



National Lotteries Commission

STRATEGIC PLAN | 2020/21 – 2024/25

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Statement of the Executive Authority



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 **Strategic Plan 2020/21-2024/25**, which I now submit to Parliament, as required by the legislation.

This is the first **Strategic 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

Statement of the Accounting Officer



With more than 20 years of better regulation of the lotteries and sports pools industry, the NLC continues to be a catalyst in changing the lives of millions of South Africans and an economic contributor in various sectors of our economy. In the last five years we have streamlined and refined our internal make-up and processes to support the desired state and to increase access to our services. The most significant action here being the establishment of fully capacitated offices in each province. This has enhanced the quality and reach of education, awareness and capacity building programmes. Monitoring of the National Lottery remains the focal point of our regulatory work and has produced 78 jackpot millionaires. NLC's regulatory dimensions resulted in a record breaking 598 million tickets sold and 1.98 billion draw entries, affirming the public's confidence that the National Lottery is conducted transparently, fairly and with due propriety. The NLC managed, notwithstanding tough economic conditions and excessive demand on the fund, to fund worthy causes to the tune of R1.310 billion. Our Pro-Active Funding model ensured that the NLC fund was accessible to communities who would have otherwise not participated and benefited from NLC funding and touched on areas of food security and water preservation while restoring human dignity to thousands of our children through the sanitation project. The NLC Board recognises that it provides oversight to an integral asset of society and has adopted a stakeholder inclusive approach in the execution of its corporate governance and advisory role on the efficacy of the Lotteries Act, as amended. To this end, the Commission has reviewed the legislation and will, in the ensuing year, commence engagement with the Executive Authority and Policy makers to advice on legislative review of the Lotteries Act in order to promote an enabling, innovative and agile lotteries and sport pools industry. The NLC Board assures the Minister of its commitment to clean corporate governance and affirms that the Commission will continue to perform its functions efficiently and effectively.

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

Prof AN Nevhutanda
Chairman of the Board

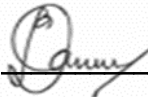
Official Signoff

It is hereby certified that this strategic plan was developed by the management of the National Lotteries Commission (NLC) under the guidance of the Board of Directors and accurately reflects the impact, outcomes and outputs which the NLC will endeavor to achieve over the MTSF period.

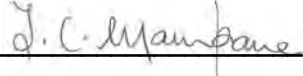
X. Ntuli
Chief Financial Officer

Signed:  _____

A. Maharaj-Domun
Official Responsible for Planning

Signed:  _____

TCC Mampane
Commissioner

Signed:  _____

Approved by:

Prof NA Nevhutanda
Chairman
31 January 2020

Signed:  _____

Acronym/Term	Description/Definition
<i>Act</i>	Means the Lotteries Act No.57 of 1997 as amended.
<i>Applicant</i>	Means the juristic person making an application for funding.
<i>Board</i>	Means the National Lotteries Board, established in terms of Section 2 of the Act.
<i>Chairperson</i>	Means the Chairperson of the Board appointed in terms of Section 3(1) (a) of the Act.
<i>Grant Funding</i>	Means the division of the NLC responsible for performing all administrative and associated functions in respect of the Distribution of Funds.
<i>CM</i>	Means the Commissioner of the NLC appointed in terms of Section 7(1) (a) of the Act.
<i>Distributing Agency (DA)</i>	Means the agency appointed in terms of Section 27, 28, 29 or 30 of the Act.
<i>GMS</i>	Means the Grant Management System used by the Board to record and track all applications received.
<i>King Report</i>	Means the current version of Report on Corporate Governance published by the King Committee on Corporate Governance.
<i>Key Performance Indicators</i>	Means qualitative/quantitative statements measures/observed parameters that can be used to describe performance and measure change or trends over a time period.
<i>Minister</i>	Means the Minister of Trade and Industry.
<i>NLDTF</i>	Means the National Lottery Distribution Trust Fund.
<i>PFMA</i>	Means the Public Finance Management Act.
<i>Procedure Manual</i>	Means the Grant Procedure Manual as used in Grant Funding.
<i>Programmes</i>	Means a collection of projects that together achieve a beneficial change for an organization.
<i>Projects</i>	Means temporary structure designed to achieve specific objectives within allocated budget and timeframes.
<i>Policy Directive</i>	Means the directions issued by the Minister to the Distributing Agencies in terms of Section 32 (3) of the Act.
<i>PISE</i>	Means Post Indaba Stakeholder Engagement

PART A: OUR 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

- 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.
- 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.
- Invite applications for grants from worthy good causes in the prescribed manner.
- 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.
- 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. The NLC is therefore driven by government policies on economic and social development.

This document is based on a review of the strategic intent of the NLC. The review took cognizance of the following:

- NLC Stakeholders,
- NLC's dual mandate with a focus on prioritizing the organisation's role as a regulator,
- NLC's role in meeting South Africa's national outcomes (NDP) and key priorities,
- NLC and the impact of the 4th Industrial Revolution

As such, this plan provides a broad overview of the strategic intent the NLC has adopted and it includes the strategic outcomes and indicators.

4. Relevant Court Rulings Not applicable to the NLC



PART B:

OUR STRATEGIC
FOCUS

5. Vision

The vision statement represents the aspirations of the NLC. It provides the framework for the development of all strategies and plans for the organisation. Most importantly, it is the point of departure in developing the strategic intent for the NLC based on its mandate to regulate the National Lottery and other lotteries through proceeds derived from the sales of lottery tickets. The NLC further endeavours to ensure that funds are distributed equitably and expeditiously across South Africa to advance the socio-economic well-being of communities in need.

The Vision of the NLC is therefore crafted as follows:

A global innovative leader in regulating safe and sustainable lotteries and sports pools

6. Mission

The mission statement of the NLC is a brief description of the organization's fundamental purpose and it advocates and articulates the reason for its existence.

To ensure better regulation and social upliftment through innovation

7. Core Values

The NLC is committed to achieve sustainable growth through the practice of good corporate governance, provision of excellent service and sound regulatory practice. In fulfilling the mission statement, the NLC lives the following core values as tabulated below:

Value	Description
Integrity	To be honest, open, accessible and fair in all our dealings, decisions and actions.
Performance Excellence	To take ownership of our responsibilities, to work effectively, efficiently, with professionalism and ensuring a positive sustainable impact on the communities we serve.
Service Excellence	To provide a level of service which is of a high quality, target based and meets the expectations of all stakeholders.
Social Consciousness	To be sensitive to the needs of the community in order to initiate social upliftment.
Innovation and Agility	To continuously strive to redefine standards of excellence in the work that we do.

