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KWAZULU-NATAL PROVINSIE
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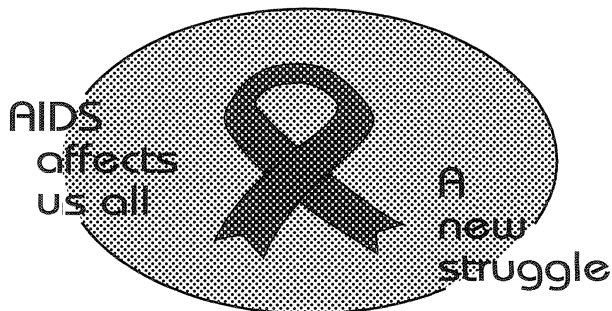
Vol. 8

PIETERMARITZBURG,

17 JUNE 2014
17 JUNIE 2014
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No. 1160

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PROVINCIAL NOTICES

No. 122

17 June 2014



Determination of Bookmaking Rights

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INVITATION TO TENDER

"Bookmaking Right" means a transferable right determined by the Board in terms of section 7(2)(d) or a non-transferable right granted, in terms of section 89(7), by the Board and which allows the owner thereof, under the authority of a bookmaker's licence, to operate a bookmaking business from a single bookmaker premises or from a single racecourse

1 DEFINITIONS

In this request for applications, including the appendices and annexures thereto, unless the content indicates otherwise:

- Act** means the KwaZulu-Natal Gaming and Betting Act, 2010 (Act No. 8 of 2010), as amended;
- B-BBEE** means Broad-Based Black Economic Empowerment, as envisaged in the Broad-Based Black Economic Empowerment Act, 2003 (Act No.53 of 2003) and the Codes of Good Practice on Black Economic Empowerment, issued under section 9(1) of the Broad-Based Black Economic Empowerment Act, as amended from time to time;
- Bet** means an agreement between two persons whereby one person stakes money or a valuable thing with the other person on the outcome of a horse race, sporting event or other event or contingency, or on the cumulative outcome of a combination of horse races, sporting events or other events or contingencies and that outcome or cumulative outcome determines the financial benefit, if any, which accrues to either of those persons, and "to bet" and "betting" have a corresponding meaning as defined in the Act;
- Bettor** means any person who makes a bet as defined in the Act;
- Black People** is a generic term which means Africans, Coloureds and Indians as set out in section 1 of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
- Board** means the KwaZulu-Natal Gaming and Betting Board, established in terms of section 5 of the Act;
- Bookmaker** means a person who is licensed in terms of section 94 of the Act, to accept offers or stakes in the process of transacting bets on horse races, sports, sporting events or any other events or contingencies, or on a combination of such horse races, sports, sporting events, other events or contingencies;
- Bookmaker Premises** means the physical outlet, physical structure, space or place from which a Bookmaking Business operates;
- Bookmaking Business** means a natural person or a corporate body that owns one or more Bookmaking Rights and that trades as a Bookmaker;
- Bookmaking Right** means a transferable right determined by the Board in terms of section 7(2)(d) of the Act or a non-transferable right granted, in terms of section 89(7) of the Act, by the Board and which allows the owner thereof, under the authority of a Bookmaker's Licence, to operate a Bookmaking Business from a single Bookmaker Premises or from a single racecourse;
- Chairperson** means the chairperson of the Board or of a committee of the Board, as the case may be, and includes a person who is acting as chairperson;
- Chief Executive** means the person appointed to this position in terms of section 23(1) of the

Officer	Act;
Committee	means a committee established by the Board in accordance with section 18 of the Act;
Defined Area	means a geographic area with specific boundaries, defined by the Board in terms of section 7(2)(c), within which a specified maximum number of Bookmaking Rights may be granted;
District	means an area in the Province determined by the Municipal Demarcation Board in terms of the Municipal Demarcation Act, 1998 to be either a metropolitan or district municipality;
Licence	means a Bookmaker's Licence issued in terms of the Act;
Licensed Premises	means any premises on which gambling takes place under the authority of a Licence issued in terms of the Act;
Licensee	means a person who holds a valid Licence or temporary Licence issued in terms of the Act;
Local	means a natural person whose normal residence is within the Province or a juristic person in whom the majority ownership, employment and beneficitation is ultimately held or accrues to natural persons whose normal residence is within the Province;
Minor	means a person under the age of 18 years;
National Act	means the National Gambling Act, 2004 (Act No. 7 of 2004);
Ordinance	means the Regulation of Racing and Betting Ordinance, 1957 (Ordinance No. 28 of 1957) which was repealed by the Act;
Person	includes a partnership, association, trust or a juristic person established by or in terms of any law;
Province	means the Province of KwaZulu-Natal as referred to in section 103 of the Constitution of the Republic of South Africa, 1996 (Act No.108 of 1996);
Provincial Revenue Fund	means the fund established for the Province by section 226 of the Constitution of the Republic of South Africa, 1996;
Regulations	means the regulations made by the responsible Member of the Executive Council in terms of section 146 of the Act;
Responsible Member of the Executive Council	means the Premier of the Province of KwaZulu-Natal or that member of the Executive Council of the Province of KwaZulu-Natal to whom the Premier has assigned the administration of the Act;
Rules	means rules made by the Board in terms of section 7 of the Act;

SANS Specifications	standards set by the South African Bureau of Standards, specifying the technical requirements for gambling equipment;
Small, Medium and Micro-sized Enterprise	means a business enterprise commonly regarded as small, medium and/or micro-sized in terms of legislation in the Republic of South Africa;
SMME	means a Small, Medium and Micro-sized Enterprise as defined in this document and SMMEs has a corresponding meaning;

2 INTRODUCTION

- 2.1 In 2005 the Responsible Member of the Executive Council determined the number of Bookmakers' Licences that may be granted in each District Municipality in terms of section 22(10) of the Ordinance.
- 2.2 This determination was published in the Provincial Gazette of KwaZulu-Natal No. 6448 on the 8 December 2005 under Notice No. 3308 and came into effect on 1 May 2006. All previous determinations made by the Minister in terms of section 22(10) of the Ordinance were rescinded with effect from 30 April 2006.
- 2.3 There are currently eighty two (82) active Bookmakers' Licences in the Province. The Board has resolved to exercise its powers in terms of the Act and review the numbers by determining additional Bookmaking Rights for each District Municipality.
- 2.4 Section 7(2) of the Act provides that *"the Board's powers and functions, in respect of horse racing and betting, are to –*

(c) determine, define and periodically review the boundaries of an area or areas within which a specified maximum number of Bookmaking Rights may be granted. Provided that the Board must publish the details of such determination, definition or review by notice in the Gazette;

(d) determine and periodically review the maximum number of Bookmaking Rights which may operate at any one time in a specified defined area or areas: Provided that where the Board determines the establishment of a new Bookmaking Right in a defined area, such right must be disposed of as prescribed by the responsible Member of the Executive Council: Provided, further, that the Board must publish the details of such determination or review by notice in the Gazette ..."
- 2.5 The Act enjoins the Board to¹ -
- *ensure that all gambling authorised under this Act is conducted in a manner which promotes the integrity of the gambling industry and does not cause harm to the public interest;*
 - *ensure that all gaming authorised under this Act promotes the Province's objectives for developing a gaming industry which objectives are the promotion of tourism, employment and economic and social development in the Province;*

¹ See section 6(1) of the Act.

- *promote opportunities for historically disadvantaged persons to participate in the horse racing and betting industries in the capacity of any of the persons required to be licensed or registered in terms of section 89, 94, 103, 110 or 111;*
- *increase the ownership stakes of historically disadvantaged persons in the horse racing and betting industries;*
- *develop appreciation for and knowledge of horse racing amongst all communities, particularly those comprised of historically disadvantaged persons; and limit restrictive practices, the abuse of dominant market position and mergers in the betting industry, as contemplated in the Competition Act, 1998 (Act No. 89 of 1998), and the Board is, for the purposes of the said Act, a regulatory authority as defined in section 1 of that Act.*

2.6 Regulation 161 of the Regulations provides as follows –

“Sale of bookmaking right by Board

161.(1) Whenever a bookmaking right is required to be disposed of in terms of sections 7(2)(d), 45(7), 99(8)(b) or 99(11)(b) of the Act, the Board must dispose of such right by way of public tender.

