



NLC Second Quarter Performance Report 2018/19

Portfolio Committee on Trade and Industry
27 November 2018



DELEGATION

1. Prof NA Nevhutanda – Chairman of the Board
2. Mrs Thabang Mampane – Commissioner
3. Mr Phillemon Letwaba – Chief Operating Officer

Prof NA Nevhutanda

HIGHLIGHTS FOR 2nd QUARTER 2018/19

Funding Priority Areas: The strategic funding priorities for 2019/2020 were compiled in consultation with the members of the Distributing Agencies (DA's) after taking into consideration the provincial dynamics, the findings of the impact evaluation study and relevant research. The final priority areas will be tabled to the Board for approval.

Positioning NLC as a Regulator: In line with the Board's directive to promote awareness and understanding of the NLC's regulatory mandate, a communication campaign has been initiated across all media with the Regulatory Compliance leadership participating in television and radio programmes and submitting write-ups to relevant print media. The team has also been deployed to participate in government community outreach programmes. Brand collateral bearing regulatory messages has also been procured and distributed across all NLC offices to ensure greater visibility.

Industrial Action Strike: On 20 August 2018 NLC employees belonging to Nehawu and Nupsaw embarked on strike action demanding a salary increase of 8.5% after internal negotiations deadlocked and the CCMA issued a non-resolution certificate. The strike action lasted for 2 days, commencing on Monday, 20 August 2018 and ending on Tuesday, 21 August 2018. Approximately 30 employees participated in the action, representing 10% of the workforce. During this period, management convened meetings with non-participating employees in order to provide regular updates on the situation. In addition, management was constantly engaged on implementing mitigating strategies to ensure that services and operations were not interrupted. Internal communications through email and intranet channels were also increased to keep employees informed about important developments. Media statements were also issued to counter negative statements made by the unions.

PROGRESS ON MINISTERIAL PRIORITIES: QUARTER 2

IDENTIFIED AREA	PERFORMANCE MEASURE	PROGRESS TO DATE
<p>Education and Awareness</p>	<p>Develop informational measures to educate the public about lotteries and provisions of the Lotteries Amendment Act No 32 of 2013 and by explaining the process, requirements and qualifications for grants</p>	<p><i>66 education and awareness campaigns conducted to date. Focus was on educating the public on lotteries and provisions of the Lotteries Act. Compliance seminars were held with NPO's who wish to conduct society lotteries.</i></p>
<p>Full-time Agencies Distributing</p>	<p>Manage the integration of full-time Distributing Agency (DA) members to improve the application process</p>	<p><i>The full time Distributing Agency (DA) function has been integrated into the Grant Funding value chain. Furthermore, the implementation of Standard Operating Procedure for the adjudication process clearly outlining the roles and responsibilities of both administration and the DA's is monitored. The organisation is still awaiting the finalisation of the appointment of full time Sports and Recreation DA.</i></p>



PROGRESS ON MINISTERIAL PRIORITIES: QUARTER 2

IDENTIFIED AREA	PERFORMANCE MEASURE	PROGRESS TO DATE
Illegal Lotteries	Monitoring and enforcement against illegal lottery operations	<i>Monitoring and policing of illegal lottery operations was conducted through investigations.</i>
Proactive Funding	Proactive funding based on informed research for worthy causes that may be funded without lodging an application in terms of the Act	<i>The revised pro-active funding policy was approved by the Board. All pro-actively funded projects are closely monitored to ensure that the organization yields the envisaged return on investment.</i>
Monitoring of the Operator	Monitoring of the Lotteries Operator to ensure that it complies with government priorities e.g The Broad Based Black Economic Empowerment Act, 2003 (No. 53 of 2003) (BBBEE), Local Procurement & Skills Transfer	<i>The performance of the Operator against the approved business plan was monitored through the implementation of the six performance dimensions. Compliance reviews were undertaken daily, weekly, monthly and quarterly.</i>
Memorandum of Understanding (MOU's)	MOU's with other Regulatory Agencies and provincial counterparts in clamping down on illegal lotteries and gambling	<i>The MOU with the NGB is aimed at collaboration on curbing illegal lotteries and gambling. Working relations are also in place with the Gauteng Gambling Board and Limpopo Gambling Board.</i>

