



PORTFOLIO COMMITTEE ARTS AND CULTURE

09 JUNE 2015

CONTENT

- Introduction of Delegation
- Brief History
- Operational Model
- NLB Dual Mandate
- Strategic Overview
- Roles & Responsibilities

INTRODUCTION OF DELEGATION

- 1. Prof. A. Nevhutanda: Chairperson**
- 2. Mrs TCC Mampane – Chief Executive Officer**
- 3. Mr J du Preez – Senior Executive Manager: Grant Funding**
- 4. Mr P. Letwaba – Chief Financial Officer**

BRIEF HISTORY

- Established through an Act of Parliament in 1997
- Celebrated 16 years of existence in March 2015
- Has distributed more than **R18 billion** to good causes since inception
- On 14 April 2015, the Lotteries Amendment Act came into effect with main changes focused on:

NLB →
NLC

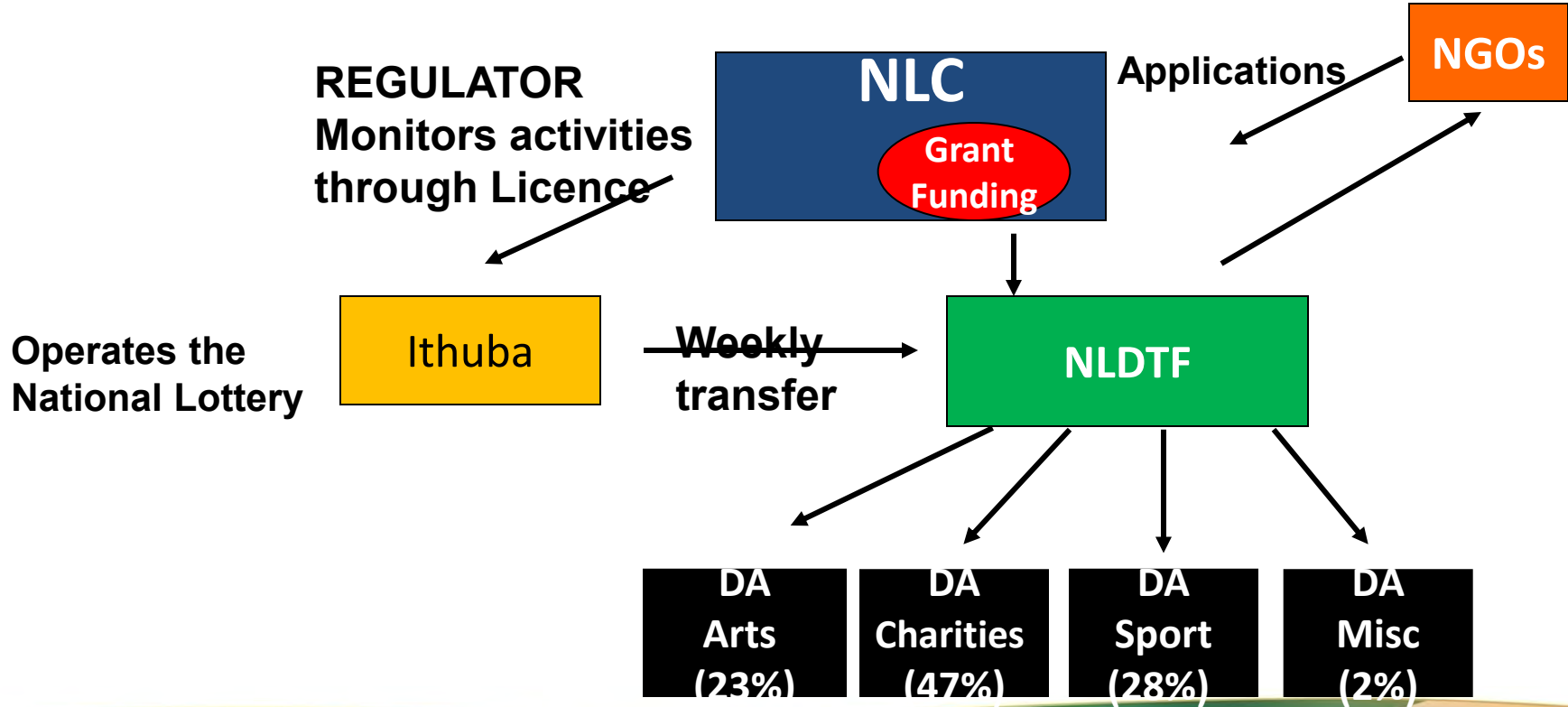
Full time
DA's

Education and
Awareness

Proactive
Funding

Differentiated
Grants

OPERATIONAL MODEL



NLB'S DUAL MANDATE



Regulation

National Lottery: Operated by Ithuba
Other lotteries



National Lottery Distribution Trust Fund (NLDTF) Distribution

Process applications for good causes and make payments

Charities
47%

Arts
23%

Sports
28%

Miscellaneous
2%

Distributing Agencies (DA's) adjudicate applications and make grants in line with criteria

ARTS PRIORITY AREAS & SUB-SECTORS

PRIORITY AREAS

PROTECTION AND PROMOTION OF TRADITIONAL KNOWLEDGE AND CULTURAL EXPRESSIONS

PROMOTIONAL WORK OR ART AND CRAFT PRODUCED BY PEOPLE WITH DISABILITIES

DEVELOPMENT & PRESERVATION OF HERITAGE SITES FOR REVENUE GENERATION

PROMOTE AND SUPPORT ENTREPRENEURIAL DEVELOPMENT OF WOMEN FOR FARMING PROJECTS

SUB-SECTORS

CRAFT

DANCE

ENVIRONMENT

FESTIVALS

FILM

HERITAGE

LITERATURE

MUSIC

THEATRE

VISUAL ARTS



Infrastructure is
funded in all
Sub-Sectors

CHALLENGES

❑ Demand vs Supply

On average the requested amounts from organisations far outweigh the budget available for distribution.

❑ Complexity of projects

