

Presentation to the Portfolio Committee on Trade, Industry and Competition

19 September 2023



NATIONAL LOTTERIES COMMISSION
a member of the **dtic** group

Quarter 1 2023/24 Financial and Non-Financial Performance Reports

NLC BOARD DELEGATION

					
Prof B Pityana	Ms B Ferguson	Ms P Mvulane	Mr T Bonakele	Mr L October	Ms I Ramafola
NLC Board Chairperson	NLC Board member	NLC Board member	NLC Board member	NLC Board member	Minister's Nominee

NLC MANAGEMENT TEAM

1. Ms Jodi Scholtz, NLC Commissioner
2. Ms Tina Maharaj, CFO
3. Ms Tintswalo Nkuna, Regulatory Compliance
4. Mr Mothibi Ramusi, CIO
5. Ms Anashnee Maharaj-Domun Acting COO
6. Mr Crete Mashego, Acting SM Strategy & Performance
7. Mr Vincent Jones, CAE
8. Ms Khau Moloko, HCM



1

Overview of the NLC

2

**Quarter 1 Non-Financial
Performance**

3

**Quarter 1 Financial
Performance**

4

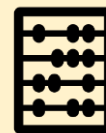
Other matters

The NLC's mandate rests on three areas



REGULATE

the National Lottery, other lotteries, and sports pools.



PROMOTE KNOWLEDGE & AWARENESS

by developing & implementing educational & informational measures to educate the public about lotteries



DISTRIBUTE

a portion of the revenue from the National Lottery and sports pools to good causes through the National Lottery Distribution Trust Fund (NLDTF).

The NLC's unique role



Sole regulator

- ✓ Sole regulator for lotteries and sports pools in South Africa



Largest grant funder

- ✓ Over R1,2 billion (2021-22FY) allocated to beneficiaries across the country, the NLC is the largest grant funder in SA.



Catalyst for social upliftment

- ✓ Driven by the vision of social upliftment – anchored in the NDP, UN SDGs and AU Vision.



a member of the dtic group

QUARTER 1 PERFORMANCE

NLC Q1 2023/24 PERFORMANCE DASHBOARD



HIGHLIGHTS:

Cabinet approved the appointment of a new board for the NLC, after the term of the interim board that was appointed for a year in 2022 ended

NEW BOARD MEMBERS FOR NLC:

Mr Barney Pityana Chairperson of the Board, Mr Lionel October, Ms Irene Ramafola
Mr Tembinkosi Bonakele, Ms Precious Mvulane, Ms Beryl Ferguson

2384

Jobs were created

1743

Jobs were created
in the Charities Sector



518

Jobs were created
in the Arts, Culture and
National Heritage Sector



73

Jobs were created
in the Sport and
Recreation Sector



50

Jobs were created
in the Miscellaneous
Sector



NLC GRANT APPLICATION



CORPORATE PERFORMANCE



STAKEHOLDER MANAGEMENT, MARKETING & COMMUNICATIONS

112

Education & Awareness
Workshops

31

Stakeholder
Engagements

INVESTIGATION: 53 Incident Reports Related to Fraud

Top 3 Complaints/Allegations:



REGULATORY COMPLIANCE

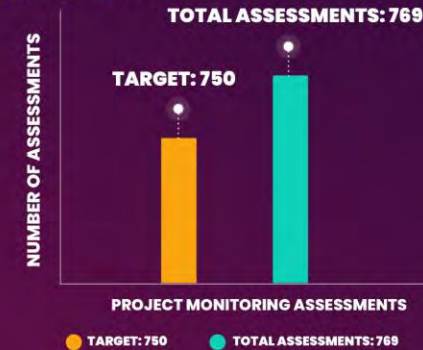
246

Total lottery schemes
identified, monitored
and investigated

FINANCIAL IMPLICATION OF ILLEGAL LOTTERIES

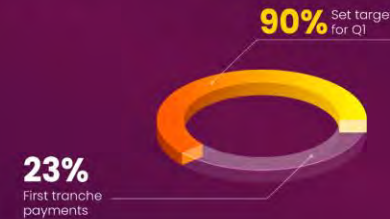


MONITORING AND EVALUATION



FINANCE

As of 30 June 2023, only 23% of first tranche payments, as per GNR644,6(c)(iv), were paid within 60 days of receiving a compliant grant agreement. The target for Q1 was set at 90%.



PROJECT MONITORING ANALYSIS

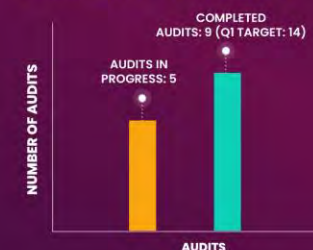


PREFERENTIAL PROCUREMENT PER DESIGNATED GROUP

Total procurement with designated groups as of Quarter 1 2023/24 amount to R20 million (R18.8 million Quarter 1 2022/23)



INTERNAL AUDIT AND ADVISORY SERVICES



HCM

NLC has placed 39 graduate and 26 student interns in NLC head office and nine provincial offices.

Q1 PERFORMANCE TARGETS – Programme 1

OUTCOME	OUTPUTS	OUTPUT INDICATORS	QUARTER 1 2023/24 MILESTONES	ACHIEVED / NOT ACHIEVED REASONS FOR VARIANCE	CORRECTIVE ACTION
A professional and ethical organisation	Optimal performance and effective adaptation of employees	1.1 Develop and implement the organisational review and redesign strategy	Develop the ToR and appoint the service provider	Achieved It was resolved to deploy resources to execute the recommendations of the diagnostic exercise summed up in the work study report that was compiled by the appointed service provider.	
	Proactively Addressing NLC's vulnerabilities	1.2 The enterprise-wide Fraud Risk Assessment is conducted	Conduct the assessment on end-to-end processes for Grant Funding & Supply Chain Management with all relevant stakeholders	Not Achieved The assessment was only conducted on Grant Funding by the end of the quarter.	The target will be accelerated in Q2 to ensure achievement of the indicator.
	Proactively identify and reduce vulnerabilities that led to corruption, fraud, waste, abuse, and mismanagement.	1.3 Develop, implement and enforce the Consequence and Ethics Management Strategy	Develop a consequence and ethics management strategy that prevents and deters unethical conduct and acts of corruption.	Achieved The document was developed and circulated to Exco for input.	
Innovative and responsive systems and processes	Building our capabilities to enable honest engagements with our stakeholders	2.1 The grantee/applicant survey is conducted	Issue the RFP to the research panel and conclude appointment	Not Achieved The Research Panel was declared irregular which resulted in the delay of the target.	The target will be accelerated in Q2 to ensure achievement.
	Driving digital transformation	2.2 Phase 1 of the digital transformation strategy is implemented	Implement phase 1 of the digital transformation strategy	Achieved The position paper was developed and presented to the Board.	

