



**CRITICAL SUCCESS FACTORS IN LIQUOR RETAILING IN  
SELECTED TOWNSHIPS OF CAPE TOWN, SOUTH AFRICA**

by

**ANDISWA PENNY MRASI**

**A dissertation submitted in fulfillment of the requirements for the degree**

**Master of Retail Business Management  
in the Faculty of Business and Management Sciences**

**at the Cape Peninsula University of Technology**

**Supervisor:** Prof. Roger Mason  
**Co-supervisor:** Mrs. Albertina Jere

**Cape Town, October 2016**

## DECLARATION

I, Andiswa Penny Mrasi, hereby declare that the contents of this dissertation represent my own unaided work, and that the dissertation has not previously been submitted for academic examination towards any qualification. Furthermore, it represents my own opinions and not necessarily those of the Cape Peninsula University of Technology.

Signature:.....

Date: .....

## ABSTRACT

Small Micro and Medium Enterprises (SMMEs) play a vital role in employment creation and economic growth. As South Africa experiences population growth, so does the township small business industry. *Township* refers to those areas that were previously reserved for Blacks, Coloured and Indians under the discriminatory apartheid government. The characteristics of these areas included the following: poor infrastructure, high crime, low income and generally exclusion from mainstream economic activities

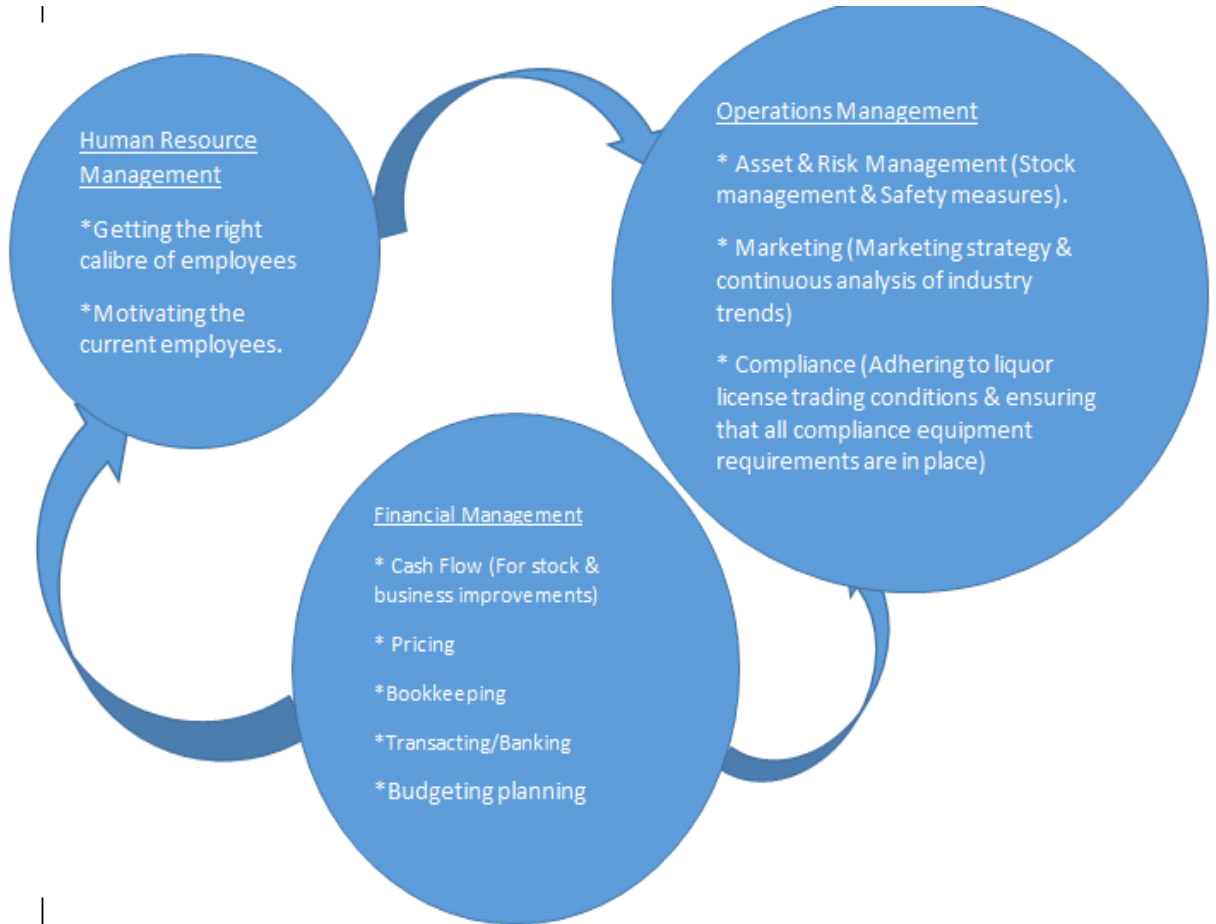
According to the top three liquor manufacturers and brand distributors that claim about 80% of the total market share by volume and revenue (South African Breweries, Distell and Brandhouse Beverages) the township market makes the largest contribution to their business revenue. These giants are recording growth every year, but the development, growth, sustainability and success of the township liquor retail market is static and unsatisfactory.

How township liquor retailers can achieve sustainable growth is not yet clear. The significant contribution made by the industry to the economy and job creation has been recognised by industry role players at large. The Department of Trade and Industries (DTI) has also expressed its commitment to supporting this industry as one that shows potential for growth and sustainability.

This particular sector needs assistance to improve the success and sustainability of township liquor retailing, especially with the creation of employment opportunities. The objective of this study, then, is to develop an industry specific framework that identifies and addresses the critical success factors (CSFs) for township liquor retailing. The study is based on qualitative interviews carried out with industry experts (as an exploratory study) and liquor retailers from two of Cape Town's townships, namely Khayelitsha and Mitchells Plain.

The resulting outcome of the study was used to develop a critical success factor framework (as presented below) that can be used as a tool by liquor retailers to develop profitable, sustainable and successful businesses, as well as by industry role players to better trade relations with township liquor retailers.

## Critical success factors framework in township liquor retailing



## ACKNOWLEDGEMENTS

I would like to extend a special thank you to the following individuals for the immeasurable support throughout the process of this research:

- My supervisor, Prof. Roger Mason: Not even words can explain the gratitude I have to you for your patience, guidance, support and lessons. Thank you, thank you, and thank you again.
- My co-supervisor, Mrs. Albertina Jere: Thank you so much for being there for me, not just academically, but also emotionally and holistically. You are an angel!
- Retail Business Management HOD, Mr. Petrus Venter: Your support and interest in my personal and career development kept me going even when close to giving up. God bless you!
- The Cape Peninsula University of Technology and the Retail Business Management: Thank you for the support and development opportunities; may this be a life-time culture.
- Interview participants: Thank you for taking time out of your busy schedules to participate in the study, sharing your experiences
- Family and friends: Your understanding, support and encouragement means the world to me; thank you so very much.
- The National Research Foundation: The financial assistance is acknowledged. Opinions expressed in this dissertation and conclusions arrived at are those of the author and not necessarily to be attributed to the National Research Foundation
- And as I save the best for last: I thank God for the opportunities, the gift of life and the amazing path He created for me. It's been a hard, yet rewarding, journey thus far.

*“Uyabulela uMamiya, Magcwanini, Sbewu, Mja, Sala ku Landelwa, Mancoba, uVezi”*

# TABLE OF CONTENTS

	PAGE
Declaration	i
Abstract	ii
Acknowledgements	iii
Table of Contents	v
List of Appendices	ix
List of Figures	x
List of Tables	xi
<b>CHAPTER ONE: INTRODUCTION</b>	
1.1 Introduction and Background	1
1.2 Statement of the problem	4
1.3 Research objectives	5
1.4 Research questions	5
1.5 Overview of the methodology	6
1.6 Research constraints (limitations & de-limitations)	7
1.7 Significance of the study	8
1.8 Definition of terms	9
1.9 Organisation of the study	10
1.10 Chapter summary	11

## **CHAPTER TWO: LITERATURE REVIEW**

2.1	Introduction	12
2.2	Critical success factors	13
2.2.1.	Critical success factors in SMMEs from international countries	13
2.2.2.	Critical success factors in small businesses in South Africa	17
2.3.	Background theory of townships	20
2.4.	Township retailing	20
2.5	A framework for critical success factors	21
2.6.	An overview of the global liquor retail industry	22
2.7.	The South African Liquor Industry: overview and legal structure	24
2.7.1.	Role in the economy	25
2.7.2.	Market size	26
2.8.	The Western Cape Liquor Industry: overview and legal structure	27
2.9.	Chapter summary	29

## **CHAPTER THREE: METHODOLOGY**

3.1.	Introduction	31
3.2.	Research philosophy adopted	32
3.3.	Research design	33
3.4.	Population and sample	34
3.5.	Data collection	37
3.6.	Data analysis and interpretation	37
3.7.	Ethical considerations	38
3.8.	Trustworthiness	39
3.9.	Chapter summary	39

## **CHAPTER FOUR: FINDINGS AND DATA ANALYSIS**

4.1	Introduction	41
4.2	Exploratory study	42
4.2.1.	Introduction	42
4.2.2.	Theme one: challenges	43
4.2.3.	Theme two: skills and knowledge	44
4.2.4.	Theme three: Compliance	45
4.2.5.	Summary	45
4.3.	Descriptive interviews	46
4.3.1	Introduction	46
4.3.2.	Theme one: challenges	50
4.3.3.	Theme two: skills and knowledge	54
4.3.4.	Theme three: compliance	57
4.4.	Chapter summary	58

## **CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS**

5.1	Introduction	61
5.2	Conclusions and implication of findings and recommendations	62
5.2.1.	Theme one: challenges	63
5.2.2.	Theme two: skills and knowledge	66
5.2.3.	Theme three: compliance	68
5.3	Comparison of critical success factors	69
5.4.	A critical success factor framework for township liquor retailing	70
5.4.1.	Description of the critical success factor framework for township liquor retailing	72



5.5. Implications of the study	74
5.5.1. Implications for industry	74
5.5.2. Implications for academia	75
5.6 Limitations	75
5.7 Direction for future research	76
5.8 Chapter summary	77
<b>REFERENCES</b>	<b>79</b>

