

Please note that most Acts are published in English and another South African official language. Currently we only have capacity to publish the English versions. This means that this document will only contain even numbered pages as the other language is printed on uneven numbered pages.



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THE PRESIDENCY

No. 1020

18 December 2013

It is hereby notified that the President has assented to the following Act, which is hereby published for general information:–

Act No. 32 of 2013 : Lotteries Amendment Act, 2013



AIDS HELPLINE: 0800-123-22 Prevention is the cure

GENERAL EXPLANATORY NOTE:

- [] Words in bold type in square brackets indicate omissions from existing enactments.
- Words underlined with a solid line indicate insertions in existing enactments.

*(English text signed by the President)
(Assented to 14 December 2013)*

ACT

To amend the Lotteries Act, 1997, so as to amend certain definitions; to provide for the establishment of a National Lotteries Commission; to provide for the extension of the powers of the board; to provide for the licensing of an organ of state to conduct the National Lottery; to provide for a clear accountability process for the distributing agency; to provide for the professionalisation of the distributing agency; to eliminate overlapping of functions between the Minister and the board; to provide for the removal of the reconstruction and development programme as a category entitled to be allocated money of the fund; and to provide for matters connected therewith.

BE IT ENACTED by the Parliament of the Republic of South Africa, as follows:—

Amendment of section 1 of Act 57 of 1997

1. Section 1 of the Lotteries Act, 1997 (hereinafter referred to as the principal Act), is hereby amended—
- (a) by the substitution for the definition of “board” of the following definition:
“**‘board’** means the board of the National Lotteries [**Board established by section 2**] Commission appointed in terms of section 3”;
 - (b) by the deletion of the definition of “chief executive officer”;
 - (c) by the insertion after the definition of “charitable expenditure” of the following definition:
“**‘Commission’** means the National Lotteries Commission established by section 2”;
 - (d) by the substitution for the definition of “Constitution” of the following definition:
“**‘Constitution’** means the Constitution of the Republic of South Africa, 1996 [(**Act No. 108 of 1996**)];”;
 - (e) by the substitution for the definition of “distribute” of the following definition:
“**‘distribute’**, in relation to documents or other objects, includes distribution to persons or places within [**or outside**] the Republic;”;

- (f) by the substitution for the definition of “distributing agency” of the following definition:
“**‘distributing agency’** means **[a person]** an agency appointed by the Minister [to distribute money] in terms of section 26A read together with section 26B(3) of this Act, but not any department in the national or a provincial sphere of government;” 5
- (g) by the insertion after the definition of “fund” of the following definition:
“**‘immediate family member’** includes a spouse, parents, children, stepchildren, fostered or adopted children and siblings of either spouse;” 10
- (h) by the substitution for the definition of “licensee” of the following definition:
“**‘licensee’** means **[the]** a person **[to whom the]** or organ of state issued with a licence for the National Lottery [has been issued] in terms of section 13 [(1)];” 15
- (i) by the insertion after the definition of “newspaper” of the following definition:
“**‘organ of state’** means an organ of state as defined in section 239 of the Constitution;” and 15
- (j) by the deletion of the definition of “promotional competition”.

Amendment of title of Chapter 1 of Act 57 of 1997 20

2. The title of Chapter 1 of the principal Act is hereby substituted for the following title:

“**National Lotteries [Board] Commission**”

Substitution of section 2 of Act 57 of 1997

3. The following section is hereby substituted for section 2 of the principal Act: 25

“**Establishment of National Lotteries [Board] Commission**

2. (1) There is hereby established a **[board] Commission** to be known as the National Lotteries **[Board] Commission**, which shall be a juristic person.

(2) The Commission is governed by a board appointed in accordance with this Act.” 30

Insertion of sections 2A, 2B, 2C, 2D, 2E, 2F and 2G in Act 57 of 1997

4. The principal Act is hereby amended by the insertion after section 2 of the following sections:

“**Functions of Commission**” 35

2A. (1) The Commission shall, applying the principles of openness and transparency, exercise the functions assigned to it in terms of this Act by the Minister, board or any other law.

(2) The Commission must ensure that—

(a) the National Lottery and sports pools are conducted with all due propriety and strictly in accordance with the Constitution, this Act, all other applicable law and the licence for the National Lottery, together with any agreement pertaining to that licence; and 40

(b) the interests of every participant in the National Lottery are adequately protected. 45

(3) The Commission may, upon request by the Minister, board or on its own initiative in consultation with the board, conduct research on worthy good causes that may be funded without lodging an application prescribed in terms of this Act.

(4) The Commission may, upon request by the Minister, board or on its own initiative in consultation with the board, invite applications for grants from worthy good causes in the prescribed manner. 50

(5) The Commission shall—

(a) promote public knowledge and awareness by, amongst others—

- (i) developing and implementing educational and informational measures to educate the public about the lotteries and provisions of this Act; and
 - (ii) educating the public by explaining the process, requirements and qualifications relating to the application for grants in terms of this Act; 5
- (b) manage the staff, and its financial, administrative and clerical functions; and
- (c) exercise any other function as delegated or directed by the Minister or the board. 10

Appointment of Commissioner

- 2B.** (1) The board shall, in consultation with the Minister, appoint a person with suitable qualifications and experience as Commissioner of the Commission who—
- (a) is accountable to the board for the performance of all financial, administrative and clerical functions, as well as any duties which may be delegated to him or her by the board under this Act; and 15
 - (b) holds office for an agreed term of five years which may be renewed only once for a further period of five years. 20
- (2) The board shall, in consultation with the Minister, appoint any person as an Acting Commissioner to perform the functions of the Commission for such determined term not exceeding 12 months whenever—
- (a) the Commissioner is unable for any reason to perform the functions of the Commissioner; or
 - (b) the office of the Commissioner is vacant. 25
- (3) The Minister shall, in consultation with the Minister of Finance, determine the Commissioner’s and Acting Commissioner’s remuneration, allowances, benefits and other special terms and conditions of employment.