Q1 PERFORMANCE TARGETS – Programme 2

OUTCOME	OUTPUTS	OUTPUT INDICATORS	QUARTER 1 2023/24 MILESTONES	ACHIEVED / NOT ACHIEVED	REASONS FOR VARIANCE
Credible and sustainable lotteries and sports pools	A fair and safe national lottery & sports pools	3.1 The National Lottery & Sports Pools monitoring matrix implemented	Implementation of the National Lottery & Sports Pools Monitoring Matrix	Achieved The National Lottery and Sports Pools Monitoring Matrices were implemented.	
	Protecting the interests and preventing harm to participants through effective regulation	3.2 Educate 1000 stakeholders on the harmful effects of gaming	Educate 250 stakeholders on the harmful effects of gaming	Achieved 265 stakeholders were educated on the harmful effects of gaming. The overachievement is due to an higher than anticipated number of attendees in the sessions.	
	Protecting the interests and preventing harm to participants through effective regulation	3.3 Percentage increase in the number of compliant lottery schemes	10% of lottery schemes are compliant	Achieved 59% of identified lottery schemes were compliant due to enforcement action implemented.	
	Protecting the interests and preventing harm to participants through effective regulation	3.4 Know Your Customer (KYC) Strategy for online lottery play developed	Develop the ToR and appoint the service provider	Not Achieved The ToR was developed, however, only 2 responses were received.	The RFP was reissued.

Q1 PERFORMANCE TARGETS – Programme 3

OUTCOME	OUTPUTS	OUTPUT INDICATORS	QUARTER 1 2023/24 MILESTONES	ACHIEVED / NOT ACHIEVED	REASONS FOR VARIANCE
A sustainable and impactful civil society sector	Strategic Partnerships to enhance the research-based funding model	4.1 Number of strategic partnerships formalised and implemented for the research-based model	Conduct research, develop the ToR and issue the call	Not Achieved Research was conducted, the ToR was developed but the call was not issued by the end of Q1.	The call will be issued in Q2 to ensure achievement of the target.
	Funding model aligned to the developmental needs of South Africa	4.2 Impact Assessment Evaluation on Small Grants is conducted	Develop the ToR and appoint the service provider	Not Achieved The ToR was developed but the service provider could not be appointed as the Research Panel was declared irregular.	The target will be accelerated in Q2 to ensure achievement.
	Assurance that NLDTF funds are utilised for the intended purpose	4.3 3000 Monitoring assessments completed	Complete 750 monitoring assessments	Achieved 769 monitoring assessments were completed. The overachievement is due to a higher number of pre-visits conducted in April.	
	Investing in the sustainability of funded organisations by transferring skills to beneficiaries	4.4 Number of structured capacity building programs implemented nationally	Review of the capacity building & mentorship programme model	Achieved The Capacity Building and Mentorship Model was reviewed, and the report was submitted to Exco.	

MINISTERIAL IMPACT TARGETS 2023/24 QUARTER 1 PROGRESS



MINISTERIAL IMPACT TARGETS – Q1

CORE TARGETS	WHAT IT IS ABOUT	WHAT IS EXPECTED FROM THE NLC	WHAT HAVE WE DELIVERED AS THE NLC
Driving R40 billion in additional local output committed or achieved	This output is intended to show the impact of the dtic group interventions on manufacturing and productive services output. It will be measured on a gross basis, from projects that are championed by the dtic group or through social compacting. This includes for example, projects financially supported by the dtic group; projects which entail localisation of a product previously imported; projects which result from competition agreements where a merging entity commits to supplier development; and projects which expand production to meet new export demand.	Local procurement of goods and services, enforcing requirements in licensing requirements etc.	Commodities in Q1 that were impacted on local content requirements were Uniform/Clothing procured for NLC Office Assistants; Uniform/clothing & security tools i.e. portable 2-way radio by the Security Officers through the request for quotations (RFQ) for security services & Office Chairs. The total value for local procurement of goods & services amount to R 8 976 178.58 since April 2022 until to date. R 2 125 240.32 was spent for the 2022/23 financial year and R 6 850 938.26 for quarter 1 of 2023/24 financial year.
Supporting R700 billion in manufacturing exports	This output reflects the impact of interventions across the dtic group which result in exports of manufactured goods. Interventions contributing to this output include the dtic group's contribution to a stable and predictable production and trade environment; financial support to companies wishing to enter the export market; provision of duty rebates to encourage export of value-added goods; and sector policies such as the Automotive Production and Development Programme (APDP) that underpins South Africa's successful export of Autos to demanding markets in the US and EU.	Funding projects with a potential of developing skills or goods which can be exported (ACNH DA)	Adjudications for 2023/24 applications has not commenced due to the implementation of the inspectorate function and the risk-based model.

MINISTERIAL IMPACT TARGETS – Q1

CORE TARGETS	WHAT IT IS ABOUT	WHAT IS EXPECTED FROM THE NLC	WHAT HAVE WE DELIVERED AS THE NLC
Million Jobs Supported or covered by Master Plans	This output reflects the reach of the dtic group's interventions in terms of jobs. It is measured as the total number of permanent, full-time jobs in the firms and sectors that have received financial or non-financial support from the dtic group. It includes firms that have accessed dtic group financial support; are covered by a sector masterplan which is in implementation; are benefiting from partnership agreements such as the EEIP; are benefiting from trade measures such as tariffs, rebates or sector interventions such as the APDP; or are located in an SEZ.	Jobs supported from the NLC (NLDTF) funded projects across the sectors provided in the Lotteries Act	Of the sample of projects verified by monitoring and evaluation in Q1, 2384 jobs were created or retained. Of these 1642 were permanent jobs and 742 were temporary jobs.
R30 Billion in support programmes administered by or in partnership with the dtic-group	This output reflects the value of financial support provided by the dtic group to enterprises. It is measured as the value of financial support approved (but not necessarily disbursed) by the dtic, IDC and NEF including grants, loans, and equity and export promotion funds. Also included in the definition are financial disbursements from competition settlements, disbursements by the Social Employment fund, and BEE-mandated funds such as the employment equity investment programme (EEIP). In addition, the IDC and NEF will contribute R 24.2 billion to the annual target of R30 billion.	NLC funding provided for projects through the NLDTF	Adjudications for 2023/24 applications has not commenced due to the implementation of the inspectorate function and the risk-based model.

