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GENERAL NOTICE

NOTICE 37 OF 2010



APPLICATIONS FOR A CASINO LICENCE

The Eastern Cape Gambling and Betting Board ("the Board") acting in terms of section 41(2) of the Gambling and Betting Act, 1997 (Act No. 5 of 1997) (Eastern Cape) ("the Act"), hereby-

- (a) invites applications for a casino licence in zone 2, which covers the area set out hereunder;
- (b) gives notice for general information that, in accordance with the determination by the MEC for Finance, Environment Development and Environmental Affairs in the Province in terms of section 41(4) of the Act, the Province has been divided into five areas (Zones) and that applications are now invited for the following area, namely:

Zone 2

The magisterial districts of Butterworth/Gcuwa, East London, Idutywa, Keiskammahoek, Centane, King William's Town, Komga/Qumrha, Mdantsane, Middledrift, Nqamakwe, Peddie/Ngqushwa, Seymour, Stutterheim, Tsomo, Alice, Willowvale, Zwelitsha and Bhisho.

That one (1) licence may be awarded in the above area and that no licence may be transferred from one area to another : Provided that the Board may, subject to section 45(2) of the Act, issue a second licence in any area if no suitable applications are received in any other such area;

- (c) state that it is required that all casinos will be viable businesses which will contribute meaningfully to the development of the province, that directors, shareholders and managers of applicants will be unimpeachable individuals with a high level of integrity and professionalism; that the ventures are to be financially sound and supported by shareholders committed to the long term success of the venture and who have access to sufficient resources both to fund the venture over the long term and to meet the empowerment, community, economic, social, financial, management, development, environmental and other objectives set by the Board, including those set out in (d) below;

Applicants are also referred to Sections 19, 31, 42 and 43 of the Act which contain provisions relating to the fact that licences can only be awarded to companies, general disqualifications, additional disqualifications and additional considerations respectively;

- (d) state that in accordance with Section 43(1) of the Act and the determination of the Board, the **evaluation criteria** to be applied, in no particular order, will be as follows:

Empowerment and community criteria:

The extent to which the casino will promote sustainable employment at its locations and in the Province in general; the extent to which the applicant will procure labour, goods and services from the casino locality and Province in general for the construction and conducting of the casino; the

extent to which the applicant intends to provide for the participation in the ownership or profits of the casino by persons, or groups or categories of persons, previously disadvantaged by unfair discrimination; any facilities the applicant will provide or furnish for the benefit of, or for utilisation or enjoyment by, any needy community at or near the premises, or to previously disadvantaged groups or individuals; the extent to which the granting of the licence will promote the attainment of the objects of reconstruction and development projects and programmes referred to in section 3(a) of the Reconstruction and Development Programme Fund Act, 1994 (Act No. 7 of 1994), the Provincial Growth and Development Plan and also the respective Municipal Integrated Development Plan.

Economic criteria:

The degree to which the granting of the licence will maximise new investment in the Province; the extent to which the applicant will re-invest profits in the Province; the potential taxation revenues to be generated; the extent to which the granting of the licence will result in the displacement of existing investment, spending, jobs and facilities in the Province; the extent to which the casino will promote tourism at the place where the premises will be situated and in the Province in general; the extent to which the applicant will promote opportunities for small, micro and medium enterprises; whether the granting of the licence will create or aggravate a monopoly situation; whether the granting of the licence will result in an oversaturation of casinos.

Social criteria

The extent to which the applicant will provide for the social development and upliftment for its employees; the extent to which the applicant will promote art, culture and sport as an element of tourism and local development; the extent to which the public interest will be protected, particularly regarding social gambling and proximity of the casino to schools, churches and other such entities; the extent to which the applicant will ensure sound human resources and employment equity practices.

Financial criteria

The financial control and shareholding of the applicant; the financial strength of the applicant; the applicant's financing structure and access to capital resources; the financing of empowerment shareholding; the financial viability of the applicant and the suitability of guarantees provided.

Management criteria

The propriety and integrity of the management of the casino; the access to expertise and experience of the casino operator; the access to expertise and experience of the operators of other amenities; the applicant's access to development and project management expertise; the applicant's access to international marketing expertise; the strategy and objectives the applicant intends to follow.

Development strategy criteria

The applicant's development strategy; the site location and size; the site layout and architectural design of structures; the casino size and design; the mix and design of non-casino features; the accessibility of the site by public and private transport; the internal and external security arrangements; that the applicant will be sole occupier of the casino premises with security of tenure.

