

**THE SOCIO-ECONOMIC AND ENVIRONMENTAL IMPACT OF LIMITED PAYOUT MACHINES &
BOOKMAKERS IN THE EASTERN CAPE PROVINCE**

REQUEST FOR PROPOSAL

1. INTRODUCTION

- 1.1 The Eastern Cape Gambling Board is planning to conduct a socio-economic and environmental impact research study of limited payout machines “LPMs” and Bookmakers in the Eastern Cape Province (“Province”) in pursuance of Regulation 40(1) of the Eastern Cape Gambling Regulations, 2017 (Provincial Notice No. 202 of 2020) (“Regulations”) with the aim of determining whether or not to increase the number of LPMs currently exposed for play.
- 1.2 The study is also intended to assess the market prominence/saturation of Bookmakers in the Province in order to determine whether the number of bookmaker licences should be limited as there is currently no limit in terms of the Regulations and National Regulations.

2. PROBLEM STATEMENT

- 2.1 Regulation 40 (1)-(3) provides as follows:

(1) The maximum number of limited gambling machines, which may be exposed for play in terms of all route operator licences and limited gambling machine site licences issued in the Province, shall be 6 (six) thousand, subject to sub-regulations (2), (3) and (4).

(2) Notwithstanding sub-regulation (1), the board shall only issue or allow route operator licences or limited gambling machine site licences which will allow more than 2 (two) thousand, but not exceeding 3 (three) thousand, limited gambling machines to be operated in the Province if -

- (a) it is satisfied that this will not lead to an over-saturation of limited gambling machines in the Province; and*

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- (b) *it has considered, both in regard to the existing limited gambling machines and such further machines as may exceed 2 (two) thousand*
- (i) *the social impact;*
(ii) *the economic impact;*
(iii) *the environmental impact;*
(iv) *the impact on problem gambling; and*
(v) *it is of the opinion that the exposure for play of more than 2 (two) thousand, but not exceeding 3 (three) thousand, limited gambling machines will be in the best interests of the Province.*
- (3) *The number of limited gambling machines exposed for play in terms of all route operator licences and limited gambling machine site licences issued in the Province, may only exceed 3 (three) thousand, if approved by the Minister in terms of the National Gambling Act.*

2.2 It is incumbent on the Board to satisfy this provision of the Regulation, *albeit*, in terms and in accordance with Regulation 40(2) which provides that increasing the current number of LPMs in the Province requires the Board to conduct a study that considers both the existing limited gambling (payout) machines and such further machines as may exceed 2000. Such a study must be informed by the following:

- The social impact;
- The economic impact;
- The environmental impact;
- The impact on problem gambling, and
- Any other relevant information.

2.3 The Regulations, as well as the National Regulations are silent on the maximum number of bookmaker licences which can be awarded by the Board in the Province.

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3. PRODUCTION / SCOPE OF AND RESEARCH STUDY

The appointed service provider or Research Company is required to:

3.1 *investigate the geographical existence of the LPMs and Bookmakers in the Eastern Cape and whether this does not trigger elements of over-saturation in the communities where the LPMs & Bookmakers are present.*

3.2 *determine the positive or negative Socio-Economic Impact of the LPM and Bookmaker industry in the Eastern Cape Province in respect of:*

- 3.2.1 local communities, i.e. punters, households; various local and community organisations, institutions of learning, religious institutions, etc.
- 3.2.2 location and geographic spread of the LPM Sites and Bookmakers in the Province and whether the geographic spread is compliant to the respective Conditions of Licence issued by the Eastern Cape Gambling Board.
- 3.2.3 work responsibilities by employed workers in the Province in terms of ease of access to the LPM sites and Bookmaker branches.
- 3.2.4 interpersonal relations both at household, community level and workplaces, what are the noticeable behavioural patterns of a punter after s/he has won or lost after a gaming session.
- 3.2.5 financial and budget management of punters who gamble in the LPM Sites;
- 3.2.6 percentage of total expenditure spent on gaming entertainment at LPM sites on a monthly basis versus the monthly income of a punter.
- 3.2.7 incidence of problem gambling within the LPM industry in the Province and how these are addressed.