Removal of Commissioner

- 2C.** (1) The board, in consultation with the Minister, may at any time discharge or suspend the Commissioner from office if— 30
- (a) he or she becomes disqualified in terms of section 2E;
 - (b) the Commissioner repeatedly fails, to the satisfaction of the Minister and the board, to perform the duties of the Commission;
 - (c) due to any physical or mental illness or disability, the Commissioner becomes incapable of performing the functions of that office or unsatisfactorily performs such functions; 35
 - (d) he or she contravenes any provision of this Act; or
 - (e) he or she is found guilty— 40
 - (i) in any disciplinary proceeding whether in the Republic or elsewhere of having acted fraudulently, dishonourably, or in breach of a fiduciary duty; or
 - (ii) in any court of law whether in the Republic or elsewhere of an offence that involves an element of dishonesty.

Appointment of staff of Commission 45

- 2D.** (1) The Commissioner shall—
- (a) in consultation with the board, appoint suitable persons as senior executive officials of the Commission; and
 - (b) appoint such staff members as may be necessary to efficiently and effectively perform the functions and duties of the Commission, on such terms and conditions determined by the board and approved by the Minister in consultation with the Minister of Finance. 50
- (2) The Commissioner may, in consultation with the board, request the Minister to authorise or approve the transfer or secondment of officials in

the department in terms of the applicable legislation, to assist the Commission in the performance of its functions.

(3) The Commissioner may—

- (a) assign management or other duties to employees with appropriate knowledge and skills to assist the Commission in the management or control over the functioning of the Commission; or
- (b) delegate, with or without conditions, any of the powers or functions of the Commissioner to any suitably qualified employee of the Commission, but any such delegation does not divest the Commissioner of responsibility for the exercise of any power or performance of any duty.

(4) A delegation by the Commissioner of any of the powers entrusted or delegated to it in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999), shall be in accordance with section 56 of that Act.

Disqualifications

2E. (1) The board shall not appoint a person as a Commissioner who—

- (a) is not a South African citizen;
- (b) or whose spouse, life partner, business partner or associate, holds an office in or is employed by or has any other interest whatsoever, whether direct or indirect, in any company or other entity which supplies goods or renders services to the Commission, unless such an interest is declared to the satisfaction of the Minister;
- (c) is disqualified to act as a director of a company incorporated in terms of the Companies Act, 2008 (Act No. 71 of 2008);
- (d) has been found in any civil or criminal proceedings by a court of law, whether in the Republic or elsewhere, to have acted fraudulently, dishonourably or in breach of a fiduciary duty, or of any other offence for which such person has been sentenced to direct imprisonment without the option of a fine;
- (e) has been removed from a position of trust;
- (f) has prematurely been removed as member of a board or other accounting authority of a public entity;
- (g) was at any time found to be in contravention of this Act;
- (h) has been declared by a court of law to be of an unsound mind; or
- (i) is an unrehabilitated insolvent.

(2) Nothing in this Act prevents the board from subjecting a prospective Commissioner or a Commissioner to a probity test to determine suitability or continued suitability of a candidate for appointment as a Commissioner or continued appointment as a Commissioner.

Conflict and declaration of interest

2F. (1) The Commissioner, or any person appointed by the Commission, may not—

- (a) engage in any activity that may undermine the integrity of the Commission;
- (b) attend, participate in, or influence any investigation, hearing or decision concerning a matter in respect of which that person has a direct financial interest or any similar personal interest;
- (c) make private use of, or profit from, any confidential information obtained as a result of performing that person's official functions in the Commission; or
- (d) divulge any information referred to in paragraph (c) to any third party, except as required as part of that person's official functions within the Commission.

(2) The Commissioner and every employee of the Commission must, before being appointed, submit to the Commission a written statement in which he or she declares whether or not that person has any direct or indirect interest, financially or otherwise, whether or not such interest—

- (a) may constitute a conflict of interest in respect of his or her functions as a member of staff of the Commission; or
- (b) could reasonably be expected to compromise the Commission in the performance of its functions.

(3) Should the Commissioner or any person appointed by the Commissioner become aware of any conflict of interest or perceived conflict of interest or circumstances that may compromise his or her impartiality in executing his or her duties as so appointed, he or she must immediately stop executing such duties and must within seven days of becoming aware of such conflict or perceived conflict or circumstances—

- (a) in the case of the Commissioner, inform the board; and
- (b) in the case of any person appointed by the Commissioner, inform the Commissioner of any such conflict or circumstance.

(4) The board or the Commissioner may consider whether such conflict or circumstance is likely to compromise the impartiality of such a person in the performance of his or her duties.

(5) Should the Commissioner or any employee of the Commission become aware of any conflict of interest or perceived conflict of interest or circumstances that may compromise his or her impartiality in executing his or her duties, he or she must immediately stop executing such duties and must within seven days of becoming aware of such conflict or perceived conflict or circumstances, inform the Commissioner or the board, as the case may be, of any such conflict or circumstance.

(6) The Commissioner or the board may consider whether such conflict or circumstance is likely to compromise the impartiality of such a person in the performance of his or her duties.

(7) The Commissioner or the board may institute disciplinary proceedings against any person who fails or refuses to comply with or contravenes this section in accordance with applicable legislation.

(8) The board or the Commissioner, as the case may be, may, after considering whether such conflict or circumstance is likely to compromise the impartiality of such a person, inform such a person of his or her decision which may include and is not limited to—

- (a) suspending such a person pending any further investigations;
- (b) instituting a disciplinary inquiry to probe such conflict or circumstance; or
- (c) dismissing such a person from his or her employment in accordance with applicable legislation.

Confidentiality and restraint of trade

2G. (1) The Commissioner or any employee of the Commission may not use his or her position or privileges, or confidential information obtained as an employee of the Commission, for personal gain or to improperly benefit another person.

(2) The Commissioner or any employee or his or her spouse, life partner, immediate family member or business partner or associate, may not during the time of his or her employment at the Commission or for a period of 24 months after the termination or expiry of his or her employment, take up employment or in any way receive any benefit from any person who received a grant or intends to apply or has applied in terms of section 13, for a licence to conduct the National Lottery.

