

PROVINCE OF THE NORTHERN CAPE

PROFENSI YA KAPA-BOKONE



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IPHONDO LOMNTLA-KAPA

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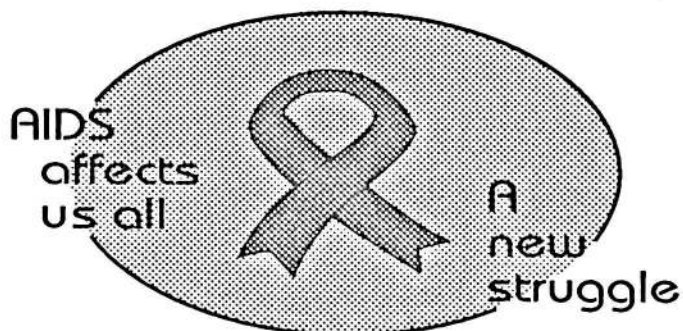
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No. 598

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DEPARTMENT OF HEALTH

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GENERAL NOTICES

NOTICE 21 OF 2001

NORTHERN CAPE GAMBLING AND RACING BOARD

The Northern Cape Gambling and Racing Board invites interested parties, both potential industry players and members of the public to make representations on the policy issues regarding limited payout machines (LPM) operations.

The Board has, amongst its duties, the duty of advising the Honourable MEC for Economic Affairs and Tourism in the Northern Cape regarding gambling matters, and intends to advise the Honourable MEC to encapsulate the final policy regarding LPM's in Regulations.

For members of the public the Board wishes to point out the following:

- A. **"route operator"** is an operator who owns limited payout machines. The route operator enters into an agreement with the site licence holder (e.g. a pub or club) in terms of which the route operator locates certain of his or her limited payout machines on the premises operated by such site licence holder and some form of compensation is paid to the site licence holder for this privilege;

"Independent site operator" means a site operator who is not linked to a route operator and is licenced to own and operate limited payout machines on a single site and is responsible for maintaining the machines effecting the collection of money and paying provincial taxes and levies due to the provincial licencing authorities;

"site operator" means—

- (a) the licensee who is entitled to keep limited payout machines owned by a route operator on his premises and to make them available to be played by members of the public; or
 - (b) where a provincial licencing authority licences the premises on which the activities contemplated in paragraph (a) are conducted, that licenced premises.
- B. The Northern Cape Gambling Board, with the socio-economic conditions of the Northern Cape Province in mind, decided to only issue site and route licenses to the following towns: Port Nolloth, Steinkopf, Springbok, Calvinia, Kakamas, Keimoes, Groblershoop, Postmasburg, Prieska, Victoria West, Douglas, De Aar, Barkley West, Hopetown, Kathu, Kuruman, Jan Kempdorp, Warrenton, Kimberley, Upington, Colesberg, Hartswater, Danielskuil, Camavon and Olifantshoek.
- C. In addition correspondents must ensure that all submissions fall within the parameters of Northern Cape Gambling and Racing Act, No. 5 of 1996 (as amended), Regulations made in terms of the Act and the Policy Directives for gambling related matters.
- D. Correspondents shall also note that National Regulations have also been published on the above subject. Insofar as these create norms and standards, the Northern Cape is bound thereby.
- E. These National Regulations provide that limited payout machines (i.e. gambling machines outside of a casino) shall—
- (a) have a maximum stake to play a game of R5,00; and
 - (b) have a maximum prize of R500,00 with no linked progressive jackpots.
- F. Furthermore, these Regulations further provide that in general maximum of five limited gambling machines should be located on a site.
- G. The operation of limited payout machines should generally be a subsidiary business to the main business conducted on a site.

The Draft Policy on Limited Payout Machines has been published in the *Northern Cape Provincial Gazette* No. 598 and comments on those draft policies should be sent to:

The Designated Officer
Northern Cape Gambling and Racing Board
18-22 Stockade Street
Private Bag X6108
KIMBERLEY
8300
or faxed to (053) 832-2564.

The closing date for comments is 23 March 2001.

