	0	0						