



## GETTING TO KNOW THE NATIONAL LOTTERIES COMMISSION (NLC)



### Our business objectives:

**Fair play** is respected in running the National Lottery and smaller fundraising and promotional competitions

**Funding** from the National Lottery benefits thousands of organisations and builds communities



The National Lotteries Board was established under the Lotteries Act (No 57 of 1997), and opened its doors in 1999 to regulate lotteries and sports pools, while distributing a portion of funds from the National Lottery to good causes.

Due to developments in legislation and in response to the dynamic needs of the nation, February 2012 saw the National Lotteries Board undertake a review of the Lotteries Act.

In April 2013, the Draft Lotteries Act Amendment Bill and the final recommendations of the lotteries policy were approved by Cabinet.. In May 2013, the Bill was published for public comment.

October 2013 saw the bill being passed by Parliament and sent for assent, and the national assembly passed the bill in November 2013.

The Lotteries Amendment Bill was signed into law by then President Zuma in December 2013, leading up to the proclamation of the Lotteries Amendment Act (No 32 of 2013) in February 2015.

In April 2015, the amendments to the regulations of the Act were gazetted.

The National Lotteries Commission was launched in June 2015.

### New NLC Logos





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## REGULATING LOTTERIES

## FUNDING FOR IMPACT



## CHANGING LIVES



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## NATIONAL LOTTERIES COMMISSION

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### **The power to do good**

The National Lotteries Commission (NLC) is tasked by the Minister of Trade and Industry with:

- Protecting the public by ensuring honest and fair running of the National Lottery, other lotteries and sports pools.
- Making certain that society benefits from the National Lottery by distributing a share of the takings to non-profit organisations that serve communities.

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## REGULATING LOTTERIES - PROTECTING THE PUBLIC

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The National Lottery is operated by a private company in terms of a licence awarded every five to eight years by the Minister of Trade and Industry. The NLC's job is to ensure that the Lottery Operator works strictly within the law and in a manner that is honest and efficient, yields good returns, and is fair to everyone involved.

### **This is done by:**

- Assisting the Minister to select the best possible candidate for the Lottery Operator's licence.
- Continually monitoring Lottery operations through inspections and other hands-on methods.
- Advising the Minister about strengthening the laws that apply to the Lottery

The NLC also regulates the running of smaller competitions organised by non-profit organisations to raise funds and by private companies to promote their products. Organisers of competitions to raise funds from the public are required to register with the NLC. This is to protect members of the public against schemes that seek to defraud them through fake "charity competitions".

## Lotteries come in many shapes and sizes

In addition to the National Lottery, there are several varieties of lotteries and the Lotteries Act treats them in different ways. Here is a simple guide to keeping lotteries within the law.

Type of lottery	How to keep it legal
<b>Private lotteries</b> Example: The office sweepstake where all tickets are sold to staff and all proceeds split as prize money.	Do not advertise the lottery externally. Do not sell tickets to anyone outside the membership group. Do not employ anyone specially to organise the lottery.
<b>Lotteries that form part of “exempt” entertainment</b> Example: At a fund-raising dinner there is a draw for a stunning prize. At a school fete raffle tickets are sold for a range of prizes.	“Exempt” entertainment is generally of a charitable or fund-raising nature – not commercial. Lottery proceeds must benefit a “deserving” group. The lottery is part of a bigger activity. The prizes are not in cash.
<b>Society lotteries</b> These are run by organisations that are registered to raise funds from the public. They are typically advertised in the media or promoted in public spaces.	Societies conducting these lotteries need to register with the NLC and meet certain conditions (see <b>Running a public fundraising lottery</b> ).
<b>Promotional competitions</b> Many big companies promote the purchase of their products through lottery-type competitions. Customers must buy the product or service in order to enter the draw.	There must be no extra charge for entering the competition. The normal product price must include the “ticket” price. Companies must comply with any regulations made by the Minister of Trade and Industry.



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## Running a public fund-raising lottery

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It is legal to run a lottery-type competition to benefit an organisation or “society” that is registered to collect contributions from the public.