- (3) The board shall—
- (a) institute disciplinary proceedings against the Commissioner who fails or refuses to comply with or contravenes this section; or
- (b) institute disciplinary proceedings against any employee who fails or refuses to comply with or contravenes this section.”. 5

Amendment of section 3 of Act 57 of 1997, as substituted by section 36 of Act 12 of 2004

5. Section 3 of the principal Act is hereby amended—
- (a) by the deletion in subsection (1) of the word “and” at the end of paragraph (b), the insertion of the word “and” at the end of paragraph (c) and the addition of the following paragraph:
 - “(d) the chairperson of the distributing agency as an *ex-officio* member with no voting rights who may only attend meetings of the board per invitation or if matters relating to the adjudication of applications for grants or distribution of grants are to be discussed.”; 15
 - (b) by the substitution for subsection (2) of the following subsection:
 - “(2) At least four members of the board referred to in subsection (1) shall be persons who are not in the service of any sphere of government.”; 20
 - (c) by the substitution for subsection (4) of the following subsection:
 - “(4) A member of the board shall hold office for such period, not exceeding five years, as the Minister may determine at the time of his or her appointment, and shall be eligible for reappointment at the end of his or her first term of office for a further period not exceeding five years.”; 25
 - (d) by the substitution in subsection (5) for paragraph (a) of the following paragraph:
 - “(a) may, as soon as he or she gains knowledge of any possible disqualification, terminate the membership of any member of the board on the grounds of serious misconduct or prolonged inability to perform the functions [of] as a member of the board;”; and 30
 - (e) by the deletion of subsection (7).

Insertion of sections 3A, 3B and 3C in Act 57 of 1997

6. The following sections are hereby inserted after section 3 of the principal Act:

“Disqualification of members of board

- 3A.** (1) The Minister may not appoint a person to the board who— 35
- (a) is not a South African citizen;
 - (b) is a political office bearer;
 - (c) is disqualified to act as a director of a company incorporated in terms of the Companies Act, 2008 (Act No. 71 of 2008);
 - (d) has been found in any civil or criminal proceedings by a court of law, whether in the Republic or elsewhere, to have acted fraudulently, dishonestly, unprofessionally, dishonourably or in breach of a fiduciary duty, or of any other offence for which such person has been sentenced to direct imprisonment without the option of a fine; 40
 - (e) has been removed from a position of trust; 45
 - (f) has been subjected to a disciplinary hearing resulting in his or her membership of a board or any other accounting authority of a public entity being prematurely terminated in the past five years;
 - (g) was at any time found to be in contravention of this Act or any other Act applicable to the public service in the past five years; 50
 - (h) has been declared by a court of law to be of an unsound mind; or
 - (i) is an unrehabilitated insolvent.
- (2) Nothing in this Act prevents the Minister from subjecting a prospective member or a member of the board to a probity test to determine

suitability or continued suitability of a candidate for appointment as a member of the board or continued membership of the board.

Conflict of interests

3B. (1) A member of the board must, before appointment, submit a declaration made under oath or by affirmation to the Minister, to the effect that he or she is not disqualified from appointment as contemplated in section 3A. 5

(2) A member of the board, including the Commissioner and chairperson of the distributing agency, who at any time during his or her term of office becomes disqualified to be a board member on any one of the grounds contemplated in section 3A— 10

- (a) must immediately in writing inform the Minister and the board of such disqualification, and the Minister must then forthwith remove that member from the board; and
- (b) does not have a right to attend a board meeting from the time he or she has so become disqualified until he or she is removed by the Minister. 15

(3) A member of the board shall, before appointment, submit to the Minister a written statement in which he or she declares whether or not he or she has any direct or indirect interest, financially or otherwise, whether or not such interest— 20

- (a) may constitute a conflict of interest in respect of his or her functions as a member of the board; or
- (b) could reasonably be expected to compromise the board in the performance of its functions. 25

(4) If a member of the board acquires an interest contemplated in subsection (3), he or she shall immediately in writing declare that fact to the Minister and the board.

(5) If a member of the board becomes aware of any conflict of interest or perceived conflict of interest or circumstances that may compromise his or her impartiality in executing his or her duties, he or she shall immediately stop executing such duties and must within seven days of becoming aware of such conflict or perceived conflict or circumstances, inform the Minister and the board of any such conflict or circumstances. 30

(6) The Minister, after consultation with the board, shall consider whether such conflict or circumstances is likely to compromise the impartiality of such a person in discharging his or her duties. 35

(7) The Minister, after consultation with the board, may institute disciplinary proceedings against any member who fails or refuses to comply with or contravenes this section in accordance with applicable legislation. 40

(8) The Minister shall, after consultation with the board and after considering whether such conflict or circumstances is likely to compromise the impartiality of such a person, inform such a person of his or her decision which may include and is not limited to—

- (a) suspending such a person pending any further investigations;
- (b) instituting a disciplinary enquiry to probe such conflict or circumstances; or
- (c) dismissing such a person from being a member of the board. 45

(9) The Minister and the board must keep a register of the interests of members of the board disclosed in terms of this section and must update that register from time to time. 50

Confidentiality and restraint of trade

3C. (1) A board member may not use his or her position or privileges, or confidential information obtained as a member of the board, for personal gain or to improperly benefit another person. 55

(2) A member of the board or his or her spouse, life partner, immediate family member or business partner or associate, may not during the time of his or her membership of the board or for a period of 24 months after the termination or expiry of such membership, take up employment or in any

way receive any benefit from any person who received a grant or intends to apply or has applied in terms of section 13, for a licence to conduct the National Lottery.

(3) The Minister may, after consultation with the board, institute disciplinary proceedings against any board member who fails or refuses to comply with or contravenes this section.

(4) Despite any provision of this Act the Minister may, after consultation with the board, consider whether such contravention is likely to compromise the impartiality of such a person and inform such a person of his or her decision which may include but is not limited to—

- (a) suspending such a person pending any further investigations;
- (b) instituting a disciplinary inquiry to probe such conflict or circumstance; or
- (c) terminating the membership of such a person.”.

Amendment of section 4 of Act 57 of 1997

7. Section 4 of the principal Act is hereby amended by the addition of the following subsections:

“(7) The board must meet regularly to perform its functions in terms of the Act.

(8) The Minister may, on the advice of the chairperson or the board, terminate the membership of a member who fails to attend two meetings consecutively without prior notification and approval of the chairperson or the board.”.

Substitution of section 5 of Act 57 of 1997

8. The following section is hereby substituted for section 5 of the principal Act:

“[Executive committee of board] Committees

5. (1) The board may **[from time to time appoint an executive committee to perform the functions and exercise the powers delegated to it by the board]** appoint committees to assist it in efficiently and effectively performing its functions and exercising its powers.