<b>LIST OF APPENDICES</b>	<b>87</b>
Appendix A: Ethics Certificate	87
Appendix B: Turnitin Report	88
Appendix C: Certificate of Authenticity	89
Appendix D: government gazette (liquor act 59 of 2003)	90
Appendix E: Western Cape Liquor Act 4 of 2008 (as amended by the Western Cape Liquor Amendment Act 10 of 2010	91
Appendix F: Interview Consent letter	141
Appendix G: Exploratory study interview questions	142
Appendix H: Descriptive Interview Questionnaire	143
Appendix G: Retail Business Management Departmental Research Committee Minutes	149

## **LIST OF FIGURES**

Figure 2.1: Critical success factors for SMMEs	22
Figure 2.2: Economic impact of the alcoholic beverage industry USA	23
Figure 2.3: Market/value share of total off-consumption liquor manufactures & brand distributors	27
Figure 4.1: Gender	46
Figure 4.2: Age demarcation	47
Figure 4.3: Number of employees	48
Figure 4.4: Business age	48
Figure 4.5: Monthly revenue	50
Figure 4.6: Level of competition	51
Figure 4.7: Business support	53
Figure 4.8: Business management experience	56
Figure 5.1: Critical success factor framework for township liquor retailing	71

## **LIST OF TABLES**

Table 2.1: Comparison of critical success factors amongst four countries	16
Table 2.2: Classification of micro, very small, small, medium enterprises	18
Table 2.3: Nuvaut gross product sale	24
Table 3.1: Descriptive interview sample	35
Table 4.1: Coding system description	42
Table 4.2: Description of the support received by liquor retailers	54
Table 4.3: Summary of findings	59
Table 5.1: Skills and knowledge	67
Table 5.2: Comparison of critical success factors	70
Table 5.3: Summary of recommendations	78

# CHAPTER ONE: INTRODUCTION AND BACKGROUND

## 1.1 INTRODUCTION

Small Micro and Medium Sized Enterprises (SMMEs) globally play a vital role in employment creation and economic growth, and South Africa is no different to this global trend. The then Minister of Trade and Industries, later Minister of Finance and currently Minister in the Presidency in charge of the National Planning Commission, Dr. Trevor Manuel, also observed that SMMEs represent an important vehicle to address the challenges of job creation, economic growth and equity in South Africa. He pointed out that SMMEs are playing a critical role in absorbing labour, penetrating new markets, and generally expanding economies in creative and innovative ways provided an appropriate enabling environment is created (White Paper, 1995).

The South African government has developed initiatives and structures as a means of offering support to SMMEs in order to see growth and success (DTI, 2012):

**Small Enterprise Development Agency (SEDA):** SEDA offers business support to start-up SMMEs through guidance from SEDA consultants. Another division of SEDA looks at growing/expanding businesses, where the agency supports the business with finances and mentorship.

**Companies & Intellectual Property Commission (CIPC):** The Commission's core function is to assist with the registration of businesses and intellectual property. The commission also monitors the compliance of the registered companies.

**National Empowerment Fund (NEF):** The main objective of the NEF is to enhance the Broad-Based Black Economic Empowerment (B-BBEE) policy. The agency offers financial and investment support with the aim of driving sustainability and growth on B-BBEE compliant business.

This section contextualised the background to the study and the study area. It formed a framework of understanding, giving a historical perspective of Small Micro and Medium Enterprises (SMMEs) that operate in the liquor retailing industry in the townships of Cape Town, South Africa.

*Townships* refer to the areas that were previously reserved for African settlement under the apartheid era laws; they include formal townships, informal settlement, site and service areas (Harrison, Todes & Watson, 1997). These areas were characterised by race – Black, Coloured and Indian – with a deliberate exclusion from mainstream economic participation and services (Sibiya, 2012). Large economic entities have tended to avoid township areas, partly because of low threshold (populations are rather spatially dispersed rather than agglomerated and generally poor), but also because of crime, violence and poverty (Harrison *et al.*, 1997).

Concerning entrepreneurs in the townships, one factor that contributes negatively to the level of economic participation is their low educational level and background. Rogerson (2008) highlighted the importance of training and skills development in order to create smart entrepreneurs who are better able to compete in highly competitive global economic markets.

The Western Cape Province has one of the fastest growing townships in South Africa, with Khayelitsha being the second largest township in the country after Soweto (Khayelitsha Community Trust, 2010/11). As the country experiences population growth, so do the township small business sectors; and amongst the types of businesses found in the townships are liquor retailers. These types of businesses refer to the trading of liquor on condition that the retailer has obtained a liquor trading license. The Liquor Board offers various kinds of liquor licenses which differ depending on the application (Liquor Licensing Act 59 of 2003).

The following are types of liquor retailers commonly found in the townships of the Western Cape:

- *On-consumption (tavern, shebeen or night club):* Liquor is sold to persons for consumption within the licensed premises.
- *Off-consumption:* Liquor is sold sealed to persons for consumption away from the premises.
- *Restaurant bar:* Restaurant with license to sell liquor to be consumed within the licensed business premises.
- *Lodge, motel, resort or hotel:* Liquor sold for consumption within the licensed premises. This license can only be issued to a person who is a holder of a Hotel,

Resort, Lodge or Motel license registered under the Accommodation, Tourism and Catering Act of 1997.

- *Temporary Liquor License for special events*: Special license issued for the trading of liquor at a special event.

The study was conducted on two of the above mentioned types of liquor licenses: namely, on-consumption and off-consumption. The purpose of this study was to identify the critical success factors for those retailers whose core business function is the selling of liquor.

Each of the above licenses have different trading regulations which can result in suspension of the license should the retailer not adhere to the conditions of the license (South Africa, 2004:2). The South African Breweries refer to the township market as the 'main market', a phrase referring to the level of business activity when comparing liquor retailers in the township with those in the urban areas and the CBD. The township market moves large volume of stock from the suppliers and manufacturers. Liquor manufacturers and brand distributors are growing year by year, but the growth of the liquor retailers in the townships is static.

The cycle in the township liquor retailing industry can be summarised as follows:

- issue of liquor license;
- warnings due to violation of liquor license rules and regulations;
- suspension of license; business closes down; or deceased tavern owner (and with no education regarding a WILL, family fights continue until business is closed); and
- tavern removed from government database;
- new liquor license issued to new applicants;
- and the cycle is repeated.

The closing down of licensed businesses has a negative effect on the economy, especially as far as job creation is concerned. “The cancellation of liquor trading licenses and registration certificates of liquor distributors, manufacturers and retailers has a negative impact on the country’s economy”, declared the Chief Director of the National Liquor Authority of the Department of Trade & Industry (DTI), Ms. Thezi Mabuza. She further stated that “One of the reasons for the DTI to support the liquor industry is that it contributes to the country’s economy and job creation” (DTI, 2012).

## **1.2 STATEMENT OF THE PROBLEM**

Kerlinger and Lee (2004:24, cited in Ellis and Levy, 2008:18) believe that “if one wants to solve a research problem, one must generally know what the problem is”. The township market, also referred to as the ‘main market’ by liquor manufacturers and suppliers, makes the largest contribution to the revenue of these liquor suppliers, (South African Breweries, 2013). However, the gap in terms of development, growth and success between the formal market (CBD & Urban suburbs) and the main market (townships) is still large, with the formal market clearly in a better position.

The township market has a high potential for contributing positively to the economy of the country and to employment creation. However, this growth opportunity is hindered by the lack of ability to manage and identify the factors that are critical to the success of a liquor retail business.



## **1.3 RESEARCH OBJECTIVES**

### **1.3.1 Primary objective**

- To develop an industry specific framework that clearly outlines the critical success factors in liquor retailing in selected townships of Cape Town, South Africa.

### **1.3.2 Secondary objectives**

The secondary objectives of this study are as follows:

- to identify the challenges experienced by liquor retailers operating in the townships;
- to establish the skills and knowledge required to manage a business of this nature;
- to identify all forms of support available to township liquor retailers; and
- to establish the effects of the liquor laws on the operations of a liquor retail business.

## **1.4 RESEARCH QUESTIONS**

The research questions to be investigated and answered by this study are as follows:

- What challenges do you experience in operating a liquor retail business in the township?
- What are the skills and knowledge you require to manage a business of this nature?
- Is there any form of support that you receive, or have received, to assist you in coping with the challenges and to grow your business?
- How do the laws regarding the trading of liquor affect your business operations?

## 1.5 OVERVIEW OF THE METHODOLOGY

This section gives an overview of the methodology that was used to collect, analyse data and report on the findings. Furthermore, it provides an understanding of the study area, the reasons for selecting this particular study area, and the purpose for choosing the particular techniques and methods of collecting data.

Generally, research is a process undertaken with the aim of solving a particular problem (Kani & Sa'ad, 2015). The study philosophy followed an *interpretivist* approach, as the study deals with business owners and industry experts pertaining to their experiences with factors which are critical in the success of a liquor retail business operating in the selected township of Cape Town. Uduma and Sylva (2015) agree that *interpretivism* considers that human beings are involved in organisational activities; therefore, their practical experiences should be evaluated.

The study was carried out using a qualitative research design. Morse and Richards (2002) suggest that qualitative methods allow a researcher to understand, explain, discover and explore a phenomenon. The authors point out that a qualitative method aids in making sense of situations which involve organising the undisciplined confusion of events and experiences of those who are affected by that particular situation.

The selected research design was further narrowed to the *phenomenological* approach. Willis (2002, cited by Koopman, 2015:3) points out that "the aim of phenomenological research is to arrive at an accurate understanding and description of knowing the moments as they appear in the consciousness of individuals".

As there is limited literature on this specific subject area, the data collection process commenced with an exploratory study with industry experts, including representatives from the Western Cape Government, South African Breweries, Brandhouse Pty (Ltd) and Distell Limited. The exploratory study was carried for the purpose of increasing the body of knowledge on the subject area; furthermore, the findings were used to develop the questionnaire. Data was collected by interviewing 40 liquor retailers from two townships, Khayelitsha and Mitchells Plain, with a full description provided in Chapter 3.

## **1.6 RESEARCH CONSTRAINTS**

According to Patteson (2001), *constraints* are limitations or barriers imposed on the individual that may result in less or no participation in an activity. Below are the limitations and de-limitations of this study.

