

NATIONAL LOTTERIES COMMISSION (NLC) Annual Performance Plan | 2020/21



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Executive Authority Statement



The Public Finance Management Act requires that every public entity prepares a Strategic Plan setting out the overall strategy for the 5 year period covering the state's Medium-term Strategic Framework (MTSF). Every year, an Annual Performance Plan (APP) is prepared, which converts the overall strategy to key annual targets. These documents are then provided for approval to the Executive Authority and budgets are aligned to these plans.

The **National Lotteries Commission (NLC)** has prepared its **Annual Performance Plan 2020/21**, which I now submit to Parliament, as required by the legislation.

This is the first **Annual Performance Plan** prepared in the 6th Administration by the **NLC**. I have requested that all entity Strategic Plans and Annual Performance Plans be aligned to the MTSF, which incorporates the work to develop and implement National Sector Masterplans, as well as the trade reforms, investment and transformation work of the Department.

Once the revised MTSF has been signed off, we will review the Strategic Plan and Annual Performance Plan of the entity and align it accordingly. The Strategic Plan and Annual Performance Plan may further need to be aligned to Government's response to the COVID-19 pandemic, both during the period of the national disaster declared by President Ramaphosa, and thereafter as we adapt to the new economic reality. Should adjustments be made, a revised Plan will be submitted to Parliament.

A handwritten signature in black ink, appearing to read 'Ebrahim Patel', with a long horizontal stroke extending to the right.

EBRAHIM PATEL
MINISTER RESPONSIBLE FOR TRADE, INDUSTRY AND COMPETITION

Accounting Officer Statement



As we enter a third decade of operations, the National Lotteries Commission is ready to venture into the next level of effecting change across South Africa through regulation and funding.

We enter this period with an invigorated vision and mission, now working towards becoming not only a continental, but a global innovative leader in regulating safe and sustainable lotteries and sports pools.

The reality of 4IR is here, and organisations that don't evolve will lose relevance. In an industry such as ours, innovation is not only vital for the running of operations and enhancing service levels, but also to monitor the activities of those with less than noble intentions.

At the same time, South Africa is unique, and fast technological advances are contrasted by a lack of resources.

There are still many pockets of the South African population that experience high levels of poverty and exclusion from the benefit of technologies that abound.

On the organisational side, we are adopting innovative approaches on how we run the business to increase service levels and efficiency. At the same time, we need to ensure that we continue to reach those that require our services through methods that are applicable to them.

This thinking is supported for instance by an MoU with the National House of Traditional Leaders, where we pledge to capacitate rural communities towards sustainability.

Once again, we remain steadfast in our duty to protect the public through compliance enforcement, monitoring and evaluation, and the continued fight against fraud and corruption.

A handwritten signature in black ink, appearing to read 'AN Nevhutanda', written in a cursive style.

Prof AN Nevhutanda

Chairman of the Board

Official Signoff

It is hereby certified that this Annual Performance Plan was developed by the management of the National Lotteries Commission (NLC) under the guidance of the Board of Directors and takes into account the relevant policies, legislation and mandate of the NLC. The plan accurately reflects the impact, outcomes and outputs which the NLC will endeavour to achieve over the 2020/21 MTSF period.

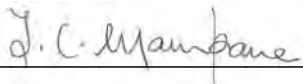
X. Ntuli
Chief Financial Officer

Signed:  _____

A. Maharaj-Domun
Official Responsible for Planning

Signed:  _____

TCC Mampane
Commissioner

Signed:  _____

Approved by:

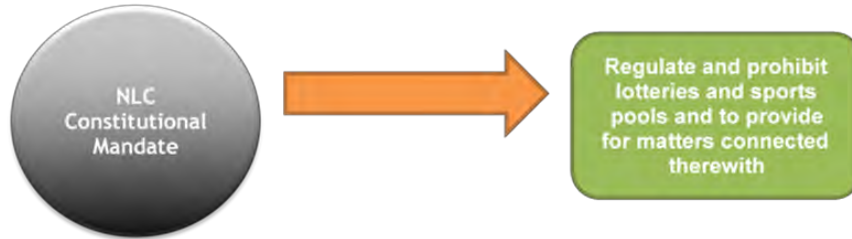
Prof NA Nevhutanda
Chairman
31 January 2020

Signed:  _____

PART A: OUR MANDATE

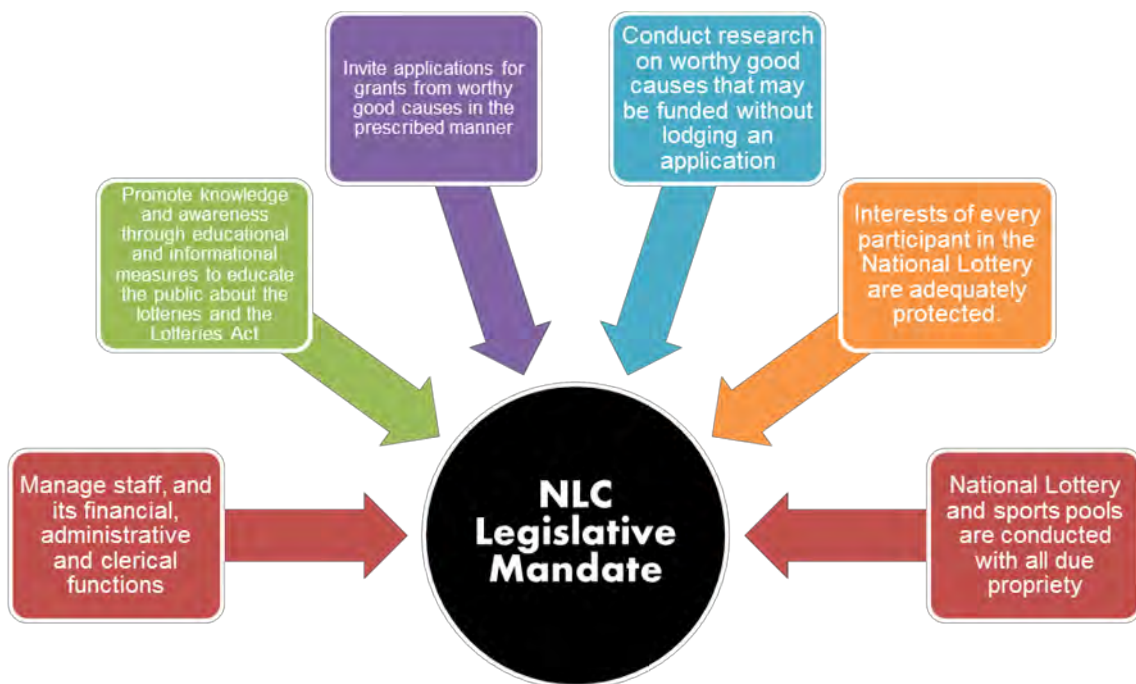
PART A: NLC's MANDATE

1. Constitutional Mandate



The NLC has the sole mandate to regulate and prohibit lotteries and sports pools and to provide for matters connected therewith.

2. Legislative and policy mandate



- o To ensure that the National Lottery and Sports Pools are conducted with all due propriety and strictly in accordance with the Constitution, this Act, all other applicable law and the licence for the National Lottery, together with any agreement pertaining to that licence and that the interests of every participant in the National Lottery are adequately protected.

- o Conduct research on worthy good causes that may be funded without lodging an application prescribed in terms of the Lotteries Act, upon request by the Minister, Board or on its own initiative in consultation with the Board.
- o Invite applications for grants from worthy good causes in the prescribed manner.
- o Promote public knowledge and awareness by developing and implementing educational and informational measures to educate the public about the lotteries and provisions of the Lotteries Act, as amended, and educating the public by explaining the process, requirements and qualifications relating to the application for grants in terms of this Act.
- o Manage staff and its financial, administrative and clerical functions and exercise any other function as delegated or directed by the Minister or the Board.

3. Institutional Policies and Strategies over the five-year planning period

In line with its mandate, vision and mission, NLC's formulation of programme activities and targets is aligned to the political, social and economic realities of South Africa. In particular, the NLC's role and functions as outlined in the Amended Lotteries Act places an obligation on the organisation to support (directly and indirectly) the electoral mandate of Government. From a strategic perspective, the sight of government priorities provides a major opportunity for the NLC within the disciplinary context of social development and social upliftment. This includes addressing unemployment and alleviating poverty as aligned to the NDP and the seven identified priority areas of government:

1. Economic transformation and job creation
2. Education, skills and health
3. Consolidating the social wage through reliable and quality basic services
4. Spatial integration, human settlements and local government
5. Social cohesion and safe communities
6. A capable, ethical and developmental state
7. A better Africa and world

The new Medium-Term Strategic Framework (MTSF) for 2019 – 2024, includes resourcing, social compacts and accountability mechanisms and represents a radical shift to a comprehensive framework that will inform all levels of government planning through an integrated planning framework.

The new MTSF combines a 5-year NDP Implementation Plan with a revamped integrated monitoring system and accountability framework that incorporates resourcing through private sector investment, development finance institutions and SOEs and public entities' roles. It further outlines the budget prioritisation framework, labour movement's involvement on the skills revolution and civil society in promoting participatory democracy.

The NLC is therefore driven by government policies on economic and social development.

4. Relevant Court Rulings

Not applicable to the NLC.

PART B:
OUR STRATEGIC
FOCUS

PART B: NLC's STRATEGIC FOCUS

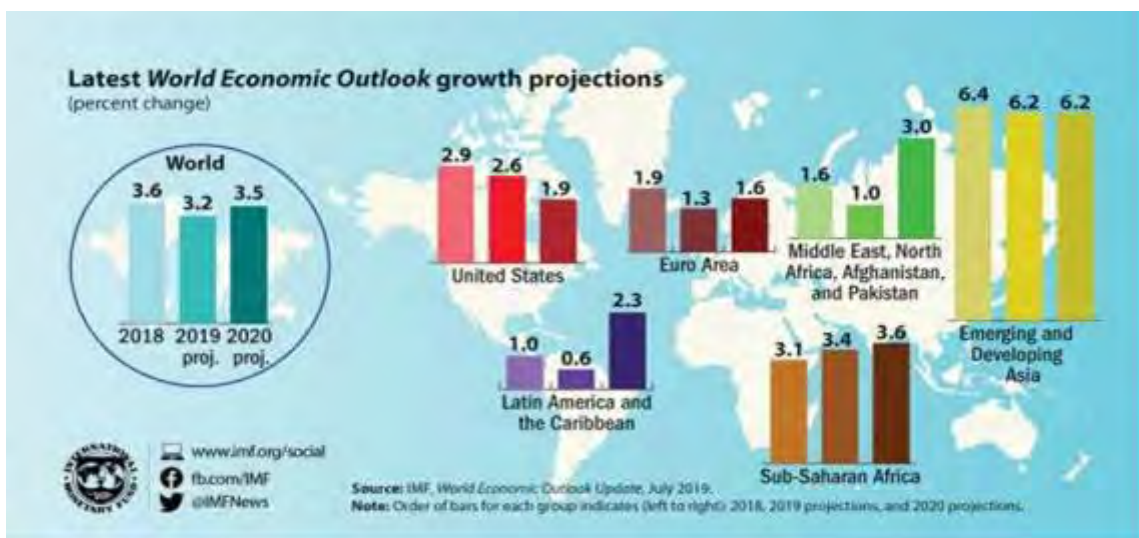
4. Updated Situational Analysis

4.1 External Environment Analysis

The role and functions of the National Lotteries Commission (NLC) are clearly outlined in the Lotteries Act (No. 57 of 1997, as amended), which places an obligation on the organisation to support (directly and indirectly) the electoral mandate of the national government. In the quest for achieving its vision and mission, among others, to regulate all lotteries and sport pools with integrity and to ensure the protection of all participants, the business of the NLC is influenced by the political and economic landscape of the country.

It needs to be stated upfront that global economic dynamics differ in many ways with what South Africa is experiencing, despite a host of similarities. The major differences between the South African and global economic dynamics include inter alia that the economic growth and employment growth rates of other emerging economies are substantially higher than that of South Africa, that productivity levels are much higher, that unit labour costs are much lower and that there are growing abilities to compete internationally. Furthermore, the manufacturing outputs of such economies have been booming while those of South Africa have been stagnating.

The World economic output grew in real terms by 3.6% during 2018 and the IMF is expecting that it will grow by 3.2% during 2019 and 3.5% during 2020. The highest economic output rates internationally are found in emerging developing economies in Asia such as China and



India where real output growth rates of 6.4% were experienced during 2018 while the IMF is forecasting real economic output growth rates of 6.2% during 2019 and 2020.

While real economic output is expected to grow by about 3.2% in 2019 and that of emerging markets and developing economies by 4.1%, South Africa's real output is only being predicted to grow by 0.7% by the IMF during 2019. The relatively low economic growth in South Africa during 2019 should be contrasted with similar economies in Sub-Saharan Africa which will be expanding by 3.4% during 2019.