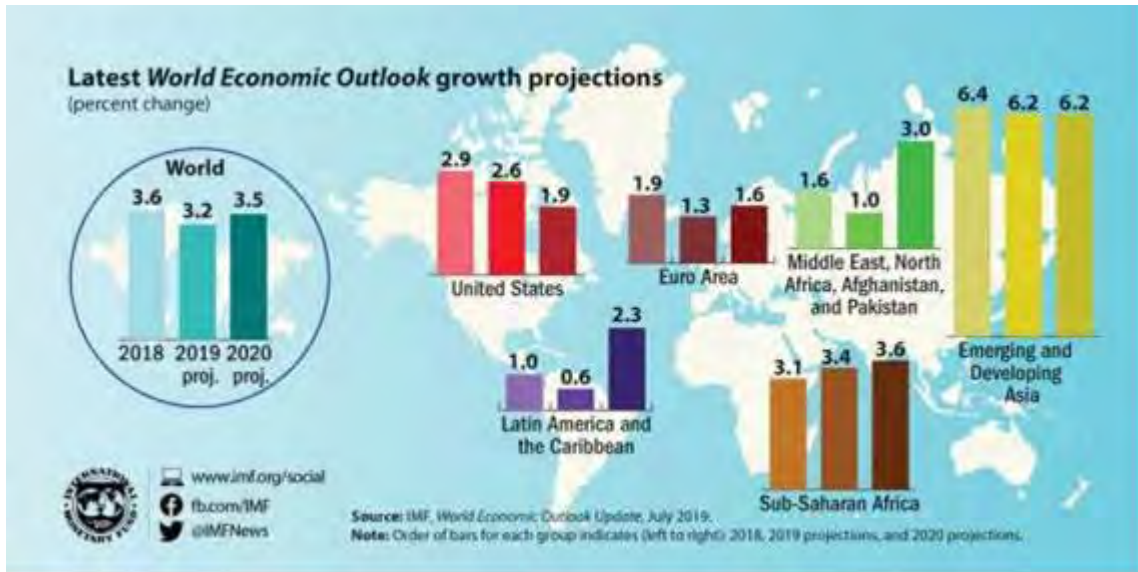
8. Situational Analysis

8.1 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 is 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.

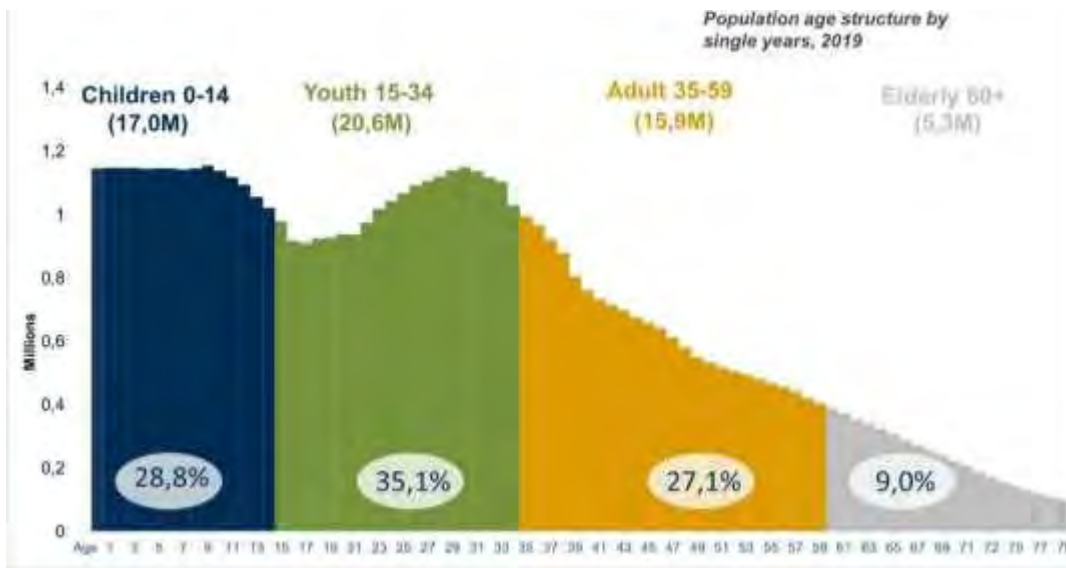
Challenges: corruption and service delivery

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.

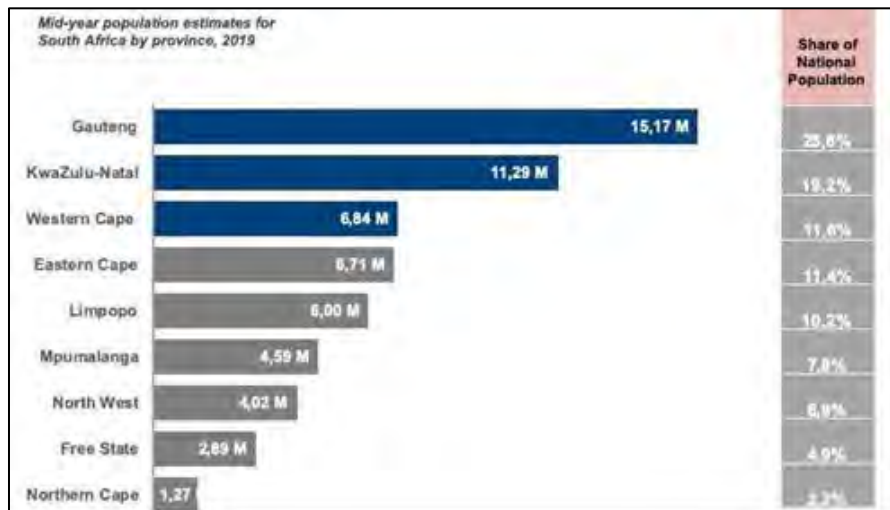
In his June 2019 State of the Nation Address (SONA), President Ramaphosa asserted government's commitment to a confidence- and investment-boosting macroeconomic and fiscal policy framework, underpinned by "prudent borrowing and stringent expenditure management to stabilise our public finances and lower 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).

