



Limited Payout Machine Licensing Manual

Issued by the National Gambling Board of South Africa
January 2001

Table of contents

1.	INTRODUCTION	1
2.	GENERAL PROVISIONS RELATING TO THE LICENSING OF LIMITED PAYOUT MACHINE OPERATIONS	1
3.	LICENSING PROCESS FOR ROUTE OPERATORS.....	2
	3.1 General.....	2
	3.1.1 Publication of a notice inviting applications for licence [Reg 17]	2
	3.1.2 Issuing of request for application [Reg 18]	2
	3.1.3 Clarification phase of application documentation [Reg 19]	2
	3.1.4 Advertisement of an application [Reg 20].....	3
	3.1.5 Public inspection and objection [Reg 21].....	3
	3.1.6 Confidentiality [Reg 22]	4
	3.1.7 Investigation and evaluation [Reg 23]	4
	3.1.8 Public hearing [Reg 24 and Reg 25]	5
	3.1.9 Deliberation and selection [Reg 26]	5
	3.1.10 Issuing of licence [Reg 27].....	5
	3.2 Contents of application and pro forma documentation	5
	3.2.1 Contents of the application for a route operator licence [Reg 36].....	5
	3.2.2 <i>Pro forma</i> documentation	7
	3.3 Evaluation criteria for licensing route operators [Reg 37].....	7
4.	LICENSING PROCESS FOR SITE OPERATORS	9
	4.1 General.....	9
	4.1.1 Publication of a notice inviting applications for a licence [Reg 17]	9
	4.1.2 Issuing of request for application [Reg 18]	9
	4.1.3 Clarification phase of application documentation [Reg 19]	9
	4.1.4 Advertisement of application [Reg 20].....	10
	4.1.5 Public inspection and objection [Reg 21].....	10
	4.1.6 Confidentiality [Reg 22]	11
	4.1.7 Investigation and evaluation [Reg 23]	11
	4.1.8 Public hearing [Reg 24 and Reg 25]	12
	4.1.9 Deliberation and selection [Reg 26]	12
	4.1.10 Issuing of licence [Reg 27].....	12
	4.2 Contents of application and pro forma documentation	12
	4.2.1 Contents of the application for a site operator licence [Reg 45]	12
	4.2.3 <i>Pro forma</i> documentation	13
	4.3 Evaluation criteria for licensing site operators [Reg 46]	13
5.	LICENSING PROCESS FOR INDEPENDENT SITE OPERATORS	15
	5.1 General.....	15
	5.1.1 Publication of a notice inviting applications for licence [Reg 17]	15

5.1.2	Issuing of request for application [Reg 18]	15
5.1.3	Clarification phase of application documentation [Reg 19]	15
5.1.4	Advertisement of an application [Reg 20].....	16
5.1.5	Public inspection and objection [Reg 21].....	16
5.1.6	Confidentiality [Reg 22]	17
5.1.7	Investigation and evaluation [Reg 23]	17
5.1.8	Public hearing [Reg 24 and Reg 25]	18
5.1.9	Deliberation and selection [Reg 26]	18
5.1.10	Issuing of licence [Reg 27].....	18
5.2	Contents of application and pro forma documentation	18
5.2.1	Contents of the application for an independent site operator licence [Reg 59]	18
5.2.2	<i>Pro forma</i> documentation	20
5.3	Evaluation criteria for licensing independent site operators [Reg 60] ...	20
APPENDIX A: <i>PRO FORMA</i> FORMS – A1 TO A10.....		22
APPENDIX B: <i>PRO FORMA</i> FORMS – B1 TO B6.....		23
APPENDIX C: <i>PRO FORMA</i> FORMS – C1 TO C6.....		24
APPENDIX D: COPY OF THE <i>REGULATIONS ON LIMITED PAYOUT MACHINES</i>.....		25

DEFINITIONS

In this licensing manual, including the appendices thereto, unless the content indicates otherwise, words and terms used have the meaning as defined in the National Gambling Act No. 33 of 1996 and the regulations thereunder.

1. Introduction

This manual is designed to serve as a practical guide and framework to assist provincial licensing authorities in the licensing process relating to the introduction of limited payout machines. As such the aim of this manual is to assist in achieving a certain level of uniformity and standardisation in the licensing processes, procedures and documentation between all provincial licensing authorities in the Republic.