(2) **[An executive committee] Committees** shall consist of such members of the board as the board may designate.

(3) The board shall designate the chairperson of **[an executive committee] every committee.**

(4) (a) **[An executive] Every** committee shall perform its functions in accordance with the provisions of this Act and such directives of the board as are not in conflict with such provisions.

(b) Any delegated function so performed shall be deemed to have been performed by the board.”.

Repeal of section 7 of Act 57 of 1997

9. Section 7 of the principal Act is hereby repealed.

Amendment of section 10 of Act 57 of 1997

10. Section 10 of the principal Act is hereby amended—

(a) by the substitution for the words preceding paragraph (a) of the following words:

“(1) The board shall[,] in applying the principles of openness and transparency and in addition to its other functions in terms of this Act—;”

(b) by the substitution for paragraph (c) of the following paragraph:

“(c) manage and administer the fund and hold it in trust;”;

(c) by the deletion of the word “and” at the end of paragraph (j), the deletion of the full stop at the end of paragraph (k) and by the substitution of a semicolon;

- (d) by the addition of the following paragraphs:
- “(l) ensure that the Commission performs its functions efficiently and effectively in compliance with this Act and any other applicable law;
 - (m) approve, determine, oversee or revise the Commission’s operational strategic framework or policies, corporate governance framework policies, human resources policies and approve the appointment of senior executive employees of the Commission;
 - (n) approve, determine, oversee, or revise the broad policy framework within which the Commission must perform its functions;
 - (o) ensure that the Commission exercises its powers in accordance with the principles of transparency and accountability;
 - (p) serve as review authority against decisions of the distributing agency regarding applications for grants;
 - (q) in consultation with the Minister, determine category of applications for grants that are excluded from funding; and
 - (r) take all reasonable steps to recover any amount in relation to a grant which has been withdrawn, prohibited or reduced in terms of section 33.”; and
- (e) by the addition of the following subsections:
- “(2) The board shall have the power to institute legal proceedings in order to properly discharge its functions and responsibilities in terms of this Act.
 - (3) The board may approach any court for any order the board deems appropriate for effective regulation and enforcement of the Act.
 - (4) The board may request the Commission to conduct research on appropriately deserving worthy causes that may be funded or recipients that may be funded without lodging an application.
 - (5) The board may recommend to the Minister to prohibit, withdraw or reduce any grant made by the distributing agency if the board receives information that such grant is utilised or is likely to be utilised in an unauthorised manner that does not comply with the purpose or conditions stipulated in the grant or is utilised or is likely to be utilised for an unlawful purpose.”.

Insertion of section 10A in Act 57 of 1997 35

11. The following section is hereby inserted after section 10 of the principal Act:

“Delegation by board

10A. The board may assign management or other functions or delegate, with or without conditions, any of its powers or functions to the Commissioner or Commission, but any such delegation does not divest the board of any responsibility for the proper exercise of any power or performance of any function.”. 40

Amendment of section 13 of Act 57 of 1997

12. Section 13 of the principal Act is hereby amended by the substitution for subsection (5) of the following subsection: 45

“(5) The licence contemplated in subsection (1) may allow the licensee to appoint another person to conduct certain lotteries of the National Lottery on behalf of the licensee only with the written approval of the Minister: Provided that the board has made a recommendation to the Minister to allow such appointment if the person to be appointed has satisfied the provisions of section 13(2)(b) and any other requirements or conditions as directed by the Minister.” 50

Insertion of sections 13A and 13B in Act 57 of 1997

13. The following sections are hereby inserted after section 13 of the principal Act:

“Appointment of organ of state to conduct National Lottery

13A. (1) In the event that the Minister decides on justifiable grounds not to issue a licence as contemplated in section 13, the Minister may, after consultation with the board, licence or authorise an organ of state to conduct the National Lottery for a period not exceeding eight years, on such terms and conditions as the Minister deems appropriate, including such conditions as stipulated in section 14(1) and (2). 5

(2) In deciding whether justifiable grounds contemplated in subsection (1) exist, the Minister shall consider any relevant factor including but not limited to— 10

- (a) national government policies or priorities;
- (b) the need to grow local industries and to procure goods from local manufacturers; 15
- (c) the need to transfer skills and technology to the citizens of the Republic; and
- (d) the need to comply with the legislative framework for the promotion of broad-based black economic empowerment and transformation. 20

(3) In appointing an organ of state to conduct the National Lottery, the requirements contemplated in section 13(2)(a) do not apply. 20

(4) The licence issued to an organ of state may allow such organ of state to appoint any other person to conduct certain lotteries of the National Lottery on behalf of such organ of state, subject to the written approval of the Minister: Provided that the board has made a recommendation to the Minister to allow such appointment if the person to be appointed has satisfied the provisions of section 13(2)(b) and any other requirements or conditions as directed by the Minister. 25

(5) The Minister shall publish in the *Gazette* the appointment of an organ of state to conduct the National Lottery in terms of this section. 30

Temporary licence

13B. 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; 35
- (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.”. 40

Amendment of section 14 of Act 57 of 1997, as substituted by section 1 of Act 10 of 2000 45

14. Section 14 of the principal Act is hereby amended—

(a) by the substitution for subsection (1) of the following subsection:

“(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 [minimum period of five years or a maximum] period [of] not exceeding eight years: Provided that the Minister may, after consultation 50

- with the board[, **in a case where the licence has been granted for less than eight years,**] and at least one year before the expiry of that licence, extend that licence for **[such further period as would, together with the initial period for which that licence was granted, not exceed eight years]** 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.”; and
- (b) by the substitution in subsection (2) for paragraphs (a), (b) and (c) of the following paragraphs, respectively:
- “(a) to obtain the consent of the Minister after consultation with the board before doing anything specified in the licence;
- (b) to refer specified matters to the board and the board must refer such matters to the Minister [or to the board, as the case may be,] for approval;
- (c) to ensure that such requirements as the Minister [or] after consultation with the board may from time to time determine or approve in terms of the licence are complied with, including the imposition of penalties as contemplated in section 62 in the event of the licensee not complying with any provision of this Act or the licence.”.

