**MEDIA STATEMENT**

**TRADE, INDUSTRY AND COMPETITION COMMITTEE HEARS SIU INTERIM INVESTIGATION INTO NATIONAL LOTTERIES COMMISSION NOW AMOUNTS TO MILLIONS**

**Parliament, Tuesday, 27 September 2022 –** The Portfolio Committee on Trade, Industry and Competition today received a status update report from the Special Investigating Unit (SIU) regarding its investigations into the National Lotteries Commission (NLC). The committee was also introduced to the new NLC Board.

Committee Chairperson Ms Judy Hermans said that these investigations emanated from President Cyril Ramaphosa’s proclamation of 6 November 2020 for an investigation into NLC activities from 1 January 2014 to 6 November 2020. The investigation should establish whether there was maladministration of the National Lottery Distribution Trust Fund and allocation of money from the fund to people who are not entitled to it.

The committee heard that the investigation has uncovered evidence that former NLC board members and senior executives corruptly took approximately R526 million in lottery funds. A further R906 million is currently being investigated as part of phase three of the SIU’s investigation.

According to the SIU, phase one of the investigation involving an amount of R279 710 409 is complete and President Ramaphosa is due to receive the report next month. Phase two of the investigation started investigating 17 matters on 1 March 2022, but this increased to 24 matters subsequently, amounting to a sum of R246 659 310. This phase is due to be completed by March 2023. Phase three of the investigation involves an amount of R905 901 910.

The committee heard that on 15 June 2022, the SIU obtained a preservation order for a property registered under Vhutanda Investment (Pty) Ltd, where Prof Alfred Nevhutanda, former chairperson of the NLC Board, is the sole director. A civil litigation process is underway to review and set aside the grant funding contracts of all the non-profit organisations and companies that contributed towards the purchase of the property that benefited Prof Nevhutanda. There are a further eight properties identified for preservation and the process of preserving them is at an advanced state.

Minister of Trade, Industry and Competition Mr Ebrahim Patel assured the committee that although some people have resigned during the investigation, “…resignations do not absolve any implicated party from civil and criminal prosecution. The Board will be able to provide oversight of actions”.

Mr Patel said that when it became apparent to the NLC that the department was serious about acting against corruption, some individuals in the NLC and third parties put measures in place to frustrate the department. These include threats of legal action and/or letters from attorneys; cases launched at the High Court and, in one matter, a petition to the Supreme Court of Appeal; reports of arson and tampering with vehicles; and action against whistle-blowers.

Newly appointed Chairperson of the NLC Board, Dr Barney Pityana, told the committee it is clear there has been a lack of consequence management, less than truthful reporting and high levels of collusion in the NLC. “We need to put all of those issues right in order to deal with it. We established an anti-fraud unit working closely with other law enforcement units. The Board has taken action against those employees that have been mentioned in various reports. We are strengthening all processes of internal control and all that we perceived as weak.”

Dr Pityana informed the committee that the NLC received over 9 500 applications and had to close applications for grant funding. “The resources we have are there to do the right thing, but they must land in the right place; funds must be strategically used for the right reasons,” he said.

Ms Hermans said the committee noted attorney dereliction of duty highlighted in the investigation. She affirmed the committee’s unequivocal support for the new board led by Dr Pityana to restore the integrity of the NLC. She described the engagement with the SIU as fruitful and said: “We want to thank the SIU for the good work they have done thus far and we know there is extensive work still ahead of them.”

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON TRADE, INDUSTRY AND COMPETITION, MS JUDY HERMANS**

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