

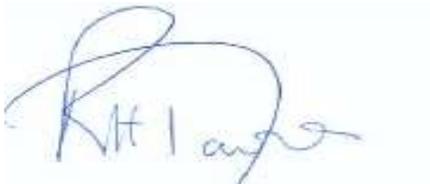


## Foreword by the Minister

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', is positioned above the printed name of the Minister.

**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.

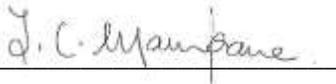
**P. Letwaba**  
**Chief Financial Officer**

Signed: 

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

Signed: 

**TCC Mampane**  
**Commissioner**

Signed: 

**Approved by:**

**Prof NA Nevhutanda**  
**Chairman**  
**30 January 2017**

Signed: 

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Table 1: Acronyms and Definitions

Acronym/Term	Description/Definition
<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.
<b>Strategic Objectives</b>	Means organizational intentions geared towards responding to

Acronym/Term	Description/Definition
	organizational mandate, aspirations and challenges.
<b>Strategic Outcomes</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 African national outcomes and key priorities, and
- (d) alignment to the amended legislation

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, 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 NLC operates.

## **PART A**

### **PART A: Strategic Overview**

#### **1. Vision**

A vision statement paints a picture of an organisation's destination and provides a rationale for going there. 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. Most importantly, it should be 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 the forerunner in regulating the national lottery, all societal lotteries and promotional competitions, thereby advancing social upliftment of people of South Africa. The NLC further endeavors to ensure that raised funds are distributed equitably and expeditiously.

The entity further advocates and advances 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 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 organization 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 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

In retrospect, the previous year marked the rebirth of the NLC. Not only in the form of a rebranding and transitioning exercise, that arose from the amended legislation - but an evolution that took us all back to the start block on the board. Starting over meant that we had to let go of our conventions and

look at our work through a new lens, from the perspective of our stakeholders. Beyond our public changes, from name, to logo, to a wider provincial footprint, we changed our format internally so that we could deliver on our promises.

During this period, we introduced the “open-call” system for receipt of applications that heralded the end of the previous model of “Call for Applications” for funding good causes. The “Call for Applications” model permitted the NLC to accept applications only if they were submitted during a fixed window period (usually 3 months) on an annual basis. This had often resulted in worthy and deserving causes not being able to access funding if the window period was closed. The open-call on the other hand means that applications will be accepted throughout the year at all NLC Offices and there is no closing date.

Making inroads into reducing inequalities through provisions in the Act that now allow the NLC to pursue proactive funding based on research will help us to support innovative projects with greater impact and provide emergency support where the need arises.

In essence, the amended legislation has provided a platform for a better structured organisation that is responding to the funding needs of society in a credible and expeditious manner.

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 included the following 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.

To date, the NLC has made significant strides in considering and implementing internal strategic and operational changes in line with the emerging thinking and provisions of the Legislation.

The National Development Plan aims to eliminate poverty and reduce inequality by 2030. South Africa can realise these goals by drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society. NLC is the largest organisation with a gaming regulatory and funding mandate in Africa. 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 Lotteries Act (as amended) 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. These include addressing unemployment and alleviating poverty in alignment with the NDP. The NLC is therefore driven by government policies on economic and social development.

South Africa's gross domestic product (GDP) growth rate was 0,2% in the third quarter of 2016. The main contributors to the GDP growth rate were the mining and quarrying industry; finance, real estate and business services; and general government services. Mining and quarrying increased by 5,1%, largely as a result of higher production in the mining of 'other' metal ores, in particular iron ore. Year-on-year, the economy grew by 0.7 percent, slightly faster than a 0.6 percent expansion in the previous three months and in line with consensus.

The NLC through its mandate has also played a role to bring about this growth by ensuring that funds are distributed to qualifying beneficiaries. Sectors funded by the 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 R21 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.