Applications received from the Arts sector are usually more detailed in nature and require intensive attention in order to arrive at a decision.

❑ Backlog & budget

The time taken to adjudicate one application therefore impacts on the number of projects completed in a session. This is one of the primary reasons for the “carry-over” of projects into new financial years. In the 2015/16 financial year, every endeavour will be made to source alternate funds to fund the new call.

HIGH LEVEL OVERVIEW

Vision:

“The catalyst for social upliftment”

Mission:

- *To regulate all lotteries and sport pools with integrity and ensure the protection of all participants;*
- *To maximise revenue for good causes in a responsible manner;*
- *To distribute funds equitably*

Values:

- *Integrity*
- *Performance Excellence*
- *Service Excellence*
- *Social Consciousness*

Strategic Objectives

SO1

Enhanced Administration

SO2

Financial Sustainability

SO3

Compliance to the Act

SO4

Fair & Equitable Grant Allocations

**Organisational
Mandate**

STRATEGIC OVERVIEW OF GRANT FUNDING

- Key drivers for the NLC Grant Funding Division
 - ✓ Fulfilment of the NLC mandate brought into effect by the amended Act and new Regulations
 - ✓ Development of an integrated E-system which will impact heavily on the operations of the Division, especially in view of the shift to automation in the revised business processes emanating from the Business Process Review
 - ✓ Human Resources, as it will be important that the skills profile/competencies of GFD staff is aligned to the requirements of revised and/or new business processes as well as information-and communications technology (ICT).
 - ✓ Direct correlation between the available funds for distribution and the number and/scope of projects that could be funded within the financial year.
 - ✓ Full time Distributing Agency Members will impact on pre-adjudication workflow

GRANT FUNDING DIVISIONAL PROGRAMME

- Divisional Sub-programmes:

Purpose	To provide support to the Distributing Agencies and to ensure that the grants are distributed according to the legislated mandate.
Sub-Programme 3.1	<p>GRANT FUNDING</p> <ul style="list-style-type: none"> • Develop and implement an integrated Grant Funding strategy; • Develop, review and implement Grant Funding policies and procedures; • Ensure funding is distributed equitably, efficiently and effectively to deserving causes in line with the national legislation and NLC policies; and • Education and Awareness on Grant Funding programme.
Sub-Programme 3.2	<p>SERVICE DELIVERY & SUPPORT</p> <ul style="list-style-type: none"> • Overall management of the grant making processes in support to the Distributing Agencies and determine the effectiveness of the grant making process; • Provide clearly defined functions of Provincial Offices aligned to grant funding processes; • Develop functional strategies; • Ensure implementation of streamlined grant funding processes; and • Develop and implement service improvement plan.

The Grant Funding and Service Delivery programme is constituted by the 9 Provincial Offices and the sectors the NLC funds i.e. Charities; Arts, Culture & National Heritage, Sport and Recreation and Miscellaneous.

FINANCIAL OVERVIEW

DISBURSEMENT SINCE INCEPTION

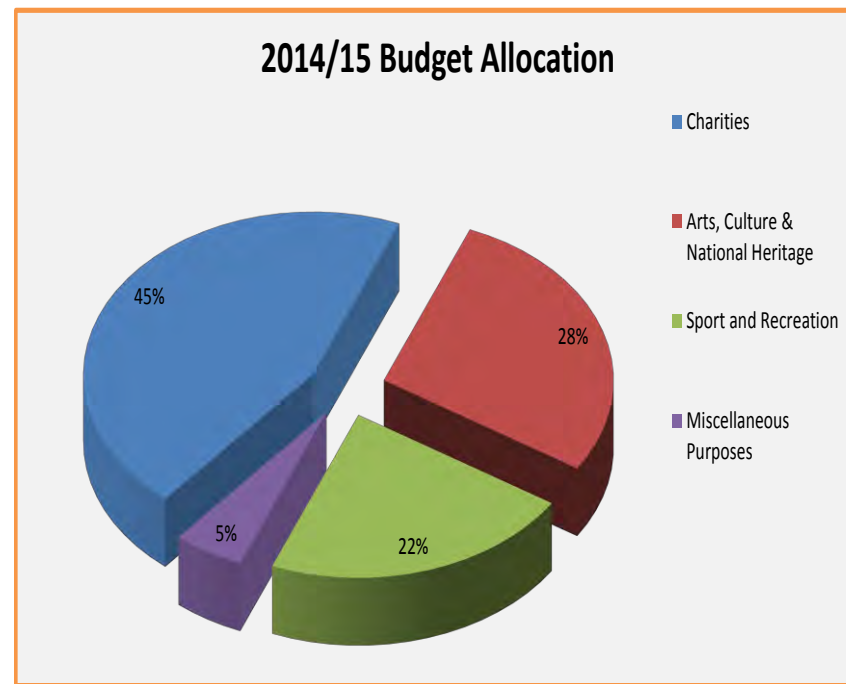
Total Disbursement to the Arts Sector - inception to 31 March 2015:
R4.3billion

HARD AND SOFT ALLOCATIONS 2014/15

	2014/15	
	Hard	Soft
Amount in R	443 872 119	177 822 417
No. of Projects	207	209

BUDGET ALLOCATION PER SECTOR

Category	Amount Available for Distribution R'mil	No. of Approved Beneficiaries (Hard)	Amount Allocated R'mil
Charities	1 001	1 238	529
	45%	64%	38%
Arts, Culture & National Heritage	623	211	444
	28%	11%	31%
Sport and Recreation	489	422	315
	22%	22%	22%
Miscellaneous Purposes	111	52	122
	5%	3%	9%
Total	2 225	1 923	1 410
	100%	100%	100%



