



**NATIONAL LOTTERIES COMMISSION**

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a member of **the dtic** group

# NATIONAL LOTTERIES COMMISSION

## ANNUAL PERFORMANCE PLAN 2023/24

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## Preamble

It is fair to state that the NLC finds itself at a crossroads addressing fraud and corruption that has undermined the public perception of the organisation. At the regulatory mandate level - the performance of the national lottery continues to excel in making deposits to the National Lottery Distribution Trust Fund, the creation of, at times rags-to-riches stories, creating and developing expertise in the intricate technology and management tools necessary for the operation of a lottery. The 3rd National Lottery Licence was extended until May 2025 to ensure continuity and sustainability of the NLC. As part of the extension, the percentage of ticket sales to good causes was also increased. Preparations are underway for the appointment of 4th National Lottery Licence Operator.

The National Lottery regulates the operation and management of the national lottery and sports pools, manages and distributes the funds established from the proceeds of the lottery to support the work of charity organisations, non-profit organization (NPOs) and others to promote good causes, including arts culture, sport, heritage and charities.

The National Lottery is obligated to function with due regard to some key constitutional and moral principles of “**accountability, responsiveness and openness**” (s.1(d) of the Constitution). In addition, though not stated as such in the Act, the lottery is there to execute the national agenda stated in the Preamble to the Constitution as follows:

**(to) Improve the quality of life of all citizens and free the potential of each person.**

Additionally, the Lottery must also be conducted “with all due propriety” and safeguard the interests of every participant and those charged with the task of operating the lottery must be chosen and appointed with care and to qualify as “fit and proper” persons.

In the process of rebuilding the organization, several critical policies have been reviewed and aligned. The Board is also committed to restoring and strengthening the relationship with the Executive Authority. By the end of August 2022, the Board had received and accepted letters of resignation from senior executives in response to action taken to address allegations of maladministration.

The Board has set out to ensure that the rebuilding of the NLC is premised on 3 pillars as follows:

- 1. Returning the NLC to its core mandates of regulation and grant making and reinstating its credibility**
- 2. Restoring governance and integrity with zero tolerance for fraud and corruption**

### 3. Building operational excellence

#### Returning the NLC to its core mandate and restoring credibility:

The Auditor-General's report raised concern around the high levels of irregular expenditure & a culture of non-compliance. This is further compounded by the lack of consequence management. The Board has also observed a culture of secrecy and intimidation as well as a high level of fraud with respect to grant funding – especially proactive funding.

To this end, a moratorium on all Proactive Funding was placed, pending the review of the model. The entire Grant Funding value chain, processes and systems have also been reviewed to strengthen controls and improve operational efficiency; this includes monitoring & evaluation. The addition of 3 critical processes, namely pre-screening, an independent inspectorate as well as a robust anti-fraud unit has been deemed necessary to ensure a new robust model with considerably improved internal controls.

#### Restoring governance and integrity with zero tolerance for fraud and corruption:

The investigations by the SIU as per Proclamation R32 of 2020 are ongoing and the NLC continues to co-operate with all law enforcement agencies. Phase 1 of the investigations has been completed and has resulted in NLC taking stock of several internal control weaknesses that enabled the misappropriation of funds intended for good causes. The fraud and corruption risk landscape has changed and will continue to evolve with business trends, enhancements in technology and most importantly, new approaches are required to stay ahead to support the work of law enforcement agencies.

NLC has adopted a “back to basics” approach to obtain an objective view of the current environment.

The current trends and frequency of media coverage confirms that the NLC has not been spared from the heightened spate of fraud and corruption which has adversely impacted the reputation of the entity.

NLC therefore needs to be cognisant of and consider specific requirements to combatting fraud and corruption. Fraud & Corruption can no longer be deemed to be under control merely by ensuring that it remains on our radar through incorporation in a strategic risk register. NLC has adopted a position wherein all efforts must be directed to assessing the efficacy in combatting fraud and corruption systematically. In doing so, the following is being factored into the organization:

- a) The Internal Audit and Risk Units are being adequately capacitated;

- b) The adoption of an integrated Fraud & Corruption Strategy across the organization;
- c) Cascading of fraud & corruption risk assessments with transparent, clearly documented and tracked mitigation factors;
- d) Proper recording of fraud and corruption incidents to allow for trends analysis and intelligence gathering;
- e) Successfully address the issue of conflict of interest and use of technology for continuous assessment of supplier/beneficiary and employee relationships;
- f) Enhancement of the Grant Management System that addresses internal control weaknesses and allows for the integration with key institutions to validate application data so that leakages can be contained;
- g) Consequencemanagement to combat financial misconduct.

Building operational excellence:

NLC is the largest funder of good causes in the country and distributes on average R1.2bn per annum. However, the high levels of poverty and unemployment, exacerbated by the pandemic, has resulted in a surge in the number of applications being received. The biggest strategic challenge facing the entity is balancing the large number of funding requests with limited resources. This therefore requires a more focused and targeted intervention to ensure that funding is directed to the most urgent needs. A new funding model coupled with the strengthening of systems will give rise to an invigorated and robust process aligned to the developmental needs of our country.

In addition to the above, the following supplementary activities will underpin the above initiatives in restoring credibility to the NLC:

- a) Integrity testing and lifestyle audits (Board, Management and employees);
- b) Robust Strategic-based funding (formerly known as proactive-funding) model supported by credible research and the introduction of strategic implementing partners;
- c) Improvement of controls as identified by the AGSA as deficiencies within the value chain;
- d) The conceptualization and introduction of the NLC Reparation Programme;
- e) Promoting greater transparency through the publication of the names of all grant recipients;

## WHO ARE WE?

The National Lotteries Commission (NLC) is a Schedule 3A Public entity that was established in terms of the Lotteries Act 57 of 1997, as amended, to regulate the National Lottery, Sports Pools and society lotteries, to raise funds for worthy causes.

The NLC is governed by a Board appointed by the Executive Authority. The Executive Authority of the NLC is the Minister in the Department of Trade, Industry and Competition.

## WHAT DO WE DO?

**REGULATE** the National Lottery and sports pools as well as other lotteries, including society lotteries and sports pools.

**ADVISE** the Minister of Trade industry and competition on policy matters relating to the National Lottery, sports pools and other lotteries.

**DISTRIBUTE** a portion of the revenue from the National Lottery to good causes through the National Lottery Distribution Trust Fund (NLDTF).

## HOW DO WE DO IT?

### HOW DO WE REGULATE?

NLC exists to safeguard players and the wider public by ensuring that lottery and sports pools participation is credible.

The main ways we do this is by:

- licensing the national lottery and sports pools operator
- registering society lotteries and their schemes
- compliance monitoring of other lotteries
- setting out Licence conditions, codes of practice and approving game rules and regulations
- carrying out compliance reviews for all lotteries and sports pools operators
- enforcement action taken where operators breach licence conditions and society conditions
- working closely with the gambling industry to protect participants
- providing advice and guidance to players and the public
- being the leading authority on lotteries related statistics and research

### HOW DO WE FUND?

The NLC also serves as a Grant Funder, providing registered non-profit organisations with funding to establish projects that improve the lives of everyday South Africans.

We fund projects in the following categories under the Application Based Model:

- Arts, Culture, National Heritage and Environment
- Charities
- Sports and Recreation

The Research Based Model allows for planned and unplanned funding without having to lodge an application and is based on Strategic Partnerships with the NLC.

## Executive Authority Statement

This revised APP for 2023/24 was prepared by the NLC and it has informed the work of the institution since Q1. This revisions to the APP were made to integrate with the work of **the dtic-group** for higher impact, following a directive to this effect in 2023, and is tabled for information.

The NLC will strengthen its work on strategic partnerships and implemented for the research-based model as contained in the programme for Grant Making; the number of education and awareness engagements conducted nationally; capacity building programs implemented nationally and the development, implementation and enforcement of the Consequence and Ethics Management strategy. These efforts will go a long way in connecting the work of the NLC to the real impact that matters to South Africans.

Efforts must be made to rebrand the NLC, in routing out fraud and corruption and rebuilding the organisation. More work lies ahead for the NLC Board and management to create a new culture of clean governance and accountability within the NLC. The **dtic** encourages the NLC to continue more remedial actions and speed up measures to address the corruption.

The NLC is expected to put systems in place to fund credible and reputable charity organisations and other non-profit organization (NPOs) in sectors that include arts culture, sport, heritage and charities.



**Ebrahim Patel**  
**Minister of Trade, Industry and Competition**  
**28 March 2024**

## Accounting Authority Statement



As with many other institutions, albeit for varied reasons, the National Lotteries Commission (NLC) finds itself at a point of opportunity.

A variety of factors, both external and internal have placed the organisation at a vantage point to look at the efficiency of our processes, the effectiveness of existing programmes, and not least, the integrity of the Commission.

The Annual Performance Plan (APP) serves as the rudder that steers the organisation toward its long-term targets. The APP is a crucial document that guides the National Lotteries Commission towards its long-term objectives. The APP outlines the outputs, indicators, and targets that the NLC aims to achieve in the financial year, however, it has become apparent with the rapidly changing environment that plans cannot remain static, the rapidly changing space we operate in necessitate that we revise some of our outputs and indicators within the 2023/24 APP. The process of compiling the APP is also one of reassessing and realigning. As highlighted previously, the NLC is geared to take the opportunity to renew itself. The NLC's first mandate is to create and maintain a vibrant, sustainable, and secure environment for lotteries, which is the basis for our second mandate of funding good causes

Most importantly, adapting to changes in technology and consumer behavior is key to maintaining regulatory oversight and fostering a sustainable and secure environment for lotteries. It also ensures that the funding of good causes continues to have a positive impact on society. Flexibility, transparency, and a focus on responsible practices are essential in this evolving landscape.

Through this mid-term review of the APP, the NLC continues to demonstrate its commitment to targets and outputs that are focused on strengthening governance and transparency as the essential tools for rebuilding trust among stakeholders and the public. By adhering and observing good governance principles and focusing on transparency, accountability, and ethical conduct, the NLC is working towards renewing trust and restoring faith in its brand. This process will not only strengthen the organization but also enhance its ability to fulfill our mandates effectively.

A handwritten signature in black ink, appearing to read 'NB Pityana', written over a horizontal line.

**Prof. NB Pityana**

**Chairperson of the Board**



## Official Signoff

It is hereby certified that this Annual Performance Plan was developed by the management of the National Lotteries Commission (NLC) under the guidance of the Board of Directors and takes into account the relevant policies, legislation and mandate of the NLC. The plan accurately reflects the impact, outcomes and outputs which the NLC will endeavour to achieve over the 2023/2024 MTSF period.

**Ms A. Maharaj-Domun**  
**Official Responsible for Planning**

**Signed:**



**Ms J Scholtz**  
**Commissioner**

**Signed:**



**Approved by:**

**Prof NB Pityana**  
**Chairperson**

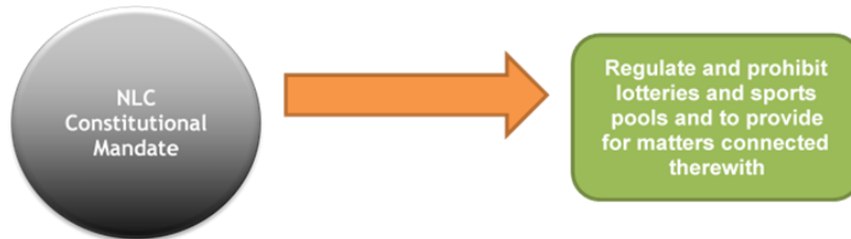
**Signed:**



**PART A:**  
**OUR MANDATE**

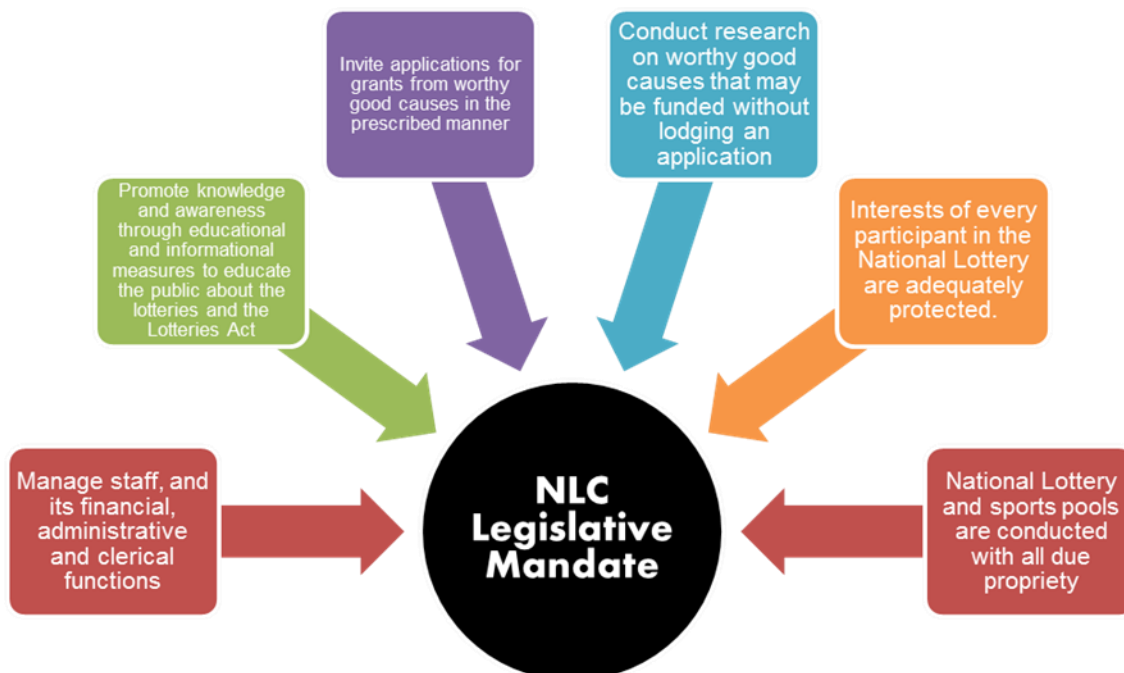
## PART A: NLC's MANDATE

### 1. Constitutional Mandate



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

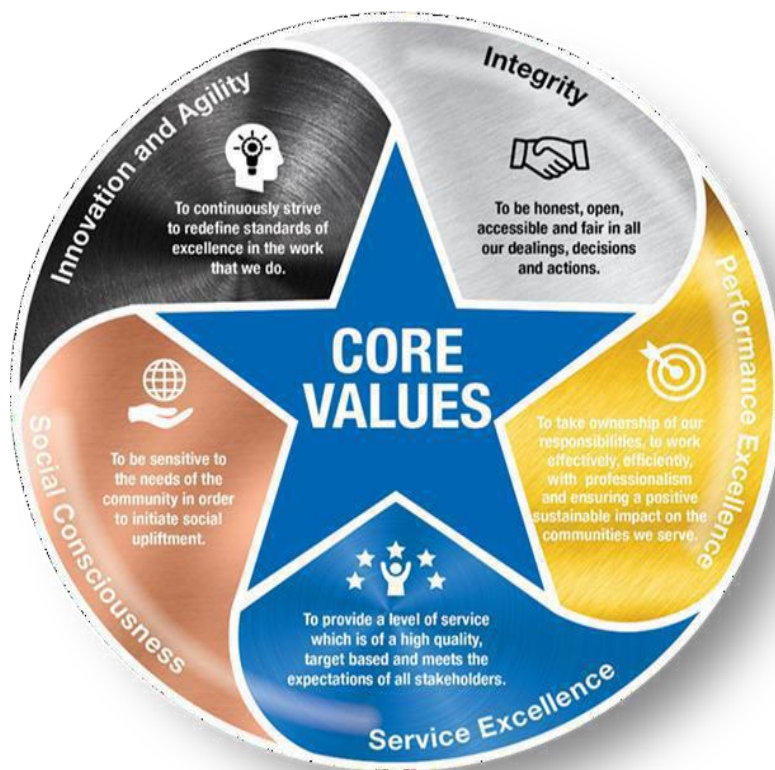
### 2. Legislative and policy mandate



- To ensure that the National Lottery and Sports Pools are conducted with all due propriety and strictly in accordance with the Constitution, 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. NLC Core Values





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

At the regulatory mandate level the national lottery continues to make significant deposits to the National Lottery Distribution Trust Fund.

