

THE NLDTF CONSULTATIVE INDABA



NLDTF FOR THE 21st CENTURY: MAKING LOTTERY FUNDS WORK FOR ALL

Lottery Funding & the NLDTF

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Aligning NLDTF to
Developmental Needs of our Country

Agenda

- Brief History
- The South African Model: Origins, Achievements & Challenges
- Models of Lottery Revenue Collection
- Models of Lottery Revenue Distribution



Some History.....



Emperor Nero had lotteries for prizes at parties.



The Great Wall of China was financed, in part, by a lottery.



Casting Lots in the Bible appears 36 times in 33 verses



In 1420 Lottery proceeds were used for public works in Europe.



In 1753 the British Museum was funded with lottery proceeds

Some South African History.....



In 1789 Dutch East India Company outlawed gambling

In 1902 they extended the prohibition on gambling with the Betting Houses, Gaming Houses and Brothels Suppression Act (No. 36 of 1902)

Some South African History.....



In 1948, the National Party denounced all gambling as an “immoral evil” that undermined the work ethic of the population by encouraging reliance upon luck rather than hard work and skill



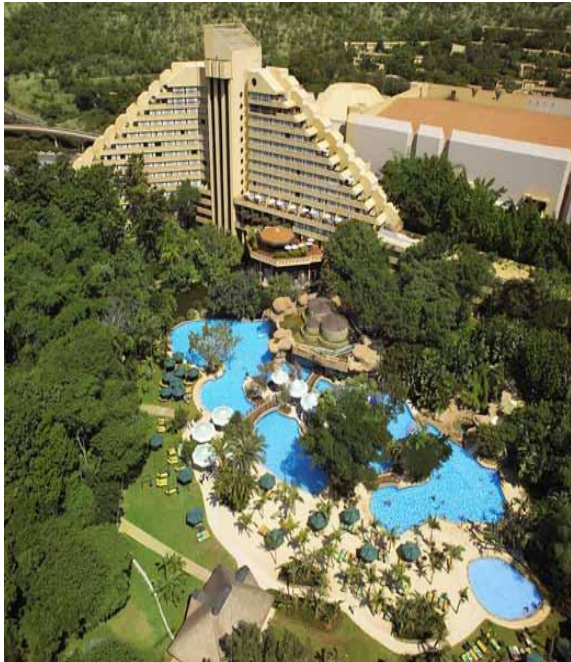
Some South African History.....



In 1971, the National Party proclaimed the Self Governing Territories Constitution Act.

This allowed 'homeland' authorities in Transkei, Ciskei, Bophutatswana, and Venda to legalise gambling in order to attract capital

Some South African History.....



While the homeland authorities benefited from revenues in their territories, casinos were wholly owned and controlled by white business interests

The legal discrepancies between the South African Gambling Act of 1965 and the gambling laws of the former homelands posed particular legal challenges

South African History....

- Slot machines and blackjack tables appeared in bars and restaurants, gambling parlours opened in the suburbs while various charities advertised bingo, lotteries and scratch cards
- there were between 2 000 and 4 000 illegal casinos and 150 000 illegal slot machines in operation across South Africa
- Pressure from religious and community groups, gambling entrepreneurs and political leaders began to build for the state to put forward a unitary national policy



South African History.....

- The state appointed two committees, the 1992 Howard Commission and the 1995 Wiehahn Commission
- The final Wiehahn Report on Gambling (1995) recommended that all forms of gambling be regulated.
- In 1996, the Gambling Act was passed
- In 1997, the Lotteries Act was passed



The National Lotteries Act

- Establishes the National Lotteries Board
- Sets up the process for awarding the Licence
- Establishes the National Lottery Distribution Trust Fund (NLDTF)
- Sets up the Distributing Agencies & the process of Distribution
- Sets up process for Monitoring & Regulating
 - Private & Society Lotteries
 - Promotional Competitions



Functions of the NLB

- Advise the Minister
 - on the issuing of Licence/s
 - on the percentages allocated to good causes
 - on the efficacy of Legislation related to Lotteries



Functions/Objectives

- Advise the Minister
 - on the issuing of Licence/s
 - on the percentages allocated to good causes
 - on the efficacy of Legislation related to Lotteries
- Protection of Players