A. J. WILLEMSE

Chairperson: Northern Cape Gambling and Racing Board

NOTICE 22 OF 2001

NORTHERN CAPE GAMBLING AND RACING BOARD

DRAFT REGULATIONS ON LIMITED PAYOUT MACHINE

POLICY ISSUES DEALING WITH ROUTE OPERATORS

1. No applicant shall be granted a route operator licence—
 - (a) if any person in control of such applicant or any manager of the business concerned at the relevant time is—
 - (i) a public servant;
 - (ii) a political office bearer or employee of a party, movement, organisation or body of a party political nature; or
 - (b) for the keeping and operation of more than five limited payout machines or a site within the 50 km radius from Kimberley, Colesberg and Upington municipal offices.
 - (c) if such applicant does not have access to capital resources which are adequate for the operation of a route operator;
 - (d) the granting of such licence will or may create or aggravate a monopoly situation as defined in the Maintenance and Promotion of Competition Act, 1979 (Act No. 96 of 1979); or
 - (e) if such applicant is unable to satisfy the electronic monitoring and surveillance requirements set out in section 36 of the Northern Cape Gambling and Racing Act, 1996 (the Act).
2. Preference shall be given to a route operator whose limited payout machines shall be located on sites where the site licence holder is controlled by persons or group or groups of previously disadvantaged persons. For purposes of this paragraph "controlled", means that such persons own at least 51% of the share or member's or partner's interest in the business holding the site licence and are entitled to at least 51 percent of the profits of such site licence holder.
3. At least 85 percent of the limited gambling by a route operator shall be located on sites located more than 50 kilometres from the municipal offices of Kimberley, Colesberg and Upington.
4. A route operator licence may be suspended or revoked by the board if such route operator becomes disqualified in terms of the Act and regulation after the issue of licence to such route operator.
5. When considering an application for or transfer of a route operator licence and when any conditions and requirements to which any such licence should advisably be made subject, the board must consider—
 - (a) the extent to which the applicant will promote sustainable employment in the Province;
 - (b) the extent to which the applicant will provide training and skills to its employees and the employees of gambling machine site licence holders with whom it enters into agreements;
 - (c) the extent to which the applicant will procure labour, goods and services in the province;
 - (d) the extent to which the applicant intends to provide for participation in the ownership or profits of the route operation and associated site operations by persons, a group of or groups of previously disadvantaged persons;
 - (e) whether granting of the licence will result in the establishment of a unduly large gambling industry in the Province, having regard to the number of inhabitants of the Province and their financial means and the tourist potential of the Province;
 - (f) the ability of the applicant to service sites in remote areas;
 - (g) any other factors which may affect the question whether it is desirable to grant such application or to attach any such condition or requirement;
 - (h) the extent to which the associated site licence holders will share in the profits of the limited payout machines on their sites;
 - (i) the extent to which the applicant will contribute to or provide a program for combating problem gambling; and
 - (j) any other factors the board must consider in terms of the National Gambling Act, 1996 (Act No 33 of 1996), in so far as it is not set out herein; and
 - (k) any other factors the board considers appropriate.

POLICY ISSUES DEALING WITH ELECTRONIC MONITORING REQUIREMENTS

1. All limited payout machines operated in the Province shall be linked to a Central Electronic Monitoring System contemplated in section 13 (1)(l) of the National Gambling Act, 1996 (Act No. 33 of 1996).
2. The Central Monitoring System must comply with the standards laid down by the South African Bureau of Standards from time to time and shall be subject to the approval of the board.

3. The monitoring system must be the central electronic monitoring system operated by an operator approved or appointed by the National Gambling Board ("the board" for the purposes of this section): appointed in terms of section 10 of the National Gambling Act, 1996 (Act No. 33 of 1996).
4. The monitoring system must provide either—
 - (a) on-line real-time monitoring and data acquisition capability in the format and media approved by the board;
 - (b) dial-up monitoring and data acquisition capability in the format and media approved by the board.
 - (c) such other monitoring and data acquisition capability, as the board may determine.
5. The monitoring system shall be designed and operated to perform and report functions relating to limited payout machines meters and other functions as follows:
 - (a) record the number of total value of coins deposited in the drop bucket of each limited payout machine for the purpose of activating play;
 - (b) record the number and total value of coins deposited in the drop bucket of each limited payout machine;
 - (c) record the number and total value of coins and credits automatically paid out by each limited payout machine;
 - (d) record the number and total value of coins and credits to be paid manually; and
 - (e) record such other information as the board may require.
6. All information required in terms of paragraph 5 shall be stored in machine—readable format for a minimum of five years.
7. No operator may expose for play a limited payout machine, which is not connected to an electronic monitoring system as contemplated in the regulations.