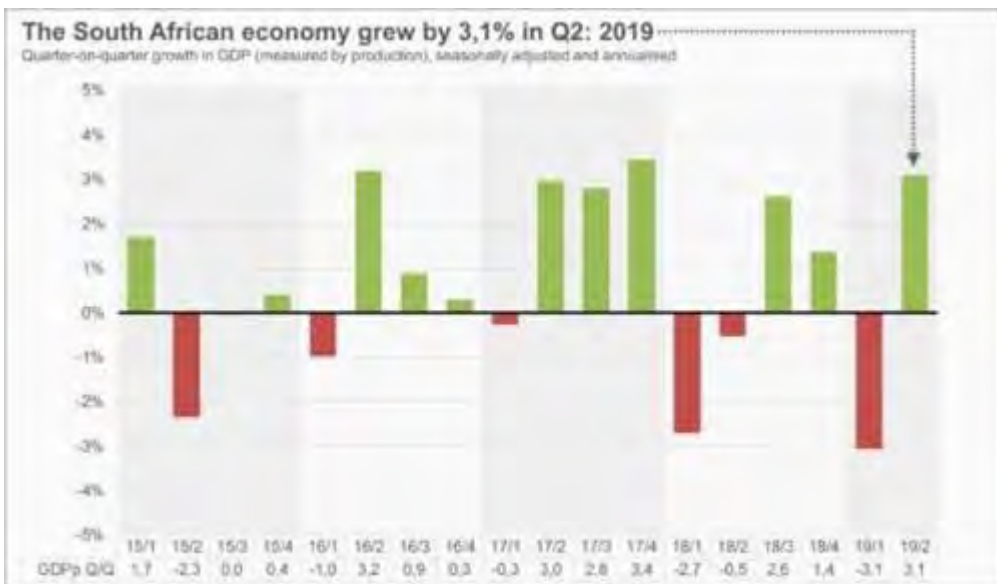


More than half the population are concentrated in three provinces of Gauteng, KwaZulu-Natal and Western Cape. It should be noted that the five metro areas (Tshwane, Johannesburg, Ekurhuleni, Cape Town and Ethekewini) are situated in these three provinces. Specifically, almost 15.2 million people are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

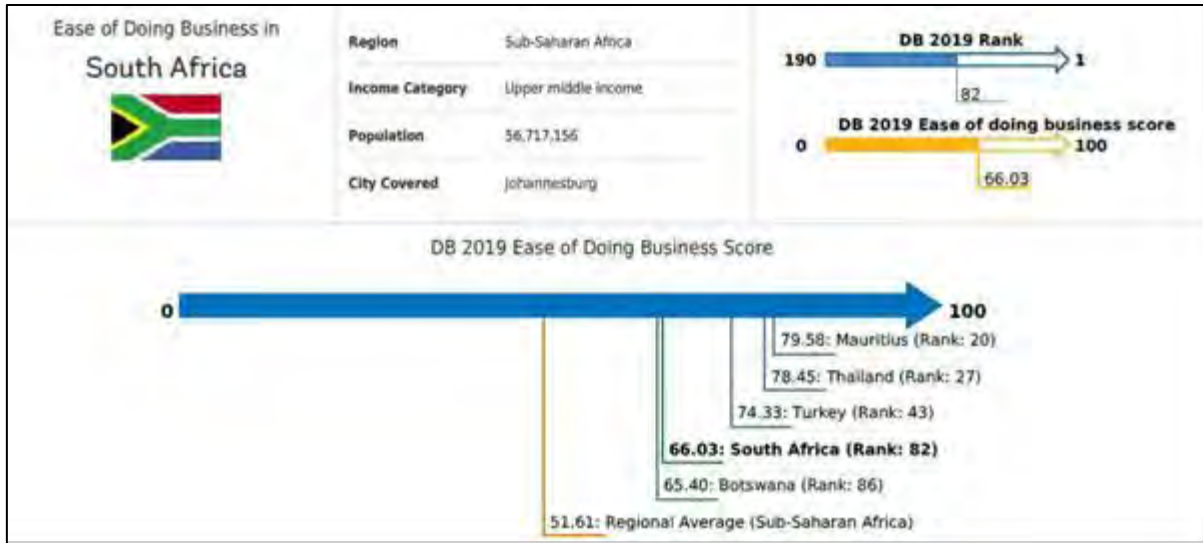


Economic growth

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.

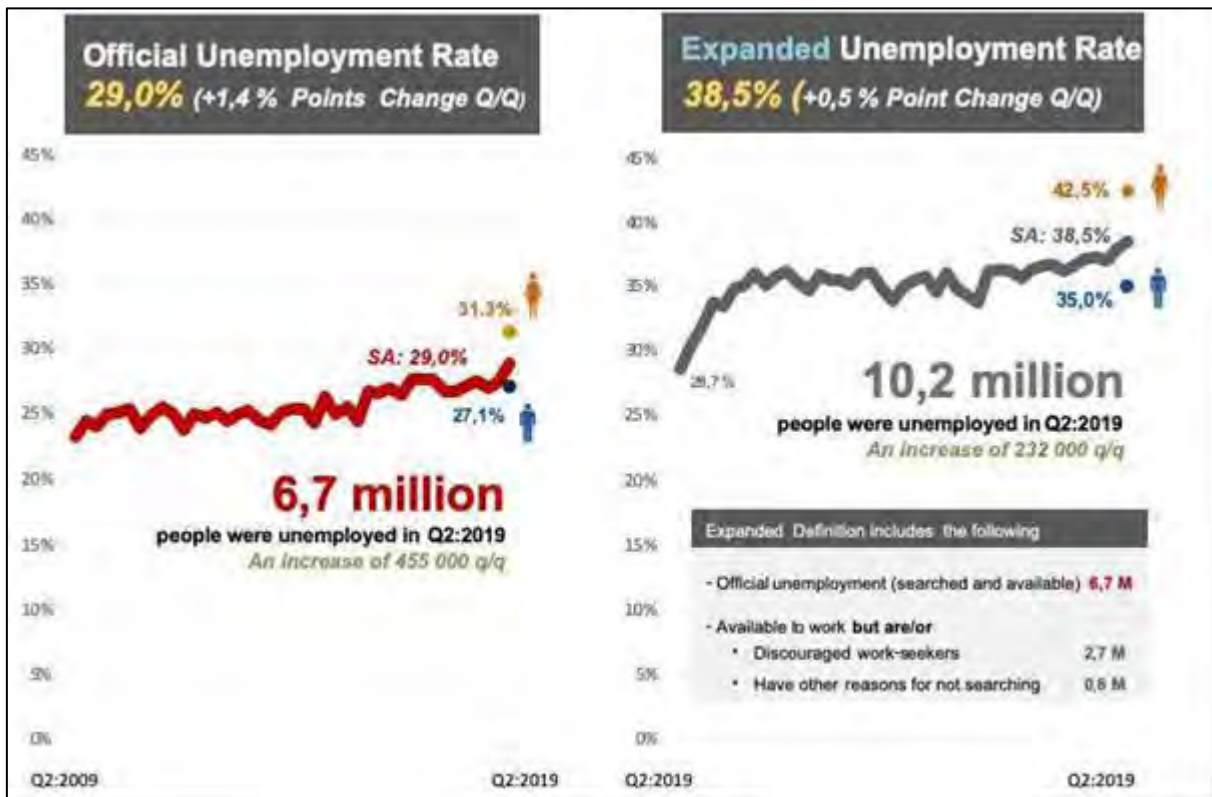
During the period 2015 to 2019 consumer price inflation outcomes were generally with the South African target band of three to six percent. This resulted to a large extent from excellent monetary policy execution by the South African Reserve Bank during this period. The latest available inflation figures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