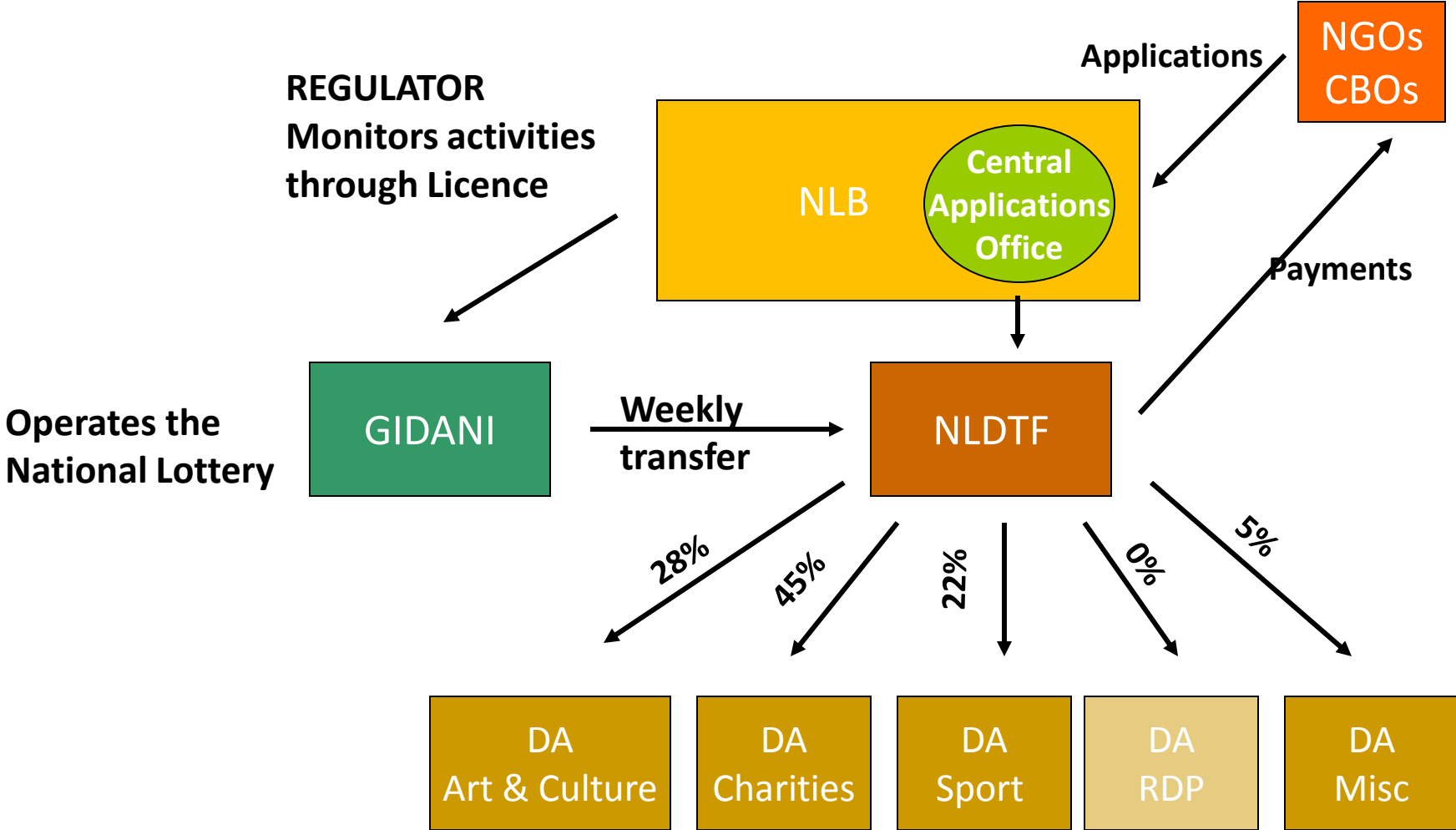


Functions/Objectives

- Advise the Minister
 - on the issuing of Licence/s
 - on the percentages allocated to good causes
 - on the efficacy of Legislation related to Lotteries
- Protection of Players
- Maximize proceeds to good causes
- Administer NLDTF
- Monitor & Regulate Other Lotteries
- Manage the Central Applications Office



Structure



NLDTF Achievements



NLDTF Revenue & Disbursement

1st April 2000 to 31st March 2011(R million)

Revenue from Lottery Operator	12,301
Interest on investments	3,633
Total revenue	15,934
Cash disbursed since inception	10,962
Spent on administration (2.4%)	336
Funds on hand	4,819
Less amounts already committed as at 31 March 2011	3,178
Cash available for allocations in 2011/2012	1,752