POLICY ISSUES DEALING WITH THE SPREAD OF INTEREST IN MACHINES AND ROUTE OPERATORS

1. The maximum number of limited payout machines which may be exposed for play in terms of independent site of and route operator licences issued in the Province shall not be more than 2000: Provided that the board may award independent site and route operator licences which together allow a lower number of limited payout machines to be approved for play if—
 - (a) it adopts a phased approach; or
 - (b) it seeks to avoid an over-saturation of limited payout machines or gambling operations in the Province;
 - (c) it seeks to protect public interest in economically depressed areas.
2. No route operator shall be licensed to operate more than 200 limited payout machines.
3. No person shall hold a financial or controlling interest of 10 percent or more in more than one route operator without the consent of the board.
4. No person may hold more than one route operator licence, either directly or indirectly, in the province.
5. Apart from the profits sharing between a route operator and site licence holder in terms of the agreement, no route operator may hold a financial interest in the holder of a site operator licence.

POLICY ISSUES DEALING WITH SITE OPERATOR LICENSES

1. No applicant shall be granted a site operator licence if—
 - (a) any person in control of such applicant or any manager of the business concerned is—
 - (i) a public servant; or
 - (ii) a political office bearer or employee of any party, movement or body of a party political nature;
 - (b) such applicant does not have guaranteed access to limited payout machines obtained from a route operator;
 - (c) such applicant cannot ensure that the limited payout machines to which the licence relates will be monitored as contemplated in section 36 of the Act;
 - (d) the granting of such licence will or may create or aggravate a monopoly situation as defined in the Maintenance and Promotion of Competition Act 1979 (Act No. 96 of 1979);
 - (e) the premises do not comply with the requirements set out hereunder.
2. No site operator licence shall be awarded or issued in respect of premises located within a radius of three kilometres of a casino or premises in respect of which a provisional casino licence has been awarded or issued where such casino is or will be located within the municipal boundaries of Kimberley, Upington and Colesberg.
3. In determining whether the premises in respect of which a site operator licence is to be granted will not be primarily utilised for the operation of gambling machines, the board may consider some or all of the following factors—

- (a) the floor space used for the limited payout machines as compared to the floor space used for the primary business;
 - (b) the investment in the operation of the limited payout machines as compared to the investment in the primary business;
 - (c) the time required to manage or operate the limited payout machines as compared to the time required to manager or operate the primary business;
 - (d) the gross revenue generated by the limited payout machines as compared to gross revenue generated by the primary business;
 - (e) whether a substantial portion of the financing of the business as a whole has been provided in exchange for the right to operate limited payout machines on the premises; or
 - (f) other factors, including but not limited to the establishment's name, the establishment's marketing practices and the public's perception of the business.
4. A limited payout machine site licence may only be awarded or issued in respect of premises where the primary business carried out on such premises is—
- (a) a sporting or social club;
 - (b) a tavern licensed in terms of the relevant laws relating to liquor;
 - (c) a racecourse;
 - (d) a bookmakers outlet;
 - (e) a totalisator outlet;
 - (f) a shebeen licensed in terms of the relevant laws relating to liquor;
 - (g) a hotel/guest house
 - (h) a nightclub;
 - (i) a sports bar;
 - (j) a bingo hall, or
 - (k) a restaurant with a bar area;
 - (l) an airport, railway station, bus station;
 - (m) a liquor store/outlet; and
 - (n) any other business approved by the board on application.
5. No site operator licence shall be awarded in respect of premises where the primary business conducted in such premises is—
- (a) a restaurant;
 - (b) a supermaket, café or other such retailer of food;
 - (c) an amusement arcade;
 - (d) a shopping centre: Provided that this does not depart from the generality of the provisions on policy elsewhere in this document;
 - (e) a sports stadium having seating for more than 1 000 people;
 - (f) places of culture including museums;
 - (g) a private home; or
 - (h) a school, university, college or technickon.
6. No person shall be permitted to expose for play in terms of all licenses issued to him or her, more than 40 limited payout machines.
7. No person shall hold a financial or controlling interest on five percent or more in more than one site licence holder without the consent of the board; provided that this shall not apply to an approved profit split with a route operator in terms of an agreement approved by the board.
8. No gambling machine site licence may be held by a route operator or by any entity where such route operator has a financial interest; provided this shall not apply to the profit split between such route operator and gambling machines site licence holder in terms of an agreement between them which has been approved by the board.
9. At least 60 percent of limited payout machines operated by in the province shall be located on sites where the operator licence holder is controlled by persons or a group or groups of previously disadvantaged persons. For purposes of this paragraph "controlled" means that such persons own at least 51% of shares or member's or partners interest in the business holding the site licence and are entitled to at least 51 percent of the profits of such site licence holders.