But there are clear conditions that must be met in order to organise a society lottery:

- The society must be registered with the NLC.
- The total value of the tickets and the value of the prizes must be within certain limits.
- All of the proceeds, after the deduction of expenses, must go to the cause for which they were intended and this must be a charitable, sport or cultural activity.
- Certain rules about advertising the lottery must be respected.

The individual managing the lottery:

- Must be a member or employee of the society that will benefit from the lottery.
- Must be certified as a lottery manager by the NLC.

The NLC is happy to advise registered fund-raising organisations on keeping on the right side of the law when running lotteries.



## FUNDING FOR IMPACT - ENSURING THAT SOCIETY BENEFITS

A small amount from every Lottery ticket sold goes into the National Lottery Distribution Trust Fund (NLDTF). Over the course of a year, this grows to a substantial amount. In 2010 for example, the fund received R1.5 billion from the Lottery.

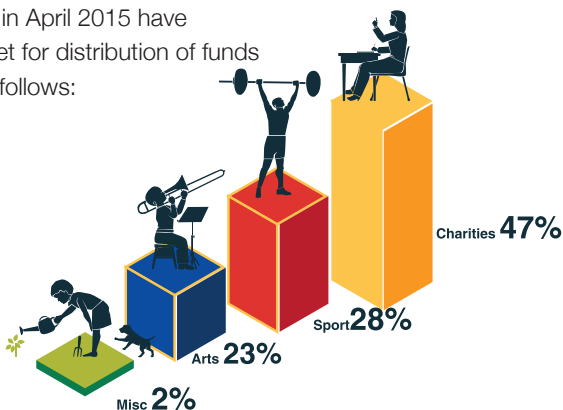
### The NLDTF

The National Lottery Distribution Trust Fund (NLDTF) is established in terms of the Lotteries Act which designates members of the Board as trustees of the NLDTF. It is their job to safeguard this money, invest it wisely, and ensure that it is put to the best possible use to benefit good causes. The NLC is also responsible for reporting annually to Parliament on the management of the NLDTF.

At present the percentage of National Lottery revenue that is transferred to the NLDTF is 25%. This is fixed in the licence granted to the current National Lottery operator. Each week this percentage of National Lottery revenue is transferred to the NLDTF.

The funds for Miscellaneous Purposes are used for various activities that fall outside the scope of the main three sectors. Board members of the NLC allocate such grants in accordance with conditions set by the Minister of Trade and Industry.

Regulations published in April 2015 have categorised the budget for distribution of funds among the sectors as follows:





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## What organisations may apply for lottery funding?

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### Charities Sector

Organisations must be non-profit entities – such as **NPOs, NGOs, Section-21 companies, Public Benefit Trusts, schools** – and work for the public good.

We welcome applications from organisations of all sizes, from National structures to local associations and community groups.

The Charities sector has the biggest pool of funds to allocate and covers a wide range of organisations that are often known as welfare organisations, benevolent or philanthropic associations, or friendly societies.

The Charities Distributing Agency is required to allocate at least half of the money available to organisations involved in the following priorities:

- Expanding home-based care services.
- Developing services and centres for care of old people, sick people, and vulnerable groups, including orphaned children.
- Providing educational facilities for adult literacy, early childhood education, and vocational training and skills development programmes that are open to disabled people. More generally, organisations also can apply if their activities:
- Improve quality of life for the community as a whole.
- Assist disadvantaged or excluded groups, such as the elderly, disabled people and vulnerable children.
- Provide facilities or services for the underprivileged.

Organisations must be non-profit entities and sports bodies – such as **NPOs, NGOs, Section-21 companies, Public Benefit Trusts, schools and educational institutions** – and work for the public good.

The Sport and Recreation Distributing Agency must direct half of the funds available to organisations involved in the following:.

- Developing sports and recreational facilities in rural areas.
- Increasing accessibility to sport and recreation facilities for disabled people.
- More generally, the agency will also consider funding organisations that:
- Enable more people to become involved in sports and recreation and contribute to the development of these fields.
- Assist disadvantaged communities to participate in sports and recreation activities.
- Provide sport and recreation facilities that are accessible to communities..



## **Arts, Culture and National Heritage (including Environment) Sector**

Organisations must be non-profit entities – such as **NPOs, NGOs, Section-21 Companies, Public Benefit Trusts, schools and educational institutions** – and work for the public good.