(2) Any invitation to tender and any award of a bookmaking right arising from such a tender must be published by the Board in the Gazette.

(3) The invitation, publication, adjudication and award of a tender contemplated in subregulation (1), must be based on –

(a) a rating and categorisation of bidders according to the national law on broad-based black economic empowerment; and

(b) an award of the tender to the highest bidder within that category of bidders holding the highest broad-based black economic empowerment rating.”

2.7 Section 53(1)(a)(i) of the National Act enjoins the Board when considering an application for a licence to *“consider the commitments, if any, made by the applicant ... in relation to black economic empowerment ...”*

3 BOOKMAKING RIGHTS AND BOOKMAKING LICENCES

- 3.1 A person is not permitted to conduct the business of a Bookmaker without holding a Bookmaker’s Licence. A Bookmaking Right allows the owner thereof to apply for a Bookmaker's Licence to operate a Bookmaking Business from a single Bookmaker Premises or from a single racecourse.
- 3.2 When considering an application for a Bookmaker’s Licence the Board must consider the economic, social development and competition issues such as commitments, if any, made by the applicant to B-BBEE and combating the incidence of addictive and compulsive gambling.
- 3.3 A Bookmaker’s Licence expires on the thirty-first day of December of the year for which it was issued but it may be renewed from year to year in the discretion of the Board.

- 3.4 A Bookmaker's Licence may not be issued to or held by any person who is or becomes subject to a disqualification contemplated in section 32 of the Act. A Bookmaker's Licence cannot be issued to or be held by a corporate body if any director, member or any shareholder with an interest, including a financial interest, of five percent or more in the corporate body is or becomes subject to a disqualification contemplated in section 32 of the Act.

4 **THE BOARD'S DETERMINATION**

- 4.1 The eighty two (82) active Bookmaking Rights are spread out across the Province as follows –

No.	Defined Area	Active Rights
(a)	eThekweni District Municipality	57
(b)	uMgungundlovu District Municipality	9
(c)	iLembe District Municipality	5
(d)	Ugu District Municipality	5
(e)	uThukela District Municipality	2
(f)	uThungulu District Municipality	2
(g)	Sisonke District Municipality	0
(h)	Amajuba District Municipality	1
(i)	Umkhanyakude District Municipality	0
(j)	Umzinyathi District Municipality	0
(k)	Zululand District Municipality	0

- 4.2 The Board has, in terms of section 7 (2) (c) and (d) determined the following Bookmaking Rights in the Defined Areas in addition to those determined by the Minister in 2005 in terms of the Ordinance -

No.	Defined Area	Additional Determined Rights
(a)	eThekweni District Municipality	4
(b)	uMgungundlovu District Municipality	3
(c)	iLembe District Municipality	3
(d)	Ugu District Municipality	3
(e)	uThukela District Municipality	3
(f)	uThungulu District Municipality	3
(g)	Sisonke District Municipality	3
(h)	Amajuba District Municipality	3
(i)	Umkhanyakude District Municipality	2
(j)	Umzinyathi District Municipality	2
(k)	Zululand District Municipality	3

- 4.3 The Board has also determined that each Additional Determined Right shall be restricted to the town for which it shall be granted.

5 **INVITATION TO TENDER**

- 5.1 Invitation is hereby extended to interested parties to tender for the Bookmaking Rights determined by the Board in terms of section 7 (2) (c) and (d) of the Act.

5.2 In order to achieve the socio-economic objectives of the government and to ensure the financial viability of the Bookmaking Businesses to be created, the Board has resolved that the following shall be the criteria for bids –

5.1.1 that the disposal of each Bookmaking Right determined above shall be restricted to Black People only: Provided that persons who currently hold Bookmakers' Licences issued in terms of the Act shall be allowed to form joint ventures with Black People where the latter own and control at least 60% of the business; and

5.1.2 that bids shall be scored in accordance with the criteria set out in the table below and the tenders will be awarded to bids with the highest scores per area.

Criteria	Points			Comment
At least 60% shares/interest held by Black People	60% Shares	20	40	This will be assessed on the level of Black ownership of the business to be conducted.
	70% Shares	30		
	80% Shares	40		
Adequate financial resources to ensure the financial viability of the business	15			This will be assessed on the viability of the plan to secure funding for the costs of operating a betting room.
Sufficient experience in the management and operation of such business and skills transfer	15			The tenderer must demonstrate ability to operate a bookmaking business or there should be a plan for the transfer of such skills to new owners.
Business Plan	10			Quality/Content of the proposal / plans submitted by the tenderer.
Suitability of location	10			Based on the key areas identified by the Board as priority areas.
Shares held by Locals	60% Shares	5	10	This will be assessed on the level of Local ownership of the business sought to be conducted.
	70% Shares	7		
	80% Shares	10		

5.3 Tenders will be awarded to qualifying bidders with the highest points in each Defined Area.

5.4 **A Non-compulsory Briefing Session will be held on 2 July 2014 at 11h00 am in the Auditorium, First Floor North Tower, Natalia Building, 330 Langalibalele Street, Pietermaritzburg. Tenders should be submitted in the format appearing below. Tenders should be sealed and should be delivered by no later than 12:00 noon on 1 August 2014, to the following address:**

KwaZulu-Natal Gaming and Betting Board
No. 3 Nollsworth Crescent
Nollsworth Park
La Lucia Ridge
For Attention: The Chief Executive Officer

- 5.5 Bidders should take note that they are merely tendering for the right to make application for a Bookmakers' Licence. Only the award of a Bookmakers' Licence, the payment of the required guarantees and the approval of the premises from which the Bookmaking Business is to be operated, will allow those persons whose tenders are successful to actually operate the Bookmaking Business.
- 5.6 Essentially then, the process initiated by the Board consists of two separate and distinct phases. The first phase entails an open competitive tender process in which the highest qualifying bidders will win the right to enter the second phase. The second phase entails a formal application in terms of the Act by the winning bidders for the Bookmaker's Licence.
- 5.7 If the application for a Bookmaker's Licence is for any reason not successful the person who was the second highest bidder in the tender process will be invited to apply for the Licence.
- 5.8 Bookmaking Businesses are regulated in terms of the Act, the Regulations, the National Act and other related legislation. Interested parties are strongly advised to familiarise themselves with all relevant legislation.

6 TENDER FORMAT

- 6.1 Tenders should be submitted in the following format -

TENDER IN RESPECT OF THE BOOKMAKING RIGHT TO BE ISSUED IN TERMS OF THE KWAZULU-NATAL GAMING AND BETTING ACT, 2010 (ACT NO. 08 OF 2010)

- A. Full name(s) of the person (s) tendering for the Bookmaking Right(s).
- B. Identity/registration numbers of the person(s) tendering for the Bookmaking Right(s).
- C. Physical address(es) of the person(s) tendering for the Bookmaking Right(s).
- D. Postal address(es) of the person(s) tendering for the Bookmaking Right(s).
- E. Telephonic and other contact details of the person(s) tendering for the Bookmaking Right(s).
- F. Defined Area(s) to which the tender relates.
- G. Ownership details of the tendering entity(ies).
- H. B-BBEE verification certificates of tendering joint venture entity(ies) or proof of exemption.
- I. Affidavit confirming that the person tendering is not disqualified in terms of section 32 of the Act from holding a Bookmaker's Licence.
- J. Proof that the person tendering has a viable plan to secure adequate financial resources to ensure the financial viability of the business to which the Bookmaking Right relates including a business plan with a cost analysis.
- K. Proof that the person tendering has sufficient experience in the management and operation of such business or access to the services of persons with such experience and plans to transfer skills to the person tendering.
- L. Skills development plan that talks to the proposed employment opportunities and training program.

- 6.2 Submission of the above information/documentation is mandatory. Tender documentation that does not follow the format prescribed above will be rejected. No correspondence will be entered into with persons who have submitted tenders prior to the announcement of the winning tenders. Tenders will remain sealed prior to the closing date. It is therefore incumbent upon the persons who have submitted tenders, to ensure that the tender documentation is complete and correct.