Mrs Thabang Mampane

VISION

Catalyst for social upliftment

MISSION

- Regulate all lotteries and sports pools with integrity and ensure the protection of all participants
- Maximise revenue for good causes in a responsible manner
- Distribute funds equitably and expeditiously

ULTIMATE OUTCOMES

Competent, capable and relevant National Lottery built

Compliant and regulated Lottery industry receptive to the NLC mandate

Fair and equitable distribution of grant funding

STRATEGIC OBJECTIVES

Effective and efficient administration of the NLC

Financial Sustainability, control and discipline in line with applicable legislation

Initiatives geared towards ensuring compliance with the Lotteries Act

Fair and Equitable grant allocations

PERFORMANCE INDICATORS, BASELINE AND TARGETS

1. Collaborative Partnerships
2. Education and Awareness Campaigns
3. Integrated Enterprise Wide Architecture
4. Corporate Governance
5. NLDTF Disbursements
6. Implementation of the Investment Strategy
7. Localised Procurement

1. Combatting illegal lotteries
2. Monitoring the performance of the National Lottery Operator against the licence conditions
3. Society lotteries

1. 150 days
2. 5% distribution across all provinces
3. Site Visits
4. Impact evaluation study in 4 provinces

ORGANISATION PERFORMANCE

Target relates to:	Milestone for Quarter 2	Achieved / Not Achieved
Strategic Objective 1: To Enhance Administration, Ensure Compliance with Applicable Legislation and Policy Prescripts		
Collaborative Partnerships	Identify National key stakeholders	ACHIEVED 4 National Key Stakeholders have been identified as follows: University of Kwa-Zulu Natal (UKZN) Department of Social Development (DsD) National House of Traditional Leaders (NHTL) Department of Arts and Culture (DAC)
Number of stakeholder engagements conducted per province	Conduct 10 stakeholder engagements across the provinces	ACHIEVED 66 education and awareness campaigns conducted to date (20 in July; 38 in August and 8 in September)
Integration of the E-system Enterprise Wide Architecture Platform – Online System	UAT and testing	ACHIEVED The Online Platform has been tested by the ICT team and found to be responding as expected.
Number of organisation-wide ethical behaviour interventions per quarter	Roll-out of intervention	ACHIEVED 14 Ethics and Compliance Workshops were conducted.

ORGANISATION PERFORMANCE

Target relates to:	Milestone for Quarter 2	Achieved / Not Achieved
<i>Strategic Objective 2: To ensure financial sustainability Control and Discipline in line with Applicable Legislation and Policy Prescripts</i>		
Percentage disbursement of grants as per GNR644, 6(c)(iv)	35% disbursement of grants	ACHIEVED 84% of grants disbursed
Percentage Return on Investments (ROI) of NLDTF funds	8% Return on Investments	ACHIEVED 8.39 % ROI
Percentage of localised procurement for the provinces	90% localisation of procurement for provincial offices	ACHIEVED 100% localised provincial procurement

ORGANISATION PERFORMANCE

Target relates to:	Milestone for Quarter 2	Achieved / Not Achieved
Strategic Objective 3: To Implement Relevant Initiatives Geared towards Ensuring Compliance with the Act		
Percentage of investigations on reported and identified illegal lotteries	Conduct investigations on 75% of identified and reported illegal lotteries	ACHIEVED 21 (100%) cases of identified and reported illegal lotteries were investigated.
Implement and monitor 3rd National Lottery Licence Monitoring Matrix	Implement and Monitor Compliance with the licence conditions	ACHIEVED The Licence monitoring matrix together with the Performance monitoring tool were implemented to assess compliance and performance of the Operator.
Develop a model for society lotteries	Analysis of best practises for society lotteries	ACHIEVED An analysis of jurisdictions offering society lotteries was undertaken.

