BRIEFING TO PORTFOLIO COMMITTEE ON TRADE, INDUSTRY AND COMPETITION

NATIONAL LOTTERIES COMMISSION
a member of the dtic group

Strategic Plan and Annual Performance Plan 2026/27

CHANGING LIVES - Lottery Funded

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National Lotteries Commission

24 June 2026

Role & Constitutional Mandate of NLC

- **Sole Regulatory Authority:** The NLC holds the exclusive constitutional mandate to regulate all lottery schemes and sports pools in South Africa, ensuring fair play and public protection.
- **NLDTF Stewardship:** Entrusted to manage and administer the National Lottery Distribution Trust Fund (NLDTF), safeguarding public money generated from ticket sales.
- **Equitable Grant Distribution:** Mandated to disburse revenues expeditiously and transparently to registered NPOs and worthy good causes.

Role and Impact on the National Economy

Sustainable Funding

Revenues flow directly into non-profit organisations (NPOs) and critical community projects, serving as a social lifeline for poverty alleviation and community upliftment across all nine provinces.

Job Creation

Funding targeted infrastructure developments (such as Early Childhood Development centres, sports facilities, and localised projects) directly creates and sustains thousands of temporary and permanent jobs.

Regulating and Aligning

Proactively combatting illegal lottery schemes protects the formal economy while operational goals explicitly align with the 7th Administration's Medium-Term Development Plan (MTDP).

Governance & Management Health Check

Governance Oversight

- Fully established statutory Board Committees.
- Consolidated, approved committee charters.
- Institutionalization of quarterly performance reporting.

A Risk Management

- Dynamic enterprise-wide Risk Register.
- Highly robust fraud prevention policies.
- Rigorous oversight from the Audit and Risk Committee.

i Financial Governance

- Full compliance with the Public Finance Management Act (PFMA).
- Strengthened internal financial reporting and control systems.
- Clear accounting framework with continuous internal audits.

Culture & Leadership

- Uncompromising tone of ethical leadership from Board & executive management.
- Strict consequence management processes for non-compliance.
- Active tracking and assessment of staff morale frameworks.

A New Era of Renewal and Integrity

Resetting the NLC Foundation

The 2026-2030 strategic cycle marks a defining chapter of institutional transformation. The Commission has deliberately pivoted to restore accountability, stamp out past corruption, and renew its regulatory promises.

Through alignment with the National Development Plan (NDP) 2030 and strict adherence to the Lotteries Act, we are building a trustworthy institution of service delivery.

The Board's Five Strategic Focus Priorities

Education & Family

Supporting holistic education initiatives and community family cohesion structures.

Vulnerable Youth

Developing training programs for out-of-school and unemployed youth.

Combatting GBVF

Funding protection shelters and awareness networks to combat domestic violence.

Rural Development

Directing essential infrastructure and social services funding to rural municipalities.

Food Security

Facilitating regional community gardens and sustainable localized agricultural projects.