7 **TIMETABLE**

- 7.1 The timetable below provides an indication of the critical roll out path of the Bookmaking Rights and/or Bookmakers' Licences. The Board reserves the right to change the timetable as and when necessary at its discretion without providing reasons:

No.	Process	Date
(a)	Publication of this document	19/06/2014
(b)	Non-compulsory briefing session	02/07/2014
(c)	Submission of bids	Up to 01/08/2014
(d)	Closing date for receiving tenders	01/08/2014

8 **TERMS AND CONDITIONS**

8.1 **Disclaimer**

- 8.1.1 Every effort has been made to ensure that the information contained in this invitation is correct but it is the obligation of interested parties to ensure that their applications are correct and that they comply with the provisions of the Act in all material respects.

8.1.2 In view of the above:

- Each interested party must make its own independent assessment and investigation of the issues required to be dealt with in its application and should not rely solely on the accuracy of the information provided in this invitation; and
- Neither the Board, its employees nor its agents will be held liable for any act performed in good faith during the application process.

- 8.1.3 Any additional information provided to interested parties by the Board or any of its employees in connection with this invitation or the Bookmaker's Licence application process will also be subject to the terms of this invitation.

8.2 **Changes**

- 8.2.1 The Board may, at its discretion, by notice in the Provincial Gazette or in writing to applicants, supplement or update any of the contents or terms and conditions applicable to the invitation. It may also change procedures, timetables, requirements and any other aspect of or in connection with matters covered in the invitation.

8.3 **No guarantee**

- 8.3.1 The Board does not guarantee that any applicant will be granted a Licence.

8.4 No compensation

8.4.1 The Board will not, under any circumstances, be liable to compensate an applicant or any other party for any expenses, losses and/or damages arising from whatsoever nature incurred or suffered by the applicant or any party in acting upon this invitation and/or otherwise participating in the Bookmaker's Licence application process.

8.5 Waiver of immaterial defects

8.5.1 The Board may at its sole discretion, waive any immaterial defect or lack of compliance with any formality in any application or application procedure. The level of materiality and/or lack of compliance warranting such waiver shall be determined by the Board.

8.6 Wagering System

8.6.1 All bookmaking activities must be conducted through an approved wagering system. Wagering and betting equipment must be tested by an accredited test laboratory in South Africa, certified by the National Regulator for Compulsory Specifications (NRCS) and approved by the Board.

8.6.2 All wagering and betting equipment must be supplied and maintained by licensed manufactures, suppliers and distributors in South Africa, unless a Bookmaker uses and maintain its own system.

8.7 B-BBEE

8.7.1 As a public entity, the Board upholds and promotes the principles enshrined in the legislation pertaining to Black Economic Empowerment and as such, will seek to ensure commitment to, adherence and compliance to B-BBEE legislative provisions.

8.8 False information and incomplete applications: -

8.8.1 The Board reserves the right to refuse a proposal that:

- Contains false information; or
- Is incomplete.

8.9 Commencement of operations

8.9.1 Successful applicants shall commence business within a period of six months from the date of issue of the Licence failing which the Licence shall lapse.

8.10 Performance guarantee

8.10.1 Successful applicants may be required to supply the Board with a performance guarantee to ensure compliance with bid undertakings.

8.11 License fees and guarantee for gambling debts and taxes

8.11.1 The Licence will be issued upon payment of the prescribed Licence fees and provision of a suitable guarantee for gambling debts and taxes.

8.12 Evaluation criteria

8.12.1 Bookmaking Rights will be allocated to the highest tenderers and in terms of the assessment criteria.

9 **ENQUIRIES**

9.1.1 All enquiries regarding this tender process must be directed to -

Mr Robert Bestel

Tel: 031-583 1800

Fax: 031-583 1820

Email: Robert.Bestel@kzngbb.org.za



**REQUEST FOR APPLICATIONS
IN RESPECT OF
TYPE B INDEPENDENT SITE OPERATOR LICENCES
FOR LIMITED PAYOUT MACHINES**

1. DEFINITIONS

In this request for applications, including the appendices and annexures thereto, unless the content indicates otherwise:

Act	means the KwaZulu-Natal Gaming and Betting Act, 2010 (Act No. 8 of 2010), as amended;
Applicant	means a person who has lodged an application for licence, pursuant to this RFA and shall include all owners, members, partners and shareholders, where applicable;
B-BBEE	means Broad-Based Black Economic Empowerment, as envisaged in the Broad-Based Black Economic Empowerment Act, 2003 (Act No.53 of 2003) and the Codes of Good Practice on Black Economic Empowerment, issued under section 9(1) of the Broad-Based Black Economic Empowerment Act, as amended from time to time;
Black People	is a generic term which means Africans, Coloureds and Indians as set out in section 1 of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);
Board	means the KwaZulu-Natal Gaming and Betting Board, established in terms of section 5 of the Act;
Cash	means physical coins, notes, tokens, magnetic or smart cards or any other representation of money in the gambling environment;
Chairperson	means the chairperson of the Board or of a committee of the Board, as the case may be, and includes a person who is acting as chairperson;
Chief Executive Officer	means the person appointed to this position in terms of section 23(1) of the Act;
Committee	means a committee established by the Board in accordance with section 18 of the Act;
Designated Area	means an area designated at a site or independent site where LPMS are authorised to be placed;
District	means an area in the Province determined by the Municipal Demarcation Board in terms of the Municipal Demarcation Act, 1998 to be either a metropolitan or district municipality;
Double Up	means a gambling option whereby a player may during a game risk a previous win, bet or a portion of that bet on the selection of a further outcome;

Independent Site Operator	means a Site Operator who is not linked to a Route Operator and is licensed to own and operate LPMs on a single site and is responsible for maintaining the machines, effecting the collection of money and paying the applicable taxes and levies;
Independent Site Operator Licence	means an Independent Site Operator Licence issued by the Board in terms of the Act;
Licence	means a licence or temporary licence issued in terms of the Act;
Licensed Premises	means any premises on which gambling takes place under the authority of a licence issued in terms of the Act;
Licensee	means a person who holds a valid licence or temporary licence issued in terms of the Act;
Limited Payout Machine	means a gambling machine outside of a casino in respect of the playing of which the stakes and prizes are limited as prescribed by the Regulations or National Regulations;
Local	means a natural person whose normal residence is within the Province or a juristic person in whom the majority ownership, employment and beneficitation is ultimately hold or accrues to natural persons whose normal residence is within the Province;
LPM	means a Limited Payout Machine as defined in this document and Limited Payout Machines has a corresponding meaning;
Minor	means a person under the age of 18 years;
National Act	means the National Gambling Act, 2004 (Act no. 7 of 2004);
National Regulations	means the National Regulations on Limited Payout Machines, 2000 promulgated on 21 December 2000, as well as the National Regulations, 2004 promulgated on 15 November 2004, as amended from time to time;
Person	includes a partnership, association, trust or a juristic person established by or in terms of any law;
Province	means the Province of KwaZulu-Natal as referred to in section 103 of the Constitution of the Republic of South Africa, 1996 (Act No.108 of 1996);
Provincial Revenue Fund	means the fund established for the Province by section 226 of the Constitution of the Republic of South Africa, 1996;
RFA	means the request for applications in respect of LPM licences, as per this document;
Regulations	means the regulations made by the responsible Member of the Executive

	Council in terms of section 146 of the Act;
Route Operator	means a person who is licensed in terms of the Act to provide LPMs to Site Operators and to conduct any other prescribed activities;
Rules	means rules made by the Board in terms of section 7 of the Act;
SANS Specifications	standards set by the South African Bureau of Standards, specifying the technical requirements for gambling equipment;
Site Premises	means premises licensed by the Board for the placement of one or more limited payout gambling machines contemplated in section 18 of the National Act;
Site Operator	means a person who is authorised to keep LPMs on his or her premises in terms of a licence issued in accordance with the Act;
Site Operator Licence	means a Site Operator Licence issued by the Board in terms of the Act;
Small, Medium and Micro-sized Enterprise	means a business enterprise commonly regarded as small, medium and/or micro-sized in terms of legislation in the Republic of South Africa;
SMME	means a Small, Medium and Micro-sized Enterprise as defined in this document and SMMEs has a corresponding meaning;
Theoretical return to player percentage	means the theoretical ratio, expressed as a percentage, of all amounts won to all amounts staked in respect of a particular gambling game or device over a stipulated period of time;
Type A LPM Licence	means a licence to operate five (5) or less LPMs in any one Site;
Type B LPM Licence	means a licence to operate in excess of five (5) machines and not more than forty (40) LPMs in any one Site;