MINISTERIAL IMPACT TARGETS – Q1

CORE TARGETS	WHAT IT IS ABOUT	WHAT IS EXPECTED FROM THE NLC	WHAT HAVE WE DELIVERED AS THE NLC																																																							
1000 Case studies of firms, workers, entrepreneurs, professionals or communities impacted by the dtic measures; including 12 local films/ documentaries telling the SA story	This output refers to production of 1 000 case studies of firms, workers, entrepreneurs, professionals or communities impacted by the dtic measures; including 12 local films/documentaries telling the SA story. The output will be measured through a simple count of the dtic success stories profiled by the dtic programmes and entities through written case studies, examples used in presentations, website highlights, advertising campaigns and social media platforms; as well as financing of 12 films that tell the SA story, including aspects of our painful history development of charging infrastructure.	NLC = 200 (50 per quarter)	50 good stories case studies have been packaged and profiled.																																																							
52 Community Outreach Programmes by the dtic Group	This output refers to the undertaking of community outreach programmes by relevant programmes and entities within the dtic group. This entails: (1) Community outreach sessions showcasing the range of government support and programmes available to SMMEs (which includes bringing the dtic, DFIs, SARS and CIPC and other relevant agencies. (2) Information dashboards on each district; or (3) Coordination meeting with other entities to integrate dtic efforts within the district development model to bring the three spheres' contributions together.	20 education and awareness workshops in districts on the legislation	<p>112 NLC Education and Awareness workshops were conducted in 9 Provinces.</p> <table> <tr> <th rowspan="2">Province</th><th colspan="3">Number of Workshops Conducted</th></tr> <tr> <th>April 2023</th><th>May 2023</th><th>June 2023</th></tr> <tr> <td>Eastern Cape</td><td>-</td><td>5</td><td>-</td></tr> <tr> <td>Free State</td><td>1</td><td>12</td><td>6</td></tr> <tr> <td>Gauteng</td><td>2</td><td>8</td><td>2</td></tr> <tr> <td>KwaZulu-Natal</td><td>1</td><td>4</td><td>-</td></tr> <tr> <td>Limpopo</td><td>-</td><td>8</td><td>1</td></tr> <tr> <td>Mpumalanga</td><td>-</td><td>3</td><td>9</td></tr> <tr> <td>Northern Cape</td><td>-</td><td>13</td><td>-</td></tr> <tr> <td>Northwest</td><td>1</td><td>13</td><td>-</td></tr> <tr> <td>Western Cape</td><td>-</td><td>22</td><td>-</td></tr> <tr> <td>Virtual</td><td>1</td><td>-</td><td>-</td></tr> <tr> <td>Total</td><td>6</td><td>88</td><td>18</td></tr> <tr> <td>Grand Total</td><td colspan="3">112 Education and Awareness Workshops</td></tr> </table>	Province	Number of Workshops Conducted			April 2023	May 2023	June 2023	Eastern Cape	-	5	-	Free State	1	12	6	Gauteng	2	8	2	KwaZulu-Natal	1	4	-	Limpopo	-	8	1	Mpumalanga	-	3	9	Northern Cape	-	13	-	Northwest	1	13	-	Western Cape	-	22	-	Virtual	1	-	-	Total	6	88	18	Grand Total	112 Education and Awareness Workshops		
Province	Number of Workshops Conducted																																																									
	April 2023	May 2023	June 2023																																																							
Eastern Cape	-	5	-																																																							
Free State	1	12	6																																																							
Gauteng	2	8	2																																																							
KwaZulu-Natal	1	4	-																																																							
Limpopo	-	8	1																																																							
Mpumalanga	-	3	9																																																							
Northern Cape	-	13	-																																																							
Northwest	1	13	-																																																							
Western Cape	-	22	-																																																							
Virtual	1	-	-																																																							
Total	6	88	18																																																							
Grand Total	112 Education and Awareness Workshops																																																									

MINISTERIAL IMPACT TARGETS Q1

CORE TARGETS	WHAT IT IS ABOUT	WHAT IS EXPECTED FROM THE NLC	WHAT HAVE WE DELIVERED AS THE NLC
Oversight of other entities to ensure that at least 95% of planned KPIs are achieved	This output refers to the implementation of effective oversight of the balance of the dtic's entities excluding the DFIs. The main measure is the production of Action Minutes which assess the efficiency of Technical Infrastructure institutions by ensuring that 95% of KPI's of their APP's are achieved.	Oversight over the regulatory entities and ensuring that 95% of KPIs on their APPs are achieved.	62% of targets achieved in Q1

ADDITIONAL APP PRIORITIES FROM THE MINISTER



13 ADDITIONAL PRIORITIES – Q1

MATTER	ACTIONS	QUARTER 1 PROGRESS
1. Complete implementation actions on the SIU findings to date, to complement the work of the law enforcement agencies, including integrity measures involving staff, recipients and Board members of the NLC	<ul style="list-style-type: none"> Lifestyle Audits as well as integrity testing will be actioned in the 2023/24 FY as per the APP indicator 1.3. 	<p>The Consequence and Ethics Management Framework was developed.</p> <p>The bid advert for the Integrity Testing closed on 22 June 2023. The process is underway.</p> <p>The Terms of Reference (ToR) for Lifestyle audits were presented to the BSC meeting. The process is still underway.</p>
2. Complete the review of the pro-active funding programme	<ul style="list-style-type: none"> Moratorium placed on proactive-funding (now referred to as research-based funding) The Policy and procedure is being reviewed Strategic partners identification & vetting as the implementors of research-based funding as per the APP indicator 4.1 	<p>The RFP for the appointment of a Panel of Humanitarian Strategic Partners to work with the NLC in implementing the Unplanned Pro-Active Funding Projects/Programmes was developed and finalized.</p> <p>The policy was also developed and approved by the Board.</p>

13 ADDITIONAL PRIORITIES – Q1

MATTER	ACTIONS	QUARTER 1 PROGRESS
<p>3. Finalise investigations of all transactions involving consultants over the past 10 years, including law firms, IT services and public relations services</p> <p>4. Initiate a wider investigation beyond the pro-active funding projects, to include all contracts by the NLC and all channels through which payments were made by or on behalf of the NLC</p>	<ul style="list-style-type: none"> • Create a repository of all forensic investigation reports where the scope involved the investigation of service providers. • Compile a list of all service providers (Law Firms, IT Service and PR Services); • Generate payment reports for all transactions to the identified service providers. • Conduct a desktop assessment on the appointment of the service providers and payments made to identify any possible red flags. • When detailed investigations are required, follow the investigation process. 	<p>Created a repository of all current investigations in relation to consultants.</p> <p>In the process of creating a list of all service providers that performed consulting work for the NLC over the 10-year period.</p> <p><i>We are costing the volume of service providers to assess financial viability of conducting this exercise for a period of 10 years.</i></p>

