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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 2554

Mr. M J Cuthbert (DA) to ask the Minister of Trade, Industry and Competition:

- (1) What are the reasons that the National Lotteries Commission (NLC) is holding such large investments at a time when it is receiving less funds for disbursement to good causes;
- (2) whether he will furnish Mr M J Cuthbert with a list detailing (a) with whom is each investment and (b) the type of each investments; if not, why not; if so,
- (3) what (a) total number of different investments make up the NLC's total investments and (b) is the period of each specified investment? NW3225E

REPLY

I have been furnished with a reply to the question submitted, by Ms Thabang Mampane, Commissioner of the National Lotteries Commission, which is set out below. In light of the challenges faced by many South Africans as a result of the coronavirus pandemic, I will be requesting a review of the reserves policy.

The reply of the NLC Commissioner follows:

- (1) *"The National Lotteries Commission is a Public Finance Management Act, Act 1 of 1999, Schedule 3A entity. The NLC was established with the primary mandate of regulating lotteries and sports pools. From that regulatory activity, the NLC is enabled to distribute funds destined for good causes.*

The NLC does not receive funding from the fiscus. The main source of revenue is derived from the share of National Lottery ticket sales from the Operator. The investments (that is, reserves) aim to sustain the operations of the organization during Licence transitions where revenue received from the National Lottery Operator is low as observed in the previous two licenses. Also in instances where the Operator may not operate. The reserves will supplement the grant allocations

for good causes and the operational costs of the organisation for a period of twelve (12) months in instances where there is no revenue flowing into the organisation. This will ensure that the NLC continues to deliver on its mandate.

Section 25 of the Lotteries Act allows the NLC to invest any money which is not required for immediate allocation. Investment income diversifies the organization's Revenue and mitigates the risk of a single source of revenue derived from a share of National Lottery ticket sales. Investment income therefore significantly contributes towards funding the operational expenditure of the organisation, consequently the NLC is able to maximize contribution to fund good causes through grant allocations.

(2) and (3) During the 2019/20 financial year, the NLC had only one investment with Rand Merchant Bank which had an initial investment period of five years. The investment has subsequently matured and the NLC is in the process of re-investing."

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