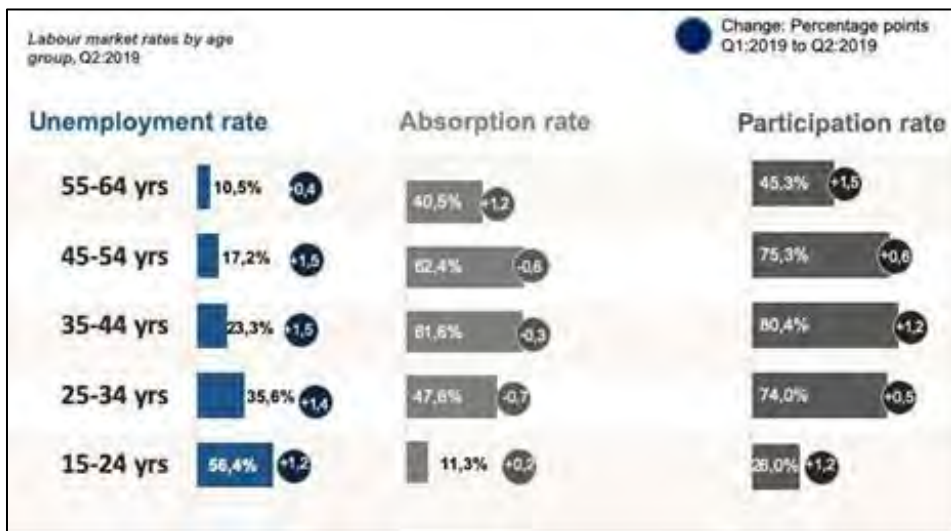
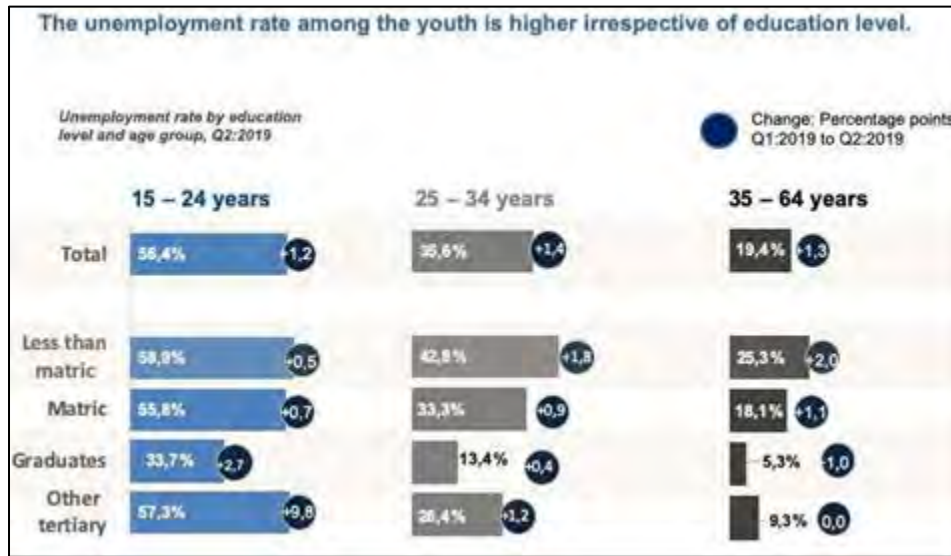
Unemployment

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).

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.

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

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 machines. 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.

LATEST DEVELOPMENTS IN THE LOTTERIES MARKET

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 competitive in the lottery market.

Impact of Technology: Technological advancements create a challenge for regulators and policy makers particularly in the gaming industry including the National Lottery. Since the legalization of

gambling in South Africa in 1996, the gambling industry has grown and evolved substantially. Technological advancements on existing forms of gambling and new forms of gambling have emerged and have created challenges for regulators and policy makers to effectively regulate the gaming industry. This has been shown by certain forms of illegal gambling that have been persistently growing in popularity. The influence of information technology in the gaming environment including the lottery is shown in research where nearly half of the participants in the National Lottery Participants and Attitudes Survey in South Africa (2019) believe that information technology enhances participation in the lottery.

Entrance of New Gaming Modes: The entrance on new gaming modes in the gaming and the lottery industry had a considerable impact on the National Lottery market share and in the games of chance industry. As a result, the National Lottery experienced a shrinking and stagnant market share. This was further confirmed by studies that show that the decline in the sale of lottery tickets is due to growing competition. For instance, lottery ticket sales have fallen during the past three years by a cumulative 6.0%, including a 2.9% decline in 2015 and is projected to decline in future reflecting growing competition from other legal gambling options and the effects of a slowing economy.

The National Lottery competitors include bookmakers and betting operators that accept wagers on the outcome of the National Lottery as well as other international lotteries or similar games that offer higher prizes compared with the 50% payout by the National Lottery. Until the issue around the direct National Lottery competitors is adequately addressed by the NLC, the competition from the operators will continue to restrain the growth of the National Lottery. Revenue from the share of ticket sales are also expected to remain constrained. In a case where the share of ticket sales remains at about 24%, contributions from annual ticket sales to the NLDTF is projected to decline by 0.1% of the annual compound. It is further projected that cumulatively, the NLDTF will receive an estimated R5.3 billion from the National Lottery over the 2016 to 2020 period.