Global growth remains sluggish
 Latest *World Economic Outlook* growth projections
 (percent change)

	2018	Projections	
		2019	2020
World Output	3.6	3.2	3.5
Advanced Economies	2.2	1.9	1.7
United States	2.9	2.6	1.9
Euro Area	1.9	1.3	1.6
Germany	1.4	0.7	1.7
France	1.7	1.3	1.4
Italy	0.9	0.1	0.8
Spain	2.6	2.3	1.9
Japan	0.8	0.9	0.4
United Kingdom	1.4	1.3	1.4
Canada	1.9	1.5	1.9
Other Advanced Economies	2.6	2.1	2.4
Emerging Market and Developing Economies	4.5	4.1	4.7
Commonwealth of Independent States	2.7	1.9	2.4
Russia	2.3	1.2	1.9
Excluding Russia	3.9	3.5	3.7
Emerging and Developing Asia	6.4	6.2	6.2
China	6.6	6.2	6.0
India	6.8	7.0	7.2
ASEAN-5	5.2	5.0	5.1
Emerging and Developing Europe	3.6	1.0	2.3
Latin America and the Caribbean	1.0	0.6	2.3
Brazil	1.1	0.8	2.4
Mexico	2.0	0.9	1.9
Middle East, North Africa, Afghanistan, and Pakistan	1.6	1.0	3.0
Saudi Arabia	2.2	1.9	3.0
Sub-Saharan Africa	3.1	3.4	3.6
Nigeria	1.9	2.3	2.6
South Africa	0.8	0.7	1.1
Low-Income Developing Countries	4.9	4.9	5.1

Source: IMF, *World Economic Outlook Update*, July 2019.

Upon comparing South Africa's economic growth performance with that of other Sub-Saharan Africa countries during 2019 it should be noted that although many Sub-Saharan Africa countries will experience substantially higher economic growth rates than South Africa during

2019, many economic challenges also exist in such countries. High economic growth rates were realised during 2018 in countries such as Benin (6.5%), Burkina Faso (6.0%), Cote d'Ivoire (7.5%), Ethiopia (7.7%), the Gambia (6.6%) and Rwanda (8.6%). At the same time Burundi, the Republic of Congo and Eswatini experienced low economic growth rates of between 0% and 1% during 2018.

The United Nations' Sustainable Development Goals (UN Agenda 2030) provide the ultimate measure of progress worldwide by allowing comparative analyses of development across different countries worldwide. The Sustainable Development Goals (SDGs) also provide direction and clarity with respect to what development goals should be achieved by emphasising the necessity of eradicating poverty, protecting the planet and ensuring that all people enjoy peace and prosperity. The SDGs also succeed in providing an integration of the three dimensions of sustainable development, namely economic, social and environmental. They therefore acknowledge that action in one area will affect outcomes in other areas.

All 17 SDGs are very pertinent to the South African situation as reflected by the fact that high levels of poverty, high levels of income and gender inequality, differential access to high quality education and health care, low economic growth rates and low levels of job creation are still being experienced. It became evident from South Africa's 2019 country report to the United Nations concerning the SDGs that the National Development Plan (NDP) has a 74% convergence with the SDGs, and here especially with respect to the extent that the NDP prioritises job creation, the elimination of poverty, the reduction of inequality and growing an inclusive economy by 2030. South Africa's achievement of the SDGs is ultimately framed and directed by its Constitution. Recognised as one of the most progressive constitutions in the world, South Africa's Constitution places obligations on the state to progressively realise socio-economic rights. Based on analysis of SDG interlinkages, the following five SDG targets were identified as those with the most enabling connections in South Africa:

- Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7% gross domestic product growth per annum in the least developed countries.
- By 2030, double the global rate of improvement in energy efficiency.

- By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.
- End all forms of discrimination against all women and girls everywhere.
- By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.

A strong relationship exists among these SDGs, with great by-products for achieving a host of interlinked targets. South Africa has managed to successfully address some of the SDGs (climate action) to an extent but are still struggling to successfully address the majority of SDGs (such as job creation, poverty and inequality).

Development efforts are driven by the National Development Plan (NDP) which aims to ensure that all South Africans obtain a decent standard of living through the elimination of poverty and by addressing high levels of inequality. It defines a desired destination and identifies the role different sectors of society need to play in reaching that goal.

At the core of the NDP, is the aim to ensure the achievement of a “decent standard of living” for all South Africans by 2030. This is defined to consist of:

- Housing, water, electricity and sanitation.
- Safe and reliable public transport.
- Quality education and skills development.
- Safety and security.
- Quality health care.
- Social protection.
- Employment.
- Recreation and leisure.
- Clean environment.
- Adequate nutrition.

Although the NDP is at present the official development policy of South Africa, it has only been implemented to a limited extent. To strengthen and to direct economic policy implementation the National Treasury during 2019 released a document entitled Economic participation, inclusive growth and competitiveness: Towards an economic strategy for South Africa. This document opines that South Africa's current economic trajectory is unsustainable because economic growth has stagnated, unemployment is rising, and inequality remains high. To address such economic ills this document makes the following recommendations:

Modernising network industries to promote competitiveness and inclusive growth.

- Lowering barriers to entry and addressing distorted patterns of ownership through increased competition and small business growth.
- Prioritising labour-intensive sectors such as agriculture and tourism.
- Implementing focused and flexible industrial and trade policy to promote competitiveness and facilitate long-run growth
- Promoting export competitiveness and harnessing regional growth opportunities.
- Quantifying the impact of proposed growth reforms.

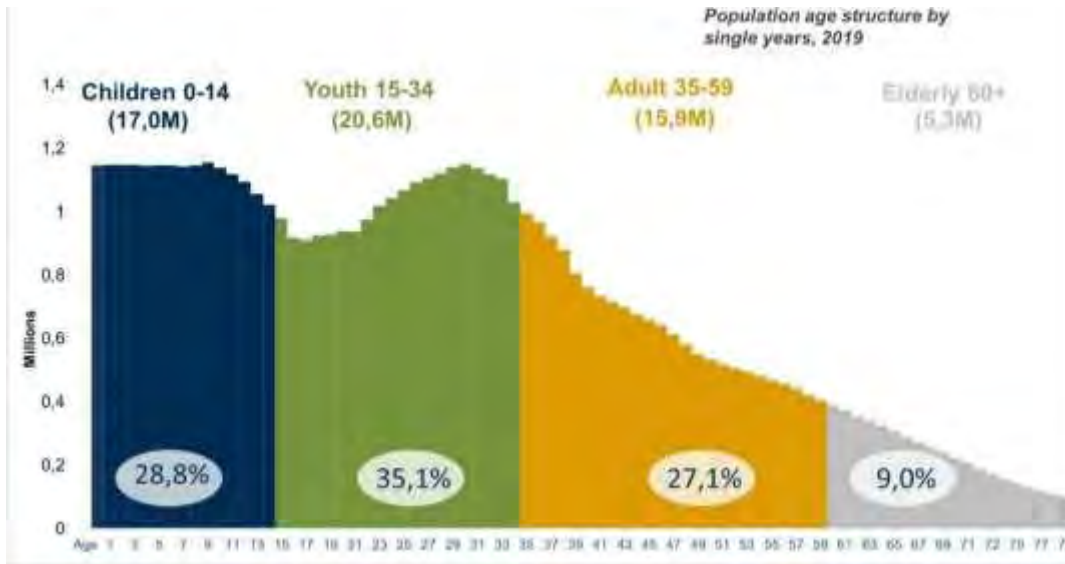
Challenges: corruption and service delivery

To address a large number of the developmental challenges will be a tough task. The country is experiencing a series of crises for which the major cause might be political as policy uncertainties and unclear direction has plagued the environment over the past few years. State capture arose when the need for economic transformation, especially SOEs and through the system of public procurement, exceeded the need to build effective public institutions. Service delivery protest has also become the norm as during 2018 a total of 237 service delivery protest was recorded. "Ramaphoria" implied hope for change in 2018/19, but this was unfortunately short-lived.

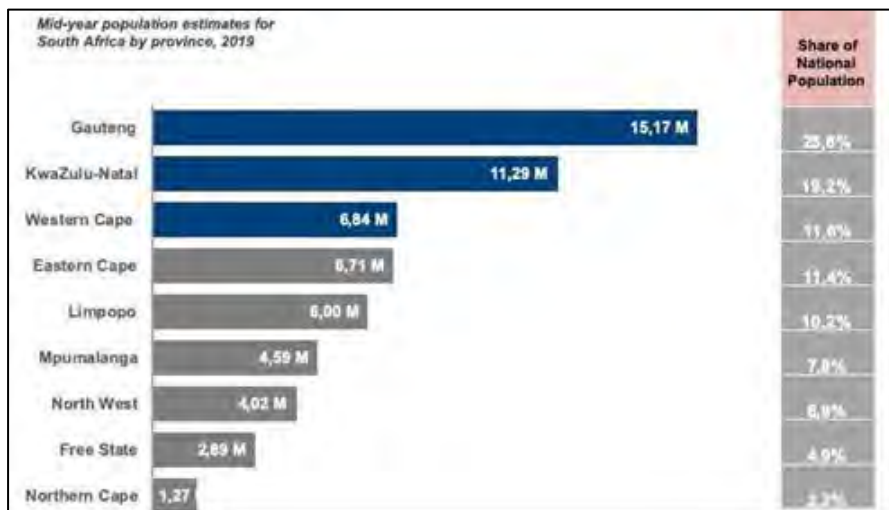
In his June 2019 State of the Nation Address (SONA), President Ramaphosa asserted government's commitment to a confidence- and investment-boosting macroeconomic and fiscal policy framework, underpinned by "prudent borrowing and stringent expenditure management to stabilise our public finances and lower the debt trajectory". The country is facing an unprecedented historical moment, where the leadership should look beyond the trap of ANC unity versus South African stability as a binary choice. The well-being of the people should be prioritised above all else.

Distribution of South Africa's population

According to Statistics South Africa the South African population currently (2019) consists of about 58.8 million people of which children and youth comprise 37.6 million. The adult population aged between 35 and 59 only makes up 15.9 million (27.1% of the total population).

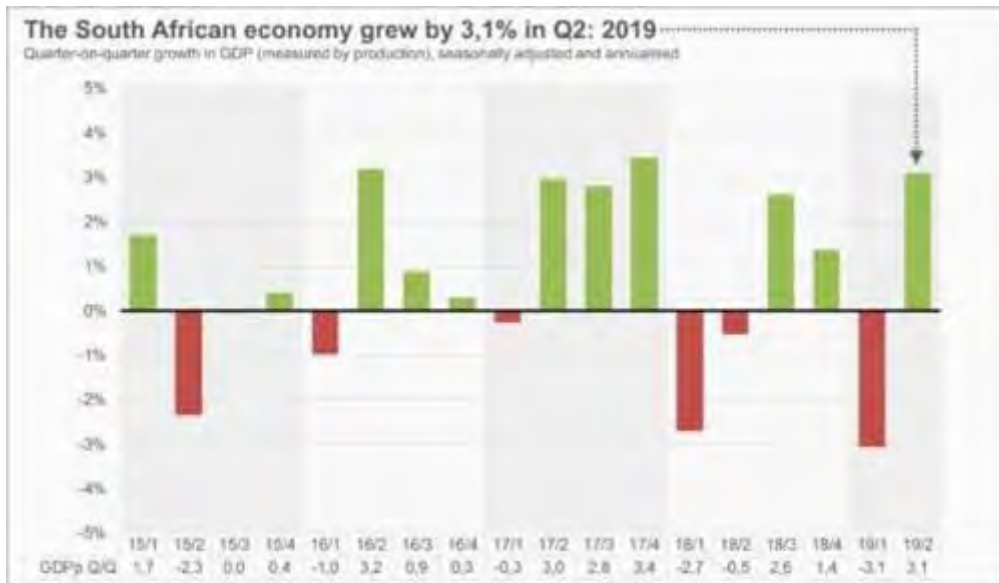


More than half the population are concentrated in three provinces of Gauteng, KwaZulu-Natal and Western Cape. It should be noted that the five metro areas (Tshwane, Johannesburg, Ekurhuleni, Cape Town and Ethekewini) are situated in these three provinces. Specifically, almost 15.2 million people are estimated to reside in Gauteng.

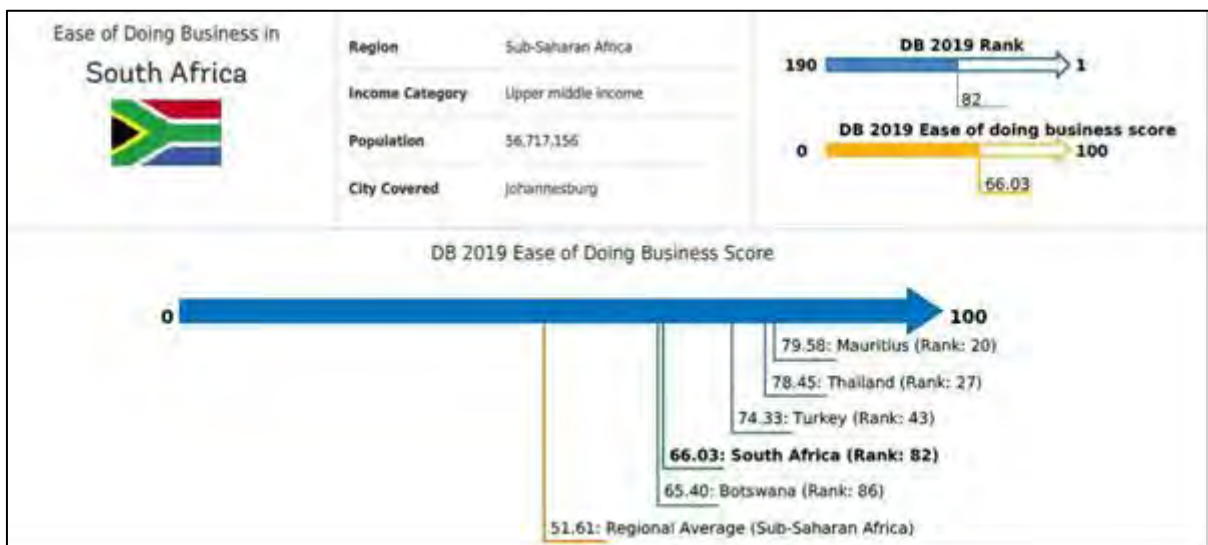


Economic growth

The economic growth performance of South Africa during the period 2015 to 2019 has been fairly dismal with quarterly GDP growth rates exceeding 2% only realizing in six of the 16 quarters. During six of the 16 quarters the South African economy actually contracted, recording negative quarterly GDP growth rates. Since 2012 South Africa’s economy has grown at a much slower rate (average of 1.5% p.a.) than the global economy (average of 3% p.a.).