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

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

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

#### 5. Relevant Court Rulings

The court cases underway do not have a direct impact on the mandate of the NLC.

- National Lotteries Commission // Ithuba Holdings (RF) Pty Ltd – Part A of the Application petitioned to the Supreme Court of Appeal by the Operator and Review Part B matter ongoing pursuant to Section 10(2) and (3) of the Lotteries Act.

PART B:  
OUR STRATEGIC  
FOCUS

# 1. Updated Situational Analysis

## 1.1. External Environment Analysis

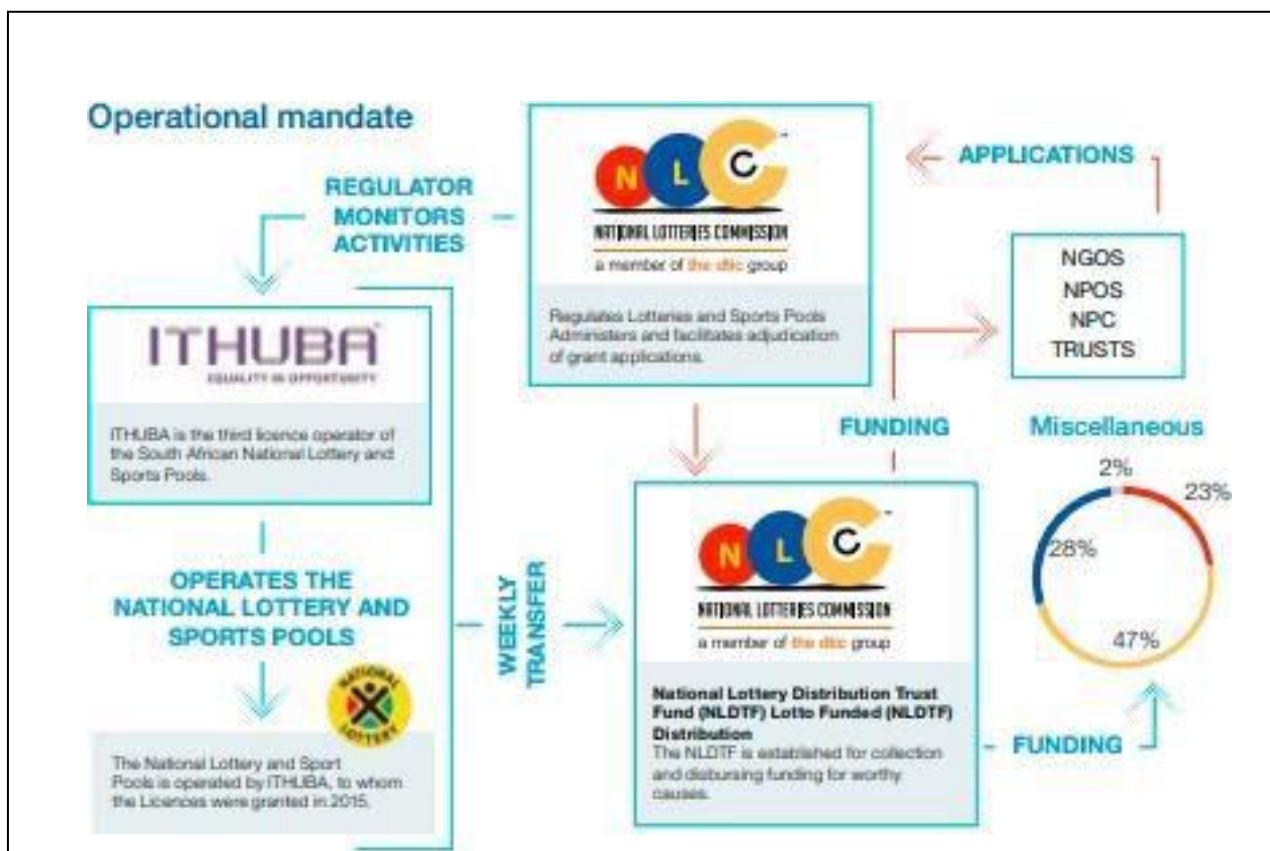
The NLC is a public entity established by Lotteries Act No. 57 of 1997 (as amended) to regulate the South African lotteries and sports pools industry. Primarily, the organisation was established to undertake the functions of:

1.1.1. Regulation of the National Lottery and other Lotteries and sports pools

1.1.2. Administration of the National Lottery Distribution Trust Fund (NLDTF)

The NLC is governed by a board, whose mandate is to:

- 1.1.2.1. regulate all lotteries and sport pools with integrity;
- 1.1.2.2. ensure the protection of all participants;
- 1.1.2.3. maximise revenue for good causes in a responsible manner; and
- 1.1.2.4. distribute funds equitably and expeditiously



***NLC Operating Model***

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, to ensure the protection of all lottery and sport pools participants, to maximise revenue for good causes in a responsible manner and to distribute funds equitably and expeditiously, the business of the NLC is influenced by the political and economic landscape of the country.

## SITUATIONAL ANALYSIS: THE MACRO ENVIRONMENT

Primarily, the organisation was established to undertake the functions of:

- Regulation of the National Lottery and other Lotteries
- Administration of the National Lottery Distribution Trust Fund (NLDTF)

## The Lottery and Gaming Industry

Similar to other industries, the Covid-19 pandemic along with other disruptors have had a profound impact on the business of lotteries. While the pandemic seems to have ebbed, some of the effects, akin to the long-Covid syndrome remain evident. This is the case globally, continentally as well as nationally.

Global economic pressures exacerbated by the Covid-19 pandemic reflect in lower revenues of lotteries but with the easing of social restriction sanctions, lotteries have begun to experience some measure of revenue growth. As shown below, it is projected that globally, the compound annual growth rate over the years 2021 – 2026 would be approximately 9.26%.





This growth rate would possibly translate to \$228.43 billion in the same period. It is projected that much of this growth would be propelled by the higher uptake of technologies by lottery operators and the increased penetration of online lotteries.

Revenues that continue to be realised by lotteries are linked to the ability of the industry to remain agile and responsive to the exigencies of the environment.

The shift from reliance on market research for consumer-related information is also a notable trend. The advent of big data has meant that player behaviours, preferences and tastes can be reliably predicted by utilising big data analytics. This is because lottery organisations now have access to large repositories of data to which different statistical analytical tools can be deployed to generate rich insights about players that would then enable improved decision making as it pertains, for instance, to the introduction of new lottery products. This idea is supported by the International Gaming Technology PLC (2022) that insists that understanding how and where players engage with lotteries would help unlock critical opportunities in the industry. Along the same line, exposure to current topical occurrences in the lottery landscape of other countries can be valuable for lottery business management purposes.

## **Current trends in the Lottery and Gaming Industry**

Businesses operate in the broader context of society and so, knowledge of fundamental social factors would be useful for decision-making purposes in any business. Demographically, South Africa has a population of over 60-million people, making it the 5<sup>th</sup> most populous nation in Sub-Saharan Africa. Relative to its peers, South Africa is performing well in terms of infrastructure, financial systems and innovation capacity.

An environmental scanning and analysis exercise undertaken by the NLC suggests that the lottery industry is growing despite the challenges of the Covid-19 pandemic particularly in the 2020-2021 period. A large portion of the growth being experienced in the industry is attributable to the industry's recourse to the use of electronic platforms for gaming and lottery.

Technology has essentially enabled more people to access the lottery conveniently and this is uninhibited by the distance of their geographical locations. Country boundaries have almost become non-existent as National Lotteries of different countries can be accessed globally. In this regard, it could be useful to benchmark the level of foreign participation in South Africa's lottery industry relative to the similar lotteries. Results of such a benchmarking exercise may reveal locations outside of South Africa with immense revenue potential for the country's lotteries industry.

Besides an overview of other lotteries, the environmental scanning and analysis effort was focused on identifying opportunities and threats resident in the political, economic, social, technological, ecological and legal sub-environments, that NLC could consider as it develops its strategic plan.

In the economic environment, the opportunities present themselves in the form of grants from the state, increased minimum wages and the reabsorption of some people into organisations that had down-scaled at the height of the Covid-19 pandemic.

The technological environment is possibly the one with the highest propensity to engender positively disruptive changes in the way that the lottery business is undertaken. These technological phenomena can improve the lottery business, enhance the customer experience at lottery-player interfaces while enabling lottery operators to make better informed decisions from big data analytics.

In the ecological environment, the novelty of green jobs, alternate sources of energy and a strong inclination for the protection of the environment by government, make these worthy opportunities, that can be explored. The domain of green jobs, in the South African context, remains relatively virgin but embodies huge potential as it can shape the future of the country, economically, socially and otherwise.

The ecological environment also poses threats in the form of extreme weather conditions and poor air quality. The ramifications of the extreme weather were felt recently with the floods that devastated many areas, especially in the province of Kwazulu Natal.

The importance of a strong and respected legal system for the operations of a business cannot be over-emphasised. In the case of the NLC entrusted with the responsibility of funding good causes in society with monies raised through lotteries, a situation where there is effective legislative oversight that promotes accountability augurs well for the organisation.

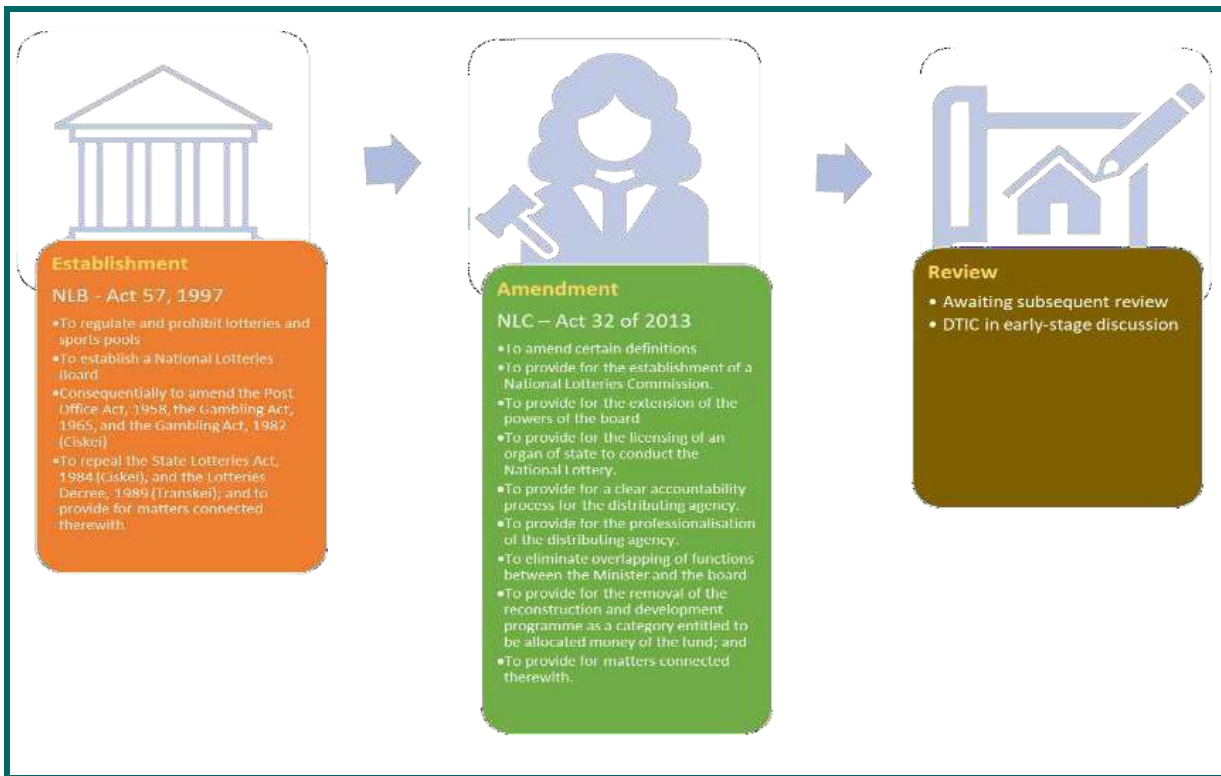
## The regulatory role of the NLC – amendment of the Lotteries Act 57 of 1997

The NLC was established in terms of the Lotteries Act 57 of 1997. The Act was enacted to regulate and prohibit lotteries and sports pools; to establish a National Lotteries Board; consequentially to amend the Post Office Act, 1958, the Gambling Act, 1965, and the Gambling Act, 1982 (Ciskei), and to repeal the State Lotteries Act, 1984 (Ciskei), and the Lotteries Decree, 1989 (Transkei); and to provide for matters connected therewith.