Aligned to the legislative amendments, NLC technology has also been refreshed in order to adapt to the necessary changes and improvements. The upgrades have taken the form of 2 phases in order to modernise the NLC Enterprise Architecture Platform. "Project Dibanisa" refers to the creation of an integrated platform that seeks to incorporate all ICT requirements into one dashboard. It is an opportune position to use technology to enhance service delivery. A modern and secure IT infrastructure will provide the organisation with the ability to provide efficient access to funding as well as to expedite funding processes. Investments in technology and more especially in broadband services have a vital role to play in moving the NLC business objectives forward. However, such investments are not only focused only on infrastructure development. We envisage provision of

advanced online services to address inequity and delivery of information to all citizens of this country – especially for those in under-served areas. To this end, it will be vital for the organisation to work towards establishing networked information and communication technologies (ICTs) in partnership with establishment and licensed electronic communication network which will play an ever-increasing role to its stakeholders. NLC has set aside necessary investments to enable staff and external stakeholders to participate in and benefit services from a secured infrastructure and enterprise architecture. Innovation remains a tool towards success, especially within an era of increasingly advancing business, social, and economical environments. 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.

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**

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

#### **Regulation**

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 Division's has successfully facilitated the efficient transition from the second to the third National Lottery Operator without creating an adverse impact on lottery participants, while also allowing the Operator to continue generating revenue for good causes.

We have also noted the impact that public awareness created on the scourge of scams and illegal lotteries to prevent lottery participants from falling victim to illegal activities. During the 2015 National a roundtable discussion was held on how to effectively regulate the National Lottery. Local and

international speakers from the lottery and gambling sector shared their experiences on how they dealt with illegal gambling activities, regulating and promoting national lotteries without encouraging reckless gambling, and how to tackle the influx of international gambling activities targeted towards Africa.

Mandate for regulating the National Lottery Operator:

Compliance monitoring of the National Lottery Operator is also conducted in accordance with the Licence Agreement and Lotteries Act, as amended. Our approach is aimed at ensuring that there is common understanding of compliance requirements between the NLC and the Operator. The Licence Agreement contains clauses that the Operator must comply with - in addition to the Act, schedules with details on compliance requirements, responsibilities of the Minister and Board for monitoring compliance, as well as approving specific deliverables from the Operator.

Key reviews conducted on a regular basis focused on:

- Participant protection, prevention of under-age and excessive play;
- Safeguarding the integrity of the National Lottery;
- Adherence to codes of practice for sales, participants, advertising and vetting;
- Implementation of localisation and supplier development initiatives;
- Availability of terminals at specified geographical locations; and
- Certification and testing of draw equipment.

### **National Lottery**

The National Lottery in South Africa does not exist for the sole purpose of creating millionaires. The driving force behind it is to raise funds for good causes. Protection of lottery participants, prevention of under-age play and curbing overstimulation of the National Lottery that may lead to gambling addiction has always been the core mandate of the NLC. Under the third operator, Ithuba Holdings, the National Lottery was invigorated with fresh branding and the introduction of new games such as EaziWin and PowerBall Plus.

### **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 remains 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. This undoubtedly requires policy review.

## **REGULATORY ENFORCEMENT**

### 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. The Regulatory Enforcement Department assesses applications for societies and lottery schemes.

### Illegal Lotteries

During discussions at the 2015 National Indaba Roundtable focusing on enforcement challenges with other regulators, there was 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 NLC conducted research on the impact of illegal lotteries and other forms of gambling that may influence lottery participants. The main challenges pertaining to the effective prohibition and combatting of unlawful lotteries in the country include:

- The lotteries' legislation is not clear on exactly what constitutes an illegal lottery, where many current forms of illegal lotteries, such as Fafi, being open to interpretation. Currently, there are some instances where different authorities regard and perceive illegal lotteries in different ways.
- Current lotteries legislation is not clear on sports pools and their authorisation (GRC, 2011).
- In many instances, provincial licensing authorities, particularly in the provinces in which illegal lotteries are prominent, are actively enforcing the law in terms of combatting these unlawful activities. However, the cases that result cannot be successfully prosecuted due to issues around the mandate of provincial authorities to combat illegal lotteries, which are a national competence and not a provincial competence.
- Collaboration and coordination between the lottery and gambling authorities is infrequent, particularly at the national level. Further, engagement within the trinity of lottery and gambling authorities, law enforcement and prosecutors is disorganised.
- While the current operator has rebranded the National Lottery and even tried to implement new lottery games, the feedback from punters indicates that there are some issues. Most importantly, many people do not understand what 'Phanda Pusha Play' is and how it relates to the previous 'Tata ma Chance' – many think it is a different lottery and are thus, sceptical. Also, the willingness to participate in the new lottery games implemented by the national operator, such as their own version of Fafi, is low for very similar reasons. The fact that illegal lotteries offer better chances, are cheaper to play, and are more accessible contributes to this feeling.

### **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.

### **NLDTF Distribution**

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

The implementation of amendments to legislation took the following form within the Division:

- The introduction of differentiated grants (small, medium and large) as well as pro-active funding.
- In line with our commitment to enhance service delivery and to distribute funding equitably, we also continued to consolidate the operationalisation of provincial offices, which inter alia, saw the commencement of redeployment of head office staff to provincial offices.
- Provincial offices are now equipped to manage the full pre-adjudication business processes whereby project applications are received, captured, assessed and prepared for adjudication by the various distributing agencies. In addition, other services include Monitoring & Evaluation of funded projects and assistance with enquiries, applications and grant agreements.

Full implementation of the amended legislation, with specific reference to service delivery turnaround times, is largely dependent on having the full time DA structure operational. In terms of the amended legislation, the DA's are appointed by the Minister of the dti but are accountable to the Board.

#### **(a) Education and Awareness**

There has been a significant departure from education and awareness workshops that materialised in line with a call for applications. As part of the changes to the recently approved amendments to the legislation the organisation must conduct education and awareness initiatives to ensure organisations and communities are well informed about the requirements for accessing funding from the NLDTF. This concept is primarily focussed on conducting capacity building workshops to improve efficiency and accessibility not only during the calls for applications but on a continuous basis. The focus has shifted to ensuring that there are on-going stakeholder engagements to address a full spectrum of topics, including but not limited to that of capacity building, governance and illegal lotteries. They further cover a vast range of aspects which include how to apply for funding, compiling financial records, completion of reports and project implementation, to name just a few.