Amendment of section 15 of Act 57 of 1997

15. Section 15 of the principal Act is hereby amended—

- (a) by the substitution in subsection (1) for the words preceding paragraph (a) of the following words:
- “The Minister **[or the board]** may after consultation with the board vary any condition in the licence granted under section 13 or 13A—;”
- (b) by the substitution in subsection (1)(b) for subparagraph (ii) of the following subparagraph:
- “(ii) the licensee has been given a reasonable opportunity to make representations to the Minister **[or the board, as the case may be,]** in respect of the intended variation.”;
- (c) by the substitution for subsection (2) of the following subsection:
- “(2) If the Minister **[or] after consultation with** the board, and after consideration of the licensee’s representations, decides to vary a condition in the licence in accordance with that licence but without the consent of the licensee, the Minister **[or the board, as the case may be,]** shall cause a notice to be served on the licensee in which the licensee is informed of the variation and the date on which that variation shall take effect, which date shall not be less than 21 days after the date of service of such notice, unless the licensee agrees to a shorter period in writing.”; and
- (d) by the substitution for subsection (3) of the following subsection:
- “(3) The provisions of the licence to vary a condition in the licence under subsection (1) may allow the Minister **[or] after consultation with** the board to add a condition to the licence or to omit a condition from the licence.”.

Amendment of section 16 of Act 57 of 1997

16. Section 16 of the principal Act is hereby amended by the substitution for subsection (1) of the following subsection:

- “(1) If the Minister **[or the board]** has reason to believe—
- (a) that a **[person] licensee** is likely to contravene a condition in the licence granted under section 13 or 13A;
- (b) that a **[person] licensee** has contravened such a condition and there is a reasonable likelihood that the contravention will continue or be repeated; or

- (c) that a **[person]** licensee has contravened such a condition and that the contravention can be remedied,
the Minister **[or the board, as the case may be,]** may, after consultation with the board—
- (i) notify such licensee of such contravention;
 - (ii) instruct such licensee to remedy the contravention within a period stipulated in such a notice; or
 - (iii) apply to a High Court for an order prohibiting the contravention or, as the case may be, requiring the licensee and any other person who appears to the court to have been party to the contravention, to take such steps as the court may direct.”.

Amendment of section 17 of Act 57 of 1997

17. Section 17 of the principal Act is hereby amended by the substitution for the words preceding paragraph (a) of the following words:
“The licence granted under section 13 or 13A may be revoked by the Minister **[or]**, after consultation with the board, on the following grounds:”.

Amendment of section 18 of Act 57 of 1997

18. Section 18 of the principal Act is hereby amended—
- (a) by the substitution for subsection (1) of the following subsection:
“(1) If the Minister **[or]**, after consultation with the board, is satisfied that grounds exist for the revocation of the licence granted in terms of section 13[,] or 13A, the Minister **[he, she or the board, as the case may be,]** shall in writing notify the licensee of the existence of such grounds and call upon the licensee to furnish reasons, within 14 days of service of that notice at the registered physical address of the licensee, as to why the licence should not be revoked, failing which the licence will cease to be valid upon the expiration of the said period of 14 days.”; and
- (b) by the substitution for subsection (2) of the following subsection:
“(2) If the licence for the National Lottery ceases to be valid in terms of subsection (1), the Minister **[or]** after consultation with the board [, **as the case may be,]** shall forthwith inform the licensee and Parliament in writing of that fact and of the date upon which the licence ceased to be valid, and if Parliament is not then in session, **[it shall be so informed on the first of the next session]** the Minister shall forthwith inform the Speaker of the National Assembly and the Chairperson of the National Council of Provinces of that fact.”.

Amendment of section 19 of Act 57 of 1997

19. Section 19 of the principal Act is hereby amended—
- (a) by the substitution for subsection (1) of the following subsection:
“(1) The Minister **[or]**, after consultation with the board, may order a suspension of the licence in the notice contemplated in section 18(1) as from the date of service of that notice for a period of not longer than 30 days after the licensee has furnished those reasons[: **Provided that the Minister or the board, whoever acts in terms of this section, shall inform the other of his or her or its actions.**];”;
- (b) by the substitution for subsection (2) of the following subsection:
“(2) If the Minister **[or]**, after consultation with the board, decides to suspend the licence in terms of subsection (1), the Minister shall forthwith inform the board and Parliament of that fact and of the grounds for the suspension, and if Parliament is not then in session, **[on the first day of the next session of Parliament]** the Minister shall forthwith inform the Speaker of the National Assembly and the Chairperson of the National Council of Provinces of that fact.”; and

- (c) by the substitution for subsection (4) of the following subsection:
“(4) The Minister shall forthwith inform Parliament if the licence has ceased to be valid in terms of subsection (3), and if Parliament is not then in session, [on the first day of the next session of Parliament] the Minister shall forthwith inform the Speaker of the National Assembly and the Chairperson of the National Council of Provinces of that fact.” 5

Amendment of section 20 of Act 57 of 1997

- 20.** Section 20 of the principal Act is hereby amended—
- (a) by the substitution in subsection (1) for the words preceding paragraph (a) of the following words: 10
“If reasons are furnished by the licensee as contemplated in section 18(1), the Minister **[or]**, after consultation with the board **[, as the case may be]**, shall after considering such reasons—”;
- (b) by the substitution in subsection (1) for paragraph (b) of the following paragraph: 15
“(b) call upon the licensee to appear before the board on a specified date to make oral representations in support of any written representations made by the licensee or to answer any questions which the Minister **[or the board, as the case may be,]** may have with regard to such written representations, whereafter the Minister **[or]**, after consultation with the board, shall consider the matter and decide whether or not to revoke the licence.”;
- (c) by the substitution for subsection (2) of the following subsection: 20
“(2) If the Minister **[or]**, after consultation with the board, decides to revoke the licence, **[he or she or it]** the Minister shall by written notice served at the registered head office of the licensee notify the licensee of that fact, of the grounds for that revocation and of the date on which that revocation shall take effect.”; and
- (d) by the substitution for subsection (3) of the following subsection: 30
“(3) If the Minister **[or]**, after consultation with the board, decides to revoke the licence in terms of subsection (1), the Minister **[or the board, as the case may be,]** shall inform the Minister of Finance and Parliament of that fact and of the grounds for that revocation forthwith, and if Parliament is not then in session **[on the first day of the next session of Parliament]**, the Minister shall forthwith inform the Speaker of the National Assembly and the Chairperson of the National Council of Provinces of that fact.”. 35

Amendment of section 21 of Act 57 of 1997

- 21.** Section 21 of the principal Act is hereby amended by the substitution for subsection (2) of the following subsection: 40
“(2) The board shall annually table **[a report]** financial reports in accordance with the provisions of the Public Finance Management Act, 1999 (Act No. 1 of 1999), in Parliament in respect of the **[fund]** distributed funds, which **[may] financial report must** form part of the report contemplated in section 12(1)(b).”.