For ease of use the general provisions applying to all categories of operators have been incorporated in the sections dealing with each category of operator.

Attached to the manual are copies of specimen documentation that could be customised to the requirements of an individual provincial licensing authority. However, co-operation between provincial licensing authorities in achieving national uniformity in all areas of commonly shared documentation, processes, procedures and methodologies is highly desirable and a worthwhile goal to strive for.

Attention is also drawn to the guideline issued by the Board, titled Practice Guideline for Provincial Licensing Authorities. This guideline deals with regulatory operational issues such as licensing, audit, investigation, inspection and gaming control – not only in respect of limited payout machines, but also covering other areas of operation.

2. General provisions relating to the licensing of limited payout machine operations

The provisions relating to the licensing of limited payout machine operations are contained in the National Gambling Act No. 33 of 1996 (the Act) and the regulations (the Regulations) thereunder.

A copy of the *Regulations on limited payout machines* promulgated on 21 December 2000 (Government Gazette No 21945) is attached as *Appendix D*

For ease of reference regulations relating to the licensing process are referenced to the relevant paragraphs in this manual in the format [Reg 99].

3. Licensing process for route operators

3.1 General

- (1) The process to be followed by provincial licensing authorities in processing route operator licences must provide for the following as provided for in regulations 17 - 27
 - (a) Publication of a notice calling for applications for licence [Reg 17]
 - (b) Issue of request for application [Reg 18]
 - (c) Clarification phase of application documentation [Reg 19]
 - (d) Advertisement of an application [Reg 20]
 - (e) Public inspection and objection [Reg 21]
 - (f) Confidentiality [Reg 22]
 - (g) Investigation and evaluation [Reg 23]
 - (h) Public hearings [Reg 24 & 25]
 - (i) Deliberation and selection [Reg 26]
 - (j) Issuing of licence [Reg 27]

3.1.1 Publication of a notice inviting applications for licence [Reg 17]

When it intends to invite applications, a provincial licensing authority shall publish a notice in the provincial gazette and two newspapers circulating in the relevant province informing the public of the availability of the official request for application document in that province.

3.1.2 Issuing of request for application [Reg 18]

A request for application for a licence must be available for purchase at the offices of the provincial licensing authority for a period determined in terms of provincial legislation or specified by the provincial licensing authority at a cost determined in terms of the relevant provincial legislation or by the provincial licensing authority, as the case may be.

3.1.3 Clarification phase of application documentation [Reg 19]

- (1) Persons who obtain a request for application must be given an opportunity to obtain clarification on the request for application during the period after the request for application is published up until the closing date for applications.

- (2) All requests for clarification contemplated in sub-regulation (1) must be in writing.
- (3) Where a request for clarification deals with an issue which, in the opinion of the provincial licensing authority, is relevant to other persons who have acquired a request for application, the provincial licensing authority must make available the details of the request and the answer thereto to all persons who do purchase or have purchased or otherwise obtained a request for application.
- (4) A provincial licensing authority may at any time request further information or clarification from the applicant.

3.1.4 Advertisement of an application [Reg 20]

- (1) An advertisement advising the public that an application is or will be available for public viewing must be placed by the relevant provincial licensing authority or applicant, as determined in terms of the relevant provincial legislation.
- (2) The advertisement contemplated in subregulation (1) must be placed in the provincial gazette and one or more newspapers circulating in the area to which the application relates.
- (3) The advertisement contemplated in subregulation (1) must state that the application is or will be available for public inspection at the offices of the provincial licensing authority and, if applicable, in terms of provincial legislation, such other place as the provincial licensing authority may determine and must invite interested parties to make written representation to the provincial licensing authority within the time determined in terms of provincial legislation or determined by the provincial licensing authority and stipulated in such advertisement.

3.1.5 Public inspection and objection [Reg 21]

- (1) All applications for licenses contemplated in regulation 9, excluding documents and information which the provincial licensing authority has determined to be confidential, must lie open for public inspection for a period determined in terms of provincial legislation.
- (2) The public must be given an opportunity to inspect and comment on or object to any application.