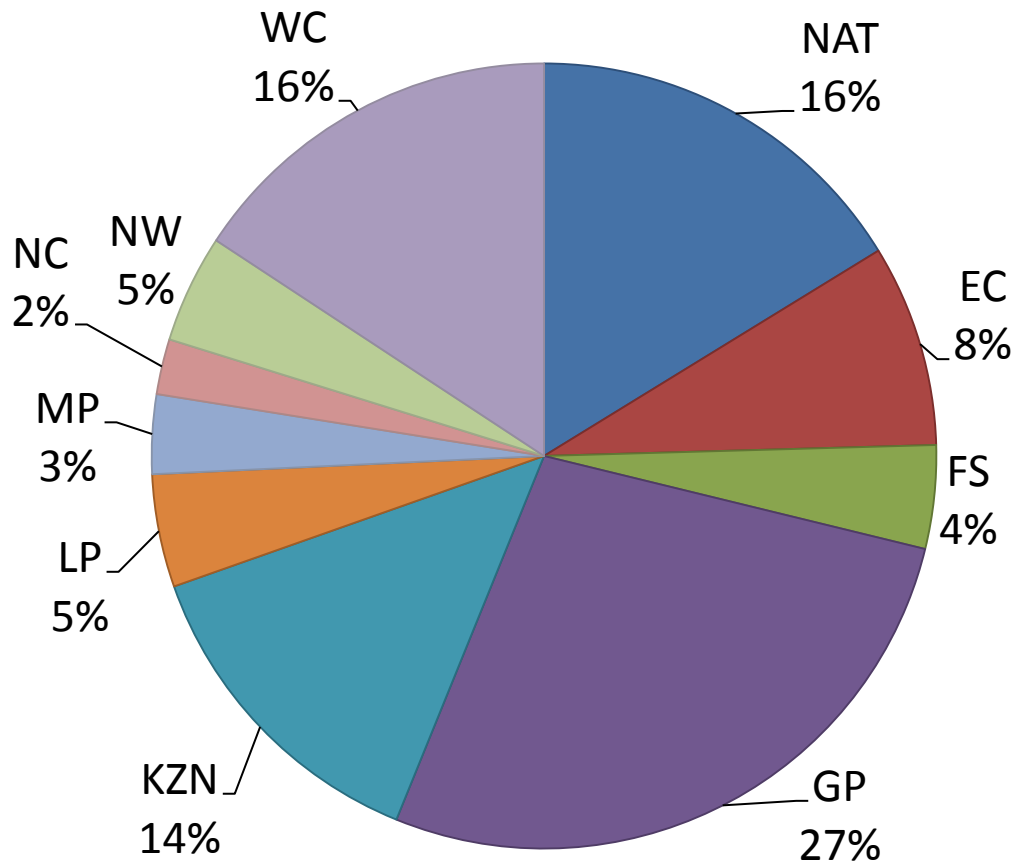
NLDTF Allocations

1st April 2000 to 31st March 2011(R million)

Year	Arts	Charities	Sport	Misc	Totals
2001				4	4
2002	48	103	72		223
2003	171	344	211	10	736
2004	375	613	252	17	1257
2005	310	504	389	1	1204
2006	229	626	410	9	1274
2007	235	428	118	34	815
2008	170	380	422		972
2009	263	565	597	1	1426
2010	1231	1402	649	127	3409
2011	767	1661	665	119	3212
Totals	3799	6626	3785	322	14532

NLDTF Allocations

Provincial Spread %



NLDTF Challenges



Application Challenges

High Rate of Declines

- Incomplete documentation
- Unaudited financial statements
- Unregistered auditors
- Documents not in the names of applicant...
- Applications outside the mandate of DA (wrong sector or non fundable items)



Project Management Challenges

- Lack of good cooperate governance
- Grant Agreements not properly signed
- Grant Agreements not being read
- Unauthorized deviations.
- Incorrect, incomplete or unsatisfactory Progress Reports
- Improper record keeping
- Delays in submitting requested additional information
- NLDTF recognition



Other Challenges

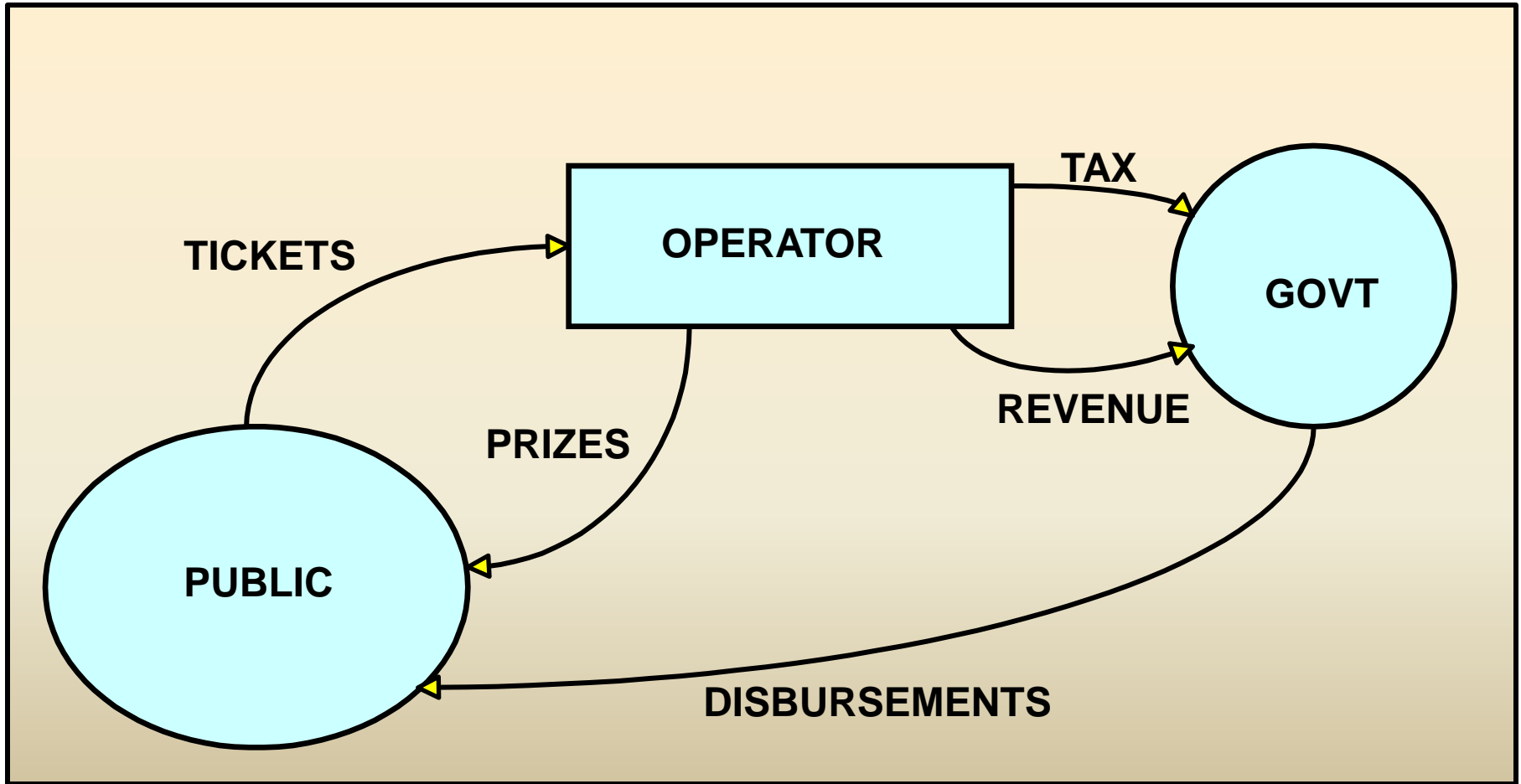
- Fraud
- Misrepresentation
- Little or No Impact
- Dependency
- Conflict of Interests