06. PERFORMANCE INDICATORS

Annual Performance Plan (APP) 2026/27 Targets

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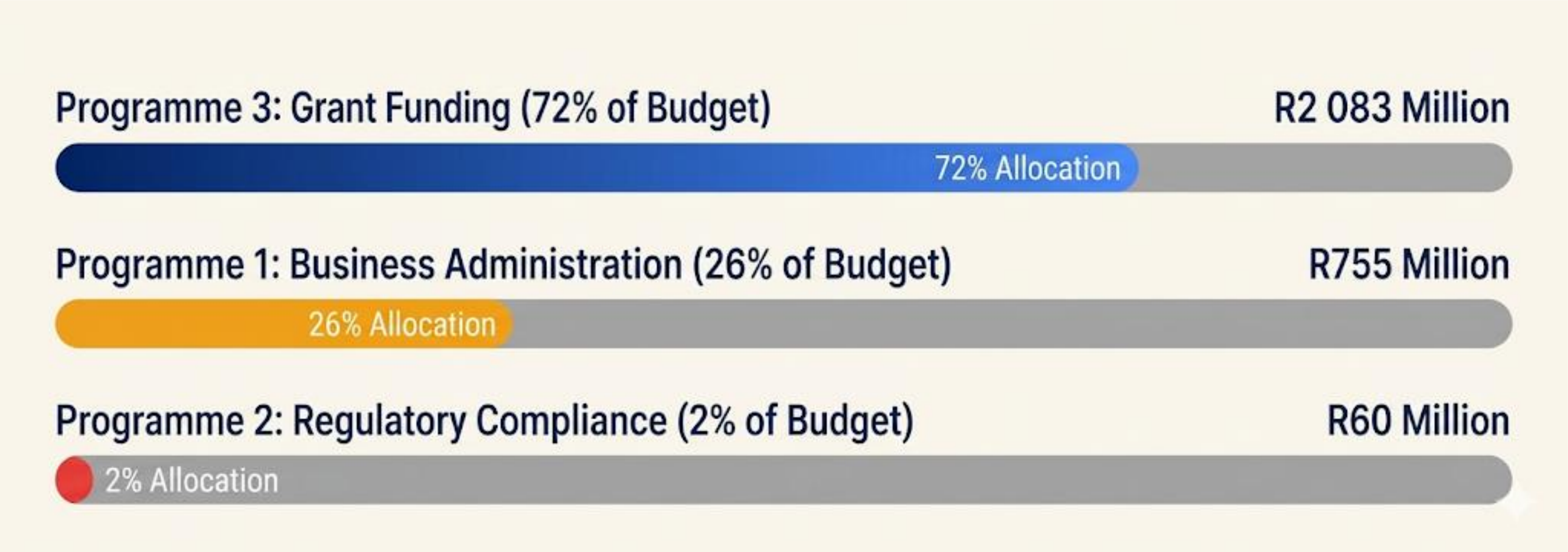
PROGRAMME	NO.	KEY PERFORMANCE INDICATOR (KPI)	ANNUAL PERFORMANCE TARGET
PROG 1	1	People reached nationally through education and awareness engagements	**Reach 30 000 people** nationally through education and awareness engagements
	2	Percentage of grant payments published on the NLC's website	Publish **100%** of grant payments on website within 10 days of month-end
	3	Percentage disbursement of grants as per GNR644, 6(c)(iv)	**90% of grants paid** in line with the regulated 60 days timeframe
	4	Improvement on the NLC B-BBEE Status	Obtain **Level 3 B-BBEE** verification
	5	Implementation of the Anti-Bribery Management System (ISO 37001.2025)	**Fully implemented** Anti-Bribery Management System (ABMS)
PROG 2	6	Percentage compliance of lottery schemes with the Lotteries Act	**100% compliance** of lottery schemes with the Lotteries Act
	7	Compliance monitoring of the National Lottery and Sports Pools Licence conditions	**100% compliance monitoring** of the National Lottery and Sports Pools Licence Conditions
	8	Implementation of measures to increase uptake of society lotteries	**Implement 75%** of recommendations from the research conducted on society lotteries
PROG 3	9	Research based worthy good causes that may be funded without application	Conduct and present **six (6) research concepts** on worthy good causes for Board consideration
	10	Percentage monitoring of funded projects	**100% monitoring** of eligible funded projects
	11	Jobs created or retained by NLC funded Grantees & operators	**3,500 jobs created or retained** by NLC funded Grantees, Lottery operator and society lotteries
	12	Percentage of applications adjudicated within 150 days	**80% of applications adjudicated** within 150 days
	13	Percentage of DDM Districts in which capacity building workshops were conducted	Capacity building programs conducted in **50% of the districts** in the DDM
	14	Research led funding interventions implemented with dtic priority sectors	**3 research led funding interventions** implemented in alignment with priority sectors

NLC Budget Allocations 2026/27 (R2.91 Billion)



Medium-Term Revenue & Capex Projections

FINANCIAL CATEGORY (MTEF)	BUDGET 2026/27 (R'000)	PROJECTION 2027/28 (R'000)	PROJECTION 2028/29 (R'000)
Total Projected Revenue	**R2 905 393**	**R4 100 381**	**R4 350 143**
National Lottery Distribution (NLDTF)	R2 511 908	R3 692 425	R3 927 912
Interest and Sundry Income	R283 485	R295 845	R309 128
Total Projected Expenditure	**R2 905 393**	**R4 100 381**	**R4 350 143**
Capital Expenditure (CAPEX) Budget	R89 536	R15 519	R8 087

Reparations

- The Board constituted a Reparations Committee, which, with the assistance of independent experts and professional advisors, explored a range of possible interventions.