3.1.6 Confidentiality [Reg 22]

- (1) An applicant may identify any document or information in the application which, in the opinion of the applicant, is confidential and should not be disclosed to the public and show cause why the provincial licensing authority may determine that such document or information should not be open for public inspection.
- (2) A provincial licensing authority may determine that any document or information contained in an application and identified as such by the applicant in terms of sub-regulation (1) is confidential and should not be open to public inspection where such information relates to –
 - (a) the names of the prospective employees;
 - (b) the personal history and financial capacity of the persons participating in the application, including the applicant itself;
 - (c) the business plans of the applicant; or
 - (d) the financial projections of the applicant.
- (3) Any person commenting or objecting to an application may show cause why the provincial licensing authority may determine that his identity should not be revealed and the provincial licensing authority may determine that the identity of such person should not be divulged to any other person.

3.1.7 Investigation and evaluation [Reg 23]

Before deciding whether or not to grant a licence, the provincial licensing authority considering the application must:

- (a) conduct an assessment of the application against the specific evaluation criteria laid down in regulations 37, 46 or 59;
- (b) conduct a thorough probity investigation of –
 - (i) the applicant;
 - (ii) persons who own five percent or more of the applicant; and
 - (iii) other persons contemplated in regulation 15 identified in the application;
- (c) in respect of applications for route and independent site operators, conduct a financial viability investigation to determine the suitability of the applicant.

3.1.8 Public hearing [Reg 24 and Reg 25]

[REG 24]

- (1) Before deciding whether or not to grant a licence a provincial licensing authority must hold a public hearing.
- (2) A provincial licensing authority must advertise the date and times of a public hearing in the provincial gazette and a newspaper circulating in the province.

[Reg 25]

The public hearings and all deliberations by the provincial licensing authority relating to applications must be recorded on audio tape and such recordings must be kept for at least two years or such longer periods as may be required in terms of relevant legislation.

3.1.9 Deliberation and selection [Reg 26]

The deliberation and selection must be based on the criteria set in the request for application and must comply with the provisions of applicable national and provincial gambling legislation.

3.1.10 Issuing of licence [Reg 27]

- (1) (1) The issuing of the licence must be in terms of the conditions laid down by the provincial licensing authority.
- (2) The licence must specify in detail the conditions relevant to the licensee.

3.2 Contents of application and pro forma documentation

3.2.1 Contents of the application for a route operator licence [Reg 36]

The information requested by a provincial licensing authority for an application for a route operator licence must contain at least the following:

- (a) The name, address and other relevant details of the applicant
- (b) A company registration certificate or number
- (c) The corporate structure of the applicant, including holding companies, effective owners, shareholders, affiliates, subsidiaries, members, trustees, partners, joint ventures, related parties and any other entity or individual who has an interest in the applicant

- (d) An organisational chart of the enterprise of the applicant, which includes position descriptions and the names of persons holding such positions
- (e) Personal declaration forms or business declaration forms of all persons owning directly or indirectly more than five percent of equity of the applicant and all key employees
- (f) The criminal history, if any, of the applicant, the enterprise of the applicant, its owners, directors and officers
- (g) Detailed financial statements including full description of significant assets and liabilities, where applicable
- (h) Tax details, including proof of registration or application for VAT, PAYE, Regional Services Council levies and income tax, including a valid tax clearance certificate, where applicable, if already registered
- (i) Details of gambling related licences held anywhere in the world and of pending and unsuccessful applications
- (j) Details of the solvency history of the applicant
- (k) A detailed business plan
- (l) Detailed financial projections in line with the attached *proforma* documentation
- (m) A schedule of proposed sites and a description of the primary business of each site
- (n) Details of economic empowerment and community benefit plans
- (o) Release authorisations to conduct background investigations
- (p) Confirmation of payment of any fees required in terms of the relevant provincial legislation, where payment is not made by cheque simultaneously with the application

3.2.2 *Pro forma* documentation

The following *pro forma* documentation for adaptation by the provincial licensing authority is included as appendixes:

Cover form	(Form A1)
Instructions for completion of application documents	(Form A2)
Application for route operator licence	(Form A3)
Company declaration forms	(Form A4)
Personal declaration forms	(Form A5)
Specimen RFA notice	(Form A6)
Specimen application notice	(Form A7)
Schedule of proposed sites	(Form A8)
<i>Pro forma</i> financial projections	(Form A9)
Criteria to be used in evaluating the application	(Form A10)

