

## **BRIEFING NOTES: NATIONAL INDABA 2025**

Purpose: To brief stakeholders about the NLC National Indaba

Objectives of the Indaba:

During the Indaba, NLC leadership interacts with various stakeholders from all Provinces to:

- Share the Commission's strategic direction.
- Provide an update on operational developments and stakeholder concerns
- Understand stakeholder needs
- Strengthen relationships with stakeholders.
- Showcase key achievements of the organisation.

Discussion:

### **Progress to date since the appointment of the new board**

New NLC Board members were appointed during April 2022 and Chairperson Prof Barney Pityana was also appointed in September of the same year.

The focus of the current Board is anchored on 3 pillars:

- Returning the NLC to its core mandates of regulation and grant funding and reinstating its credibility.
- Restoring governance and integrity with zero tolerance for fraud and corruption
- Building operational excellence

Governance interventions:

- The moratorium on all Proactive Funding was instituted subject to the development of policy and procedure. In this regard, the NLC has developed and approved Research-Based Funding policy.

- Re-established assurance functions with adequate budget & resources – Internal Audit and Risk Management Functions.
- The entire Grant Funding value chain, business processes and systems have been reviewed to strengthen controls and improve operational efficiency; this includes 100% Monitoring & Evaluation of all projects and the introduction of the pre-adjudication Inspectorate Unit.
- Internal controls were introduced - ID numbers being captured & Tax clearance certificates requested from applicants.

Under the new board irregular SCM contracts were identified and terminated.

Anti-fraud hotline was launched and Fraud and Ethics awareness campaigns targeted at NLC staff members are conducted regularly.

Commission collaborated with the Special Investigation Unit (SIU) to recover funds lost through fraud and corruption.

Commissioner, Ms. Jodi Scholtz was appointed in February 2023.

A turnaround strategy underpinned by digitisation and modernisation of NLC operations was adopted and implemented.

Critical executive management positions have been filled – Chief Executive Officer, Chief Audit Executive, Executive: Legal Services and Chief Risk Officer

By May this year, 72 organisational policies had been approved.

The following Research-Based Funding concepts were approved:

- Food security
- Youth employment/Safe Hubs
- Gender-Based Violence
- HIV/AIDS
- Floods

### **The award of 4<sup>th</sup> National Lottery and Sports Pools Operator**

Towards the end of May, the Minister of Trade, Industry and Competition announced the awarding of the 4<sup>th</sup> National Lottery and Sports Pools Operator to Sizekhaya Holdings (RF) (Pty) Ltd in terms of section 13 of the Lotteries Act 57 of 1997. This award will contribute to the growth of the lottery and the sports pools and increase contributions to the National Lottery Distribution Trust Fund (NLDTF).

On the advice of the NLC, the Minister also authorised the appointment of Ithuba Holdings as a Temporary Licensee in terms of section 13B of the Lotteries Act, 1997. Ithuba Holdings will continue to operate the National Lottery and Sports Pools on temporary basis for a period of 12 months until Sizekhaya Holdings take over on 01 June 2026.

### **Appointment of 10 Distribution Agency members by the NLC**

In July this year, the Minister approved the appointment of ten (10) Distribution Agency (DA) members by the NLC. The Distribution Agency (DA) members are responsible for consideration, evaluation, and adjudication of applications in terms of sections 28, 29, 30 and 31 of the Act, including recommendations for funding of worthy causes as per sections 26G (1) and (2). This appointment has given the NLC the capacity to meet the statutory time frames, including adjudicating applications within 150 calendar days.

The Distribution Agency members are appointed in terms of sections 26A and 26B (1) of the Lotteries Act, 1997 as full-time members of the Distribution Agency of the NLC for a period of five (5) years, effective from 1 July 2025 until 30 July 2030.

### **Online Grant Management System**

In alignment with its SA's e-government objectives, Digital Transformation Policy and Modernisation 4.0 strategy, the NLC introduced online grant funding system to enhance transparency and governance of its grant funding operations. Through, this new grant funding system, applicants no longer use paper-based application forms but lodge their

funding applications online. The system enables **digital applications, automated compliance reviews, and secure data storage**, creating a transparent and efficient environment for managing grants. It is integrated with regulatory authorities' Application Programming Interface (API) such as Department of Social Development (DSD), Department of Home Affairs (DHA), South African Revenue Service (SARS), Financial Intelligence Centre (FIC) and Companies and Intellectual Property Commission (CIPC) and others for validation and verification purposes. Beneficiaries can now submit applications online, track their status, and report on project progress digitally — reducing the need for physical submissions.

### **SIU investigations into the NLC**

President Cyril Ramaphosa signed Proclamation R32 of 2020 giving a mandate to the Special Investigative Unit (SIU) to investigate the affairs of the NLC. The scope of the investigations covered the following:

- Maladministration in the affairs of the NLC in relation to the investment of funds in the NLDTF
- Allocation of money in the beneficiaries who were not entitled in terms of the Lotteries Act, 1997, including the causes of such maladministration.
- Any improper or unlawful conduct by the official or employees of the NLC or any other person or entity.

Several NLC matters are in Court for review applications.

All outstanding activities under Proclamation R32 of 2020 will be finalised on or before 31 December 2025.

In October this year, President Cyril Ramaphosa signed an amendment to the National Lotteries Commission (NLC) proclamation, which broadens the scope of the Special Investigative Unit (SIU) ongoing investigation into the affairs of the NLC. Proclamation

R293 of 2025 amends the original investigation mandate contained in Proclamation R.32 of 2020. It has extended the investigation timeframe, allowing the SIU to probe allegations of serious maladministration from the inception of the original proclamation in November 2020 up to 10 October 2025, effectively extending the investigation period by five years. It has also added 21 new categories of procurement and contracting to the investigation. These include a wide range of services in which it is alleged that procurement processes were flouted, and public funds were misused. The investigation will also cover any related unauthorised, irregular, fruitless and wasteful expenditure incurred by the NLC.

### **Unqualified audit opinion by AGSA on NLC 2024/25 AFS**

The Auditor-General South Africa issued an unqualified audit opinion on the Commission's financial statements for the year ended 31 March 2025. This marks a significant milestone in the strengthening of governance, accountability, and transparency. The outcome reflects NLC's continued efforts to entrench good governance practices and demonstrates remarkable progress in stabilising the organisation. Of utmost importance is the decline of Irregular expenditure (IE) by 85% in the 2024/25 financial year compared to 2023/24, reflecting a substantial improvement in compliance due to controls implemented. In monetary terms it dropped from R618 million to R6,8 million, with R5 million of IE incurred related to historical contracts and R1,8 million related to new IE of which corrective action is in progress. Fruitless and wasteful expenditure decreased from R118 000 to R35 000 demonstrating significant progress.

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