ORGANISATION PERFORMANCE

Target relates to:	Milestone for Quarter 2	Achieved / Not Achieved
Strategic Objective 4: To Ensure Fair and Equitable Grant Allocations		
Percentage of applications adjudicated within 150 days	60% of applications adjudicated within 150 days	ACHIEVED 62% of applications adjudicated within 150 days
Lotteries Act-5% per province (GNR182) (5% per province)	A minimum of 2% grant funding allocated to each Province	ACHIEVED EC – 9% FS – 8% GP – 25% KZN – 10% LP – 19% MP – 9% NC – 5% NW – 8% WC – 7%
Number of impact assessments (site visits) conducted	Conduct 1250 monitoring and evaluation site visits	ACHIEVED 1416 monitoring and evaluation site visits conducted (Q1: 677 Q2: 739)
Number of provincial impact evaluation studies	Appoint Service Provider	NOT ACHIEVED The appointment materialised on 03 October 2018

2nd QUARTER ACHIEVEMENTS

Total No of Targets	Achieved	Not Achieved
14	13	1
	93%	7%

93% Achievement of targets for the 2nd quarter of 2018/19.

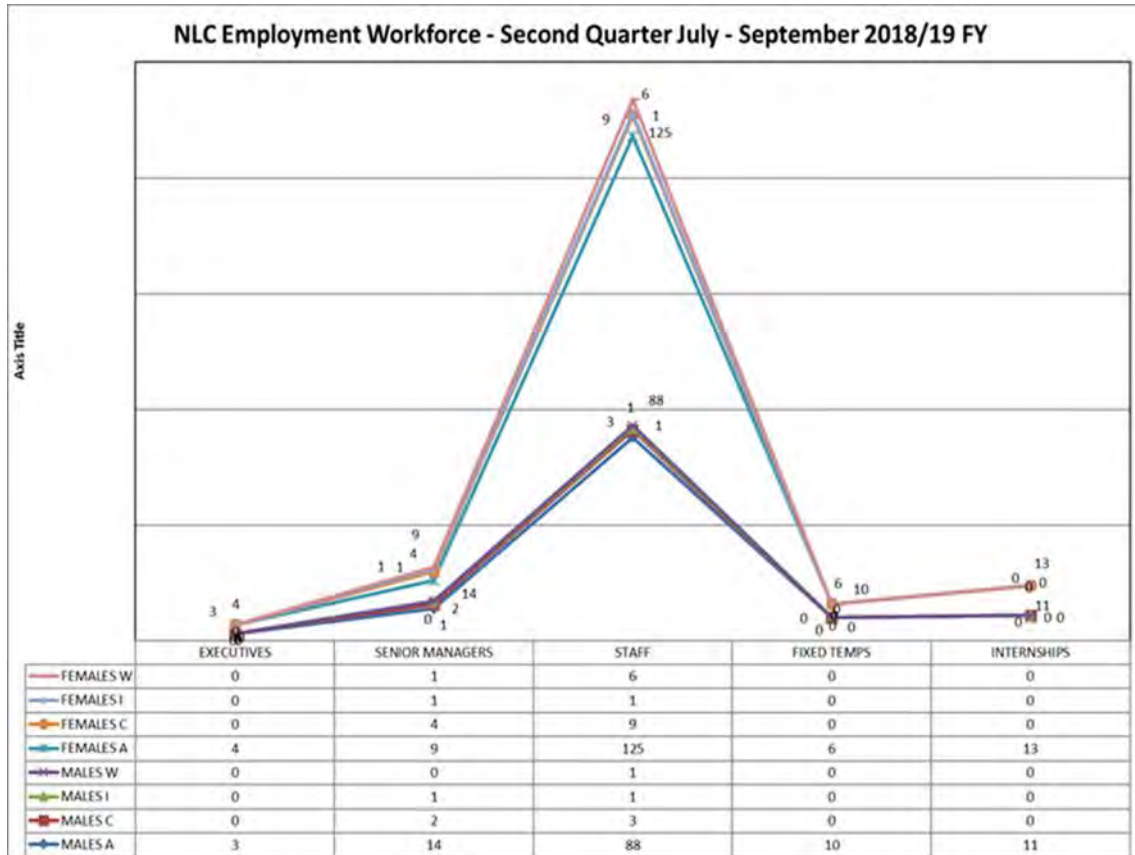
LITIGATION MATTERS

CASES	STATUS