3.3 *determine the positive or negative Environmental Impact of the LPM & Bookmaker industry in the Eastern Cape Province in respect of:*

- 3.3.1 impact of LPM & bookmaker site/branches regarding land requirements in communities,
- 3.3.2 the impact on the environment when the core business expands/ transforms in order to meet the ECGB's mandatory requirement for LPM sites and Bookmaker branches.

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- 3.3.3 the social and spatial vulnerability of communities within which the LPM sites & bookmaker branches are located.
 - 3.3.4 the trajectory and proximity of location patterns of the LPM sites & Bookmaker branches in the Province.
 - 3.3.5 incidence of traffic congestion resulting from LPM demands by the punters and other users of facilities where LPM sites are located.
 - 3.3.6 noise and air pollution caused by the LPM site availability in the area.
 - 3.3.7 influx/over saturation of an area by LPM sites and the impact of such over-saturation LPM Sites.
- 3.4 *investigate and determine the size of the LPM & Bookmaker industry in the Eastern Cape Province expressed in terms of the Gross Domestic Product (GDP) contribution or total turnover and with comparisons with other Provinces where LPM sector exists.***
- 3.5 *investigate and quantify Fixed Investment made by the LPM & Bookmaker Sector in the Eastern Cape Province, including tax contributions and sustainable employment (direct or indirect) provided to the people or communities of the Eastern Cape Province.***
- 3.6 *Investigate and research the multiplier effect and impact of the LPM & Bookmaker industry in the Eastern Cape with regards to the following:***
- 3.6.1 levels and scale of the employment, labour remuneration, as well as government taxes in the Eastern Cape Province.
 - 3.6.2 characteristics of the LPM Industry in the Eastern Cape Province, i.e. whether matured or still developing.
 - 3.6.3 Potential growth of the LPM Industry in the Eastern Cape Province and the impact of such growth.
 - 3.6.4 Knowledge, information and awareness of LPM Industry by Organised Business, especially the PDI in the Province for them to access economic opportunities available in the LMP Sector.

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4. ANTICIPATED OUTCOMES OF THIS RESEARCH

The findings and recommendations that will emerge from this study will among other things:

- 4.1 serve as a baseline information and data to formulate streamlined consumer protection and public education campaigns across the province; where research results will indicate possible excessive/problem gambling trends.
- 4.2 provide empirical evidence on whether there is a need to further increase LPMs in the province without over saturating the market and ensure that economic opportunities of gaming and ownership in particular by the PDIs in the province, are enhanced and communicated to all potential entrepreneurs.

5. RESEARCH METHODOLOGY AND RESEARCH INSTRUMENTS

The appointed Service Provider or Research Company will be required to detail a clear research methodology, approach that will be utilised to conduct this research assignment. The methodology will form part of the deliverables that will be used to measure the suitability of a Service Provider to conduct this work. The following are therefore mandatory and should be considered and reported accordingly:

- 5.1 The methodology to be utilised and implemented must clearly indicate as to how the research will be popularised and communicated to research participants and those who will be targeted so that they can participate with ease during the process taking into consideration the time to conduct and finish this assignment.
- 5.2 The appointed Service Provider or Research Company will be 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 or Research Company to conduct this work.
- 5.3 It is anticipated that both qualitative and quantitative Research Methodology maybe utilised because of the nature of this research assignment an in particulate

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to produce informed findings and recommendations that are empirically evidence based.