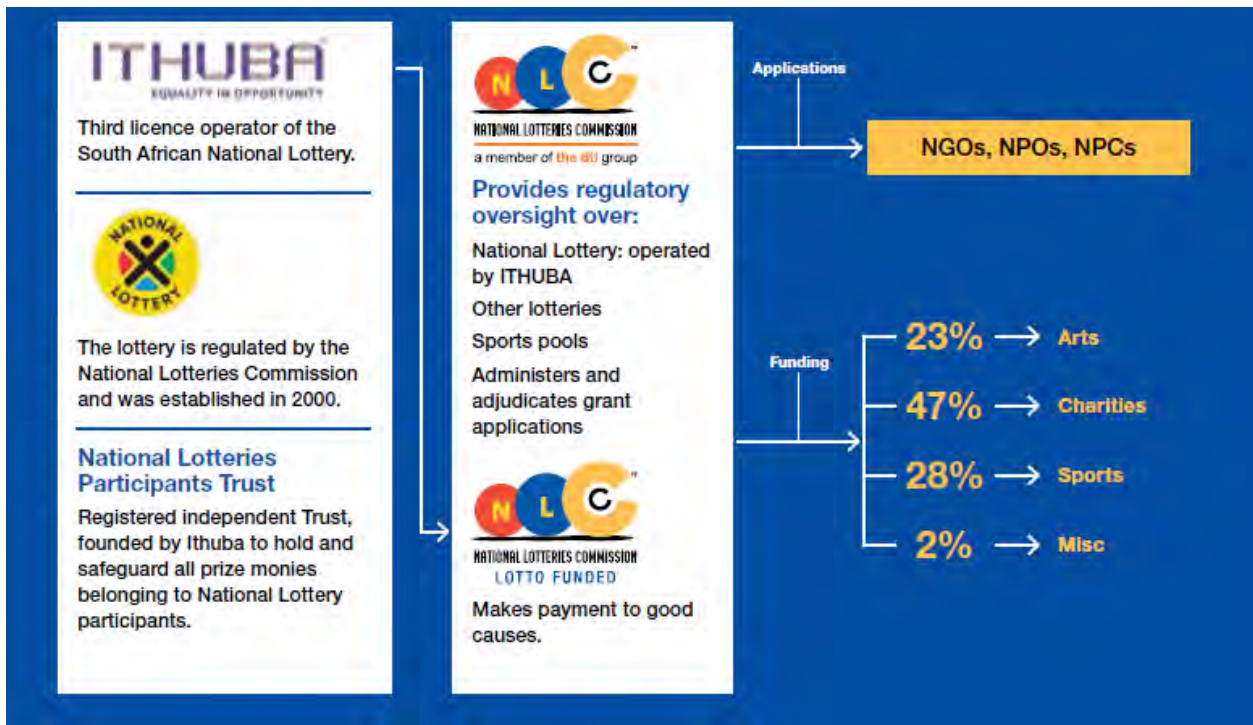
	Historical data					Forecast data					
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2016-20 CAGR
GGR	2 288	2 355	2 297	2 280	2 213	2 180	2 190	2 200	2 210	2 230	
% change	4.2	2.9	-2.5	-0.7	-2.9	-1.5	0.5	0.5	0.5	0.9	0.2
Contribution to NLDTF from ticket sales	1 670	1 600	1 562	1 550	1 073	1 050	1 050	1 050	1 060	1 070	
% change	4.2	-4.2	-2.4	-0.8	-30.8	-2.1	0.0	0.0	1.0	0.9	-0.1

Sources: National Lotteries Board of South Africa, PricewaterhouseCoopers LLP, Wikohly Gruen Associates

Attitudes and Perceptions Towards the National Lottery and Other Games: It emerged from the studies that the poor odds of winning National lottery games as compared to other competing and illegal games appeared to be the major drawback associated with National Lottery. More specifically, the odds of winning large jackpot prizes are seen to be extremely slim compared to other games that directly compete with the National Lottery Games. Besides the poor odds of winning associated with the National Lottery games, it was further revealed from the studies that there is a general lack of trust towards the National Lottery system by the communities. The apparent scepticism against the National lottery system stems from the methods that are used to draw the lottery winning numbers. The methods involved in the process are seen to be non-transparent and raise a lot of suspicion leading to the belief that the lottery winning numbers are in some way being manipulated. This view was expressed by lotto players and non-player who are of the opinion that the lottery system is designed to generate more revenue for the NLC than to allow for more winners. The behavioural and participation pattern of punters in the gaming activities including the lottery are influenced mainly by inter alia socio-economic factors such as unemployment rate and poverty. The higher unemployment rate is associated with poverty which is seen to influence people to partake in gaming activities including the National Lottery with the prospects of winning large jackpots. In this case, people are seen to place their hopes on gaming activities as an alternative route to escape poverty. The gambling patterns are also influenced by the perceived chances of winning where punters frequency of participation and the betting amounts increases particularly when there are big lotto jackpots at stake. It further emerged that the majority of punters prefer the lottery and Powerball due to their relatively higher jackpot prizes compared to other lotteries games. The latter gaming patterns appear to follow similar behavioural and participation patterns across different areas of the country particularly regarding the National Lottery.

8.2 Internal Environment Analysis

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:



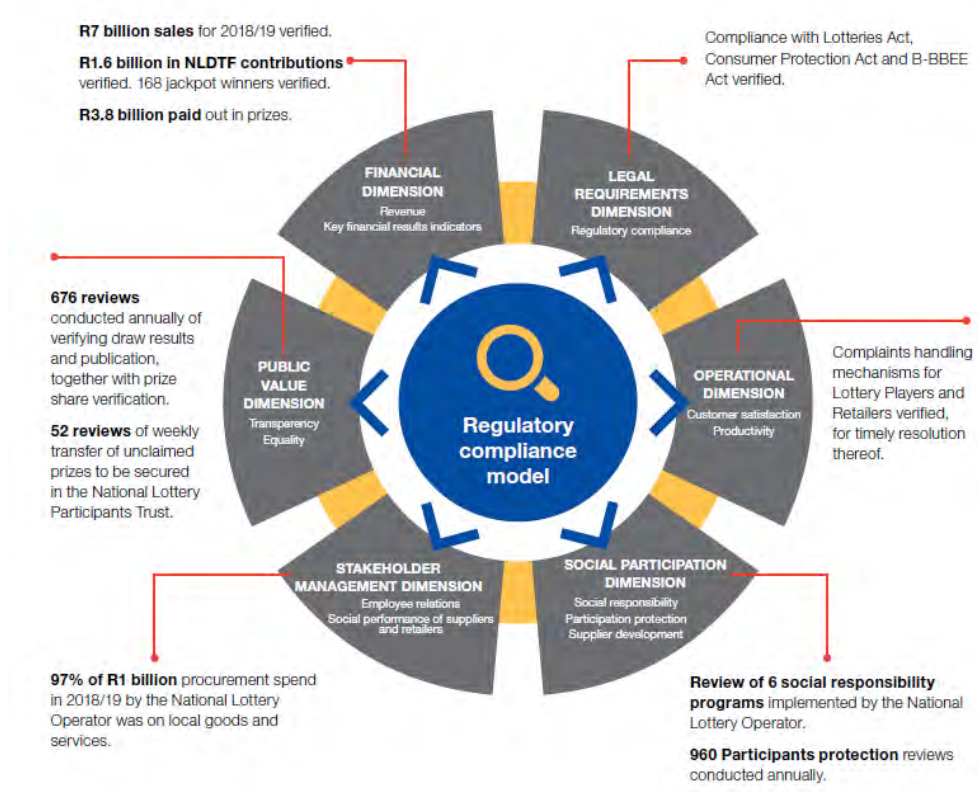
The NLC has a national footprint with 9 provincial offices and a total staff complement of 307 employees.

