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DEFINITIONS

Any word or expression used in this invitation, unless the context otherwise indicates, has the meaning assigned thereto in the Gauteng Gambling Act, No 4 of 1995 ("the Act") and the Regulations made thereunder.

INTRODUCTION

In terms of the Act, and in particular section 19 thereof, and the Regulations made thereunder, the Gauteng Gambling Board ("the Board") invites applications for bingo licences to be lodged on or before 5:00 pm (South African time) on 1 November 1999.

All interested parties are invited to submit their applications in response to this invitation. No restrictions are placed on the number of applications submitted by an applicant. Subject to, in the opinion of the Board, the applications meeting the assessment criteria set out in this invitation, the Board will to an extent be guided by market forces dictating the number of bingo licences awarded. The Board, however, has the right, in terms of Section 30(6) of the Act, to restrict the number of licences.

Each application must fully comply with all the requirements identified in this invitation. Interested parties may seek clarification of the requirements, provided that such requests are submitted in writing to the offices of the Board by 13h00, South African time, on 30 September 1999.

PURPOSE OF INVITATION

The purpose of this document is to provide all interested parties with some indication of the process and criteria applicable to the awarding of bingo licences. Also, it will provide interested parties with clear guidelines on the information required by the Board to be included in an applicant's application.

FORMAT OF THE INVITATION

This document is divided into the following three sections:

Section 1

- Section 1 provides general information regarding application procedures and the terms and conditions applicable to applications.

Section 2

- Section 2 provides the broad assessment criteria to be applied by the Board in awarding licences.

Section 3

- Section 3 contains the licence application form and application instructions and provides particulars of the additional submission requirements, including pro-formas which must be completed.

SECTION 1 - GENERAL

1.1 APPLICATION PROCEDURE AND FEES

Application documentation, prepared in accordance with the requirements of this invitation, must be submitted to the Board's offices by no later than 17h00, South African time, on Monday, 1 November 1999, together with the **NON-REFUNDABLE** application fee of R165.00 per seat subject to a maximum of R76 800,00 per application.

It is the responsibility of any person, before applying for a licence, to ensure that they are not disqualified to hold a licence in terms of the Act.

1.2 TERMS AND CONDITIONS

1.2.1 Disclaimer

- 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 comply with the provisions of the Act in all material respects.
- 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 on the adequacy or accuracy of any information in this invitation; and
 - Neither the Board, its employees nor its agents will be held liable for anything done in good faith.
- Any additional information provided to interested parties by the Board or any of its employees in connection with this invitation or the bingo licence application process will also be subject to the terms of this invitation.

1.2.2 Changes

The Board may, at its discretion, by notice in writing to interested parties or 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.

1.2.3 No guarantee

The Board does not guarantee that any applicant will be granted a licence.

1.2.4 **No compensation**

The Board will not, under any circumstances, be liable to compensate an applicant or any other party for any expenses or losses incurred or suffered by that applicant or party in acting upon this invitation and/or otherwise participating in the bingo licence application process.

1.2.5 **Waiver of immaterial defect**

The Board may waive any immaterial defect or lack of compliance with any formality in any application or application procedure.

1.2.6 **Electronic monitoring system**

It is a condition precedent of this invitation that all licensees will have to implement an electronic monitoring system, which has been approved by the Board, over the bingo operation eg tickets in play, turnovers, prizes, taxes etc.

SECTION 2 - ASSESSMENT CRITERIA

The Board will evaluate applications using the following broad assessment criteria:

- Location of the proposed project
- Project concept
- Suitability and management competence
- Viability and financing of project
- Empowerment and economic and community benefits

The factors that will be considered in evaluating an application according to the above criteria, include:

2.1 **Location of the proposed project**

- The appropriateness of the location in terms of accessibility and meeting the goals of economic and community benefits and upliftment.

2.2 **Project concept**

- Size of initial capital investment.
- The overall quality of the project, including:
 - Appropriate standard of architecture, if applicable.
 - Internal design and layout of the bingo operation providing for the highest level of security and surveillance.
 - Leisure and other facilities : Range and appropriateness of facilities offered and quality of such facilities.