Act No. 32 of 2013: Lotteries Amendment Act, 2013 was gazetted on 14 April 2015 to amend the Lotteries Act 57 of 1997, so as:

- to amend certain definitions.
- to provide for the establishment of a National Lotteries Commission.
- to provide for the extension of the powers of the board.
- to provide for the licensing of an organ of state to conduct the National Lottery.
- to provide for a clear accountability process for the distributing agency.
- to provide for the professionalisation of the distributing agency.

- to eliminate overlapping of functions between the Minister and the board.
- to provide for the removal of the reconstruction and development programme as a category entitled to be allocated money of the fund.
- to provide for matters connected therewith.



## The role of the Executive Authority [Department of Trade, Industry and Competition (dtic)]

### *The impact of the dtic strategic outlook on the mandate and operations of the NLC*

The mission of the Department of Trade, Industry and Competition (the dtic) is to promote structural transformation, towards a dynamic industrial and globally competitive economy; provide a predictable, competitive, equitable and socially responsible environment, conducive to investment, trade and enterprise development; broaden participation in the economy to strengthen economic development; and continually improve the skills and capabilities of the dtic to effectively deliver on its mandate and respond to the needs of South Africa's economic citizens.

The Department's strategic objectives are to: facilitate transformation of the economy to promote industrial development, investment, competitiveness and employment creation; build mutually beneficial regional and global relations to advance South Africa's trade, industrial policy and economic development objectives; facilitate broad-based economic participation through targeted interventions to achieve more inclusive growth; create a fair regulatory environment that enables investment, trade and enterprise development in an equitable and socially responsible manner; and promote a professional, ethical, dynamic, competitive and customer-focused working

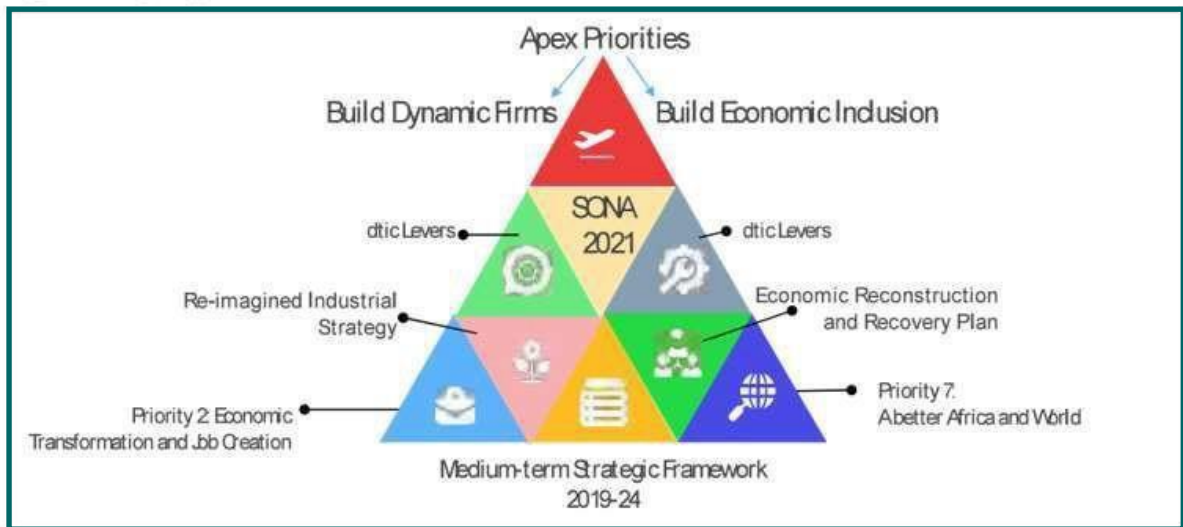
environment that ensures effective and efficient service delivery.

In line with the dtic's strategic outlook and its impact on the NLC operations, the institutional legislative mandate entails:

- Ensuring that the National Lottery and sports pools are conducted with all due propriety and strictly in accordance with the Constitution, the Lotteries Act, all other applicable laws 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.
- Conducting research on worthy 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.
- Inviting applications for grants from worthy causes in the prescribed manner, upon request by the Minister, Board or on its own initiative in consultation with the Board.
- Promoting public knowledge and awareness, developing and implementing educational and informational measures to instruct the public on the lotteries and provisions of the Lotteries Act, as amended, and educating the public by detailing the process, requirements and qualifications relating to the application for grants in terms of the Act.
- Managing staff, and its financial, administrative and clerical functions.
- Exercising any other function as delegated or directed by the Minister or the Board.

### *Alignment of the dtic and the NLC strategic objectives with national development priorities*

The National Development Plan (NDP) is implemented through 5-year implementation plans that are consolidated into the outcomes of the Medium-Term Strategic Framework (MTSF). The South African government is in the second full year of implementation of the Medium-Term strategic Framework 2019-24. The work of the dtic is guided by Priorities 2 and 7 of the MTSF which covers economic transformation and job creation, and a better world and Africa. In addition, the dtic's work programme is informed by the Re-imagined Industrial Strategy and the Economic Reconstruction and Recovery Programme (ERRP), while the State of the National Address (SONA) by the President highlights specific priorities for the coming financial year. The following figure provides a graphical illustration of how these frameworks collectively guide the department's prioritisation of objectives and the associated 'levers' to be used to ensure achievement of the apex priorities.



The dtic has two key strategic objectives:

*i. Building Dynamic Firms*

Dynamic firms create decent jobs, pay tax revenue, provide career paths for workers, are resilient to the rapidly changing economic conditions, and inject entrepreneurial dynamism in and across value-chains. The dtic will facilitate the conditions for the emergence of dynamic firms and will provide the requisite support for established firms to become more dynamic and resilient. In this regard the dtic:

- strengthens partnerships with the private sector, focusing on opportunities;
- supports growth in the domestic market, including through localisation efforts;
- cultivates a wider export market, especially in Africa; and
- implements supply side measures to build competitiveness.

*ii. Building Economic Inclusion*

The dtic’s focus on economic inclusion is essential to increase the growth potential of the South African economy as deeply inequitable economies tend to grow slower than countries with a more equitable distribution of wealth. As a result, the dtic:

- addresses structural challenges to growth primarily, through competition policies; and
- strengthens the inclusivity and transformative quality of growth, including broadening ownership and more inclusive corporate governance models.

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 place an obligation on the organisation to support (directly and indirectly) the electoral mandate of Government. From a strategic perspective, the government's priorities provide a major opportunity for the NLC within the disciplinary context of social development and 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.

## Latest developments in the lotteries market

Globally, the increasing acceptance and popularity of the lottery in general has resulted in the creation of a whole different form of gaming on the Internet of which South Africa is no exception in this paradigm shift. The rise in consumer choice for online lottery is propelled by faster internet connectivity, which permits operators to stream various events from around the world, allowing the consumers to bet on several games of chance including the lottery. Furthermore, although the lotteries are characterised by relatively higher odds of winning, they offer a high return on low investment as compared to other games of chance. As result, a large group of individuals are attracted by the rewards and invest accordingly to participate in these games.

### *Improved Internet Connections, Advances in Security, Encryption and Streaming Technology*

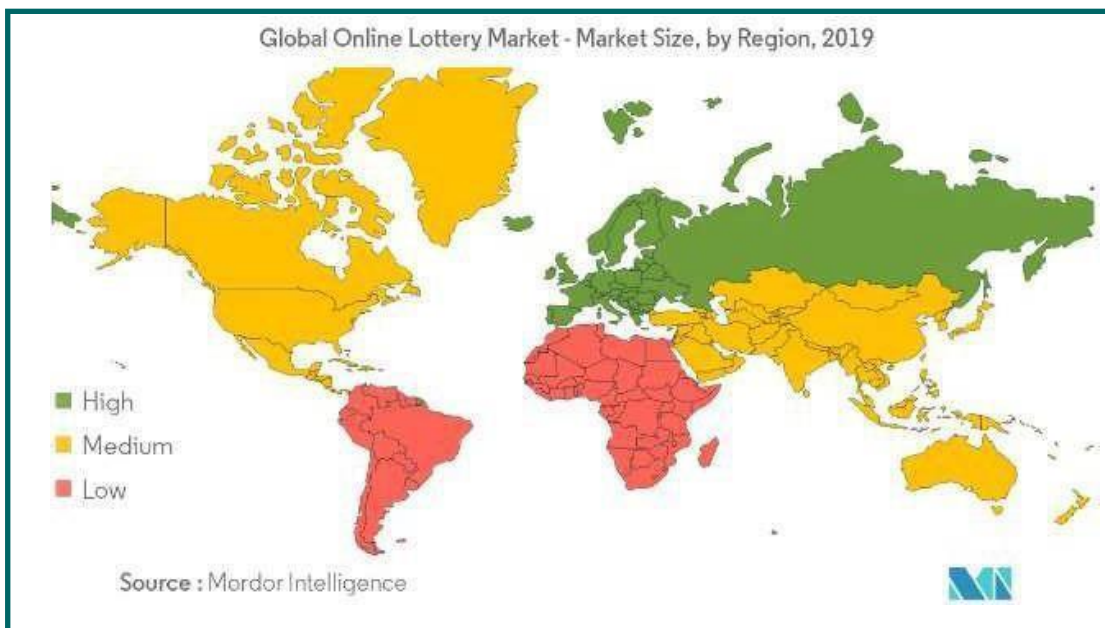
The unprecedented growth opportunities in online games of chance have compelled online vendors to improve the security and reliability of online betting platforms which also resulted in the popularity of online lotteries across the globe.

Improved security and reliability in the form of advanced encryption and banking technology has further addressed concerns about banking security while conducting any kind of transaction over the Internet resulting in punters playing securely and confidently online. To further ensure the integrity of online software platforms for online betting and conducting transactions, international regulatory bodies and independent auditing companies conduct regular auditing and other security evaluation measures.



### *Europe holds a major share in the global lottery market*

Rapid technological advances in European countries that manifest in a relatively higher uptake in online activities has contributed to the shift in preference from traditional modes of physical draw-based games to the virtual ones. This is evident from the fast-paced increase in the growth of the European online lottery market in relation to other countries. The popularity, easy access and cost effectiveness of social media platforms also provide opportunities to those companies offering lottery gaming services to use social media as a promotional strategy to attract a large number of users. This is one the major factors that has contributed to an increase in the sales of various lottery tickets which is also associated with convenience purchasing of the tickets online. Furthermore, stringent government regulations regarding the operation of online lotteries in the European countries is helping to gain consumer trust and interest.



It is on this premise that the National Lottery aims to keep abreast of the developments and trends in the lottery market. International development in the lottery market further shows that the NLC competes in a highly competitive and dynamic environment that requires higher innovation and creativity. It is evident that this environment is characterized by rapidly changing technological advancements, and a competitive gaming industry that is subject to the entry of new and innovative gaming approaches, 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 in the regulation of the lottery industry*

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 of 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. 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 pay-out 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. However, due to an increase in online ticket sales, there was 0.7 % change from 2019 to 2021.



### National Lottery (R millions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2017-21 CAGR
GGR	2 355	2 297	2 280	2 213	2 980	2 990	3 010	3 030	3 050	3 080	
% change	2.9	-2.5	-0.7	-2.9	34.7	0.3	0.7	0.7	0.7	1.0	0.7
Contribution to NLDTF from ticket sales	1 600	1 562	1 550	1 073	1 372	1 380	1 380	1 390	1 400	1 410	
% change	-4.2	-2.4	-0.8	-30.8	27.9	0.6	0.0	0.7	0.7	0.7	0.5

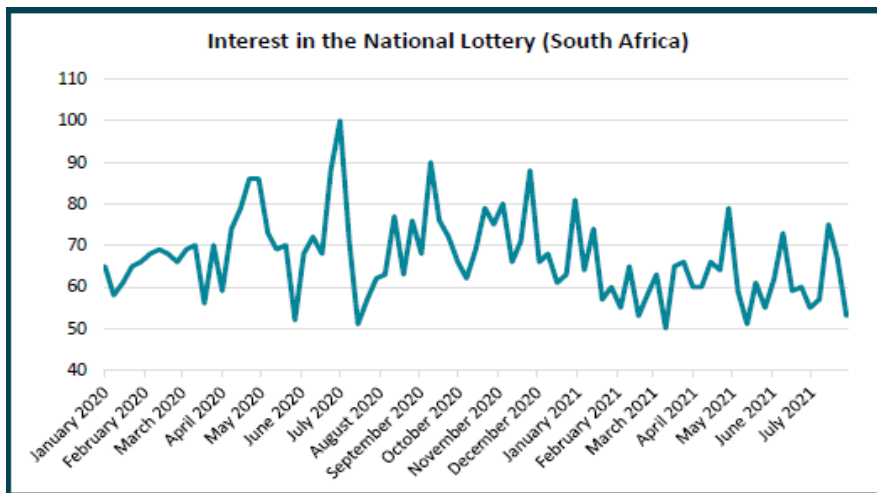
Sources: National Lotteries Commission, PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

### *Attitudes and Perceptions Towards the National Lottery and Other Games*

The last study that was conducted by the NLC commissioned in 2018 has shown 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 study 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-players who are of the opinion that the lottery system is designed to generate more revenue for the NLC than to allow for more winners.

It appears from Big Data analyses that during the period January 2020 to October 2020 there was an increasing consumer interest in the National Lottery whereafter interest decreased during the period November 2020 to July 2021. This consumer interest pattern with respect to the South African National Lottery can be explained by a complex mix of COVID-19, lockdown, economic growth, employment and consumer finance factors. However, the bulk of these factors are underlying or non-proximate predictors of interest in the National Lottery with the proximate predictors being the pay-off issues mentioned in the preceding discussion.



### *The impact of COVID-19 on Behaviour and Participation Patterns in Lottery Games*

A study that was carried out in Sweden regarding the Impact of COVID-19 on Online Gambling – A General Population Survey During the Pandemic in 2020 shows that gambling patterns for several gambling types was lower compared to a previous study in online gamblers in the same setting, while online non-sports gambling remained at high levels. In particular, the findings further shows that gambling was the highest for online horse betting (90%), online casino (81%), online poker (74%) and online bingo (72%).