3.3 *Evaluation criteria for licensing route operators [Reg 37]*

- (1) The provincial licensing authority must undertake a proper evaluation and adjudicating process based on the evaluation and selection criteria contained in the request for application.
- (2) This process contemplated in subregulation (1) must be transparent and fully documented.
- (3) At least the following criteria must be considered during the evaluation of applications for route operator licences:
 - (a) Qualification to hold a licence in terms of national and provincial acts, regulations, rules and standards
 - (b) Suitability of applicant and persons contemplated in regulation 15, by considering, inter alia -
 - i. Good character and integrity
 - ii. Compliance with the law
 - iii. Criminal history and prior convictions
 - iv. Solvency history
 - v. Associations with unsuitable persons
 - vi. Licensing history
 - vii. Taxation history
 - (c) Business plan, comprising inter alia -

- i. Viability and financing of the project
 - ii. Financial resources or access thereto
 - iii. Experience and expertise in gambling
 - iv. Management competence
 - v. Suitability of the source of funding
 - vi. Acceptability of key assumptions used in financial projections
 - vii. Promotion of national objectives regarding responsible gambling
 - viii. Revenue benefits from taxes and levies
- (d) Economic empowerment and community benefits, by considering inter alia -
- i. Affirmative action and employment equity
 - ii. Level of local participation
 - iii. Promotion of small, medium and micro enterprises
 - iv. Job creation
 - v. Community benefits to be derived from the operation
 - vi. The extent to which the South African demographic profile is represented in the ownership, control and management structure of the operator, sub-contractors, suppliers, service providers and limited payout machine sites to be operated.
- (e) Geographical spread of sites
- (f) The extent to which the applicant is able to demonstrate the achievement of Black Economic Empowerment through the operation of the route and the selection of the sites, by considering inter alia -
- i. The extent to which historically disadvantaged individuals are represented in the management structure of the business
 - ii. The extent to which historically disadvantaged individuals hold equity in the business
 - iii. The extent to which services, suppliers etc. will be provided by firms owned and operated by historically disadvantaged individuals
 - iv. Plans to educate and transfer skills to historically disadvantaged individuals.

4. Licensing process for site operators

4.1 General

- (1) The process to be followed by provincial licensing authorities in processing route operator licences must provide for the following as provided for in regulations 17 - 27
 - (a) Publication of a notice calling for applications for licence [Reg 17]
 - (b) Issue of request for application [Reg 18]
 - (c) Clarification phase of application documentation [Reg 19]
 - (d) Advertisement of an application [Reg 20]
 - (e) Public inspection and objection [Reg 21]
 - (f) Confidentiality [Reg 22]
 - (g) Investigation and evaluation [Reg 23]
 - (h) Public hearings [Reg 24 & 25]
 - (i) Deliberation and selection [Reg 26]
 - (j) Issuing of licence [Reg 27]

4.1.1 Publication of a notice inviting applications for a licence [Reg 17]

When it intends to invite applications, a provincial licensing authority shall publish a notice in the provincial gazette and two newspapers circulating in the relevant province informing the public of the availability of the official request for application document in that province.

4.1.2 Issuing of request for application [Reg 18]

A request for application for a licence must be available for purchase at the offices of the provincial licensing authority for a period determined in terms of provincial legislation or specified by the provincial licensing authority at a cost determined in terms of the relevant provincial legislation or by the provincial licensing authority, as the case may be.

4.1.3 Clarification phase of application documentation [Reg 19]

- (1) Persons who obtain a request for application must be given an opportunity to obtain clarification on the request for application during the period after the request for application is published up until the closing date for applications.

- (2) All requests for clarification contemplated in sub-regulation (1) must be in writing.
- (3) Where a request for clarification deals with an issue which, in the opinion of the provincial licensing authority, is relevant to other persons who have acquired a request for application, the provincial licensing authority must make available the details of the request and the answer thereto to all persons who do purchase or have purchased or otherwise obtained a request for application.
- (4) A provincial licensing authority may at any time request further information or clarification from the applicant.