10. The Board may suspend or revoke the site operator licence of a licence holder who becomes disqualified in terms of the National Gambling Act and Regulations as well as the Northern Cape Gambling and Racing Act and Regulations after issue of the licence:

POLICY ISSUES DEALING WITH REQUIREMENTS FOR LICENCED PREMISES: SITES

1. Where the premises to which an application of a site relates is accessible to persons under the age 18, no such licence may be granted unless there is a separate cordoned off area wherein all limited payout machines on the premises shall be located: provided that such limited payout machine may be located in a restricted area, as defined in the liquor Act, 1989 (Act No. 27 of 1989), from which persons under the age of 18 years are excluded in terms of section 45 of that Act.
2. No limited payout machines shall be within 2 metres of the edge of the area contemplated in paragraph 1 where that area joins the floor area of the rest of the premises: Provided that such limited payout machine may be less than 2 metres from the edge of such area where such is separated from the rest of the premises by a non-transparent continuous wall with a height of at least two metres and all such limited payout machines are located at least 2 metres from any apertures in such a wall.
3. No application for a site operator licence may be granted unless—
 - (a) the premises to which the application relates are or will on completion be suitable for the purpose for which they will be used under the licence;
 - (b) if the premises are situated in the vicinity of a place of worship or a school or in a residential area, the business will be carried out in a manner that will not disturb the proceedings in that place of worship or school or prejudice the residents of that residential area; or
 - (c) The granting of the licence is in the public interest.

POLICY ISSUES DEALING WITH APPLICATIONS FOR A SITE OPERATOR LICENCE

1. When considering an application for a transfer of a site operator licence and when considering any conditions or requirements to which any such licence should advisably be made subject, the board shall take into consideration—
 - (a) whether the issue or transfer of the site operator licence to those premises will assist in enhancing the neighbourhood and environment;
 - (b) the extent to which the issue or transfer of the licence will promote trade and commerce at the place where the premises are situated;
 - (c) the extent to which the issue or transfer of the licence will promote sustainable employment in the area in which such premises are situated;
 - (d) the extent to which the applicant will provide training and skills to its employees;
 - (e) the extent to which applicant will procure labour, a goods and services in the area in which such premises are situated;
 - (f) the extent to which the issue of the licence will promote the welfare of previously disadvantaged persons;
 - (g) any facility, advantage or contribution which the applicant intends to provide or furnish for the benefit of, or for utilization and enjoyment by any needs community at or near the place where the premises are located;
 - (h) the extent to which the granting of the licence will promote the attainment of the objects of Reconstruction and Development projects and programs referred to in section 3 (a) of the Reconstructions and Development Fund Act, 1994 (Act No. 7 of 1994);
 - (i) whether the granting of the licence will result in the establishment of an unduly large number of premises in the Province and in that area where gambling is allowed, having regard to the number of inhabitants of the province and that area and their financial means;
 - (j) any other facts which may effect the question whether it is desirable to grant such application or to attach any such condition or requirement;
 - (k) the extent to which persons, group or groups of previously disadvantaged persons will share in the ownership and profits of the licence holder;
 - (l) any other factors the board must consider in terms of the National Gambling Act, 1996 (Act No 33 of 1996) in as far as it is not set out herein; and
 - (m) Any other factors the Board consider appropriate.

POLICY ISSUES DEALING WITH SITES WITH MORE THAN 5 LIMITED GAMBLING MACHINES

1. A site licence which allows the licence holder to expose for play more than five limited payout machines on such site shall only be awarded and issued if—
 - (a) the number of limited payout machine which shall be exposed for play on such site shall not exceed 40;
 - (b) the licenced site concerned shall not be located within 50 kilometres radius of a licenced casino or premises where a provincial licence in respect of a casino has been awarded or issued.

2. The maximum number of limited payout machines sites in respect of which licence to operate 40 limited payout machines are issued shall—
 - (a) not exceed 10 in total;
 - (b) not exceed 3 in any particular magisterial district.
3. When consideration of an application for a transfer of a site licence contemplated in this regulation and any conditions or requirements to which such licence should advisably be made subject, the Board shall take into consideration—
 - (a) the provisions which deal with site licences in general set out above and in other law;
 - (b) the need for prioritisation of development in non-metropolitan areas;
 - (c) the extent to which such limited payout machine site will promote tourism at the place where the premises will be situated;
 - (d) the extent to which such limited payout machine site will promote sustainable employment at the place the premises will be situated; and
 - (e) the extent to which such limited payout machine site will provide entertainment facilities for members of the public other than the operator of limited payout machines.
4. The board may suspend or revoke the gambling machine site licence of a licence holder who becomes disqualified in terms of this regulation after issue if the licence; provided that the licence of a site licence holder whose licence was issued before the relevant casino or provisional casino licence shall not be suspended or revoked solely because of the contravention of paragraph 1 (b).