13 ADDITIONAL PRIORITIES – Q1

MATTER	ACTIONS	QUARTER 1 PROGRESS
5. Investigations into the activities of the regions of the NLC	<ul style="list-style-type: none"> GF matters covered by the SIU (SIU to provide update to the Minister) Acquisition of buildings, electrical work, engineers, etc require discussion and a separate ToR 	The forensic unit has conducted 22 site visits during the quarter. Additionally, regional offices will be selected to conduct a risk assessment and identify possible fraud risks during quarter 2 and 3.
6. Review all previous forensic and internal reports and consider recommendations for systemic changes to avoid opportunities for corruption	<ul style="list-style-type: none"> Initiate a process to create a repository and database of all previous reports: <ul style="list-style-type: none"> - Forensic reports (conducted internally) - Forensic Reports (conducted externally) - Internal Audit Reports (Per Financial year) - AGSA Reports (per financial year) <p>Capture reports, findings and recommendations in a database.</p> <p>Confirm and validate implementation of recommendations and provide an assessment per report in terms of completion.</p>	<p>The following repositories have been created:</p> <p>Forensic Reports (Conducted by Internal Investigation Unit)</p> <p>Forensic Reports (Conducted by external service provider) - Identified to date.</p> <p>Internal Audit Reports – in progress.</p> <p>AGSA Reports – submitted a request to the AGSA and we were provided with reports for the past 4 years.</p>

13 ADDITIONAL PRIORITIES – Q1

MATTER	ACTIONS	QUARTER 1 PROGRESS
7. Review findings of Auditor General in management reports over the past 10 years	<ul style="list-style-type: none"> A findings register of all matters from the past 10 years will be formulated for analysis and review 	The process is expected to commence in Quarter 3.
8. Support for whistle-blowers who were threatened or dismissed	<ul style="list-style-type: none"> As per the NLC Reparation Project 	The concept was developed and presented to the Board for input & consideration and was approved.
9. Addressing the position of communities or NGOs who were deprived of the support for which the NLC funding was designed	<ul style="list-style-type: none"> The process has commenced as per APP indicator 2.1 wherein a survey of applicants will be undertaken to determine the basis for improvement of service delivery for the NLC 	The survey will commence in the second quarter to engage grant applicants and grant recipients to identify areas for improvement for the grant making process.
10. Promoting transparency: consider publication of monthly reports on beneficiaries with details of project geo-location	<ul style="list-style-type: none"> Publication of monthly payments will be implemented from June 2023 and will include the location of the project by province 	Payments to beneficiaries for April, May and June have been published on the NLC's website.

13 ADDITIONAL PRIORITIES – Q1

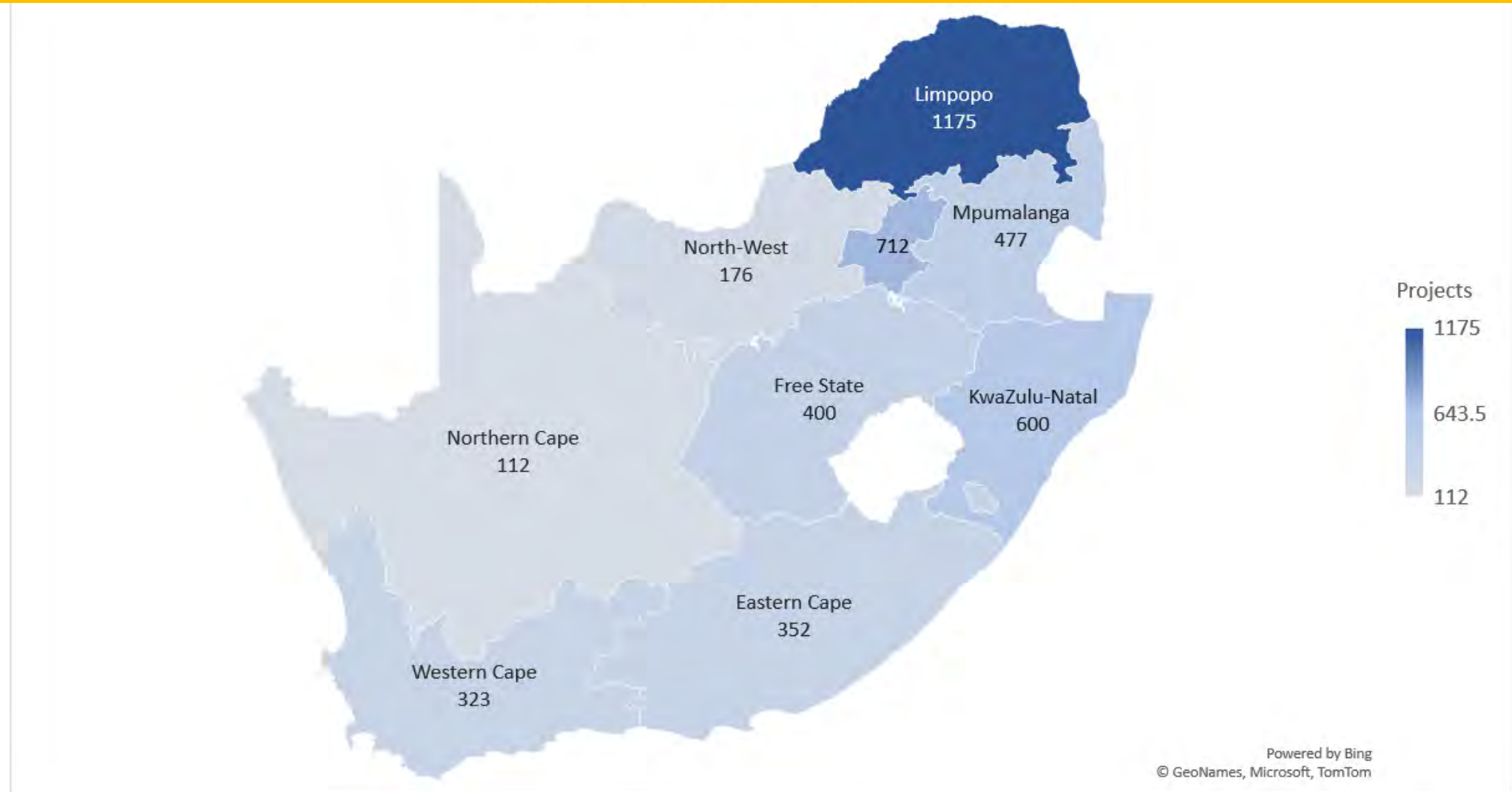
MATTER	ACTIONS	QUARTER 1 PROGRESS
11. Oversight visits to project sites by NLC Board	<ul style="list-style-type: none"> Ops to devise a project plan for quarterly visits of projects by the Board 	The oversight visits to the provinces are being undertaken by the Chairman will continue to be rolled-out.
12. Approve grant funding that positively impacts on communities and the targeted sectors, and that is free from corruption.	<ul style="list-style-type: none"> Implementation of internal controls including the inspectorate function; risk-based model & review of the AS-IS business process Implementation of the Dx Strategy to enhance systems that improve transparency in the GF value chain 	The Pre-Adjudication Risk Matrix and Visit Assessment Forms were developed in Q1 with implementation in Q2.
13. Publish requests for proposals for the new Lotto license, evaluate the applications and make recommendations on suitable firms	<ul style="list-style-type: none"> Pending the RFP advert for call of proposals 	The RFP was subsequently published in Q2 (06 August 2023)

GRANT FUNDING STATISTICS

The call for applications opened on 02 May 2023. The call was subsequently closed on 11 August 2023. By the end of this period, we received more than 5000 applications.