ARTS, CULTURE & HERITAGE SECTOR 2013-2015

Details			
	R'mil	R'mil	R'mil
Total annual budget - All sectors	2 442	2 007	2 225
Budget allocated - Arts , Culture & Heritage	684	492	623
Allocations	793	470	444
% spend per annum	116	95	71
Number of applications	265	100	211

THE EXTENT TO WHICH LOTTO STRIVES TO CONTRIBUTE TOWARDS BUILDING THE CREATIVE/CULTURAL INDUSTRY IN SOUTH AFRICA

Priority areas

	Cumulative	
	Total	%
PROTECTION AND PROMOTION OF TRADITIONAL KNOWLEDGE AND CULTURAL EXPRESSIONS	251 211 126	56.98
PROMOTIONAL WORK OR ART AND CRAFT PRODUCED BY PEOPLE WITH DISABILITIES	18 244 595	4.14
DEVELOPMENT & PRESERVATION OF HERITAGE SITES FOR REVENUE GENERATION	87 838 249	19.24
PROMOTE AND SUPPORT ENTREPRENEURIAL DEVELOPMENT OF WOMEN FOR FARMING PROJECTS	86 578 150	19.64
	443 872 120	100

Sub-sectors

	Cumulative	
	Total	%
CRAFT	44 519 513	10.10
DANCE	12 951 430	2.94
ENVIRONMENT	85 849 019	19.47
FESTIVALS	22 771 261	5.17
FILM	39 328 100	8.92
HERITAGE	50 486 464	10.77
LITERATURE	5 409 673	1.23
MUSIC	43 289 816	9.82
THEATRE	32 731 658	7.42
VISUAL ARTS	106 535 186	24.16
	443 872 120	100.00

TURNAROUND TIMES

- The Board would also like reduced turnaround times in the adjudication process.
- Noticeable progress in reducing the turnaround times has been recorded of the last couple of years. For example, there has been major improvement in reducing the time taken between adjudication and payment to recipients.
- In the first six months of 2009, only 11% of the adjudicated applications were paid within three months. In the first six months of 2010, this number had increased to 44%, and in 2012 it averaged at 90%. In other words, 90% of all successful applications were paid within three months of adjudication in 2012. From the payments processed during April 2015, 100% were concluded within 60 days of receipt of compliant/complete grant agreement.
- The Board is, however, aware that the time from application to adjudication remains a challenge. The Board expects that the move to a more decentralised application processing model, in addition to fulltime appointment and other administrative actions will improve efficiencies and reduce timeframes.

TURNAROUND TIMES

- The Minister of Trade and Industry, in dealing with concerns regarding inefficiency in the distribution process at the inaugural national indaba, clearly summarised the three categories of interventions within which the required reforms were being pursued, namely:
 - ✓ Administrative Actions that can be quickly carried out by the Board to achieve efficiencies and reduce time frames;
 - ✓ Regulatory changes that could be relatively rapidly introduced in terms of the powers available under the Act as it stands; and
 - ✓ Amendments to the Act that would inevitably take more time to effect.

TURNAROUND TIMES

- An example of administrative action was the introduction of a tighter performance management system that led to the reduction of post-adjudication turnaround times. The Board continues to implement internal corrective measures adopted at the National Consultative Indaba.
- Examples of regulatory changes introduced are the revised regulations issued by the Minister in July 2010, that introduced turnaround times for post-adjudication activities.
- With regard to the corrective measures requiring legislative amendments, the Board interacted with the Parliamentary Committee on Trade and Industry, as well as with the committee's gambling sub-committee, in respect of the findings of the National Gambling Commission.
- The Lotteries Amendment Act was signed by the President on 13 December 2013, and came into effect on 14 April 2015, together with the publication of the amendments to current regulations.