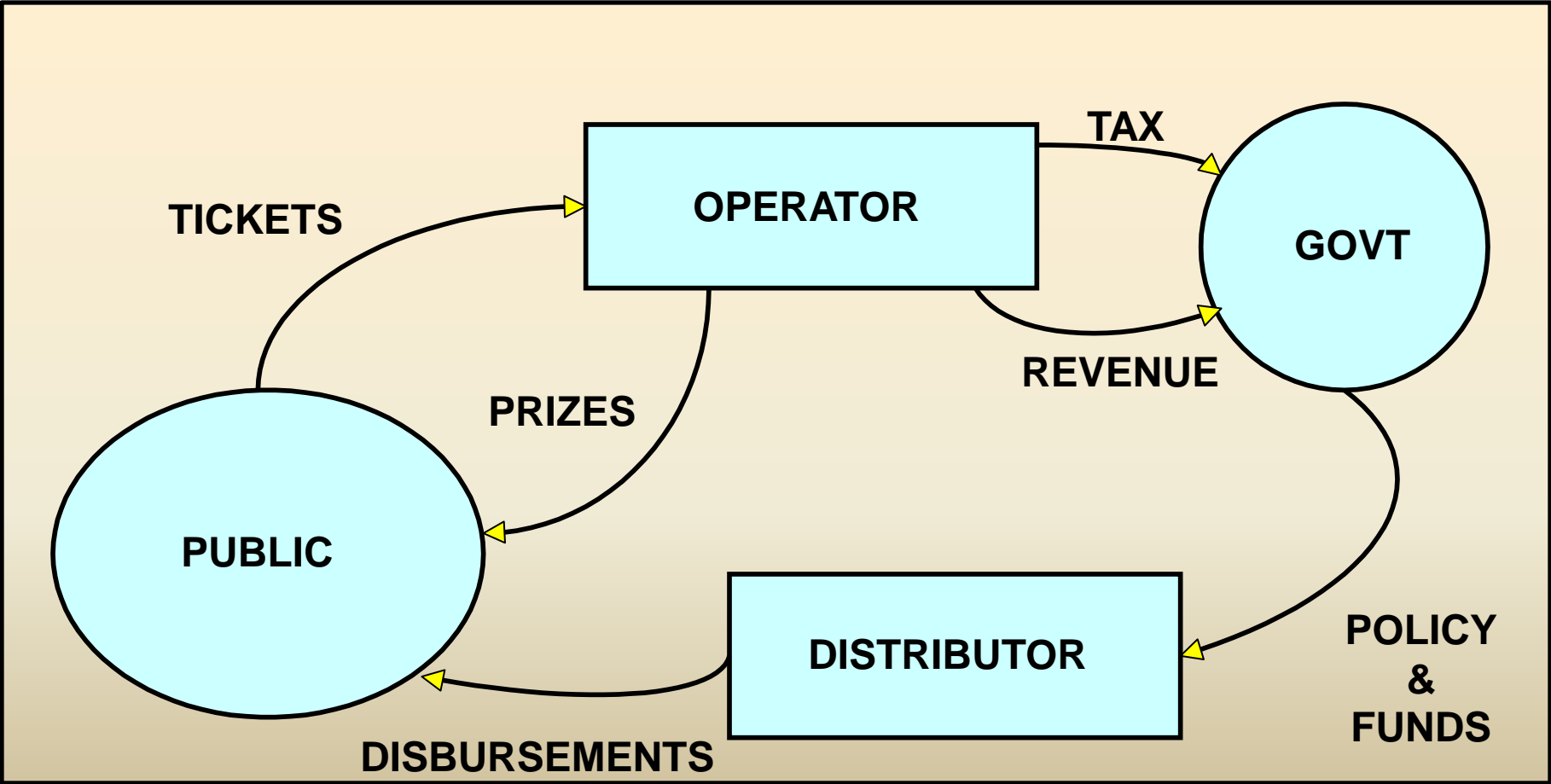
Models of Lottery Revenue Collection...