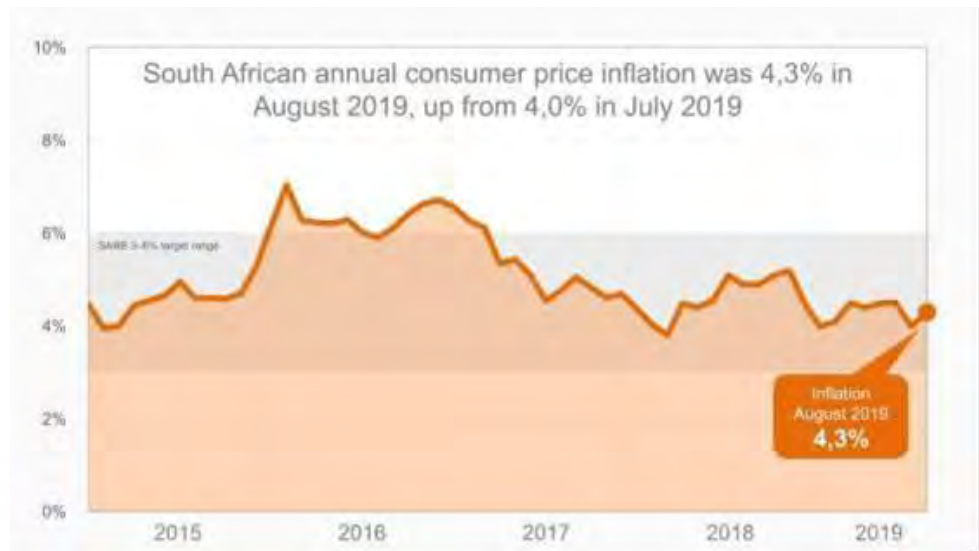


One of the main reasons for the said dismal performance of the South African economy during recent years has been the difficulty of doing business in South Africa. During the latest publication of the Ease of doing business index South African scored 66 out of 100, ranking 82 out of 190 countries, reflecting that it is still difficult doing business in South Africa.



Another factor impacting negatively on South Africa’s economic growth potential is the lack of investment in the South African economy. Although Foreign Direct Investment rose to a five-year high due to confidence in President Ramaphosa during 2018, portfolio investments remained volatile during 2018, highlighting South African vulnerability to the volatility and flexibility of financialised markets. Furthermore, fixed capital investment as % of GDP recorded an average of 18.2% for 2018, continuing its downward trend of the past five years.

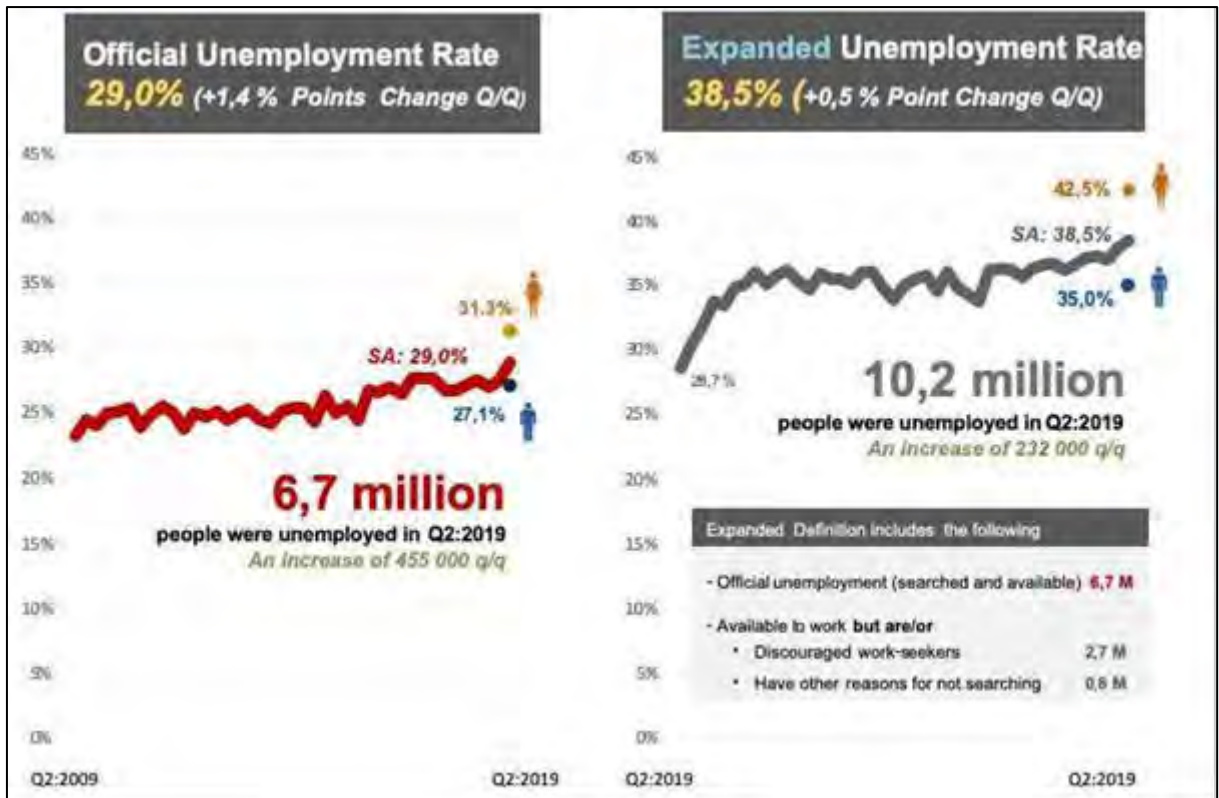
During the period 2015 to 2019 consumer price inflation outcomes were generally with the South African target band of three to six percent. This resulted to a large extent from excellent monetary policy execution by the South African Reserve Bank during this period. The latest available inflation figures indicated an annual average inflation rate of 4.3% in August 2019.



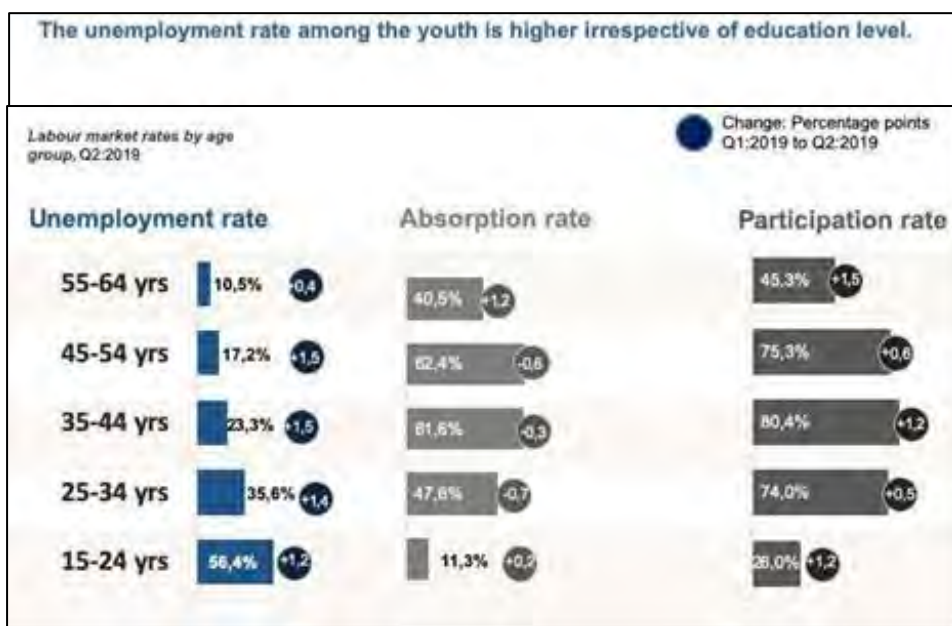
Unemployment

Whereas consumer price inflation outcomes were very positive during the past few years as indicated above, the same was not true with respect to employment outcomes. During this period low employment growth rates were experienced giving rise to increasing levels of unemployment which in turn resulted in increased misery among many consumers and households in South Africa.

Unemployment has increased during the past few years. While the official unemployment rate increased from about 23% in 2009 to nearly 30% in 2019, the expanded unemployment rate increased from less than 29% in 2009 to nearly 40% in 2019.



Not everybody is equally negatively affected by unemployment in South Africa. It appears from the following figure that the youth are specifically hardest hit by unemployment. The figure also shows that 56.4% of economically active youth aged 15 to 24 are unemployed while 35.6% of the youth aged 25 to 34 are unemployed. The highest levels of youth unemployment are found among youth with a matric qualification or lower.



Forecast of key economic variables

The following dynamics appear from an economic forecast conducted by Unisa’s BMR:

- There is a low economic growth environment in 2019 with growth picking up marginally during 2020 to 2022.
- Low employment growth will realize throughout the forecast period driven by both low economic growth rates as well as low growth-employment elasticity rates.
- Low and very skew household income growth will be experienced driven by low economic growth rates, structural imbalances between labour supply (and here especially with respect to skills) and labour demand.
- As higher levels of growth return over the forecast period, the growth in demand will have some inflationary effects which will be well managed by the SA Reserve Bank.
- A further weakening of the rand against the US Dollar and The Euro is being expected driven by a large number of reasons including an international flight to the US dollar and Euro as international economic storm clouds appear on the horizon, as international investment in the South African economy wanes due to low international investor confidence in the South African economy (and some other emerging market economies).

Economic variable	2019	2020	2021	2022
Real GDP (%)	0.6	1.2	1.7	2.2
Real Private Consumption Expenditure (%)	1.0	1.9	2.2	2.5
Gross Fixed Capital Formation (%)	0.1	2.7	2.3	2.8
R/\$ Exchange Rate (<i>Aver SA Rand per USD</i>)	14.5	14.7	15.3	15.7
Rand/Euro Exchange Rate (<i>Aver SA Rand per EUR</i>)	16.3	16.5	17.2	17.8
Repo Rate (<i>% at year-end</i>)	6.5	6.0	5.75	5.5
Consumer Inflation (%)	4.5	5.1	5.4	5.3
Employment Growth Rate (%)	-0.1	1.0	1.4	1.9
Unemployment Rate (%)	28.5	28.8	28.6	28.3
Salary and Wage Increases (%)	4.1	5.1	5.7	6.1

Household consumption is the single largest contributor to economic activity in South Africa from the expenditure side. As such, the financial health of households and confidence in their prospects are of critical importance.

Expenditure and consumer confidence

The weakness in consumer spending is rooted in various factors such as real disposable income levels, existing household debt and the cost of servicing such debt, access to further

credit, as well as employment prospects, all of which influence the ability and willingness of households to spend. Consumer confidence, which had been weak since the start of 2012, eventually re-entered positive territory at the start of 2018. The spike recorded in the first quarter of 2018 was associated with the so-called “Ramaphoria”, but the optimism proved fleeting as consumer sentiment declined over the remainder of the year as well as in the first quarter of 2019. It showed a marginal increase in the second quarter of 2019, boosted by recent elections and the stabilisation of the country's power supply which likely offset substantial increases in fuels as well as growing unemployment.

Financial health of consumers

The average South African is becoming poorer in real terms when considering the declining trend in real GDP per capita. Since 2014 the real GDP per capita retracted by between 0.1 and 1% each year. Despite well-targeted government policies such as the redistribution of assets, affirmative action, preferential procurement and BBBEE, inequality has remained high. One of the main reasons for the persistence of high inequality in SA is that top income earners have flourished while everyone else has struggled. The gains from market movements have accrued disproportionately to the top earners as the wealthiest groups (taxable income > R800 000 p.a.) can draw on a far broader array of income sources and assets (physical, financial and human), and this has enabled them to flourish even as economic growth has slowed. A study conducted by AfrAsia determined that South Africa has the largest wealth market in Africa and stands at 31st on a worldwide level. Given the skewed income and wealth distributions and that the levels of wealth are expected to continue to grow in the future, the expectation for consumers is that the rich will be getting richer and the poor will most probably remain in poverty. A large portion of the South African population remain in poverty. Chronic poverty is associated with poor education (less than a matric), larger households, female-headed households (which also tend to be single-parent households), unemployment, geographic location and race. The primary purpose of the national poverty lines is to provide a tool for the statistical measurement of money-metric poverty. Three poverty lines have been determined by Statistics South Africa:

- The food poverty line is now R561 per person per month. This refers to the amount of money that an individual will need to afford the minimum required daily energy intake. This is also commonly referred to as the “extreme” poverty line;

- The lower-bound poverty line is now R810 per person per month. This refers to the food poverty line plus the average amount derived from non-food items of households whose total expenditure is equal to the food poverty line;
- The upper-bound poverty line is now R1 227 per person per month. This refers to the food poverty line plus the average amount derived from non-food items of households whose food expenditure is equal to the food poverty line.