A study titled ‘Gambling During the COVID-19 Crisis – A Cause for Concern’ has found that COVID-19 pandemic could impact on the financial and psychological well-being of individuals resulting from the social isolation during spatial distancing, and these stressors in conjunction with substantial changes in gambling markets (land-based, online) during the pandemic may significantly influence gambling behaviours. The study further emphasizes that although gambling may be impacted in many ways during COVID-19 as a result of the closing of casinos and cessation of sports that could have limited certain forms of gambling, internet gambling remained available, and COVID-19-related stress may have increased engagement in gambling.

It has been shown that technological advancements potentially alter customer behaviour and fuel growth in the lottery sector. Besides, it should be acknowledged that the retail space is still dominant, a shift from brick and mortar into the online channels was evident in South Africa during the COVID lockdowns. In line with international trends, it is expected that as South Africans gain access to the internet, there is high likelihood of a shift towards the use of online mediums to purchase lottery tickets. This trend is evident from a higher increase in the number people registering to play the lottery online as the country was in lockdown as a result of the COVID-19 pandemic.

## Review of the NLC study – NLC stakeholder perceptions survey (2021)

There are numerous strategic outflows that emerged from the findings of the study that was conducted by the NLC during 2021. Some of the most salient strategic outflows that should be considered by NLC from the recent NLC stakeholder perception survey 2021 include:

### *a. NLC regulatory function*

There was view of a broad lack of awareness regarding the regulatory function of the NLC, necessitating more proactive education to increase public awareness of this crucial role in ensuring that the interests of all participants in the National Lottery are adequately protected. In addition, a decentralised approach, in particular to the regulatory function of the NLC, will empower provincial managers to assist the general public with enquiries. Such a drive will improve the quality and turnaround time of service delivery across all areas of operation of the NLC.

### *b. NLC Communication*

In order to optimise transparency and build staff morale, excellent internal communication is also required to ensure that staff feel included and experience a sense of belonging. This will contribute to productivity and efficient service delivery as a positive work force will strive for excellence.

### *c. Grant application process*

The grant application process should be as accessible and simple as possible. Having the application forms available in a selection of South African national languages, in an online and hard copy format, will be favourably received. There is a need for feedback to applicants during the period they await the result of their application as this will create transparency and contribute to improved service delivery. The need for more support by the NLC during the application process was expressed, especially in the rural areas.

### *d. Discretionary grants*

The negative view held particularly by external stakeholders regarding discretionary grants for worthy good causes, requires reviewing and subsequent communication providing clarity regarding the decisions taken concerning this matter.

### *e. NLC standard of service delivery*

The same high standard of service delivery across all provincial branches should be encouraged.

*f. NLC technological advancement*

It was recommended that a forward-looking technology approach is adopted by integrating innovative platforms in all operational areas of the NLC where it adds value.

**PART C:**  
**MEASURING OUR**  
**PERFORMANCE**



## PART C: MEASURING OUR PERFORMANCE

### JOINT INDICATORS DTIC & NLC

During 2021, the Minister set out a directive for all entities in the dtic family to work on a set of “Joint KPI’s” (J-KPI’s). Initially, there were 7 identified areas that have now been regrouped into 3 overarching integrated outputs.

The areas of focus represent key priorities of government that are set out in more detail in the Annual Performance Plan of the dtic.

NLC will contribute to the achievement of the Joint indicators and the output required is a report to the Executive Authority that sets out the actions taken by the entity and highlighting the contributions to achievement of the dtic outcomes.

Joint KPI	OUTCOME	OUTPUT	INDICATOR TITLE	INDICATOR DEFINITION	ANNUAL DTIC TARGET	CONTRIBUTION BY THE NLC
<p><b>INDUSTRIALISATION</b></p> <ul style="list-style-type: none"> <li>o <i>Sector Partnerships</i></li> <li>o <i>Localisation</i></li> <li>o <i>Beneficiation Initiatives</i></li> <li>o <i>Covid Industrial Production</i></li> <li>o <i>African &amp; Global Exports</i></li> <li>o <i>Green Economy Initiatives</i></li> <li>o <i>Investment Initiatives</i></li> </ul>	<p>Industrialisation and Localisation:</p> <p>Increased industrialisation and localisation opportunities implemented</p>	<p>Report documenting the integrated support to drive industrialisation through master plans in national priority sectors; increased and diversified localisation through government and private sector procurement; and promotion of beneficiation</p>	<p>Report on integrated support across DTIC to drive industrialisation that supports economic recovery, covering industry Master Plans, localisation initiatives across the economy, COVID-Industrial Interventions and beneficiation</p>	<p>Integrated support across DTIC to drive industrialisation that supports economic recovery, covering industry Master Plans, localisation initiatives across the economy, COVID-Industrial Interventions and beneficiation.</p>	<p>Integrated support to drive industrialisation that supports economic recovery, covering industry Master Plans, localisation initiatives across the economy, COVID-Industrial Interventions and beneficiation</p>	<p>Local supplier spend by the National Lottery &amp; Sports Pool Operator as per the following empowerment categories:</p> <ul style="list-style-type: none"> <li>o Capability &amp; Capacity Building</li> <li>o New skills development</li> <li>o Rural Integration &amp; Regional Development</li> <li>o Small Business development</li> <li>o Transfer of technology and IP rights</li> </ul> <p>A quarterly report on the value and impact of projects funded under the Arts, Culture, Environment and</p>

Joint KPI	OUTCOME	OUTPUT	INDICATOR TITLE	INDICATOR DEFINITION	ANNUAL DTIC TARGET	CONTRIBUTION BY THE NLC
						National Heritage Sector that relate specifically to the environment
<b>TRANSFORMATION</b> <ul style="list-style-type: none"> <li>o <i>BEE promotion</i></li> <li>o <i>Worker Empowerment</i></li> <li>o <i>Structure of the economy: Economic concentration; SME promotion</i></li> <li>o <i>SEZ's and Industrial Parks</i></li> <li>o <i>Township Economy</i></li> <li>o <i>District Model Reporting</i></li> <li>o <i>Integrated Delivery: within DDM by dtic family</i></li> </ul>	Contribute to intergovernmental action in implementation of the District Development Model towards district economic development	District integrated report with district development economic maps	Report on District Development Model and Spatial equity including incorporating all work within the District Model	District Development Model and Spatial equity including incorporating all work within the District Model District Development Model and Spatial equity including incorporating all work within the District Model.	District Development Model and Spatial equity including incorporating all work within the District Model.	<p>A quarterly report on the value and related impact of all projects funded in the 42 districts and 8 metros of the District Model.</p> <p>A quarterly report on Enterprise Supplier Development (ESD) and BEE promotion initiatives.</p>
<b>DELIVERY / CAPABLE STATE</b> <ul style="list-style-type: none"> <li>o <i>DTIC Institutional capacity: building strong capacity within staff</i></li> <li>o <i>Building the entity staffing and governance capacity &amp; quick response</i></li> <li>o <i>Shared services from the dtic to smaller entities (cost saving) and across dtic institutions</i></li> <li>o <i>Rationalising functions between the department (policy/monitoring &amp; evaluation/oversight and consequence management) and entities (delivery/administration)</i></li> <li>o <i>Addressing red tape and compliance in internal processes</i></li> <li>o <i>Review of legislation and regulations</i></li> <li>o <i>Ensuring effective support functions from other public entities to achieve dtic outcomes</i></li> </ul>	Functional, efficient and integrated services within the DTIC to improve economic development and ease of doing business	Actions to promote functional, efficient and integrated government and measures to reduce red tape across DTIC and entities	Report on strengthening and building capabilities and agility in the DTIC and its entities, to improve efficiencies in programmes and entities, to contribute to economic development and ease of doing business	Strengthening and building capabilities and agility in the DTIC and its entities, to improve efficiencies in programmes and entities, to contribute to economic development and ease of doing business	Review of unnecessary red tape and compliance reporting requirements in DTIC entities and programmes; monitoring implementation times of DTIC services	A quarterly report on projects within the entity that aimed at efficiency improvements in all value chains including the reduction of red-tape in NLC processes.

## 2. Institutional Programme Performance Information

Programme 1	Administration & Business Support
Purpose	To ensure that the NLC remains a professional and ethical organisation with innovative and responsive systems and processes.

### Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited / Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
A professional and ethical organisation	Optimal performance and effective adaptation of employees	1.1 Develop and implement the organisational review and redesign strategy	-	People Strategy was developed and implemented	People Strategy implemented by developing culture transformational plan	Align the Structures, Systems, processes and policies as defined in the Future Fit People Strategy	Development and implementation of the organisational review and redesign strategy	Develop programmes to proactively capacitate people for future careers as defined in the organisational Strategy	Assess the efficacy of the organisational Strategy



Outcome	Outputs	Output Indicators	Annual Targets						
			Audited / Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Proactively Addressing NLC's vulnerabilities	1.2 The enterprise-wide Fraud Risk Assessment is conducted					Conduct the enterprise-wide Fraud Risk Assessment	Implement & Monitor the Fraud Risk detection and prevention plan	Implement & Monitor the Fraud Risk detection and prevention plan
	Proactively identify and reduce vulnerabilities that led to corruption, fraud, waste, abuse, and mismanagement.	1.3 Develop, implement and enforce the Consequence and Ethics Management Strategy					Conduct lifestyle audits and integrity testing, and enforce consequence management based on identified leads, indicators, and findings from the SIU reports.	Enforce and monitor the outcomes of Consequence Management	Enforce and monitor the outcomes of Consequence Management
	Education & Awareness	1.4 Number of education and awareness engagements conducted nationally	187 stakeholder engagements conducted	20 stakeholder engagements focused on regulatory mandate conducted	40 education and awareness engagements conducted nationally	80 education and awareness engagements conducted nationally	Conduct 132 education and awareness engagements nationally	Conduct 90 education and awareness engagements nationally	Conduct 120 education and awareness engagements nationally
Innovative and responsive systems and processes	Building our capabilities to enable honest engagements with our stakeholders	2.1 The grantee/applicant survey is conducted					Conduct the grantee/applicant survey	Implement the recommendations from the grantee/applicant survey	Monitor the implementation of the grantee/applicant survey
	Driving digital transformation	2.2 Phase 1 of the digital transformation strategy is implemented	-	-	-	The NLC Digital Transformation Strategy is formulated	Implement phase 1 of the digital transformation strategy	Implement phase 2 of the digital transformation strategy	Monitor the implementation of the digital transformation strategy

**Indicators, Annual & Quarterly Targets**

Output Indicator	Annual Target	Q1	Q2	Q3	Q4
1.1 Develop and implement the organisational review and redesign strategy	Development and implementation of the organisational review and redesign strategy	Develop the ToR and appoint the service provider	Develop the organisational review and redesign strategy	Implement phase 1 of the organisational review and redesign strategy	Implement phase 2 of the organisational review and redesign strategy
1.2 An enterprise-wide Fraud Risk Assessment is conducted	Conduct the enterprise-wide Fraud Risk Assessment	Conduct the assessment on end-to-end processes for Grant Funding & Supply Chain Management with all relevant stakeholders	Conduct the assessment on end-to-end processes for HCM, Finance & Regulatory Compliance with all relevant stakeholders	The Draft Fraud Detection & Prevention Plan tabled to Exco for recommendation to the Board	Develop the Fraud Detection & Prevention Plan for Board approval
1.3 Develop, implement and enforce the Consequence and Ethics Management Strategy	Conduct lifestyle audits and integrity testing, and enforce consequence management based on identified leads, indicators, and findings from the SIU reports.	Develop a consequence and ethics management strategy that prevents and deters unethical conduct and acts of corruption.	Conduct Integrity testing and checks for NLC officials.  Conduct phase 1 of the lifestyle audits, focusing on NLC Management and Grant Funding officials.	Conduct second layer of the lifestyle audits, focusing on NLC officials.	Produce a report on the lifestyle audit & integrity testing findings and enforcement of the consequence and ethics management strategy
1.4 Number of education and awareness engagements conducted nationally	Conduct 132 education and awareness engagements nationally	Conduct 33 education and awareness campaigns nationally	Conduct 66 education and awareness campaigns nationally	Conduct 99 education and awareness campaigns nationally	Conduct 132 education and awareness campaigns nationally
2.1 The grantee/applicant survey is conducted	Conduct the grantee/applicant survey	Issue the RFP to the research panel and conclude appointment	Implement the survey	Implement the survey	Produce a report with recommendations for Board noting
2.2 Phase 1 of the digital transformation strategy is implemented	Implement phase 1 of the digital transformation strategy	Implement phase 1 of the digital transformation strategy	Implement phase 1 of the digital transformation strategy	Implement phase 1 of the digital transformation strategy	Provide a report to Exco for approval on the completion of implementing phase 1 of the Dx Strategy

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

Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited / Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Credible and sustainable lotteries and sports pools	A fair and safe national lottery & sports pools	3.1 The National Lottery & Sports Pools monitoring matrix implemented	Compliance with licence conditions monitored	Compliance with licence conditions monitored	Compliance with licence conditions monitored	Implementation of the National Lottery Monitoring Matrix	Implementation of the National Lottery & Sports Pools Monitoring Matrix	Implementation of the National Lottery & Sports Pools Monitoring Matrix	Implementation of the National Lottery & Sports Pools Monitoring Matrix
	Protecting the interests and preventing harm to participants through effective regulation	3.2 Educate 1000 stakeholders on the harmful effects of gaming	9 Participant Protection Programs implemented	Responsible Play and Complaints Resolution strategy developed and approved by the Board	Evaluation of actions to reduce the risk of harm to children and those most susceptible to excessive gaming	-	Educate 1000 stakeholders on the harmful effects of gaming	Educate 1500 stakeholders on the harmful effects of gaming	Educate 2000 stakeholders on the harmful effects of gaming

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited / Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Protecting the interests and preventing harm to participants through effective regulation	3.3 Percentage increase in the number of compliant lottery schemes	96% of all identified and reported lottery schemes investigated	95% of all identified and reported lottery schemes investigated	100% of all identified and reported lottery schemes investigated	Conduct investigations on 100% of all identified and reported lottery schemes	50% increase in the number of compliant lottery schemes	75% increase in the number of compliant lottery schemes	100% increase in the number of compliant lottery schemes
	Protecting the interests and preventing harm to participants through effective regulation	3.4 Know Your Customer (KYC) Strategy for online lottery play developed	9 Participant Protection Programs implemented	Responsible Play and Complaints Resolution strategy developed and approved by the Board	Evaluation of actions to reduce the risk of harm to children and those most susceptible to excessive gaming	-	Develop the Know Your Customer (KYC) strategy for online lottery play	Implement the Know Your Customer (KYC) strategy for online lottery play	Implement the Know Your Customer (KYC) strategy for online lottery play