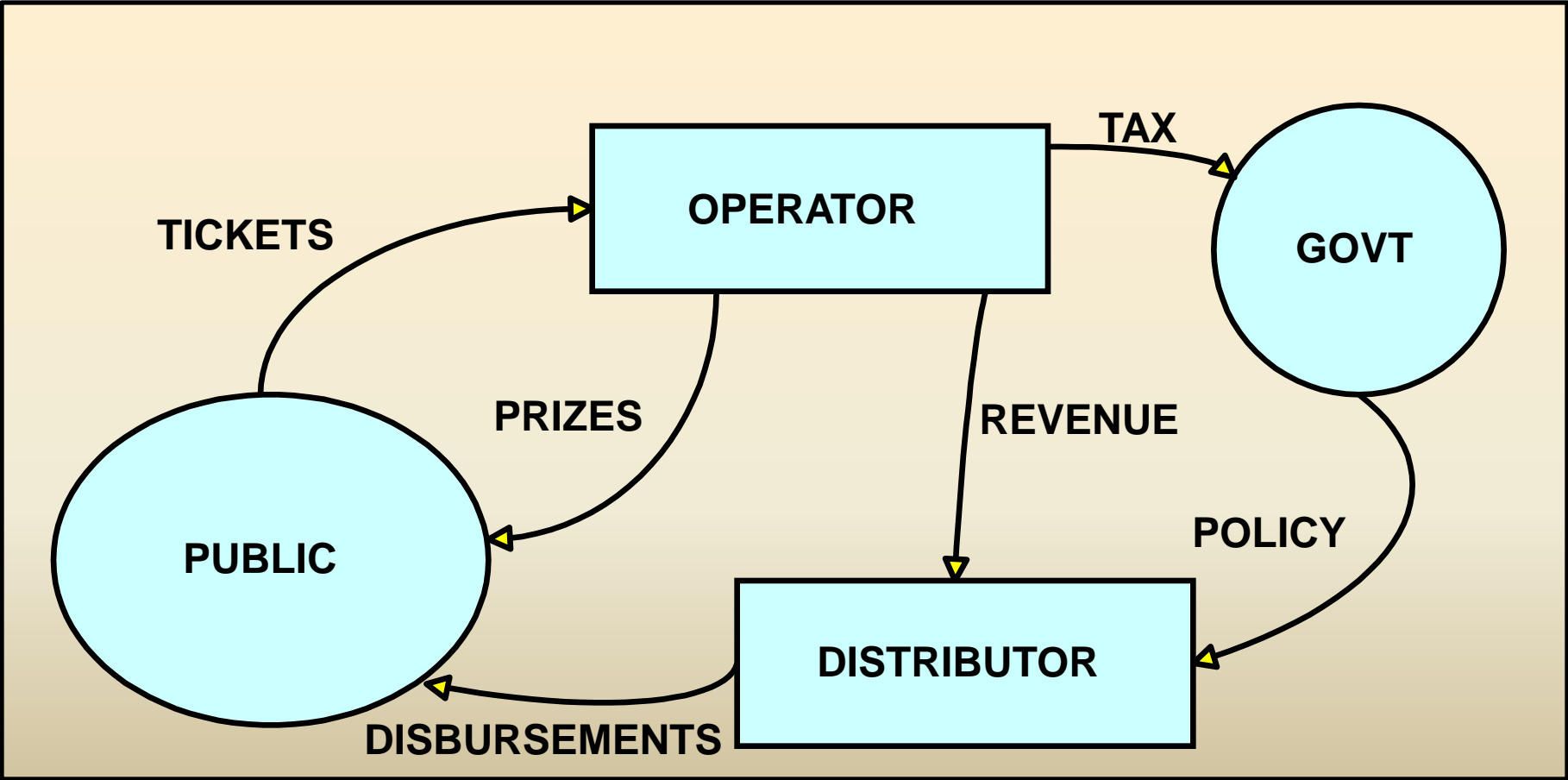
Model 1



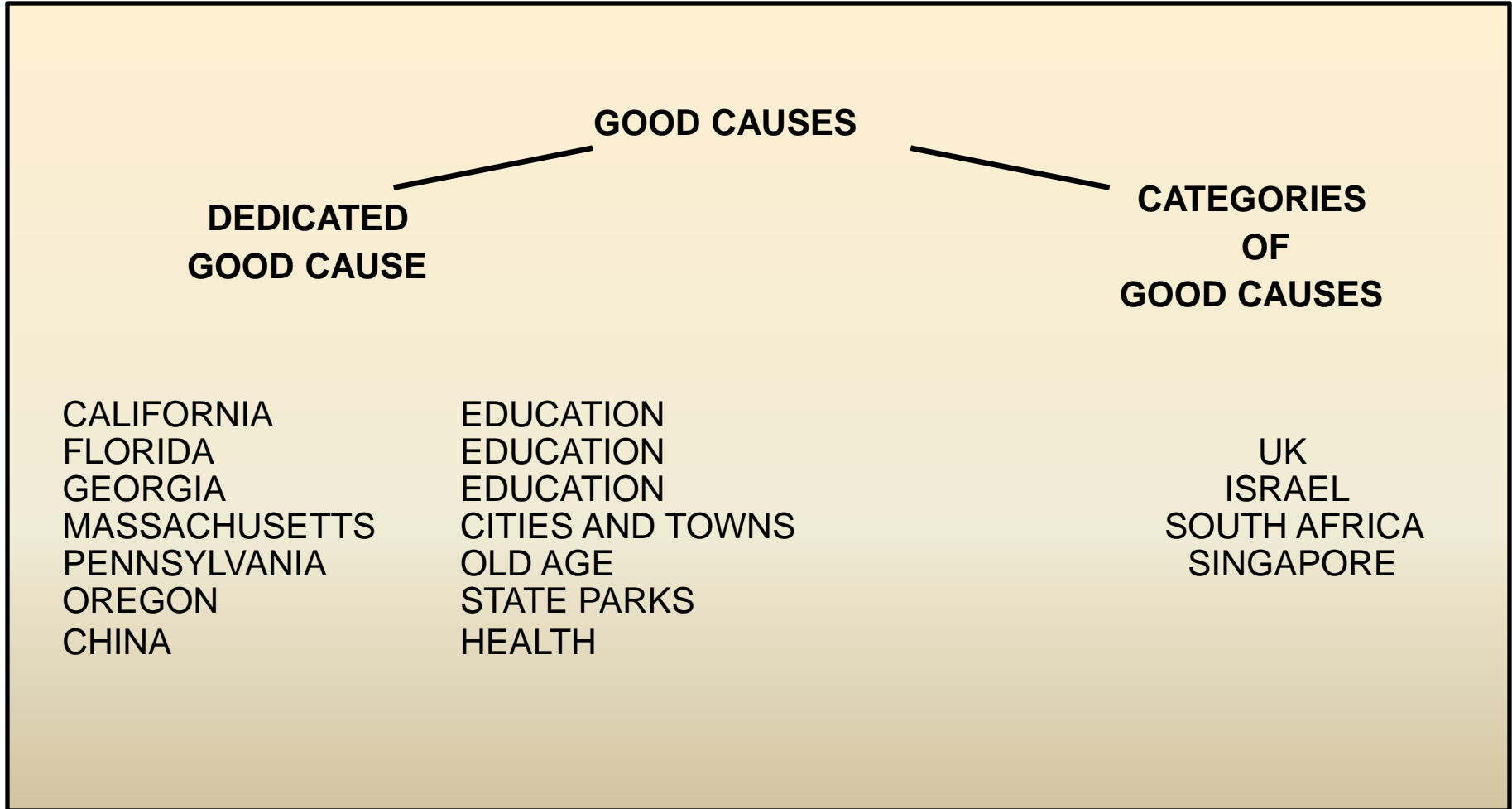
Model 2



Model 3



Good Causes



Revenue Distribution Models



The Philanthropy Continuum



Traditional

Reactive

Responsive

Random

Immediate Need

No New Initiatives

Minimal Impact



