

**TERMS OF REFERENCE FOR AN EVALUATION OF THE EFFECTIVENESS AND EFFICIENCY OF THE SUPPORT PROVIDED BY ROUTE OPERATORS TO TYPE A, B AND C LIMITED PAYOUT MACHINES (LPM) SITE OPERATORS IN THE EASTERN CAPE**

**1. INTRODUCTION AND BACKGROUND**

- 1.1 The Eastern Cape Gambling Board is a statutory body established by the Eastern Gambling and Betting Act, 1997 (Act No.5 of 1997) (as amended) (the Act).
- 1.2 The mandate of the Board is to regulate or control all gambling activities within the Eastern Cape Province. This includes the issuing and revocation of gambling licenses, exclusion of problem gamblers, and protection of the public against unscrupulous gambling practices and control of illegal gambling activities in the Province.
- 1.3 Among other license modes, the board issued two (2) route operator licenses to Eastern Cape Vukani Gaming (Pty) Ltd and Pioneer Slots (Pty) Ltd to oversee the distribution of 2000 Limited Payout Machines "LPM"s, with each route operator allocated a 1000 of these machines.
- 1.4 Vukani Gaming Pty Ltd has been a route operator since 2005 in the Province while Pioneer slots (Pty) Ltd has been in operation since 2013.
- 1.5 Each of these route operators are regulated by licence conditions that govern the methods and processes to follow in ensuring a seamless distribution and maintenance of these LPM sites.

**2. PROBLEM STATEMENT OF HYPOTHESIS**

- 2.1 Anecdotal evidence suggest that LPM site owners may not fully comprehend the regulatory compliance requirements on site ownership in relation to the licence conditions and this lack of understanding may impede the audit status of these LPM sites including the growth and sustainability of the LPM Sites in the Province.
- 2.2 Whilst Route Operators are meant to achieve their targets in increasing the number of LPMs in the Province, there may be challenges associated with effectiveness and efficiency that Site Operators may be experiencing from Route Operators but find it difficult to express and communicate such challenges for joint solutions.
- 2.3 There has never been a study that was commissioned to assess the effectiveness and efficiency of route operator functions and support in the Province. The research to be conducted is therefore meant to determine the efficiency and effectiveness of route operators when dealing with LPM sites and will further recommend amendments should a need arise.

**3. OBJECTIVES OF THE STUDY**

- 3.1 The main objective of the study is to obtain evidence that will determine the extent of functional effectiveness and efficiency of route operators in their expected support and interaction with LPM site owners as per the licence conditions and how these relationships can be upheld, improved and sustained should there be any improvements required.

#### **4. DELIVERABLES**

- 4.1 The ECGB is looking for a Research Company /Organisation or an Institution of Higher Learning that will investigate the following:-
- 4.1.1 processes and experiences provided to potential gambling LPM site owners in preparing for the actual licensing process by Route Operators.
  - 4.1.2 business knowledge, regulatory requirements and other related business practices provided by the Route Operators to potential site owners before actual licensing process and post license award.
  - 4.1.3 access and availability of Route Operators in providing ongoing support LPM to Site Owners.
  - 4.1.4 commitment, processes and approaches utilised by the Route Operators in facilitating training and development of Site Owners and their employees and how this training is measured.
  - 4.1.5 support regarding the implementation of bid commitment which became licence conditions
  - 4.1.6 timeous and efficient maintenance of gambling equipment by Route Operators including repair of faulty machines (e.g. accessibility of sites and frequency of visit to sites).
  - 4.1.7 support provided by the route operator on readiness towards regulatory compliance by the ECGB, by the regulator in line with the licence conditions.
  - 4.1.8 Knowledge, awareness and rationale timeous disbursements of agreed payment percentage of Gross Gaming Revenue towards the National Responsible Gambling Programme.
  - 4.1.9 Provision of support by Route Operators regarding the utilisation of the central monitoring system.
  - 4.1.10 Knowledge, awareness and rationale approaches and mechanism by Route Operators in guiding Gambling Site Owners in implementing their license conditions with respect to local procurement, employment, skills development and sustainable CSI Initiatives and Projects in the most impoverished areas of the Province.
  - 4.1.11 measures put in place by Route Operators to identify potential problem gambling in LPM sites and how those challenges are addressed and resolved amicably.
  - 4.1.12 any general perceptions about the business relationship between Route Operators and Gambling LPM Site Owners.