POLICY ISSUES DEALING WITH STAKES

1. The maximum aggregate stake that may be charged in total to enable a person to play a game on a limited payout machine to conclusion shall be R5,00.
2. No double up shall be allowed in respect of a game on a limited payout machine.
3. No progressive jackpots are permitted in respect of a gambling game played on a limited payout machine.
4. A game on a limited payout machine—
 - (a) commences when the player—
 - (i) makes a bet from the player's credit meter that is not part of any previous a game; or
 - (ii) inserts cash and game play is initiated;
 - (b) is completed when the player—
 - (i) cannot continue play activity without committing additional credits from the credit meter or coin acceptance device; and
 - (ii) has no credits at risk; and
 - (c) contains one or more of the following elements, each of which is deemed to be part of a single game—
 - (i) games that trigger a free game feature and subsequent free games;
 - (ii) a metamorphic feature;
 - (iii) a "second screen" bonus feature;
 - (iv) games with player choice, for example draw poker and blackjack;
 - (v) games where the rules permit the wagering of additional credits, for example blackjack insurance or the second part of a two-part keno game; or
 - (vi) a gamble feature such as double up.
5. For the purpose of the paragraph dealing with stakes and prizes—
 - (a) "credit" means the amount of money available to player as reflected on a limited payout machine in increments of the denomination of that particular limited payout machine in increments of the denomination of that particular limited payout machine in Rand value; which occurs as a result of the insertion of cash or tokens into the limited payout machine or anything won by the player on completion of the game;
 - (b) "double up" means a feature in terms of which a player may during a game risk previous win, bet or portion of such win or bet in the selection of an outcome that has an equal chance of occurrence;
 - (c) "progressive jackpot" means an additional variable reward, additional to the games pay table, which is available to be won by a player as a result of an event".

POLICY ISSUES DEALING WITH PRIZES

1. The maximum amount or the value of any prize which may be awarded in respect of a game played on, or the operation of, a limited payout machine shall be R500.

2. A prize won on a game on a limited payout machine must be accrued to the winner as credits or paid to the winner in cash: provided that the payment of a prize may be made by way of a cheque on the request of, or with the consent of, the winner.
3. Subject to paragraph 2, no price or benefit may be given to or accepted by the winner of the game on a limited payout machine in addition to or in lieu of the cash or credits won on a game.

POLICY ISSUES DEALING WITH TOKENS

1. Only coins and smart cards may be used in a limited payout machine.

POLICY ISSUES DEALING WITH RETURNS TO PUBLIC

1. Every limited gambling machine exposed for play must have a theoretical and demonstrable return to the public of not less than 75%.
2. All winning combinations, together with the corresponding prizes, must be clearly displayed, or be easily accessible by the player, on every limited gambling machine exposed for play.

POLICY ISSUES DEALING WITH SURVEILLANCE SYSTEM FOR LIMITED PAYOUT MACHINE

1. The holder of a site licence shall install a surveillance system approved by the board on premises that operates more than 5 limited payout machines.
2. A surveillance system contemplated in paragraph 1 shall consist of one or more cameras, monitors and video recorders, as approved by the board, and may view or record in black and white.
3. A surveillance camera contemplated in this section may make use of time lapse photograph with intervals of not more than 10 seconds duration.
4. Surveillance tapes must be in VHS format or in any other format approved by the board.
5. Where the premises to which a gambling machine site licence relates are also licenced in terms of another licence issued in terms of the Act for which a surveillance system is required, it shall be sufficient if the whole gambling area of the premises concerned is covered by a single surveillance system.
6. The surveillance system must include date and time operators that display on each recording the date and time of the record view.
7. The licence holder must be able to create first generation copies of video surveillance tapes.
8. Logs must be kept of surveillance malfunction and gaming operations must cease pending repair of malfunction.
9. Tapes must be kept for 10 days.
10. The surveillance system plan must be approved by the board.

POLICY ISSUES DEALING WITH FINANCIAL INTEREST

Apart from the agreement between a route operator and a site operator licence holder relating to the division of profits between them, no gambling related contract entered into by a route or site operator licence holder shall contain terms, condition or any similar provisions in terms of which the performance by the licence holder or applicant for a licence, or any aspect of such performance, is directly or indirectly based upon, linked to or in any respect contingent upon, turnover generated by the gambling operations or proposed gambling operations of such licence holder or applicant for a licence.

A. J. WILLEMSE

Chairperson Northern Cape Gambling and Racing Board