Amendment of section 22 of Act 57 of 1997 45

- 22.** Section 22 of the principal Act is hereby amended—
- (a) by the substitution for the section heading of the following heading:
“**[Fund to vest in and to be administered by board] Administration of the fund**”;
- (b) by the substitution for subsection (1) of the following subsection: 50
“(1) The fund shall **[vest in and]** be administered by the board.”; and
- (c) by the addition of the following subsection:
“(3) The fund shall be held in trust by the board for distribution of any sum paid into the fund as is allocated for expenditure referred

to in section 26(3)(b), (c), (d) and (e), after the distributing agency has considered, evaluated and adjudicated an application for a grant or following a recommendation of funding of worthy good causes from the Commission after research conducted in terms of this Act.”.

Amendment of section 26 of Act 57 of 1997 5

23. Section 26 of the principal Act is hereby amended by the deletion in subsection (3) of paragraph (a).

Insertion of sections 26A, 26B, 26C, 26D, 26E, 26F, 26G and 26H in Act 57 of 1997

24. The following sections are hereby inserted after section 26 of the principal Act:

“Distributing agency 10

26A. The distributing agency contemplated in section 22(3) shall be—

- (a) appointed by the Minister in terms of this Act; and
- (b) accountable to the board.

Function, composition, appointments and conditions of service of distributing agency 15

26B. (1) The distributing agency shall be responsible for—

- (a) considering, evaluating and adjudicating applications for grants or recommendations of funding of worthy good causes received from the Commission; and
- (b) preparing reports on grants already awarded and on the performance of its functions to the board on a quarterly basis or as and when requested by the board. 20

(2) The number of the distributing agency members in each category shall be determined by the Minister after consultation with the board in line with the size of the funds in such category: Provided that such number shall not exceed nine in each category. 25

(3) Members of the distributing agency shall be appointed for a period of five years, which may be renewed only once, to serve on a full-time basis as members of the distributing agency and staff members of the Commission responsible for adjudication of applications for grants or recommendations of funding of worthy good causes received from the Commission. 30

- (4) The Minister may, after consultation with the board—
 - (a) appoint persons with suitable combination of qualifications, skills and expertise to consider, evaluate and adjudicate applications for grants or recommendations of funding of worthy good causes received from the Commission on such terms and conditions determined by the Minister in consultation with the Minister of Finance; and 35
 - (b) designate one person from amongst the members of the distributing agency as a full-time chairperson, for a non-renewable period of five years on such terms and conditions determined by the Minister in consultation with the Minister of Finance. 40

(5) A member designated as a full-time chairperson shall upon the expiry of such period become an ordinary member entitled only to ordinary full-time member’s conditions of appointment and remuneration unless his or her appointment as a member of the distributing agency has expired. 45

Disqualifications for distributing agency membership

26C. (1) The Minister may not appoint a person as a member of the distribution agency if such a person—

- (a) is a political office-bearer;

- (b) is or becomes an unrehabilitated insolvent or commits an act of insolvency;
 - (c) is disqualified to act as a director of a company incorporated in terms of the Companies Act, 2008 (Act No. 71 of 2008);
 - (d) has been found in any civil or criminal proceedings by a court of law, whether in the Republic or elsewhere, to have acted fraudulently, dishonestly, unprofessionally, dishonourably or in breach of a fiduciary duty, or of any other offence for which such person has been sentenced to direct imprisonment without the option of a fine in the past five years;
 - (e) has been removed from a position of trust in the past five years on account of misconduct;
 - (f) has been subjected to a disciplinary hearing resulting in his or her membership of a board or any other accounting authority of a public entity, been prematurely terminated in the past five years;
 - (g) has been at any time found to be in contravention of this Act or any other Act applicable to the public service in the past five years; or
 - (h) has been declared to be of unsound mind by a court of law.
- (2) Nothing in this Act prevents the Minister from subjecting a prospective member or a member of the distributing agency to a probity test to determine suitability or continued suitability of a candidate for appointment as a member of the board or continued membership of the board, as the case may be.

Conflict and declaration of interest

- 26D.** (1) A member of the distributing agency must, before appointment, submit to the Minister, board and the Commission a written statement in which he or she declares whether or not he or she has any direct or indirect interest, financially or otherwise, whether or not such interests—
- (a) may constitute a conflict of interest in respect of his or her functions as a member of the distributing agency; or
 - (b) could reasonably be expected to compromise the distributing agency in the performance of its functions.
- (2) If such a member acquires any interest as contemplated in subsection (1), he or she must, within 30 days in writing, declare that fact to the Minister, board and the Commission.
- (3) A member must not be present at, or take part in, the discussion of or the taking of a decision on any matter before the distributing agency in which that member has an interest contemplated in subsection (1).
- (4) A member must not use his or her position or privileges, or confidential information obtained as a member of the distributing agency, for personal gain or to improperly benefit another person.
- (5) Should the Minister or the board become aware of any conflict of interest or perceived conflict of interest or circumstances that may compromise the impartiality of a person in executing his or her duties as a member of the distributing agency, the Minister may, after consultation with the board immediately order such person to stop executing any duties related to distributing grants pending any investigation or inquiry.
- (6) Should any member of the distributing agency become aware of any conflict of interest or perceived conflict of interest or circumstances that are likely to compromise his or her impartiality in executing his or her duties, such person must immediately stop executing such duties and must within seven days of becoming aware of such conflict or perceived conflict or circumstances inform the Minister, board and the Commission of any such conflict or circumstances and the Minister must, after consultation with the board consider whether such conflict or circumstances is likely to compromise the impartiality of such person in the performance of his or her duties.

(7) The Minister may, after consultation with the board, institute disciplinary proceedings against any member of the distributing agency who fails or refuses to comply with or contravenes this section.