The Philanthropy Continuum

Strategic

Predetermined Policy

Defined Impact

Tailored Response



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The Philanthropy Continuum

Strategic

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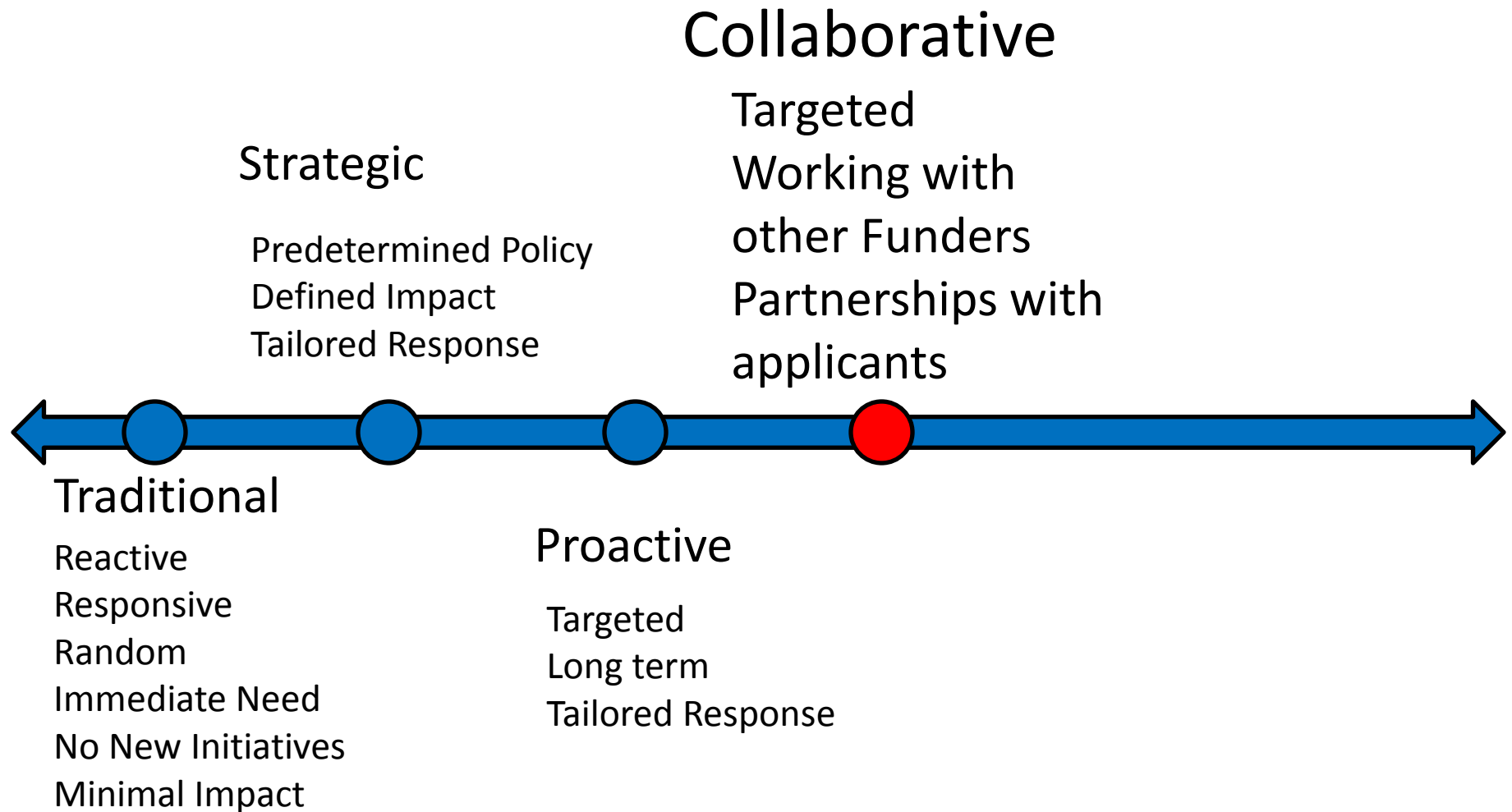
Traditional