Better Regulation

Regulatory Compliance is the cornerstone of the NLC, holding in custody, the primary mandate of the organisation being that of a Regulator. The Board of the NLC issued directives to management that centre around the repositioning of the entity as a regulator. Regulatory compliance constitutes the larger component of the NLC however the NLC is known as a grant maker more than a regulator. In this respect, the Board requested the NLC to develop a strategy aimed at “better regulation” based on the following:

- o Engage the Minister for the enhancement of enforcement powers / policing. Give effect to the Board policing function through introduction of regulations that will empower the NLC in this regard;
- o Review the NLC Structure to be more aligned to the Regulatory mandate of the NLC;
- o Introduce programmes that give effect to section 2B that stipulates that the Commission must ensure the interests of every participant in the National Lottery are adequately protected;
- o Explore and recommend to the Minister innovative ways to combat illegal lotteries including professionalizing or regulating certain illegal lotteries ie. Fafi and online activities; and
- o Explore opportunities in Private Lotteries as contemplated in the Lotteries Act.

The NLC’s mandate to regulate all lotteries and sports pools with integrity and ensure protection of all participants is realised through the activities of the Regulatory Compliance Division. The NLC’s regulatory mandate continues to be one of the main priority areas, focusing on monitoring compliance and performance of the National Lottery Operator with the Amended Lotteries Act and Licence Agreement. The NLC ensures optimum and balanced regulation of lottery operators through the Regulatory Compliance model depicted below.



Regulating the National Lottery

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. 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 NLC further ensures that measures are in place to mitigate the negative social impact of gambling in the design and development of any National Lottery game, with particular emphasis on preventing under-age play, curbing excessive play and not over-stimulating the lottery industry.

Apart from generating revenue for good causes, the Operator has focused on reinvigoration of the National Lottery by regularly communicating on various media channels. In addition to raising funds for good causes and paying prizes to lottery winners, the Operator is required to pay commission to retailers who sell lottery tickets and pay out prizes.

We 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:

- o ensuring that the Operator pays prizes promptly by conducting regular reviews of payments to prize winners;
- o protecting players against possible fraud, by checking that the Operator implements appropriate security measures to verify the identity of winners who claim prizes;

- o conducting reviews to ensure that the Operator protects the anonymity of winners, in line with the Licence requirements;
- o approving and monitoring descriptions and procedures for key processes;
- o ensuring that clear information is available to players, including information on games available, how to play and how to claim prizes;
- o handling complaints from players should they be unhappy with the service they have received from either a Retailer or the Operator, after having exhausted the Operator's complaints handling procedures;
- o ensuring that there are controls in place to protect players against excessive play; and
- o ensuring that there are controls in place to protect against underage play.

With the persistent challenges facing the South African economy, poverty, low levels of employment, as well as an urgent need for economic growth, we continued to face challenges in meeting the unrealistic demand on the NLDTF. We continue to look for innovative measures to maximise revenue while encouraging and channel our valued beneficiaries to explore other forms of funding through the introduction of society lotteries and innovative projects to ensure sustainability of their organisations. 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. Through our education and awareness initiatives on this opportunity, we have noted an increase in organisations registering as societies. The Act allows an NPO to operate up to 6 schemes in a year raising a maximum of R2 million per scheme.

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.

The Lotteries Act requires an amendment to ensure that NLC has full regulatory powers. These include the issuing of penalties for certain regulatory breaches and inspectorate powers to police and enforce the law on illegal operations. Administrative penalties are tools used by regulators to enforce compliance with legislation. These penalties should be of monetary value and should be imposed without reliance on a court process for enforcement thereof. Powers to appoint inspectors with all required enforcement powers to conduct inspections on illegal lotteries would assist in effective execution of the mandate of policing lotteries. Challenges identified by the Board in regulating the lotteries industry include conflicting legislation and different regulators for gambling and lotteries which create ambiguity in regulation as well as lack of enforcement powers to effectively regulate lotteries.

Illegal schemes 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.

National Lotteries Participants Trust

A regulatory instrument pursuant to protection of National Lottery Participants prize monies and advance plays. The National Lotteries Participants Trust is established in terms of the Trust Property Control Act 57 of 1998. The NLPT was founded by Ithuba Holdings (RF) Proprietary Limited, in accordance with the third Licence to Operate the National Lottery. The licence is a regulatory instrument provided for, under the Lotteries Act to enable the NLC to fulfil its regulatory mandate of monitoring Ithuba’s operations and Ithuba’s obligations to procure a Trust for the purposes of protecting, amongst other, prize monies payable to National Lottery participants who have 365 days to claim their prizes. The duty of procuring the Trust is a key element of the regulatory function of the NLC as set out in section 10(1)(j) of the Lotteries Act. The NLC Board, in its capacity as Regulator, exercises regulatory oversight in accordance with provisions of the Lotteries Act, licence and principles contained in the King IV Code. The NLPT complied with all reporting requirements through the submission of quarterly reports, management accounts, income and expenditure statements, annual financial statements within the stipulated periods as indicated by the Board of the NLC.

Regulatory Challenges

Traditional lottery operators are finding themselves competing with foreign lotteries due to technological online platforms. Online gaming is providing more options for consumers; however, it is also threatening the revenue generated by traditional lottery operators. The proliferation of online operators poses threats to the restrictive legislated environment. The global lottery industry is coming to grips with rapid changes in the industry as a consequence of online gaming and the use of technology. The NLC is expected to regulate the lotteries industry and curb the scourge of illegal lotteries. The NLC is further expected to advise the Minister on the issuing of the licence to conduct the National Lottery and Sports Pools, whilst ensuring the National Lottery and Sports Pools are conducted with all due propriety, that the interests of every participant in the National Lottery are adequately protected and that net proceeds of the National Lottery are as large as possible. Research undertaken by the NLC on the impact of illegal lotteries estimated revenue generated from online illegal lotteries to be R18 million per annum. The impact of this unlawful activity has both an economic and social dimension, such as loss of intermediate production and value-addition in the national economy and loss of employment opportunities.

Grant-Making

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



The NLC finds itself in a place where it is required to do more with less, as demand for funding outstrips what is available. In response, we have revised the underpinning philosophy of our funding model to be based on “Funding for Impact”. This calls for a much more systematic and deliberate approach to grant making that enables the NLC to do more with less. It is the provision of funding to targeted projects and programmes that are catalytic in nature that lead to measurable, positive social change and community upliftment.

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 should be developed by the NLC in order to achieve impact in funding. The NLC’s vision is to be a catalyst for social upliftment with a

brand promise of “changing lives.” 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.

One of the strategies introduced to address the shortcomings in priority areas in general is the introduction of the funding model, which aims to respond to social problems and opportunities through a strategic and evidence-based mixed funding model. The amended legislation made provision for proactive funding (research-based funding) which can emanate from three sources, viz. the Minister, the Board or the Commission. NLC has already successfully implemented Proactive Funding Projects.

Education and Awareness constitutes a critical component in NLC’s strategy to empower beneficiaries holistically. The primary aim of the programme is to develop informational measures to educate the public about lotteries and provisions of the Lotteries Amendment Act No 32 of 2013 and by explaining the process, requirements and qualifications for grants.

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.