### **1.6.1 Limitations**

*Access to information:* data collection is limited, especially from the suppliers. Competitors make use of private research companies when conducting their own competitor and/or market research studies. This has resulted in many companies being reluctant to issue certain information for research purposes.

To counter this limitation, the researcher made use of *academic approvals* from the institution such as consent letter, ethics approval, topic approval, proof of registration and proposal approval when contacting private companies.

*Literature:* there is very little information on the subject area of the study which focuses on the success factors in township liquor retailing.

To counter this limitation, the researcher has added on a limited secondary literature, the primary data obtained from the exploratory study with industry experts. The scarce literature on the subject matter therefore justifies the need for the study.

### **1.6.2 De-limitations**

Due to limited resources, the study was conducted in two townships: Khayelitsha and Mitchells Plain. The selection of townships was based on the following criteria:

- select townships that offer a majority of the selected types of liquor retailers (on-consumption and off-consumption);
- a combination of townships that are close and within reasonable travelling distance;
- townships differing in terms of population (income, education and background) and development, which comprises some of the environmental factors that are likely to have an impact on the success of a business; and
- Townships offering a sufficient combination of the two main racial groups commonly found in Cape Town townships.

## **1.7 SIGNIFICANCE OF THE STUDY**

The purpose of the study was to identify the critical success factors in liquor retailing in selected townships of Cape Town, South Africa. This purpose was influenced by the growth potential of these businesses which promise a positive contribution to the country's economy and employment creation. The study is therefore significant to the following groups of people:

### **1.7.1 Township liquor retailers**

The township liquor retailers were the main focus, as this study is aimed directly at their businesses. The majority of these entrepreneurs are victims of the apartheid era that refused them the opportunity for a decent education. Yet despite all that, one can see a group of strong and dedicated entrepreneurs who could successfully participate in global economic activities should they acquire the skills and knowledge necessary.

The framework is aimed at offering exactly that - a tool that will equip these entrepreneurs to see their businesses grow, expanding profitably into a sustainable industry. Townships have the highest rate of unemployment in the country; growing a sustainable liquor retail industry in the townships will be beneficial in the fight against unemployment and poverty.

### **1.7.2 Liquor industry**

Looking back at the summary of the life cycle of these businesses, the Liquor Board cannot easily measure the success or growth of the industry. Licenses are issued and then suspended, or businesses close down – this cycle, in most cases, is repeated. The introduction of an industry specific framework will act as a guiding tool to help the Liquor Board offer the necessary support to enhance growth and sustainability of the industry.

### **1.7.3 South Africa**

The study will create an opportunity for government and investors to better understand the township liquor retail industry. The study will also open opportunities to other industries that may supply or be supplied by the township liquor retail industry, opportunities for new markets not yet discovered or taken advantage of.

#### **1.7.4 The researcher**

The study will increase the body of knowledge of the researcher concerning the liquor retailing field and contribute to the solution of a real and significant industry challenge. Furthermore, the study serves as a requirement for the researcher to obtain the qualification of Master of Retail Business Management.

#### **1.7.5 The Cape Peninsula University of Technology**

The study will allow the institution the opportunity to contribute positively to solving a serious industry issue. The study is in line with the institution's retail department vision of being the best research and retail academy in Africa, focusing on research that brings real solutions to real industry challenges.

### **1.8 DEFINITION OF TERMS**

This section provides the definition of the key terms from the study. The purpose of this section is to provide the reader with a clear understanding of these terms as they are used in the research.

- *Critical Success Factors*

Critical success factors are the events or factors that contribute to the project, business or goal outcome (Baccarini, David & Collins, 2003).

- *Framework*

A framework can be referred to as a skeleton that links items in a particular method in order to achieve the set objective (Business Dictionary, 2016).

- *Liquor*

Liquor refers to any product that contains a percentage of ethyl alcohol per volume of the product (Liquor Products Act 60 of 1989).

- *Liquor License*

A liquor licence is a document that is issued to a person that gives them the legal right to sell or micro manufacture (Western Cape Liquor Amendment Act 10, 2010).

- *Township*

Townships are areas that were characterised by race (Blacks, Coloureds and Indians) and were deliberately excluded from mainstream economic participation and services (Sibiya, 2012).

- *Small Micro and Medium Enterprises*

“A separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or sub-sector of the economy” (National Small Business Act 1 of Act 102 of 1996, as amended by section 1 of Act 26 of 2003).

## **1.9 ORGANISATION OF THE STUDY**

- *Chapter One*

Chapter 1 presents a contextualised introduction and background to the study, outlining the problem statement, the research objectives and the questions the study seeks to answer. Additionally, this chapter provides an overview of the research methodology.

- *Chapter Two*

Chapter 2 provides a detailed presentation of the existing literature on the subject area of the study, increasing the body of knowledge on the topic for both the reader and researcher.

- *Chapter Three*

Chapter 3 consists of the research methodology. It is a detailed discussion of the methods, approaches and techniques used in the data collection process. This chapter further describes the study area, sample, ethics and the trustworthiness of the study.

- *Chapter Four*

Chapter 4 contains the presentation of the findings from the data collected. It is in this chapter that the researcher interprets the findings from the data collected.

- *Chapter Five*

Chapter 5 concludes the study by articulating the findings and offering recommendations.

## **1.10. CHAPTER SUMMARY**

*Critical success factors* (CSFs) are the factors that influence the end result of a project or goal. CSFs differ from industry to industry, or even for different goals within the same organization; therefore, a generalized approach of CSFs for small micro and medium enterprises (SMMEs) is not an ideal solution. This presented a gap for a study of this nature which is industry specific.

As stated previously, the primary objective of the study was to develop a framework (industry specific) that clearly identifies the critical success factors in liquor retailing in selected townships of Cape Town, South Africa. The role of small micro and medium enterprises is recognised globally, across all industries, and township liquor retailers are not to be excluded from this trend.

The South African government has developed initiatives for supporting the SMME sector (DTI, 2012). The South African Breweries (the largest liquor manufacture in the country) refer to the township market as the *main market*, a phrase referring to the level of business activity when comparing liquor retailers in townships with those in the urban areas and the CBD; the township market moves the largest volume of stock. But while liquor manufacturers and brand distributors are growing year by year, the growth of the liquor retailers in the townships is static.

With the recognised role of SMMEs on economy growth and employment creation, this chapter details the background of the research problem to create a framework for a clear understanding of the concept. The subsequent chapter provides a detailed review of the literature for the purpose of increasing the body of knowledge pertaining to the subject under study, for both researcher and reader.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 INTRODUCTION**

This chapter provides an understanding of the conceptualisation of existing literature on critical success factors for liquor retailing in townships. The purpose of reviewing the literature was to increase the body of knowledge on the subject area of the study. As indicated in Chapter 1, the main objective of the study was to identify the critical success factors in liquor retailing in selected townships of Cape Town, South Africa.

According to Maxwell (2010), literature review is aimed at reviewing and synthesising literature from publications which are aimed at summarising information from a specific field of research for a wider audience. Maxwell adds that the review is intended to create a focused and designed conceptual framework, and then justification for the study. It identifies the gaps in the research that have not been covered by previous researchers, thereby demonstrating the need for the study.

Available literature on the subject area of critical success factors (CSFs) shows a generalised approach for the small micro and medium sized enterprise (SMME) sector across all industries. Critical success factors differ between industries, individual enterprises in a particular industry, or even goals within the same organisation (Olszak & Ziemia, 2012). This revealed a gap for a study of this nature to focus on those CSFs specific to liquor retailing in the township markets.

The reviewed literature included a comparison of CSFs that have been identified in different countries, namely China, USA, Malaysia and Nigeria. Furthermore, a review of CSFs identified for South African SMMEs was conducted with the intention of identifying similarities amongst CSFs for SMMEs in other countries as compared to South African SMMEs.

In addition, this chapter presents an overview of existing literature on the economic participation of the liquor industry for the purpose of creating a framework of understanding the trends and conditions of trading in this industry. The main areas of the review concern the economic contribution and legal structure, both internationally and South Africa respectively.



## **2.2. CRITICAL SUCCESS FACTORS**

A number of studies have been conducted around the subject of critical success factors (CSFs), and thus the literature has been expanding. One of the widely used definitions of CSF is that of Rockart (1979) who defined CSFs as “those performance factors which must receive ongoing attention of management if the organisation aims at remaining competitive”. He further noted that critical success factors refer to the areas of an organisation where things *must* go right.

Identification of the critical success factors in an organisation or project is vital as it allows for the early detection of any possible threats to success. Baccarini, David and Collins (2003) have noted that critical success factors are the events or factors that contribute to the project outcomes. Critical success factors differ among industries, individual enterprises in a particular industry or even goals within the same organisation (Olszak & Ziemba, 2012).

Part of the importance of identifying CSFs is that they can then be used as tools for decision making in order to achieve set goals. There has been a generalisation of CSFs among SMMEs operating in different industries (Van Tonder & Scheers, 2011; Zwikael & Globerson, 2006). Perhaps this is another contributing factor to the high failure of small businesses in South Africa. What is regarded as a critical success factor for a grocery store will certainly differ for a liquor retail store. This justifies the purpose of the study which aims to identify critical success factors specific to liquor retailing in Cape Town townships.

### **2.2.1. Critical success factors in SMMEs from international countries**

The phenomenon of critical success factors has been studied in various countries and industries with the objective of identifying whether or not there are similarities. The following sub-sections show the findings from studies conducted by various researchers on critical success factors in China, the United States of America, Malaysia and Nigeria.

- **China and the United States of America**

Chawla, Khann and Chen (2010) believe that firms may prioritise the order of importance of critical success based on the firms' milestones. The findings are based

on their study comparing CSFs of small businesses operating in China with their counterparts operating from the United States of America.

The following success factors were identified as critical in both countries:

- a) *Marketing effort/Marketing image*: this factor is comprised of efforts aimed at business customers.
- b) *Competitive forces/Competitor analysis*: this entails continuous examination of business competitors.
- c) *Industry trends*: this is in relation to environmental scanning in order to understand changes and developments in the business market.
- d) *Owner experience and knowledge*: this factor, identified in both countries, reveals that owner experience, skill and knowledge of the business and industry are relevant to its success.

Whilst common factors were discovered amongst the two countries, other critical success factors were unique to either of the countries.