#### **5 RESEARCH METHODOLOGY AND RESEARCH INSTRUMENTS**

- 5.1 The appointed Research Company /Organisation or an Institution of Higher Learning will be required to detail a clear research methodology that will be utilised to conduct the research assignment.
- 5.2 The methodology will form part of the deliverables that will be used to measure the suitability of a Service Provider to conduct this work.
- 5.3 The methodology must clearly indicate as to how the research will be popularised and communicated to:
- 5.3.1 LPM gambling sites owners within the Province.
  - 5.3.2 Route operators within the Province.

## 6 RESERCH METHODOLOGY AND SAMPLE STRATEGIES TO BE UTILISED

- 6.1 It is anticipated that **both qualitative and quantitative research methodologies** can be utilised in all the Local, District and Metropolitan Municipalities of the Province where LPM Sites are located.
- 6.2 40% of of LPM Sites to be sampled for direct face to face engagements should be in the Non-Metropolitan Municipal Area of the Province as this is a test of accessibilty and functionality that the ECGB would like to establish with respect to Route Operators.
- 6.3 The appointed Research Company /Organisation or an Institution of Higher Learning will be further required to develop and test the appropriate research instruments which will be approved by ECGB before the research is undertaken. The research instruments and process of testing such instruments will be part of the deliverables that will be used to measure the suitability of a Service Provider to conduct this work.
- 6.4 Both qualitative and quantitative research methods are expected can be utilised in order to produce informed findings and recommendations. Research methodology must include amongst others the following:
  - 6.3.1 Desktop Literature Review on both National and International Perspectives regarding the functionality of Route Operators in the Republic or somewhere else
  - 6.3.2 Personal Interviews with research informant using different strategies
  - 6.3.3 Utilization of Questionnaire as a research instrument to gather data and information or any approved research instruments.

## 7. TIMELINES FOR THE PROJECT

- 7.1 An appointed service provider will be expected to complete this assignment within a period of 4 months immediately after signing a performance service level agreement.

## 8. EVALUATION CRITERIA

The following are key criteria that will be used in appointing the successful service provider:

- a) **THRESHOLD:** Bids will be evaluated on 80/20 principle as prescribed in the Preferential Procurement Policy Framework Act 5 of 2011. (Preferential Procurement Regulations of 2017)
- b) Bids will be considered and evaluated in a two staged approach.
- c) During the first stage, bidders will only be evaluated on functionality, and only qualifying service providers who meet the minimum requirements for functionality will be allowed to proceed to the second stage where scoring will be done on 80 points for price and 20 points for B-BBEE Status Level of Contribution.
- d) Bidders are required to submit their bids in two envelopes with the first envelope outlining the functionality. The first envelope must be clearly marked Stage 1; Functionality.
- e) Furthermore, bidders are required to include their pricing in a second sealed envelope marked Stage 2; Price, which must also include their B-BBEE status level of contribution.
- f) Only bidders who meet the minimum of 75 points on functionality during the evaluation of Stage 1 will proceed for scoring in Stage 2.