LottoStar	<p><i>This is a matter initiated by the Commission enforcing provisions of the Amended Lotteries Act. The Company is a bookmaker and part of its business operations includes taking bets on the outcome of lottery results which is an offence in terms of the Act and the provisions of the Constitution (Schedule 4 – Act 108 of 1996). Matter set down for 11 October 2018.</i></p>
Bongani Community Development Centre	<p><i>The application was declined as the organisation submitted only one set of financial statements instead of the required 2 sets. Applicant’s Heads of Arguments have been received, the motion to set aside the administrative decision of the NLC in this matter will continue to trial.</i></p>

LABOUR RELATIONS MATTERS

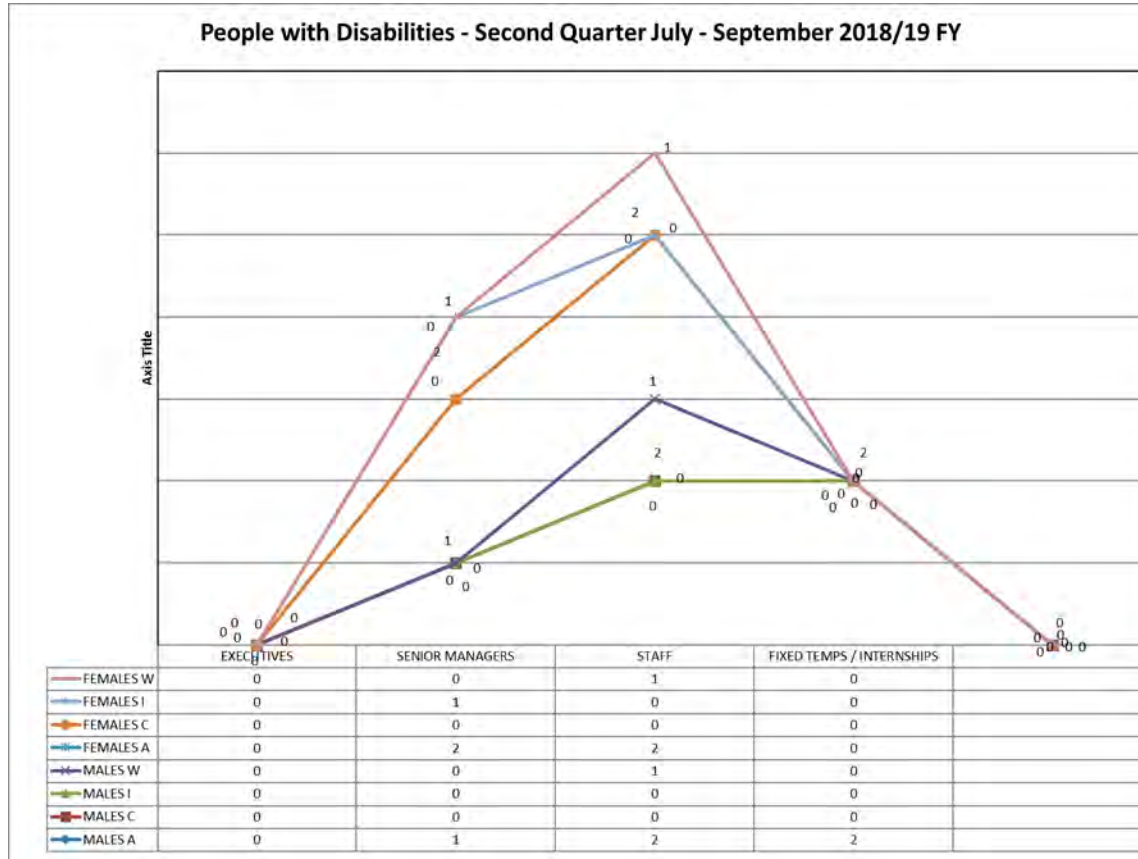
Category & Number of Cases		Status	
Grievances 04		RESOLVED	PENDING
		02	02
Misconduct 07		FINALISED	PENDING
		03	04
CCMA 09		FINALISED	PENDING
		01	08
Precautionary Suspension 02		ACTIVE	LIFTED
		02	00
Labour Court 03		FINALISED	PENDING
		00	03
Appeals 00		FINALISED	PENDING
		00	00
Collective Bargaining Forum & Other Related Meetings Held			03