- The Committee's work initially extended to both whistleblower-related considerations and certain legacy matters arising from Special Investigating Unit (SIU) findings, including community infrastructure projects.

- However, through a process of external assurance and independent review, important considerations relating to constitutional fairness, mandate limitations and potential fiscal implications were raised.

- As a result, the scope of the initiative was refined to focus specifically on current and former NLC employees who were directly affected.

- The reparations initiative has been concluded and where applicable, settlement agreements are being implemented.

Key Risks

1. LITIGATION

A significant portion of our current litigation load is proactive, not reactive: As the NLC collaborates with law enforcement (such as the SIU) to recover misappropriated public funds, freeze assets, and terminate irregular contracts, the natural pushback from implicated parties is aggressive litigation.

Mitigation Strategy: We have ring-fenced a robust legal budget specifically dedicated to defending the NLC against frivolous interdicts and pursuing the recovery of stolen funds. We are working closely with all stakeholders to expedite these matters, accepting this temporary spike in legal risk as the necessary cost of rooting out corruption.

2. REPUTATIONAL DAMAGE

The reputational damage suffered by the NLC over the past several years was profound. While our internal systems have improved, public perception naturally lags behind operational reality. This is exacerbated by the lack of contextualisation of media stories that relate to maladministration under the previous administration.

Mitigation Strategy: We have implemented a policy of radical transparency. This includes publishing the details of all grant beneficiaries, the amounts awarded, and the specific projects funded. Furthermore, we are actively publicising our successful consequence management efforts, demonstrating to civil society that the era of impunity has ended.

Key Risks

3. CYBERSECURITY THREATS

While we have significantly upgraded our ICT infrastructure and successfully hardened our perimeter defenses, cybersecurity remains a "high risk" simply because the threat landscape evolves daily. As our systems become more digitized and transparent, we become a more attractive target for malicious actors—particularly those who may wish to obscure past data or disrupt our new oversight mechanisms.

Our Mitigation Strategy: We have shifted from a reactive ICT posture to a proactive continuous stance. We are conducting regular penetration testing through independent third parties, continuously training staff on phishing, and have implemented zero-trust architecture across our core grant management systems.

4. WEAKNESSES IN GRANT OVERSIGHT

Deploying a better digital grant management system was step one; ensuring that the money translates into actual community impact is step two. In the past, oversight was treated as a paper-exercise rather than a physical reality.

We have overhauled our M&E framework.

- **Tranche-based funding:** Disbursements for large projects are now strictly tied to verified physical milestones, rather than lump-sum upfront payments.
- **Physical Verification:** We have increased our boots-on-the-ground capacity to conduct site visits, ensuring that a clinic or school built on paper exists in reality.
- **Capacity Building**: We are partnering with reputable civil society umbrella bodies to help smaller NPOs build their own financial reporting capacity, reducing unintentional non-compliance.

Unmet Performance Targets

APP Target	2024/25	2025/26 (unaudited)
NLC 4.0 Modernisation:	There will be a review of the project plan which will allow for realistic spread of the deliverables as well as including the quality assurance checkpoints and the integrated testing. This will result in a final complete integrated system test and quality sign-off.	The HCM module constitutes a module in the ERP and was not developed as part of the solution.
60 days payment turnaround time:	The non achievement resulted from the backlog in payments from the 2023/24 financial year. The backlog was caused by the introduction of control mechanisms to mitigate the fraud and compliance risk in the grant management process. A significant portion of the total value of the projects paid in the current year (2024/25) were grants allocated in the previous years. Grant Funding and Finance have weekly meetings to resolve projects where payment cannot be processed due to the lack of documents (i.e. Affidavits and SARS Tax Compliance Certificates) introduced to mitigate fraud.	The target was achieved with an overperformance of 18%. 88% of grants paid within the regulated 60-day turnaround time against a target of 70%.
150 days:	The 150-day target is being closely monitored in terms of the revised value-chain aligned to the new Thuthuka, online application system. Additional mechanisms in place include the appointment of a new Distributing Agency by the Executive Authority.	The target was achieved with 92% achieved against a target of 80%.

Questions & Answers

Delivering Community Upliftment with Integrity and Excellence

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