2.3 **Suitability and management competence**

- Financial resources or access thereto and standing of the applicant.
- Good character and integrity of key persons.
- Compliance with the law.
- Criminal history and prior convictions.
- Associations with unsuitable persons.
- Licensing history, if any.
- Ability or potential to successfully and profitably manage the proposed bingo project.
- Taxation history.

2.4 **Viability and financing of the project**

- Financing : The sourcing, level and nature of financing and the ability to meet financial obligations will be strictly reviewed.
- Acceptability of key assumptions used in proving the financial viability of the proposed project.

2.5 **Empowerment and economic and community benefits**

- Demonstration of economic empowerment for persons disadvantaged by unfair discrimination.
- The creation of employment opportunities, split between direct employment creation and estimated indirect employment creation.
- Proof that the applicant will apply fair labour practice.
- The promotion of small and medium business opportunities created by the multiplier effect.
- Revenue benefits accruing to Government from taxes.
- Social impact : The maximisation of positive, and limitation of negative, social impact on the local community.

SECTION 3 - APPLICATION AND SUBMISSION REQUIREMENTS

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**GAUTENG GAMBLING BOARD
BINGO LICENCE APPLICATION**

I/We hereby apply, in terms of the Gauteng Gambling Act, 1995 (Act No 4 of 1995), for a bingo licence and confirm being aware of and understanding the provisions of the said Act and Regulations made thereunder, insofar as they pertain to this application.

Full name of applicant

.....

Physical Business address

.....

.....

Postal address

.....

.....

Telephone number

Telefax number

Physical address of premises in
respect of which application is made

.....

.....

.....
Date

.....
Signature of applicant or duly authorised representative

.....
NAME - PRINT

.....
CAPACITY OF SIGNATORY

SECTION 3 - ANNEXURE B

APPLICATION INSTRUCTIONS

1. This form is to be completed by any person who is desirous of obtaining a bingo licence.
2. Read this form carefully before answering any of the questions. Any incomplete or inaccurate answer may result in denial of the application.
3. Answer every question completely and truthfully. Do not leave any blank spaces. If a question does not apply to you, indicate "Not Applicable" in response to that question. If there is nothing to disclose in respect of a particular question, state "None" in response to that question.
4. All entries on the application, except signatures, must be typed or block printed in ink.
5. Each page of the application must be initialled or suitably identified, once you have checked your answers and are sure they are complete and correct.
6. If you need additional space to answer any question(s), use blank pages and attach to the application. Be sure to indicate the number(s) of the question(s) you are answering if you use additional pages.
7. For purposes of this application "associate entity" means any entity which, directly or indirectly, controls, is controlled by or is under common control with, the applicant.
8. An applicant may, in the application, 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 under section 24(2)(a) of the Act that such document or information should not be open to public inspection**, provided such document or information can be separated from the remainder of the application.

Three copies including a loose-leaf copy of the application excluding such information must accompany the application.
9. The application may be submitted on your own reproduction provided that the content is exactly the same as contained herein. Any reproduction and all accompaniments must be on standard A4-size paper or A3-size folded to A4-size.
 - (a) The application must be submitted in the following format and sequence:
 - i. Licence application;
 - ii. Copies of advertisements required by section 20 of the Act;
 - iii. Applicant's proposal in accordance with the requirements set out in Section 3, Annexure D.
 - iv. Relevant Declaration and Release Authorisation by the applicant and, if a company, the required Personal Declarations and Personal Release Authorisations relevant to the applicant company only; and
 - v. Company Declarations and Release Authorisations for companies contemplated in paragraph 10(a), together with the required Personal Declarations and Release Authorisations in respect thereof contemplated in paragraph 10(b).

- (b) Three complete sets, one of which shall be loose-leaf, of the application as set out in paragraph (a) above, must be submitted.
- (c) Twelve copies of that section of the application contemplated in (a)(iii).

10.(a) **Company Declaration and Company Release Authorisation by all companies falling within the following categories:**

- (i) The applicant, if a company;
- (ii) All companies holding 5% or more of the issued share capital of the applicant; and
- (iii) All corporate shareholders of the companies listed in (ii) who effectively hold an interest of 5% or more of the issued share capital of the applicant.