Indicators, Annual & Quarterly Targets

Output Indicator	Annual Target	Q1	Q2	Q3	Q4
3.1 The National Lottery & Sports Pools monitoring matrix implemented	Implementation of the National Lottery & Sports Pools Monitoring Matrix	Implementation of the National Lottery & Sports Pools Monitoring Matrix	Implementation of the National Lottery & Sports Pools Monitoring Matrix	Implementation of the National Lottery & Sports Pools Monitoring Matrix	Implementation of the National Lottery & Sports Pools Monitoring Matrix
3.2 Educate 1000 stakeholders on the harmful effects of gaming	Educate 1000 stakeholders on the harmful effects of gaming	Educate 250 stakeholders on the harmful effects of gaming	Educate 500 stakeholders on the harmful effects of gaming	Educate 750 stakeholders on the harmful effects of gaming	Educate 1000 stakeholders on the harmful effects of gaming
3.3 Percentage increase in the number of compliant lottery schemes	50% increase in the number of compliant lottery schemes	10% of lottery schemes are compliant	20% of lottery schemes are compliant	35% of lottery schemes are compliant	50% of lottery schemes are compliant
3.4 Know Your Customer (KYC) Strategy for online lottery play developed	Develop the Know Your Customer (KYC) strategy for online lottery play	Develop the ToR and appoint the service provider	Conduct the analysis	Conduct the analysis	Produce the Know Your Customer (KYC) strategy for online lottery play

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

Outcomes, Outputs, Performance Indicators and Targets

Outcome	Outputs	Output Indicators	Annual Targets						
			Audited / Actual Performance			Estimated Performance	MTEF Period		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
A sustainable and impactful civil society sector	Strategic Partnerships to enhance the research-based funding model	4.1 Number of strategic partnerships formalised and implemented for the research-based model	-	-	-	Strategic partnerships with 9 key stakeholders (provincial and national) are developed and implemented	Three (3) Strategic partnerships for the research-based model are formalised	Monitor the implementation of key strategic partnerships	Monitor the implementation of key strategic partnerships
	Funding model aligned to the developmental needs of South Africa	4.2 Impact Assessment Evaluation on Small Grants is conducted					Conduct an impact assessment evaluation on small grants	Conduct an impact assessment evaluation on medium & large grants	Monitor the funding model in relation to the category of grants
	Assurance that NLDTF funds are utilised for the intended purpose	4.3 3000 Monitoring assessments completed	2500 site visits	1400 monitoring reports (site visits)	2500 monitoring reports	Complete 2000 Monitoring reports	Complete 3000 Monitoring assessments	Complete 3500 Monitoring assessments	Complete 4000 Monitoring assessments

	Investing in the sustainability of funded organisations by transferring skills to beneficiaries	4.4 Number of structured capacity building programs implemented nationally				Implement 4 capacity building programs nationally	Pilot the reviewed model of capacity building programs	Implement 12 structured capacity building programs nationally	Implement 15 structured capacity building programs nationally
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Indicators, Annual & Quarterly Targets

Output Indicator	Annual Target	Q1	Q2	Q3	Q4
4.1 Number of strategic partnerships formalised for the research-based model	Three (3) Strategic partnerships for the research-based model are formalised	Conduct review of the research-based model	Conduct review of the research-based model	Develop ToR and issue the call	Appointment of strategic partners for the research-based model
4.2 Impact Assessment Evaluation on Small Grants	Conduct an impact assessment evaluation on small grants	Develop the ToR and appoint the service provider	Conduct the assessment	Conduct the assessment	Produce an impact assessment evaluation on the small grants for Board noting
4.3 3000 monitoring assessments completed	Completion of 3000 monitoring assessments	Complete 750 monitoring assessments	Complete 1500 monitoring assessments	Complete 2250 monitoring assessments	Complete 3000 monitoring assessments
4.4 The capacity building programme is reviewed, and a reviewed model is piloted in 2 provinces	Pilot the reviewed model of capacity building programs	Review of the capacity building & mentorship programme model	Pilot the reviewed model	Pilot the reviewed model	Pilot the reviewed model and submit a review report

### 3 Explanation of Planned Performance over the Medium-Term Period

#### Programme 1: Administration and Business Support

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

The introduction of the Joint Indicator Descriptors by the Minister of Trade, Industry and Competition has heralded a new path for the NLC in attempting to integrate all government efforts to uplift society.

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

In the ever - changing world of business, new products and services, technological and social media trends, political, legal and economic shifts demand continuous investment in an organisation's main asset, its people. Organizations of the current era require exceptional quality of leadership and business processes if they are to renew themselves and become a receptive and motivated enterprise proficient of sustaining success. The concept of "organizational renewal" is completely different from organizational development as the entire dynamics shift when the change in the company is being managed, keeping the changing business environment as a primary focus. Therefore, to be successful, organization must develop a leadership style, business process and culture that can effectively handle the challenges and prospects that might come up. A management style that was adequate under one set of conditions may become progressively less effective under changing circumstances. Thus, organizational renewal results in preventing corporate entropy. The NLC broadly refers to this process as their "Future Fit People Strategy." The focus for the year in perspective is the alignment of systems, processes and policies to the strategy.

NLC's Brand Building Campaign is aimed at continuously developing a positive perception of the entity. Unfortunately, the spate fraud and corruption has cast a shadow on the good work that the NLC undertakes and the lives that are positively impacted by the proceeds that are derived from the sale of lottery tickets. This aspect is critical to maximise revenue for good causes against dwindling sales, a depressed economy and an increase in competition for the National Lottery. Additionally, the market has become saturated with scams and individuals are often victims of such illegal activities.



NLC's approach to fraud risk has been largely reactive. Given the enhancement of processes and the tweaking of internal controls, it is imperative that fraud risk morphs into a proactive approach with the primary objective of efficiently and effectively identifying areas susceptible to fraud, prioritizing risks, investigating, and remediating those risks before they occur.

The public sector is, collectively, the world's largest service provider. Any incremental improvement in public services positively impacts millions of people. The first step to 'delivering the customer promise' is to know your customers and their needs. (Wim Oosterom) Improvement in service delivery and turnaround times remains at the core of the NLC's radar. Therefore, for the year under review a deeper dive into the relations we seek to improve not just with the successful applicant but also with those who did not meet the criteria for funding, must be undertaken so that we can understand the challenges at grassroots.

Closely aligned to the concept of organisational renewal and the future fit people strategy is the NLC's digital transformation strategy. COVID-19 has proved to be a tipping point in governments' digital transformation in that it has accelerated the pace. The NLC is no exception. Before the pandemic, NLC was primarily "doing digital"—that is, leveraging digital technologies to enhance service delivery capabilities but still largely relying on legacy operating models. It is envisaged that this transformation will result in the NLC using technologies such as AI, cyber, and cloud to elevate the human experience and radically transform service delivery and back-office operations. At the heart of digital transformation is moving from ad hoc application of digital to designing and implementing digital technologies so that they are embedded across the organization and in its DNA.

## Programme 2: Regulatory Compliance

The developments in the gaming and lottery industry have an influence on the regulatory environment of the lotteries and also contributed to the amendment of the Lotteries Act 57 of 1997. Provisions made in the Lotteries Amendment Act No.32 of 2013 had an impact on the NLC regulatory, functional and governance role namely: amendment of certain definitions; to provide for the establishment of a National Lotteries Commission; to provide for the extension of the powers of the board; to provide for the licensing of an organ of state to conduct the National Lottery; to provide for a clear accountability process for the distributing agency; to provide for the professionalization of the distributing agency; to eliminate overlapping of functions between the Minister and the board; to provide for the removal of the reconstruction and development programme as a category entitled to be allocated money of the fund; and to provide for matters connected therewith.

The outputs in this programme aim to uplift the regulatory function of the organisation to give direct impetus to the Board's directive. It further serves to reinforce the NLC's existence to

safeguard participants and the wider public by effectively regulating the lottery industry. The approach will enable the NLC to respond to emerging risks and issues whilst constantly seeking ways to drive up standards. This is especially important due to the challenges and opportunities online gaming and smartphone technology is bringing to the sphere. Protecting children and the vulnerable from being harmed or exploited by gaming continues to be a priority as demonstrated through the piloting of retailer verification visits.

The monitoring of the National Lottery and Sports Pools Operator is executed through the monitoring matrices. This is at the heart of the regulatory function and is directly derived from the licence agreement. We further plan to increase our regulatory functions through aggressive participant protection programmes.

The outputs in this programme are intended to ensure a safe and sustainable lottery industry for maximum economic and social impact.

### Programme 3: Grant Making

In the 2022/23 financial year, the Board imposed a moratorium on proactive-based funding. This decision follows the widespread maladministration of funds intended for good causes through this funding vehicle. The proposed new model refers to accessing of funding without having to lodge an application as research-based or strategic funding. It is premised on the identification of partners that will be subjected to sign robust agreements with the NLC for implementation of the projects.

The introduction of small grants into the grant funding model was intended to assist new and developing NPO's access funding. A recent analysis (2022) indicated that 90% of funding is being directed to small grants. This has subsequently begged the question of whether these grants are making an impact, their measurability and the administrative costs to facilitate a volume of these type of grants.

Monitoring and evaluation is critical in assessing the impact of our developmental interventions. Whilst it is not the only mechanism we deploy, the tools used are important to measure the outputs (products, capital goods, and services that result from a development intervention. E.g., Number of people trained / Number of workshops conducted) and the outcomes (The likely or achieved short-term and medium-term effects or changes of an intervention's outputs. E.g., Increased skills / New employment opportunities) and the impact (The long-term consequences of the program, may be positive and negative effects. E.g., Improved standard of living)

Many NPO's face challenges which cannot be overcome overnight. To survive and flourish, civil society organizations must have the competence to represent themselves and others. That's why training must be ongoing, and why building capacity through processes can be so effective.

Training is fundamentally important, but training must be focused on more than just the basics. The NLC aims to capacitate NPO's nationally to ensure a robust and sustainable civil society sector exists in South Africa.

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

#### **4 Programme Resource Considerations**

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

The NLC must ensure the financial sustainability, control and discipline of the organization in line with applicable legislation and policy prescripts.

The NLDTF does not receive an appropriation from the fiscus, however as stipulated in section 23 of the Lotteries Act, the revenue of the fund (i.e NLDTF) consists of-

- a) The sums paid to the fund in terms of section 14(2)(e) - share of ticket sales from the national lottery
- b) Interest and dividends derived from the investment of money standing to the credit of the fund; and
- c) Other money lawfully paid into the fund.

This budget represents the turnaround strategy for the NLC. It encompasses the reinvention of the entity with the review of critical processes, most importantly the grant funding model which means that financial resources are going to be required to strengthen the process.

During the Board strategic session, an inspectorate function was introduced in the proposed grant funding model, the need for more research to be under-taken on priority areas is also at the centre of this new model.

The implementation of the digital transformation strategy in relation to building efficiencies within the entity is also contributing to the increase in budget.

The budget policy requires that operational expenditure be capped at 30% of revenue which translates to R643.8 million for 2023/24 financial year. The budget for operational expenditure

translates to 28.3% of revenue, including costs relating to the RFP for the 4th National Lottery License Operator. Operational expenditure includes R320.1 million for employee related costs and R294.7 million for operational costs.

Costs for the RFP process are included in the various line items in the detailed budgets but are summarised below. Costs have increased by 9% from R40.1 million to R43.7 million in the mid-term review period due to increased budget increase relating to Board Emoluments as this was underbudgeted for previously, a budget allocation of R10 million has also been included for the refurbishment of the SABS building to be ready for the RFP process.

## 5 2023/24 Financial year budget

	<b>Total Mid- Term Budget</b>	<b>Total Budget</b>	<b>Variance</b>
	<b>2023/24</b>	<b>2023/24</b>	
	<b>R 000</b>	<b>R 000</b>	
<b>REVENUE</b>	<b>2 169 074</b>	<b>2 103 431</b>	<b>3%</b>
NLDTF	1 814 699	1 815 499	0%
Interest Received	187 661	109 499	71%
License Signing Fees	2 833	2 833	0%
Societies & Other Lotteries	62	62	0%
Unclaimed and expired prize money	120 000	140 000	14%
Withdrawals	20 000	20 000	0%
Interest from the Participants Trust	9 818	1 538	538%
Sundry Income	2 000	2 000	0%
RFP Lottery Fee - Application Fee	12 000	12 000	0%
<b>EXPENDITURE</b>	<b>2 159 749</b>	<b>2 072 106</b>	<b>4%</b>
Allocations	1 538 427	1 401 309	10%
Advertising & Publicity	31 989	15 810	102%
Agency Emoluments	2 000	2 000	0%
Audit Fees	10 169	9 295	9%
Bank Charges	184	244	24%
Board Members Emoluments	6 866	6 866	0%
ICT Operational Cost	32 774	20 995	56%
Conferences / Meetings	3 752	1 441	160%
Consulting Fees	18 680	61 120	69%
Courier & Postages	379	162	133%
Depreciation	6 492	6 492	0%
Electricity, water, rates & taxes	5 345	5 168	3%
Refreshments & Catering	993	1 475	33%
General Expenses	1 224	787	56%
Insurance	801	799	0%
Legal Fees	22 357	46 724	52%
Motor Vehicle Expenses	2 460	2 400	3%
Outsourced services	26 098	34 984	25%
Print & Stationery	2 767	2 647	5%