Literacy and numeracy

In his February 2019 State of the Nation Address (SONA), President Cyril Ramaphosa announced the introduction of a second year of early childhood development (ECD) for all children before they enter grade 1. It was also announced that the responsibility for ECD centres will be shifted from the Department of Social Development to the Department of Basic Education. In the June SONA, the President Ramaphosa positioned ECD as an important job-creation arena, pledging that Government will seek to ensure that “young people are employed in social economy jobs such as early childhood development and health care” through avenues such as the National Youth Service. Both of 2019 SONA addresses placed emphasis on reading ability, for which ECD is a vital enabler. In the June SONA, this aspect was emphasised with the objective of: “ensuring that within the next decade every ten-year-old South African child can read”.

In her 2019 Budget Speech, Department of Basic Education Minister Angie Motshekga, re-stated this commitment to ECD, stating that the Department’s number 1 priority for the year is “Improving the foundational skills of literacy and numeracy, especially “Reading with meaning”, straddling the ECD to end of the Intermediate Phase at Grade 6, which should be underpinned by a Reading Revolution.” She also revealed a new project called the Systemic Improvement of Language and Numeracy in Foundation Phase, with a budget allocation of R59.5 million for the financial year.

Fourth Industrial Revolution and South Africa’s response

The Fourth Industrial Revolution (4IR) can be described as the advent of “cyber-physical systems” involving entirely new capabilities for people and machines²². It is reliant on the technologies and infrastructure of the Third Industrial Revolution and represents entirely new ways in which technology becomes embedded within societies and even our human bodies. Some of the major developments include artificial intelligence (AI), robotics, the Internet-of- Things (IoT), 3D printing, drones and autonomous vehicles (AVs). The IoT comes with increased exposure to cyber-related threats that must be managed in the future through improved data-security measures. In his State

of the Nation Address, President Cyril Ramaphosa announced the establishment of the Presidential Commission for the Fourth Industrial Revolution Commission (PC4IR). The commission's inaugural meeting was held during July 2019. Critical to note that government sees 4IR as an opportunity for harnessing and pursuing opportunities for inclusive growth and social development. There are six main work streams that this Commission will focus on:

- Infrastructure and resources
- Research, technology and innovation
- Economic and social impact
- Human capital and the future of work
- Industrialisation and commercialisation
- Policy and legislation

Certain changes in the South African school system are also expected in order to empower and equip the next generation with the necessary skills to function in the 4IR. The South African government has committed to a 'skills revolution' with the aim to train one million young people in data science related subjects and skills by 2030. To this end, the Department of Basic Education has trained 43 774 teachers in computer skills and will start training teachers for the new coding curricula. Part of the implementation plan is to target specific ordinary public schools that will be transformed into technical high schools. Eight new subjects will also be introduced in South African schools over the next few years.

Major predictions in changes/advances in technology

- The evolution of the smartphone.
- 5G Becomes the new standard.
- Proposed regulation of tech platforms from all angles (EU and US specifically).
- Blockchain becomes more mainstream.
- Digital Transformation increasingly being taken over by non-tech leaders (i.e. CEO, CMO, COO) passionate about modernising business.
- Artificial intelligence (AI) will become increasingly present in the world of cybersecurity.
- Assistant-enabled microphones in all devices around the home.

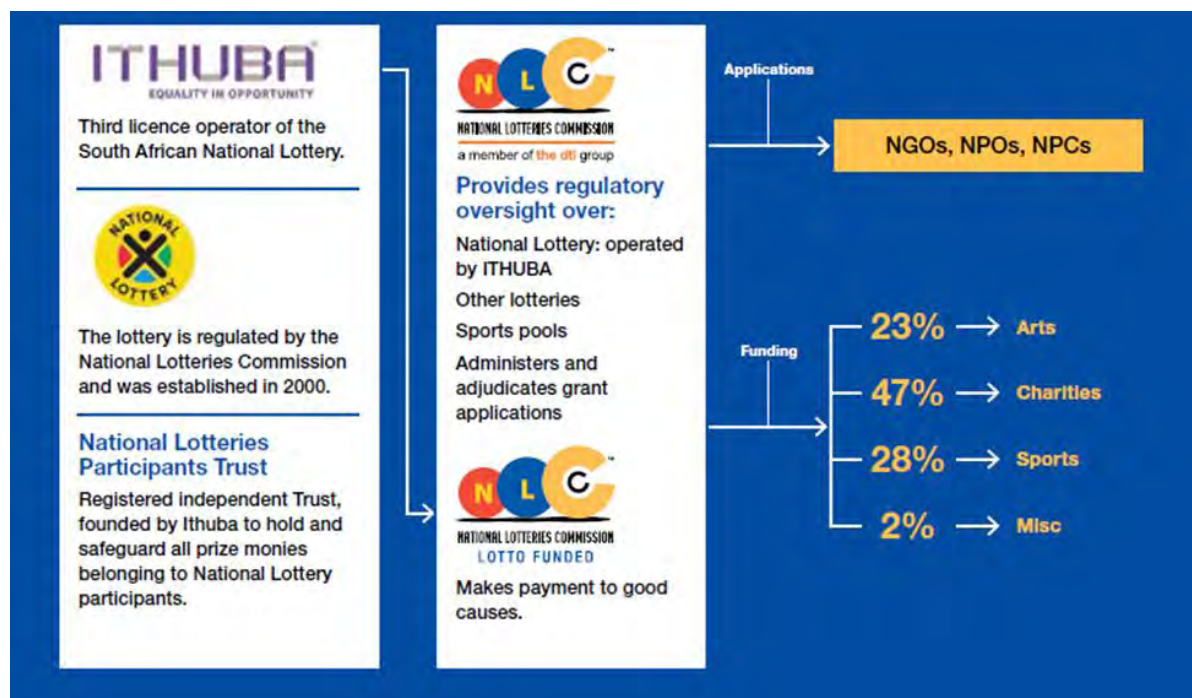
The Climate Crisis

For the first time ever in human history, atmospheric carbon dioxide, the gas most responsible for global warming, is at a terrifying 415 parts per million, a record-breaking surge in atmospheric pollution. Global warming is causing long-lasting changes to our climate system, which threatens irreversible consequences if it is not acted upon. A drastic warming of more than 4 – 6 °C is projected for South Africa over the next few decades, making climate change one of the most important developmental risks to South Africa (economic, social and ecological dimensions). South Africa's National Climate Change Response White Paper (NCCRWP) and the NDP, present a vision for an effective response to climate change. The NCCRWP and NDP address the immediate and observed threats of climate change to the country's society, economy and environment and provide the basis for tracking South Africa's transition to a climate resilient society and lower carbon economy.

Extensive work has been done to translate the National Climate Change Response Policy into practical action, including the introduction of a Climate Change Act. The Minister of Environmental Affairs also published a draft National Climate Change Adaptation Strategy for public comment during May 2019. This is central in attaining the National Climate Change Response Policy objective of effectively managing the impact of climate change. The establishment of a Presidential Climate Change Commission, which was proposed as part of agreements reached at the 2018 Jobs Summit, have also been confirmed and will become a key platform for facilitating South Africa's 'just transition' to a low-carbon economy. The Department of Environmental Affairs has furthermore released three climate change reports, of which the latest provides information for 2017.

4.2 Internal Environment

As an independent body that serves the public interest with integrity and professionalism, the NLC creates value by carrying out two primary activities as demonstrated by the operational mandate illustrated below:



The NLC has a national footprint with 9 provincial offices and a total staff complement of 307 employees. The NLC is mandated by legislation to regulate, monitor and police lottery operations in South Africa and to protect lottery operations from illegal schemes, protect winners' prize monies, implement measures to prevent under-age and excessive play and ensure responsibility. Our value-creation starts with the ordinary South African who become participants when they purchase a lottery ticket. The National Lottery Operator, Ithuba runs the national lottery and collects the proceeds from the sale of tickets and transfers it to the NLPT. The NLPT, a legal entity constituted in terms of a Trust Deed, holds all monies raised by the operator and distributes it in two ways:

- To ordinary South Africans with winning lottery tickets;
- With 27% of ticket sales and unclaimed and expired prize money transferred to the NLDTF to fund deserving projects.

The NLC is also mandated to distribute funds in a way that strategically supports the objectives of the National Development Plan (“NDP”). The NLC carries activities to ensure that funds are distributed to worthy good causes. Prospective projects apply through an open call mechanism. Funding is also granted proactively to projects initiated by the Commissioner, Minister or broad-based research. Decisions on grants are made through committees known as the Distributing Agencies.

REGULATORY COMPLIANCE

Regulatory Compliance is the cornerstone of the NLC, holding in custody, the primary mandate of the organisation being that of a Regulator. The NLC’s mandate to regulate all lotteries and sports pools with integrity and ensure protection of all participants is realised through the activities of the Division. The NLC’s regulatory mandate continues to be one of the main priority areas, focusing on monitoring compliance and performance of the National Lottery Operator and Sports Pools against the Amended Lotteries Act and Licence Agreement.

The NLC ensures optimum and balanced regulation of lottery operators through the Regulatory Compliance model depicted below:



NLC Regulatory Model

Regulating the National Lottery Operator:

The National Lottery comprises of various games of chance, and is mainly built on integrity, which is the main objective of our regulatory work to ensure that the integrity and reputation of the National Lottery is maintained.

Participant Protection:

The protection of lottery participants further remains top of our agenda for the reviews that we conduct to ensure adherence to the Act and Licence Agreement by the Operator; coupled with the NLC's legislative mandate outlined in the Act to ensure that:

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

The political, social and economic circumstances and uncertainty on how these environments are affecting the operations of the National Lottery have contributed to the need to explore the participation and attitudes of the general public of South Africa regarding the National Lottery. This priority was set by the National Lotteries Commission at the end of 2018 in support of the need to constantly monitor the changing preferences, attitudes and participation levels of lottery players among the general public.

Against this background, the Bureau of Market Research Proprietary Limited (BMR) of the University of South Africa (Unisa) was commissioned by the NLC to conduct a national representative survey on the attitude, behaviour and participation levels of South Africans in lottery activities and sport pools. In addition, the study aimed to determine the propensity to gamble/play lotteries as well as the extent of household expenditure displaced to gambling/lotteries. To achieve the study objectives, a hybrid of research methods was applied to collect information from 3 090 households across all nine provinces of South Africa. These included internal and external secondary and primary data collection methods that were co-designed in a complementary style to address the research objectives of the study. Whereas the external secondary research was essential to design the survey questionnaire and the sampling plan for the national survey, the internal secondary research largely serves to estimate the

propensity and redistributive effect of gambling prizes. In turn, the primary research constituted computer-aided telephonic and face-to-face personal interviews proportionally distributed across all nine provinces of South Africa.

This quantitative study was further complemented by qualitative research, inclusive of four group discussion sessions among judgmentally sampled lottery and non-lottery participants in the Gauteng, Limpopo and North West provinces.

Key findings include the following:

- The most common reasons for people playing National Lottery games is to win money to (i) improve their standard of living, and (ii) alleviate high levels of unemployment experienced, which contributes to poverty in urban and rural areas.
- Lottery games are seen to be an easy route for many people to get quick cash to get rich.
- People who participated in National Lottery games were also motivated by the contribution of the National Lottery funds for good causes.
- Lotto and PowerBall are the most frequently played games. The relatively higher participation frequency in these games is associated with intensive marketing of the games in the mass media and relatively higher payouts and big jackpot prizes, particularly for PowerBall.
- Participation in games such as Sportstake13 was influenced merely by the interest in sporting activities by participants.
- A general preference for sports games over the lottery games was evident based on the broader betting options and instant payouts of the winnings offered by sports games. The fun element of betting on sports games was also highlighted as reason among those preferring these types of games.
- Inherently low levels of awareness in 'other' National Lottery games (Sportstake 13, Eaziwin, Raffle, Pick 3 and Rapido) were associated with poor marketing of the games, which was cited as the primary reason for the relatively low and/or non-participation in these games.
- Big jackpots attract a considerable number of participants from all walks of life, thus spending on big jackpot tickets is relatively higher than smaller jackpot prizes.
- There is a lot of scepticism regarding the odds of winning National Lottery games.
- There was a general consensus that the odds of winning the Lotto and PowerBall games are very slim particularly for more than three numbers. A number of questions were raised

regarding the odds of winning the jackpot and the distribution of winnings thereof. The odds of winning the jackpot were seen to be extremely low if not impossible, and that raised much suspicion, particularly in cases where very few people win with many numbers while the majority win with a few numbers (such as three numbers), which goes hand-in-hand with meagre payouts.