We welcome applications from organisations of all sizes, from national bodies to local clubs and schools.

The Arts, Culture and National Heritage Distributing Agency is required to allocate at least half the available funds to organisations involved in the following priorities:

- Protecting and promoting traditional knowledge and cultural expressions.
- Promoting arts and crafts produced by groups of women and disabled people.
- Developing and preserving cultural heritage sites as a way to generate revenue and develop communities.

More generally, applications are welcome from organisations that help to:

- Enable people across the country enjoy a range of art activities.
- Make the arts accessible to more people.
- Improve art facilities so people may better enjoy participating in the arts.
- Provide arts facilities outside major cultural centres.
- Promote art forms that are not adequately supported.
- Preserve and promote awareness of culture and historical, natural or architectural heritage..

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## What you need to do to apply for funding

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Before the start of each financial year, focus areas for funding are communicated through the media and published on the NLC website ([www.nlcsa.org.za](http://www.nlcsa.org.za))

Applications are received all year round.

In instances where the budget available for distribution is exhausted before the end of the financial year, an announcement will be made by the NLC.

Get the following documents from the NLC:

- The latest prescribed application form (which you need to fill in).
- Guidelines accompanying the specific call for applications.

These documents are available from the NLC website, and our offices nationwide.

In line with the amendment of the Lotteries Act, grants have now been categorised into three sizes:

### Categories of grants

- Small grants for application of funding not exceeding R 500 000
- Medium grants for application of funding for more than R 500 000 but does not exceed R 5 000 000
- Large grants for application of funding in excess of R 5 000 000

### Cooling-off Period

Applicants are only eligible to apply for a new grant after 12 months from date of receipt of funds. In order to respond to the challenges of poverty and inequality and align with the National Development Plan (NDP), as well as to demonstrate the relevance of NLC funding, regulations published in April 2015 allow the Commission to pursue two modes of funding:

- **Application-based funding** (as has been the case since 2001)
- **Proactive funding** (in line with Government's plans)

## Tips for Applicants

### **Double check that your application is complete**

Use the checklist on the application form to ensure you have included every document that is required.

### **Get your application in early**

Distributing Agencies process applications in the order that they receive them. Early submissions get quicker responses. To get ahead of the pack, start preparing your project motivation, plan and budget before the call for applications.

### **Don't be afraid to ask for help**

If you are not certain about any of the required documentation or need advice about the kind of business plan or budget we expect, please contact our Information Centre on **08600 65383** before submitting your application.

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## Once you have applied

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- You will be sent a letter acknowledging that your application has been received.
- Your application will be checked for completeness and will be assessed by the Central Applications Office if all papers are in order.

### **Tracking and enquiries**

You will be notified of the outcome of your application:

- If your application is refused, the Distributing Agency must explain why. The reason should help you to meet the requirements in future applications.
- If your application is successful, you will receive a grant offer. You have 30 days to accept this by sending back the signed Grant Agreement and other required information. If you fail to meet this deadline the grant offer may be withdrawn.
- You will be expected to submit a progress report six months after receiving the grant or once 75% of the grant has been spent, whichever occurs first.

## Distributing Agencies

The Lotteries Act specifies that distributing agencies must be created as the mechanism through which the National Lottery Distribution Trust Fund (NLDTF) adjudicates grant applications.

After a process of public nomination, members of distributing agencies are appointed by the Minister of Trade and Industry, in consultation with other relevant Cabinet Ministers, on the basis of their expertise. These members are charged with distributing “the allocated sum fairly and equitably amongst all persons who meet the prescribed requirements” (Lotteries Act, section 28(1)).

Presently legislation provides for four such agencies:

- The Distributing Agency for Charities.
- The Distributing Agency for Arts, Culture and National Heritage.
- The Distributing Agency for Sports and Recreation.

The Board and the Distributing Agencies are supported by the full-time staff of the NLC at offices nationwide.

From time to time, regulations are promulgated to guide the distributing agencies both in terms of the process of adjudication and in terms of the kinds of organisations that are eligible. Regulations published in July 2010 list priority activities which should collectively receive at least 50% of available funding.