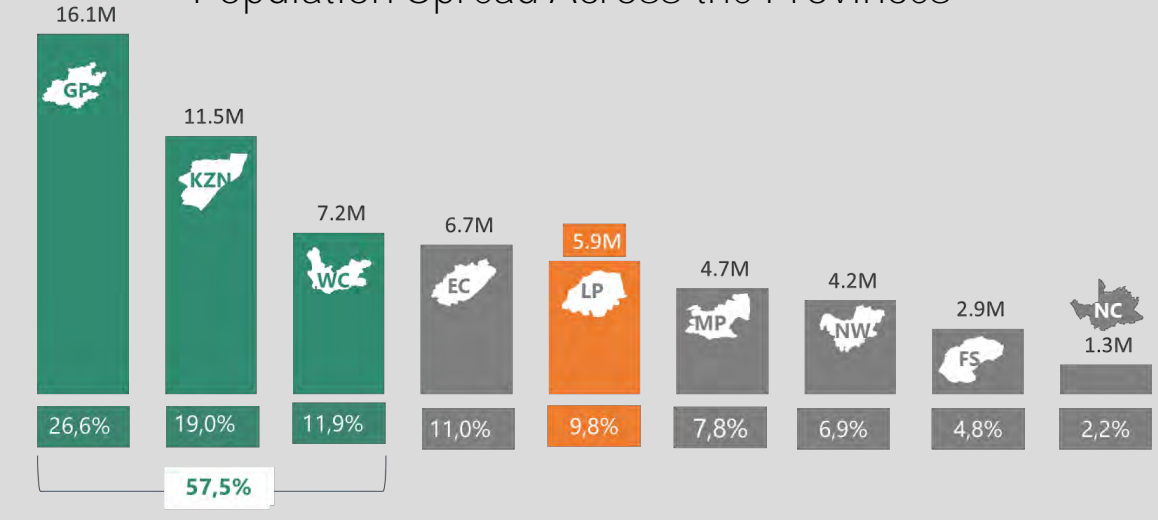
APPLICATIONS PER PROVINCE



58% of the applications are received by 3 provinces (LP, GP & KZN)

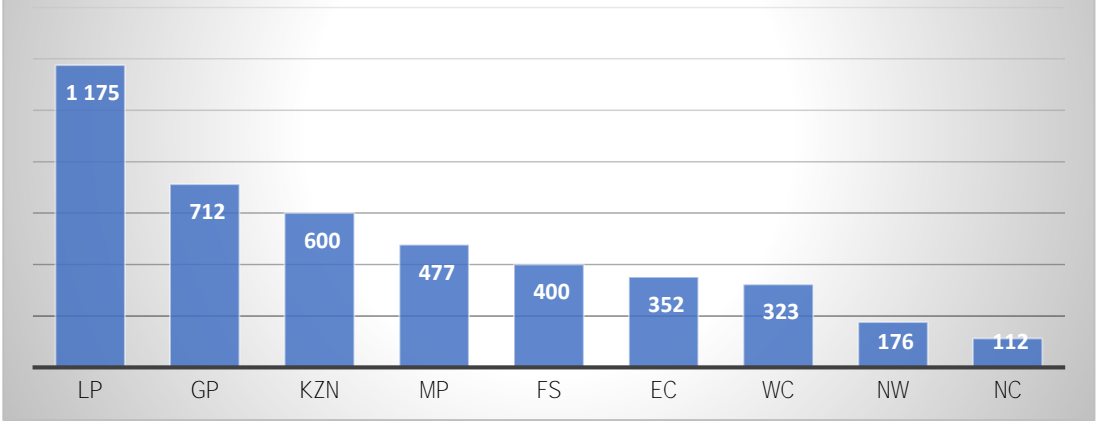
POPULATION VS TICKET SALES & APPLICATIONS RECEIVED TO DATE

Population Spread Across the Provinces



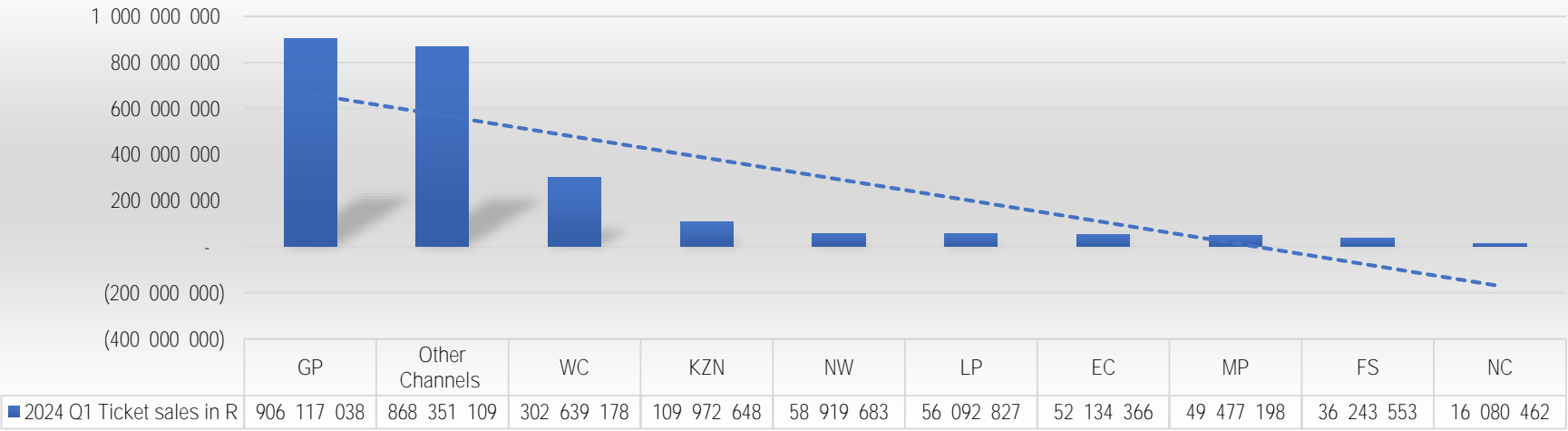
More than half of the population (34,8 million) live in 3 provinces: GP, KZN and WC