- 5.4 A sample strategy to be utilised by the Appointed Service Provider or Research Company must be provided including reasons for choosing such a strategy.
- 5.5 A data collection, quality control of such data and information including data analysis and appropriate interpretation and validation of such data and information is considered as major requirement for this assignment and the Service Provider or Research Company is expected to provide a very clear and unambiguous approach to deal and present this deliverable.
- 5.6 Adherence to principles of ethical considerations when conducting empirical based research or study is a requirement and therefore, the appointed Service Provider or Research Company is expected to present this as one of the deliverables, an approach or process to deal with this matter and ensure that ethical considerations will be applied accordingly.

6 DURATION OF THIS RESEARCH WORK AND ITS SUBMISSION PROCESSES

- 6.1 Furthermore, the appointed Service Provider or Research Company will be expected to complete this Research Project or Assignment within a period of **Ninety days (03 months only)** immediately after signing a performance service level agreement with the ECGBB.
- 6.2 The Production, Printing and Submission of an agreed Graphic Designed, edited and Layout Research Report informed by the research work with clear validated findings and Recommendations is the main deliverable in terms of this request, with the rest laying the ground for such work.
- 6.3.1 The report to be presented to the ECGB Management in PowerPoint format as well. The report will remain the patent of the ECGB and not to be utilised without the permission of the ECGB.
- 6.4 The Service Provider or Research Company will be expected to submit the draft research report with clear findings and recommendations, thereafter the service provider must prepare to appear before the ECGB **three times**, i.e. the

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Management, the Compliance and Transformation Committee and the entire Board of Directors.

7. OUTLINE OF THE RESEARCH REPORT

Without dictating to Service Providers or Research Companies, the final research report of this assignment is expected to include among other things the following

- 7.1 Introduction, Background, Executive Summary, Explanation of Terms Utilised for ease of understanding, etc
- 7.2 Research methodology, data collection, sampling, control and validation of data and informatoin, ethical research consideration, etc
- 7.3 Research results, discussion of research results, validaiton of such research results, significance of research results in light of what was already known about the research problem being investigated, and explain any new understanding or fresh insights about the problem that may emerge.
- 7.4 Research findings against the terms of reference or the scope provided to Service Providers or Research Companies including recommendations being made based on the same.
- 7.5 Concluding remarks and summary should also be provided for ease of understanding the outcomes of the research.

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 the 80/20 principle as prescribed in the Preferential Procurement Policy Framework Act, 2000 read together with Preferential Procurement Regulations, 2022.
- 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 specific goals.

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- 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.
- f) Only bidders who meet the minimum of 75 points on functionality during the evaluation of Stage 1 will proceed to score in Stage 2.

Table 1: STAGE ONE: Functionality

FUNCTIONALITY CRITERIA	MAXIMUM POINTS
<p>A. Company's experience on research projects/contracts</p> <ul style="list-style-type: none"> • 6 Projects/Contracts = 15 points • 5 Projects/Contracts = 10 points • 4 Projects/Contracts = 5 points • 2 Projects/Contracts = 2 points <p><i>Bidders are required to submit signed reference letters with contactable details from previous research contracts.</i></p>	15
<p>B. Team members (Senior Researcher & Data Analyst) experience on research projects/ contracts</p> <p>Senior Researcher / Project Manager</p> <ul style="list-style-type: none"> • 5+ research projects/contracts = 20 points • 4 research projects/contracts = 15 points • 3 research projects/contracts = 10 points • 2 research projects/contracts = 05 points <p>Data Analyst</p> <ul style="list-style-type: none"> • 5+ research projects/contracts = 15 points • 4 research projects/contracts = 10 points • 3 research projects/contracts = 05 points • 2 research projects/contracts = 03 points <p>Detailed CVs with contactable references of team members who will be directly involved in providing the required service must be submitted in order to confirm the above</p>	35
<p>C. Methodology Bidders are required to provide and submit their bid documents:</p> <ul style="list-style-type: none"> • Research Design to be utilised and its justification. • Population, Sample, and Sampling Strategy and the justification of choices. • Data collection instruments and justification of the instruments 	50

