

MPUMALANGA GAMING BOARD



REQUEST FOR APPLICATIONS IN RESPECT OF BINGO OPERATOR LICENCES



April 2000

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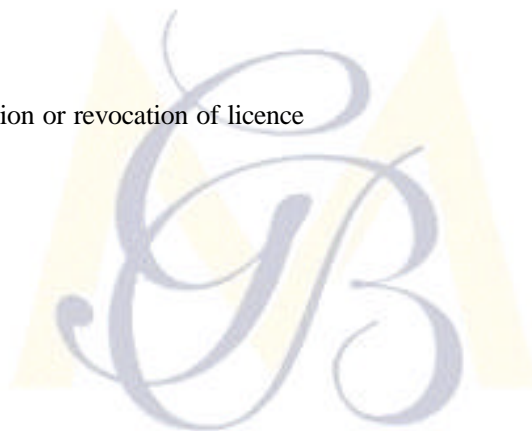
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(i)

PLEASE NOTE: The Following documents must be downloaded from the MGB web site (www.mgb.org.za) under the available documents section.

APPENDICES

APPENDIX A Application for Bingo Operator's Licence
(MGB_Bingo OLAF.Doc)

APPENDIX B Personal History Discbsure Form (PHD.PDF)



(ii)

DEFINITIONS

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

Act	Means the Mpumalanga Gaming Act, 1995 (Act No. 5 of 1995), as amended;
Applicant	Means a person who has lodged an application for a Bingo Operator licence, pursuant to this RFA, as contemplated in section 24 of the Act; and shall include all owners, members, partners and shareholders, where applicable.
bingo hall	Means the premises upon which the game of bingo is played under a bingo operator licence;
bingo operator	Means the holder of a bingo operator licence as referred to in section 32 of the Act.
Board	Means the Mpumalanga Gaming Board, established in terms of section 2 of the Act;
Employee	Means any person employed at the bingo hall, who manages or is directly involved in gaming activities in the bingo premises;
person	shall include a natural as well as a juristic person;
Province	Means the Mpumalanga Province;
Regulation	Means a regulation which was made in terms of section 85 of the Act;
RFA	Means the Request For Application, for Bingo Operator licences, as per this document;
Rules	Means a rule made by the Board in terms of section 84 of the Act;



1. BACKGROUND

1.1 Introduction

Gaming was introduced in the Province in terms of the Act, Regulations and Rules, with a view to achieve the following objectives:

- a) To enhance economic growth and development in the Province through the stimulation of the tourism sector, the creation of tourism infrastructure and the creation of employment opportunities within, inter alia, the tourism sector;
- b) to uplift, advance and economically empower, historically disadvantaged communities; and
- c) to generate additional fiscal revenues for the Province.

Following from the above, the Province regards gaming as a means towards an end, and not an end in itself. In this regard, gaming is seen as an important vehicle to achieve economic growth and development within the Province.

1.2 Objectives of licensing Bingo operators

Following from the above objectives, the Board realises that bingo operations, on its own, will not fully accomplish the above stated objectives set for the introduction of legal gaming in the Province. Bingo operations are seen as supplementary to casinos in achieving the above objectives. Although bingo operations will contribute to the development of new infrastructure and tourist facilities, it can also play a meaningful role to support and develop existing and new entertainment and recreational facilities throughout the Province.

Simultaneously, bingo operations, could create opportunities for the direct involvement of small and medium size companies within the gaming industry and will provide employment and entrepreneurial opportunities for all the people of the Province. In addition, bingo operations could also play a major role in satisfying the gaming needs of the people of the Province, in that it will have a much wider distribution throughout the Province.

The Board, also realises the potential negative impact that bingo operations may have within the Province. The Board will therefore regulate this section of the gaming industry to ensure that:

- a) The demand for gaming is absorbed, without over-stimulating the latent demand thereof;
- b) persons under 18 are prohibited from participating in gaming activities;
- c) the maximum stake and prize per play for playing a game of bingo shall be adhered to;
- d) gaming taxes and levies are regularly paid.

1.3 Purpose of request for applications (RFA)

The purpose of this RFA is to furnish all prospective applicants for bingo operator licences with a clear indication of the underlying principles applicable to the licensing of Bingo Operators, as well as the process and criteria applicable to the licensing of such applicants. Simultaneously, the RFA will provide all applicants with clear guidelines on the information required by the Board, to evaluate all applications.

