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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 2896

DATE PUBLISHED: 9 SEPTEMBER 2022

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

What is the (a) total amount that the National Lotteries Commission paid in legal costs to external service providers in the (i) 2021-22 and (ii) 2022-23 financial years; (b) budget forecast for the 2023-24 financial year; and (c)(i) breakdown of law firms that were used and (ii) total amount that was paid to each law firm in each specified financial year?
NW3365E

Reply

The National Lotteries Commission has furnished me with a response to the question.

It provides a list of law firms without an adequate breakdown of the matters for which firms have been briefed. I have requested that additional details be provided in respect of the specific matters covered in the legal briefs. Attention is also drawn to the reply to Parliamentary Question 606.

In addition, I note that the Board is reviewing legal costs. I would seek the review to cover whether legal costs of the extent covered in the reply below is justified and to adjust the NLC Budgets based on the outcome of the review.

The reply of the NLC is attached hereto. A supplementary reply will be tabled if warranted, once the further information I have requested has been received.



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NATIONAL LOTTERIES COMMISSION
a member of **the dti** group

National Lotteries Commission (NLC)
P O Box 1556
Brooklyn Square 0083, Pretoria

Mr Ebrahim Patel, MP
Minister of Trade and Industry and Competition

The dtic Campus
77 Meintjies Street
Sunnyside
Pretoria
0001

15 September 2022

Dear Hon. Minister E Patel, MP

SUBJECT: THE NATIONAL ASSEMBLY QUESTION FOR WRITTEN REPLY: QUESTION NO 2896

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

What is the (a) total amount that the National Lotteries Commission paid in legal costs to external service providers in the (i) 2021-22 and (ii) 2022-23 financial years, b) budget forecast for the 2023-24 financial year and (c)(i) breakdown of law firms that were used and (ii) total amount that was paid to each law firm in each specified financial year?



RESPONSE FROM THE NATIONAL LOTTERIES COMMISSION:

What is the (a) total amount that the National Lotteries Commission paid in legal costs to external service providers in the (i) 2021-22 and (ii) 2022-23 financial years

(a)

| TOTAL LEGAL COSTS | |
|-------------------|-------------|
| 2021-22 | 2022-23 |
| R47 471 835 | R14 889 862 |

(b) **budget forecast for the 2023-24 financial year**

The NLC applies a zero-based budgeting methodology. This methodology approach does not account for previous activity level but takes each activity as new in line with the activities in the strategic plan and the annual performance plan outputs for the year.

The budget forecast as per the Annual Performance Plan (APP) for the 2023-24 financial year is R31 million. The forecast assumes an increase from the prior financial year in line with Treasury Guidelines which requires a three-year MTEF period. The final budget for the 2023-24 financial year will be finalised in January 2023 considering the activities in line with the APP

(c) **breakdown of law firms that were used and (ii) total amount that was paid to each law firm in each specified financial year?**

The total amount that the National Lotteries Commission paid in legal costs to external service providers in the 2021-22 financial year is indicated below.



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| NO. | LAW FIRM | DISCRIPTION OF NATURE OF MATTER | COSTS (R) |
|-----|-----------------------------|--|-----------|
| | Spoor and Fisher | Legal Advisory Services (Lotto Trademarks registration) | 1 622 |
| | Dwarika, Naidoo & Co | Legal Advisory Services (Conveyancing matters) | 12 679 |
| | Ngeno & Mteto Inc | Litigation, Legal Advisory Services and Investigations into allegations of misuse of lotto funds/fraud/theft | 27 206 |
| | Popela Maake Inc | Litigation and Legal Advisory Services (Labour/Employee matters) | 89 700 |
| | ML Mateme Inc | Litigation and Legal Advisory Services (Illegal Lottery Dispute) | 159 909 |
| | Maphosa Attorneys | Litigation, Legal Advisory Services and Investigations into allegations of misuse of lotto funds/fraud/theft | 339 429 |
| | Ramulifho Attorneys | Litigation, Legal Advisory Services (Labour / Employee Disputes) | 353 323 |
| | Farhana Suder Attorneys | Litigation and Legal Advisory Services | 494 475 |
| | Adv Barbara Mapara | Litigation and Legal Advisory Services | 500 000 |
| | Popela Maake Inc | Legal advisory services and investigation into the allegations of impropriety levelled against NLC Employee on grant funding matters | 1 137 845 |
| | Malebye Motaung Mthembu Inc | Litigation, Legal Advisory Services and Investigations into allegations of misuse of lotto funds/fraud/theft | 1 234 995 |

CHANGING LIVES
Board Members: Prof NIB Phipps (Chairperson), Ms B Ferguson, Dr C Lubisi, Ms P Mvudane,

Established in terms of the Lotteries Act 57
of 1997, as amended



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| NO. | LAW FIRM | DISCRIPTION | COSTS (R) |
|-----|-------------------------------|--|-----------|
| | Spoor and Fisher | Legal Advisory Services (Lotto Trademarks) | 5 865 |
| | Dwarka, Naidoo & Co | Legal Advisory Services (Conveyancing) | 15 708 |
| | Cliffe Dekker Hofmeyer Inc | Legal Advisory Services (Labour matters) | 25 000 |
| | Popela Maake Inc | Legal Advisory Services (Labour matters / Employee benefits) | 342 300 |
| | Cowan Harper Madikizela | Legal Advisory Services | 257 972 |
| | Dabishi, Nthembeleni Inc | Litigation, Legal Advisory Services and Investigations into allegations of misuse of lotto funds/fraud/theft | 354 122 |
| | Cheadle Thompson & Haysom Inc | Legal Advisory Services (Board Labour matters) | 500 000 |
| | Ndobela Lamola Inc. | Litigation, Legal Advisory Services and Investigations into allegations of misuse of lotto funds/fraud/theft | 599 500 |
| | Malebye Motiaung Mthembu Inc | Investigation (Data Breach) | 675 785 |
| | Ngeno & Mteto Inc | Litigation, Legal Advisory Services (Employee Disciplinary Matters) and Investigations into allegations of misuse of lotto funds/fraud/theft | 1 082 713 |
| | Malatji Kanyane Inc | Litigation, Legal Advisory Services (Board Governance Matters) | 1 399 401 |
| | Maluks Attorneys Inc | Litigation (NLC Mandate), Legal Advisory Services (Illegal lottery matters) | 1 860 464 |

CHANGING LIVES
Board Members: Prof JHB Ripstein (Chairperson), Ms B Ferguson, Dr C Lubisi, Ms P Maudane,
Adv. W Hofmeyr, Adv. N Nene (Company Secretary)

Established in terms of the Lotteries Act 57 of 1997, as amended



| | | |
|--------------------------|---|-------------------|
| | and Investigations (SIU) | |
| Maphosa Attorneys | Legal Advisory Services (Assessment and Determination of Irregular Expenditure) | 2 320 657 |
| Diale Mogashoa Attorneys | Litigation, Legal Advisory Services (Review of Lottery Regulations) | 5 450 375 |
| Grand Total | | 14 889 862 |

Yours faithfully,

Mr Lionel October
Acting Commissioner: NLC

20/09/2022