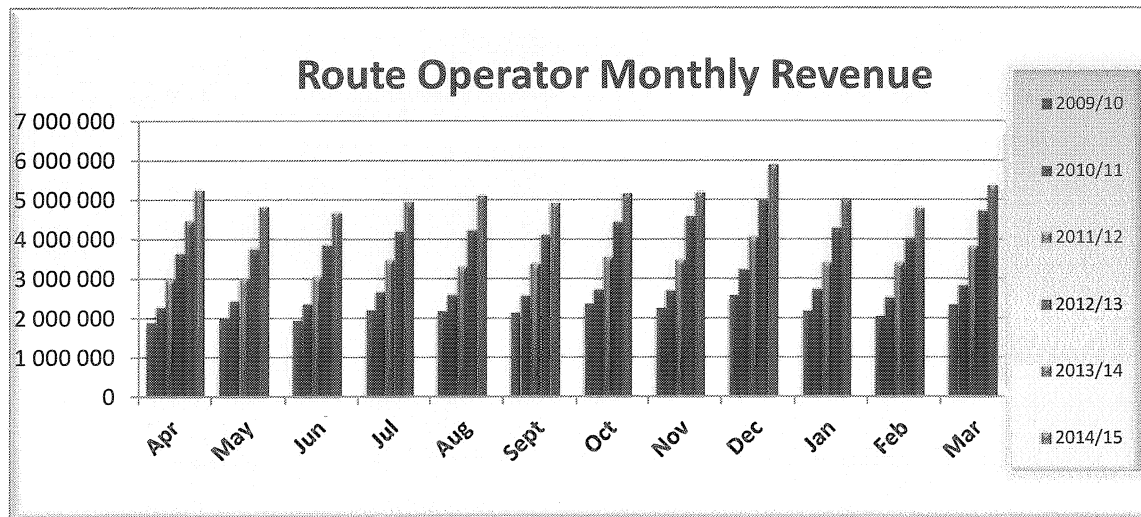
2. INTRODUCTION

Since the legalisation of Gambling in South Africa in 1996, the LPMs industry has matured. LPMs were initially rolled out for the purpose of assisting in the support of the development of SMMEs. They were intended to promote business development and to support Black Economic Empowerment through Black ownership in the industry.

The LPM sector as part of the gambling industry has 3 main categories of players, namely, Route Operators, Site Operators and central electronic monitoring system (CEMS) operator. It was established to address the latent demand for slot machines in non-casino environments which was evidenced by the wide spread proliferation of machines and operations in the era pre legalising of gambling. The LPM sector was also considered as a mechanism for enabling Black entrepreneurs an opportunity to participate in the growth in the economy. LPMs were meant to allow for additional revenue streams to non-casino venues.

A total of 50 000 LPMs were authorised to be rolled out nationally of which 9 000 was granted to the Province for roll out in two phases. Phase one roll out of the quota is for 4500 LPMs. The granting of the second phase licences was made contingent on the outcomes of a social impact study which has to be commissioned.

The Board approved the roll out of Type A LPM Licences in September 2006. As at 4 June 2014 there were 498 active LPM sites in the Province operating a total of 2143 LPMs. The LPM roll out has contributed significantly to the Provincial Revenue Fund in terms of gaming taxes since December 2006. The initial roll out of LPMs in the Province was to four (4) Route Operators who were each allocated 1000 machines and the remaining pool of 500 machines was left with the Board.



3. PURPOSE OF REQUEST FOR APPLICATIONS (RFA)

The purpose of this RFA is to invite applications for Type B LPM Licences, explain the underlying policies and principles applicable to the licensing and operation of these machines and

outline the process and criteria applicable to the licensing of such machines as well as the information required by the Board in order to evaluate such applications.

Applications for the following LPM Licences are invited through this RFA:

Item	Type of Licence	Number of Machines
(a)	Type B LPM Licences (Independent Site Operators)	500

4. THE BOARD'S AIMS AND OBJECTIVES ON TYPE B SITES

The strategy in respect of the licencing of new initiatives is geared at ensuring that the Board continues to fulfil the mandate that was set by National Government in respect of rolling out LPMs.

SMME Development:

The LPM industry is able to offer small, medium and micro enterprises the opportunity of participating directly in the gaming industry. The benefit is premised through:

- New gaming attractions and leisure amenities for customers;
- Increased turnover in food and beverage sales;
- Job creation;
- Access to training and personal development;
- Growth in opportunities for tourism;

In addition net revenue accruing to Site Operators could be used to procure new site equipment, enhancing financial assets. The direct and measurable economic multiplier that will assist in growing the assets of Black People and providing growth and thereby contributing to growth and development and jobs as set out in the national growth plan.

Government continues to support SMME development and job creation and the Type B LPM Licences are an ideal way to demonstrate commitment to this action.

Black People Involvement:

Through the roll out of the Type B LPM Sites the Board aims to achieve the objects set out in the Broad-Based Black Economic Empowerment legislation as up-dated in the new B-BBEE Codes published on 11 October 2013. The LPM sector through the Type B LPM Sites will ensure B-BBEE ownership.

The purpose of the ISO would be to encourage participation of Black entrepreneurs.

Geographic Spread:

The Boards intends to distribute Type B Sites in the Province in accordance with the geographic allocations set out in the following table -

NO.	DISTRICT MUNICIPALITY	NUMBER OF SITES ALLOCATED
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NO.	DISTRICT MUNICIPALITY	NUMBER OF SITES ALLOCATED
1.	ETHEKWINI	2
2.	UMGUNGUNDLOVU	2
3.	AMAJUBA	1
4.	ZULULAND	2
5.	UTHUNGULU	2
6.	UTHUKELA	1
7.	UGU	2
8.	ILEMBE	1
9.	SISONKE	2
10.	UMKHANYAKUDE	1
11.	UMZINYATHI	2

The aim is to establish licenced sites in urban, peri-urban and rural areas, in line with the spatial economic development programs. Of course there are concerns around social impacts especially in the poor and low income areas, but the Board will ensure the driving of responsible gambling programs. Through this geographic spread the Board aims to increase job creation, increase consumer expenditure and investments in the identified geographic regions of the Province.

Social and Economic Impact:

An initial social impact study was conducted in 2009 and a further social impact study will be conducted in 2014/2015. The Social Impact Study will look at issues of the Social Impact of problem gambling.

- The Board rules not allowing machines in the proximity of schools, churches and places of worship will be observed. The Board's policy is not to have LPMs placed in Supermarkets or corner stores and the RFP spells out the criteria and locations acceptable to the Board.
- Through the Social Impact study and continued research provincially and nationally the statistics around propensity to gamble will continue to be observed.

There is an existing legislative framework governing the operations of Type B LPM Licenses. In the Social Impact study conducted in 2009 by the "Agency for Social Reconstruction" on behalf of the erstwhile KZN Gambling Board the issue addressed was that of problem gambling at LPM sites. It was found that LPM sites were less restrictive and afforded more members of the public access to gaming activities.

5. PRINCIPLES APPLICABLE TO LPM OPERATIONS

5.1. GENERAL

5.1.1. Number of LPMs in the Province

The maximum number of LPMs in the Province is prescribed by the National Regulations from time to time.

The National Regulations provide for the gradual introduction of LPMs in South Africa. Currently the Province has been given an allocation of nine thousand (9000) LPMs. The gradual introduction process is divided into two phases, with the first phase allowing the Board to roll-out no more than 50 (fifty) percent of the total number of LPMs allocated to the Province, i.e. $9000 \times 50\% = 4500$ (four thousand five hundred) LPMs.