No. Applications Received
May - August



NLC applications by province highest to lowest: LP, GP and KZN

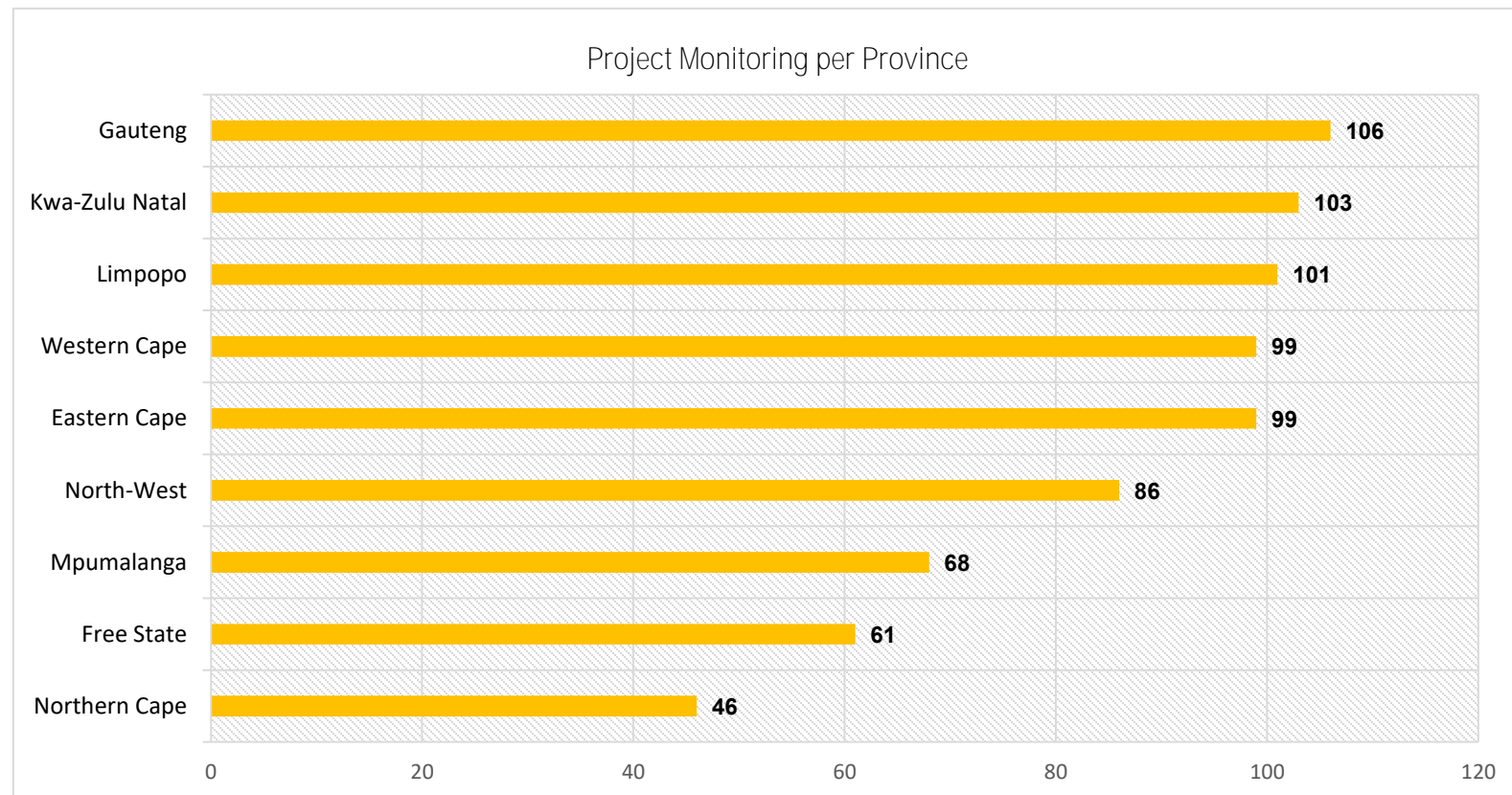
Lottery ticket sales by province



Lottery ticket sales by province ranked highest to lowest: GP, WC and KZN (noting that online sales accounts for second highest volume of tickets sold)