*Financial needs* refer to the ability of the small business to acquire credit and/or access to capital. In the US, the ability of a credit worthy business to acquire capital is not an issue, while in China small businesses experience difficulties in availability of credit, high interest rates and tax burdens. Furthermore, the study showed that location factors are unique to China due to the intensive regulation of movement of the population.

Businesses in the US showed human resources to be a critical success factor. This factor contains items that are related to employees within the business. Unique to the US market was *purchasing/inventory*, referring to the management of the purchasing process, stock management and supplier relations. And lastly, *goal orientation* was also identified amongst the US market. It is believed that goal driven businesses tend to be more successful than those not.

- **Malaysia**

Moorthy, Tan, Choo, Wei, Ping and Leong (2012) espouse a different view of critical success factors based on their study carried out regarding factors that affect the performance of SMMEs in Malaysia. It is to be noted that the study in reference is

specific to the manufacturing industry in Malaysia and not necessarily a representation of the complete sector of SMMEs. Three hundred sets of questionnaires were distributed, of which only 209 were usable. The research found four factors contributing to the performance of SMMEs.

(a) *Effective entrepreneurship*: the study revealed that an entrepreneur with skills and experience will bring higher innovation and competitiveness to the business performance.

(b) *Appropriate human resource management (HRM)*: the results, supported by a number of previous research studies, show a negative relationship between inappropriate HRM with performance of SMMEs. This is further supported by previous research by Katou (2008).

(c) *Use of marketing information*: the results revealed that good use of marketing information can lead to higher probability of growth, and can enhance competitiveness and better the decision making process (Keh, Nguyen & Ng, 2007; Cacciolatti, Fearne & Neil, 2011, as cited in Moorthy *et al.*, 2012).

(d) *Application of information technology*: the results show that the adoption of IT assists a business in the management and storing of information as well as in communicating with customers, suppliers and other stakeholders, further reducing the overall operating expenses of the business.

- **Nigeria**

Similarly to the rest of the world, the small business sector in Nigeria is regarded as highly important due to its positive contribution to the growth and development of the country's economy in terms of poverty alleviation, job creation and revenue generation (Alkali, Isa & Baba, 2012). Alkali, Isa and Baba studied factors affecting business performance among the manufacturing sub-sector of small businesses in Nigeria. The factors were grouped into three categories: 1) characteristics of an entrepreneur; 2) characteristics of the enterprise; and 3) external environment.

(a) *Characteristics of an entrepreneur* contained the following items: age, gender, work experience and educational level of the entrepreneur.

(b) *Characteristics of the enterprise* included the following – the origin of enterprise, length time in operation, size of enterprise, capital source and location – as important contributors to the performance of the business.

(c) Lastly, the third group, *external environment*, refers to the outside environment in which the business operates. It identified marketing, technology, access to information, entrepreneurial readiness, social network, legality, access to capital, and government support as critical business factors.

From the above studies, the importance of identifying critical success factors is presented as a tool for ensuring that the objectives of the business are achieved (Olszak & Ziemba, 2012). However, the differences between CSFs from businesses in the various countries are to be noted. Olszak *et al.* (2012) point out that critical success factors differ amongst countries, industries and even for various goals within the same organisation. Table 2.1 below presents a summary of the CSFs identified amongst the four countries.

**Table 2.1: CSFs among four countries: China, US, Malaysia and Nigeria**

CHINA	USA	MALAYSIA	NIGERIA
Owner experience	Owner experience	Effective entrepreneurship (experience & skills)	Age, gender, work experience & education
Marketing effort	Marketing (image & human resources)	Appropriate human resource management	Marketing, technology, information access, entrepreneurial readiness, social network, legality, capital access, government support & business plan
Competitive force	Competitor analysis & purchasing/inventory management	Use of marketing information	Origin of enterprise, length of time in operation
Industry trends & issues	Industry trends & issues	Application of information technology	Size of enterprise, capital source and location
Financial needs	Goal orientation		

### **2.2.2. Critical success factors in small businesses in South Africa.**

Money, time and other resources are lost annually on business ventures that fail due to avoidable mistakes (Brink, Cant & Ligthelm, 2003). The global average for businesses to reach the 3.5 year mark of operation is 7.6%, while South Africa's success rate is only at a mere 2.1% (The Hope Factory, n.d). This is based on the results of the survey carried out by the Global Enterprise Monitor (GEM) which surveyed 59 geographical and economically diverse economies that together cover 52% of the world's population and 82% of the world's GDP. Of the 250 million people aged between 18-64 years analysed, about 110 million were actively engaged in the starting of new businesses, while the remaining 140 million were running newly formed businesses which they had started less than 3.5 years earlier. It is further estimated that the failure rate of small businesses in South Africa is 70-80% (Brink *et al.*, 2003).

Van Scheers (2005, cited in Schwarze, 2008), found that 40% of new business ventures fail within their first year; 60% fail in their second year; while 90% fail in their first ten years of operation. To date, South Africa has experienced an extremely high rate of small business failure. A number of studies have been carried out to identify the causes of this phenomenon. As a result, the government has developed programmes and structures aimed at supporting the small business sector in growth and sustainability (DTI, 2012).

The small business sector is one of the contributing sectors to the growth of the economy globally, and South Africa follows this global trend. There are a number of definitions of small micro and medium enterprises (SMMEs), definitions which vary country to country or even industry to industry. For the purpose of this study, SMMEs are classified according to the annual turnover and number of employees. It is to be noted that the classification varies from industry to industry (DTI, 2008). See Table 2.2 for the classification of small businesses.

**Table 2.2: Classification of very micro, very small, small and medium enterprises**

Sector or sub- sector in accordance with the Standard Industrial Classification (SIC)	Class	Total full-time equivalent of paid employees (Less than)	Total Annual Turnover -Rmillion (Less than)
Agriculture	Micro	5	0.20
	Very small	10	0.50
	Small	50	3.00
	Medium	100	5.00
Catering, accommodation and other trade	Micro	5	0.20
	Very small	20	5.10
	Small	50	6.00
	Medium	200	13.00
Community, Social and Personal Services	Micro	5	0.20
	Very small	20	1.00
	Small	50	6.00
	Medium	200	13.00
Construction	Micro	5	0.20
	Very small	20	3.00
	Small	50	6.00
	Medium	200	26.00
Electricity, Gas and water	Micro	5	0.20
	Very small	20	5.10
	Small	50	13.00
	Medium	200	51.00
Finance and business services	Micro	5	0.20
	Very small	20	3.00
	Small	50	13.00
	Medium	200	26.00
Manufacturing	Micro	5	0.20
	Very small	20	5.20
	Small	50	13.00
	Medium	200	51.00
Mining and Quarrying	Micro	5	0.20
	Very small	20	4.00
	Small	50	10.00
	Medium	200	39.00
Retail and motor trade and repair service	Micro	5	0.20
	Very small	20	4.00
	Small	50	19.00
	Medium	200	39.00
Transport, Storage and communications	Micro	5	0.20
	Very small	20	3.00
	Small	50	13.00
	Medium	200	26.00
Wholesale Trade, Commercial Agents and Allied services	Micro	5	0.20
	Very small	20	6.00
	Small	50	32.00
	Medium	200	64.00

Source: Department of Trade and Industry (2008) and Annual Review of Small Businesses in South Africa (2005-2007)

Van Tonder, *et al.*, 2011 conducted a study that examined the impact of marketing skills as a contributor to the high business failure in South Africa. The findings revealed that strong business management and marketing skills are critical for growth and success of a small business. Furthermore, the authors revealed that “managerial skills

and business knowledge are an indication of how well an entrepreneur can perform important tasks and activities related to the business functions” (2010:4).

According to his findings, Van Tonder, *et al.*, (2011) concluded that business owners lack certain managerial skills such as marketing, finance and human resources skills necessary to operate their businesses successfully. In addition, the findings revealed that small businesses are not only negatively affected by the above mentioned factors, but also by a lack of education, poor technical skills, poor access to markets, lack of information and unreliable infrastructure as high contributors to business failure. Availability of accurate and reliable information addressing specific needs of specific market segments within the small business sector is the key element in ensuring proper support (Finmark Trust, 2010).

Undoubtedly, education and experience play a vital role in operating a business, especially as far as decision making is concerned. In a business environment, entrepreneurs continuously face situations that require sound decision making to ensure the sustainability of the business. Chiliya and Roberts-Lombard (2012) examined the extent to which the level of education and experience affected profitability in small grocery shops in South Africa. Their study found that previous work experience and level of education do play a significant role in the success of a small business. However, a larger array of individual characteristics also have an impact on the firm’s success, including age, education, managerial know-how, industry experience and social skills of the manager/business owner (Islam, Khan, Obaidullah & Allam, 2011).

Furthermore, Chiliya, *et al.* (2012) also suggested that both the age of the business and the age of the entrepreneur contribute to the success of a business. Brink, *et al.* (2003) note that research on small business failure maintains that often while the entrepreneur has a good and competent idea, there is a lack of appreciation of business fundamentals and general know-how for running a business.

Research investigating types of entrepreneurs (focusing on the motivation for starting a business for many entrepreneurs) has expanded over recent years. Herrington, Kew and Kew (2010), noting the importance of distinguishing between the productive and unproductive entrepreneur, suggest that the productive entrepreneur is motivated by opportunities and business growth while the unproductive entrepreneur entered

business as means of creating a source of income and alleviating poverty. In addition, Verrest (2013) points out that even the various business development programmes made available have not been very successful, especially in the informal business sector.

### **2.3. BACKGROUND THEORY OF TOWNSHIP**

*Township* refers to areas that were previously reserved for African settlement under the apartheid era laws; these include formal townships, site and service areas and informal settlements (Harrison, Todes & Watson, 1997). These areas were characterised by deliberate exclusion of race (Blacks, Coloureds and Indians) from mainstream economic participation and services (Sibiya, 2012). Large economic entities have tended to avoid township areas, partly because of low threshold (populations are spatially dispersed rather than agglomerated and generally poor), crime, violence and poverty (Harrison *et al.*, 1997).

The Western Cape has one of the fastest growing townships, with Khayelitsha being the second biggest township in all of South Africa (Khayelitsha Community Trust, 2010/11). As the country experiences growth, so does the small micro and macro enterprise sector within the townships. Amongst the SMMEs commonly found are liquor retailers.