## (b) Full time DA's included in NLC Structure

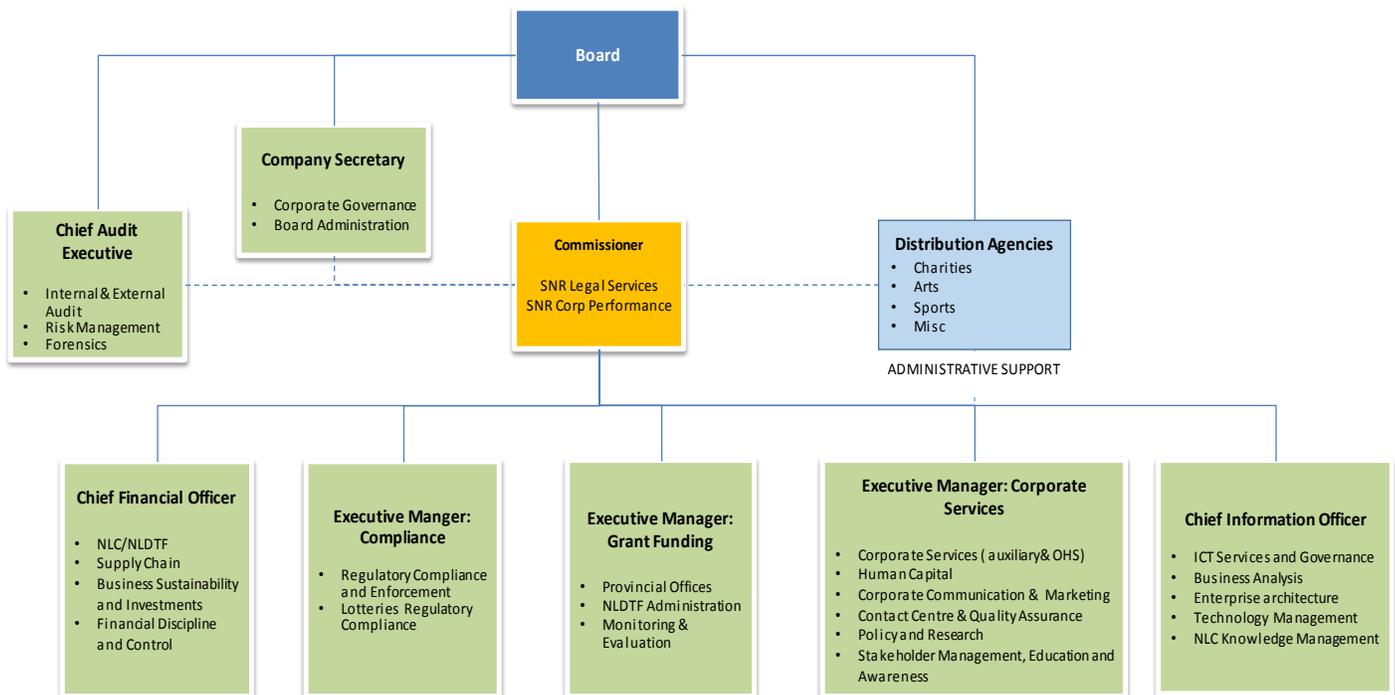
A comprehensive organisational re-design was also completed in order to align to the amended legislation. The recruitment process for all 3 Distributing Agencies has been concluded. It is envisaged that a full-time DA complement combined with the execution of daily adjudication, will undoubtedly lead to improved turnaround times in line with the regulated 150 days.

## (c) 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 makes 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. At the end of the third quarter 2016/17, both the Charities and Sports sectors made pro-active funding allocations.

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>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>Distributing Agencies (DA)</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> </ul>	<ul style="list-style-type: none"> <li>Support</li> <li>Consistency</li> <li>Quality</li> <li>Interaction with Board</li> <li>Communication/Reporting Turnaround</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>Staff</b>	<ul style="list-style-type: none"> <li>Productivity</li> <li>Morale</li> <li>Public Perception</li> <li>Performance Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Fairness</li> <li>Respect of Worker Rights</li> <li>Equity</li> <li>Involvement</li> <li>Best Practice HRM policies/practices</li> <li>Conducive work environment</li> <li>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</li> <li>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>

Stakeholder	Influence	Expectation
<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>
<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 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> </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> <li>• Remuneration</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> </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 Ethical Behaviour</li> </ul>

## 5.4 SWOT Analysis

A SWOT analysis is a simple but powerful tool for sizing up an organisation's resource capabilities and deficiencies. It 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 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</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of enforcement powers for regulating illegal lotteries</li> <li>• Single revenue source</li> <li>• Managing conflict of interest</li> </ul>

Strength	Weaknesses
<ul style="list-style-type: none"> <li>• Sole regulator in the industry</li> <li>• National footprint</li> <li>• Largest social benefactor</li> <li>• Sole regulator in the industry</li> <li>• Strong brand</li> <li>• Industry knowledge</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 project efficiency</li> <li>• Proactive Funding</li> <li>• Repositioning of the organization</li> <li>• Regulatory improvement</li> <li>• Partnerships with other funders</li> <li>• Rationalization of entities</li> </ul>	<ul style="list-style-type: none"> <li>• Fraud and Corruption / collusion / fraud</li> <li>• Illegal lotteries</li> <li>• Sustainability (One source of revenue)</li> </ul>