As a regulator, the NLC continues to face challenges in the lotteries industry that include conflicting legislation and different regulators for gambling and lotteries which creates ambiguity in regulation and a lack of enforcement powers to effectively regulate lotteries. As a mitigating strategy, the NLC has pro-actively reached out to Provincial Gambling Boards to create harmonious working relationships. To be effective in the regulation of lotteries and sports pools, priority must be given to reviewing the institutional framework of the NLC.

The NLC has further finalised its legislative review process which is intended to guide policy makers in ensuring that it is afforded enforcement powers in the Lotteries Act beyond those of approaching the court for effective regulation and enforcement of the Act. Additionally, the current National Lottery model requires review in terms of government shareholding in the Operator, as this affects the independence of the NLC. The minimum percentage contribution to good causes

should be determined by the Board and be included in the Request for Proposals to appoint an Operator. The NLC will continue to drive National Lottery participant protection through the implementation of the approved Participant Protection Strategy.

In terms of the NLC's grant funding mandate, the NLC will continue to provide education and awareness, but more importantly structured capacity building aimed at enhancing corporate governance understanding in the leadership and management of the organisations we fund. The structured capacity building programs are intended to capacitate beneficiaries to reduce conflicts within organisations that ultimately compromise projects funded and impact on the NLC's reputation and integrity.

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 are increasingly facing 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.

However, 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.



Review of NLC Funding Legislation: There are numerous strategic outflows that emerged from the findings of the recent studies that were conducted by the NLC. There were strong views expressed in terms of the current legislation with several proposals put forward including that the NLC legislation should be amended to remove the requirement of the cooling-off period prior to beneficiaries be allowed to apply for a second grant funding. It was also recommended that the 150 days' time frame for approvals of grants is short given the number of applications and should be reviewed. The 5% minimum allocation of budgets for provinces as provided in the legislation should be reviewed in that provinces differ in size, sectors, and opportunities.

Likewise, the allocations of funding per sector should also be reviewed and the large grants provision amended. Large organizations are not reporting correctly and yet are receiving multi-year funding. The application form should be amended as and when needed by the NLC without changing legislation. This necessity should be de-legislated. The provision “in consultation with the minister” on the multi-year funding should be changed in the legislation and delegated to the NLC Board.



PART C: MEASURING OUR PERFORMANCE

9. NLC Performance Information

9.1 Measuring the Impact

IMPACT STATEMENT	Safe and sustainable lottery industry for maximum economic and social impact.
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9.2 Measuring outcomes

Outcome	Outcome Indicator	Baseline	Five-year target
A professional and sustainable organization	Developed and implemented a People Strategy which is fit for the future	-	Competent and skilled workforce aligned to technological advancements in the industry
	Redefine and implement the Knowledge Management Strategy	Knowledge Management Strategy & Hub	Institutional knowledge preserved and enhanced decision making
	Number of regulatory educational instruments implemented	187 stakeholder engagements conducted	NLC's regulatory mandate entrenched in the public domain
	Deliver a stakeholder perception survey with an action plan on raising standards	-	An entity that epitomises service excellence
Innovative and agile frameworks, systems and standards that are globally competitive	Developed the 4th National Lottery Licence Strategy	3 rd RFP, research and international benchmarking reports	4th National Lottery Licence successfully awarded and operational with seamless transition

	Identify and implement independent monitoring tool/s for regulatory activities	Regulatory functions integrated on the ERP	Tools/mechanisms used for regulatory oversight that match the technological advancements in the lottery industry
	Deliver a strategy on maximising returns to good causes	-	The net proceeds of the lottery/sports pool tickets are as large as possible to optimise the impact to good causes
	Obtain a Level 6 BBEE score	BBEE Level 7	Ensuring holistic organisational compliance
Safe and sustainable lotteries and sports pools.	Implement the National Lottery monitoring matrix	Compliance with the licence conditions monitored	The National Lottery is conducted with all due propriety to reinforce its integrity and to maintain participant trust
	Implement the Sports Pool monitoring matrix	Compliance with the licence conditions monitored	Sport Pools are conducted with all due propriety to reinforce its integrity and to maintain participant trust
	Develop and implement the Enforcement Policy in relation to the National Lottery	Compliance with the licence conditions monitored	The National Lottery is conducted with all due propriety to reinforce its integrity and to maintain participant trust
	Develop the Responsible Play and Complaints Resolution Strategy	Participant Protection Strategy and programs	The interests of every participant in the national lottery/sports pools is adequately protected
	Number of retailer inspections conducted nationally	-	Ensuring that the integrity of the National Lottery is maintained and that the net proceeds of the lottery/sports pool tickets are as

			large as possible to optimise the impact to good causes
	Percentage investigations on reported and identified lottery schemes	100% of all identified and reported lottery schemes investigated	Protecting the interests and preventing harm to participants
A sustainable and impactful civil society sector.	A minimum of 90% of funding allocated to identified priority areas	-	Ability to measure NLC's impact in line with pre-determined and results-based outcomes
	Alignment of the approved Grant Funding Model	Revised Grant Funding Model approved by the Board	Funding model aligned to the developmental needs of the country
	Conduct 1400 monitoring and evaluation site visits	2500 site visits	Ability to measure NLC's impact in line with pre-determined and research-based outcomes
	Number of funding agents registered and accredited	-	Job creation and sustainability

9.3 Explanation of Planned Performance over the Five-Year Planning Period

The NDP is the country's long-term vision for economic development which aims to eliminate poverty and reduce inequality by 2030. Among other things, it addresses the need to grow an inclusive economy, build capabilities, enhance the capacity of the state and promote leadership and partnerships throughout society. The purpose of the NDP Five Year implementation plan is to advance and guide medium term and short-term planning that is responsive to the attainment of the NDP priorities in the period between 2019 and 2024. The Seven Apex Priority Areas of government (MTSF) for the next five years includes the following:

- A capable, ethical and developmental state
- Economic transformation and job creation
- Education, skills and health
- Consolidating the social wage through reliable and quality basic services
- Spatial integration, human settlements and local government
- Social cohesion and safe communities
- A better Africa and World

NLC's alignment to both the Executive Authority (dti) priorities and the MTSF is demonstrated as per the table below:

Outcome	Activity/Output	Descriptor	Alignment to dti focus priorities	Alignment to MTSF
<i>A professional and sustainable organization.</i>	Developed and implemented a People Strategy which is fit for the future	Competent and skilled workforce aligned to technological advancements	○ To improve the capability of the state	○ A capable, ethical and developmental state
	Redefine and implement the Knowledge Management Strategy	Institutional knowledge preserved and enhanced decision making	○ To improve the capability of the state	○ A capable, ethical and developmental state
	Number of regulatory educational instruments implemented	NLC's regulatory function entrenched in the public domain	○ To promote economic inclusion through creating awareness of the opportunities in the regulatory mandate	○ Economic Transformation & Job Creation
	Deliver a stakeholder perception survey with an action plan on raising standards	An entity that epitomizes service excellence	○ To improve the capability of the state	○ A capable, ethical and developmental state