EMPLOYMENT WORKFORCE



The NLC has ensured equity throughout the workforce and has exceeded targets in most levels. Focus will be on ensuring equity in the senior management category which currently demonstrates a complement of 55% males and 45% females. For the quarter under review, the staff complement is a total of 273 permanent employees, with 40 fixed term employees (temporary contracts and internships)

PEOPLE WITH DISABILITIES



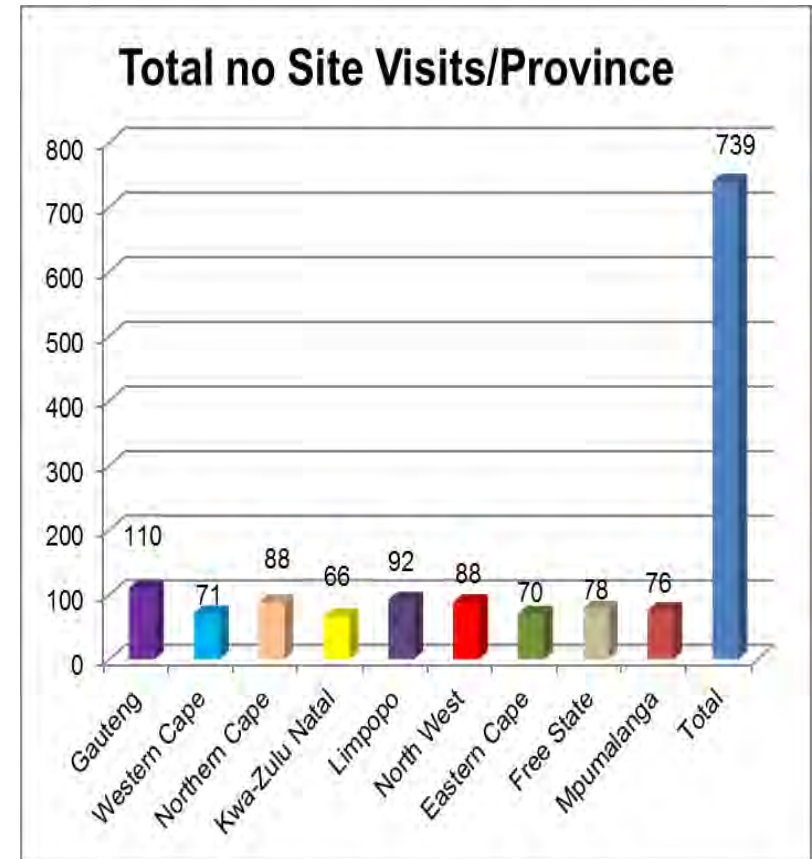
The status illustrates a 3.8% staff complement comprising of people with disabilities.