MONITORING AND EVALUATION

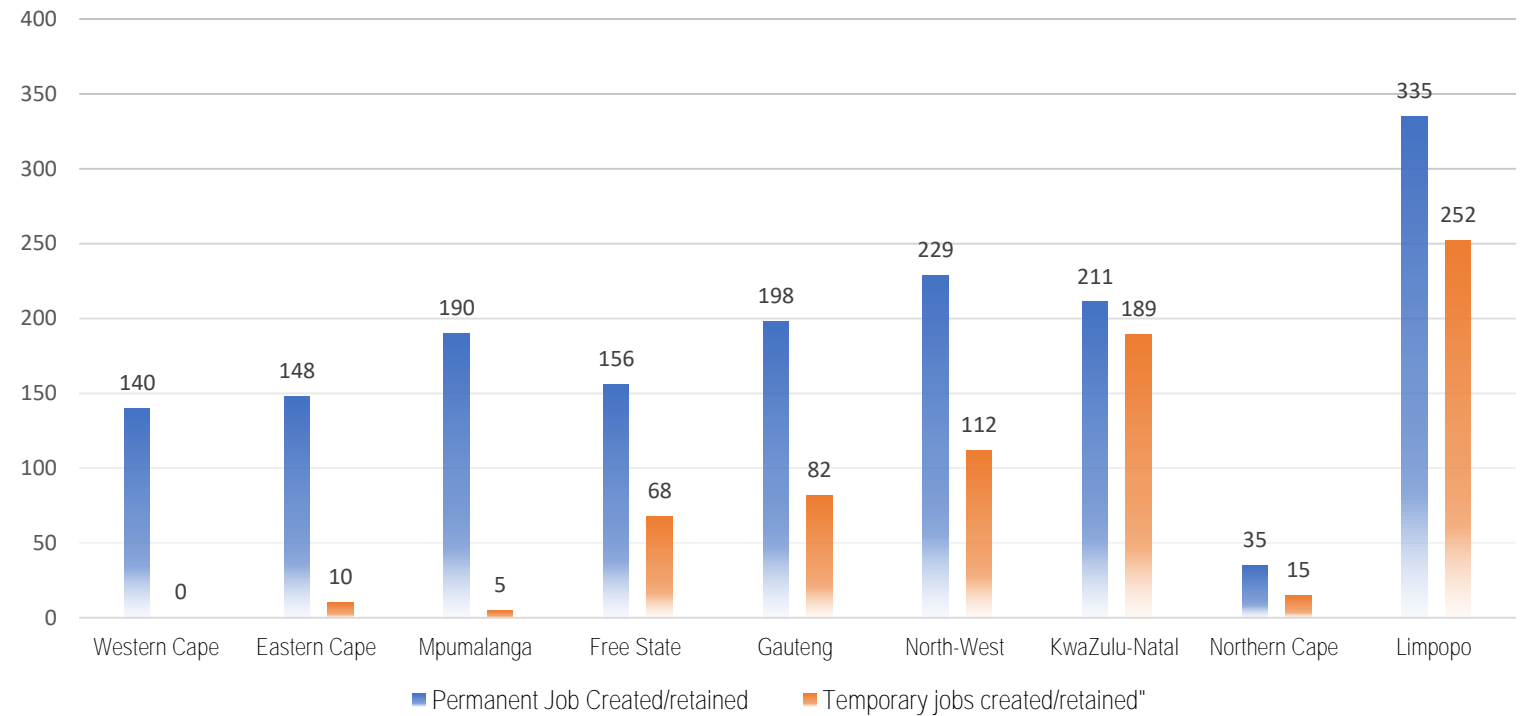
DATA PER PROVINCE



For the Quarter under review a total of 769 project monitoring assessments were undertaken against a target of 750. Most of the monitoring assessments were conducted within the Charities sector with the highest percentage of 46%, followed by the Sport and Recreation sector at 33%, Arts and Culture sector at 19%, and 2% for Miscellaneous.

MONITORING AND EVALUATION

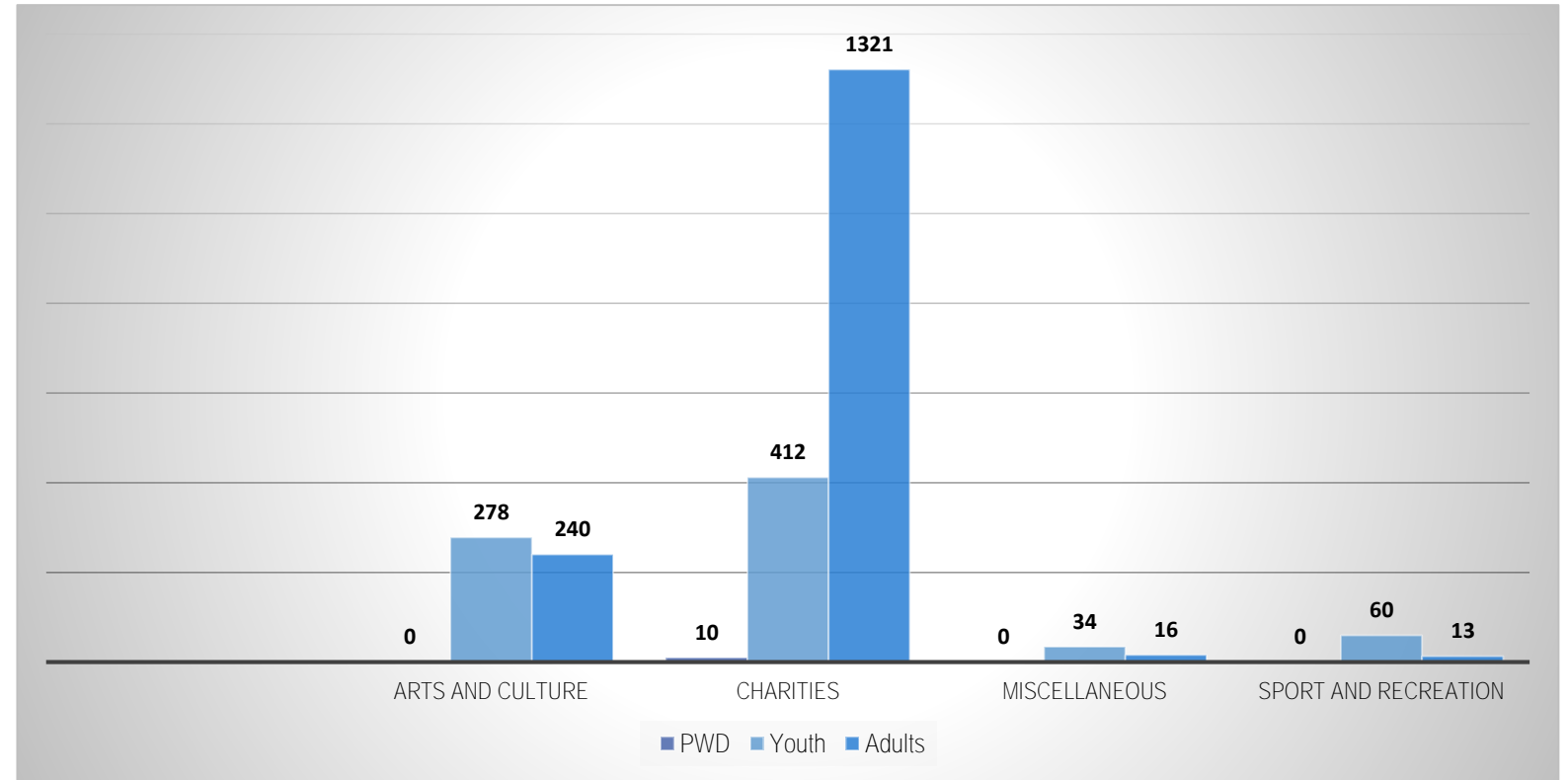
JOB CREATION STATS



A total of 2,384 jobs were created or retained by NLC funded projects for Q1 from the sampled data. Limpopo Province provided the highest number of jobs (587) while Northern Cape province recorded the lowest (50).

MONITORING AND EVALUATION

JOB CREATION BY DESIGNATED GROUPS



A total of 784 (32%) jobs were created for youth,
1,590 (66%) for adults and
10 (0,04%) for People Living with Disabilities (PWD).