- The odds of winning with more than three numbers in the lottery were almost non-existent.
- Alternative strategies to mitigate the perennial downside of the National Lottery games associated with lower odds of winning came through strongly and were notable in various ways, including the suggestion to reduce the betting numbers (eg from 52 to 40), allocation and distribution of higher prizes (such as the jackpot prize), to lower winning numbers such as to three numbers (increasing the stake) instead of one person winning the entire jackpot prize.
- A sense of mistrust towards the National Lottery is apparent with participants indicating that they become downhearted by always losing.
- Efforts to provide any form of advice to the NLC to increase the chances of winning are regarded as a pointless exercise.
- The majority of participants in the focus groups were not aware of the Lotteries Act nor the NLC and its role. The lack of awareness of the NLC was attributed to the lack of interest in other gaming aspects except to win money.
- The majority of participants in all focus groups were of the opinion that National Lottery games are affordable.
- Some participants of the focus groups felt strongly that due to the nature of National Lottery games the likelihood of becoming addicted were very slim.
- The time it takes to play (buying a ticket and waiting for the draw in the evening) leads to less frequent play, which is highly unlikely to lead to addiction.
- Interestingly, there were counter-arguments in this regard with some participants being of the opinion that increasing the frequency of play and the amount spent to increase the chances of winning, especially after winning small amounts, may lead to addiction.
- It was also mentioned that people become obsessed with numbers (always thinking about the numbers), which may adversely affect their daily activities (such as poor levels of productivity at work).
- It was further emphasised that winning smaller prizes may trigger a desire to start spending more money to increase the chances of winning big jackpots resulting in irresponsible behaviour.

To improve trust in the National Lottery, enhance participation in National Lottery games and attract new participants, the NLC aims to promote transparency and fairness in the system and methods used to draw winning Lotto and PowerBall numbers and the elimination of the long time-interval before the draw of winning numbers as an assurance that there is no manipulation of winning numbers through the established “Education and Awareness” mechanism.

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

- ensuring that the Operator pays prizes promptly by conducting regular reviews of payments to prize winners;
- protecting players against possible fraud, by checking that the Operator implements appropriate security measures to verify the identity of winners who claim prizes;
- conducting reviews to ensure that the Operator protects the anonymity of winners, in line with the Licence requirements;
- approving and monitoring descriptions and procedures for key processes;
- ensuring that clear information is available to players, including information on games available, how to play and how to claim prizes;
- developing an Alternate Dispute Resolution Strategy to address the handling of complaints from players should they be unhappy with the service they have received from either a Retailer, Operator and the NLC, after having exhausted the complaints handling procedures;
- ensuring that there are controls in place to protect players against excessive play; and
- ensuring that there are controls in place to protect against underage play.

Society and other lotteries

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

Competition for the National Lottery

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

Illegal Lotteries

There is a general consensus that business innovation is always advancing at lightning speed and regulation is often-times playing catch-up. It emerged that regulation was not seen as the complete solution to deal with illegal lotteries, and alternative approaches to restrict illegal lotteries had to be identified through conducting research. The comprehensive *“Impact of Illegal Lotteries”* (2016) study documented the proliferation of illegal lotteries in the country. It included an analysis of totalisators offering sports pools, fahfee, bookmakers offering fixed odd bets on the outcome of a lottery, some promotional competitions, bets placed on international lotteries and lottery scams. According to the study, the amount typically lost to the economy equates to R6 billion per annum. Historically, the NLC took punitive action against the operators of these illegal lottery schemes. However, NLC has considered the possibility of legalising and licensing some additional

lottery schemes. In this way, to adapt the famous US anti-prohibition saying to our current purpose, we hope to bring popular but illegal games “out of the underground and into the sunlight” where they can be appropriately monitored and regulated. In this way, the reputation and integrity of the National Lottery can best be protected, whilst revenues for the National Lottery and for good causes are maximised. This subsequently led to the “*Feasibility Study on the Regulation of Illegal Lotteries*”. In essence, the study gives rise to a number of recommendations, including amending the current legislation; blurred lines of regulatory responsibility and jurisdiction between the lotteries and gambling legislation; and the consideration of new regulatory approaches.

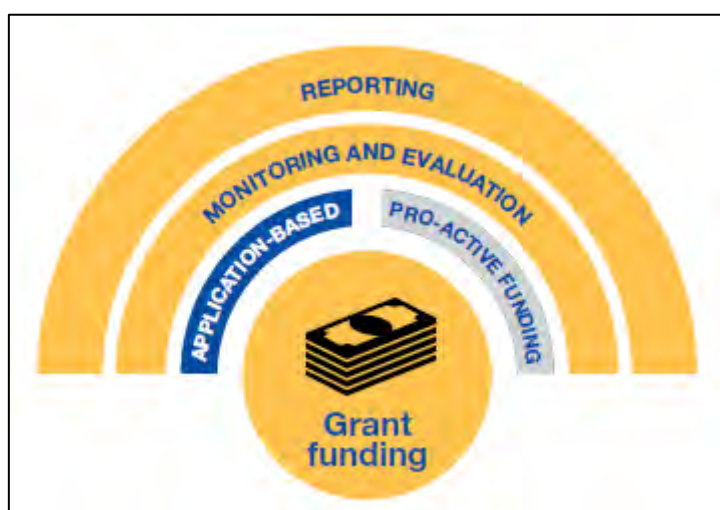
Investigations

Illegal lotteries and Promotional competitions, which are regulated under the Consumer Protection Act, taking the form of lotteries, have been the subject of investigations. Operators of these activities who are found to be in contravention of the Lotteries Act are issued warning letters, letters of demand, and mostly signed undertakings to cease with their operations and properly register their lotteries, where applicable. Promotional competitions are always difficult to regulate, as they are both a form of lottery and a tool to promote business. Section 36 of the Consumer Protection Act (CPA) defines promotional competitions as “any competition, game, scheme, arrangement, system, plan or device for distributing prizes by lot or chance”. This definition applies regardless of whether participants need to demonstrate any skill or ability in order to win a prize. Due to the element of chance, promotional competitions are often categorised as lotteries or gambling. The massive expansion in social media in South Africa has made promotional competitions an increasingly popular way for businesses to interact with potential customers. Promotional competitions may not charge a consideration or subscription as a condition of entry. As such, they are not supposed to compete with the National Lottery and are not intended to be money-making schemes in their own right. The Impact of Illegal Lotteries study confirmed that this does not always occur, and that many promotional competitions “either charge too high an entry fee, sell more than the allowed number of tickets, or have a prize where the value exceeds a prescribed limit. As a result, these promotional competitions are being run more for commercial gain than for promotional purposes” (NLC 2016: 38). It is clear that promotional competitions are abused, and that many illegal schemes are offered under the guise of promotional competitions. Some form of regulation is needed to protect consumers from this abuse.

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

GRANT MAKING

Grant Funding Department is responsible for ensuring that grants are administered efficiently and economically. The Grant Funding Model is designed to promote and support the NLC’s strategic mandate by responding to socioeconomic problems and leverage on opportunities through strategic funding. The key principle of the NLC’s funding model is to utilise NLC capitals to create opportunities for communities to realise their potential. The funding model is driven by an overall objective to Fund for Impact to maximise return on limited resources.



NLC's Grant Funding Model

For the previous financial period, continuous improvement in monitoring evaluation tools resulted in a total of 2 847 monitoring site visits being conducted. A total of 25 943 jobs were created during the financial year of which 19 200 were permanent jobs and 16 743 temporary employments. In terms of social groups, 20 238 were Adults, 5 077 Youth and 429 jobs were

created for people with disabilities. The Arts sector had the highest number of jobs created at 13 148. NLC funding has yielded economic benefits to our direct and secondary beneficiaries. The monitoring and evaluation unit of the NLC not only measures the impact of funding and appropriate utilisation of funds also focuses on capacitation of beneficiaries assisting them to properly implement their projects. The NLC also relies on services of independent engineers to monitor and provide quality assurance on infrastructure related projects.

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

The NLC prides itself on the attraction of a skilled and experienced work force. Aligned to the commitment to be a better regulator and beneficiary centric funder, the entity has embarked on investing in the upskilling of critical positions to improve efficiencies. The establishment of the Grant Funders Professional Standards in partnership with tertiary institutions and other funding organisations remains a focal point. Moreover, NLC has realised the impact and the looming changes as a result of the 4th IR. On the whole governments will increasingly face pressure to change their current approach to public engagement and policymaking, as their central role of conducting policy diminishes owing to new sources of competition and the redistribution and decentralization of power that new technologies make possible.

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

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

But such an approach is no longer feasible. Given the 4th IR’s rapid pace of change and broad impacts, legislators and regulators are being challenged to an unprecedented degree. The primary question is about how regulators and legislators can preserve the interest of the consumers and the public at large while continuing to support innovation and technological development. The general consensus is that entities need to embrace “agile” governance, just as the private sector has increasingly adopted agile responses to software development and business operations more generally. This means regulators must continuously adapt to a new, fast-changing environment, reinventing themselves so they can truly understand what it is they are regulating. To do so, governments and regulatory agencies will need to collaborate closely with business and civil society.

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

PART C:
MEASURING OUR
PERFORMANCE

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5. Institutional Programme Performance Information

Programme 1	Administration & Business Support
Purpose	To ensure that the NLC remains a professional and sustainable organisation with innovative and agile frameworks, systems and standards that are globally competitive.

Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited / Actual Performance			Estimated Performance	MTEF Period		
			2016/17	2017/18	2018/19	2019/20	2020/2021	2021/22	2022/23
A professional and sustainable organization	Investing in our People by enhancing skills and creating the right environment	1.1 Developed and implemented a People Strategy which is fit for the future	-	-	-	-	People Strategy developed and implemented	Implementation of the People Strategy	Implementation of the People Strategy
	Organisational Agility and efficiency	1.2 Redefinition and implementation of the Knowledge Management Strategy	Strategy developed	Knowledge Hub (talk to us) developed	-	-	Knowledge Management Strategy defined and implemented	Implementation and monitoring of the platform	Implementation and monitoring of the platform

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited / Actual Performance			Estimated Performance	MTEF Period		
			2016/17	2017/18	2018/19	2019/20	2020/2021	2021/22	2022/23
	Education & Awareness activities focussed on the Regulatory Mandate	1.3 Number of regulatory educational instruments implemented	54 stakeholder engagements conducted	182 stakeholder engagements conducted	187 stakeholder engagements conducted	12 stakeholder engagements conducted	Deliver 20 interactive engagements/publications on regulatory related activities	Deliver 30 interactive engagements/publications on regulatory related activities	Deliver 40 interactive engagements/publications on the NLC
	Research & Development to measure stakeholder satisfaction	1.4 Deliver a stakeholder perception survey with an action plan on raising standards	-	-	-	-	Stakeholder perception survey concluded, and action plan approved by the Board	Implementation of the action plan	Monitoring of the interventions as per the action plan
Innovative and agile frameworks, systems and standards that are globally competitive	Awarding of the 4th National Lottery Licence	2.1 Develop the 4 th National Lottery Licence Strategy	-	-	-	-	4th RFP Licence Strategy developed and approved by the Board	Issue the draft invitation of the 4 th RFP	Evaluation and awarding of 4 th National Lottery Licence
	Innovation & technology to match regulatory monitoring mechanisms to lottery technology	2.2 Identify and implement independent monitoring tool/s for regulatory activities	Phase 2 of the ERP	Integration of ERP	Online portal developed	Regulatory functions integrated on the ERP	Independent monitoring tools/system of regulatory activities developed and implemented	Monitoring & reporting of the regulatory tool/system	Monitoring and reporting of the regulatory tool/system

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited / Actual Performance			Estimated Performance	MTEF Period		
			2016/17	2017/18	2018/19	2019/20	2020/2021	2021/22	2022/23
	Optimise returns to good causes	2.3 Deliver a strategy on maximising returns to good causes	-	-	-	-	Revenue maximisation strategy developed and approved by the Board	Implementation of the approved strategy	Implementation and assessment of the approved strategy
	Organisational Compliance	2.4 Obtain a Level 6 BBBEE score	-	-	BBBEE Level 8	BBBEE Level 7	Level 6 BBBEE score achieved	Level 5 BBBEE score achieved	Level 4 BBBEE score achieved

Indicators, Annual & Quarterly Targets

Output Indicator	Annual Target	Q1	Q2	Q3	Q4
1.1 Developed and implemented a People Strategy which is fit for the future	People Strategy developed and implemented	Establish and analyse current people landscape. Map the organisational needs against the gap analysis	Develop the strategy for Board Approval	Implement the approved strategy	Implement the approved strategy
1.2 Redefinition and implementation of the Knowledge Management Strategy	Knowledge Management Strategy redefined and implemented	Consolidation of the Audit & Analysis of NLC knowledge	1 st draft of the redefined strategy presented to Exco	Pilot Phase 1 of the strategy	Implement Phase 1 the strategy

Output Indicator	Annual Target	Q1	Q2	Q3	Q4
1.3 Number of regulatory educational instruments implemented	Deliver 20 interactive engagements/publications on regulatory related activities	5 interactive engagements/publications	5 interactive engagements/publications	5 interactive engagements/publications	5 interactive engagements/publications
1.4 Deliver a stakeholder perception survey with an action plan on raising standards	Stakeholder perception survey concluded, and action plan approved by the Board	Develop ToR and appoint the Service Provider	Implement Survey	Implement Survey	Table report to the Board for approval
2.1 Develop the 4 th National Lottery Licence Strategy	4th RFP Licence Strategy developed and approved by the Board	Conclude engagements and research to inform the strategy	Conclude legislative implications to inform the strategy	Development of the 4 th Lottery Licence strategy	Table the strategy to the Board for approval
2.2 Identify and implement independent monitoring tool/s for regulatory activities	Independent monitoring tools/system of regulatory activities developed and implemented	Research and benchmarking of available options	Develop tool	Develop tool	Implement tool
2.3 Deliver a strategy on maximising returns to good causes	Revenue maximisation strategy developed and approved by the Board	Develop ToR and appoint Service Provider	Develop Strategy	Develop Strategy	Table the strategy to the Board for approval
2.4 Obtain a Level 6 BBBEE score	Level 6 BBBEE score achieved	Develop Action Plan to achieve the Level 6 certification	Implementation of Action Plan	Implementation of Action Plan	Obtain Level 6 BBBEE certification

Programme 2	Regulatory Compliance
Purpose	To ensure that the trust and integrity of the lottery landscape is maintained through exercising our regulatory oversight in enforcing safe and sustainable lotteries and sports pools.

Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited / Actual Performance			Estimated Performance	MTEF Period		
			2016/17	2017/18	2018/19	2019/20	2020/2021	2021/22	2022/23
Safe and sustainable lotteries and sports pools	Fair and safe national lottery	3.1 Implement the National Lottery monitoring matrix	Compliance with licence conditions monitored	Compliance with licence conditions monitored	Compliance with licence conditions monitored	Compliance with licence conditions monitored	Implementation of the National Lottery Monitoring Matrix	Implementation of the National Lottery Monitoring Matrix	Implementation of the National Lottery Monitoring Matrix
	Fair and safe sports pools	3.2 Implement the Sports Pool monitoring matrix	-	-	-	-	Implementation of the Sports Pool Monitoring Matrix	Implementation of the Sports Pool Monitoring Matrix	Implementation of the Sports Pool Monitoring Matrix
	Enforcement Policy for regulating the national lottery by providing a framework for	3.3 Develop and implement the Enforcement Policy in relation to the National Lottery	-	-	-	-	National Lottery Enforcement Policy developed and implemented	Implementation of the Enforcement Policy	Implementation of the Enforcement Policy

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited / Actual Performance			Estimated Performance	MTEF Period		
			2016/17	2017/18	2018/19	2019/20	2020/2021	2021/22	2022/23
	the decisions made								
	Protecting the interests and preventing harm to participants	3.4 Develop the Responsible Play and Complaints Resolution Strategy	-	-	Developed the Participant Protection Strategy	9 Participant Protection Programs implemented	Responsible Play and Complaints Resolution strategy developed and approved by the Board	Implementation and monitoring of the Strategy	Implementation and monitoring of the Strategy
	Retailer Inspections to ensure the integrity of the National Lottery	3.5 Number of retailer inspections conducted nationally	-	-	-	-	600 retailer inspections conducted	800 retailer inspections conducted	1000 retailer inspections conducted
	Protecting the interests and preventing harm to participants	3.6 Percentage investigations on reported and identified lottery schemes	78% of all identified and reported lottery schemes investigated	96% of all identified and reported lottery schemes investigated	100% of all identified and reported lottery schemes investigated	100% of all identified and reported lottery schemes investigated	Conduct investigations on 100% of all identified and reported lottery schemes	Conduct investigations on 100% of all identified and reported lottery schemes	Conduct investigations on 100% of all identified and reported lottery schemes

Indicators, Annual & Quarterly Targets

Output Indicator	Annual Target	Q1	Q2	Q3	Q4
3.1 Implement the National Lottery monitoring matrix	Implementation of the National Lottery Monitoring Matrix	Implement the National Lottery Monitoring Matrix	Implement the National Lottery Monitoring Matrix	Implement the National Lottery Monitoring Matrix	Implement the National Lottery Monitoring Matrix
3.2 Implement the Sports Pool monitoring matrix	Implementation of the Sports Pool Monitoring Matrix	Implement the Sports Pool Monitoring Matrix	Implement the Sports Pool Monitoring Matrix	Implement the Sports Pool Monitoring Matrix	Implement the Sports Pool Monitoring Matrix
3.3 Develop and implement the Enforcement Policy in relation to the National Lottery	National Lottery Enforcement Policy developed and implemented	Research & Benchmarking of best practices	Develop the National Lottery Enforcement Policy for Board approval	Implement and report on the National Lottery Enforcement Policy	Implement and report on the National Lottery Enforcement Policy
3.4 Develop the Responsible Play and Complaints Resolution Strategy	Responsible Play and Complaints Resolution strategy developed and approved by the Board	Research & Benchmarking	Develop the Strategy	Develop the Strategy	Table the Strategy to the Board for approval
3.5 Number of retailer inspections conducted nationally	600 retailer inspections conducted	150 retailer inspections conducted	150 retailer inspections conducted	150 retailer inspections conducted	150 retailer inspections conducted
3.6 Percentage investigations on reported and identified lottery schemes	Conduct investigations on 100% of all identified and reported lottery schemes	Conduct investigations on 80% of all identified and reported lottery schemes	Conduct investigations on 85% of all identified and reported lottery schemes	Conduct investigations on 95% of all identified and reported lottery schemes	Conduct investigations on 100% of all identified and reported lottery schemes

Programme 3	Grant Making
Purpose	Supporting a sustainable and impactful civil society sector to boost economic growth, inclusion and to enable meaningful transformation.

Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited / Actual Performance			Estimated Performance	MTEF Period		
			2016/17	2017/18	2018/19	2019/20	2020/2021	2021/22	2022/23
A sustainable and impactful civil society sector	Percentage of funding to identified priority areas to ensure impact	4.1 A minimum of 90% to identified priority areas					90% of funds allocated to identified priority areas	95% of funds allocated to identified priority areas	100% of funds allocated to identified priority areas
	A revised Grant Funding Model aligned to the developmental needs of South Africa	4.2 Alignment of the approved Grant Funding Model	100% of Grant Funding Model implemented	Impact evaluation study	Impact evaluation study	Revised Grant Funding Model approved by the Board	Alignment of the enhancements of the revised Grant Funding Model	Implementation of the aligned Grant Funding Model	Implementation of the aligned Grant Funding Model
	Monitoring and Evaluation of the projects we fund	4.3 Conduct 1400 monitoring and evaluation site visits	1814 site visits	2333 site visits	2847 site visits	2500 site visits	1400 M&E site visits conducted	1500 M&E site visits conducted	2000 M&E site visits conducted

	Legitimation of the NLC's relationship with Agents assisting applicants	4.4 Number of funding agents registered and accredited	-	-	-	-	Register and accredit 10 funding agents	Register and accredit 15 funding agents	Register and accredit 20 funding agents
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Indicators, Annual & Quarterly Targets

Output Indicator	Annual Target	Q1	Q2	Q3	Q4
4.1 A minimum of 90% to identified priority areas	90% of funds allocated to identified priority areas	90% of funding to identified priority areas	90% of funding to identified priority areas	90% of funding to identified priority areas	90% of funding to identified priority areas
4.2 Alignment and delivery of the revised Grant Funding Model	Alignment of the enhancements and delivery of the revised Grant Funding Model	Develop Action Plan and table to Exco for approval	Implement action plan	Implement action plan	Delivery of the aligned grant funding model
4.3 Conduct 1400 monitoring and evaluation site visits	1400 M&E site visits conducted	Conduct 350 M&E site visits	Conduct 350 M&E site visits	Conduct 350 M&E site visits	Conduct 350 M&E site visits
4.4 Number of funding agents registered and accredited	Register and accredit 10 funding agents	Appointment of the project team and the development of the policy	Issue the call for agents	Awareness campaign and the induction of agents	Accreditation of agents

6. Explanation of Planned Performance over the Medium-Term Period

Programme 1: Administration and Business Support

The National Lottery operates within a dynamic environment that is characterized by the rapidly changing technological advancements, and a competitive gaming industry that is subject to the entry of new and innovative gaming modes, as well as constant changing gaming attitudes and behavioural patterns among the punters. In this regard it is important for the NLC to keep abreast of the technological changes and also be proactive and innovative in terms of product development to remain relevant in the regulation of the industry.

The NLC demonstrates soundness in terms of ensuring employment equity and currently demonstrates more female employees than their male counterparts. The organisation also boasts a 4% staff complement comprising of persons with disabilities. It is envisaged that work in this area shall continue to ensure that both women and PWD are always prioritised.

Institutional knowledge coupled with data that the organisation is the custodian of, must be arranged such that it enables better decision making and safeguards information. The Fourth Industrial Revolution (4IR) can be described as the advent of “cyber-physical systems” involving entirely new capabilities for people and machines. Government sees 4IR as an opportunity for harnessing and pursuing opportunities for inclusive growth and social development. This has a direct bearing on both mandates of the NLC.

Consistent engagement (both direct and indirect) with our stakeholders assists with our planning and related interventions - as not only does it track satisfaction levels amongst stakeholder groups but also provides direction in terms of areas of improvement. Historical trends within the NLC has demonstrated that the medium of “education and awareness” engagement sessions with stakeholders results in effective information dissemination even to grassroots level. It is imperative that the NLC strengthen its marketing campaign regarding the South African lottery. In this campaign the focus should be on encouraging people to participate in the national lottery, to inform people about participant protection, the good uses of lottery funds with an emphasis on how peoples’ lives have been positively impacted by the lottery as well as legal and illegal lottery activities.

The Lotteries Act, as Amended clearly distinguishes the functions of regulator of the Lottery from those of distribution of its proceeds to ensure that the lottery is conducted properly, interest of all participants are protected, and the proceeds that are available for good causes

benefiting under the Act are as great as possible. The Act makes provision for the regulator of the lottery to award a license to the lottery operator, and also make payments of funds to the National Lottery Distribution Trust Fund (NLDTF). The lottery operator's licence is awarded following a bidding process which is subject to a detailed evaluation of the applicants to ensure that the successful operator is fit and proper to run the lottery in line with the statutory objectives. Delivering the 4th National Lottery License is an intense process and work must commence immediately to ensure a seamless transition with minimal / no impact to the public.

Strongly linked to the licence and the related impact on funding worthy good causes is the aspect of revenue maximisation which cannot be negated in effectively fulfilling our dual mandate. The NLC will further focus on ensuring organisational compliance to all applicable laws and legislation in the MTSF.

The combination of outputs in this programme will position the NLC to execute both mandates to ensure a safe and sustainable lottery industry for maximum economic and social impact.

Programme 2: Regulatory Compliance

The developments in the gaming and lottery industry have an influence on the regulatory environment of the lotteries and also contributed to the amendment of the Lotteries Act 57 of 1997. Provisions made in the Lotteries Amendment Act No.32 of 2013 had an impact on the NLC regulatory, functional and governance role namely: amendment of certain definitions; to provide for 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 professionalization 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; and to provide for matters connected therewith.

The outputs in this programme aim to uplift the regulatory function of the organisation to give direct impetus to the Board's directive. It further serves to reinforce the NLC's existence to safeguard participants and the wider public by effectively regulating the lottery industry. The approach will enable the NLC to respond to emerging risks and issues whilst constantly seeking ways to drive up standards. This is especially important due to the challenges and

opportunities online gaming and smartphone technology is bringing to the sphere. Protecting children and the vulnerable from being harmed or exploited by gaming continues to be a priority as demonstrated through the piloting of retailer verification visits. Subject to consultation, we will introduce alternate dispute resolution channels by introducing independent providers who meet our standards.

The outputs in this programme are intended to improve the way we regulate. The combination of outputs in this programme will position the NLC to execute the regulatory mandate to ensure a safe and sustainable lottery industry for maximum economic and social impact.

Programme 3: Grant Making

A large portion of the South African population remains in poverty. The youth are specifically hardest hit by unemployment. 56.4% of economically active youth aged 15 to 24 are unemployed while 35.6% of the youth aged 25 to 34 are unemployed. The highest levels of youth unemployment are found among youth with a matric qualification or lower. While the official unemployment rate increased from about 23% in 2009 to nearly 30% in 2019, the expanded unemployment rate increased from less than 29% in 2009 to nearly 40% in 2019. This is just one aspect we consider when formulating our priority areas. Extensive research is conducted nationally to inform where the need is the greatest. Our approach this year is aligned to the integrated framework of national government in that our focus has shifted from measuring our impact in terms of numbers. For the MTSF period, the NLC will focus on measurable and impactful outcomes. Our revised strategy entails the identification of outcomes that we intend to achieve which will be mapped to the priority areas. The process requires alignment of the entire value chain and work has already commenced in this regard.

The revised and improved grant funding model will play a significant impact in meeting the development needs of our country. Some of the recommendations emanating from the research thus far includes a simplified process and reduction in bureaucracy. The alignment of the revised model to business processes must also factor in the proposed legislative amendments that will be presented to the Executive Authority after due consideration and approval from the NLC Board.

Monitoring and evaluation is critical in assessing the impact of our developmental interventions. Whilst it is not the only mechanism we deploy, the tools used are important to measure the outputs (products, capital goods, and services that result from a development intervention. E.g. Number of people trained / Number of workshops conducted) and the

outcomes (The likely or achieved short-term and medium-term effects or changes of an intervention's outputs. E.g. Increased skills / New employment opportunities) and the impact (The long-term consequences of the program, may be positive and negative effects. E.g. Improved standard of living)

Another project we intend to pilot involves the creation of new employment opportunities centred around the NLC's output of formalising and accrediting "agents" that assist prospective applicants with completing proposals for funding. The organisation has been experiencing challenges in this area and resolved to adopt an "enabling" approach by recognising the valuable role the agents play in the field. It was further acknowledged that the agents have a wider reach to rural communities that will advantage the NLC in ensuring their impact to the most deserving groups.

The outputs in this programme are intended to improve the way we fund. The combination of outputs in this programme will position the NLC to execute the funding mandate to ensure a safe and sustainable lottery industry for maximum economic and social impact.