2. PRINCIPLES APPLICABLE TO BINGO OPERATIONS

In licensing bingo operators within the Province, the Board adopted the following principles:

2.1 Bingo Operators

In terms of the Act, a bingo operator licence shall authorise the playing in or on the licenced premises specified in the licence, of the game of bingo, provided that the maximum charge per play for playing a game of bingo shall be of a prescribed amount.

The Board does not intend to prohibit applicants from conducting other forms of legal business on the licenced premises, provided that no access will be allowed to persons under 18 and that all legislative requirements are met.

Any type or style of bingo may be offered to the public, subject to the approval of the Board.

2.2 Corporate structure

The bingo operation must be operated by a natural person (RSA citizen) or a legal person registered in South Africa.

2.3 Financial interest of other gaming licensees in a bingo operator

In terms of the Act, persons holding casino, route operator, manufacturing, maintenance and supplier or site licences may acquire a financial interest in the holder of a bingo operator licence. The Board will, however, monitor such interests, to ensure that section 22(1)(c)(ii) of the Act, is complied with.

2.4 Geographic distribution of bingo centres throughout the Province

The Board acknowledges that adult entertainment in the form of gaming are presently lacking in most of the rural and, specifically, disadvantaged areas within the Province and that the establishment of bingo halls creates an opportunity to address this situation.

The Board therefore prefers that bingo halls be established in such areas where limited entertainment facilities presently exist and would require strong motivation of any application where the intended bingo hall will be situated within the same town or city as a casino.

The offices of a bingo operator, at which the administrative, accounting as well as monitoring and control functions will be conducted, shall be based within the Province.

2.5 Operating hours

The hours of operation will be subject to approval of the Board and may form part of the condition of the licence.

2.6 Minimum number of seats per bingo hall

The Board decided not to introduce a limit in relation to the minimum number of seats per bingo hall, but strongly suggest that a minimum of 50 seats per bingo hall should be maintained.

2.7 Bingo cards

The game of bingo shall be played using cards, which shall be subject to approval by the Board, or such devices as may be approved by the Board. Bingo cards shall contain information as stated under the provisions of rule 15.010.

2.8 Stakes

The maximum amount, including participation fee, which may be charged to participate in a game of bingo, shall be subject to approval by the Board.

2.9 Prizes

The return to players in any game of bingo shall not be less than 70 % (seventy percent) of the total amount staked by players on that game, as provided for in Regulation 124.

2.10 Display of prizes

All winning combinations, together with the corresponding prizes must be clearly displayed or be easily accessible by the player.

2.11 Credit extension

A holder of a bingo operator licence, shall not directly or indirectly, extend credit in any form whatsoever to any patron.

2.12 Randomness of games

All games offered for play, shall be purely random (see SABS specifications 1718). A bingo operator shall not use any random number selecting device unless such device has been certified according to the SABS standard as outlined in SABS 1718 specifications approved by the Board. Any number selecting device shall be designed, manufactured and used in such a way that the randomness of the numbers selected, will be ensured at all times.

2.13 Game Records

In terms of Rule 16.050 of the Mpumalanga Gaming rules, the holder of a bingo operator licence, shall have a computer system (electronic monitoring system), approved by the Board and linked to the control desk, on which shall be recorded, simultaneously with the playing of each game, all information relevant to each game of bingo.

The Board is mindful of the fact that there are several approaches to the monitoring and control of bingo gaming devices. The minimum requirements for such devices are as follows:

- a) that the computer system will comply with the minimum specifications of the Board and that testing of such a system by the SABS may be required, and
- b) that a dial-up facility for linking the bingo computer system with the offices of the Board be installed, at the cost of the operator.

The computer system required by the Board shall be designed and operated to perform and report functions relating, but not limited, to the following:

- a) the date;
- b) the time of commencement of each game;

- c) the set and serial number of the first card sold;
- d) the set and serial number of the last card sold;
- e) the total number of cards sold;
- f) the set and serial number of all unsold or damaged cards;
- g) the amount of the face-value of the cards;
- h) the amount accumulated in the jackpot, if any, after the sale of the cards;
- i) the numbers selected up to each of the prizes awarded;
- j) the serial number of the card or cards winning each of the prizes;
- k) the amount of each prize;
- l) any incident which may have an effect on the result of the game; and
- m) the time of closure of the game.

The information recorded in terms of the above, shall be stored in electronic format for a minimum of three months after completion of each game, in such a manner that it shall be incapable of being changed after being recorded and such information shall be accessible to the Board.