Note: The term "company" includes any corporate body, trust or partnership.

(b) **Personal Declaration and Personal Release Authorisation by all natural persons falling within the following categories:**

- (i) The applicant, if a natural person;
- (ii) All natural persons holding 1% or more of the issued share capital of the applicant;
- (iii) All natural shareholders of the companies listed in 10(a)(ii) and (iii) who effectively hold an interest of 1% or more of the issued share capital of the applicant;
- (iv) All current and proposed directors, the company secretary and senior management of the applicant; and
- (v) All current directors and the company secretary of companies listed in 10(a)(ii) and (iii) that are not listed on a recognised Stock Exchange. For listed companies Personal Declarations and Personal Release Authorisations are only required where the interest contemplated in 10(a)(ii) or (iii) is 20% or more.

11. **Application fees**

The NON-REFUNDABLE application fee of R185.00 per seat with a maximum of R86 000.00.00 must accompany the application.

(Note: In terms of section 23 of the Act, any person who submits an application to the Board shall be liable for and pay to the Board all reasonable expenses incurred by the Board to conduct the necessary investigations in respect of the application.)

(SPECIMEN ADVERTISEMENT)

GAUTENG GAMBLING ACT, 1995

APPLICATION FOR A BINGO LICENCE

Notice is hereby given that.....
(full name of applicant) of.....
.....(physical address)
intends submitting an application to the Gauteng Gambling Board for a bingo licence at
_____ (physical address of premises in respect of which application is made). The application will
be open to public inspection at the offices of the Board from 15 November 1999.

Attention is directed to the provisions of Section 20 of the Gauteng Gambling Act, 1995 which makes provision for the lodging of written representations in respect of the application.

Such representations should be lodged with the Chief Executive Officer, Gauteng Gambling Board, Private Bag X1125, Centurion, 0046, within one month from 15 November 1999. Any person submitting representations should state in such representation whether or not they wish to make oral representations at the hearing of the application.

NOTES:

(Not to form part of the advertisement and for information purposes only)

1. This notice must be placed in the Provincial Gazette as well as a newspaper circulating in the district in which the premises to which the application relates, are situated.
2. At least three weeks' notice is required for the placing of a notice in the Provincial Gazette.

REQUIRED CONTENTS OF PROPOSAL

1 INTRODUCTION

An applicant's proposal must be in two parts:

Part 1 - Executive Summary

Part 2 - Detailed Proposal

In order to facilitate ease of use and evaluation of applications, this section sets out the required contents of the proposal and contains pro-forma schedules which must be completed.

2 PROPOSAL

2.1 Executive Summary

The Executive Summary part of the proposal should summarise the key aspects (including benefits) of the applicant's proposed bingo project. Ideally this part ought not to exceed ten pages.

The key aspects of the proposed project should be described taking into account, inter alia, the assessment criteria set out in section 2 of the invitation.

2.2 DETAILED PROPOSAL

2.2.1 Introduction

(a) The detailed proposal will be a comprehensive document which will address all aspects of the applicant's proposed project.

(b) Descriptions of the requirements of the contents of the detailed proposal together with the pro-forma schedules to be completed have been set out below.

- (c) All applicants are required to address all content requirements of the detailed proposal set out below. The precise information required will clearly depend upon the nature of the proposed project and is left to the discretion of the applicant subject to the pro-forma schedules included at the end of this Annexure being completed. Appropriate supplementary information may be included in the proposal.

2.2.2 Requirements

- (a) Applicants should prepare financial information relating to the proposed project to cover a ten year period;
- (b) Applicants should ensure that they are aware of all relevant taxes and levies payable, when preparing the proposal; and
- (c) Annual licence fees have been set out in the Regulations. The first payment is due on the granting of the licence.

2.2.3 Content requirements

The detailed proposal should, **in addition to addressing the assessment criteria set out in Section 2**, contain at least the following information:

2.2.3.1 Applicant

Full details of the identity of the applicant and the effective ownership thereof including group structures.