Mr Phillemon Letwaba

TOTAL NUMBER OF M&E VISITS

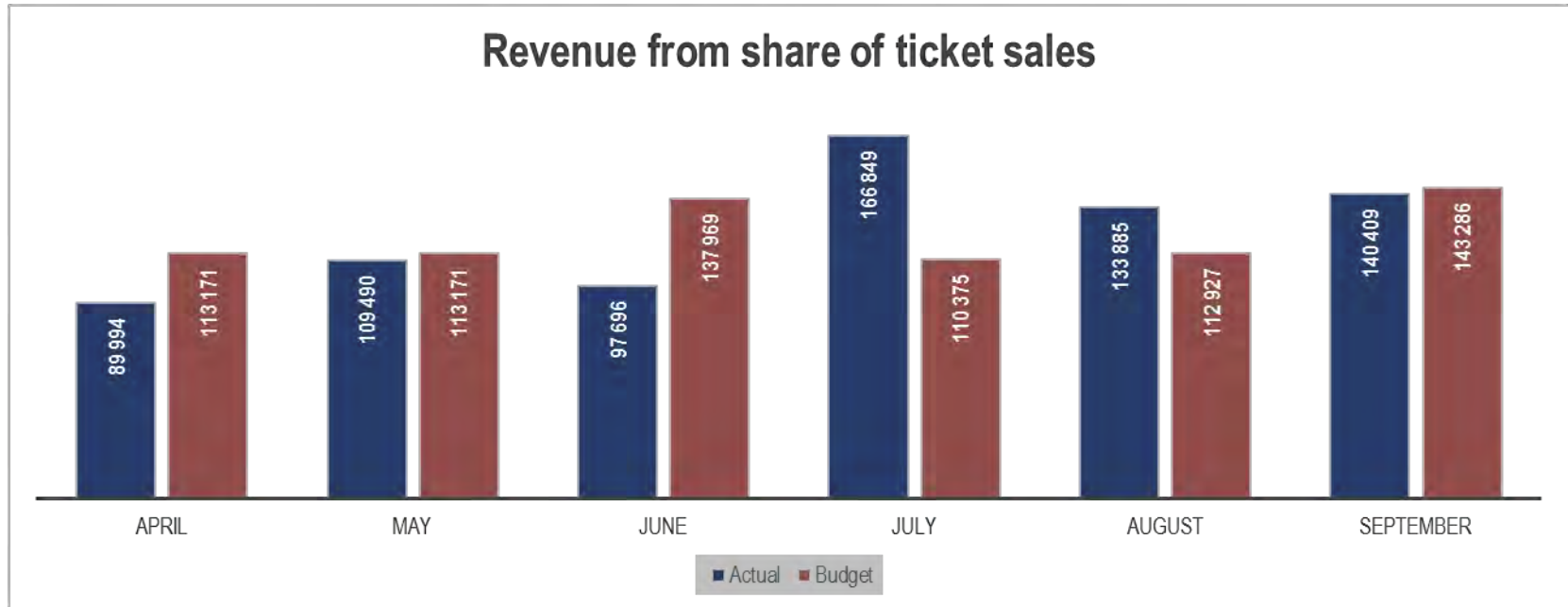
Total no of site visits conducted in the 2nd Quarter:

Province	Char-ities	Sports	Arts	Misc	Number of beneficiaries visited
Gauteng	79	17	14	0	110
Western Cape	46	11	13	1	71
Northern Cape	56	18	13	1	88
Kwa-Zulu Natal	44	11	10	1	66
Limpopo	60	26	3	3	92
North West	60	19	9	0	88
Eastern Cape	50	12	8	0	70
Free State	60	4	14	0	78
Mpumalanga	61	11	4	0	76
Total	516	129	88	6	739



A total of **739** site visits were conducted during the quarter under review. The total number of site visits conducted includes both pre- adjudication and post- adjudication site-visits. In terms of the site visits types, provincial requests have increased during the quarter under review as the provinces are implementing the revised Site Visit Policy on infrastructure projects as well as the Grants Financial Management Policy.