Q3- DELAYS OR DISBURSEMENT TIME FRAMES (TIME BETWEEN APPLICATION AND ACTUAL DISBURSEMENT)

Based on the previous research undertaken, beneficiaries have complained of two main issues:

- Delays from time of application to payment which amounts to approximately 3 years
- Once paid , beneficiaries raised concern on the delays wrt release of subsequent tranches

In addressing the above concerns the NLB has put in place the following control measures:

- Expand on provincial rollout – direct access to applicants , additional capacity
- Rollout of ERP system
- Business process review
- The Pre-Funding Capacity Building pillar will comprise a continuation and expansion of the existing Education and Awareness programmes, including Road Shows and Helpdesks. These programmes will be used to inform the public about the NLB and NLDTF

Q3- DELAYS OR DISBURSEMENT TIME FRAMES (TIME BETWEEN APPLICATION AND ACTUAL DISBURSEMENT)

REGULATION 6 FROM THE 20 JULY 2010 REGULATIONS STATES:

Upon finalisation of the adjudication process, a Distributing Agency will within 30 calendar days in writing:

- (a) inform the applicant of the outcome of the adjudication;

Regulation 6(a) - projects processed within 30 days

	FEB '15	MRCH '15	APR '15
	%	%	%
Current within 30 days	35	60	100
Within 60 days but more than 30 days	40	20	0
Greater than 60 days	25	20	0

Q3- DELAYS OR DISBURSEMENT TIME FRAMES (TIME BETWEEN APPLICATION AND ACTUAL DISBURSEMENT)

REGULATION 6 FROM THE 20 JULY 2010 REGULATIONS STATES:

Upon finalisation of the adjudication process, a Distributing Agency will within 30 calendar days in writing:

- (c ii) if acceptance of the offer or the grant agreement is not received within 30 calendar days, a Distributing Agency may withdraw the grant by giving notice to the applicant;

Regulation 6(c ii) - GA received from organisation within 30 days

	FEB '15	MRCH '15	APR '15
	%	%	%
Current within 30 days	55	25	100
Within 60 days but more than 30 days	25	40	0
Greater than 60 days	20	35	0

Q3- DELAYS OR DISBURSEMENT TIME FRAMES (TIME BETWEEN APPLICATION AND ACTUAL DISBURSEMENT)

REGULATION 6 FROM THE 20 JULY 2010 REGULATIONS STATES:

Upon finalisation of the adjudication process, a Distributing Agency will within 30 calendar days in writing:

- (c iv) if the grant agreement is accepted and received within 30 calendar days payment will be affected within 60 calendar days.

Regulation 6(c iv) - Projects paid within 60 days

	FEB '15	MRCH '15	APR '15
	%	%	%
Current within 60 days	50	75	100
Within 90 days but more than 60 days	35	10	0
Greater than 90 days	15	15	0

Q4- PAYMENT OF TRANCHES TO PROJECTS, ANY CHALLENGES THAT THE NLB OR BENEFICIARIES ENCOUNTER

During 2013 , the National Lotteries Board commissioned the services of independent consultants MacIntosh Xaba & Associates to to research the impact & effectiveness of NLDTF grants from 2005 to 2010, focusing on the impact on recipient organisations the outcomes were as follows relating to the above mentioned question:

- 6.6% found compliance difficult (1.1% “very difficult” & 5.4% “difficult”)

