



## Looking Back: 15 Years of the NLB

Since the dawn of democracy in 1994, plans were afoot to use the already existing social reality of illegal gambling, which deprived the state of tax, to provide a source of income which could provide assistance to the state, and aid service delivery by supporting the Rural Development Programme (RDP) and social welfare among others.

Out of these plans came the development of the Lotteries' Act of 1997, and the birth of the National Lotteries Board, whose first members were appointed in 1998, under the chairmanship of Mr Joe Foster.

The board's immediate task was that of advising and assisting the Minister of Trade and Industry in awarding a licence to a suitable operator to run South Africa's first National Lottery for seven years.

In August 1999, after a thorough adjudication process, then Minister of Trade and Industry Alec Irwin formally appointed Uthingo Management as the first National Lottery operator, and Professor Vevek Ram, who started off as a board member, was appointed as Chief Executive Officer of the NLB.

At the start of the new millennium in the year 2000, President Thabo Mbeki launched the National Lottery on 2 March at a ticket terminal in Langa, Cape Town. The first live Lotto draw took place on 11 March 2000.

Soon after, 80 organisations became the first beneficiaries of the NLB when 'emergency' disbursements worth R4.1 million were made. The beneficiaries were organisations that had been funded through **scratch card competitions** prior to the establishment of the Lottery and who claimed experienced financial difficulty during the transition to the new Lottery-based funding system.



In April of that same year, regulations were promulgated to regulate the running of ‘**society lotteries**’. These are lotteries organised by non-profit organisations to raise funds from the public.

The Minister of Trade and Industry then initiated the process of appointing members to the three distributing agencies – the **Distributing Agency for Charities, the Distributing Agency for Arts, Culture and National Heritage, and the Distributing Agency for Sport and Recreation** – in preparation for the calls for funding applications in these sectors.

The NLB established the Central Applications Office (CAO) which was to become the administrative support structure that would assist the distributing agencies in their work.

South Africans were soon bitten by the Lotto bug, and 2001 saw the three Distributing Agencies making the first sector-specific calls for funding applications leading to the allocation of a total R222.5 million to 1 240 organisations across the three sectors, from a portion of the proceeds of ticket sales, giving a much-needed funding boost to the NGO sector.

In the financial year following, National Lottery contributions to the NLDTF exceeded R1 billion for first time. The amount allocated to beneficiaries increased dramatically from the previous year to a total of R735.6 million.

With social responsibility and nation building in mind, the NLB and Uthingo jointly set up the Responsible Gambling Committee in 2003, and conducted an awareness campaign under the slogan: “Play responsibly. Remember...it is only a game”.

The Bureau for Market Research at the University of South Africa was also commissioned to conduct research on lottery-playing patterns. This showed that seven out of 10 people played the lottery regularly, but only 1.2 percent displayed the potential to become compulsive gamblers.



The study further revealed that on average, less than 0.5% of household income was spent on lottery tickets.

That May, the regulations on the conduct of **promotional competitions**, which had taken several years to finalise, came into effect.

In 2005, the need to take action to enforce regulations on **promotional competitions** emerged, as multiple infringements were detected in **cell phone-based promotions**.

The number of organisations benefitting from the NLDTF in the 2005/6 financial year exceeded 2000 for the first time.

18 months before the expiry of Uthingo's licence, the Minister of Trade and Industry called for proposals for the second operating licence for the National Lottery. This was followed by the appointment of Gidani, and a court challenge to the awarding of that licence. Subsequent litigation resulted in the absence of a national lottery for six months in 2007. That October, the National Lottery was back in business and the share of revenue earmarked for the NLDTF was increased to 34%.

Despite the interruption to the Lottery and a lower allocation to the NLDTF from ticket sales, the distributing agencies still allocated over R970 million from the NLDTF to applicants who met the funding requirements.

In the meantime, March 2006 had seen that the term of office of first Distributing Agencies came to an end. New agencies for the Charities Sector and Arts, Culture and National Heritage Sector were appointed by the Minister in June, while the new Sport and Recreation Distributing Agency came into being in December.