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Professional fees	1 000	1 000	0%
Lease costs	24 843	25 778	4%
Repairs & Maintenance	3 213	6 378	50%
Removals	65	65	0%
Employee Costs	320 118	329 083	3%
Recruitment costs - Permanent appointments	2 259	1 000	126%
Staff Training	3 669	3 706	1%
Staff Welfare	2 339	2 058	14%
Subscriptions	435	435	0%
Security	7 869	7 474	5%
RFP Costs	43 762	40 162	9%
Telephone & Fax	1 454	1 494	3%
Travel & Accommodation	12 672	12 972	2%
Workmens Compensation	700	320	119%
Investigation cost	16 788	15 000	12%
Trust Administration Fee	4 058	4 058	0%
Trustee fees	748	407	84%
<b>NET SURPLUS</b>	<b>9 325</b>	<b>31 325</b>	
<b>TOTAL CAPEX BUDGET</b>	<b>49 926</b>	<b>69 858</b>	<b>29%</b>
Office accommodation	-	30 000	100%
Computer Equipment	13 610	11 300	20%
RFP building refurbishment costs	10 000	-	100%
Office Equipment	64	75	14%
Intangible Assets	10 070	8 483	19%
Furniture and Fittings	5 182	15 000	65%
Network Infrastructure	11 000	5 000	120%

## 6 Updated Key Risks

Risk Description	Causes/ Background to risks	Consequences/Impact	Inherent Risk Exposure	Current controls	Control Assessment	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Resources Required	Owner	Start Date	End Date
Inadequate regulatory oversight over Lotteries and Sports Pools	Non-compliance by Lotteries and sport pools Operators	Lottery participants not protected. Impaired organisational sustainability. Litigation Reputational harm/ integrity of lotteries and sports pools		<ul style="list-style-type: none"> <li>Periodic engagements with lottery and sports pools operators on compliance requirements - License agreement with the national lottery and sports pools operator</li> <li>License compliance and performance monitoring matrix developed and implemented</li> </ul>	Satisfactory		Review and enhance monitoring of all licensed and registered lotteries and sports pools; including procurement of monitoring systems to enhance regulatory work.	R1 million (estimated)	Executive: Regulatory Compliance	01/04/2023	30/09/2023
	Conflict of interest/collusion between regulator and regulated organisations			<ul style="list-style-type: none"> <li>Declaration of interest. Independent reviews by NLC</li> <li>Reliance on year-end verification of revenue by operator's auditors.</li> </ul>	Satisfactory		Continuous monitoring of existing controls	Use internal resources	Executive: Regulatory Compliance	01/04/2023	31/03/2024
	Inadequate skills and competencies to support regulatory mandate			<ul style="list-style-type: none"> <li>Continuous training and development of staff Skills audit</li> </ul>	Satisfactory		IT audit skills to be procured to investigate and analyse illegal online lotteries as well compliance monitoring of systems used by the National Lottery and Sports Pools Operator.	R2 million (estimated)	Executive: Regulatory Compliance	01/04/2023	30/09/2023
	Ineffective monitoring of the national lottery and sports pools operator			<ul style="list-style-type: none"> <li>Daily, weekly, monthly and quarterly reviews of reports generated by the operator and</li> </ul>	Satisfactory		Continuous monitoring of existing controls	Use internal resources	Executive: Regulatory Compliance	01/04/2023	31/03/2024

Risk Description	Causes/ Background to risks	Consequences/Impact	Inherent Risk Exposure	Current controls	Control Assessment	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Resources Required	Owner	Start Date	End Date
	Ineffective ICT systems to exercise effective oversight Reliance placed on operator's ICT systems			<ul style="list-style-type: none"> <li>reviewed for compliance</li> <li>Performance management of the national lottery and sports pools operator</li> <li>Independent Verification System (IVS) for independent verification of national lottery ticket sales</li> <li>Independent reviews by 3rd line assurance. Engagement between AG and operator auditors. Year-end verification of revenue by operator's auditors.</li> </ul>	Major Improvement Required		Formal studies to determine the viability/availability of leveraging on gaming technologies and on monitoring tools for enhanced oversight. Advanced technologies other than IVS to be investigated.	R1 million (estimated)	Executive: Regulatory Compliance & CIO	01/04/2023	30/09/2023
Ineffective enforcement and prohibition action (high - legislative review, proliferation of illegal lotteries)	Inadequate mechanism to prevent and/ or detect illegal lotteries and sports pools	Litigation Impaired organisational sustainability Financial losses		<ul style="list-style-type: none"> <li>Research to identify different forms of illegal lotteries conducted</li> <li>Assessment of possibility of regulating illegal lotteries (proposal in place)</li> <li>Media monitoring to identify illegal lottery activities</li> <li>Collaboration with other regulators such as</li> <li>Gambling Boards</li> </ul>	Major Improvement Required		Implement recommendations arising from the illegal lotteries research process Lobby for review of Lotteries Act to include enforcement powers Legislative review process to legalise illegal lotteries (recommend) Investigate other mechanisms to deal with illegal operators.	<b>The dtic lotteries policy review</b>  <b>Legal fees for Lotto Star and Lottoland = R3 million</b>	Executive: Regulatory Compliance & Executive: Legal	01/04/2023	31/03/2024



Risk Description	Causes/ Background to risks	Consequences/Impact	Inherent Risk Exposure	Current controls	Control Assessment	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Resources Required	Owner	Start Date	End Date
				<ul style="list-style-type: none"> <li>NLC registration numbers for legal lotteries</li> <li>Feasibility Study for regulating illegal lotteries finalised</li> <li>Joint enforcement with law enforcement agencies</li> <li>Hotline and complaints handling</li> </ul>			<ul style="list-style-type: none"> <li>Declaratory court order to declare Bookmakers who take bets on the outcomes of the national lottery</li> <li>Establish the inspectorate function</li> </ul>				
	Circumvention of the Lotteries Act and other relevant legislation by illegal operators			<ul style="list-style-type: none"> <li>Ongoing awareness campaigns on legal and illegal lotteries</li> </ul>	Satisfactory					01/04/2023	31/03/2024
	Overlapping regulatory mandate between the NLC and Gambling Boards (Provincial licencing authorities)			<ul style="list-style-type: none"> <li>Legal action</li> <li>Continuous monitoring of society and other lotteries</li> </ul>	Satisfactory					01/04/2023	31/03/2024
Delayed appointment of the national lottery and sports pools operator	<ul style="list-style-type: none"> <li>Operational inefficiencies leading to delays in appointment of the operator</li> <li>Inadequate RFP strategy</li> <li>Inadequate collaboration between NLC Board &amp; dtic (Breakdown in relationship)</li> <li>Legal challenges to RFP process by stakeholders arising out of perceptions of the RFP process/</li> <li>Non-compliance with licensing and procurement processes</li> </ul>	<ul style="list-style-type: none"> <li>Reputational harm/integrity of national lottery</li> <li>Impaired organisational sustainability</li> <li>Financial losses</li> </ul>	Critical	<ul style="list-style-type: none"> <li>Supply chain management processes</li> <li>Development of the RFP strategy</li> <li>Current licence extended for a period of 2 years.</li> </ul>	Major Improvement Required	High	<ul style="list-style-type: none"> <li>Appointment process for the new lottery operator</li> <li>Establish and monitor timelines, triggers and escalation points for the Board</li> <li>Collaboration between Minister &amp; NLC Board</li> <li>Appoint a panel of law and audit firms to advice the Board and Minister</li> </ul>		Board Commissioner	31/10/22	Mar-23

Risk Description	Causes/ Background to risks	Consequences	Inherent Risk Exposure e	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Resources Required	Owner	Time scale		
										Start Date	End Date	
Fraud and unethical conduct	Inadequate organisational ethical and compliance culture	Reputational harm/ integrity of national lottery Financial losses Litigation Impaired sustainability	<b>Critical</b>	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 Ethics Function within the office of the Company Secretariat Human Resources, Ethics and Social Responsibility Committee	Major Improvement Required	<b>Critical</b>	Review and realign the forensic investigation structure. Independent function to oversee the hotline. Validation and escalation controls built within the system independent hotline managed by DTIC.	R2m	CoSec/ Exec: Legal/ HCM/ Risk Management	12/1/2022	3/31/2023	
	Proactive funding projects not recorded in the system	Reputational harm/ integrity of national lottery Financial losses Litigation Impaired sustainability		Proactive funding projects not recorded on fusion system Lack of segregation of duties for proactive funding projects			Unsatisfactory	Recording of proactive funding projects recorded in the system Review the proactive funding process and ensure segregation of duties Monitoring of all proactive funding projects by an independent function	Internal resources	COO	12/1/2022	3/31/2023
	Inadequate due diligence process to onboard applicants			Delinquency committee to oversee the delinquency process Registration of delinquent organisations on the delinquency register Rehabilitation process			Unsatisfactory	Automate delinquency register and flag delinquent organisations during the due diligence process	R1m	CIO	12/1/2022	3/31/2023
	Inadequate due diligence process to onboard applicants			Segregation of duties Account reconciliations Quality assurance Investigation of reported and identified cases Consequence management			Unsatisfactory	Improve the due diligence process Investigate system integration with CIPC and DHA systems Automate the grant application process	R1m	COO CIO	4/1/2023	3/1/2024

Inability to verify organisations on the DSD database			Debt recovery process- Pre and post-adjudication site visits - Verification process, including third party verification Litigation management	Unsatisfactory		Risk profiling of beneficiaries Strengthening of verification process especially in provinces Build technical capacity in staff such as financial analysis Implement GIS technology to do virtual site visits Increased spot checks and random audits required	R1m	CRO Chief Operating Officer CIO	4/1/2023	3/1/2024
Unethical behaviour by Board members, Exco and other staff			Induction programme Appointment letters containing clauses Code of Ethics Code of Conduct	Major Improvement Required		N/A, continuous implementation and monitoring of existing controls		CoSec Executive: Legal	3/1/2022	3/1/2023
			Reporting of incidents whistleblowing hotline Investigation of reported cases	Major Improvement Required						
Non adherence with policies and procedures			Consequence management	Major Improvement Required						
Inadequate anti-fraud awareness			Anti-fraud and corruption training - External	Major Improvement Required						
Unethical conduct by unauthorised agents (assisting with funding applications)			Whistleblowing policy Independent whistleblowing hot-line Study on the work and impact of agents (assisting with applications) has been performed	Major Improvement Required		Review and implement findings of detailed study that was conducted to establish extent of non-compliant actions by agents in order to inform future action	Internal resources	Executive: Legal	3/1/2022	3/1/2023
Dependency on 3rd party assurance (Certificates for NPO/NPC issued by Department of Social Development)			Continuous engagements with DSD regarding quality of the NGO database	Unsatisfactory		Build structured relationship with 3rd party assurance entities Progress to date: Ongoing Ongoing discussions with the DSD to improve verification of organisations.	R0 R20 million (estimated)	Chief Operating Officer Exec: Lega and Forensic	3/1/2022	3/1/2023
Conflict among beneficiaries post disbursement and			Reporting of incidents whistleblowing hotline	Major Improvement Required						

	inadequate governance structures of beneficiaries (External factor)			Investigation of reported cases Anti-fraud training and awareness	Unsatisfactory		Organisations to register as NPCs on the CIPC Investigation of reported cases Improve the due diligence process (KYC) Analyse the effectiveness of authorised agents Analyse trends and impact of unauthorised agents Implement the affidavit process Improve the due diligence process (KYC) Capture all directors ID numbers in the system Conduct analytical analysis to identify fraud risk indicators/trends				
	Unethical conduct by unauthorised agents (assisting with funding applications)			Use of appointed authorised agents Reporting of incidents whistleblowing hotline Investigation of reported cases Anti-fraud training and awareness							
	Misrepresentation by applicants - submission of fraudulent documents			Verification/due diligence process Submission of constitution and IDs of members Bank confirmation and Confirmation of bank signatories							
	Fronting by illegitimate applicants with the aim of defrauding the applicants										

Risk Description	Causes/ Background to risks	Consequences	Inherent Risk Exposure	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Resources Required	Owner	Time scale	
										Start Date	End Date
Inefficient ICT infrastructure and systems	Inadequate skills and capability to rollout suitable technology roadmap	Impaired performance and service delivery Reputational harm	<b>Critical</b>	Targeted training based on needs analysis Outsourcing partners (providing inhouse training and skills transfer) Log files allow for retrospective tracing in investigation process	Major Improvement Required	<b>High</b>	Appointment of specialised technology skills (skills required are already defined) in alignment to the ICT_Human Capital Plan. Digital transformation strategy - determination whether the system is fit	R5m Internal resources	CIO SM: Corporate Performance All Executives CIO CIO CIO	Mar-23	Mar-24

Risk Description	Causes/ Background to risks	Consequences	Inherent Risk Exposure	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Resources Required	Owner	Time scale	
										Start Date	End Date
				ICT SteerCo			for purpose, skills and capacity, Cyber security. Engagement with Oracle for way forward on the current system) COBIT maturity assessment (Id numbers not captured in the system) - patch updates - cybersecurity risk Improve the applications system to be considered for GF				
	Ineffective ICT governance			ICT SteerCo TOR Quarterly ICT SteerCo meetings ICT budget and project approval and monitoring	Major Improvement Required						
	Outdated and unsupported Oracle system/database (Obsolete technology)			Continuous maintenance and support on the existing technology	Unsatisfactory		Board ARC recommended an investigation on the current system (To be covered by the digital transformation strategy)				
	Inadequate definition of business workflows and requirements			Subject matter experts per division (providing relevant input) Clearly defined process maps. Improve user requirements and redesign system workflows aligned to	Major Improvement Required		All ICT procurement submitted to ICT SteerCo, supported by business case			Mar-23	Mar-24
	Ineffective maintenance and support of technology			Technology lifecycle planning SLA with service providers In-house support for certain technologies and tasks	Unsatisfactory		Progressive migration to cloud-environment in a phase approach Procure Service provider for functional support			Mar-23	Mar-24
	Ineffective disaster recovery planning (DRP) and monitoring Inconsistent backup process			ICT continuity plan Disaster recovery site	Unsatisfactory		Revise Recovery Time Objective (RTO) to the core ICT platforms. Assess the adequacy of the DR location			Mar-23	Mar-24