Environmental impact criteria

Whether the casino will enhance the neighbourhood and environment; the infrastructural, physical, biophysical, cultural, social and visual impacts of the casino; the compliance with planning and other policies of various authorities; the distribution of development and prevention of over concentration of casinos;

Essential Minimum requirements

Evaluation Area	Essential Minimum Requirements
<p>Overall integrated Application</p>	<ul style="list-style-type: none"> ○ The Applicant shall submit a Proposal demonstrating its understanding of the Board's Goals and the Applicant's interpretation of what would constitute a total integrated solution to the Board within the framework of a long term strategic partnership between the Licensee and the Board; ○ The Applicant shall submit a Proposal pertaining to the structuring, capacity and capability of its management function of the Licensed activities; and ○ The Applicant shall state the composition of its negotiation team and shall indicate who its Lead Applicant and negotiator will be for License negotiations with the Board, should it be selected as the Preferred Applicant. ○ Completion of License Application
<p>Technical</p>	<ul style="list-style-type: none"> ○ The Applicant shall submit a technical proposal that shows the integration of the design, sustainability and operational aspects of the Licensed Premises as detailed in the technical sections of these Essential Minimum Requirements below and shall at a minimum comprise of the following facilities: <ul style="list-style-type: none"> (a) A casino including gambling machines and a tables area; (b) A hotel ; (c) Conference facility; (d) Restaurants; (e) Crèche; (f) Children's play area; (g) Landscaped gardens; <p>the development is to be themed either to have a theme consistent with the culture, environment, history, tradition, tourist routes and/or architecture of the area in which it is to be located (e.g. "African") or to provide a radical "must see, must do" theme and as far as possible comments from the relevant District Municipality on how the theme</p>

	ties in with the tourism theme for that area should be provided.
Financial	<p>The Applicant must provide, as a minimum response, the following:</p> <ul style="list-style-type: none"> ○ Full details of the amount, term, rates and conditions applicable to all funding required to establish the Licensed Premises. (Letter of commitment); ○ Completion of Appendices pro forma information and information matrix <p>Irrevocable Guarantee (s) for the full construction amount.</p>
Legal	<p>The Applicant must provide, as a minimum response, the following:</p> <ul style="list-style-type: none"> ○ an undertaking by the Applicant to establish a SPV for the purpose of being awarded the license; ○ a demonstration of which of the Equity Members are the sponsor members of the Applicant; ○ Applicant to be sole owner or principal tenant of the licensed premises for the duration of the licence ○ Applicants shall provide details of the intended occupancy of the casino premises, including any lease agreements (for the duration of the licence) where applicable. <p>Applicants are further to set out any agreements under which they would be entitled to obtain ownership or occupancy of the whole of the casino premises, and any subleases with sub-lessees.</p>
Target Groups	<p>The Applicant must provide, as a minimum response, the following:</p> <ul style="list-style-type: none"> ○ Licensee equity, including: <ul style="list-style-type: none"> ▪ a minimum of 35% Black Local inhabitant Equity ○ Licensee management and employment including - <ul style="list-style-type: none"> ▪ list of proposed key personnel and management of the Licensee; and ▪ structure of, membership and positions of the Board of directors of the Licensee and the participation of the Black Shareholders. ▪ In the event that a management company is used, demonstration that at

	<p>least 35% of the Total Management Fee accrues to Black Local Inhabitant shareholders .</p> <ul style="list-style-type: none"> ○ subcontracting including, <ul style="list-style-type: none"> ▪ capital expenditure cash flow to Black People and/or Black Enterprises; ▪ operating expenditure cash flow to Black People and/or Black Enterprises; and ▪ procurement cash flow to Black SMEs. <p>a clear demonstration of how Target Groups are to be funded, and in particular Black Equity</p>
<p>Additional mandatory requirements</p>	<ul style="list-style-type: none"> ○ tax clearance certificates for all consortium members

- (e) state that each licence shall, subject to the provisions of the Act, be valid for not shorter than 5 years or as the Board may determine, having regard to the extent of the improvements, facilities and amenities to be developed and provided in conjunction with the establishment of the casino commencing upon the award of either a temporary casino license or the License, whichever is the earlier, (i.e. from the date the Licensee commences gambling operations under a temporary license or License).
- (f) an exclusivity fee which shall be 5% of the total capital value of the development (including casino, hotel and ancillary attractions);
- (g) the exclusivity will endure for the initial period of validity of the licence as set out in (e) above;
- (h) state that the copies of the request for Proposal to be submitted by applicants and which sets out the Board's requirements in more detail, will be available at the offices of the Board, ECGBB Building, Quenera Office Park, Quenera Drive, Beacon Bay, East London **Monday, 08 February 2010** on payment of a non-refundable fee of R5000.
- (i) **STATE THAT THE CLOSING DATE FOR APPLICATIONS BE AT 15H00 SOUTH AFRICA STANDARD TIME ON FRIDAY, 07 MAY 2010.**

Please note that the above requirements may differ in the final RFP document. Applications should be based on the RFP document.

R M ZWANE
Chief Executive Officer
Eastern Cape Gambling and Betting Board

Postal Address:

P.O. Box 15355
Beacon Bay
5205

Physical Address:

ECGGB Building
Quenera Park
Quenera Drive
Beacon Bay
East London

Tel: (043) 7028300

Fax: (043) 7482218

E-mail: ceo@ecgbb.co.za or compliance@ecgbb.co.za