**Table 1: STAGE ONE: Functionality**

FUNCTIONALITY	MAXIMUM POINTS
<p><b>A. Company's experience on research projects/contracts</b></p> <ul style="list-style-type: none"> <li>• 6 or more Projects/Contracts = 20 points</li> <li>• 5 or more Projects/Contracts = 15 points</li> <li>• 4 or more Projects/Contracts = 10 points</li> <li>• 3 or more Projects/Contracts = 05 points</li> </ul> <p><i>Bidders are required to submit letters of reference from previous contracts to substantiate all projects/contracts claimed with contactable references and nature of service.</i></p>	<b>20</b>
<p><b>B. Team members (Senior Researcher; Researcher; Data Analyst &amp; Data Collector) experience on research projects/ contracts</b></p> <p><b>Senior Researcher / Project Manager</b></p> <ul style="list-style-type: none"> <li>• 5+ research projects/contracts = 20 points</li> <li>• 4 research projects/contracts = 15 points</li> <li>• 3 research projects/contracts = 10 points</li> <li>• 2 research projects/contracts = 05 points</li> </ul> <p><b>Researcher</b></p> <ul style="list-style-type: none"> <li>• 5+ research projects/contracts = 20 points</li> <li>• 4 research projects/contracts = 15 points</li> <li>• 3 research projects/contracts = 10 points</li> <li>• 2 research projects/contracts = 05 points</li> </ul> <p><b>Data Analyst</b></p> <ul style="list-style-type: none"> <li>• 5+ research projects/contracts = 15 points</li> <li>• 4 research projects/contracts = 10 points</li> <li>• 3 research projects/contracts = 05 points</li> <li>• 2 research projects/contracts = 03 points</li> </ul> <p><b>Data Collector</b></p> <ul style="list-style-type: none"> <li>• 5+ research projects/contracts = 10 points</li> <li>• 4 research projects/contracts = 07 points</li> <li>• 3 research projects/contracts = 04 points</li> <li>• 2 research projects/contracts = 02 points</li> </ul> <p>Detailed cvs of team members who will be directly involved in providing the required service must be submitted in order to confirm the above. Kindly note that CV's</p>	<b>65</b>
<p><b>C. Methodology</b></p> <p><b>Bidders are required to provide and submit with their bid documents:</b></p> <p>A detailed Methodology</p> <ul style="list-style-type: none"> <li>• Planning = 3</li> <li>• Analysing = 3</li> <li>• Quality control = 3</li> <li>• Feedback = 3</li> <li>• Deliverables and regular liaison/communication with ECGB) = 3</li> </ul> <p>The more likely the bidder is to be able to execute the contract successfully, the more points will be allocated.</p>	<b>15</b>
<b>TOTAL POINTS</b>	<b>100</b>

## 9. STAGE TWO: Preferential points system

### PREFERENTIAL PROCUREMENT REGULATIONS OF 2011 WILL APPLY: Preferential Procurement Regulations of 2017

Price and B-BBEE Status points will be calculated as described in the Preferential Procurement Regulation 2017.

SBD 6.1 Form must be used to claim B-BBEE Status level of the company.

**NB: Certified copy or original B-BBEE Status Level Verification Certificate must be submitted to substantiate B-BBEE Status Claimed. When such certificate is not provided as proof the company will automatically score zero.**

Table 2: Points available per criteria in Stage 2

CRITERIA		POINT SYSTEM
Price		80
B-BBEE		20
B-BBEE Contribution Level		
1	20	
2	18	
3	14	
4	12	
5	8	
6	6	
7	4	
8	2	
Non-compliant contributor		0
Total		100

## 10. IMPORTANT SUBMISSION GUIDELINES

All proposals will be adjudicated in terms of the Supply Chain Management Policy of the ECGB and in accordance with the Public Finance Management Act. In addition to those (the conditions) stipulated in any other section of the request for proposals, the service providers should be especially aware of the following terms and conditions:

- 10.1 The Eastern Cape Gambling Board reserves the right not to make any appointment from the submitted proposals.
- 10.2 The Eastern Cape Gambling Board does not bind itself to accept the proposal with highest score.
- 10.3 The Eastern Cape Gambling Board reserves the right to cancel this request for proposal (RFP) and pursue an alternative course of action at any time without incurring any liability towards any service provider.
- 10.4 The Bidders are advised that the submission of proposals gives rise to no contractual obligations on the part of ECGB.
- 10.5 Proposals submitted by electronic transmission or faxed will not be accepted.
- 10.6 All proposals submitted shall become the property of ECGB and shall not be returned.
- 10.7 CSD reports will be used to verify all company/organization's details and tax status pin codes must be provided.
- 10.8 Bidders are required to complete, sign and submit all SBD forms/bid documents. **If the bidder does not meet this requirement, it will be automatically disqualified**
- 10.9 Prospective bidders are required to attend a compulsory briefing on the **22 October 2018** from 10h00 am at the offices of the Eastern Cape Gambling Board, Quenera Park, Beacon Bay, East London.
- 10.10 Attendants/ prospective bidders have to sign the attendance register which shall be made available to all.

- 10.11 Proposals received after the specified time and date i.e. **05 November 2018 at 11h00 am** will **NOT** be considered and accepted.
- 10.12 No services shall be rendered or goods delivered before an official ECGB Purchase Order has been issued.
- 10.13 The ECGB may request written clarification or further information regarding any aspect of proposals submitted. Service providers must supply such requested information in writing within the stipulated timeframe after the request has been made, or their proposal may be disqualified.
- 10.14 Service providers shall not qualify their proposals with their own conditions.
- 10.15 The name(s) and contact details of the person or persons(s) in your organisation responsible for this proposal.
- 10.16 A service level agreement shall be signed with the successful service provider.
- 10.17 The ECGB will not be held responsible for any cost incurred by the service provider in the preparation and submission of this proposal.
- 10.18 The ECGB reserves the right to terminate the contract if not satisfied with the work or the deliverables as stated above are not going to be met. Only bidders that meet the requirements of the request for proposal specification shall be considered during the adjudication process.
- 10.19 Bidders that bid as joint venture must have a signed business agreement by both parties. If the service provider does not meet this requirement it will be automatically disqualified.

## **11. PRICING**

Price must be in South African currency and must be inclusive of VAT. Bidders are further requested to indicate their price in all elements listed in their pricing schedule (**no hidden costs/ unknown costs will be accepted**). Price will be evaluated based on 80 points and applicable formula of calculating points.

## **12. COMPULSORY BRIEFING SESSION**

- 12.1 A compulsory tender briefing session will be held on **22 October 2018 at 10h00 am** at the ECGB offices.
- 12.2 Attendants/ prospective bidders have to sign the attendance register.
- 12.3 Bidders who do not attend the compulsory briefing session will not be considered.

## **13. WHERE TO SEND THE PROPOSAL**

Please send your original proposal and a copy saved on USB/flash disk to:

**"ROUTE OPERATOR SUPPORT STUDY.** (To be marked clearly on envelope)  
Eastern Cape Gambling Board  
Quenera Park, Quenera Drive  
Beacon Bay  
East London  
5206

13. Contact Details

Enquiries concerning SCM and completion of SBD forms:  
Name: Ms. Thandi Malotana  
E-mail: [thandazwam@ECGB.co.za](mailto:thandazwam@ECGB.co.za)


Tel no.: 043 - 702 8307

Enquiries concerning Terms of reference:

Name: Mrs. Pumeza George  
E-mail: [pumezag@ECGB.co.za](mailto:pumezag@ECGB.co.za)

Tel no.: 043 - 702 8308

Bid Specification



L. TSHOKO  
CHAIRPERSON: BID SPECIFICATION COMMITTEE  
DATE: 10 / 09 / 2018

Recommended / ~~Not Recommended~~

Bid Specification



R.P. HILL  
CHIEF FINANCIAL OFFICER  
DATE: 12 / 09 / 2018

Supported / ~~Not Supported~~

Bid Specification



R.M. ZWARE  
CHIEF EXECUTIVE OFFICER  
DATE: 08 / 10 / 2018

Approved / ~~Not Approved~~