4.1.4 Advertisement of application [Reg 20]

- (1) An advertisement advising the public that an application is or will be available for public viewing must be placed by the relevant provincial licensing authority or applicant, as determined in terms of the relevant provincial legislation.
- (2) The advertisement contemplated in subregulation (1) must be placed in the provincial gazette and one or more newspapers circulating in the area to which the application relates.
- (3) The advertisement contemplated in subregulation (1) must state that the application is or will be available for public inspection at the offices of the provincial licensing authority and, if applicable, in terms of provincial legislation, such other place as the provincial licensing authority may determine and must invite interested parties to make written representation to the provincial licensing authority within the time determined in terms of provincial legislation or determined by the provincial licensing authority and stipulated in such advertisement.

4.1.5 Public inspection and objection [Reg 21]

- (1) All applications for licenses contemplated in regulation 9, excluding documents and information which the provincial licensing authority has determined to be confidential, must lie open for public inspection for a period determined in terms of provincial legislation.
- (2) The public must be given an opportunity to inspect and comment on or object to any application.

4.1.6 Confidentiality [Reg 22]

- (1) An applicant may identify any document or information in the application which, in the opinion of the applicant, is confidential and should not be disclosed to the public and show cause why the provincial licensing authority may determine that such document or information should not be open for public inspection.
- (2) A provincial licensing authority may determine that any document or information contained in an application and identified as such by the applicant in terms of subregulation (1) is confidential and should not be open to public inspection where such information relates to –
 - (a) the names of the prospective employees;
 - (b) the personal history and financial capacity of the persons participating in the application, including the applicant itself, himself or herself;
 - (e) the business plans of the applicant; or
 - (f) the financial projections of the applicant.
- (3) Any person commenting or objecting to an application may show good cause why the provincial licensing authority may determine that his identity should not be revealed and the provincial licensing authority may determine that the identity of such person should not be divulged to any other person.

4.1.7 Investigation and evaluation [Reg 23]

Before deciding whether or not to grant a licence, the provincial licensing authority considering the application must:

- (a) conduct an assessment of the application against the specific evaluation criteria laid down in regulation 37, 46 or 59;
- (b) conduct a thorough probity investigation of –
 - (j) the applicant;
 - (ii) persons who own five percent or more of the applicant; and
 - (i) other persons contemplated in regulation 15 identified in the application;and
- (c) in respect of applications for route and independent site operators, conduct a financial viability investigation to determine the suitability of the applicant.

4.1.8 Public hearing [Reg 24 and Reg 25]

[REG 24]

- (1) Before deciding whether or not to grant a licence a provincial licensing authority must hold a public hearing.
- (2) A provincial licensing authority must advertise the date and times of a public hearing in the provincial gazette and a newspaper circulating in the province.

[REG 25]

The public hearings and all deliberations by the provincial licensing authority relating to applications must be recorded on audio tape and such recordings must be kept for two years or such longer periods as may be required in terms of relevant legislation.

4.1.9 Deliberation and selection [Reg 26]

The deliberation and selection must be based on the evaluation criteria set in the request for application and must comply with the provisions of applicable national and provincial gambling legislation.

4.1.10 Issuing of licence [Reg 27]

- (1) The issuing of the licence must be in terms of the conditions laid down by the provincial licensing authority.
- (2) The licence must specify in detail the conditions relevant to the licensee.

4.2 Contents of application and pro forma documentation

4.2.1 Contents of the application for a site operator licence [Reg 45]

The information requested by a provincial licensing authority must contain at least the following:

- (a) The name, address and identity number, if applicable, of the applicant;
- (b) a description of the form of the enterprise;
- (c) a registration certificate or number, if applicable;
- (d) a detailed description of the primary business conducted at the premises;
- (e) details of ownership of the business conducted at the premises;

- (f) tax details, including proof of registration or application for VAT, PAYE, Regional Services Council levies and income tax, including a valid tax clearance certificate if already registered, where applicable;
- (g) details of ownership of the premises, and or agreements whereby the applicant is entitled to possession of the premises subject to the application;
- (h) diagram, photographs and description of the site layout
- (i) site location plan;
- (j) confirmation of payment of any fees required in terms of the relevant provincial legislation, where payment is not made by cheque simultaneously with the application;
- (k) release authorisations to conduct background investigations;
- (l) a copy of the licence for the principal business conducted at the site;
- (m) personal declaration forms of the applicant, the enterprise of the applicant, its owners, directors and officers, if applicable; and
- (n) additional information as specified in regulation 41(2).