This RFA is part of the first phase and invites applications for Type B LPM Licences as set out in the table above.

5.1.2. Geographic distribution of LPMs throughout the Province

The geographic distribution of LPMs to be rolled out in the Province will be subject to site suitability and the Board being satisfied that a need for gaming machines in a Type B Site exists at that location.

LPM Sites of this nature should ideally be situated in Black locations in order to contribute towards growth in that economical sector. Preference will therefore be given to sites in Black locations.

The location should however not be detrimental to the local communities where poverty and hardships are rife as this would be seen to further contribute to that situation. It shall be a requirement for applicants to provide the Board with social impact studies of their specific locations when applying for Type B LPM Licences.

The allocation of site locations shall be specific to municipal districts as set out in the table above. The Board shall take great care to avoid an over saturation of gambling activities.

5.1.3. Prohibition of Gambling by Certain Persons

A person under the age of 18 years may not enter any designated area or take part in any gambling on or operate an LPM. A Licensee or employee of such Licensee may not permit any person who is under the age of 18 years to enter or remain in a designated area or to take part in any gambling or to handle or operate an LPM.

5.1.4. Stakes and Prizes

The maximum amount that may be wagered in total, to enable a person to play all pay lines of a game on an LPM shall be prescribed in the Regulations and National Regulations. The maximum amount or value of any prize which may be paid out in respect of a game played on an LPM shall also be prescribed in the Regulations and National Regulations. Progressive jackpots or double-ups are not allowed in respect of LPM games.

5.1.5. Randomness of Games

All games in LPMs offered for play shall be purely random, as prescribed in the relevant SANS specifications.

5.1.6. Return to Public

Every gaming machine exposed for play must have a confirmed theoretical return to player percentage of not less than 80 percent.

5.1.7. Display of Prizes

All winning combinations, together with the corresponding prizes must be clearly displayed on every LPM offered for play.

5.1.8. Registration of LPMs

No LPM may be distributed to a site or independent site or exposed for play unless such LPM has been:

- (a) certified according to the relevant SANS specifications; and
- (b) approved, registered and licensed by the Board.

5.1.9. Movement and Placement of LPMs

All movements of LPMs within the Province must be done with the prior approval of the Board. Independent Site Operators shall develop internal control procedures, regarding the following:

- (a) sourcing of machines;
- (b) distribution and movement of machines;
- (c) machine conversions;
- (d) disposal of machines; and
- (e) linking to the approved national central electronic monitoring system.

Applicants must ensure that site premises comply with the provisions of the Rules and National Regulations with regards to the adequate floor space, control and supervision (including surveillance systems at sites with more than 5 LPMs).

The number of LPMs at a site or independent site may not exceed the maximum number of machines licensed as stated on the licence certificate of the said site or independent site. The Board may allow a lesser number of LPMs or changes to the location of any LPM on a site from time to time.

5.1.10. Electronic Monitoring

In terms of the Act, as well as the National Act and National Regulations, holders of Independent Site Operator licences shall link all LPMs in respect of which licences have been granted to a national central electronic monitoring system ("CEMS"). The holder of a licence shall comply with the SANS specifications, as well as the minimum standards of the Board. After ensuring compliance with the aforementioned requirements the Board may grant approval for the operation of the said equipment.

5.1.11. Credit Extension and Prohibited Transactions

No person, licensed to make any gambling activity available to the public, shall extend credit in the name of the Licensee or a third party to any person for the purposes of gambling. For the purpose of this RFA credit extension includes advancement of cash by the Licensee against a person's credit card, cheque or any other negotiable instrument.

A licence holder shall not exchange cash for cash, except to enable a patron to participate in gambling, where cash is used as the stake, or for the purpose of converting cash won by the patron, while participating in gambling for different denominations of cash.

5.1.12. Operating Hours

The hours of operation of LPMs may form part of the conditions of the licence. The Board will consider hours of operation that is appropriate for the type of business and related activities at these establishments.

5.1.13. Commencement of Gambling Operations

All Site Operators shall not commence with gambling operations on a licensed site, unless it has been finally inspected and approved for the commencement of gambling on the particular premises.

5.1.14. Advertising

Advertising of LPM operations is allowed on condition that all advertising must comply with the provisions of the National Act and National Regulations, as well as the Act and Regulations.

5.1.15. Records and Returns (including Accounting Records)

Holders of LPM Licences will be expected to keep records and returns as prescribed in any legislation applicable to the business operations, Regulations, Rules and licence conditions.

5.1.16. Payment of Levies

The levies payable on Gross Gaming Revenue, calculated according to a prescribed formula, will be determined in legislation and will be payable to the Board, as prescribed from time to time.

5.1.17. Display of Licences

The licence issued by the Board to an operator must be prominently displayed at the entrance to the designated area.

5.1.18. Registration of Employees

Any person employed by a Site Operator who manages, supervises or is directly involved in the conduct of gambling operations or exercises control over gambling operations must be a holder of a certificate of approval. Registration of all employees will take place in accordance with the provisions of the Act or the National Act. The Board will consider applications for certificates of approval by employees of Licensees in accordance with the Act and employees should not be

disqualified from holding any employment licence in terms of section 32 of the Act and section 49 of the National Act.

The following employees are classified as key employees of Independent Site Operators:

- (a) the senior management of the Licensee;
- (b) if the Licensee is a corporate body, every director, officer or equivalent of such corporate body;
- (c) any individual who has the authority to hire or terminate the employment of personnel;
- (d) any executive, employee or agent of a Licensee having the power to exercise a significant influence over decisions concerning any part of the operations of such Licensee;
- (e) any individual who has been specifically represented to the Board by a Licensee, officer or director thereof as being important or necessary to the operation of the Licensee; and
- (f) all persons who individually or as part of a group formulate management policy.

The operation of LPMs must at all times be conducted under the supervision of an employee who is knowledgeable in the operation of LPMs and duly registered with the Board. The Board may, upon written notification, declare any position, function or individual to be a key or other employee.

The Board will not be restricted by the employer or title of the position or individual but will consider the functions and responsibilities of the person or position involved in making its decision as to key or other employee status. A Licensee must, within 14 (fourteen) days of termination of the employment of a key or other employee, notify the Board in writing of such termination and the reasons therefore.

Any information that comes to the attention of a Licensee which may affect the suitability of an employee to be registered or who has previously been registered, must be brought to the attention of the Board within 14 (fourteen) days of such information coming to the Licensee's attention. A Licensee must, in respect of every key or other employee, keep a copy of such employee's certificate on the employment record of that employee.

5.1.19. Broad-Based Black Economic Empowerment (B-BBEE)

The Board expects all Applicants to meet its minimum transformation standards and achieve level 2 of B-BBEE compliance. These requirements include at least twenty six percent (26%) ownership by Black People, Management and Control, Skills Development/Transfer, Corporate Social Investment, Preferential Procurement as well as the attainment of level 2 B-BBEE compliance. Licence conditions to achieve this requirement will be included at the appropriate time on any Type B LPM Licence. These minimum requirements do not and will not in any way alter or provide relief from bid commitments made in previous licence bids or the existing licence conditions.

6. APPLICATION DETAILS

6.1. BACKGROUND

The licence bid is a comprehensive document, which must address all aspects of the applicant's proposed project, including B-BBEE.

The requirements regarding the contents of the licence bid together with supporting schedules to be completed are set out below. The precise information required in each section will clearly depend upon the nature of the project and as such is largely left to the discretion of the applicant. Where appropriate, supplementary sections may be included in the application. The information provided should be specific, measurable and wherever possible, there should also be a time frame attached to the information provided.

Applicants must bear in mind that any undertakings made in their licence bid will be subject to performance audits once the licences have been awarded. Licensees are subject to ongoing monitoring by the Board to ensure compliance with all applicable legislation, maintenance of standards and compliance with the conditions of licence.

The licence bid shall contain background information regarding the proposed LPM operation that includes: the name of the company or corporation (hereafter referred to as "company"), date and details of incorporation, main objectives of the company, addresses, offices and short history.