Reactive
Responsive
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Immediate Need
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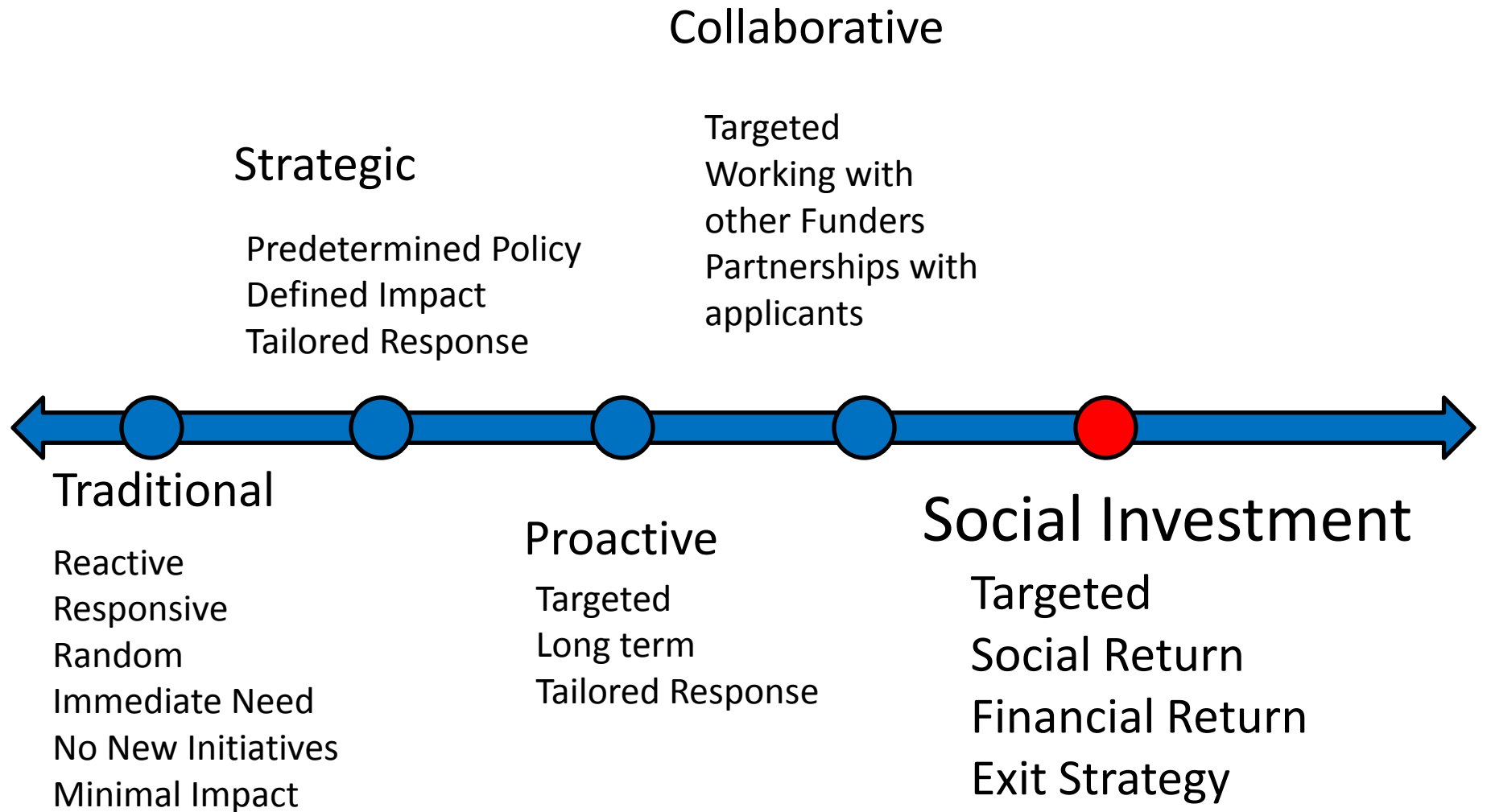
Proactive