4.2.3 Pro forma documentation

Certain *pro forma* documentation for adaptation by the provincial licensing authority is included as appendixes:

Cover form	(Form B1)
Instructions for completion of application documents	(Form B2)
Application for site operator licence	(Form B3)
Company declaration forms (if applicable)	(Form A4)
Personal declaration forms	(Form A5)
Specimen RFA notice	(Form B4)
Specimen application notice	(Form B5)
Criteria to be used in evaluating the application	(Form B6)

4.3 Evaluation criteria for licensing site operators [Reg 46]

- (1) The provincial licensing authority must undertake a proper evaluation and adjudicating process based on the criteria contained in the request for application.
- (2) The process contemplated in subregulation (1) must be transparent and fully documented.

- (3) At least the following criteria must be considered during the evaluation of applications for site operator licences:
- (a) Qualification to hold a licence in terms of national and provincial acts, regulations, rules and standards;
 - (b) suitability of applicant and key persons, by considering –
 - (i) good character and integrity;
 - (ii) compliance with the law;
 - (ii) criminal history and prior convictions;
 - (iii) solvency history;
 - (iv) associations with unsuitable persons;
 - (v) licensing history;
 - (vi) taxation history;
 - (c) suitability of premises with regard to the proposed layout and the location of the site and other factors deemed relevant by the provincial licensing authority; and
 - (d) the extent to which the applicant is able to demonstrate the achievement of Black economic empowerment through ownership and operation of the business.

5. Licensing process for independent site operators

5.1 General

- (1) The process to be followed by provincial licensing authorities in processing route operator licences must provide for the following as provided for in regulations 17 - 27
 - (a) Publication of a notice calling for applications for licence [Reg 17]
 - (b) Issue of the Request for Application [Reg 18]
 - (c) Clarification phase of application documentation [Reg 19]
 - (d) Advertisement of an application [Reg 20]
 - (e) Public inspection and objection [Reg 21]
 - (f) Confidentiality [Reg 22]
 - (g) Investigation and evaluation [Reg 23]
 - (h) Public hearings [Reg 24 & 25]
 - (i) Deliberation and selection [Reg 26]
 - (j) Issuing of licence [Reg 27]

5.1.1 Publication of a notice inviting applications for licence [Reg 17]

When it intends to invite applications, a provincial licensing authority shall publish a notice in the provincial gazette and two newspapers circulating in the relevant province informing the public of the availability of the official request for application document in that province.

5.1.2 Issuing of request for application [Reg 18]

A request for application for a licence must be available for purchase at the offices of the provincial licensing authority for a period determined in terms of provincial legislation or specified by the provincial licensing authority at a cost determined in terms of the relevant provincial legislation or by the provincial licensing authority, as the case may be.

5.1.3 Clarification phase of application documentation [Reg 19]

- (1) Persons who obtain a request for application must be given an opportunity to obtain clarification on the request for application during the period after the request for application is published up until the closing date for applications.

- (2) All requests for clarification contemplated in subregulation (1) must be in writing.
- (3) Where a request for clarification deals with an issue which, in the opinion of the provincial licensing authority, is relevant to other persons who have acquired a request for application, the provincial licensing authority must make available the details of the request and the answer thereto to all persons who do purchase or have purchased or otherwise obtained a request for application.
- (4) A provincial licensing authority may at any time request further information or clarification from the applicant.

5.1.4 Advertisement of an application [Reg 20]

- (1) An advertisement advising the public that an application is or will be available for public viewing must be placed by the relevant provincial licensing authority or applicant, as determined in terms of the relevant provincial legislation.
- (2) The advertisement contemplated in sub-regulation (1) must be placed in the provincial gazette and one or more newspapers circulating in the area to which the application relates.
- (3) The advertisement contemplated in subregulation (1) must state that the application is or will be available for public inspection at the offices of the provincial licensing authority and, if applicable, in terms of provincial legislation, such other place as the provincial licensing authority may determine and must invite interested parties to make written representation to the provincial licensing authority within the time determined in terms of provincial legislation or determined by the provincial licensing authority and stipulated in such advertisement.