Q4- PAYMENT OF TRANCHES TO PROJECTS, ANY CHALLENGES THAT THE NLB OR BENEFICIARIES ENCOUNTER

Challenges that Beneficiaries encounter

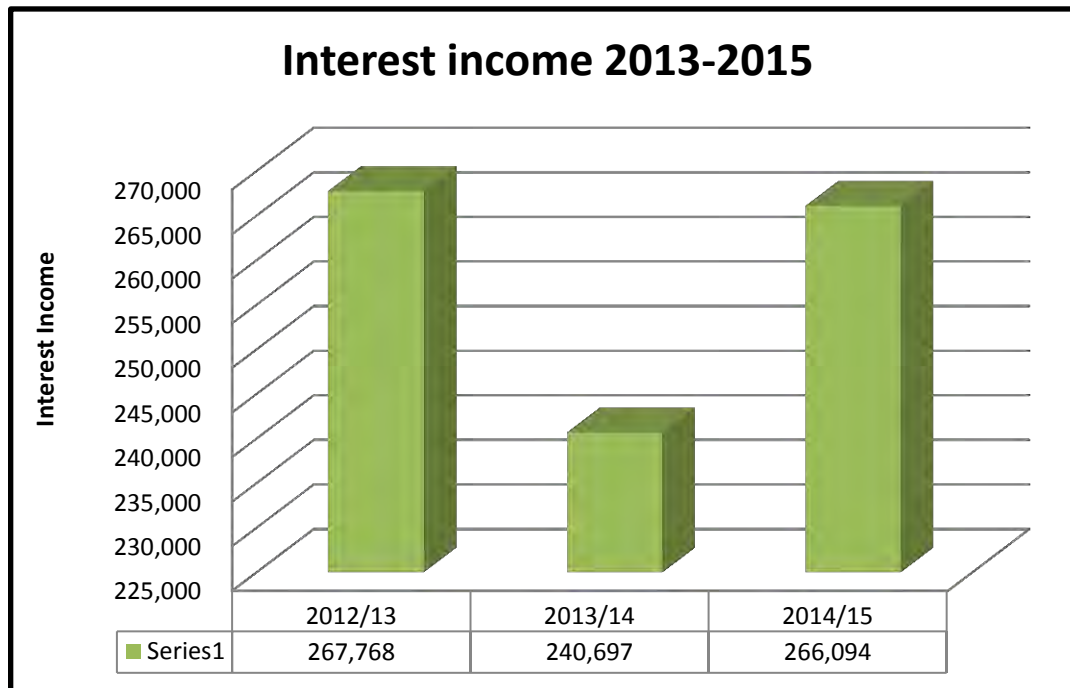
- Delays in processing of progress reports.
- Beneficiary organisations want engagement with NLB within the sector. NLB needs a face behind the voice, a personal contact in each field who could deal with queries
- lack of communication from NLDTF caused serious challenges necessitating postponement or scaling down of project and problems with service providers
- Non responsiveness to beneficiary queries
- Beneficiaries found compliance difficult

Challenges that NLB encounters

- Delay in responsiveness by beneficiaries and Auditors (verification)
- Incorrect contact information supplied by beneficiaries
- Limitations/deficiencies of current Grant Making and support system
- Corruption ,collusion ,fraud(internal & external)/conflicts of interest
- Misrepresentations by agents

Q5-INTEREST ACCUMULATION ON THE NLDTF FUNDING

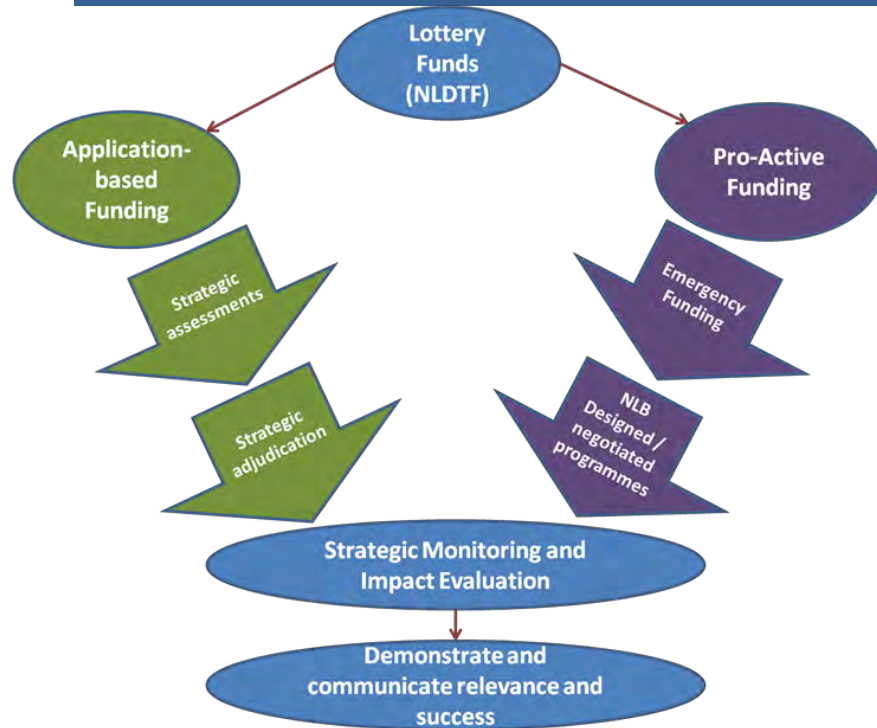
Financial period	R000
2012/13	267 768
2013/14	240 697
2014/15	266 094
Interest Accumulated	774 559