(8) The Minister, board and the Commission must keep a register of the interests of members of the distributing agency disclosed in terms of this section and must update that register from time to time.

(9) The Minister may, after considering whether such conflict or circumstances is likely to compromise the impartiality of such a person, inform such a person of his or her decision which may include—

- (a) suspending such a person pending any further investigations;
- (b) instituting a disciplinary inquiry to probe such conflict or circumstances; or
- (c) dismissal of such a person from executing his or her duties as a distributor of grants on the ground of serious misconduct, where such person has failed to inform the Minister, board and the Commission of the existence of such conflict.

Restraint of trade

26E. A member of the distributing agency or his or her spouse, life partner, immediate family member or business partner or associate, may not during the time of his or her membership or for a period of 24 months after the termination or expiry of such membership, take up employment or in any way receive any benefit from any person who received a grant or intends to apply or has applied for a grant in terms of this Act.

Control and management of affairs of distributing agency

26F. The distributing agency is accountable to the board and the board may—

- (a) determine the operational policy for the performance of all financial, administrative and clerical functions of the distributing agency;
- (b) determine or direct or order the performance of any other matter or research intended to enhance the optimum functioning of the board and the distribution of grants;
- (c) ensure that the distributing agency performs its function independently and without fear, favour or prejudice; and
- (d) ensure that the distributing agency adheres to any policy, directive or code of ethics approved by the board and applicable within the public sector.

Applications for grants

26G. (1) The distributing agency shall consider, evaluate and adjudicate applications for grants or recommendations of funding of worthy good causes received from the Commission after research conducted in terms of this Act.

(2) The distributing agency shall consider, evaluate and adjudicate recommendations of funding of worthy good causes from the Commission following research conducted in terms of this Act.

(3) No applications for grants by a juristic person acting as an agent, representative or conduit of any potential beneficiary shall be considered, unless good cause is shown as to why such potential beneficiary is unable to make an application on its own.

Review

26H. (1) A decision of the distributing agency concerning an application for a grant is subject to review by the board only on application by an aggrieved applicant in the manner prescribed: Provided that such review shall be adjudicated by a board committee set up for such purpose without delay.

- (2) If the board overrules the decision of the distributing agency, the board may either—
- (a) order the distributing agency to re-evaluate the application taking into consideration matters raised by the board; or
 - (b) set aside the decision of the distributing agency and substitute it with an order the board deems appropriate.” 5

Repeal of section 27 of Act 57 of 1997

25. Section 27 of the principal Act is hereby repealed.

Amendment of section 28 of Act 57 of 1997

26. Section 28 of the principal Act is hereby amended— 10

- (a) by the substitution for subsection (1) of the following subsection: 10
“(1) So much of any sum paid into the fund as is allocated for expenditure referred to in section 26(3)(b), shall be held in the fund for distribution by the **[distributing agency appointed by the Minister in consultation with the Minister responsible for welfare and population development in the national sphere of government which possesses the required, skills and expertise]** Commission to distribute the allocated sum fairly and equitably amongst all persons who meet the prescribed requirements.”; 15
- (b) by the substitution for subsection (2) of the following subsection: 20
“(2) The distributing agency shall consider, evaluate and adjudicate applications for grants and **[may, subject to section 33,]** the Commission shall pay such grants to appropriate recipients in accordance with this Act and subject to the conditions **[applying to its appointment]** imposed and to any directions issued by the **[Minister after consultation with the Minister responsible for welfare and population development in the national sphere of government, or by the Minister of Finance]** board, from the sum allocated for charitable purposes.”; and 25
- (c) by the deletion of subsection (3). 30

Amendment of section 29 of Act 57 of 1997

27. Section 29 of the principal Act is hereby amended—

- (a) by the substitution for subsection (1) of the following subsection: 35
“(1) So much of any sum paid into the fund as is allocated for expenditure referred to in section 26(3)(c), shall be held in the fund for distribution by the **[distributing agency appointed by the Minister in consultation with the Minister responsible for sport and recreation in the national sphere of government]** Commission to distribute the allocated sum fairly and equitably amongst all persons who meet the prescribed requirements.”; 40
- (b) by the substitution for subsection (2) of the following subsection: 45
“(2) The distributing agency shall consider, evaluate and adjudicate applications for grants and **[may, subject to section 33,]** the Commission shall pay such grants to appropriate recipients in accordance with this Act and subject to the conditions **[applying to its appointment]** imposed and to any directions issued by the **[Minister after consultation with the Minister of Sport and Recreation, or by the Minister of Finance]** board, from the sum allocated for the development of sport and recreation.”; and 50
- (c) by the deletion of subsection (3). 50

Amendment of section 30 of Act 57 of 1997

28. Section 30 of the principal Act is hereby amended—

- (a) by the substitution for subsection (1) of the following subsection: 55
“(1) So much of any sum paid into the fund as is allocated for expenditure referred to in section 26(3)(d), shall be held in the fund for

- distribution by the **[distributing agency appointed by the Minister in consultation with the Ministers responsible for arts, culture, science and technology, and environmental affairs, in the national sphere of government]** Commission to distribute the allocated sum fairly and equitably amongst all persons who meet the prescribed requirements.”; 5
- (b) by the substitution for subsection (2) of the following subsection:
“(2) The distributing agency shall consider, evaluate and adjudicate applications for grants and **[may, subject to section 33,]** the Commission shall, pay such grants to appropriate recipients in accordance with this Act and subject to the conditions **[applying to its appointment]** 10 imposed and to any directions issued by the **[Minister after consultation with the Ministers responsible for arts, culture, science and technology, and environmental affairs, in the national sphere of government or by the Minister of Finance]** board, from the sum allocated for arts, culture and the national historical, natural, cultural and architectural heritage.”; and 15
- (c) by the deletion of subsection (3).

Amendment of section 31 of Act 57 of 1997

29. Section 31 of the principal Act is hereby amended—
- (a) by the deletion of subsection (2); 20
- (b) by the substitution for subsection (3) of the following subsection:
“(3) The distributing agency shall consider, evaluate and adjudicate applications for grants and **[may, subject to section 33,]** the Commission shall pay such grants to appropriate recipients in accordance with this Act and subject to the conditions **[applying to its appointment]** im- 25 posed and to any directions issued by the **[Minister, or by the Minister of Finance]** board, from the sum allocated for specific purposes identified by the Minister after consultation with the board.”; and
- (c) by the deletion of subsection (4).

