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A Commission established in terms of the Gambling & Betting Act, 1997 (Act No. 5 of 1997) (Eastern Cape)

PRESS STATEMENT

The Eastern Cape Gambling and Betting Board, following a lengthy and transparent process, has decided to award a route operator licence to Vukani Gaming Eastern Cape (Pty) Limited. The Board's decision is subject to certain conditions precedent and to consultations with Vukani on the Conditions of Licence which shall apply if and when a licence is issued. The Board's decision is also subject to the provisions of section 44 of the Gambling and Betting Act, 1997 (Act No. 5 of 1997) (Eastern Cape) (as amended) ("the Act") which provides for measures which are used to ensure there are no grounds upon which the Board's decision can be set aside. In this regard the Board has to submit a written report on its decision to the MEC responsible for gambling in the province who considers the report and can then ask the Premier to convene a review board if he feels that there are grounds in the licensing process that merit a review of the Board's decision.

In evaluating the application the Board considered economic, social, management, financial and development criteria and sub-criteria, with specific emphasis on empowering historically disadvantaged individuals and small, medium and micro enterprises and undertakings benefiting the community.

The main financial interest in Vukani Gaming Eastern Cape is held by Vukani Gaming (Pty) Ltd, the ultimate shareholder of whom is Hosken Consolidated Investments Ltd, a black empowerment company with various interests. 15% of the shares of Vukani Gaming Eastern Cape are held by Younde Investments (Pty) Ltd, an empowerment company based in the Eastern Cape with local empowerment shareholders. There is no management company involved in the application. As part of its bid commitments Vukani Gaming Eastern Cape made commitments which include a payment of R500 000,00 towards education in the Eastern Cape and the payment of a percentage of its gross profits to a Trust benefiting people in the Eastern Cape.

The Board originally received two applications for the two route operator licences available. The Board has deferred final deliberation on the other application, which was received from Luck At It (Eastern Cape) (Pty) Limited, pending the receipt of further outstanding information and hopes to be in a position to deliberate on this application soon.

A Route operator licence enables the holder to locate owners of taverns, bars, hotels, sports clubs and other businesses and recreational facilities set out in legislation to place a limited number of limited gambling machines on such premises in return for the owner of such tavern or other business receiving a percentage of the profits. The premises on which these machines are placed are referred to as "sites" and the taverner, bar owner etc as the "site operator". These machines will be limited in that they will have a maximum prize per game of R500,00 and a maximum stake per game of R5,00.

The operation of limited gambling machines must be a secondary business and the owners of businesses and premises which have these machines will have to be separately licensed by the Board, over and above the licence issued to the route operator. Site operators on whose premises these machines are located may only possess machines operated by a licensed route operator and only a maximum of two route operators may be licensed in the province. A route operator can only operate a maximum of 1000 machines.

Most sites will have three to five machines but a limited number of sites located more than 50 kilometres from casinos may operate up to 40 machines. Although national legislation provides for up to 6000 limited gambling machines in Eastern Cape Province, the Board has resolved to limit this to 2000 machines at this time, with further machines not being considered unless a socio-economic impact study shows that this is advisable. Legislation also regulates the spread of machines so as to ensure they are not all placed in one area and seeks to ensure that 60% of machines are located on premises controlled by historically disadvantaged individuals. Licences are issued for seven years.

The licensing process for sites has not yet commenced and a Request For Proposal for site licences will only be issued once the route operator process has reached the a stage where licences can be issued.

The Eastern Cape has become the third province in South Africa to have reached the point where route operator licence applications are deliberated on.

**J LUKWAGO-MUGERWA
CHAIRPERSON**