2.14 Accounting Records

Holders of bingo operator licences, shall in such manner as the Board may approve or require, keep accurate, complete, legible and permanent records and returns, as prescribed in Regulation 126, 127, 128 and 129.

2.15 Payment of levies

It will be the responsibility of the bingo operator to pay levies, calculated on gross gaming revenue in accordance with the prescribed formula, over to the Board (within the specified time frame as indicated in Regulation 134).

2.16 Economic and community benefits derived from the Bingo Operation

The Board is of the view that in achieving its objectives in respect of the introduction of gaming in the Province, prospective bingo licensees should propose a mechanism to be used for ploughing back economic benefits to the local communities where the bingo centre is located.

2.17 Registration of employees

The registration of all employees will take place in accordance with the provisions of Chapter 4 of the Act, together with Regulations 118, 119, 120, 121 and 122.

2.18 Limited Pay-out Gaming Machines

The Board acknowledges that bingo operations around the world are conducted in conjunction with limited pay-out gaming machines. It is therefore acceptable for a holder of a bingo licence to apply for a gaming machine site licence, in terms of sections 24 and 31 of the Act. It should, however, be noted that this RFA does not constitute a notice inviting applications for gaming machines site licences, in terms of the said section 31 of the Act.

Prospective applicants for bingo licences should, however, note that the limited pay-out gaming machine industry within South Africa is not yet established and that the Board can therefore not provide any assurances or undertakings in respect of the establishment of this gaming segment, the Rules and/or Regulations applicable thereto. The following comments

in respect of bingo halls, intended to be also used as gaming machine sites, should be considered in light of the aforementioned restrictions on the Board:

- a) The Board acknowledges that the primary function of a bingo hall would be gaming which is in contrast with any other gaming machine site, where limited pay-out gaming would be a secondary function.
- b) Although all limited pay-out gaming machines will be operated by holders of gaming machine operator licences, there might be a need or public demand for more than the maximum allowable five machines, currently provided for in the draft National Regulations in respect of limited pay-out machines, in certain bingo halls.
- c) Depending on the final outcome of the National Regulations in respect of limited pay-out machines, the Board would favourably consider and support applications for more than five machines at a bingo hall. However, the Board's position in this regard will be influenced by the physical location of the bingo hall and specifically the extent to which it supports the principle of enhancing rural based entertainment as spelled out in paragraph 2.4 of this RFA.



3. APPLICATION AND LICENSING PROCESS

3.1 General overview

The application process will be a continuous one, implying that a bingo operator may, at any time, lodge an application with the Board for a bingo operator licence in terms of this RFA.

The bingo licensing process consists of the following steps:

- 3.1.1 Issuing of RFA
- 3.1.2 Clarification of RFA
- 3.1.3 Submission of applications to the Board
- 3.1.4 Public inspection and objection period as provided for in the Act
- 3.1.5 Evaluation, investigations, hearings and/or enquiries
- 3.1.6 Decision by the Board to refuse or grant a bingo operator licence
- 3.1.7 Issuing of a licence certificate

3.2 Clarification of RFA

Applicants may seek clarification of the requirements of this RFA, during office hours (08:00 to 16:30). All requests for clarification must be in writing, and may be sent by facsimile. 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 The Mpumalanga Gaming Board First Avenue White River	OR	Private Bag X9908 White River 1240 South Africa
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Facsimile: 013 – 750 8097

The Board may, at any time, request an applicant to clarify information provided pertaining to this request, or to provide further information. Any information so provided must be in writing and will be deemed to form part of that applicant's application.

If, in the opinion of the Board, an applicant fails to provide adequate information sought by this request, or by a subsequent request by the Board, such failure will be taken into account by the Board in the evaluation process.

3.3 Submission of Applications

Applicants must lodge 1 (one) copy of the detailed application (Part 1) and 1 (one) copy of the application for public inspection (Part 2), at the offices of the Board. The copies submitted should be separately bound. The detailed copy (Part 1), should contain all information required, while the second submission (Part 2) should only contain the information for public inspection (i.e. excluding the information which the applicant deems confidential), as envisaged in section 26A of the Act, and should be marked "For public inspection only".

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

The Chief Executive Officer
The Mpumalanga Gaming Board
First Avenue
White River

OR

Private Bag X9908
White River
1240
South Africa

3.4 Application and Investigation fees

Each application for a bingo operator licence must be accompanied by a non-refundable application fee, to the amount of R114.00 per seat with a maximum of R57 000.00 (VAT Inclusive), in terms of Regulation 130.