7. Programme Recourse Considerations

NLC's process of preparing its budget is done in accordance to ensure alignment with the strategy and the Annual performance plan outputs. The process factors in the Board of Directors strategic direction; the cascading of these into the divisional planning of core and support business units. The finance division issues comprehensive budget guidelines for the compilation of the budget which is followed by one-on-one sessions with the CFO and team to ensure alignment of the budget with the strategy and APP. Budgets are prepared on an activity-based approach and cost containment measures are always incorporated in the process.

The Board directive to reposition the NLC as a Regulator was incorporated and therefore alignment to the 2020/21 APP and divisional Functional strategies was adequately achieved. Digitalisation, as epitomised in aspects of both the desired impact and outcomes for the NLC, features boldly in the budget as the organisation continues to automate processes in the fourth industrial revolution era.

The Revenue contribution mainly comes from three sources which are as follows:

- 87% from revenue from the operator – NLDTF increased by 2%
- 7% from investment income - Interest Received increased by 3%
- 5% from Unclaimed and expired prize money decreased by 40%

The operator’s revenue has reached historical high since appointment, however the contribution to the NLDTF has remained stagnant over the years. The revenue from the operator is expected to increase marginally by 2% from R 1,610 billion (2019/20) to R1,643 billion.

There is a downward trend in the revenue generated from Society Lotteries which is predominantly attributable to negative economic outlook, which has reduced sponsorships for prizes, which most NPOs depend on when running society schemes. It must be further noted that whilst an “Application for funding” comes at no cost to applicants, they are charged a fee for fund-raising initiatives. The situation is exacerbated by (a) the reluctance/inability of the South African public to donate for good causes, as evidenced by most NPOs when they promote their raffles/competitions; (b) the related cost of advertising, which most NPOs depend on for the success of their society schemes.

Operational expenditure is capped at 30%.

	Budget	Projections	Projections
	2020/21	2021/22	2022/23
	R 000	R 000	R 000
REVENUE	1 905 403	1 927 170	1 958 793
NLDTF	1 643 310	1 651 955	1 668 475
Interest Received	129 543	136 668	144 868
License Signing Fees	2 500	2 500	2 500
Societies & Other Lotteries	50	52	55
Unclaimed and expired prize money	90 000	94 950	100 647
Withdrawals	20 000	20 000	20 000
Interest from the Participants Trust	19 000	20 045	21 248
Sundry Income	1 000	1 000	1 000
EXPENDITURE	1 874 849	1 896 193	1 927 367
Allocations	1 274 782	1 261 270	1 255 390
Advertising & Publicity	43 981	46 620	49 417
Agency Emoluments	1 980	2 099	2 225
Audit Fees	5 025	5 326	5 646
Bank Charges	196	208	221
Board Members Emoluments	11 169	11 840	12 550
Computer Expenses	28 611	30 327	32 147
Conferences / Meetings	3 322	3 522	3 733
Consulting Fees	36 444	38 631	40 949
Courier & Postages	618	655	694

	Budget	Projections	Projections
	2020/21	2021/22	2022/23
	R 000	R 000	R 000
Depreciation	7 054	7 477	7 926
Electricity, water, rates & taxes	4 035	4 277	4 533
Refreshments & Catering	2 699	2 861	3 033
General Expenses	654	693	735
Insurance	893	946	1 003
Legal Fees	25 000	26 500	28 090
Motor Vehicle Expenses	1 800	1 908	2 022
Outsourced services	13 710	14 532	15 404
Print & Stationery	3 856	4 087	4 332
Professional fees	16 267	16 095	16 020
Lease costs	25 628	27 165	28 795
Repairs & Maintenance	3 627	3 844	4 075
Removals	395	419	444
Employee Costs	318 887	338 021	358 302
Recruitment costs - Permanent appointments	682	723	766
Staff Training	8 340	8 840	9 371
Staff Welfare	3 546	3 759	3 984
Subscriptions	499	529	561
Security	5 086	5 391	5 714
Telephone & Fax	2 436	2 582	2 737
Recruitment -Temporary Staff appointments	48	51	54
Travel & Accommodation	19 399	20 563	21 797
Workmen's Compensation	320	339	360
Trust Administration Fee	3 186	3 377	3 580
Trustee fees	675	716	759
NET SURPLUS	30 554	30 977	31 426
TOTAL CAPEX BUDGET	25 685	-	-
Office accommodation	10 000		
Computer Equipment	7 890		
Office Equipment	1 795		
Intangible Assets	3 000		
Furniture and Fittings	1 000		
Leasehold Improvements	-		
Network Infrastructure	2 000		

8. Updated Key Risks

Outcome	Key Risk	Risk Mitigation
A professional and sustainable organization	Fraud and unethical conduct	<ul style="list-style-type: none"> Whistleblowing policy Independent whistleblowing hot-line Ethics policy Corporate values defined Audit and Risk Committee oversight Disciplinary policy and procedures Anti-fraud and corruption policy

		<ul style="list-style-type: none"> • Ethics Function within the office of the Secretariat • Develop and implement compliance framework • Assessment of effectiveness of hotline • Effective screening of employees prior to employment • Periodic screening of employees who work in critical posts • Ethics awareness programmes
	Inadequate human resource capacity and skills to meet mandate and strategic obligations	<ul style="list-style-type: none"> • Revised human capital strategy to align with strategy shift
Innovative and agile frameworks, systems and standards that are globally competitive	Impaired financial sustainability	<ul style="list-style-type: none"> • Investment strategy • Property strategy (acquiring properties for rental savings) • Cost containment measures • Awareness on cost-containment • Periodic budgeting • Targeted budget reviews • Ongoing review and refinement of budgeting and budget management process • Ongoing innovation to create cost containment opportunities
	Failure to timely and efficiently appoint a competent national lottery operator	<ul style="list-style-type: none"> • Supply chain management processes • RFP strategy • Supply chain management policy • Evaluation/ study of current revenue structure • Ensure the RFP strategy is aligned with stakeholder considerations during upcoming RFP process • Appointment process for the new lottery operator • Revenue maximisation as part of RFP strategy
	Inefficient ICT and infrastructure systems	<ul style="list-style-type: none"> • Appointment of specialised technology skills (skills required are already defined) • Business process innovation through integration forums • Progressive migration to cloud-environment • Determine strategy for NLC to retain historical information related to the IVS (beyond tenure of operator) • CRM activation and roll-out to enable online interface and transacting

		<ul style="list-style-type: none"> • Develop proposals for real-time monitoring tools over regulated transactions • Updated ICT strategy in line with revised organisational strategy
	Cyber security and Information security threats	<ul style="list-style-type: none"> • Security reviews • Independent review of systems security • Minimum security standards in agreement • Network vulnerability assessment (annual & ongoing) • ICT Governance Framework (ICT Policies) • Ethical hacking (internal competence) • NLC no longer publishes personal information • Independent systems certification at the operator
Safe and sustainable lotteries and sports pools	Inadequate regulatory oversight over Lotteries and Sports Pools	<ul style="list-style-type: none"> • Updated ICT strategy in line with revised organisational strategy • Multi-stakeholder inclusive approach to refining regulations (SAPS, SABS, StatsSA, State Security etc) • RFP strategy for appointment of new national lottery operator and sports pools operator to be revised to include localisation • Regulatory compliance team to engage with the dti team regarding amendment of the Act • Develop proposals for real-time monitoring tools over regulated transactions • Establish strategic and operational channels and protocols of communication with the shareholder • Implement the human capital strategy in line with revised organisational strategy
	Inadequate compliance by National Lottery Operator	<ul style="list-style-type: none"> • Periodic engagements with operator on compliance requirements • License compliance and performance monitoring matrix developed and monitored • Daily, weekly, monthly and quarterly reviews of reports generated by the operator • Performance management of the national lottery operator

		<ul style="list-style-type: none"> • Independent Verification System (IVS) for independent verification of national lottery ticket sales • Review conflict of interest clauses and ensure no competing interests/ventures at lottery operator (as well as going forward with RFP) • Formal studies to determine the viability of leveraging on gaming technologies and monitoring tools for enhanced oversight • Formulate proposals for real-time monitoring tools over regulated transactions
	<p>Ineffective enforcement and prohibition action</p>	<ul style="list-style-type: none"> • Research to identify different forms of illegal lotteries conducted • Assessment of possibility of regulating illegal lotteries (proposal in place) • Media monitoring to identify illegal lottery activities • Collaboration with other regulators such as Gambling Boards • NLC registration numbers for legal lotteries • Ongoing awareness campaigns • Implement recommendations arising from the illegal lotteries research process • Lobby for review of Lotteries Act to include enforcement powers • Regulatory compliance team to engage with the dti team regarding amendment of the Act • To conduct study on the state of gambling/ lottery/ sports pools in the country and how the organisation can encourage responsible lotteries
	<p>Lottery and lottery-related gambling proliferation outside of regulation</p>	<ul style="list-style-type: none"> • Regulation of society lotteries • Media monitoring to identify illegal lottery activities • NLC registration numbers for legal lotteries • Collaboration with other regulators such as Gambling Boards • NLC proposal (proactive) on proposed changes to legislation to be completed and submitted to the dti • Regulatory compliance team to engage with the dti team regarding amendment of the Act • To conduct study on the state of gambling/ lottery/ sports pools in the

		country and how the organisation can encourage responsible lotteries
A sustainable and impactful civil society sector	Failure to promote socio-economic welfare through funding activities	<ul style="list-style-type: none"> • Grants limited to available funds • Investment Strategy • Cost containment measures • Finance monitoring of grant adjudication meetings • Finance monitoring of grant budget • Grant funding calls (focussed to specific areas) • Funding of self-sustaining entities to reduce ongoing pressure on funds • Develop an income diversification strategy in line with conditions of the Act e.g. section 25 on investment of money not immediately required • Carry out awareness and training workshops for agents • Develop standard operating procedures (SOPs) for agents (assisting in applications) • Formalisation of relationships with agents assisting with funding applications • Review/walk through entire business process and streamline (eliminate redundant procedures) • Implement automation of the application process • To review current, follow up process to cater for GA's created by the involvement of agents (assisting in applications) as the primary beneficiary invariably may end up being unable to fully account for grant funding • Review of grant funding model (still aligned to funding for impact) • Improvement plan for areas with low uptake of grant funding

9. Public Entities

Not applicable to the NLC

10. Infrastructure Projects

Not applicable to the NLC

11. Public Private Partnerships

Not applicable to the NLC

PART D:
TECHNICAL
INDICATOR
DESCRIPTIONS
(TID)

Indicator Title	1.1 Developed and implemented a People Strategy which is fit for the future
Definition	<p>As society embraces a digital future, preparation is key to thinking systematically about the opportunities ahead and accelerating progress toward the future of work. This sharp shift in perception of the future business environment demands new workforce strategies for the NLC to stay ahead, especially given the ERP and technological advancements in the lottery industry. As the pace of change accelerates it is crucial for the NLC to rethink its people agenda to unlock human potential and adopt new strategies to become ready for the future by ensuring the following:</p> <ul style="list-style-type: none"> ○ Create an evolving organization that’s human-led and digitally enabled; ○ concentrate on building the leadership, culture, competencies and skills needed for future; ○ may include redesigning jobs and moving people to where future value will be created; ○ rethinking of the HR lifecycle to make it more agile and embracing digitalization to enable HR to make these critical transformation efforts with greater efficiency, flexibility, and speed; ○ Support a culture of innovation.
Source of data	Developed people strategy & HCM Reports
Method of Calculation / Assessment	Qualitative Assessment: Strategy approved by the Board
Means of verification	POE: People Strategy document including HCM reports
Assumptions	Strategy approved by the Board and implemented accordingly
Disaggregation of Beneficiaries (where applicable)	<p>Target for Women: 189 Target for Youth: 138 Target for People with Disabilities: 13</p>
Spatial Transformation (where applicable)	<p>Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a</p>
Calculation Type	Cumulative – Year end
Reporting Cycle	Quarterly
Desired performance	A motivated and digitally skilled workforce
Indicator Responsibility	Senior Manager: HCM

Indicator Title	1.2 Redefinition and implementation of the Knowledge Management Strategy
Definition	<p>The two most important objectives of knowledge management are innovation and reuse. Innovation is closely linked to the generation of new knowledge or new linkages between existing knowledge. There is a popular misconception to think that innovation occurs in isolation. However, innovation rests firmly on a large body of accumulated experiences, based on what has worked and what has not worked in the past. Reuse forms the basis for organizational learning and should be viewed more as a dissemination of innovation.</p> <p>The NLC's current Knowledge Management Strategy requires an update (redefinition) to align with technological advancements in the area. The plan will articulate how the NLC must manage its information and knowledge better for the benefit of the organisation and its stakeholders, against the latest digital developments in the field. The plan will be executed in phases.</p>
Source of data	Knowledge Management Strategy document
Method of Calculation / Assessment	Qualitative assessment of the strategy and implementation of Phase 1
Means of verification	POE: Redefined KM Strategy
Assumptions	KM Strategy redefined to meet industry standards
Disaggregation of Beneficiaries (where applicable)	<p>Target for Women: n/a</p> <p>Target for Youth: n/a</p> <p>Target for People with Disabilities: n/a</p>
Spatial Transformation (where applicable)	<p>Reflect on contribution to spatial transformation priorities: n/a</p> <p>Reflect on the spatial impact area: n/a</p>
Calculation type	Cumulative
Reporting Cycle	Quarterly
Desired performance	Effective Knowledge Management system implemented within the organisation
Indicator Responsibility	COO