NLC 4.0 DIGITIZATION ROADMAP



Indicative Timeframe

NLC 4.0 Business Process and Technology Modernization Strategy and Programme		Key Outputs & Deliverables	Targeted Time Frame
Phase 1:	Implementation of NLC 4.0 – Business Improvement and Re-Engineering Methodology.	New integrated Business System Platform “To-Be” Functional and Technical Specifications.	End Q2 2023/2024.
Phase 2:	Procure a sustainable and appropriate broadband (MPLS/SD-WAN) networking infrastructure.	A High Availability (HA) functional shared broadband infrastructure that ensures complete NLC regional and HO connectivity and integration with identified 3 rd parties e.g., SARS, CIPC, Home Affairs, Banks etc.	End Q3 2023/2024.
Phase 3:	Identify, scope, and procure an appropriate Storage and Processing Capacity that meets the operating functional, technical, and medium to long-term growth requirements of the NLC 4.0 Business Platform Solution.	An HA commissioned server and Storage Area Network (SAN) environment.	End Q3 2023/2024.
Phase 4:	Identify, scope, and procure an appropriate integrated Cyber-Security Solution.	An effective, efficient, rigorous cyber-security environment that ensures easy but secure access to the NLC product and service portfolio.	End Q4 2023/2024.
Phase 5:	A comprehensive Corporate and ICT Governance review including an in-depth COBIT and other legislative and industry standards and best-practice benchmarking e.g., the Val-IT Framework, COBIT-19, ISO-3800x, and ISO 2700x etc.	A functional Corporate and ICT Governance environment including policies, standards, and processes.	End Q3 2023/2023.
Phase 6:	Identification and procurement of a suitable application solution/development environment to deliver the proposed NLC 4.0 Integrated Business Systems solution.	A functional Business Application Solution Platform delivered in rapid business priority phases and “chunks”.	Starting Q3 2023/2024.

Q1 FINANCIAL PERFORMANCE

SALIENT INFORMATION



	Audited (2022/23) (R'000)	Annual Target 2023/24 (R'000)	Q1 2023/24 (R'000)
Lottery Ticket Sales (incl. VAT)	7 127 066	7 232 319	1 748 646
Share of ticket sales	1 641 380	1 815 499	408 905
Lottery fees and Societies	96	62	20
Grant Allocations	1 172 631	1 401 749	-
Cash Disbursements	1 490 721	N/A	113 063
Turnaround times for 1st tranches	35 days	60 days	125 days

- ❑ As of 30 June 2023, NLDTE contributions from the sale of national lottery tickets amounted to R408 million (30 June 2022: R380 million), which translates to a year-to-date increase of 7%.
- ❑ There is an overperformance of 3% against the year-to-date budget of R396 million in June 2023.
- ❑ The year-to-date increase in lottery tickets sales (of Lotto, Lotto Plus1&2) and over performance against the budget is a result of the rolling jackpot from previous months, the jackpot prize was at R66 million and was won on the third week of June 2022.
- ❑ Revenue from lottery fees and societies amounted to R20k for the quarter
- ❑ There have been no disbursements to date
- ❑ The turnaround time for first tranches have increased given the additional controls put in place however the current processes are being streamlined to create efficiencies and improve turnaround times.

STATEMENT OF FINANCIAL PERFORMANCE



	Budget	Actual	Variance	Reasons
Revenue from non-exchange transactions	431 658	442 353	2%	
Revenue from share of ticket sales	395 565	408 905	3%	The over performance is as a result of the NLC share of ticket sales because of a rolling jackpot for Lotto Plus 1&2 which was won on 30 June 23. The contribution from share of ticket sales has also increased from June 2023.
Unclaimed and unexpired prize money	35 000	29 560	-16%	There was a smaller number of unclaimed prizes which expired during the period than anticipated.
Interest from the Participants Trust	385	3 180	-727%	The interest from NLPT is over-performing due to increase in interest rates. Invoices for audit fees have not been received to date. The variance is expected to reduce once the audit fee invoices have been accounted for.
License Fees	708	708	0%	Variance due to the extension of the Lottery License by further two years
Revenue from exchange transactions	28 116	48 538	73%	
Interest income	27 601	48 343	75%	Variance is largely attributed to the increase in interest rates and the increase to the NLDTF bank balance.
Total Revenue	459 774	490 891		

STATEMENT OF FINANCIAL PERFORMANCE



	Budget	Actual	Variance	Reasons
Expenses	(494 831)	(109 724)	78%	
Net Grants Allocated	(350 327)	-	100%	No grants have been adjudicated during the quarter under review.
Employee Costs	(76 021)	(66 898)	12%	The variance is as result of a delay in the implementation of salary increases as well as vacancies
Goods and services	(68 483)	(42 826)	37%	The variance in goods and service is mainly driven by under-spending in the following line items Consulting fees Board fees Outsource service Advertising & Publicity Travel & Accommodation
Net Surplus/(Deficit)	-35 057	381 166		

STATEMENT OF FINANCIAL PERFORMANCE

R'000	Period ended June 2023	Year-end 31 March 2023
Non-current assets	203 334	203 756
Current assets	2 904 669	3 000 124
Total assets	3 108 133	3 203 880
Non-current liabilities	2 597	3 306
Current liabilities	596 915	720 832
Total liabilities	599 512	724 138
Equity	2 497 816	2 479 744
Total equity and liabilities	3 097 328	3 203 881

The statement of financial performance reflects a positive position in terms of liquidity and solvency.

FUNDED PROJECTS





SWIMMING SOUTH AFRICA



- The organisation applied under the Targeted Sport Call for Federations and was allocated R46,050,000.00. The 1st tranche was paid on 15 June 2023. The funding was for Club Development, Upgrading Existing Infrastructure at 2 pools, gymnasium and equipment, International Participation, Scientific Support, Learn to Swim programme, Centre of Excellence for performing schools and Skills Development including Talent Identification and Development and Publicity for the NLC. The funding was allocated for implementation of their National Programmes and beneficiaries of the grant will be residents of all provinces. This is the 8th successful application that has been funded by the NLC.*

On the way



SPECIAL OLYMPICS SOUTH AFRICA



- The organisation applied under the Targeted Sport Call for Federations and was allocated R5,050,000.00. The full amount was paid on 18 July 2023. The funding was for Capacity Building and Training of Administrators and Coaches, Domestic Participation, International Participation, Administration Fees, Publicity for the NLC, Skills Development Programmes, Sport Apparel and Equipment for Players. The funding was allocated for utilisation in all 9 provinces, with 70 % of the beneficiaries being from rural and semi-rural areas and 30 % from urban, semi-urban and townships. This is the 7th successful application that has been funded by the NLC.*

COMRADES MARATHON ASSOCIATION TO RAISE FUNDS FOR CHARITY



Officials from the NLC observed the draw of the 2023 Comrades Toyota Win-A-Car competition which took place at the finish line of the Ultimate Human Race to ensure that it is conducted fairly with due propriety and integrity.

As part of the process of regulating the fundraising lottery, the NLC conducted a compliance seminar for the Comrades, aimed at capacitating/providing assistance about the legal requirements for conducting fundraising lotteries, which are schemes meant to obtain financial resources to support a good causes, where participants are required to buy tickets or donate to a good cause for a chance to win a prize. In this case a brand-new car while proceeds go to Comrades Marathon Amabeadibead Official Charities.





a member of the dtic group

THANK YOU