The developmental needs of South Africa and the NGO/NPO sector are vast, and the NLC's budget cannot accommodate them all in a single year. To make sure that distribution is fair and impactful, focus areas for funding are announced for every financial year.



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## Proactive funding

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The signing of the Lotteries Amendment Bill into law (Amended Lotteries Act Number 32 of 2013) in December 2013 and subsequent publishing of accompanying Regulations in April 2015 warranted a significant change in the structure and operations of the organisation.

Amongst other key changes brought by the Amended Lotteries Act Number 32 of 2013 is section 2A paragraph 3 and 4 which states that:

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

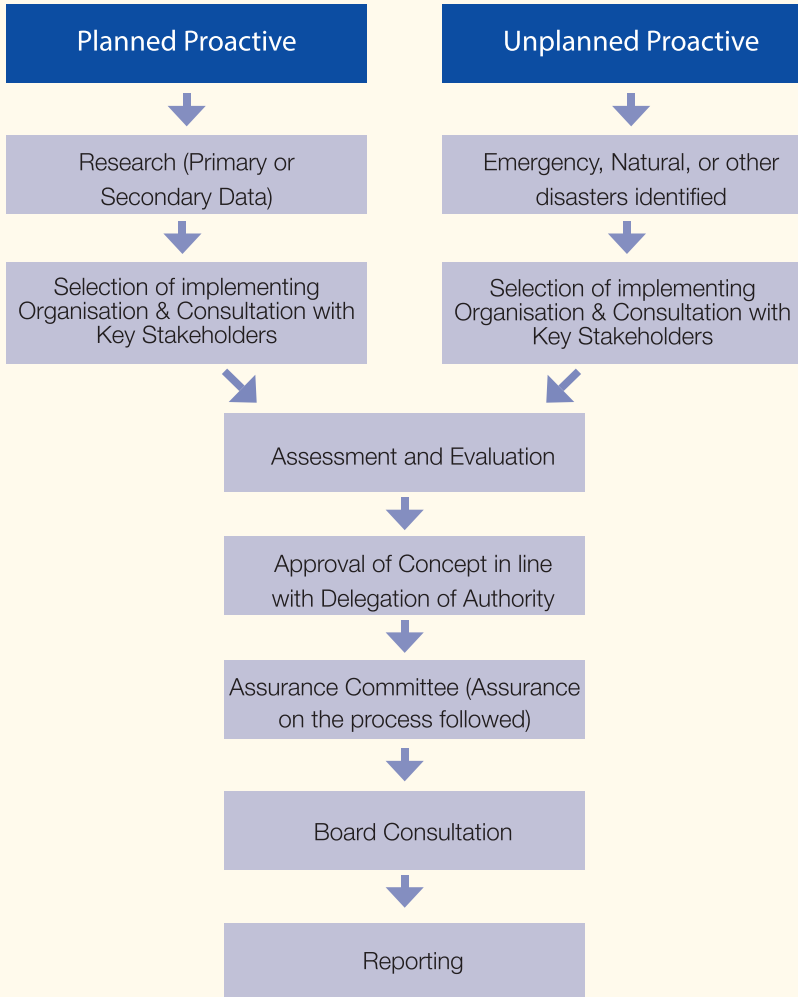
Paragraph 4 further states that “the Commission may, upon request by the Minister, board or its own initiative in consultation with the board, invite applications for grants from worthy good causes in the prescribed manner”.

The inclusion of section 2(A) paragraph 3 and 4 in the Amended Lotteries Act Number 32 of 2013 opened an opportunity for the Commission, Board of Directors and the Minister to pro-actively fund worthy good causes that are aligned to broader developmental agenda of the country such as National Development Plan.

Proactive funding will help the Commission to support innovative projects with greater impact and emergency support for natural and other disasters amongst others.

## How proactive funding works:

### The Proactive Funding Process







## Reporting illegal activities

We are also keen to get tip-offs from the public about suspicious fund-raising lotteries and cases where NLC grants may be abused. You may contact the offices of the NLC or visit the NLC website to report such cases.



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#### **EASTERN CAPE PROVINCIAL OFFICE**

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#### **NORTHERN CAPE PROVINCIAL OFFICE**

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