### **2.4. TOWNSHIP RETAILING**

Poloian, Gamans and Rogers (2003) refer to *retailing* as that aspect of marketing conducted at the final consumer level, implying the selling of products to consumers for personal and non-commercial use. In agreement are Terblanche, Beneke, Bruwer, Corbishley, Frazer, Pentz and Venter (2013) who define *retailing* as the living theatre of marketing and as part of the process to create, communicate, deliver and exchange offerings that bring value to the final customer. These researchers further explain that retailing also serves as the ultimate link between consumers and manufacturers or producers.

For the most part, the township small micro and medium enterprise (SMME) sector came to existence as a means of poverty alleviation and increasing job creation. Developing this sector is amongst the main objectives globally, especially in developing countries (including South Africa) for the sole reason of improvement:



poverty alleviation, job creation and economy growth (Agupsi, 2007). The majority of liquor retailers operating in the township market ventured into this type of business as means of providing for their families due to lack of employment opportunities for persons of their profile: middle-aged, unskilled and poor (Charma & Petersen, 2010). But while manufacturers and brand distributors enjoy growth annually, the same cannot be said for the township liquor retailers.

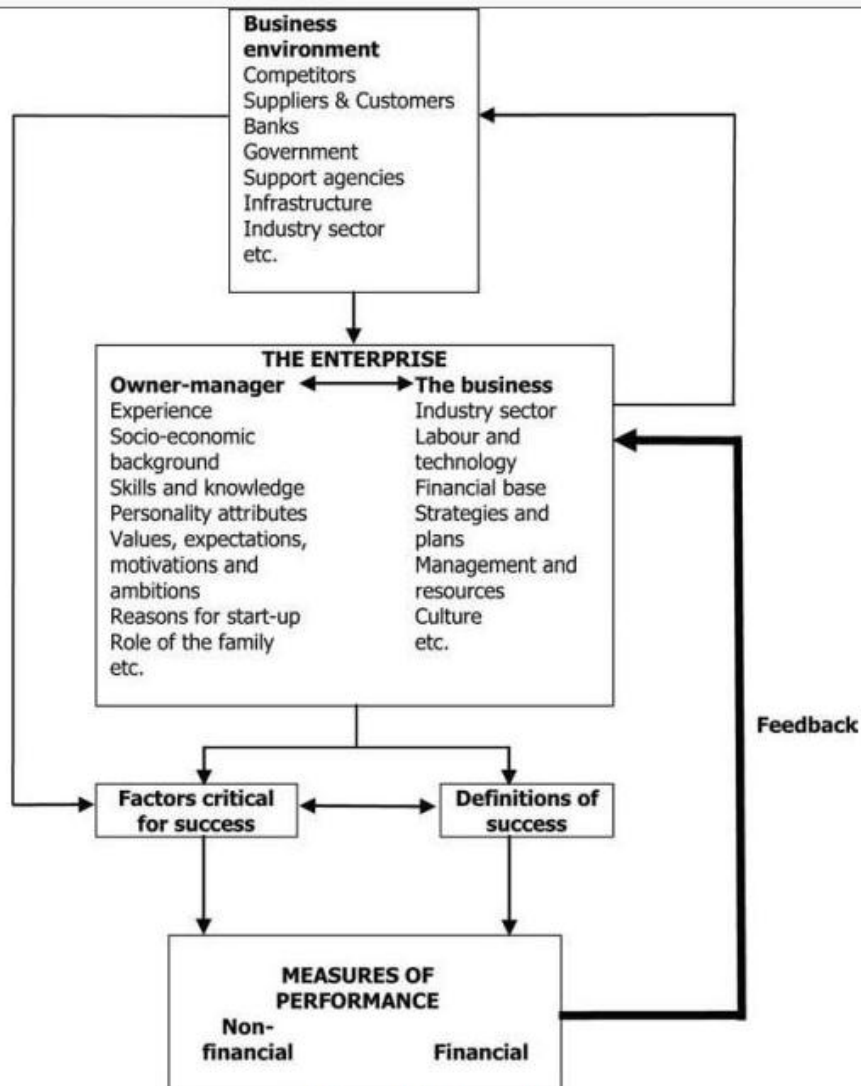
The largest liquor manufacture, the South African Breweries, refers to the township market as the *main market*, referring to the level of business activity when comparing liquor retailers in the township with those in the urban areas and the CBD. The township market moves large volumes of stock from suppliers and manufacturers.

## **2.5. A FRAMEWORK FOR CRITICAL SUCCESS FACTORS**

The primary objective of the study was the development of an industry specific framework that clearly identifies the critical success factors for liquor retailing in the townships. The framework can be applied as a tool for the betterment of liquor retail businesses. Furthermore, the framework can be used by those business stakeholders who have trade relations with township liquor retailers.

A *framework* can be referred to as a skeleton that links items in a particular method in order to achieve set objective (Business Dictionary, 2016). In this case, the framework focused on linking all factors critical to the success of a liquor retail business operating in the township market.

Figure 2.1 presents a framework that combined elements of success, critical success factors (CSFs) and performance for SMMEs (Simpson, Padmore & Newman, 2012). It is to be noted once again that even in this case, the framework is a generalised approach of CSFs for SMMEs across all industries, while the main objective of this research is the development of a framework *specific* to township liquor retail businesses.



**Figure 2.1: Defining success – theoretical relationships**

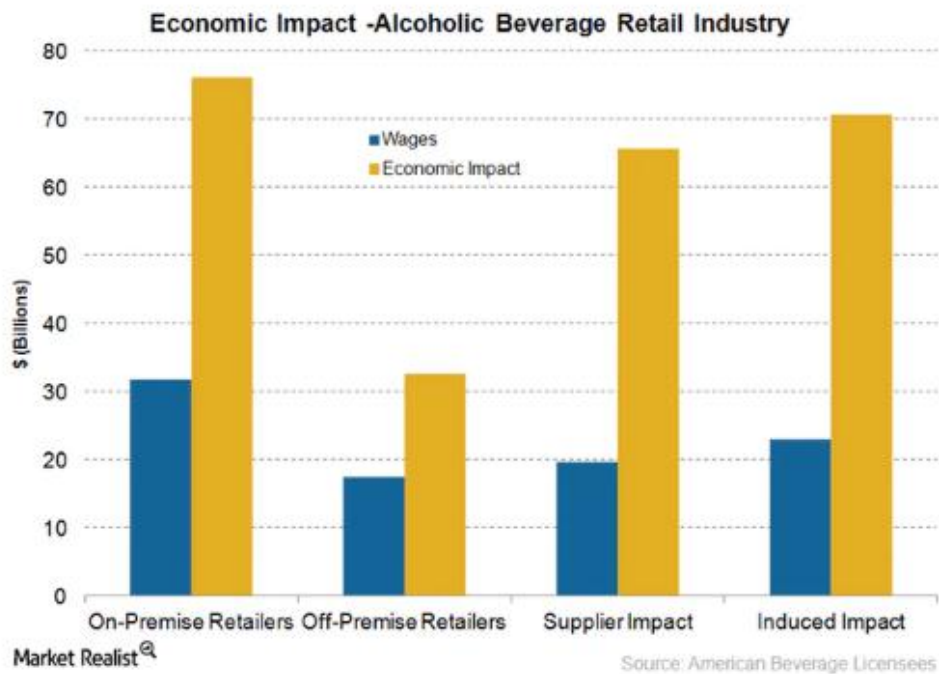
(Source: Simpson, Padmore & Newman, 2012)

## 2.6. AN OVERVIEW OF THE GLOBAL LIQUOR INDUSTRY

The liquor industry globally is applauded for its contribution to the economy through employment creation. The notable performance and growth of the industry can be confirmed by the globalisation trend within the industry, such as the acquisition of Miller by South African Breweries, forming SABMiller, which now ranks amongst the top ten largest beer brewers internationally (Jernigan, 2009).

The American Beverage Licensees (ABL) reported that the estimated economic impact of the liquor industry in 2014 was approximately \$245 billion (Bailey, 2015).

Figure 2.2 below provides an overview of the economic impact of the liquor retail industry in the United States.



**Figure 2.2: Economic impact -- alcoholic beverage retail industry**

(Source: Bailey, S. 2015)

Whilst other industries' growth is influenced by technological innovations and new product development, the growth of the liquor industry can be linked to its marketing activities (Jernigan, 2008). The industry is under strict regulations mainly due to the harmful effects associated with liquor consumption. Different countries use different strategies suitable to the particular market as means of regulation. The United States, for example, as part of its regulation strategy, implements high taxes referred to as "sin tax" (Bailey, 2015). The reported taxes paid by the liquor retail industry in 2014 amounted to \$19.3 billion in federal taxes and \$16.9 billion in state and local taxes.

In the case of Nunavut, a small state in Canada, the regulation priority is on liquor trade regulations. Once again, the industry makes a significant economic contribution. The purchase of liquor by licensed outlets is centralised through a state warehouse

(Nunavut Liquor Commission Annual Report, 2011-1). The gross sales by the commission are presented in Table 2.3 below.

**Table 2.3: Nunavut gross product sales**

	2011-12		2010-11		Change vs 2010-11	
	Litres	\$000s	Litres	\$000s	Litres	\$000s
<b>Spirits</b>	44,976	1,784	47,240	1,876	-2,264	-92
<b>Wine</b>	34,945	580	31,466	517	3,479	63
<b>Cooler</b>	11,549	95	12,990	108	-1,441	-13
<b>Beer</b>	550,319	3,368	546,188	3,310	4,131	58
<b>Total</b>	641,789	5,827	637,884	5,811	3,905	16

(Source: Nunavut Liquor Commission Annual Report, 2011-1)

The liquor industry status quo can be concluded as a significant economic role player; however, continuous monitoring and regulation is critical due to the harmful effects of alcohol.

## **2.7. THE SOUTH AFRICAN LIQUOR INDUSTRY: OVERVIEW AND LEGAL STRUCTURE**

The liquor industry is one of the most highly regulated industries globally. The South African liquor industry has had even greater issues resulting from the history of apartheid which enforced racial inequalities in terms of access to liquor, and in the regulation conditions which encouraged the economic isolation of many sectors of this industry (Truen, Ramkolowan, Corrigall & Matzopoulos, 2011).

In 1995, the South African Liquor Act No 27 of 1989 was amended, providing for the nine new provinces and assigning powers to the provincial ministers (South Africa, 2004). The need for change under the new South Africa brought into practice the introduction of the Liquor Act 59 of 2003 which aims at establishing national norms and standards in order to maintain economic unity within the South African liquor industry (Government Gazette, 2004:2).