2.2.3.2 Project details

The following details should be provided:

- (a) Exact proposed location of the project.
- (b) Nearby land uses and the impact of the proposed project on surrounding land use.
- (c) Accessibility of the site by roads and other means.
- (d) Current ownership of the site together with applicable land rights. Evidence of options, etc regarding site availability should be provided, together with any potential legal or physical impediments to site occupation and development.
- (e) Local authority approval on land rights.
- (f) Key features of the project detailing complete particulars of the bingo operation and other facilities.

- (g) Drawings and plans of the project should be provided.
- (h) Estimated demand for motor vehicle, bus and taxi parking spaces generated by the proposed project should be stipulated and how this will be accommodated.
- (i) The critical path of the project, including start/end dates and other critical dates, should be provided.
- (j) Cost forecast by major cost component of the project.
- (k) Contract payment terms including advance payments.
- (l) Contingencies.
- (m) Assumptions underlying cost forecasts and critical dates.

2.2.3.3 **Development and operating expertise and management**

- (a) Applicants should provide details of the expertise of their team in developing and operating such projects.
- (b) Details, including an organisation chart, of top management of the applicant should be provided.
- (c) Details of relevant licences held in other gambling jurisdictions.

2.2.3.4 **Viability and financing of project**

The following details should be specified and narrative should be provided to support the financial information included in the proposal.

- (a) The sourcing, level and nature of financing and the ability to meet financial obligations.
- (b) The estimated financial returns to the applicant from the project over a ten year period.
- (c) Detailed cash flow (including sourcing of funds), income statement and balance sheet projections should be provided together with the assumptions used.

- (d) Applicants must prove that their proposed project is commercially viable. This should include an analysis of the market potential relevant to the proposed project and a comparison with the experience of other gaming jurisdictions, where applicable.
- (e) A summary of the key assumptions (size of market, frequency of use, customer spend etc) used in the financial projections should be provided.
- (f) Potential risks and uncertainties.

All critical assumptions should be clearly documented and referenced to where they apply.

2.2.3.5 **Employment and Human Resources Strategy**

The following details should be provided:

- (a) Human resources policies of the applicant.
- (b) Estimated number of job opportunities that will be created, distinguishing between the different grades of work.
- (c) The numbers of staff to be recruited from the Province, other Provinces and other countries.
- (d) Proposed staff training courses/facilities to be introduced.
- (e) Proposed education/bursary schemes for employees.
- (f) Proposed employee share-option or profit participation schemes.

2.2.3.6 **Empowerment and economic and community benefits**

The following details should be provided:

- (a) Particulars of economic empowerment strategies.
- (b) Efforts to promote small and medium business opportunities.
- (c) Revenue benefits accruing to the Province and the State from taxes.

(d) Any other economic or community benefits.

2.2.3.7 **Other licence applications/development commitments**

Details of any pending licence applications or any proposed commitment or participation in other projects that have been entered into or are being contemplated over the next two years and the impact, if any, that this may have on capital or financing resources.

2.2.3.8 **Bingo Operation**

Full details must be provided of the style of bingo to be offered, the method of play and systems to be used and of the electronic monitoring and security systems to be implemented.

**PRO FORMA INFORMATION SCHEDULES
INSTRUCTIONS FOR COMPLETION**

The Pro Forma Information Schedules (the Schedules) should reflect the consolidated information from all the operations proposed for the project and should be prepared in conformity with Generally Accepted Accounting Practice, using only those captions indicated in the Schedules.

The information required in the Schedules is based on, and should correlate to the detailed submission provided to the Board. The "Note" column should be used for cross-referencing to detailed information and assumptions contained in the detailed submission.

Information required in the Schedules pertains only to the initial committed investment applicable to the project in respect of which the application is made.

The following should accompany this declaration:

- 1 Copies of the tax returns (excluding supporting schedules) and assessments of the individual for the most recent five years.
- 2 Two recent passport-sized photographs signed and dated on the back by the individual.
- 3 Copy of ID or passport reflecting name, photo and personal details.

SECTION 3

ANNEXURE A

SECTION 3

ANNEXURE B

SECTION 3

ANNEXURE C

SECTION 3

ANNEXURE D

SECTION 3

ANNEXURE E

SECTION 3

ANNEXURE F

**INVITATION TO APPLY FOR BINGO LICENCES
IN GAUTENG**

GAUTENG GAMBLING BOARD

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