6.2. OWNERSHIP

The licence bid shall contain full ownership details of the applicant, including:

- (a) Shareholding or similar structures, with corresponding details;
- (b) Associated companies and businesses, with corresponding details;
- (c) Details of the ownership stake and profit entitlement by Black People within the Province;
- (d) Details on the intended promotion of B-BBEE through ownership plans and initiatives; and
- (e) Business History Disclosure or Personal History Disclosure forms for all entities or persons who hold a direct or indirect financial interest of 5% or more in the LPM operation.

6.3. FINANCING AND FUNDING

The licence bid shall contain full details of the financing and funding of developments and operations of the applicant, including:

- (a) details of the amount of new investment in the Province as a result of their site development and/or other projects;
- (b) details of the persons providing financing and funding, as well as the agreements, arrangements and structures in place in this regard;

- (c) details of financial control considerations. As an overall requirement, applicants should provide sufficient details to enable the Board to verify the control structure and control mechanisms applicable to the applicant, also specifying the situation and arrangements in case of failure of the business. Accordingly, applicants should provide the following:
- (i) Signed shareholders' agreements between all shareholders in the applicant, all shareholders in any empowerment entity and any other major participant in the application.
 - (ii) Lease agreements between applicant and any property owner.
 - (iii) Full details of all circumstances and/or agreements affecting the control of the applicant by either the shareholders or the directors, or both
 - (iv) Details regarding how many directors are to be appointed, by whom, who appoints the chairman and whether the chairman has a casting vote.
 - (v) With regard to consortium members (essentially the empowerment grouping), details of any arrangements by which the voting rights differ from those for ordinary voting shares (e.g. voting (O) and non-voting (N) shares, preference share arrangements, voting pools and conversion rights attaching to shares).
- (d) the three most recent audited annual financial statements ("AFS") for the applicant and all companies holding more than an effective 5% shareholding in the applicant, and an interim report if this position is more recent than the most recent AFS.
- (e) details of access to capital, including:
- (i) the nature, terms and conditions of all debt financing and details of all other financial commitments, including letters of commitment from financiers for the full debt requirements;
 - (ii) names of contactable representatives of all financiers of the applicant, financially responsible consortium members and empowerment vehicles;
 - (iii) the proposed capital structure of the applicant;
 - (iv) whether any of the project capital expenditure is based on cash flows from the gambling operations and detail secondary sources of funding if the primary cash flows fail;
 - (v) a schedule of the specific ultimate sources of all funding for the project;
 - (vi) comprehensive details of commitments for intended funding or funding of Black shareholders' contribution to equity, including sources, terms and conditions relating to it;
 - (vii) whether any party other than financially responsible consortium members has committed a deposit, line of credit or any other form of guarantee for the financing

of the project and detail the terms and conditions of the guarantees, particularly in relation to the control of the applicant.

- (f) details of financial viability and sustainability of the LPM operations including:
- (i) financial projections relating to the applicant covering a 3-year period.
 - (ii) a written report to support the financial information included in the proposal. In particular, all critical assumptions shall be clearly documented and cross-referenced to where they apply. Significant potential risks and uncertainties shall be specified.
 - (iii) financial information is to be presented in accordance with international financial reporting standards, wherever applicable, and accounting policies is to be stated.
 - (iv) the balance sheet to be prepared is to be related to the applicant's cash flow projections, equity and debt financing and capital expenditure assumptions for the site development. Assumptions in respect of average working capital balances or other items included in the balance sheet should be clearly stated. All forms and sources of financing, not disclosed on the balance sheet, shall be fully disclosed by way of notes setting out details and amounts of all related assets and obligations relating to such financing. Full details of all material guarantees or securities provided to or by the applicant shall be provided by way of notes.
 - (v) all fees, taxes and levies payable, which applicants need to take into account when preparing their proposals.

6.4. EMPLOYMENT OPPORTUNITIES

The licence bid shall contain full employment details, including:

- (a) the strategy for creating sustainable employment opportunities;
- (b) how it will be ensured that the maximum number of job opportunities is provided to residents of the Province;
- (c) details of all directors and strategies for the promotion of B-BBEE in this regard;
- (d) a proposed organisational chart, with all management positions and staff in respect of all areas of operations;
- (e) strategies for the promotion of B-BBEE regarding management control and employment equity;
- (f) experience in managing and operating LPM businesses, or access to such expertise, and how this experience and expertise will be applied to the project;
- (g) strategies for the promotion of B-BBEE regarding skills development; and
- (h) the number of temporary jobs, during the construction phase or other projects, where applicable.

6.5. BUSINESS AND/OR OPERATIONS

The licence bid shall contain full details regarding the proposed business and/or operations, including:

- (a) projected scale of operation, including the minimum number of LPMs to be operated;
- (b) site selection considerations;
- (c) site location considerations, with the following:
 - (i) applicants shall describe the overall design of the proposed site in terms of:
 - its size and prominence in terms of location and visibility; and
 - nearby land uses.
 - (ii) site locality plans, including a plan of the site and parking facilities.
 - (iii) detail is to be provided regarding the current ownership and operation of businesses on the site. Evidence of pre-contracts, guarantees or options regarding site availability must be provided, together with any potential legal (e.g. potential land restitution claims) or physical impediments to site occupation and development.
 - (iv) the current status of negotiations in respect of land and/or buildings, if applicable, and any lease or lease agreements is to be disclosed together with details of the ownership of the premises and any person holding more than 5% of such ownership, directly or indirectly.
 - (v) Local Authority comments on land/zoning rights.
 - (vi) details regarding the proximity of the site development to schools, other educational institutions, churches, mosques, temples, social institutions and other gambling establishments.
- (d) site layout and design features (where applicable), including sustainable recreational and/or entertainment features for the benefit of the community and the gambling area size, layout, security, surveillance and placement of machines. The applicant must submit a clear and legible diagram, together with photographs or impressions of the exterior and interior of the business and related amenities. The aforementioned diagram must be representative and proportional, and must include specific reference to the size of the premises through the use of detailed measurements. Furthermore, the diagram contemplated above must depict the number of LPMs to be exposed for play and their location within the establishment in a manner which must provide adequate supervision of each LPM and which must depict –
 - an unobstructed view of each LPM from the point of supervision;
 - any mirrors necessary to maintain adequate supervision; and
 - any surveillance equipment that will be used for supervision.

- (e) whether the premises to which an application for a LPM Site Licence relates are accessible to minors. No such licence will be issued, unless there is a separate cordoned-off area by way of a solid barrier, not less than one meter high, wherein all LPMs are to be located, if the premises is accessible to minors.
- (f) where a temporary operation is proposed, full details of same.
- (g) details of access to LPMs, including copies of agreements with the intended supplier of the LPMs.
- (h) details on the sourcing of products and services within the Province, as well as the promotion of B-BBEE with regard to preferential procurement.
- (i) a motivation to show good cause why the operation of LPMs in excess of five should be approved.

6.6. ENTERPRISE DEVELOPMENT

The licence bid shall contain full details regarding proposed enterprise development initiatives and the promotion of B-BBEE in this regard.

6.7. SOCIO-ECONOMIC DEVELOPMENT

The licence bid shall contain full details regarding proposed socio-economic development initiatives and projects, including:

- (a) Development programmes for women, youth, people with disabilities and people living in rural areas;
- (b) Support of healthcare and HIV/AIDS Programmes;
- (c) Support for education programmes, resources and materials at primary, secondary and tertiary education level as well as bursaries and scholarships;
- (d) Community training, skills development for unemployed people and ABET;
- (e) Support of arts, cultural or sporting development programmes;
- (f) Environmental conservation, awareness, education and waste management; and
- (g) Infrastructural development, enterprise creation or reconstruction in underdeveloped areas.

6.8. BROAD-BASED BLACK ECONOMIC EMPOWERMENT (“B-BBEE”)

The application must contain a valid B-BBEE Certificate issued by an Accredited Verification Agency.

7. TYPE B INDEPENDENT SITE OPERATORS

7.1. Maximum Number of Licences and LPMs

Type B Licences shall be issued for a maximum number of 40 (forty) LPMs per site and applicants for such licence should adhere to all requirements applicable to the operation of 40 (forty) LPMs. Independent Site Operators will be allocated machines from the five hundred remaining in the first phase provincial allocation.