Below are types of liquor licenses issued by the Western Cape Liquor Authority based on the application (Western Cape Liquor Amendment Act 10, 2010):

- *On-consumption (tavern, shebeen or night club):* Liquor is to be sold to persons for consumption within the licensed premises.
- *Off-consumption:* Liquor is to be sold sealed to persons for consumption away from the premises.
- *Restaurant bar:* Restaurant with license to sell liquor to be consumed within the licensed business premises.
- *Lodge, motel, resort or hotel:* This type of license allows the licensee to sell liquor for consumption within the licensed premises. This license can only be issued to a person who is a holder of a hotel, resort, lodge or motel license registered under the Accommodation, Tourism, and Catering Act 1997.
- *Temporary liquor license for special events:* Special license issued for the trading of liquor at a special event.

The above types of liquor licenses have different trading terms which may result in the suspension of the license should the retailer fail to obey (Western Cape Liquor Amendment Act 10, 2010). For the purpose of the study, only the *on-consumption* and *off-consumption* licenses will be explored. Part of the requirement for liquor license holders is to ensure that the license is renewed annually, no later than 31 December each year. The current renewal fee is R3 000.00. To motivate renewals, penalties are enforced for late renewals: R1 500.00 within the first 30 days after closing date; R3 000 beyond 30 days; R4 000 and a motivation letter beyond 60 days; and thereafter the license automatically lapses.

### **2.7.1. Role in the economy**

The liquor industry can be regarded as stable, with an estimated economy contribution of R93.2 billion in 2009/10 from the formal sectors of manufacturing and retail (Truen *et al.*, 2011). This shows significant growth up from the estimated R30 billion in contributions in 2003/2004 (Clare, Ramatapa & Currin, 2004).

The liquor industry in South Africa has shown to have been contributing positively to the economy of the country with the following estimates (Green paper, 2010:12):

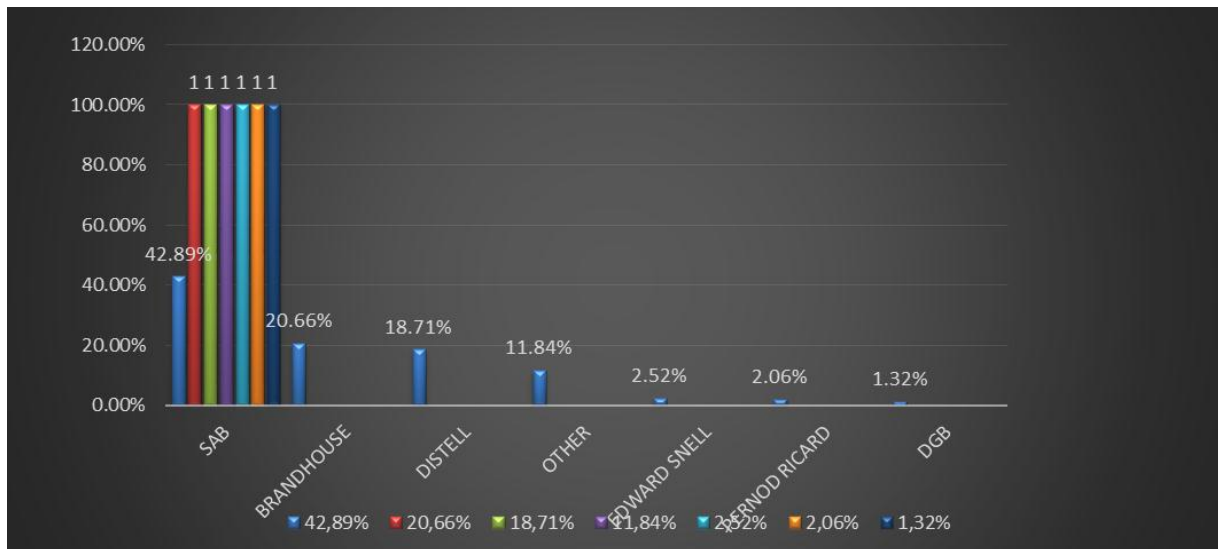
- It contributes up to R4.6 billion in taxes in the form of excess duties;

- It earns the country up to R966 million in export earnings;
- It provides direct or indirect employment for about 961 000 people; and
- It spends over R60 million on social responsibility programmes.

The South African government has developed initiatives and structures as a means of offering support to small micro and medium enterprises (SMMEs) with the intention of business growth and success (DTI, 2012). The objective of the existence of these structures is to drive development, growth and sustainability in the small business sector. Furthermore, the DTI has expressed its commitment to supporting the liquor industry. “The cancellation of liquor trading licenses and registration certificates of liquor distributors, manufacturers and retailers has a negative impact on the country’s economy” explained Chief Director of the National Liquor Authority of the Department of Trade & Industry (DTI), Ms Thezi Mabuza. She further stated that “one of the reasons for the DTI to support the liquor industry is that it contributes to the country’s economy and job creation” (DTI, 2012).

### **2.7.2. Market size**

The liquor industry of South Africa is dominated by three liquor manufacturers and brand distributors: The South African Breweries, Distell Group Limited and Brandhouse Beverages (Pty) Ltd. These businesses claim about 80% by value and about 90% by volume of the liquor market (Fieldgate, I., Jeffery, R., Madinane, M., Ebrahim, Y., Soobyah, L. & Jordaan, J., 2013). Figure 2.3 gives an indication of the market share/value of the total off-consumption by liquor manufacturers or brand distributors (Distell Limited, as cited on ARA).



**Figure 2.3: Market/value share of total off-consumption liquor by manufacturers and brand distributors**

(Source: Fieldgate, I., Jeffery, R., Madinane, M., Ebrahim, Y., Soobyah, L. & Jordaan, J., 2013).

## 2.8. The Western Cape liquor industry: overview and legal structure

As a result of the apartheid era that refused non-white citizens the opportunity for decent education, many people started their own retail businesses as means of creating income. Liquor retail businesses are amongst the type of businesses that are found in the townships of Cape Town.

The total number of valid liquor licenses in the Western Cape is 8189 (Western Cape Liquor Authority, 2014), referring to those licenses that have been successfully renewed for the 2014 fiscal year.

Studies have shown that even with the positive contribution on the economy, alcohol abuse has become a burden in society. According to findings by Perry and Peden (2000, as cited on the Green Paper, 2010/11), the Western Cape has experienced many accidents as a result of the abuse of liquor by consumers. The focus areas were trauma-related (traffic collisions, violent incidents and domestic violence), health (foetal alcohol syndrome, deaths) and in schools in which pupils from as early as grade 8 were found to have started drinking liquor. As a result of these detrimental societal issues, the Western Cape Government amended the Western Cape Liquor Act. The new Western Cape Liquor Amendment Act 10 of 2010 provides for the licensing of the

retail sale and the micro-manufacturing of liquor in the Western Cape Province, and provides for incidental matters.

The amendment of the Western Cape Liquor Act is not similarly appreciated by industry stakeholders. Charman *et al.*, (2010) believe that the amended act is driven by political influence aimed at eliminating the entire 'shebeen' industry whilst allowing the well-established (white-owned) liquor retailers the leverage to continue trading. This came from the new liquor act aim of reducing shebeens located in residential areas, which is precisely what shebeens – small informal liquor retailer located in township residential areas.

These types of liquor retailers provide a social environment to the patrons, the majority of whom reside in RDP houses where children could easily be exposed to alcohol should it be consumed in the house. Findings presented in a study conducted by Herrick and Parnell (n.d.) also reveal that the licensing data for 2010 showed that the biggest growth in the distribution of licenses has been in the Atlantic seaboard, CBD and southern suburbs, while the 'previously disadvantaged' areas remain underrepresented. Charman, *et. al.* (2010) point out that if government chooses to not formulate a strategy that will formalise shebeens and taverns into sustainable businesses, then the government is destroying an opportunity for creating a class of black entrepreneurs with whom it may partner in the reduction of harmful effects of irresponsible trading and consumption of liquor.

Perhaps the critical issue that engenders a negative perception about governmental SMME support structures and initiatives (or lack thereof) is the generalising of small business needs. Each industry is unique, and detail differentiation is what makes each particular industry stand out. This therefore justifies the objective of the study which aims at developing a framework that clearly identifies the critical success factors specific to liquor retailing in the townships of Cape Town, as the various government interventions and private agencies are unfortunately not reaping the desired fruits (Chiliya, *et. al.*2012).

Chiliya *et al.* (2012) suggests that this failure to improve small liquor retailing could be due to the absence of a Small Business Administration Department for collecting data on small businesses in South Africa. A merger of some of the government departments could provide more resources and manpower which could, in turn, allow for the



development of tailored products for the various industries within the small business sector.

The Western Cape Liquor Amendment Act 10, 2010 has a mandate to manage these challenges include the establishment of a social and educational fund to educate the general public on responsible selling and consumption of liquor. The fund will also focus on educating persons who engage in the sale and supply of liquor.

This mandate supports the main objective of the research which is to formulate a framework that will clearly identify the critical success factors in liquor retailing in selected townships in Cape Town, South Africa. Furthermore, supporting township liquor retailers with the appropriate skills for managing profitable businesses will enhance their commitment and role in the fight against irresponsible trading and consumption of liquor.

The largest liquor manufacture in South Africa, the South African Breweries (SAB) refers to the township market as the 'main market', referring to the level of business activity by volume and market share when comparing the township liquor retail market with the urban suburbs and central business district (CBD) market. Whilst the liquor manufacturers and brand distributors are recording growth annually, the growth of the township liquor retailers is static.

## **2.9. CHAPTER SUMMARY**

Undoubtedly, the liquor industry globally is recognised for its positive contribution to economic growth and employment creation. However, liquor still remains a dangerous substance and thus a strictly regulated industry. As mentioned previously, the primary objective of the study is to develop an industry specific framework that clearly identifies the critical success factors in liquor retailing in selected townships of Cape Town, South Africa.

While the subject of critical success factors (CSFs) has been previously researched, the available literature seems to be of the same approach, generalising CSFs for small micro and medium sized enterprises (SMMEs) across all industries. On the other hand, Olszak and Ziemba, (2012) suggest that critical success factors differ among industries, individual enterprises in a particular industry, or even among goals within

the same organisation; hence, a study of this nature – industry specific for township liquor retailing – is necessary.