In terms of Section 25(1)(b), read in conjunction with Section 27, of the Act, any person who submits an application to the Board under Section 24, shall be liable for and pay to the Board, all reasonable direct expenses incurred by the Board, if any, to conduct the investigations referred to in Section 27 of the Act.

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

3.5 Information required by the Board

The following minimum information is required for purposes of lodging an application for a bingo operator licence:

Detailed Application

- | | |
|---|---------------------------------|
| a) Business Entity Disclosure Form | <u>(Part 1)</u>
(Appendix A) |
| i) Copies of prescribed notices | (Annexure 1) |
| ii) Confirmation of payment of prescribed fees | (Annexure 2) |
| iii) Bingo Hall Location Plan | (Annexure 3) |
| iv) Floor plan as per rule 14.030 | (Annexure 4) |
| v) Financial statements or Business plan | (Annexure 5) |
| vi) Copy of Liquor, Gambling and/or other licences
(if applicable) | (Annexure 6) |
| b) Personal History Disclosures | (Appendix B) |

Application for public inspection

- | | |
|---|---------------------------------|
| a) Business Entity Disclosure Form | <u>(Part 2)</u>
(Appendix A) |
| i) Copies of prescribed notices | (Annexure 1) |
| ii) Bingo Hall Location Plan | (Annexure 3) |
| iii) Floor plan as per rule 14.030 | (Annexure 4) |
| iv) Copy of Liquor, Gambling and/or other licences
(if applicable) | (Annexure 6) |

In providing the information, required by the Board in the above appendices and annexures, applicants should note the following:

- a) The Board assumes that applicants are in possession of copies of the Act, Regulations and Rules and, that they have familiarised themselves with each of the 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 bingo operator 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 bingo operator licence was false in any material respect, or was subject to omission with the intention to mislead the Board.

3.6 Criteria applicable to the evaluation of applications

The following criteria will be applicable during the evaluation of applications for bingo operator licences:

- a) the applicant is not disqualified to hold a licence in terms of the Mpumalanga Gaming Act, Regulations and Rules;
- b) the applicant has appropriate knowledge or experience, or is able to acquire such knowledge and experience, to operate a bingo hall;
- c) the applicant meets the requirements determined in this request;
- d) suitability of source of funding;
- e) financial strength of the applicant;
- f) financial sustainability of the bingo operation;
- g) corporate structure;
- h) economic and community benefits derived from the bingo operation;
- i) level of local participation;
- j) entrepreneurial opportunities created by the bingo operation;
- k) fiscal benefits to the Board, Province and Central Government;
- l) proximity to casinos and other gaming or gambling venues, within the Province;
- m) promotional activities and measures to introduce bingo to the public;
- n) the extent to which the bingo hall is situated in the vicinity of a place of worship, a school or residential area;
- o) the availability of sufficient parking on the property where the bingo hall is situated, or street, or both;
- p) gaming areas must not be visible to the general public, from the outside of the bingo hall;
- q) adequate security should exist at the bingo hall;
- r) the interior decoration should be of an acceptable standard;

- s) the bingo hall must conform to Health and Safety Regulations; and
- t) the layout of the bingo hall must prevent any access by persons under the age of 18 years to gaming areas.

3.7 Issuing of licence

Should the Board decide to grant a licence to an applicant, an annual licence fee will be payable by the applicant, in terms of Regulation 132, as follows: R57.00 (VAT Inclusive) per licensed seat for every year or part of a year ending on 31 March. The number of seats used for purposes of this calculation will be the maximum number of seats intended for use on the bingo hall. No licence certificate will be issued to an applicant, until such time as all fees are paid to the Board.

Prospective bingo applicants should also note that the following matters will be considered prior to issuing a licence certificate and authorising the commencement of the operation of the bingo hall:

- a) internal controls;
- b) specifications of computer system;
- c) the terms and conditions contained in the standard contracts between prospective bingo operators and other licensees (if applicable);
- d) signage, and advertising may be permitted subject to the provisions of the Act;
- e) the entrance to the gaming areas, should clearly state that persons under the age of 18 years are not allowed;
- f) requirements of bingo hall as stated under the provisions of Rule 14.010 of the Mpumalanga Gaming Rules; and
- g) verification of the bingo hall layout, in terms of the floor plan as submitted in the detailed application form.