## 6. Strategic Outcomes Orientated Goals of the NLC

Table 6: Strategic Outcome Goals

<b>Strategic Outcome Orientated Goal 1:</b>	<b>Enhance management of the NLC business</b>
<b>Goal Statement</b>	Provide leadership and administrative capacity and capability to ensure effective service delivery, whilst enhancing financial sustainability of the NLC
<b>Programme</b>	Administration and Support Services
<b>Strategic Outcome Orientated Goal 2:</b>	<b>Compliant and Regulated 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 3<sup>rd</sup> National Lottery Licence</li> </ul>
<b>Programme</b>	Compliance and Regulation
<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></ul>
<b>Programme</b>	Grant Funding and Service Delivery

## PART B

### PART B: Strategic Objectives

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

#### 7.1 Programme 1: Administration and Support Services

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

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

**Table 7: Administration and Support Services Strategy Matrix**

Programme	Administration and Support Services
<b>Strategic Objective [1]</b>	To 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>• Knowledge Management Strategy</li> <li>• Stakeholder Engagements conducted nationally</li> <li>• E-system (Project Dibanisa)</li> <li>• Ethics Strategy</li> </ul>
<b>Resource Considerations</b>	<ul style="list-style-type: none"> <li>• Dedicated resources for Public Affairs, Stakeholder Management, Human Capital Management and ICT</li> <li>• ICT Capital expenditure budget</li> <li>• Effective Corporate Governance</li> </ul>
<b>Risk Description</b>	<ul style="list-style-type: none"> <li>• Reliable ICT infrastructure</li> <li>• Fraud &amp; Conflict of interest</li> </ul>
<b>Risk Mitigation</b>	<ul style="list-style-type: none"> <li>• Upgraded infrastructure</li> <li>• Create awareness &amp; implement ethics related policies</li> </ul>
<b>Strategic Initiatives</b>	<ul style="list-style-type: none"> <li>• To develop a Knowledge Hub</li> <li>• Education and Awareness through stakeholder management</li> <li>• To integrate the E-system</li> </ul>

<b>Programme</b>	<b>Administration and Support Services</b>
	<ul style="list-style-type: none"> <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>• Per capita allocations</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>Risk Description</b>	<ul style="list-style-type: none"> <li>• Non-performing markets</li> <li>• Inadequate performance of the National Lottery Operator</li> </ul>
<b>Risk Mitigation</b>	<ul style="list-style-type: none"> <li>• Capital Preservation guarantee</li> <li>• Enhanced monitoring of Operator performance</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 increase the per capita allocation to beneficiaries</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: Compliance and Regulation

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.

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

Programme	Compliance and Regulation
<b>Strategic Outcome</b>	Compliant and regulated Lottery Industry receptive to the NLC mandate
<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> </ul>
<b>Risk Mitigation</b>	<ul style="list-style-type: none"> <li>• Develop partnerships with stakeholders</li> </ul>
<b>Strategic Initiatives</b>	<ul style="list-style-type: none"> <li>• Investigate reported and identified illegal lottery schemes</li> <li>• Feasibility Study to determine the regulation of illegal lotteries</li> <li>• To implement the 3<sup>rd</sup> National Lottery Licence Monitoring Matrix/Scorecard</li> </ul>

### 7.3 Programme 3: Grant Funding and Service Delivery

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

Table 9: Grant Funding and Administration Strategy Matrix

Programme	Grant Funding and Service Delivery
<b>Strategic Objective [4]</b>	To ensure fair and equitable grant allocations
<b>Strategic Outcome</b>	Fair and Equitable distribution of Grant Funding
<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> <li>• Compliant applications</li> </ul>
<b>Risk Description</b>	<ul style="list-style-type: none"> <li>• Lack of compliant applications</li> <li>• Non-compliance to monitoring and evaluation requirements</li> </ul>

Programme	Grant Funding and Service Delivery
<b>Risk Mitigation</b>	<ul style="list-style-type: none"><li>• Enhanced education and awareness campaigns in underperforming provinces</li><li>• Enhanced monitoring and evaluation to assess impact of NLDTF</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>• Conduct impact evaluation studies in 5 provinces</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. It is estimated that the project will take approximately 3 years for completion (2017-2020).