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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 3472

Mr T M Langa (IFP) to ask the Minister of Trade, Industry and Competition:

- (1) Whether, regarding the temporary appointment of Ithuba Holdings and the transition to Sizekhaya Holdings as the Fourth National Lottery and Sport Pools operator, he has found that there is a risk of further delays and legal challenges that could impact the ability of Sizekhaya Holdings to take over in June 2026 as scheduled; if not, what is the position in this regard; if so, what contingency plans has his department put in place;
 - (2) what are the full details of the (a) financial terms (b) temporary licence agreement, (c) revenue-sharing models and (d) allocation of lottery proceeds during the interim period;
 - (3) what reforms and/or governance changes will be introduced to address the weaknesses in (a) procurement and (b) licensing processes that led to the invalidation of the Temporary Licence Request for Proposal by the Pretoria High Court?
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REPLY:

I have been advised by the National Lotteries Commission (NLC) as follows.

- (1) There is always a risk of litigation, which by its nature, may lead to delays in the commencement and implementation of the Fourth National Lottery and Sports Pools Licence (Fourth Licence). However, the Temporary Licence has commenced with no known legal challenges, thus far. The NLC is working with Sizekhaya Holdings

in preparation for the transition and commencement of the Fourth Licence. Since inception, every award of the Lottery Licence has been the subject of litigation. It can be anticipated that with seven (7) applicants that were unsuccessful, litigation will inevitably ensue. The contingency plan and mitigation strategy against a possible interruption of the Fourth Lottery operations commencing on 01 June 2026 is twofold. Namely, an expedited finalisation of court challenges and possible extension of the Temporary Licence for another 12 months if the litigation is not concluded in the next 12 months, subject to approval by the Minister of Trade, Industry and Competition.

- (2) (a) The Temporary Licence makes provision for the Minister's Nominees, which are the National Empowerment Fund (NEF) and the South African Post Office (SAPO), to hold jointly, 20% of the issued share capital of Ithuba Holdings. Contributions to the National Lottery Distribution Trust Fund (NLDTF) will be 27.5% of lottery ticket sales. Ithuba Holdings is required to furnish a guarantee of R25 million for the Temporary Licence period to secure player funds and other amounts that may be due to the NLC and the NLDTF. Licence fees of R1,5 million and R200,000 for the National Lottery and Sports Pools, respectively.
- (b) The Temporary Licence Agreement is for the period 01 June 2025 to 31 May 2026.
- (c) Revenue sharing models for the Temporary Licence comprise of contributions to the National Lottery Distribution Trust Fund at 27.5% to lottery ticket sales. Prizes paid to winners average 50% of ticket sales, commission of 5% is paid to retailers for selling lottery tickets and 1% is paid for paying prizes to winners.
- (d) Allocation of lottery proceeds to good causes are set out in the Lotteries Act and its Regulations. These are 47% allocation to the Charities Sector, 28% allocation to the Sports and Recreation Sector, 23% to the Arts, Culture, National Heritage and Environment Sector, with 2% allocation for miscellaneous purposes aimed at supporting worthy good causes.

(3) (a)&(b)

The awarding of the National Lottery and Sports Pools Licence is informed by the Lotteries Act, which allows for the Minister to issue a request for proposals to invite interested parties to apply for the Licence. The Lotteries Act in addition, affords the Minister to award a Temporary Licence in certain circumstances. Due process was followed in awarding the Temporary Licence and the Fourth Licence.

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