7.2. Corporate Structure and Offices

Independent Site Operator Licensees must be companies or corporations registered in South Africa.

7.3. Other Licences and Financial Interests

Holders of casino, Route Operator, Site Operator, bingo, bookmakers, racecourse, totalisator operator, totalisator branch, totalisator agency, manufacturing, maintenance and supplier licences, may acquire a financial interest in an Independent Site Operator Licensee. The Board will, however, monitor such interest in terms of the Act.

7.4. Guarantees

The Board may require an Independent Site Operator Licensee to provide a guarantee for its liability in relation to gambling levies and debts flowing from its operations, as determined by the Board from time to time.

7.5. Typical Sites

The operation of LPMs by Independent Site Operators must be incidental to the primary business conducted at the business premises of the site, unless the Board considers the development of a new business appropriate to waive this requirement. For the purposes of this RFA the primary business must not be a gambling business.

An Independent Site Operator applicant must indicate the minimum amount that will be invested in infrastructure development and thereafter, the minimum annual amounts that will be spent to maintain at least 4 (four) types of sustainable entertainment or recreational facilities (excluding gambling and liquor dispensing), for the benefit of the community in which it operates. Full details of the aforementioned facilities and the operation thereof should be included in the licence bids of independent Site Operators.

An applicant for an Independent Site Operator Licence must motivate the following:

- (a) why the Board should regard its business, entertainment, leisure and recreational facilities, as appropriate for licensing; and
- (b) why the Board should support the operation of more than 5 (five) LPMs for this particular site.

7.6. Licence Bid

Applicants for Independent Site Operator licences should submit applications for consideration by the Board in accordance with this RFA.

8. APPLICATION AND LICENSING PROCESS

8.1. PROCESS

The licensing of Independent Site Operators will be dealt with through a process consisting of the following steps:

- (a) Issuing of RFA (Date of publication of notice 19 July 2014).
- (b) **A Non-compulsory Briefing Session will be held on 2 July 2014 at 13h00 pm in the Auditorium, First Floor North Tower, Natalia Building, 330 Langalibalele Street, Pietermaritzburg.**
- (c) Clarification of RFA (open for a period of 30 days from date of publication of notice).
- (d) **Submission of applications to the Board shall close on 1 August 2014**
- (e) Public inspection and objection period.
- (f) Evaluation of licence bids.
- (g) Selection of Preferred Finalists.
- (h) Probity investigations on Preferred Finalists.
- (i) Enquiries, Hearings and/or Public Hearings.
- (j) Decision by the Board to refuse or grant an application.
- (k) Site verification and testing.
- (l) Monitoring of construction projects.
- (m) Site verification and testing.
- (n) Issuing of a permanent licence.

8.2. CLARIFICATION OF RFA

A Non-compulsory Briefing Session will be held on 2 July 2014 at 13h00 pm in the Auditorium, First Floor North Tower, Natalia Building, 330 Langalibalele Street, Pietermaritzburg.

Applicants may seek clarification of the requirements of this RFA, during office hours (08h00 to 16h30). All requests for clarification must be in writing, and may be sent by facsimile or email. If requests for clarification are raised which, in the opinion of the Board, are relevant to all other

applicants, the Board will provide written clarification to all applicants. Requests for clarification should be directed to:

The Chief Executive Officer
KwaZulu-Natal Gaming and Betting Board
Natalia Building
330 Langalibalele Street,
Pietermaritzburg

The Chief Executive Officer
KwaZulu-Natal Gaming and Betting Board
Private Bag X9102
Pietermaritzburg
3200

Facsimile: 033 – 342 1971
Email : Pam.MacDonald@kzngbb.org.za

8.3. NOTICE OF INTENT TO APPLY

Applicants should note that a notice of intent to apply for a Site or Independent Site Operator Licence must be published in the Provincial Gazette and in a newspaper circulating in the Province in the area/region in which gambling is to take place and in which the said premises are or will be situated within 7 days prior to the lodging of the application.

8.4. LODGING OF APPLICATIONS

Submission of applications to the Board shall close on 1 August 2014. Applications received after this date will not be considered.

Applicants must submit the following –

- 8.4.1. One (1) original bound copy and one (1) loose leaf copy of the entire application and attachments;
- 8.4.2. Two (2) bound copies excluding confidential information (for public inspection).
- 8.4.3. Three bound copies of the entire application and attachments.

An applicant may in the application concerned identify any document or information included in the application which in the opinion of the applicant is confidential or should for any reason not be disclosed to the public and show cause why the Board should determine that such document or information should not be open to public inspection.

The application must be in English, prepared in black and white, standard A4 format, and be lodged with:

The Chief Executive Officer
KwaZulu-Natal Gaming and Betting Board
Natalia Building
330 Langalibalele Street,
Pietermaritzburg

The Chief Executive Officer
KwaZulu-Natal Gaming and Betting Board
Private Bag X9102
Pietermaritzburg
3200

8.5. APPLICATION FEES

8.5.1. Independent Site Operators (Type B)

All application fees as contained in the table below are non-refundable and are payable to the Board.

Type of application	Fee
(a) Application for an independent site operator licence.	R2 500 per application
(b) Application for amendment, substitution or rescission of condition of independent site operator licence, including an application to amend a licence for purposes of changing any LPM, game and associated equipment specified therein.	R2 500 per application, plus R1000 for every LPM added to the licence
(c) Application for registration as a special employee.	R1 000 per employee per application
(d) Application for amendment, substitution or rescission of condition attached to a special employee registration.	R500 per application
(e) Application for a certificate of suitability.	R2 500 per application
(f) Application for consent to procure or hold an interest in an independent site operator licensee.	R2 500 per application

All licence fees and renewal fees as contained in the table below are payable to the Board.

Type of Licence	Type "B" Site
(a) Site Operator Licence	R500 per LPM specified in the licence, subject to a minimum of R5 000
(b) Annual Site Operator Licence renewal	R200 per LPM, subject to a minimum of R2 000.

8.5.2. Key and other employees

In addition to the above-mentioned application fees, each application for a certificate of approval for key employee or other employee must be accompanied by the prescribed non-refundable application fee, in the amount of R1 000.00 or R250.00 respectively. Multiple registrations of employees involved in more than one Licensee will be subject to the same application fees.

8.6. INVESTIGATION FEES

8.6.1. General Principle

In terms of section 73 of the Act any person who submits an application to the Board for a licence, for the amendment, substitution or rescission of a condition attached to a licence, for the transfer of a licence or for the removal of his or her business from the premises specified in the licence to other premises, must pay to the Board –

- (a) the application fee prescribed in Schedule 2; and

- (b) all direct expenses incurred by the Board in respect of any investigations undertaken by it in terms of sections 35 and 37: Provided that the Board may require an applicant to lodge with it such security, as it may determine, before conducting any investigation contemplated in the said sections.

Should it be deemed necessary, the Board may require an investigation fee, before proceeding with the investigation of an applicant. In such cases the applicant may request the Board to provide a budget/breakdown of the anticipated additional costs to be incurred.

After the conclusion of the investigation, usually at the time that the Board takes final action on the application, an invoice will be issued for the actual investigation expenses incurred. This invoice is set-off against the above mentioned investigation deposit and any shortfall must immediately be paid by the applicant. Any portion of an investigation deposit or deposits, in excess of the investigation expenses incurred, will be refunded to the applicant.

8.6.2. Predetermined investigation fees

In an attempt to deal with the Site Operator licensing process in the most cost and time efficient manner, the Board may set a predetermined investigation fee, from time to time. In such cases, only one invoice equal to the predetermined amount will be issued for purposes of both the investigation deposit and deemed actual expenses. However, the Board may still revert to the above mentioned general principle, in cases where it is deemed appropriate.

8.6.3. Monitoring Expenses

In cases where an Independent Site or Site needs to be constructed, the Board may monitor such construction in order to ensure compliance to the licence bid of an applicant, at the cost of such an applicant.