Targeted
Long term
Tailored Response

The Philanthropy Continuum



The Philanthropy Continuum



The Philanthropy Continuum

Low Impact

Low Cost

Low Participation

High Risk

Wide Dispersion

Asking

Short Term

High Impact

High Cost

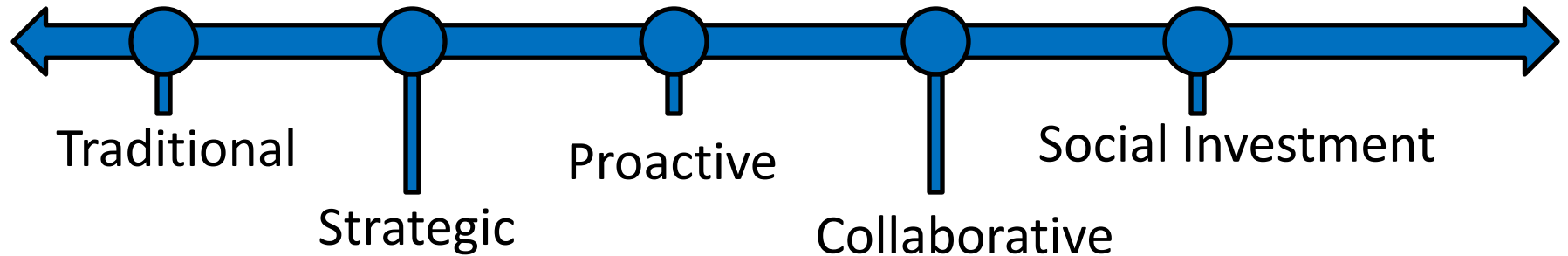
High Participation

Managed Risk

Focused

Earning

Long term



Traditional

Strategic

Proactive

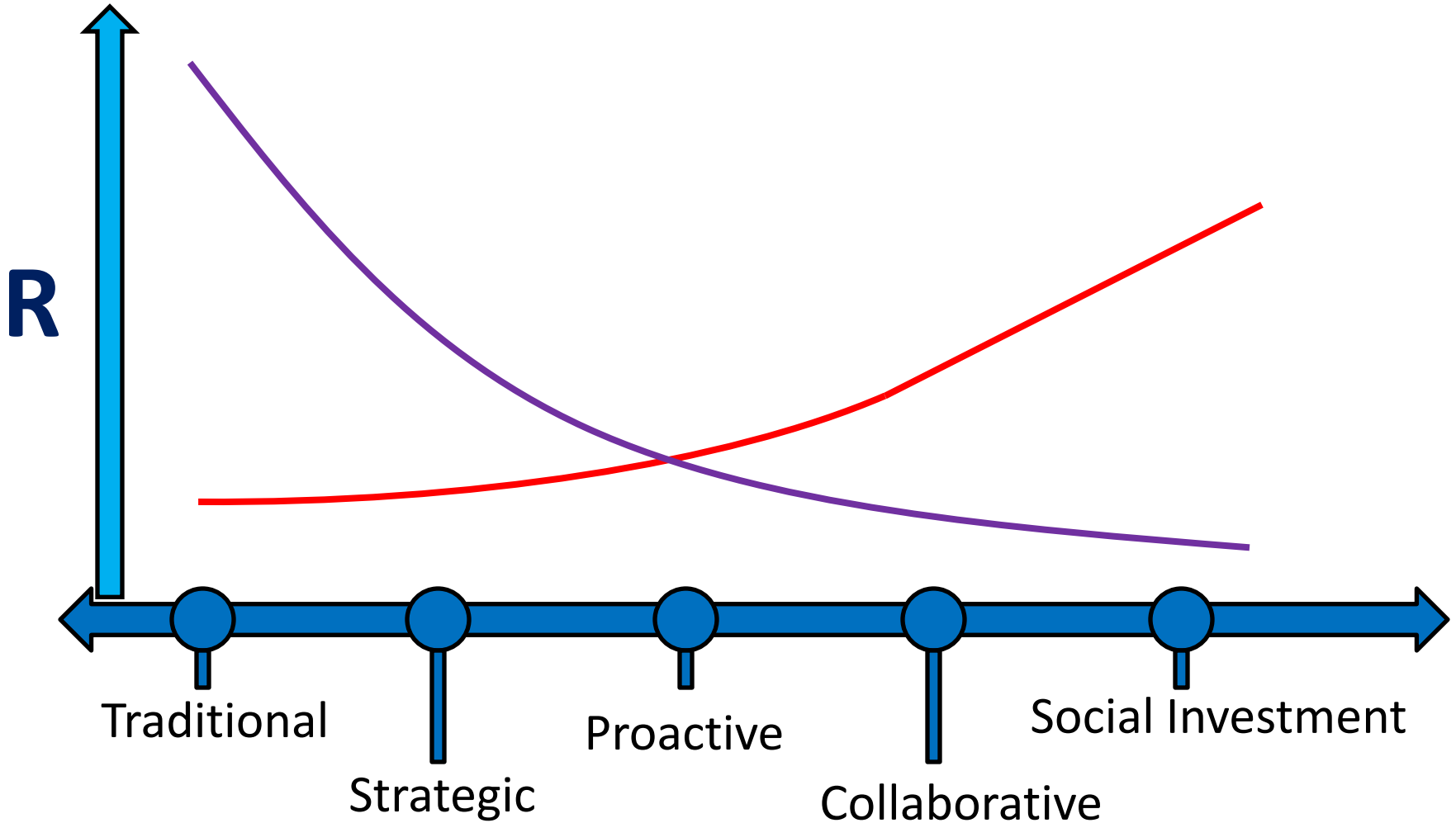
Collaborative

Social Investment

Which one to choose?
Why pick just one...?



Flexibility



Thank You