A comparison of CSFs amongst four countries (including South Africa) was carried out with the aim of identifying similarities. Entrepreneur characteristics (age, gender, and educational background), financial management (access to capital), marketing (competition and industry trend analysis), business skills and knowledge are the CSFs identified in common (Moorthy *et al.*, 2012; Alkali, Isa & Baba, 2012; Chawla, Khann & Chen, 2010).

The liquor industry can be considered stable with an estimated economy contribution of R93.2 billion in 2009/10 from the formal sectors of manufacturing and retail (Truen *et al.*, 2011), showing significant growth from the estimated R30 billion contribution in 2003/2004 (Clare, Ramatapa & Currin, 2004). In addition, according to South African Breweries (SAB), the township liquor retail market is regarded as the ‘main market’ because the company generates the majority of its sales and revenue in this particular market (the township market).

Considering the notable contribution of the liquor industry on economic growth, employment creation, and the nature of township retailing (especially post-apartheid), the performance of the township liquor retail industry emerged as the concept of a study of this nature, to develop a framework that is specific to township liquor retailing which clearly delineates those factors critical to retail success. The subsequent chapter will explain in detail the methodology employed in the empirical component of this study.

## CHAPTER THREE: RESEARCH METHODOLOGY

### 3.1. INTRODUCTION

This chapter describes the methods and techniques used to collect, analyse data and report on the findings. The data collected is based on the primary objective of the study: that is, to identify the critical success factors in liquor retailing in selected townships of Cape Town, South Africa. Furthermore this section gives an understanding of the study area and the reasons for selecting the study area, techniques and methods of collecting data.

The importance of the small business sector has been identified globally as it contributes beneficially to the economy, primarily through job creation. But as the sector grows, so do the challenges that accompany small businesses, and thus the need for research that is solution focused. One of the major challenges faced by the South African small business sector is the high failure rate (Brink, *et.al.* 2003; The Hope Factory, n.d; Van Tonder, *et al.*, 2011).

As mentioned in Chapter 1, the South African liquor retail industry is recognised by the Department of Trade and Industry (2012) as one the major role players in economic growth and employment creation; however, the challenges that the industry face limit its development and success. Under the Western Cape Liquor Act, 4 of 2008, as amended by the Western Cape Liquor Amendment Act 10 of 2010, there are at least six categories of liquor licenses. However, for the purpose of this study, only two types of liquor licenses were selected, namely *on-consumption* (referring to the consumption of liquor on the licensed premises) and *off-consumption* (referring to the consumption of liquor away from the license premises).

Secondary data on the subject area of the study is limited; therefore, this research was carried out using qualitative research methods, including exploratory research through interviewing industry experts with the double intention of extending the body of knowledge on the subject area and developing a questionnaire for liquor retailers.

### 3.2. RESEARCH PHILOSOPHY

*Research* is a process undertaken with the aim of solving a particular problem (Kani & Sa'ad, 2015). Based on the researcher's understanding of the subject area under study, the direction of the research has therefore been determined and this process refers to the adoption of the study's philosophy. In the case of this study, the *interpretivist approach* was used as the research concerns the experiences of business owners and industry experts (people) with factors which are critical in the success of a liquor retail business operating in the townships of Cape Town.

Uduma and Sylva (2015) agree that *interpretivism* considers that humans are involved in organisational activities and therefore their practical experiences should be evaluated. Furthermore, due to the dearth of literature surrounding the subject area, the interpretivist approach allowed for exploring the factors critical to the success of a liquor retail business that operates in the township market. Goldkuhl (2012) supports this by noting that the main idea of interpretivism acknowledging and understanding the social factors that already exist and, rather than distorting them, considering them as foundational for theorising the subject.

It must be understood that the main objective of the study is not to define or eliminate critical success factors in liquor retailing in the selected townships of Cape Town, South Africa, but rather to identify them in order to formulate a simplified industry specific framework that will be beneficial as a tool for managing profitable and sustainable businesses. The selection of the interpretivist approach took into consideration the identified critical success factors, studied the implications they have on the success of the types of liquor retailers in question, and summarised those factors displaying a significant impact into a framework for ease of reference by all involved: retailers, industry experts and researchers.

### 3.3. RESEARCH DESIGN

This study was carried out using a *qualitative research approach*. Morse and Richards (2002) suggest that qualitative methods allow a researcher to understand, explain, discover and explore a phenomenon. Morse and Richards also point out that the qualitative method helps make sense of situations which involve organising the undisciplined confusion of events and experiences of those who are affected by that particular situation. In this case, liquor retailers operating in the townships are too frequently losing their liquor licenses, closing down or simply not growing into success (DTI, 2012). Qualitative research, therefore, provides the opportunity to explore the perceptions, experiences, beliefs and feelings of these liquor retailers, with the objective of developing an industry specific framework that will clearly identify factors critical to their business success. Furthermore, the experiences, opinions and expressions of industry experts through exploratory interviews provided a broader understanding of the phenomenon.

The research design was further narrowed to the *phenomenological method*. As this type of a qualitative research has been studied by a number of scholars, there is a wide array of literature available on the subject. Phenomenologists are concerned with obtaining the perceptions of both the social and psychological aspects of a phenomenon (Welma & Kruger, 1999); the methods of this design effectively challenge the structural or normative assumptions with the purpose of clarifying an issue from those who lived the situation (Lester, 1999). Willis (2002) as cited by Koopman (2015:3) points out that “the aim of phenomenological research is to arrive at an accurate understanding and description of knowing the moments as they appear in the consciousness of individuals”. Koopman (2015) states that throughout the process of data collection all experiences should serve as primary data to allow the researcher the opportunity of reaching a clear understanding of the phenomenon.

The selected research approach also enabled the gathering of primary data directly from the liquor retailers based on the reality of their experiences, which significantly contributed to the insightful understanding of the real challenges minimising the success and hindering the growth of an industry that otherwise has the potential for substantial positive contribution to the economy of the province and the fight against unemployment.

### **3.4. POPULATION AND SAMPLE**

A *purposive sampling method* was applied for the selection of participants. According to the SAGE Publications Dictionary (2006), this sampling method refers to a form of non-probability sampling where a decision regarding the criteria of the participants is taken by the researcher. The decision may include issues such as the following: the selected participants are experts on the subject; the willingness to participate in the study; or meeting the criteria of required participants. Tongco (2007) refer to purposive sampling as the deliberate selection of participants based on the qualities that the participant possesses which fit the purpose of the research.

#### **3.4.1. Exploratory study sample: industry experts**

An exploratory study was conducted through in-depth semi-structured interviews with industry experts. The industry experts included representatives from government, liquor manufacturers and brand distributors. The purpose of the exploratory study was to gather data that would later be used to construct the questionnaire for the liquor retailers.

***Key questions included in the interview guide for the exploratory study were as follows:***

- What are the general responsibilities of the liquor license holder?
- How do the liquor manufacturers and brand distributors identify a successful liquor retailer?
- What support do they offer these retailers in ensuring their success?
- What skills and resources are critical for managing a successful liquor retail business in the townships?
- What are the most common challenges faced by liquor businesses, especially those operating in the townships?

### ***Participant Group 1: government representatives***

This group was comprised of the following:

- Western Cape Liquor Authority
- Strategic Programs Department from the Department of the Premier, Western Cape.

### ***Participant Group 2: liquor manufacturers and brand distributors***

This group was comprised of sales managers who deal with township liquor retailers across Cape Town from the top three liquor manufacturers: the South African Breweries, Distell Group Limited and Brandhouse Beverages (Pty) Ltd. These three companies claim about 80% by value and about 90% by volume of the liquor market in South Africa (Fieldgate, *et al.*, 2013).

#### **3.4.2. Descriptive interviews sample: Liquor retailers**

According to the Western Cape valid liquor license database (as supplied by the Western Cape Liquor Authority), the total number of valid liquor licenses in the Western Cape is 8189, of which 211 is the number of licensed liquor retailers existing in the selected study areas (Mitchells Plain and Khayelitsha) representing the first step of the sampling process. A quota sample was then selected as per criteria in Table 3.1 (20 businesses from each area and 10 businesses from each license type per area) thus generating a sample size of 40 liquor retailers. This sample size was regarded as sufficient as it is within the range of 1 to 40 as suggested by Mason (2010) for qualitative research.

**Table 3.1: Descriptive interview sample**

Type of liquor license	Khayelitsha	Mitchells Plain
on-consumption	10	10
off-consumption	10	10

Upon completion of the exploratory study, the data collected was utilised to construct questionnaires for the liquor retailers. As mentioned previously, the purpose of the study is to develop an industry specific framework that identifies the critical success factors in liquor retailing in selected townships of Cape Town, South Africa. A combination of the literature review and exploratory study data was used to formulate the questionnaire. The questionnaire was divided into three sections: 1) Biographical information: focussing on the profile of the entrepreneur with the aim of understanding factors such as age group, gender, language, education and business management qualifications; 2) Business profile: aiming at exploring the business at large by understating its formal structure, the number of years the business has been operating, the number of employees and the approximate income generated monthly; and 3) Business environment management strategies: focussing on strategies that business owners implement to cope with the challenges presented by the environment in which they operate. This was done through open ended questions where personal experiences were observed and recorded.

The profile of the business owner or manager has been identified as one of the factors that contribute to the success (or failure) of a business (Brink, *et al.* 2003; Van Tonder, *et al.*, 2010; Islam, Khan, Abaidullah & Allam, 2011; Chiliya, *et al.* 2012). Researchers believe that the more years of experience and the higher the education and greater the business knowledge of the entrepreneur, the higher the chances of that business succeeding – with the opposite being true as well. However, the profile of the entrepreneur is not to be singled out as the only critical success factor: the profile of the business itself is also vital. Chawla, Khann and Chen (2010); Alkali, Isa and Baba (2012); and Moorthy *et al.* (2012) agree from their respective studies conducted in different countries which were also aimed at the identification of critical success factors for small micro and medium enterprises (SMMEs). Since this research was carried out using the qualitative approach, it was therefore paramount that the questionnaire includes a section allowing the participants to share their experiences as managers or owners of liquor retail businesses operating in the townships of Cape Town.