8.7. INFORMATION REQUIRED BY THE BOARD

8.7.1. General

Applications must be submitted on application forms, including Business Entity Disclosure and Personal History Disclosure forms that may be downloaded from the KwaZulu-Natal Gaming and Betting Board website at: www.kznngbb.org.za. Also note that the Board subscribes to the principle of standard international application forms and would therefore accept applications in the said format, provided that all the relevant required information in terms of the above mentioned forms, is included in the said application. The Board will request further additional information from applicants, if and where required.

In providing the information, required by the Board in the above mentioned forms, applicants should note the following:

- (a) the Board assumes that applicants are in possession of copies of the National Act and Regulations, the Act, Regulations and Rules and, that they have familiarised themselves with each of the relevant provisions contained therein;

- (b) failure to provide all the information required by the Board, could result in a delay in the processing of an application;
- (c) the Board may deny a licence, if any of the information contained in an application for a licence was false in any material respect, or was subject to omission with the intention to mislead the Board; and
- (d) the Board may also suspend and/or revoke a licence subsequent to the issuing thereof, should it at a later stage be found that any of the information contained in an application for a licence was false in any material respect, or was subject to omission with the intention to mislead the Board.

8.7.2. Independent Site Operator Licence (Type B)

In addition to the above general requirements, an application for a Site Operator Licence (Type B) must contain the following:

8.7.2.1. Detailed Application

- (a) Business Entity Disclosure Form.
- (b) Licence Bid.
- (c) Personal History Disclosure Forms.

8.7.2.2. Application for Public Inspection

- (a) Summary of the application that must enable a member of the public to identify the applicant, location of the licenced premises and designated area; as well as the impact of the application.
- (b) Business Entity Disclosure Form, except for those sections that the applicant deems to be of a confidential nature.
- (c) Copies of prescribed notices.
- (d) Licence Bid, except for those sections that the applicant deems to be of a confidential nature.

8.8. CRITERIA APPLICABLE TO THE EVALUATION OF APPLICATIONS

The following criteria will be applicable during the evaluations of applications upon which the Board shall base its deliberations and selection, as required in terms of the Act:

8.8.1. Suitability criteria

- (e) Applicant registration details in respect of legal form, address and owner(s);
- (f) Associates in respect of funding, business and ownership of premises;

- (g) Business conduct in respect of type, experience, lawfulness, tax record, credit record and financial status;
- (h) Site selection, description and other details (including site location and layout);
- (i) Public objection matters;
- (j) Corporate Governance matters;
- (k) Personal background;
- (l) Employment background;
- (m) Financial background;
- (n) Criminal background; and
- (o) k) Any other matter related to the suitability of an applicant.

8.8.2. Licence Bid

All matters included in this RFA, including B-BBEE and development considerations, as well as motivations for more than 5 (five) LPMs and any other matter which relates to the legislative or policy requirements, regarding LPMs.

8.9. PUBLIC HEARINGS

Before deciding whether or not to grant any licence, the Board may hold a closed or public hearing, in the manner determined by the Board. Applicants may be required to present an application, explain and provide answers to questions raised by the Board or in objections by the public during the said hearings.

8.10. ISSUING OF LICENCE

8.10.1. General

No licence certificate will be issued to an applicant until such time as all fees are paid to the Board.

8.10.2. Licence Fees

(a) Independent Site Operators (Type B)

Should the Board decide to grant an Independent Site Operator Licence (Type B) to an applicant, a licence fee of R12,500.00 plus R250.00 per LPM authorised in terms of the licence, will be payable by the applicant, for every year or part of a year ending on 31 March.

8.11. VALUE ADDED TAX (VAT)

The Board is not a registered VAT vendor and all fees referred to in this RFA are exclusive of Value-Added Tax (VAT).

9. GENERAL TERMS AND CONDITIONS

9.1. GENERAL DISCLAIMER

This RFA supplies information on a wide range of matters, many of which depend on interpretation of law in its widest sense. The information given is not an exhaustive account of the statutory and licensing requirements and shall not be regarded as a complete or authoritative statement of relevant law. Each applicant shall consult their own legal, tax, financial and other advisors on all relevant matters.

The Board, its employees and its agents accept no responsibility for the accuracy or otherwise of the information contained in this document, nor for any omission or opinion of law expressed herein, nor liability for any loss or damage whether resulting from negligence or otherwise, howsoever caused arising from the reliance of any person upon the statements or information contained in it.

It is the duty of the applicants to establish, at their own expense, the legal and other requirements and implications of the National Act, National Regulations, the Act, the Regulations and this draft RFA.

The Board reserves the right to request new or additional information regarding the applicant or other persons associated with their proposal or application.

9.2. RIGHT TO CANCEL THIS RFA

The Board reserves the right to cancel or amend this RFA or restructure or cancel the process.

9.3. REJECTION

The Board reserves the right to reject any or all proposals at its sole and absolute discretion and to waive any immaterial defect or lack of compliance with any formality in any proposal, application or process.

9.4. COST AND EXPENSES

The Board or its agents will not be responsible for any costs or expenses incurred in the preparation of an application for a licence, whether or not an application is submitted or a licence issued.

9.5. POSSIBILITY OF CHANGES IN LEGISLATION

Each applicant shall be aware that the law, legislation, taxation, regulations and directives pertaining to gambling may change from time to time. The Board, its employees or agents do not take any responsibility for such changes.

9.6. NO GUARANTEE

The Board does not guarantee that any applicant shall be granted a licence and this RFA shall not constitute an offer of any kind whatsoever to the applicants.

9.7. RECTIFICATION

It shall be the duty of each applicant to advise the Board forthwith in writing of any information contained in its proposal which the applicant subsequently establishes to be incorrect and to rectify such information. The Board reserves the right to deal with such rectified information, as it may deem fit.

9.8. REFUSAL, SUSPENSION OR REVOCATION OF LICENCE

The Board may in terms of the law, refuse, suspend or revoke a licence if any information contained in a proposal is found to be false in any material respect or subject to any material omission, with the intention to mislead the Board, at the time the information was provided.

9.9. DISSEMINATION OF INFORMATION AND RETENTION OF MATERIAL

The Board reserves the right to publicly disseminate any information of a non-confidential nature contained in any application or proposal. Any and all eligible applications including all related material shall become the property of the Board and shall not be returned.

9.10. NO BINDING AGREEMENT

This RFA and the proposal or application from the successful applicant(s) shall not constitute a binding agreement and the selection of a successful applicant does not mean that such applicant's proposal or application is necessarily totally acceptable in the form submitted. The Board reserves the right to decline to issue a licence to the successful applicant(s) should such applicant fail, neglect or refuse to conform with any further or alternate requirements or conditions stipulated by the Board, or should any of the information contained in the proposal or application of the successful applicant be invalid, or incorrect. In such event the Board may, at its sole discretion, either select another applicant from the remaining applicants for the licence or re-advertise for applications.

NOTICE – CHANGE OF TELEPHONE NUMBERS: GOVERNMENT PRINTING WORKS

As the mandated government security printer, providing world class security products and services, Government Printing Works has adopted some of the highly innovative technologies to best serve its customers and stakeholders. In line with this task, Government Printing Works has implemented a new telephony system to ensure most effective communication and accessibility. As a result of this development, our telephone numbers will change with effect from 3 February 2014, starting with the Pretoria offices.

The new numbers are as follows:

- Switchboard : 012 748 6001/6002
- Advertising : 012 748 6205/6206/6207/6208/6209/6210/6211/6212
- Publications Enquiries : 012 748 6052/6053/6058 GeneralEnquiries@gpw.gov.za
 - Maps : 012 748 6061/6065 BookShop@gpw.gov.za
 - Debtors : 012 748 6060/6056/6064 PublicationsDebtors@gpw.gov.za
 - Subscription : 012 748 6054/6055/6057 Subscriptions@gpw.gov.za
- SCM : 012 748 6380/6373/6218
- Debtors : 012 748 6236/6242
- Creditors : 012 748 6246/6274

Please consult our website at www.gpwonline.co.za for more contact details.

The numbers for our provincial offices in Polokwane, East London and Mmabatho will not change at this stage.