5.1.5 Public inspection and objection [Reg 21]

- (1) All applications for licenses contemplated in regulation 9, excluding documents and information which the provincial licensing authority has determined to be confidential, must lie open for public inspection for a period determined in terms of provincial legislation.
- (2) The public must be given an opportunity to inspect and comment on or object to any application.

5.1.6 Confidentiality [Reg 22]

- (1) An applicant may identify any document or information in the application which, in the opinion of the applicant, is confidential and should not be disclosed to the public and show cause why the provincial licensing authority may determine that such document or information should not be open for public inspection.
- (2) A provincial licensing authority may determine that any document or information contained in an application and identified as such by the applicant in terms of sub-regulation (1) is confidential and should not be open to public inspection where such information relates to –
 - (a) the names of the prospective employees;
 - (b) the personal history and financial capacity of the persons participating in the application, including the applicant itself;
 - (c) the business plans of the applicant; or
 - (d) the financial projections of the applicant.
- (3) Any person commenting or objecting to an application may show cause why provincial licensing authority may determine that his identity should not be revealed and the provincial licensing authority may, on good cause shown, determine that the identity of such person should not be divulged to any other person.

5.1.7 Investigation and evaluation [Reg 23]

Before deciding whether or not to grant a licence, the provincial licensing authority considering the application must:

- (a) conduct an assessment of the application against the specific evaluation criteria laid down in regulation 37, 46 or 59;
- (b) conduct a thorough probity investigation of –
 - (i) the applicant;
 - (ii) persons who own five percent or more of the applicant; and
 - (iii) other persons contemplated in regulation 15 identified in the application;
- (c) in respect of applications for route and independent site operators, conduct a financial viability investigation to determine the suitability of the applicant.

5.1.8 Public hearing [Reg 24 and Reg 25]

[REG 24]

- (1) Before deciding whether or not to grant a licence a provincial licensing authority must hold a public hearing.
- (2) A provincial licensing authority must advertise the date and times of a public hearing in the provincial gazette and a newspaper circulating in the province.

[Reg 25]

The public hearings and all deliberations by the provincial licensing authority relating to applications must be recorded on audio tape and such recordings must be kept for two years or such longer periods as may be required in terms of relevant legislation.

5.1.9 Deliberation and selection [Reg 26]

The deliberation and selection must be based on the evaluation criteria set in the request for application and must comply with the provisions of applicable national and provincial gambling legislation.

5.1.10 Issuing of licence [Reg 27]

- (1) The issuing of the licence must be in terms of the conditions laid down by the provincial licensing authority.
- (2) The licence must specify in detail the conditions relevant to the licensee.

5.2 Contents of application and pro forma documentation

5.2.1 Contents of the application for an independent site operator licence [Reg 59]

The provisions of regulation 36 shall apply, *mutatis mutandis*, in respect of independent site operators.

[Reg 36] The information requested by a provincial licensing authority for an application must contain at least the following:

- (a) The name, address and other relevant details of the applicant;
- (b) a company registration certificate or number;
- (c) the corporate structure of the applicant, including holding companies, effective owners, shareholders, affiliates, subsidiaries, members, trustees, partners,

- joint ventures, related parties and any other entity or individual who has an interest in the applicant;
- (d) an organisational chart of the enterprise of the applicant, which includes position descriptions and the names of persons holding such positions;
 - (e) personal declaration forms or business declaration forms of all persons owning directly or indirectly more than five percent of equity of the applicant and all key employees;
 - (f) the criminal history, if any, of the applicant, the enterprise of the applicant, its owners, directors and officers;
 - (g) detailed financial statements including full description of significant assets and liabilities, where applicable;
 - (h) tax details, including proof of registration or application for VAT, PAYE, Regional Services Council levies and income tax, including a valid tax clearance certificate, where applicable, if already registered;
 - (i) details of gambling related licences held anywhere in the world and of pending and unsuccessful applications;
 - (j) details of the solvency history of the applicant;
 - (k) a detailed business plan;
 - (l) detailed financial projections in line with the attached *proforma* documentation;
 - (m) a schedule of proposed sites and a description of the primary business of each site;
 - (n) details of economic empowerment and community benefit plans;
 - (o) release authorisations to conduct background investigations; and
 - (p) confirmation of payment of any fees required in terms of the relevant provincial legislation, where payment is not made by cheque simultaneously with the application.