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FUNCTIONALITY CRITERIA	MAXIMUM POINTS
<p>to be utilised.</p> <ul style="list-style-type: none"> • Data collection and analysis process. • Validity and reliability in order to ensure that data collected, processed and analysed is trustworthy. • Independent Quality Assurance of the final report to be submitted to the ECGB. <p>The more likely the bidder is to be able to execute the contract successfully, the more points will be allocated.</p>	
TOTAL POINTS	100

STAGE TWO: Preferential points system

PREFERENTIAL PROCUREMENT REGULATIONS OF 2022 WILL APPLY: Preferential Procurement Regulations of 2022. Price and points for specific goals will be calculated as described in the Preferential Procurement Regulation 2022.

NB: Tenderers are to submit proof of the specific goals claimed.

Table 2: Points available per criteria in Stage 2

CRITERIA	POINT SYSTEM														
Price	80														
Specific goals:	20														
<table border="1"> <tr> <th>Specific goal</th><th>Max points</th></tr> <tr> <td>50% or >50% Black Ownership</td><td>5</td></tr> <tr> <td>50% or >50% Black female ownership = 5 points</td><td></td></tr> <tr> <td>25%-49% Black female ownership = 3 points</td><td>5</td></tr> <tr> <td>SMME (i.e., EME or QSE)</td><td>5</td></tr> <tr> <td>Eastern Cape based bidder</td><td>5</td></tr> <tr> <td align="right" colspan="2">20</td></tr> </table>	Specific goal	Max points	50% or >50% Black Ownership	5	50% or >50% Black female ownership = 5 points		25%-49% Black female ownership = 3 points	5	SMME (i.e., EME or QSE)	5	Eastern Cape based bidder	5	20		
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9. 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:

- 9.1 The Eastern Cape Gambling Board reserves the right not to make any appointment from the submitted proposals.
- 9.2 The Eastern Cape Gambling Board does not bind itself to accept the proposal with highest score.
- 9.3 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.
- 9.4 The Bidders are advised that the submission of proposals gives rise to no contractual obligations on the part of ECGB.
- 9.5 Proposals submitted by electronic transmission or faxed will not be accepted.
- 9.6 All proposals submitted shall become the property of ECGB and shall not be returned.
- 9.7 CSD reports will be used to verify all company/organization's details and tax status pin codes must be provided.
- 9.8 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**
- 9.9 Proposals received after the specified time and date i.e. _____ at 11h00 am will **NOT** be considered and accepted.
- 9.10 No services shall be rendered or goods delivered before an official ECGB Purchase Order has been issued.
- 9.11 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.
- 9.12 Service providers shall not qualify their proposals with their own conditions.
- 9.13 The name(s) and contact details of the person or persons(s) in your organisation responsible for this proposal.
- 9.14 A service level agreement shall be signed with the successful service provider.
- 9.15 The ECGB will not be held responsible for any cost incurred by the service provider in the preparation and submission of this proposal.

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- 9.16 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.
- 9.17 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.

10. PRICING

Price must be in South African currency and must be inclusive of VAT. Bidders are further required to include any travelling costs and disbursements in their pricing. Price will be evaluated based on 80 points and applicable formula of calculating points.

11. WHERE TO SEND THE PROPOSAL

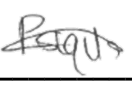
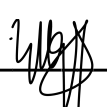
Please send your original proposal and a copy saved on USB/flash disk to:

Eastern Cape Gambling Board
Quenera Park, Quenera Drive
Beacon Bay
East London
5206

12. Contact Details

Name: Ms. Thandi Malotana
E-mail: thandazwam@ecgb.org.za
Tel no.: 043 - 702 8307

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<p>PREPARED BY:</p> <p></p> <hr/> <p>P. GEORGE COMMUNICATION & MARKETING SPECIALIST</p> <p>DATE: 04 October 2023</p>	<p>APPROVED</p> <p></p> <hr/> <p>Z. MQOBOLI CHIEF FINANCIAL OFFICER</p> <p>DATE: 4 October 2023</p>
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