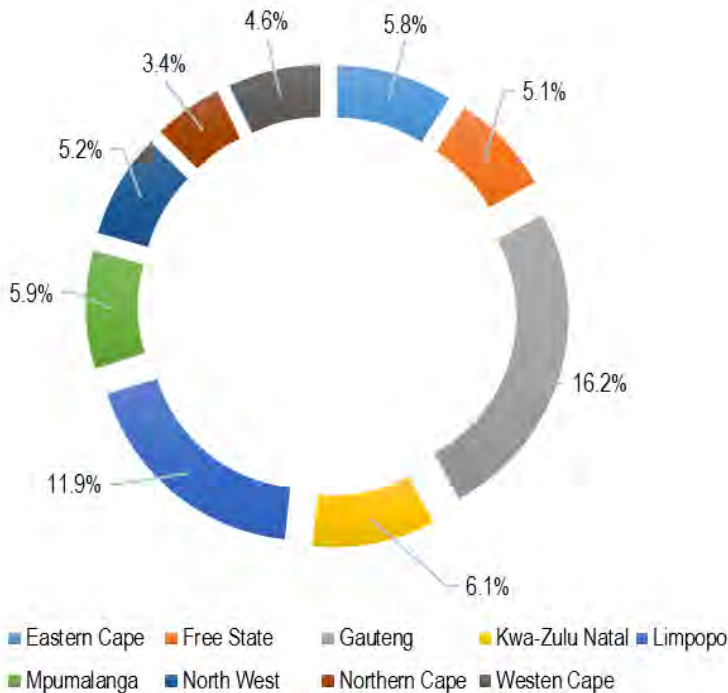
REVENUE



Revenue from share of ticket sales as at Quarter 2 is R738 million (Q2 2017: R690 million) against a budget of R731 million, which results in a 1% over-performance year to date. We have seen an improvement in revenue from the operator during the month of July with revenue from the share of ticket sales reaching R55 million in the first week of August due to the Powerball matrix change and the roll-over of the Powerball jackpot which was subsequently won in in the first week of August.

ALLOCATIONS PER PROVINCE

YTD Allocations per Province



In terms of the Lotteries Act GNR 182, a minimum of 5% must be allocated to each province during the year. As at 30 September 2018, Eastern Cape, Free State, Gauteng, Kwa-Zulu Natal, Limpopo, Mpumalanga and North West have met the 5% minimum allocation for the year at 5.8%, 5.1%, 16.2%, 6.1%, 11.9%, 5.9% and 5.22% respectively.

All provinces have achieved the second quarter target of 2%.

ICT PRIORITIES

- The Grant Funding application platform was officially made available to the Mpumalanga Provincial office. New applications were captured, assessed and prepared for adjudication. In the next reporting period Eastern and Western Cape Provincial offices will be rolled out.
- The ONLINE platform was activated during the reporting period. However, this platform is still undergoing a post implementation quality assurance process. The online platform will facilitate, provide flexibility and enhance efficiencies between NLC and its external stakeholders.
- Engagements towards gathering of user requirements for the procurement of a Customer Relationship Management (CRM) application was concluded. Business is currently reviewing the new contact centre solution which could replace the traditional CRM. The product that is being investigated is known as Chat.
- ICT further embarked on a fact-finding research programme that is meant to assess, current and future, verification and monitoring models to ensure compliance with Legislation and awarded Lotteries Licenses.
- The NLC's Geographic Information System (GIS) will be utilised to proactively assist in contributing towards grant applications by identifying, for example, possible duplication of funded infrastructure. Furthermore, the GIS will be utilised as an ongoing strategic tool to monitor and evaluate funded projects ensuring alignment and compliance to the Act.

Thank you