Amendment of section 32 of Act 57 of 1997 30

30. Section 32 of the principal Act is hereby amended—
- (a) by the substitution in subsection (1) for the words preceding paragraph (a) of the following words:
“The **[Minister shall, after consultation with the]** Commission in consultation with the board [,] may, in respect of any allocation awarded 35 for a specific good cause which the board pays over to the **[distributing agency appointed by the Minister]** Commission or in respect of a grant which **[a distributing agency]** the Commission may pay to a recipient, impose such conditions **[as he or she]** it deems fit, in addition to conditions requiring—”; 40
- (b) by the substitution in subsection (1) for paragraph (a) of the following paragraph:
“(a) the amount of a grant or an allocation to be repaid forthwith on breach of any condition, in addition to any penalties which the **[Minister,]** Commission in consultation with the board [or the distributing agency, as the case may be,] may impose;” 45
- (c) by the deletion in subsection (1) of paragraph (b);
- (d) by the substitution in subsection (1) for paragraphs (c) and (d) of the following paragraphs, respectively:
“(c) that a category of juristic person as prescribed by the Minister after consultation with the board shall in respect of amounts prescribed by the Minister after consultation with the board, granted to it from time to time, provide **[the board or]** the distributing agency with financial statements which are audited or independently reviewed, whatever the case may be, **[audited accounts]** of all amounts distributed; **[and]** 50 55

- (d) any recipient of a grant to provide [**the board or**] the distributing agency with any relevant information it may require[.]; and”;
- (e) by the addition in subsection (1) of the following paragraph:
“(e) a directive on the splitting of the grant distributed between administrative costs and the actual cause funded.”; 5
- (f) by the substitution for subsection (2) of the following subsection:
“(2) In deciding on the juristic persons to whom grants are to be made, the [**Minister or the distributing agency, as the case may be,**] Commission shall be satisfied that any such juristic person is competent to allocate the amounts equitably among all the members it represents.”; 10
- (g) by the substitution for subsection (3) of the following subsection:
“(3) (a) In considering any application for a grant in terms of this Chapter, the distributing agency shall comply with any [**directions given to it**] criteria prescribed or issued by the Minister after consultation with the board as to the matters to be taken into account in determining the persons to whom, the purposes for which and the conditions subject to which that distributing agency is to allocate any amount. 15
(b) In determining matters to be taken into account in determining the persons to whom, purpose to whom, the purpose for which, and the conditions subject to which the distributing agency is to allocate any amounts, the board in consultation with the Minister, must take into account general development in the Republic and government priorities at the relevant time.”; and 20
- (h) by the deletion of subsection (4). 25

Substitution of section 33 of Act 57 of 1997 25

31. The following section is hereby substituted for section 33 of the principal Act:

“Power of Minister to prohibit, withdraw or reduce certain grants

33. The Minister shall at any time after receiving a recommendation from the board or information from any other person that the grant awarded by the distributing agency— 30

- (a) is utilised or is likely to be utilised in an unauthorised manner that does not comply with the purpose or conditions stipulated in the grant;
- (b) is utilised or is likely to be utilised for an unlawful purpose; or
- (c) was applied for in a misleading or fraudulent manner, 35

prohibit, withdraw or reduce any such grant and may impose any such conditions as the Minister considers appropriate.”.

Amendment of section 60 of Act 57 of 1997

32. Section 60 of the principal Act is hereby amended— 40

- (a) by the substitution for the words preceding paragraph (a) of the following words: 40
“The Minister may, [**with the concurrence of**] after consultation with the board, make regulations regarding—”;
- (b) by the insertion in paragraph (a) after subparagraph (vii) of the following subparagraphs: 45
“(viiA) the procedures for review against the decisions of the distributing agency as contemplated in section 10(1)(p);
(viiB) the limits on the amounts of the grant to be awarded to an applicant in a twelve month period;”;
- (c) by the deletion of the full stop at the end of paragraph (b) and by the substitution of a semicolon; and 50

- (d) by the addition of the following paragraphs:
- “(c) the period within which an application for a grant or recommendation of funding shall be finalised; and
(d) any other process that facilitates the efficient and effective application for grants and the distribution thereof.”
- 5

Transitional provisions

- 33.** (1) Upon commencement of the Lotteries Amendment Act, 2013 (in this section referred to as the Amendment Act)—
- (a) every person employed by the board immediately prior to the commencement of the Amendment Act in terms of section 7, 28, 29, 30 or 31, is regarded as having been appointed in terms of section 2D or 26A of this Act; 10
 - (b) the remuneration and other terms and conditions of service of any person contemplated in paragraph (a) may not be less favourable than the remuneration, terms and conditions applicable to that person immediately before the commencement of this Act and he or she remains entitled to all rights, benefits and privileges to which he or she was entitled immediately before that date, including— 15
 - (i) employer contribution to a pension fund;
 - (ii) employer contribution to a medical aid scheme;
 - (iii) employer contributions in connection with such membership; 20
 - (iv) accrued pensionable service;
 - (v) accrued leave benefits; and
 - (vi) retirement at a specific age; and
 - (c) every person contemplated in paragraphs (a) and (b) remains subject to any decisions, proceedings, rulings and directions applicable to that person immediately before the commencement of this Act. 25
- (2) For purposes of the Income Tax, 1962 (Act No. 58 of 1962), no change of employer must be regarded as having taken place when a person is transferred to the service of the Commission in terms of subsection (1).
- (3) Upon commencement of the Amendment Act— 30
- (a) save where the Act provides otherwise, all movable and immovable property of the board, including, administrative and other records of board and all documents in the possession of the board, is transferred to the Commission, which then acquires such property; 35
 - (b) save where the Act provides otherwise, the rights, duties, liabilities and obligations relating to the board are transferred to the Commission; and
 - (c) all valid and binding agreements entered into by the board shall be binding on the Commission until termination or upon expiry.

Short title and commencement

- 34.** This Act is called the Lotteries Amendment Act, 2013, and shall come into operation on a date fixed by the President by proclamation in the *Gazette*. 40