Indicator Title	1.3 Number of regulatory educational instruments implemented
Definition	Regulatory educational instruments refer to the promotion of the NLC's mandate as a regulator through the various communication platforms available to the organisation. The educational instruments may take the following forms: <ul style="list-style-type: none"> ○ Workshops ○ Brochures ○ Posts on social media ○ Internal communication ○ Print and electronic media
Source of data	Attendance registers; Distribution lists; Screenshots of social media posts and developed content
Method of Calculation / Assessment	Simple count
Means of verification	POE: Production of the sources of data
Assumptions	Appropriate and relevant content is developed
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired performance	All stakeholders are aware of the regulatory functions of the NLC
Indicator Responsibility	COO and EMRC

Indicator Title	1.4 Deliver a stakeholder perception survey with an action plan on raising standards
Definition	The stakeholder perception survey involves the rollout of a survey to all stakeholders of the NLC in order to measure the level of satisfaction on organisational practices.
Source of data	Board minutes showing the tabling and approval of the Perception Survey Report
Method of Calculation / Assessment	Report / action plan approved by the Board
Means of verification	POE: Stakeholder survey questionnaire and results
Assumptions	Adequate participation in the survey from all stakeholders for meaningful interpretation and analysis
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired performance	Meaningful results to determine stakeholder satisfaction and to identify areas of improvement (where relevant)
Indicator Responsibility	COO

Indicator Title	2.1 Develop the 4 th National Lottery Licence Strategy
Definition	<p>Section 10(1)(a) of the Lotteries Act, as amended states that one of the functions of the Board is to “<i>advise the Minister on the issuing of the licence to conduct the National Lottery as contemplated in Section 13(1).</i>”</p> <p>The current National Lottery Operator’s term will end in 2023. This implies that the NLC must commence with planning timeously to ensure a seamless transition to the next operator by making a recommendation to the Minister on awarding the 4th licence.</p> <p>The intention of the strategy is to provide the necessary information and direction in preparation of issuing the Request for Proposals (RFP) invitation for the 4th licence.</p>
Source of data	Board minutes showing the tabling and approval of the licence strategy
Method of Calculation / Assessment	Strategy approved by the Board
Means of verification	POE of approved strategy document
Assumptions	The 4 th National Lottery Licence Strategy is developed
Disaggregation of Beneficiaries (where applicable)	<p>Target for Women: n/a</p> <p>Target for Youth: n/a</p> <p>Target for People with Disabilities: n/a</p>
Spatial Transformation (where applicable)	<p>Reflect on contribution to spatial transformation priorities: n/a</p> <p>Reflect on the spatial impact area: n/a</p>
Calculation type	Cumulative (year-end)
Reporting Cycle	Annual
Desired performance	The 4 th Lottery Licence Strategy embodies world class standards and responds to the needs of South Africa
Indicator Responsibility	CS

Indicator Title	2.2 Identify and implement independent monitoring tool/s for regulatory activities
Definition	<p>When it comes to adopting technology, few industries have been as quick and efficient as the gambling sector. Lotteries in particular involves lots of calculations, randomization and the fast exchange of data, internet-enabled computing devices have exceedingly proven their worth to the industry. With the growing penetration of the Internet and mobile phone adoption, online and mobile lotteries have demonstrated considerable growth.</p> <p>With technology changing at an increasingly fast rate, the NLC needs to remain vigilant regarding emerging tech trends so that it remains an effective regulator.</p> <p>Independent monitoring tools refers to the development/implementation of regulatory mechanisms to effectively regulate the national lottery against the latest technological advancements to ensure that the trust and the integrity of the national lottery is maintained.</p>
Source of data	ICT Portfolio of regulatory tool/s
Method of Calculation / Assessment	Qualitative Assessment of project milestone reports
Means of verification	ICT software programme/s
Assumptions	Relevant regulatory tools are identified, developed and implemented
Disaggregation of Beneficiaries (where applicable)	<p>Target for Women: n/a</p> <p>Target for Youth: n/a</p> <p>Target for People with Disabilities: n/a</p>
Spatial Transformation (where applicable)	<p>Reflect on contribution to spatial transformation priorities: n/a</p> <p>Reflect on the spatial impact area: n/a</p>
Calculation type	Cumulative (year-end)
Reporting Cycle	Annual
Desired performance	Effective regulation through technology
Indicator Responsibility	CIO

Indicator Title	2.3 Deliver a strategy on maximising returns to good causes
Definition	Revenue collection has remained relatively stagnant against the increase in funding requests. The strategy is intended to consider effective ways of reducing operational costs without compromising value for the organisation and to explore alternate funding stream/s.
Source of data	Board minutes indicating that the revenue maximisation strategy was tabled and approved
Method of Calculation / Assessment	Qualitative Assessment: Strategy approved by the Board
Means of verification	POE: Approved maximising returns to good causes strategy document
Assumptions	Operational costs contained and alternate revenue streams are identified
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative (year-end)
Reporting Cycle	Annual
Desired performance	Financial sustainability
Indicator Responsibility	CFO

Indicator Title	2.4 Obtain a Level 6 B-BBEE score
Definition	Section 10 of the B-BBEE Act requires all organs of state and public entities to report on their B-BBEE compliance and submit these to the B-BBEE Commission to monitor the state of economic transformation.
Source of data	B-BBEE certificate issued to the NLC
Method of Calculation / Assessment	Qualitative Assessment of the B-BBEE certificate which must reflect a Level 6 verification
Means of verification	Independent signed BBBEE certificate
Assumptions	Level 6 verification is achievable
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative (year-end)
Reporting Cycle	Annual
Desired performance	Organisational compliance
Indicator Responsibility	CFO

Indicator Title	3.1 Implement the National Lottery monitoring matrix
Definition	The monitoring matrix refers to the scorecard developed by the NLC in order to monitor the operator's performance and compliance to the license conditions for the national lottery.
Source of data	National lottery monitoring matrix
Method of Calculation / Assessment	Assessed / Completed National Lottery Monitoring matrix
Means of verification	Populated and completed NL monitoring matrix
Assumptions	The operator is monitored for compliance to the licence conditions for the national lottery
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative (year-end)
Reporting Cycle	Annual
Desired performance	Optimum compliance of the national lottery operator
Indicator Responsibility	EMRC

Indicator Title	3.2 Implement the Sports Pool monitoring matrix
Definition	The monitoring matrix refers to the scorecard developed by the NLC in order to monitor the operator's performance and compliance to the license conditions for sports pools.
Source of data	Sports pool monitoring matrix
Method of Calculation / Assessment	Assessed / Completed Sports Pool monitoring matrix
Means of verification	Completed Sports Pool Monitoring Matrix
Assumptions	The operator is monitored for compliance to the licence conditions for the sports pools licence
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative
Reporting Cycle	Quarterly
Desired performance	Optimum compliance of the national lottery operator
Indicator Responsibility	EMRC

Indicator Title	3.3 Develop and implement the Enforcement Policy in relation to the National Lottery
Definition	The Enforcement Policy aims to set out clearly the NLC's approach to enforcement of the national lottery against the licence conditions. It must detail the measures available and the factors that are likely to be considered when deciding on action to be taken. The policy should constitute a key part of the overall regulatory regime implemented by the NLC.
Source of data	Board minutes indicating that the enforcement policy was approved and regulatory compliance reports on implementation of the policy
Method of Calculation / Assessment	Qualitative Assessment of the National Lottery Enforcement Policy approved by the Board and the assessment of the regulatory compliance reports on the national lottery enforcement
Means of verification	Enforcement Policy document and Regulatory Compliance Reports
Assumptions	Consensus by all stakeholders on the policy
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative
Reporting Cycle	Annual
Desired performance	Optimum compliance of the national lottery operator
Indicator Responsibility	EMRC

Indicator Title	3.4 Develop the Responsible Play and Complaints Resolution Strategy
Definition	The strategy aims to ensure that safe and responsible gaming comes from an industry that takes care of its participants and that they are empowered with the knowledge to manage their gaming underpinned by a regulator that ensures the interests of the participants remains the primary focus.
Source of data	Board minutes indicating that the Responsible Play and Complaints Resolution Strategy was approved
Method of Calculation / Assessment	Qualitative Assessment of the Strategy approved by the Board
Means of verification	Responsible Play and Complaints Resolution Strategy Document
Assumptions	Consensus of all stakeholders on the policy
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative
Reporting Cycle	Annual
Desired performance	Preventing harm and ensuring that the interests of all participants are adequately protected
Indicator Responsibility	EMRC

Indicator Title	3.5 Number of retailer inspections conducted nationally
Definition	A retailer refers to vendors who have vetted by the operator to sell lottery tickets to the public. (Excludes B2B and E-Commerce channels). The NLC will conduct 600 inspections by visiting retailers of lottery tickets to physically verify compliance and to audit retailer data.
Source of data	Retailer inspection reports
Method of Calculation / Assessment	Simple count (600 retailer inspection reports)
Means of verification	Number of retailer inspection reports
Assumptions	Adequate resources to undertake inspections
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative
Reporting Cycle	Annual
Desired performance	Ensuring the integrity of the National Lottery
Indicator Responsibility	EMRC

Indicator Title	3.6 Percentage investigations on reported and identified lottery schemes
Definition	<p>Illegal lottery schemes contravene the provisions of the Act and its applicable regulations and statutes. The impact of these unlawful schemes has both an economic and social dimension. As the regulator, the NLC must take reasonable steps to ensure that unlawful activities relating to illegal lotteries are prevented, detected and prosecuted (where relevant) in order to prevent harm to the public.</p> <p>Illegal schemes are usually identified through a process of legal analyses by scanning print and electronic media as well as reports by members of the public.</p>
Source of data	Illegal schemes report spreadsheet
Method of Calculation / Assessment	Simple count (100% of cases investigated)
Means of verification	Regulatory Compliance reports and the number of Illegal Scheme cases
Assumptions	Co-operation from scheme operators
Disaggregation of Beneficiaries (where applicable)	<p>Target for Women: n/a</p> <p>Target for Youth: n/a</p> <p>Target for People with Disabilities: n/a</p>
Spatial Transformation (where applicable)	<p>Reflect on contribution to spatial transformation priorities: n/a</p> <p>Reflect on the spatial impact area: n/a</p>
Calculation type	Cumulative
Reporting Cycle	Annual
Desired performance	Preventing harm and ensuring that the interests of all participants are adequately protected
Indicator Responsibility	EMRC

Indicator Title	4.1 A minimum of 90% to identified priority areas
Definition	Priority areas refers to specific categories of funding programmes/projects that a Distributing Agency will focus on. The criteria for a decision to fund or not will be based on the strategic fit of the application submitted.
Source of data	Grant Reports on project allocation
Method of Calculation / Assessment	Percentage Calculation = $\frac{\text{Total allocated to priority area}}{\text{Total budget available}} \times 100$
Means of verification	As per the above calculation
Assumptions	Sufficient applications received to meet the priority area focus
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative
Reporting Cycle	Annual
Desired performance	Impactful and sustainable funding
Indicator Responsibility	COO

Indicator Title	4.2 Alignment of the approved Grant Funding Model
Definition	This is a follow-on target from the previous financial year wherein the NLC commenced with reviewing the efficacy of the funding model. Due to the broad spectrum of enhancement recommendations, the organisation will focus on aligning processes/systems to accommodate the improvements.
Source of data	Implementation reports
Method of Calculation / Assessment	Progress reports tabled at Exco
Means of verification	Grant funding reports on the phases of implementation
Assumptions	Alignment of the funding model is within the NLC's limit
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative
Reporting Cycle	Annual
Desired performance	Impactful and sustainable funding
Indicator Responsibility	COO

Indicator Title	4.3 Conduct 1400 monitoring and evaluation site visits
Definition	M&E is important for the NLC as it assists us to assess the difference we make and demonstrates our effectiveness in impactful funding. The M&E division will in the year implement their Monitoring and Evaluation plan by conducting 1400 site visits to grantees as per the framework. The assessments will be conducted on a sample from all 4 sectors (Charities, Arts, Sports & Misc) and includes pre and post grant site visits.
Source of data	Site visit reports spreadsheet
Method of Calculation / Assessment	Simple count
Means of verification	Count of the number of site visits conducted
Assumptions	Adequate data sample
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative
Reporting Cycle	Annual
Desired performance	Impactful and sustainable funding
Indicator Responsibility	COO

Indicator Title	4.4 Number of funding agents registered and accredited
Definition	<p>The NLC has been experiencing a huge influx of applications that are completed on behalf of applicants and submitted to the organisation. These “agents” have demonstrated greater access to grassroots communities and appear to have grounded knowledge of the issues at hand. In response to addressing this matter and in the spirit of job creation - the NLC has adopted an “enabling” approach which implies the recognition of these agents by the organisation.</p> <p>By recognising the agents, the NLC will legalise the matter by accrediting and publicising the formalised arrangement so that prospective applicants can be assisted by a legitimate representative of the NLC.</p>
Source of data	Accreditation list
Method of Calculation / Assessment	Simple count
Means of verification	Number of agents on the accreditation list
Assumptions	Policy / process for NLC agents is in place
Disaggregation of Beneficiaries (where applicable)	<p>Target for Women: n/a</p> <p>Target for Youth: n/a</p> <p>Target for People with Disabilities: n/a</p>
Spatial Transformation (where applicable)	<p>Reflect on contribution to spatial transformation priorities: n/a</p> <p>Reflect on the spatial impact area: n/a</p>
Calculation type	Cumulative
Reporting Cycle	Annual
Desired performance	Impactful and sustainable funding
Indicator Responsibility	COO