



**PRESENTATION TO  
GAMING REGULATORS AFRICA FORUM**

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**EFFECTIVE REGULATION OF LOTTERIES –**

**WHAT NEEDS TO BE DONE OR IMPROVED**



# Introduction of the National Lottery in South Africa

At the dawn of our democracy our democratically elected Government realised that the needs of the people could not be catered for in their entirety solely from Government funding.

Just as important as improving the lives of people in our communities, there was the need to develop sports and preserve the arts, culture and our national heritage.

In order to achieve this, funding had to be sourced to meet the increasing demands.



# Introduction of the National Lottery in South Africa (Cont'd)

- **Legislation** to regulate the SA National Lottery was introduced in 1997, and the first National Lottery commenced in March 2000.
- The lottery would be **run under licence** and closely regulated by the National Lotteries Board
- A percentage of sales would be used to fund **good causes** or activities that the taxes would not be able to cover.
- The NLB funds **four sectors** charities; arts, culture and national heritage; sport & recreation and a small percentage for miscellaneous projects of national significance.
- **Needs and demands** from communities far surpass the available funds. During the 2013/14 financial year 14,000 applications were received with funding requests in excess of R40 Billion.



# How Best to Regulate the National Lottery

The main aim of regulating the National lottery is three-fold:

- 1) Protecting Lottery Participants;
- 2) Maximum revenue generation for good causes while striving for long-term financial success for the Operator; and
- 3) Ensure that the National Lottery is conducted with all due propriety.

These are the fundamental principles governing the regulation of the National Lottery in South Africa.



## **How Best to Regulate the National Lottery (Cont'd)**

In 2010, the UK National Lotteries Commission published a report titled **“A better way to Regulate the National Lottery”**.

In the paper, the Commission identified six work-streams categorized as follows:

- **Outcome-based regulation, informed by risk assessment**
- **Earned autonomy/proportionality**
- **Informed analysis of operator performance**
- **Transparency**
- **Public engagement**
- **Enforcement**



## How Best to Regulate the National Lottery (Cont'd)

At the heart of effective regulation, the following should be borne in mind:

- **Business plan**
- Risks and mitigation steps
- **Technology**
- Percentage to good causes
- **Market knowledge**
- Partners (African Lottery)
- **Marketing spend**

This is clearly defined in the Licence to Operate the National Lottery with consequences for non-compliance.

Regulation is straightforward and transparent.



## The National Lottery, Other Lotteries and Gambling (Cont'd)

Society Lotteries introduced in South Africa with the Lotteries Act that repealed the Fundraising Act.

Society lotteries are allowed to run up to 6 schemes in a year with maximum revenue generation of R2 Million per scheme.

This method of fundraising helps but does not meet the high demand of NGOs.





## The National Lottery, Other Lotteries and Gambling (Cont'd)

As with other jurisdictions, South Africa is experiencing new gambling products that have the same look and feel of a Lottery but are regulated under Gambling Legislation and are not required to contribute towards good causes.

As a Regulator of Lotteries, our mandate is to ensure that all lotteries are able to maintain and grow their market share for good causes balanced with player protection.



## The National Lottery, Other Lotteries and Gambling (Cont'd)

The possibility to bet on the outcome of the National Lottery provides the National Lottery Operator no protection from the Regulator and the National Lottery has no monopoly, as it was initially intended with the introduction of the Lotteries Act.

The National Lottery Operator is also licenced to conduct Sportspools, which are also licenced under Provincial Gambling Legislation, therefore creating competition for the Operator. This impacts on the potential to generate maximum revenue from Sports-pools.



# Playing for Good Causes

Since its inception in 2000, the NLB has distributed over R19 **Billion** to more than 18 000 NGOs to tackle the socio-economic plight of our country.

Our mission is also aligned to our National Development Plan's objective to eliminate poverty and reduce inequality by 2030.



## Who are the winners in the National Lottery?

Apart from creating over 350 Millionaires since inception, the National Lottery in South Africa paid over R15 **Billion** in prizes and R97 **Million** in Retailer Commission. The business of the National Lottery is all encompassing and is aligned to the Government's Priorities for poverty alleviation and job creation.



# What need to be changed to better regulate the National Lottery?

1. Composition of the bidding consortia
2. Emphasis on localisation
3. Minimum contribution should be enforced
4. Address overlaps between Gambling and Lottery legislation
5. Introduce familiar African games
6. Licence period to Operate the National Lottery
7. Broadening the scope of the licence to include other lottery channels



# Conclusion

**In conclusion**, South Africa is a land of great strengths, great diversity, great challenges and great opportunities.

Through the existence of the National Lottery in the past 16 years, I am pleased to be able to say that we were able to make many dreams come true, and to plant the seed for an even greater tomorrow for all.

We have been able to successfully regulate the lottery industry and maintain the integrity of the process.

We continue to work with our brothers and sisters in Africa to advise on the establishment and regulations of Lotteries.

South Africa continues to live the legacy of Nelson Mandela through the National Lottery in improving the lives of communities. continues to live the legacy of Nelson Mandela through the National Lottery in improving the lives of communities.



**I THANK YOU**