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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 950

Mr L Mkutu (ANC) to ask the Minister of Trade, Industry and Competition:

Whether he has been informed that the former Minister, Mr E Patel, extended the licence of the National Lotteries Commission by 24 months as prescribed in Section 14 of the Lotteries Act, Act 57 of 1997; if not, (a) what is the position in this regard; if so, which section of the specified Act is he relying on for the extension of validity period for the 4th licence and (b) what are the reasons that he is not relying on Section 13(b) to extend the license whilst restarting the process from scratch given the fact that it was highly compromised? NW1054E

REPLY:

(a)&(b)

1. The third lottery licence ended on 31 May 2023.
2. The former Minister of Trade, Industry and Competition, Mr E Patel, extended this licence by two years. The extension of the third lottery licence will terminate on 31 May 2025.
3. This extension was done in terms of section 14 (1) of the Lotteries Act, 1997 (Act No. 57 of 1997). This section states the following:

“14. Requirements and conditions of licence.

- (1) A licence granted in terms of section 13 or 13A shall be in writing, shall specify the conditions attached to it and shall be granted for a period not exceeding eight years: Provided that the Minister may, after consultation with the board and at least one year before the expiry of that licence, extend that licence for a non-renewable period not exceeding 24 months: Provided further that the licensee shall have no rights or

legitimate expectations in respect of an extension of the period of validity of the licence other than the rights afforded by this subsection.”.

4. No further extension is permissible because section 14(1) makes it clear that an extension is “non-renewable”.
5. In August 2023, the National Lotteries Commission (NLC) issued a Request for Proposal (RFP) for the fourth lottery licence.
6. The proposals in response to this RFP were evaluated by an Evaluation Committee appointed by the NLC and an Adjudication Committee, which is composed of the members of the Board of the NLC. The evaluation and adjudication processes were also subjected to a quality assurance process.
7. Following consideration of the relevant reports and meetings with, among others, the NLC’s Board, I could not determine the successful applicant because I had several issues of concern. There were areas that needed further assessment and evaluation.
8. I have put in place a process of further assessment. I intend to decide on the successful applicant and negotiate a licence agreement with it before the extension of the third licence expires, i.e. 31 May 2025. I do not intend to cancel the bid for the fourth licence and begin it anew.
9. In case this process of further assessment could not, for whatever reason, be completed by 31 May 2025, or if it was completed by 31 May 2025, but the successful applicant could not begin operations on 1 June 2025 because it did not have sufficient time for the handover, I have considered two contingency plans to prevent an interruption to the operation of the lottery.
10. Firstly, I requested the NLC to make arrangements for me to appoint a temporary licence in terms of section 13B of the Lotteries Act. Section 13B provides the following:

“13B. Temporary licence.

The Minister may at any time owing to the fact that—

- (a) the licensee is for any reason whatsoever unable to conduct the National Lottery in terms of the conditions of the licence or is unable to meet the conditions of the licence to the satisfaction of the Minister;
- (b) the licence to conduct the National Lottery is suspended for any reason whatsoever;

- (c) the licence to conduct the National Lottery is revoked in terms of this Act; or
 - (d) the licence to conduct the National Lottery has expired, after consultation with the board, appoint or authorise any person or organ of state as the case may be, for a non-renewable period not exceeding 24 months to conduct the National Lottery on such terms and conditions the Minister deems appropriate.”.
11. The NLC has now issued the RFP for the temporary licence to the applicants for the fourth lottery licence. The NLC will evaluate the bids for the temporary licence.
 12. Secondly, I have indicated that I want to extend the bid validity period for the fourth lottery licence (not to be confused with the temporary licence) by 12 months, i.e. from 31 May 2025 to 31 May 2026.
 13. There is no section in the Lotteries Act that empowers me to extend the bid validity period for the fourth licence. However, I am entitled to extend it in terms of the provisions of the RFP.
 14. I am awaiting the applicants’ responses to this. I will then finally decide whether to extend the bid validity period.
 15. Therefore:
 - 15.1. I am aware of the extension by 24 months of the third lottery licence by Minister E Patel in terms of section 14(1) of the Lotteries Act. In terms of that section, no further extension is permissible.
 - 15.2. While I intend to finalise the awarding of the fourth licence by 31 May 2025, I have, as contingency measures, indicated my intention to extend the fourth licence’s bid validity period and have arranged for the issuing of a temporary licence in terms of section 13B of the Lotteries Act.
 - 15.3. There is no section in the Lotteries Act that empowers me to extend the bid validity period for the fourth licence. However, I am entitled to extend it in terms of the provisions of the RFP.

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