Risk Description	Causes/ Background to risks	Consequences	Inherent Risk Exposure	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Resources Required	Owner	Time scale		
										Start Date	End Date	
	Inadequate power supply for the UPS		High			High	Regular backup process and testing Procure relevant infrastructure for DR site (e.g. UPS & Generator)					
	Inadequate implementation of ICT governance framework			ICT policies (available on NLC platforms incl. intranet) Policy awareness sessions with staff- Policy manager application (allows staff driven suggestions for improvement) - Annual review of ICT policies (subject to triggers for more frequent review)	Major Improvement Required			Continuous Stakeholder engagement with NLC Staff				
	Total cost of ownership due to imported technology (no available local options)			Supply chain management (requirement for localisation where applicable)	Major Improvement Required							
	Inadequate mechanisms and tools to enable stakeholder interaction/ access		High	CRM activation and roll-out to enable online interface and transacting	Major Improvement Required	High	The Contact Centre and Regulatory Compliance portal has been enabled for internal use. The transaction by external beneficiaries will be enabled in FY 2022/23.			Mar-23	Mar-24	
	Lack of technology readiness for enhanced regulation and proactive monitoring of lotteries and sports pools			Independent verification system (residing with the operator), for completeness of revenue	Satisfactory		High	Explore/investigate tools to monitor and regulate the lotteries and sports pools				
	Slow adaptability of IT system to ensure online processing			No grant application system	Major Improvement Required	High		Application processes needs to be simplified. Business is required to provide a revised workflow as aligned to the Digital				

Risk Description	Causes/ Background to risks	Consequences	Inherent Risk Exposure	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Resources Required	Owner	Time scale	
										Start Date	End Date
							Transformation Strategy. As a priority, Grant Funding should be prioritised. Meeting with CIPC to explore the use of their system and integration with CIPC system				
	Inadequate of data mining capability to generate business intelligence on the current ERP system			System doesn't allow for capturing of critical information e.g. IDs	Major Improvement Required		Review data mining capability of current fusion system e.g. Mandatory fields for ID numbers Explore the use of ACL for data mining				
	Inadequate ICT strategy			ICT strategy	Major Improvement Required		Revise ICT Strategy and align to business transformation				

Risk Description	Causes/ Background to risks	Consequences	Inherent Risk Exposure	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Resources Required	Owner	Time scale	
										Start Date	End Date
Insufficient funds to meet the increasing number of applications (demand);	Inadequate grant funding model (program based vs project based)	Impaired performance and service delivery Reputational harm	Critical	<ul style="list-style-type: none"> <li>- Grants limited to available funds</li> <li>- Investment Strategy</li> <li>- Cost containment measures</li> <li>- Finance monitoring of grant adjudication meetings</li> <li>- Finance monitoring of grant budget</li> <li>- Grants limited to available funds</li> </ul>	Major Improvement Required	High	Monitoring and evaluation process Communication to the market indicating that funds available for distribution is limited  Review the grant funding model to fund sustainable programs vs projects. Multi tranche system. leverage strategic	Internal resources	COO  CIO	Dec-22	Mar-24



Risk Description	Causes/ Background to risks	Consequences	Inherent Risk Exposure	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Resources Required	Owner	Time scale		
										Start Date	End Date	
				- Grant funding calls (focused to specific areas) - Funding of self-sustaining entities to reduce ongoing pressure on funds			partners Proactive funding	Internal resources & CIPC	COO	Dec-22		
				Grant funding policies & standard operating procedures	Major Improvement Required		Review the grant funding model to fund sustainable leverage strategic partners	Internal resources	CFO			
	Operational inefficiencies			Grant funding policies & standard operating procedures Fusion system Performance monitoring	Major Improvement Required		Review/ walk through entire business process and streamline (eliminate redundant procedures) Introduce automation of the application process and independent inspectorate, Anti-fraud function, Collaboration with other organisations, CIPC, DHA and Banks	Internal resources & CIPC	COO		12/31/2022	3/31/2023
	Fraudulent activities			Reporting of incidents whistleblowing hotline Investigation of reported cases Anti-fraud training and awareness	Major Improvement Required		Explore the use of CIPC database - NPOs to register as NPCs on CIPC database System detection and prevention mechanisms to be implemented	Internal resources	Exec: Regulatory Compliance			
	Ineffective monitoring and evaluation (M&E) beneficiaries			M&E policies and SoPs Pre and post-adjudication site visits	Unsatisfactory		- To review current follow up process to cater for gaps created by the involvement of agents (assisting in applications) as the primary beneficiary	Internal resources				

Risk Description	Causes/ Background to risks	Consequences	Inherent Risk Exposure	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Resources Required	Owner	Time scale	
										Start Date	End Date
							invariably may end up being unable to fully account for grant funding - Review of grant funding model (still aligned to funding for impact) Establish the independent inspectorate function Implement the independent audit verification in provinces through procurement of audit firms				
	Ineffective financial controls to detect and prevent fraud and corruption			ERP system, with limited controls (Including EBS) Access management controls on Pastel systems Policies and procedures	Unsatisfactory		Explore the use of CIPC database - NPOs to register as NPCs on CIPC database System detection and prevention mechanisms to be implemented				
	Irregular, fruitless and wasteful expenditure			SCM policy DoA Hotline Investigation SCM compliance checklists Training and awareness	Unsatisfactory		Investigation of irregular expenditure Implement consequence management Enforce compliance with policies and regulations Continuous compliance monitoring by SCM Ethics training SCM training				
	Lack of approval by National Treasury for NLC to hold reserves. Insufficient reserves			None	Unsatisfactory		Engagements with NT				

Risk Description	Causes/ Background to risks	Consequences	Inherent Risk Exposure	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Resources Required	Owner	Time scale	
										Start Date	End Date
	Increase in number of applications versus limited financial resources			Finance monitoring of grant adjudication meetings Finance monitoring of grant budget Grants limited to available funds Grant funding calls (focused to specific areas) Funding of self-sustaining entities to reduce ongoing pressure on funds Mid-year assessment of the open call process (applications vs available budget/funds)	Unsatisfactory		Review the grant funding model				
	Declining/ stagnant NLDTF contributions			Investment strategy Cost containment measures Awareness on cost-containment Periodic budgeting Targeted budget reviews Society lotteries revenue (small due to focus on participant protection) Funding of self-sustaining entities to reduce ongoing pressure on funds - Revised investment strategy	Satisfactory		Continuous monitoring of controls				
	Sustainability of the national lottery operator			Daily, weekly, monthly and quarterly reviews of reports generated by the operator - Independent Verification System (IVS) for independent verification of national lottery ticket sales Performance management of the national lottery operator	Satisfactory		Incorporate proposals for real-time monitoring tools over regulated transactions				

Risk Description	Causes/ Background to risks	Consequences	Inherent Risk Exposure	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Resources Required	Owner	Time scale	
										Start Date	End Date
	Adverse actions by the Lottery Operator and third parties			- Daily, weekly, monthly and quarterly reviews of reports generated by the operator - Performance management of the national lottery operator	Satisfactory						

Risk Description	Causes/ Background to risks	Consequences	Inherent Risk Exposure	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Resources Required	Owner	Time scale	
										Start Date	End Date
Reputational Risk	Health and safety failures	Reputational harm/ integrity of national lottery Impaired continuity and sustainability	<b>Critical</b>	Health and safety policy	Satisfactory	<b>High</b>	Develop and implement organisation-wide reputation management strategy (that is stakeholder centric and risk responsive)		ACOO	12/31/2022	3/31/2023
	Ineffective consequence management (Delayed detection and resolution of issues)			Human capital management policies Labour relations Internal communications & ongoing meetings	Major Improvement Required		Review and update sanctions Early detection and escalation of issues		Senior Manager: HCM	12/31/2022	3/31/2023
	Inadequate labour practices within NLC funded entities	Due diligence process		Unsatisfactory	Enhance due diligence		ACOO		12/31/2022	3/31/2023	
	Fraud, corruption and unethical conduct of employees, Board and beneficiaries	Whistleblowing policy Independent whistleblowing hot-line Disciplinary policy and procedures Anti-fraud and corruption policy Investigation of reported cases		Major Improvement Required			ACOO			3/31/2023	
	Inadequate communication/manage	Marketing and communications policy and strategy		Major Improvement Required	Crisis communications plan						

Risk Description	Causes/ Background to risks	Consequences	Inherent Risk Exposure	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Resources Required	Owner	Time scale		
										Start Date	End Date	
	ment of internal & external stakeholders		Critical	Stakeholder management programme		High	Develop stakeholder management policy and stakeholder management framework	Internal resources				
	Incorrect/inconsistent DA decisions			Skilled DA members 'Board review committee and ToR	Major Improvement Required		Training for DA members Improve quality assurance and due diligence process Leg advice/opinion					
	Failure to ensure business resumption after a disruptive event (Inability to recover from disruption) over a prolonged period			Business continuity plan and testing DR plan and testing DR site	Major Improvement Required							
	Information privacy breaches			ICT governance framework (ICT policies)	Unsatisfactory							3/31/2023
	Poor management of media including social media			Media and social media policy Media relations	Satisfactory		Pro-active media engagement					
	Non-compliance with legislation framework by NLC;			Compliance policy and framework Compliance monitoring	Satisfactory		Develop M&E triggers to detect projects at high risk of reputation risk exposure, non-performance or non-compliance					12/31/2022
	Inability to quickly adapt to changes in technology			ICT strategy and budget ICT SteerCo	Major Improvement							12/31/2022
	Poor quality delivery of services by NLC			Monitoring and evaluation processes	Major Improvement Required				Internal resources	Executive: Regulatory compliance		
	Negative actions of beneficiaries impacting upon the NLC's reputation			Due diligence process	Unsatisfactory		Enhance grant agreements to include responsible use of NLC brand as well as define recourse in the event of misconduct post-funding.			ACOO		
Irregular, fruitless and wasteful expenditure	Poor contract management Poor planning by users, resulting in reliance on the deviation process	Reputational damage Negative audit outcomes Fraud		Critical	Supply chain management and Irregular, fruitless and wasteful Policy Consequence management		Major Improvement Required	High	Assessment of irregular expenditure to ensure complete disclosure Investigation and	Internal resources	CFO	

Risk Description	Causes/ Background to risks	Consequences	Inherent Risk Exposure	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Resources Required	Owner	Time scale	
										Start Date	End Date
	Ineffective ERP system (Finance module) - Incomplete implementation of fusion for financial reporting purpose Failure to uphold and enforce supply chain regulatory requirements and ensure compliance Turnaround times of Bid committees not defined and not monitored	Impaired sustainability		Termination of expired contracts Training and awareness			consequence management				
Non-compliance with regulations and policies	Inadequate organisational ethical and compliance culture Non adherence with policies and procedures Failure to uphold and enforce compliance requirements	Reputational damage Fines and penalties Impaired sustainability		Ethics policy Annual review and implementation of NLC policies and SoPs Compliance monitoring by compliance and corporate governance unit	Major Improvement Required		Improve combined assurance efforts Escalate major non-compliance incidents		Company secretary Acting Chief Risk Officer Acting CAE		

Risk Description	Causes/ Background to risks	Consequences	Inherent Risk Exposure	Current controls	Control Effectiveness	Residual Risk Exposure	Interventions/ Actions to improve management of the risk	Resources Required	Owner	Time scale	
										Start Date	End Date
Non-optimal human capital structure and skills to meet mandate and strategic obligations	Inadequate skills to match change in strategic vision	Impaired performance and service delivery 'Adverse health & safety impact	High	Existing staff complement Human capital strategy Skills mapping 'Performance management and development system Skills audit Anti-fraud task team	Major Improvement Required	Medium	- Review of current structure and alignment with requirements - Skills audit	Internal resources	Senior HCM Manager	3/1/2022	3/1/2023

		Impaired organisational performance					<b>Progress to date: Completed.</b> Organisational structure reviewed as part of the future fit strategy. Future fit strategy to be implemented during the 2022/23 FY				
	Ineffective change management (and communication)			Ongoing organisational and team communication processes Human capital strategy (includes change management strategy) 'Risk cover (incl. Workmen's compensation, UIF, Pension Fund, Medical Aid)	Satisfactory		Ongoing adaptation of change management strategy in line with environmental changes  <b>Progress to date: Ongoing</b> Quarterly staff engagement sessions/meetings	Internal resources	Commissioner	3/1/2022	3/1/2023
	Hybrid working environment			Work from home policy	Major Improvement Required		HR will investigate relevant work from home policy application and benchmark with other entities. Submission to be done for EXCO and Board approval Organisational structure reviewed as part of the future fit strategy.	Internal resources	Senior HCM Manager	12/1/2022	1/1/2023
	Ineffective consequence management			Performance management	Satisfactory		N/A. Continuous monitoring and implementation of existing controls	Internal resources		3/1/2022	
	Critical vacant positions			Implementation of the succession plan	Satisfactory		Filling of critical positions	Recruitment agencies		6/1/2022	
	Inadequate health and safety management			Health and safety policy Employee wellness plan	Good		N/A. Continuous monitoring and implementation of existing controls				
Ineffective change management	Inadequate strategic alignment	Lottery participants not protected		Revised strategic direction/ plan	Major Improvement Required		Board strategy review process Develop and implement formal change management strategy	Internal resources	Commissioner	11/31/22	03/31/23
	Ineffective communication	Impaired performance and service delivery		Communication management processes	Satisfactory		Continuous monitoring of existing controls				



	Inadequate skills set to manage change required	Litigation		Human capital strategy Skills mapping Performance management and development system Staff empowerment/skills development	Major Improvement Required		Build capacity to align to Future Fit Strategy (Review current structure) Organisational design project to ensure strategy alignment		Senior Manager: HCM	11/31/22	03/31/23
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**7 Public Entities**

Not applicable to the NLC

**8 Infrastructure Projects**

Not applicable to the NLC

**9 Public Private Partnerships**

Not applicable to the NLC

# PART D: TECHNICAL INDICATOR

Indicator Title	1.1 Develop and implement the organisational review and redesign strategy.
Definition	The above target is aimed at holistically developing a structure underpinned by relevant processes, procedures and systems that will support the renewed NLC and culture. The primary focus is on building culture, leadership, people and their skill sets.
Source of data	HCM Quarterly Reports on the implementation of the organisational review and redesign strategy
Method of Calculation / Assessment	Reports from HCM tabled at Exco on the progress of the organisational review and redesign strategy
Means of verification	Approved reports on the implementation of the organisational review and redesign strategy
Assumptions	The organisational culture and change management are effective
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation Type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired performance	A motivated and digitally equipped workforce
Indicator Responsibility	SM:HCM