4. GENERAL TERMS AND CONDITIONS

4.1 Disclaimer

This RFA is not intended to be a recommendation by the Board that an applicant participates in the licensing process, referred to in this RFA. The information contained in this RFA is subject to clarification and alteration. Certain statements contained in this RFA reflect various assumptions and expectations by the Board. These assumptions or expectations may, or may not, prove to be valid. Furthermore, this RFA does not purport to contain all the information that a applicant may require in deciding whether or how to participate in the licensing of bingo operators.

In view of the above, the following principles are applicable:

- a) Each applicant must make his own independent assessment and investigation of the issues required to be dealt with in his application, and should not rely on the adequacy or accuracy of any information in this RFA; and
- b) the Board makes no representation and gives no warranty, and the Board and its respective officers, employees, agents, consultants and professional advisors, will not be liable in any way as to the contents, validity, accuracy and completeness of, or any errors or omissions in the information or statements contained in this RFA, or in any subsequent material or communication.

Any additional information provided to the applicants by the Board or any of its officers, employees, agents, consultants or professional advisors, in connection with this RFA, will also be governed by the terms of this RFA.

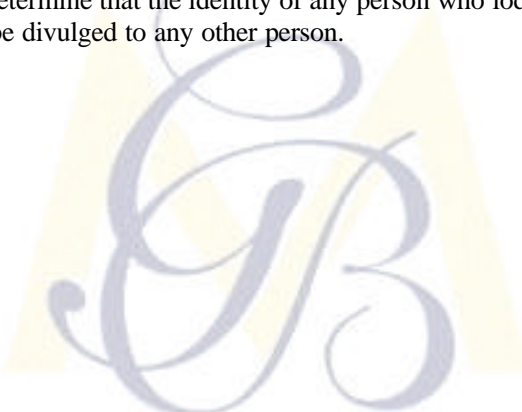
4.2 Confidentiality

In terms of section 24(3) of the Mpumalanga Gaming Act, 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 may determine why such document or information should not be open to public inspection. Applicants are, therefore, required to submit a list containing all information deemed confidential, as well as the reasons why such information should not be disclosed.

In terms of section 26A (2) of the Mpumalanga Gaming Act, the Board may, further, determine that any document or information relating to the financial capacity of any person participating in an application, to the names of prospective employees or the business plans of an applicant, shall not be open to public inspection, providing such document or information can be separated from the remainder of the application and is marked confidential.

The Board may also determine that the identity of any person who lodges an objection to an application, shall not be divulged to any other person.

4.3 Variations



The Board may, at its discretion, vary, supplement or update any of the contents of this request. It may also vary procedures, time-tables, requirements and any other aspect of, or in connection with the evaluation process, without being obliged to give any reason for doing so.

The Board reserves the right to approve amendments to an applicant's application, subsequent to the receipt thereof. In terms of Regulation 4, an application may, with the approval of the Board, be amended in any respect at any time prior to final action thereon by the Board. Furthermore, any amendment to an application shall have the effect of establishing the date of such amendment as the new date of submission of such application with respect to the time requirements for action on such application.

The Board may, subject to informing all applicants, also consider further, other or alternative factors in its decision to grant/deny a licence.

The Board is unable to guarantee confidentiality if ordered by a competent court to disclose such information.

4.4 Compensation

The Board will not, under any circumstances, be liable to compensate an applicant or any other party for any costs, expenses or losses incurred or suffered by that applicant or party, in evaluating or acting upon this request, in supplying any information to supplement, update or amend this request, in registering an interest, in submitting an application and/or otherwise participating in any evaluation process.

An applicant must accept any risk of adverse publicity, embarrassment, criticism or financial loss which may result from action with respect to an application and expressly waive any claim for damages against the Board, as a result thereof.

4.5 Rejection

An application for a licence, registration, finding of suitability or approval is seeking the granting of a privilege, and the burden of proving his qualification to receive any licence, registration, finding of suitability or approval shall at all times rest with the applicant.

The Board reserves the right to reject any and all offers for applications at its sole and absolute discretion and to waive any immaterial defect or lack of compliance with any formality in any application or application procedure. Applicants should understand that the Board also reserves the right to consider any factor, including economic factors, in its selection process.

4.6 Denial, suspension or revocation of licence

The Board may, in terms of the Act, deny, suspend or revoke a licence if any information contained in an application made by an applicant or licence holder for the purposes of obtaining a licence was, at the time the information was furnished, false in any material respect or was subject to any material omission with the intention of misleading the Board.

