

Media Statement

2 September 2020

For immediate release

NLC briefs Portfolio Committee on Trade, Industry and Competition

On Wednesday, 2 September 2020, the National Lotteries Commission (NLC) appeared before the parliamentary Portfolio Committee on Trade Industry and Competition.

The delegation, led by Board Chairperson Prof Alfred Nevhutanda and Commissioner, Mrs Thabang Mampane briefed the committee on organisational matters, including the impact of COVID-19 on operations.

Presentations to the committee began with an outline of the dual mandate of the NLC – to regulate lotteries and sports pools, and to generate revenue from regulatory activities to distribute funds to good causes.

An overview was also given of the operating model, and legislation and processes that govern the two types of funding: application-based (90% of total budget), and proactive (10% of total budget).

Proactive Funding: Measures in place/ introduced to minimise conflict of interest

The NLC presented enhanced measures on several processes, including:

All pro-actively funded projects are independently adjudicated by the Pro-Active Funding Quality Assurance Committee which comprises three members of the Distributing Agency. All committee members and support staff that attend the adjudication session declare their interest prior the commencement of any adjudication.

NLC has initiated a process where applicants/beneficiaries declare any possible conflict when submitting their applications. The NLC will further request beneficiaries to ensure full disclosure by their service providers and contractors regarding any relations they may have to the NLC.

A conflict of interest vetting system that is linked to key government institutions which include amongst others: CSD, DSD, CIPC etc. is now being applied throughout the Grant Funding and Supply Chain Management value chain, including vetting of employees' annual disclosures.

The NLC is implementing a revamped system for infrastructure projects with a dual relation between the recipient of the funds and the engineers. Through this system control of funds

will rest with the engineers until full completion and handover of the project, after which funds allocated for operational cost will be released to the beneficiary organisation.

Procedure to vet NPOs

The NLC verifies the registration of the NPO, NPC, Community Benefit Trust and/or Public Schools or Tertiary Institutions with relevant line department.

The NLC verifies the registration of the Accounting Officer that prepares financial statements with the relevant professional body. Confirmation is sought from the relevant Accounting Officer on whether they prepared the financial statements or not.

Impact of COVID-19

The NLC does not receive any funding from the fiscus, with the main source of income being revenue from the National Lottery.

The NLC also indicated the impact of COVID-19 on revenue from the National Lottery at Level 5, 4 and 3 of the national lockdown, as well as revised annual revenue projections in the light of the economic climate.

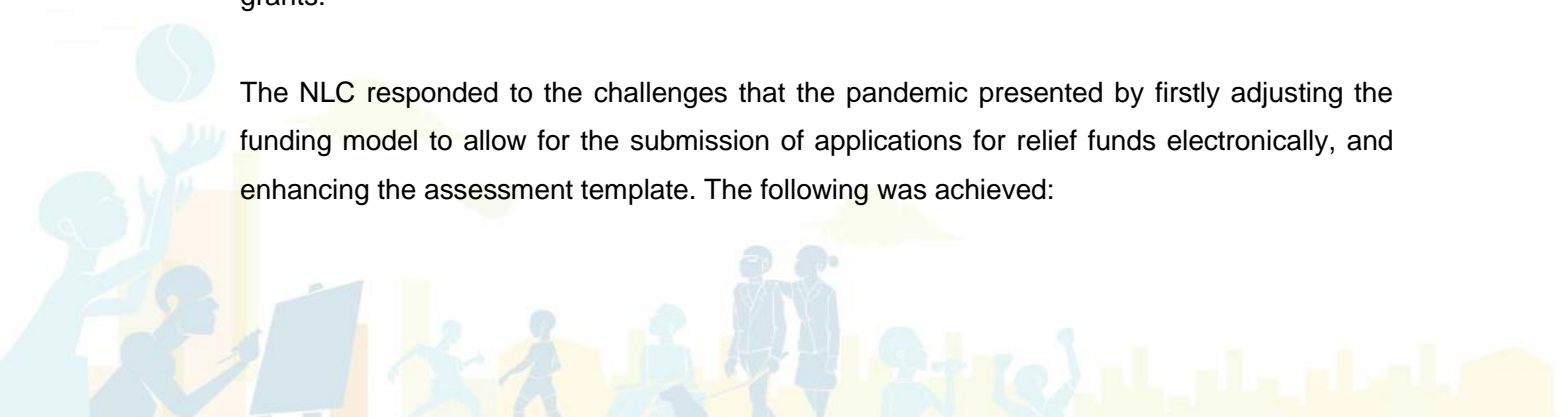
Before the pandemic, around 71% of lottery ticket sales were from retailer sales. These sales were prohibited during Lockdown Level 4 and 5, resulting reliance on low sales from digital platforms, and a revision of the projection of contributions to the National Lottery Distribution Trust Fund for the year from R1.64 billion to R1.19 billion. The NLC's operational budget has also been revised in line with these developments.

COVID-19 Relief Funding

An update was also presented on funds allocated for COVID-19 relief funding. R 50 million directed to the Solidarity Fund, R 10 million for relief hampers distributed countrywide that reached over 13 000 households, and the distribution of R 150 million in relief for qualifying NPOs which is still underway.

The following measures were introduced to mitigate against delays in the processing of the grants:

The NLC responded to the challenges that the pandemic presented by firstly adjusting the funding model to allow for the submission of applications for relief funds electronically, and enhancing the assessment template. The following was achieved:



- Number of days for return of the Grant Agreement reduced from 30 days to 7 days;
- The Grant Agreements concluded electronically;
- Legislatively, the NLC has 150 days to adjudicate an application. However, turnaround time for the COVID-19 relief applications is an average of 14 days;
- Average turnaround time for payment of relief funds is 11 days, as opposed to the legislated 60 days in which to effect payment once a fully compliant Grant Agreement has been received; and

The above was achieved despite a number of office closures due to employees testing positive for COVID-19.

Ends.

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