Indicator Title	1.2 The enterprise-wide Fraud Risk Assessment is conducted.
Definition	NLC's response to fraud can be characterised as reactive. Given the reviewing of workflows to improve the grant funding process and other critical functions it is envisaged that the enterprise-wide fraud risk assessment will be the basis to proactively detect internal control weaknesses in the value chain before incidents are reported.
Source of data	Implementation Reports on quarterly milestones Fraud Detection & Prevention Plan
Method of Calculation / Assessment	Progress reports that are produced
Means of verification	Fraud Detection & Prevention Plan approved by the Board
Assumptions	Updated workflow processes are readily available
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired performance	Robust internal controls to limit NLC's exposure to fraud
Indicator Responsibility	CRO

Indicator Title	1.3 Develop, implement and enforce the Consequence Management and Ethics Strategy
Definition	Consequence and Ethics Management strategy takes a risk-based approach to guide staff and management through the processes required when they witness or detect inappropriate behaviour in the workplace. The NLC shall seek to identify and reduce vulnerabilities that led to corruption, fraud, waste, abuse, and mismanagement of funds by implementing lifestyle audits and integrity testing.
Source of data	Consequence & Ethics Management Strategy is developed Integrity Testing Report on NLC Officials who volunteered to undertake the tests Audit Lifestyle Report on NLC Officials who were subjected to the audit
Method of Calculation / Assessment	Integrity testing & Lifestyle audit Reports are conducted; The Consequence & Ethics Management Strategy is developed; SIU investigative findings are implemented as per the Consequence & Ethics Management Strategy
Means of verification	Consequence and ethics management strategy is enforced and lifestyle audit & Integrity testing reports are produced
Assumptions	There are no budget constraints
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired performance	Restoring credibility to the NLC
Indicator Responsibility	CAE

Indicator Title	1.4 Number of education and awareness engagements conducted nationally
Definition	Education and awareness engagements refer to the promotion of the NLC's mandate as a regulator and funder through the various communication platforms available to the organisation. During the current financial year, 132 engagements must take place. These educational instruments/engagements may take the following forms: <ul style="list-style-type: none"> <li>o Workshops</li> <li>o Brochures</li> <li>o Posts on social media</li> <li>o Internal communication</li> <li>o Print and electronic media</li> <li>o Awareness Posters</li> </ul>
Source of data	Attendance registers; Distribution lists; Screenshots of social media posts and developed content
Method of Calculation / Assessment	Simple count
Means of verification	Production of the sources of data
Assumptions	Appropriate and relevant content is developed
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative (year-end)
Reporting Cycle	Quarterly
Desired performance	All stakeholders are aware of the functions of the NLC
Indicator Responsibility	COO



Indicator Title	2.1 The grantee/applicant survey is conducted
Definition	This survey aims to ask our grantees and applicants (those who applied for grants but were unsuccessful) to assess NLC's services, systems, communication and support mechanisms so that we can improve our service offerings in understanding the importance of being a transparent, responsive and responsible funder.
Source of data	Final survey report on the grantee/applicant study
Method of Calculation / Assessment	Production of the report on the survey for the grantee/applicant
Means of verification	Survey conducted for the grantee/applicant to assess NLC's services
Assumptions	Adequate sample size for the validation of the survey
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative (year-end)
Reporting Cycle	Annual
Desired performance	Improved service delivery
Indicator Responsibility	SM: BDD

Indicator Title	2.2 Phase 1 of the digital transformation strategy is implemented
Definition	The NLC's Digital Transformation Strategy is a plan of action describing how the NLC will strategically reposition itself in the digital economy to allow for innovation, and the enhancement of the operating and business models to improve service delivery and access to the organisation. This is a follow-on target from the previous financial year, post the digital transformation strategy, wherein implementation of phase 1 commences.
Source of data	Implementation reports as per the Digital Transformation Strategy for phase 1
Method of Calculation / Assessment	Progress against the quarterly milestones and plan for the Digital Transformation Strategy
Means of verification	Quarterly Implementation Reports on the Digital Transformation strategy tabled at Exco
Assumptions	There are no budget constraints
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative (year-end)
Reporting Cycle	Annual
Desired performance	A digitally enabled organisation with enhanced service delivery and access
Indicator Responsibility	CM

Indicator Title	3.1 The National Lottery & Sports Pools monitoring matrix is implemented
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 & sports pools.
Source of data	National lottery & sports pools monitoring matrix
Method of Calculation / Assessment	Assessed / Completed National Lottery & sports pools Monitoring matrix
Means of verification	Quarterly Populated and completed monitoring matrix
Assumptions	The operator is monitored for compliance to the licence conditions for the national lottery and sports pools
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative (year-end)
Reporting Cycle	Annual
Desired performance	Optimum compliance of the national lottery operator
Indicator Responsibility	EMRC

Indicator Title	3.2 Educate 1000 stakeholders on the harmful effects of gaming
Definition	The organisation will promote Section 2(A)(b) of the Amended Lotteries Act to protect the interests of all participants and aims to ensure implementation of the prescripts in the strategy. The programme will ensure that the public is aware of the role that the NLC plays in protecting players and preventing underage and excessive play through targeting 1000 stakeholders. The programme will be in the form of workshops that will be conducted nationally.
Source of data	Attendance registers
Method of Calculation / Assessment	Simple count of the number of attendees (1000)
Means of verification	Regulatory Compliance Reports on implementation of the programme
Assumptions	Adequate attendance of players/participants at the sessions
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative
Reporting Cycle	Annual
Desired performance	Strengthening participant protection and creating the awareness
Indicator Responsibility	EMRC

Indicator Title	3.3 Percentage increase in the number of compliant lottery schemes
Definition	Lottery schemes are identified through a process of monitoring the internet, scanning print and electronic media as well as reports by members of the public. Once identified as a lottery scheme, a legal analysis is drafted, which will have recommendations on lottery schemes contravening the Lotteries Act. NLC communicates the applicable Enforcement Sanctions to the lottery scheme operator, informing them of the contravention of the Lotteries Act and compliance requirements thereto. The scheme operator is expected to comply with demands of the enforcement sanction communicated, which seeks to cease the illegal lottery scheme or take corrective action for future lottery schemes. Compliance seminars are held with illegal lottery scheme operators, to educate and advise them on compliance requirements for conducting lotteries.
Source of data	The Lottery Schemes Register with issued enforcement sanctions, which comprise of: <ul style="list-style-type: none"> <li>• Letter of Demand</li> <li>• Warning Letter</li> </ul>
Method of Calculation / Assessment	50% of lottery schemes have undertakings to ensure compliance to the Lotteries Act
Means of verification	The Lottery Schemes Register listing the number of lottery schemes identified and the number of enforcement sanctions issued to scheme operators for ensuring compliance with provisions of the Lotteries Act.
Assumptions	Co-operation from scheme operators
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative
Reporting Cycle	Annual
Desired performance	Preventing harm and ensuring that the interests of all participants are adequately protected
Indicator Responsibility	EMRC

Indicator Title	3.4 Know Your Customer (KYC) Strategy for online lottery play developed
Definition	Know Your Customer (KYC) procedures are a critical function to assess customer risk and a legal requirement to comply with Anti-Money Laundering (AML) laws. Effective KYC involves knowing a customer's identity, their financial activities and the risk they pose. NLC will therefore develop a strategy aligned to best practices for online play channels.
Source of data	The developed Know Your Customer (KYC) strategy document
Method of Calculation / Assessment	Production of the KYC Strategy
Means of verification	The Know Your Customer (KYC) strategy is tabled at Exco for approval
Assumptions	Adequate resources to undertake inspections
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative
Reporting Cycle	Annual
Desired performance	Ensuring the integrity of the National Lottery and sports pools
Indicator Responsibility	EMRC

Indicator Title	4.1 Number of strategic partnerships formalised for the research-based model
Definition	The Research-based funding model (historically known as proactive funding) will be implemented as per the Board approved framework. This component relates to the planned research-based model and will comprise of the identification of the strategic partners for the rolling out of research-based funding. For the year under review, appoint the partners.
Source Data	3 Strategic Partnerships Service Level Agreements (SLA's)
Method of calculation/assessment	Simple count of Number of strategic partnerships SLA's
Means of verification	3 SLA's signed by the NLC and the implementing strategic partner
Assumptions	Sufficient number of applications are received
Disaggregation of Grant Holders (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (Where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative
Reporting Cycle	Annual
Desired Performance	Credible & transparent research-based funding model
Indicator Responsibility	COO

Indicator Title	4.2 Impact Assessment Evaluation on Small Grants is conducted
Definition	The NLC has 3 sizes of grants within the funding model which are: small grants (up to R500 000); medium grants (R1m up to R5m) and large grants (> than R5m). Trends analysis indicates that 90% of adjudications consists of small grants. There is a need to interrogate the impact that small grants make socially and economically.
Source of data	The Impact Assessment Evaluation Report
Method of Calculation / Assessment	Production of the report
Means of verification	Impact assessment Report submitted to the board for noting
Assumptions	The assessment is timeously conducted
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative
Reporting Cycle	Annual
Desired performance	Impactful and sustainable funding
Indicator Responsibility	COO



Indicator Title	4.3 3000 monitoring assessments completed
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 department will in the year implement their Monitoring and Evaluation plan by conducting 3000 monitoring assessments on funded projects. The assessments will be completed from a sample of all 4 sectors (Charities, Arts, Sports & Misc).
Source of data	Monitoring assessments spreadsheet
Method of Calculation / Assessment	Simple count
Means of verification	Count of the number of monitoring reports
Assumptions	Adequate data sample
Disaggregation of Beneficiaries (where applicable)	Target for Women: n/a Target for Youth: n/a Target for People with Disabilities: n/a
Spatial Transformation (where applicable)	Reflect on contribution to spatial transformation priorities: n/a Reflect on the spatial impact area: n/a
Calculation type	Cumulative
Reporting Cycle	Quarterly
Desired performance	Impactful and sustainable funding
Indicator Responsibility	EMRC

Indicator Title	4.4 Number of structured capacity building programs implemented nationally
Definition	<p>Sustainability of Non-profit organisations is a concern for the NLC as the current demand for funding far outstrips the supply.</p> <p>We believe that Capacity Building is the first step in elevating the non-profit to the next level of operational, programmatic, financial, governance and organisational maturity so that it may effectively advance its mission into the future. The NLC would like to ensure that this effort will represent a strategy towards the creation of a sustainable and effective organisation by building the competencies of the people leading the NPO's. For the year under review, the capacity building programs model must be reviewed and piloted.</p>
Source of data	Reports for the review model and pilot data
Method of Calculation / Assessment	Production of the review report
Means of verification	The reviewed capacity building programs model and pilot review report
Assumptions	Commitment to attend program piloting
Disaggregation of Beneficiaries (where applicable)	<p>Target for Women: n/a</p> <p>Target for Youth: n/a</p> <p>Target for People with Disabilities: n/a</p>
Spatial Transformation (where applicable)	<p>Reflect on contribution to spatial transformation priorities: n/a</p> <p>Reflect on the spatial impact area: n/a</p>
Calculation type	Cumulative
Reporting Cycle	Annual
Desired performance	Impactful and sustainable funding
Indicator Responsibility	COO

## Output targets within the dtic-group of entities

### Investment

<b>Output</b>
R200 billion in investment pledges secured across the state
100 Investor facilitation and unblocking interventions provided
2 new SEZs designated and support work with provinces related to industrial parks

### Industrial production

<b>Output</b>
R40 billion in additional local output committed or achieved
R40 billion in Black Industrialist output achieved

### Exports and trade

<b>Output</b>
R700 billion in manufacturing exports
R300 billion in manufacturing exports to other African countries
R2.5 billion in exports of Global Business Services (GBS)
1 Implementation of the AfCFTA
10 High impact trade interventions completed
4 Protocols finalised under the AfCFTA

### Industrial support

<b>Output</b>
R30 billion in support programmes administered by or in partnership with the dtic group
R15 billion support programmes to enterprises in areas outside the 5 main metros
R8 billion in financial support programmes to SMMEs, and women and youth-empowered businesses
R7.5 billion in financial support programmes to enterprises in labour absorbing sectors
Promotion of a transparent and just adjudication process for incentive applications

### Transformation

<b>Output</b>
R800 Million in Equity Equivalent Investment Programme agreements agreed or administered
20 000 additional workers with shares in their companies
10 high-impact outcomes on addressing market concentration, at sector or firm level.

## Jobs

<b>Output</b>
1 million jobs supported or covered by Master Plans
100 000 jobs to be created (50 000 social economy fund part-time or temporary job opportunities and 50 000 full-time jobs)
23 000 jobs in Black Industrialists firms

## Energy

<b>Output</b>
R1.3 billion in financial support to enterprises including SMMEs to mitigate impact of load shedding through energy resilience fund
1400 Megawatts of energy from projects facilitated
550 Megawatts of energy available for the grid
1 Energy One-stop Shop operational
Expedited regulatory amendments and flexibility, to promote energy efficiency

## Green economy targets

<b>Output</b>
1 Strategy and advocacy finalised responding to green non-tariff barriers (Carbon Border Adjustment Mechanism (CBAM))
1 EV Strategy finalised
1 Finalisation of green hydrogen commercialisation framework

## Stakeholder engagement and impacts

<b>Output</b>
10 Business Forums hosted aimed at supporting increased FDI, exports and outward investment.
1000 Case studies of firms, workers, entrepreneurs, professionals or communities impacted by the dtic measures: including 12 local films/documentaries telling the SA story
52 Community outreach programmes by the dtic group
5 Conferences, summits, and international forums hosted
10 Successful actions completed on price monitoring and excessive pricing or price gouging

## Addressing crime

<b>Output</b>
Grey-listing: Publication of 'Know Your Shareholder' Regulations and Follow Ups
1 Metal trading system developed to identify stolen public infrastructure entering the scrap metal value-chain, export market or legitimate metal production industry

## Red tape and state capability targets

<b>Output</b>
4 High-impact measures to improve the efficiency and/or effectiveness, of the dtic's policy or programme interventions.
10 High-impact measures to reduce red tape or improve turnaround times in administration of incentives and work of agencies
6 Impact assessments or enhancements of trade instruments or measures

## Improving the capacity and responsiveness of the state and social partnership

<b>Output</b>
4 Pieces of priority legislation amended, tabled or submitted to Executive Authority, Cabinet or Parliament.
7 Master Plans managed and 1 new masterplan to be finalised.
Oversight of IDC, NEF and ECIC to ensure that at least 95% of planned KPIs are achieved
Oversight of other entities to ensure that at least 95% of planned KPIs are achieved
50 Mergers and acquisitions where public interest conditions have been incorporated