Q6-APPLICATION INCUBATION FOR SMALLER INSTITUTIONS AND THOSE IN RURAL AREAS

- Historically → Partnership policy
- Going forward → Amended legislation makes provision for:
 - (i) Proactive funding
 - (ii) Differentiated grants
 - (iii) Application through “conduit/agent”

Q7-THE EXTENT TO WHICH THE NLB STRIVES TO CONTRIBUTE TOWARDS BUILDING THE CREATIVE/CULTURAL INDUSTRY IN SOUTH AFRICA



- One of the strategies introduced to address shortcomings in priority areas in general is the introduction of the funding model, by responding to social problems and opportunities through a strategic and evidence-based mixed funding model. A mixed model of application-based and pro-active funding will be applied.
- A second component introduced to identify priority areas, as well as motivate for continued funding and support, backed by empirical information is the introduction of a dedicated Research unit and strengthening of the existing Monitoring and Evaluation unit

TOWARDS BUILDING THE CREATIVE/CULTURAL INDUSTRY IN SOUTH AFRICA

	Cumulative	
	Total	%
PROTECTION AND PROMOTION OF TRADITIONAL KNOWLEDGE AND CULTURAL EXPRESSIONS	251 211 126	56.98
PROMOTIONAL WORK OR ART AND CRAFT PRODUCED BY PEOPLE WITH DISABILITIES	18 244 595	4.14
DEVELOPMENT & PRESERVATION OF HERITAGE SITES FOR REVENUE GENERATION	87 838 249	19.24
PROMOTE AND SUPPORT ENTREPRENEURIAL DEVELOPMENT OF WOMEN FOR FARMING PROJECTS	86 578 150	19.64
	443 872 120	100

Facts:

- Introduction of the funding model is the new NLC's approach to promote and support the attainment of NLC's strategic mandate and vision, by responding to social problems and opportunities through a strategic and evidence-based mixed funding model. A mixed model of application-based and pro-active funding will be applied, as well as research, monitoring and evaluation of funded projects
- During the 2015 financial year approximately R330 mil or 61% of the Arts, Culture and Heritage budget spend was invested in the Creative and Cultural industries.
- 57% of the above spend which translates into R251 mil, was directed towards the broader Cultural industry, including creativity components (Dance , visual arts etc.)within this priority area.
- 4% of the budget was channelled into creative industry of arts and crafts.

Q7-THE EXTENT TO WHICH THE NLB STRIVES TO CONTRIBUTE TOWARDS BUILDING THE CREATIVE/CULTURAL INDUSTRY IN SOUTH AFRICA

	2015		2014	
	Cumulative		Cumulative	
	Total	%	Total	%
CRAFT	44 519 513	10.03	24 584 451	5.24
DANCE	12 951 430	2.92	20 393 114	4.34
ENVIRONMENT	85 849 019	19.34	47 677 801	10.15
FESTIVALS	22 771 261	5.13	54 245 425	11.55
FILM	39 328 100	8.86	28 906 653	6.16
HERITAGE	50 486 464	11.37	117 627 252	25.05
LITERATURE	5 409 673	1.22	19 306 383	4.11
MUSIC	43 289 816	9.75	68 279 530	14.54
THEATRE	32 731 658	7.37	38 022 714	8.10
VISUAL ARTS	106 535 186	24.00	50 542 088	10.76
	443 872 120	100.00	469 585 410	100.00