5.2.2 *Pro forma* documentation

Certain *pro forma* documentation for adaptation by the provincial licensing authority is included as appendixes:

Cover form	(Form C1)
Instructions for completion of application documents	(Form C2)
Application for independent site operator licence	(Form C3)
Company declaration forms	(Form A4)
Personal declaration forms	(Form A5)
Specimen RFA notice	(Form C4)
<i>Pro forma</i> financial projections	(Form A9)
Specimen application notice	(Form C5)
Criteria to be used in evaluating the application	(Form C6)

5.3 *Evaluation criteria for licensing independent site operators [Reg 60]*

The provisions of regulation 37 dealing with evaluation criteria of route operators, where applicable, shall apply, *mutatis mutandis*, in respect of independent site operators.

[REG 37]

- (1) The provincial licensing authority must undertake a proper evaluation and adjudication process based on the criteria contained in the request for application.
- (2) The process contemplated in subregulation (1) must be transparent and fully documented.
- (3) At least the following criteria must be considered during the evaluation of applications for route operator licences -
 - (a) Qualification to hold a licence in terms of national and provincial acts, regulations, rules and standards;
 - (b) suitability of applicant and persons contemplated in regulation 15, by considering, inter alia –
 - (i) good character and integrity;
 - (ii) compliance with the law;
 - (iii) criminal history and prior convictions;
 - (iv) solvency history;
 - (v) associations with unsuitable persons;

- (vi) licensing history; and
- (vii) taxation history;
- (c) business plan, comprising *inter alia* –
 - (i) viability and financing of the project;
 - (ii) financial resources or access thereto;
 - (iii) experience and expertise in gambling;
 - (iv) management competence;
 - (v) suitability of the source of funding;
 - (vi) acceptability of key assumptions used in financial projections;
 - (vii) promotion of national objectives regarding responsible gambling; and
 - (viii) revenue benefits from taxes and levies;
- (d) economic empowerment and community benefits, by considering *inter alia*-
 - (i) affirmative action and employment equity;
 - (ii) level of local participation;
 - (iii) promotion of small, medium and micro enterprises;
 - (iv) job creation;
 - (v) community benefits to be derived from the operation; and
 - (vi) the extent to which the South African demographic profile is represented in the ownership, control and management structure of the operator, sub-contractors, suppliers, service providers and limited payout machine sites to be operated;
- (e) geographical spread of sites; and
- (f) the extent to which the applicant is able to demonstrate the achievement of Black economic empowerment through the operation and the selection of the sites, by considering, *inter alia* –
 - (i) the extent to which historically disadvantaged individuals are represented in the management structure of the business;
 - (ii) the extent to which historically disadvantaged individuals hold equity in the business;
 - (iii) the extent to which services, suppliers etc. will be provided by firms owned and operated by historically disadvantaged individuals; and
 - (iv) plans to educate and transfer skills to historically disadvantaged individuals.

Appendix A: *Pro Forma* Forms – A1 to A10

Cover form	(Form A1)
Instructions for completion of application documents	(Form A2)
Application for route operator licence	(Form A3)
Company declaration forms	(Form A4)
Personal declaration forms	(Form A5)
Specimen RFA notice	(Form A6)
Specimen application notice	(Form A7)
Schedule of proposed sites	(Form A8)
<i>Pro forma</i> financial projections	(Form A9)
Criteria to be used in evaluating the application	(Form A10)

Appendix B: *Pro Forma* Forms – B1 to B6

Cover form	(Form B1)
Instructions for completion of application documents	(Form B2)
Application for site operator licence	(Form B3)
Specimen RFA notice	(Form B4)
Specimen application notice	(Form B5)
Criteria to be used in evaluating the application	(Form B6)

Appendix C: *Pro Forma* Forms – C1 to C6

Cover form	(Form C1)
Instructions for completion of application documents	(Form C2)
Application for independent site operator licence	(Form C3)
Specimen RFA notice	(Form C4)
Specimen application notice	(Form C5)
Criteria to be used in evaluating the application	(Form C6)

Appendix D: Copy of the *Regulations on limited payout machines*

(Promulgated on 21 December 2000 in Government Gazette No 21945)