<i>Innovative and agile frameworks, systems and standards that are globally competitive.</i>	Developed the 4th National Lottery Licence Strategy	4th National Lottery Licence successfully awarded and operated with a seamless transition	<ul style="list-style-type: none"> ○ To support improved industrial performance, dynamism and competitiveness of local businesses ○ To improve the levels of investment in the economy ○ To promote economic inclusion 	○ Economic Transformation & Job Creation
	Identify and implement independent monitoring tool/s for regulatory activities	Tools/mechanisms used for regulatory oversight that match the technological advancements in the lottery industry	<ul style="list-style-type: none"> ○ To improve the capability of the state ○ To promote more equitable spatial and industrial development 	○ A capable, ethical and developmental state
	Deliver a strategy on maximising returns to good causes	The net proceeds of the lottery/sports pool tickets are as large as possible to optimise the impact to good causes	<ul style="list-style-type: none"> ○ To promote economic inclusion (job creation, integration and transformation) 	○ A capable, ethical and developmental state
	Obtain a Level 6 BBEE score	Ensuring holistic organisational compliance	<ul style="list-style-type: none"> ○ To improve the capability of the state ○ To promote economic inclusion (job creation, integration and transformation) 	○ A capable, ethical and developmental state
<i>Safe and sustainable lotteries and sports pools.</i>	Implement the National Lottery monitoring matrix	The National Lottery is conducted with all due propriety to reinforce its integrity and to maintain participant trust	<ul style="list-style-type: none"> ○ To support improved industrial performance, dynamism and competitiveness of local businesses 	○ Economic Transformation & Job Creation

			<ul style="list-style-type: none"> ○ To improve the levels of investment in the economy ○ To promote economic inclusion 	
	Implement the Sports Pool monitoring matrix	Sport Pools are conducted with all due propriety to reinforce its integrity and to maintain participant trust	<ul style="list-style-type: none"> ○ To support improved industrial performance, dynamism and competitiveness of local businesses ○ To improve the levels of investment in the economy ○ To promote economic inclusion 	○ Economic Transformation & Job Creation
	Develop and implement the Enforcement Policy in relation to the National Lottery	The National Lottery is conducted with all due propriety to reinforce its integrity and to maintain participant trust	<ul style="list-style-type: none"> ○ To support improved industrial performance, dynamism and competitiveness of local businesses ○ To improve the levels of investment in the economy ○ To promote economic inclusion 	○ Economic Transformation & Job Creation
	Develop the Responsible Play and Complaints Resolution Strategy	The interests of every participant in the national lottery/sports pools is adequately protected	<ul style="list-style-type: none"> ○ To support improved industrial performance, dynamism and competitiveness of local businesses ○ To improve the levels of investment in the economy ○ To promote economic inclusion 	○ Economic Transformation & Job Creation

	Number of retailer inspections conducted nationally	Ensuring that the integrity of the National Lottery is maintained and that the net proceeds of the lottery/sports pool tickets are as large as possible to optimise the impact to good causes	<ul style="list-style-type: none"> ○ To support improved industrial performance, dynamism and competitiveness of local businesses ○ To improve the levels of investment in the economy ○ To promote economic inclusion 	<ul style="list-style-type: none"> ○ Economic Transformation & Job Creation
<i>A sustainable and impactful civil society sector.</i>	A minimum of 90% of funding allocated to identified priority areas	Ability to measure NLC's impact in line with pre-determined and research-based outcomes	<ul style="list-style-type: none"> ○ To promote economic inclusion (job creation, integration and transformation) ○ To improve the capability of the state 	<ul style="list-style-type: none"> ○ Economic Transformation & Job Creation ○ Education, skills & health ○ Consolidating the social wage through reliable and quality basic services ○ Spatial integration, human settlements and local government ○ Social cohesion and safe communities
	Alignment of the approved Grant Funding Model	Funding model aligned to the developmental needs of the country	<ul style="list-style-type: none"> ○ To support improved industrial performance, dynamism and competitiveness of local businesses ○ To improve the levels of investment in the economy ○ To promote economic inclusion 	<ul style="list-style-type: none"> ○ Economic Transformation & Job Creation ○ Education, skills & health ○ Consolidating the social wage through reliable and quality basic services

				<ul style="list-style-type: none"> ○ Spatial integration, human settlements and local government ○ Social cohesion and safe communities
	Conduct 1400 monitoring and evaluation site visits	Ability to measure NLC's impact in line with pre-determined and research-based outcomes	<ul style="list-style-type: none"> ○ To improve the capability of the state ○ To promote economic inclusion (job creation, integration and transformation) 	<ul style="list-style-type: none"> ○ Economic Transformation & Job Creation ○ Consolidating the social wage through reliable and quality basic services ○ Spatial integration, human settlements and local government ○ Social cohesion and safe communities
	Number of funding agents registered and accredited	Job creation and sustainability	<ul style="list-style-type: none"> ○ To improve the capability of the state ○ To promote economic inclusion (job creation, integration and transformation) 	<ul style="list-style-type: none"> ○ Economic Transformation & Job Creation ○ Social cohesion and safe communities

The ability of the NLC to realize its impact hinges directly on its capabilities and is therefore critical that solid foundations are cast at the commencement of the MTSF.

10. Key Risks

Outcome	Key Risk	Risk Mitigation
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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 • 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 infrastructure and 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 • 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

	<p>Inadequate compliance by National Lottery Operator</p>	<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 • 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 • Media monitoring to identify illegal lottery activities • 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
<p>A sustainable and impactful civil society sector</p>	<p>Failure to promote socio-economic welfare through funding activities</p>	<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

PART D:

TECHNICAL
INDICATOR
DESCRIPTION
(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
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>
Reporting Cycle	Annual
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
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>
Reporting Cycle	Annual
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 refers 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
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
Reporting Cycle	Annual
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
Assumptions	Inadequate 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
Reporting Cycle	Annual
Desired performance	Meaningful results to determine stakeholder satisfaction and to identify areas of improvement (where relevant)
Indicator Responsibility	COO

Indicator Title	2.1 Developed 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
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>
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
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>
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
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
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
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
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
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
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
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
Reporting Cycle	Annual
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
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
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
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
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
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
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
Method of Calculation / Assessment	Simple count (100% of cases investigated)
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>
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
Method of Calculation / Assessment	Percentage Calculation = $\frac{\text{Total allocated to priority area}}{\text{Total budget available}} \times 100$
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
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
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
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
Method of Calculation / Assessment	Simple count
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
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
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>
Reporting Cycle	Annual
Desired performance	Impactful and sustainable funding
Indicator Responsibility	COO