Also in that year, contraventions of the Lotteries Act resulted in High Court action being instituted against Firstrand Bank Ltd for its "Million a Month" promotional competition and against the South African Children's Charity Trust and the SABC for the "Winikhaya" competition. The two cases concluded in judgements in favour of the NLB



in 2008, the same year that the Lottery contribution to NLDTF reached an unprecedented R1.4 billion.

In December 2009 there was a significant changing of the guard at the NLB. The founding chair and majority of members had served the maximum of two terms. Professor Ntshengedzeni Alfred Nevhutanda was appointed to the chair and a new board was put in place.

**As South Africa geared up to host the world's football spectacle**, the Consumer Protection Act replaced part of the Lotteries Act as the legislation governing the running of promotional competitions, while the NLB remained the authority responsible for monitoring and enforcing compliance.

**The second decade of the 21<sup>st</sup> century saw NLB hosting its first** consultative National Indaba, held with 1,500 NGO delegates from across South Africa. By this stage, funds distributed were at the R2-billion mark, with an increasing number of applications from eligible organisations, signaling a season of growth in service and impact for the NLB. Provincial offices were set up in Limpopo and the Eastern Cape in 2012, in an effort to get closer people who required the most positive impact. The inclusion of an executive management level also took place that year, including Compliance and Corporate Services, additionally Risk and Internal Audit joined the management team. Mrs Thabang Charlotte Mampane was appointed CEO.

A wide-ranging customer satisfaction survey from which would later evolve into strategy and input into the review of the Lotteries Act.

February saw Parliament confirming that a review of the Act was underway, and by December 2013, following approval by cabinet, consultations and being passed in the National Assembly, the amended Lotteries Act was signed into law by President Jacob Zuma.



The amended Act would seek to set up a National Lotteries Commission, allow for an organ of state to run the national lottery if need be, while allowing the state to get involved in running the national lottery if a licensed operator failed to meet obligations as contained in the licence approval agreement.

The Act would also improve the accountability of distributing agencies who would be appointed on full time basis for five years, and remove reference to Reconstruction and Development Programme (RDP).

The second national Indaba also took place in 2013, with the introduction of Beneficiary Awards which recognised good governance and compliance to set standards. As part of the resolutions, the Indaba was followed by Post Indaba Stakeholder Engagements across all nine provinces.

In 2013, the **No Law Breakers** Anti-fraud campaign was re-launched for better impact, and initiatives to prevent and fraud saw the NLB protecting hundreds of millions in public funds from corruption.

In 2014, as South Africa celebrated 20 years of freedom and democracy, the NLB marked its 15 years of existence and headed on a path to reinforce alignment with the National Development Plan to reduce inequalities and eliminate poverty by 2030.

Roll-out of provincial offices continued in the Western Cape.

A perception survey was carried out among beneficiaries, and a study was commissioned to assess the impact of the funding received from the NLB since inception.

The process of appointing the third national lottery operating licence, which had begun in 2012, reached an advanced stage in 2014, with the new licensee anticipated to begin operations in 2015. In 2014, the NLB achieved 100% of set targets this year to deliver fully on the mandate to serve South Africa and change lives for the better.



Since the management expansion in 2012, the NLB has expanded reach through partnerships and memoranda of understanding with South African Graduates Development Association, the Association for the Advancement of Black Accountants of Southern Africa, the Legal Education Centre, the National House of Traditional Leaders, the National Development Agency, the Companies and Intellectual Property Commission, and the South African Local Government Association to name a few, in an effort to assist beneficiaries, current and potential.

With a focus on capacity building for beneficiaries while also addressing youth unemployment, the NLB has joined forces with the Culture Art Tourism Hospitality and Sports Sector Education and Training Authority (CATHSSETA) to train graduates and place them with beneficiaries that require business skills for optimal functioning.

Organisational growth has also mirrored this with a staff complement that has grown from less than 20 in 2001 to 156 in 2013/14 in response to the growing needs in the NPO sector, and to aid efficient service delivery.

The National Lotteries Board has become a part of South Africa's DNA, and with 14 400 applications requesting over R40 billion for funding at the 2012 call for applications, it is evident that the National Lotteries Board is an important part of the future toward the goals of the National Development Plan's Vision 2030.