- The attached table reflects a more detailed view of the spending directed towards creativity and cultural requirements identified by approved applicants during the 2014 and 2015 financial years.
- The 2015 financial year reflected an increase in Visuals arts (R107 mil/24%) and Crafts (R45 mil/10%) related applications compared to the previous year where Heritage (25%) , Literature (4%) and Music(15%) related applications featured prominently.

Q7-THE EXTENT TO WHICH THE NLB STRIVES TO CONTRIBUTE TOWARDS BUILDING THE CREATIVE/CULTURAL INDUSTRY IN SOUTH AFRICA

Project No.	Organisation	Prov	Amount	Sub sector		Purpose of funding
74735	National Delphic Council Of South Africa	GP	12 000 000	Craft	Creativity	Preservation of the traditional arts,development of new art forms and to encourage both intercultural exchange and education in various arts diciplines
72934	National Film & Video Foundation	GP	10 000 000	Film	Creativity	The NFVF supports the creation of an enviroment that develops and promotes the Soth African film and video industry,both locally and international.
74317	South African Arts And Development Association	GP	9 300 000	Film	Creativity	Preserving,promoting and developing of the South African performing Arts and Culture.
72892	Dance Forum	GP	4 499 500	Dance	Creativity	In 2014, the Dance Umbrella will celebrate the 36th year of presenting the best of new dance works. Over the years the Dance Umbrella has included development and nurturing young South Africans, ultimately becoming the premiere international dance festival in South Africa/Africa
73485	Free State Symphony Orchestra	FS	3 500 000	Music	Creativity	This vision of the FSSO is to enrich the lives of the people of Free State Province through music. The mission of the FSSO is to provide oportunites for the developing and establishing musicians to fulfil their potential and express themselves through music.
74159	Esayidi FET College	KZN	9 400 000	visual arts	Creativity	To pioneer a generation of young filmmakers, literature and films that will form the foundation of Durban film industry development and production.

Q7-THE EXTENT TO WHICH THE NLB STRIVES TO CONTRIBUTE TOWARDS BUILDING THE CREATIVE/CULTURAL INDUSTRY IN SOUTH AFRICA

Project No.	Organization	Prov	Amount	Sub sector		Purpose of funding
74300	Arts and Culture Trust	KZN	12 911 514	Heritage	Culture	Construct a narrative centre in a form of a hybrid museum and memorial heritage precinct focused on the particular chapter in the Zulu history, warfare and resistance heritage.
72699	The Cape Town Opera Company	WC	5 778 104	Music	Culture	staging of two large -scale Indigenous musical works: Ukutshona ko Mendi and Tsotsi as well as two new smaller scale Indigenous musical works: Amabali ethu,
74921	Matsila Community Develop	LP	7 370 000	Heritage	Culture	South African National Park's vision is to connect with society, by identification of stonewall sites, living heritage and other sites connected to Maphungubwe Cultural Landscape, to develop a Heritage Register and Tourist Guide within Vhembe and Mopani District municipality which will strengthen the community's sense of belonging and appreciation of their heritage and to develop tourism opportunities within these previously marginalised rural communities.
74324	Traditional Healers Organization	GP	8 000 000	Heritage	Culture	In partnership with communities, cultural rights and development organizations, THO works to build a broad movement of economic and social rights including health, environmental management, housing, education and work with dignity. During 2013-2015, as part of the mandate, the THO will conduct a series of provincial workshops and at least 2 national conferences on information and evaluation.
72751	Lennes Primary School	LP	5 337 890	Heritage	Culture	Produce a documentary on the history of South Africa's liberation struggle based on the life of one of the liberation struggle's icons, Thabo Theophilus Chilo, fondly known as 'TT'

Thank you