Two townships were selected: Mitchells Plain and Khayelitsha. According to the valid liquor license database of the 2014 fiscal year, these selected townships hold the majority of liquor licenses amongst the Cape Metropole townships, with Mitchells Plain holding a total of 106 and Khayelitsha 105. These totals are a combination of the two



types of liquor licenses (on-consumption and off-consumption) intended for study. Furthermore, according to data from Statistics South Africa (2011), Mitchells Plain and Khayelitsha offer a combination of the majority of racial groups from Cape Town, namely Black African and Coloured, with the racial split in the total study area at 64% Black African and 34% Coloured.

### **3.5. DATA COLLECTION**

This section describes the process followed during data collection.

#### **3.5.1. Exploratory study**

The interviews were scheduled through email. Participant 1 interviews (Government representatives) were conducted on the 17<sup>th</sup> of June, 2015, at 14h30 at the Western Cape Office of the Premier. Participant 2 interviews were conducted at the manufacturers/brand distributors' offices (The South African Breweries, Ottery Depot, on the 29<sup>th</sup> of May, 2015, at 10h00; Brandhouse Beverages PTY (Ltd), Phumelela Business Park, Montague Gardens on the 07<sup>th</sup> of June, 2015, at 10h00; and Distell Limited, Beacon Valley, Parow on the 19<sup>th</sup> of June, 2015, at 09h00). The interviews were voice recorded, except for the interview with the government representatives due to policy.

#### **3.5.2. Descriptive interviews (Survey)**

The 40 liquor retailers surveyed were visited at their outlets where the interviews were then conducted. There were no formal appointments scheduled with the liquor retailers as the database only included physical addresses with no additional contact details.

### **3.6. DATA ANALYSIS AND INTERPRETATION**

Following the method suggested by Lee (1999: 97), data was manually coded and deconstructed according to the following themes as identified from the literature review:

- Theme 1. Challenges
  - Sub-theme 1: Crime
  - Sub-theme 2: Competition
  - Sub-theme 3: Operating Capital
- Theme 2: Skills and Knowledge

- Theme 3: Compliance

The findings were then reconstructed according to these themes and the secondary objectives, with the aim of building a framework from these themes. The results are presented in the form of a written summary, tables and a graph in Chapters 2, 4 and 5.

### **3.7. ETHICAL CONSIDERATION**

A clearance certificate was obtained from the Cape Peninsula University of Technology's ethics committee prior to the data collection process. Permission was further requested from the participants (industry experts and liquor retailers). Participants were guaranteed confidentiality and the purpose of the study was explained. The participants were also made aware that their participation in the study was not an obligation and thus they had the right not to answer any question they felt uncomfortable in responding to (see Appendix A: Ethics Clearance Certificate from the Cape Peninsula University of Technology; Appendix E: Letter of Consent).

The following key issues were discussed with the participants prior to their participation in the study:

- The participants were made aware that the study includes observation and thus their reactions would be observed.
- Participants were advised that they could withdraw from the study at any time without giving a reason.
- Participants could request a copy of the study from the researcher upon completion.
- Participants were briefed before and after their participation about the full study and the value of their contribution.

### **3.8. TRUSTWORTHINESS**

This section details the methods applied in ensuring the trustworthiness of the study findings

#### **3.8.1. Exploratory study**

Interviews with industry experts were audiotaped except the interviews with the Western Cape government representatives (the researcher was not allowed to record these interviews) to ensure that researcher bias was minimised, and that respondents' tone and use of words would be contained on record. Keeping audiotape records enhance finding reliability as one can go back to the records and get a sense of the full interview at a later stage.

#### **3.8.2. Descriptive interviews (Surveys)**

The questions for the liquor retailers could be trusted as they were constructed based on the findings from the exploratory study as described above. This added value and quality to the data collected through the questionnaires. In addition, as mentioned before, a total of 40 liquor retailers from two townships participated, the split offering a wider participation that included the two major racial groups found amongst Cape Town townships. All interviews with the liquor retailers were conducted by the researcher to ensure the accuracy of the interview and correct interpretation of the questions.

### **3.9. CHAPTER SUMMARY**

The study was carried out using a qualitative approach. The literature review on the subject area of the study (critical success factors) showed a general approach for the small micro and medium sized enterprise (SMME) sector, while the primary objective of this study was to identify critical success factors specific to liquor retailing in the townships of Cape Town. The application of qualitative methods was deemed suitable for the study as the nature of the study explored an area that has not been researched.

Due to the limited literature on the subject, the data collection process began with an exploratory study carried out by interviewing industry experts who engage with

township liquor retailers. The findings from the exploratory study played a vital role in increasing the body of knowledge in this particular subject area.

In addition, the findings were used as a tool to develop the questionnaires that were then used for data collection from the liquor retailers operating in the township markets. Once again, the use of qualitative methods was effective as the study not only focused on expanding the body of knowledge on the subject, but also on the first-hand experiences of township liquor retailers. The collected data was presented and analysed in the next chapter, with the narration of the collected data through graphs, figures, tables and word presentation.

The next chapter, Chapter four, presents the findings and analysis of the data collected. Furthermore, Chapter four includes an interpretation of those finding according to the themes identified earlier.

## CHAPTER FOUR: DATA FINDINGS AND ANALYSIS

### 4.1. INTRODUCTION

This chapter reports on the findings from the empirical study. The findings are divided into two main categories: 1) interviews from an exploratory study with industry experts; and 2) questionnaire responses from township liquor retailers. As stated in the previous chapter, as the participants were guaranteed confidentiality, a coding system was used to reference the responses from the respondents.

The findings are reported as they are, accompanied by a discussion that interprets them based on the context of the research. The discussion focuses on the factors that contribute to the success of a liquor retail business operating in the township market of Cape Town. As the study was carried out using qualitative approach, the findings were therefore categorised into four themes and sub-themes and then presented through narration, figures and charts. Representation is inclusive of the two types of licenses studied (on-consumption and off-consumption) with special emphasis of those findings unique to each license type.

*Theme one:* Challenges – this theme focused on the challenges experienced by the liquor retailers at both the micro and macro environment.

*Theme two:* Skills and knowledge – this is based on those skills necessary to successfully manage a business of this nature.

*Theme three:* Compliance – concentration on compliance is important as the liquor industry is deemed to be one of the most highly regulated industries.

The primary objective of the study was to identify the critical success factors in liquor retailing in selected townships of Cape Town, South Africa. The following research questions were therefore formulated with the aim of gathering the necessary data to fulfil the study objective.

- What challenges do you experience in operating a liquor retail business in the township?
- How do the laws regarding the trading of liquor affect your business operations?
- What skills and knowledge do you require to manage a business of this nature?

- Is there any form of support that you are receiving, or have received, to assist in coping with the challenges and to grow your business?

The last section of this chapter provides the summary and conclusion of the findings from the data collected from both the exploratory study and questionnaire interviews.

## 4.2. EXPLORATORY STUDY

### 4.2.1. Introduction

According to Eugene and Lynn (2015), *exploratory research* is carried out to gain knowledge on a subject that has not clearly been defined. It can be carried out on investigations that are still in preliminary stages. In the case of this study, exploratory research was conducted due to the lack of availability of literature on critical success factors specific to township liquor retailing. The aim was to gain insight from industry experts on the subject matter at hand. The industry experts were representatives from government, liquor manufacturers and brand distributors.

Copies of the interview questions can be found in Appendix E. As confidentiality of the participants was guaranteed, a coding system was used for reference purpose. The coding system description can be seen in Table 4.1 below.

Table 4.1: Coding system description	
Code	Description
EI1	Exploratory Interview 1
EI2	Exploratory Interview 2
EI3	Exploratory Interview 3
EI4	Exploratory Interview 4

#### **4.2.2. Theme one: challenges**

- ***Sub-theme one: crime***

The first commonly noted challenge affecting the success of township liquor retailers is the high crime rate and infrastructure (business building and road). The liquor retailers have little or no control over these factors that pose significant threats to the survival, and even more, the growth of the businesses. The exploratory study further showed crime challenge experienced by liquor retailers especially those operating in the township market: “Some liquor retailers are sceptical to trade direct with the company as criminals tend to think the business has high profits when seeing the supplier vehicles delivering stock” (E11).

This finding is supported by the latest crime statistics released by the South African Police Service (2015) revealing that of the nine South African provinces, the Western Cape ranks second in terms of crime rate. Furthermore, the statistics show that the crime rate of the Western Cape has increased from the 2013/2014 fiscal by 14022 criminal cases as compared to the 2014/2015 fiscal.

- ***Sub-theme two: competition***

Company B (E13) noted the entry of the big retail groups into the township market as a threat to the growth of the liquor retailers, especially off-consumption retailers. The big retailers have buying power and thus can reduce prices to attract consumers. Ligthelem (2007:2), of the Bureau of Market Research at the University of South Africa, considered the impact of shopping malls in township areas as “convenient access linked to price competitiveness and the extended shopping experience at large chain stores would suggest a negative effect on the turnover and employment of small township retailers and spaza/tuck shops”.

However, Clacherty (2010) disagrees in the report of the proceedings from the Training for Township Renewal (TTR) initiative colloquium as he shares the vision of the initiative which is the development of townships through the introduction of retail centres. The agenda driving the initiative is economic growth, development and job creation into these areas that were previously reserved for non-whites (Africans, Coloured and Indians) during the apartheid era (Sibiya, 2012).

- ***Sub-theme two: government, manufacture and brand distributor support (supplier support)***

The manufacturers and brand distributors support liquor retailers with deliveries as a part of an added benefit when purchasing direct; however, the rendering of this service is not as smooth due to road infrastructure and high crime rate (EI2 & EI4). As a result of the apartheid strategy, access to the townships remains a challenge with the poor road infrastructure and limited transport links, suggests Demacon (2010).

#### **4.2.3. Theme two: skills and knowledge**

Poor business skills and low education levels have been identified by all industry experts interviewed as critical factors forming a barrier to the success of liquor retailing. The findings agree with those of Moorthy *et al.* (2012); Alkali, *et.al.* (2012); and Chawla *et al.* (2010) from their studies aimed at identifying critical success factors in small medium and micro enterprises (SMMEs) in different countries. Research on the subject within the South African SMME sector also identified business skills and education level as success factors for profitable and sustainable business (Brink, *et. al.* 2003; Van Scheers, 2010; Islam, *et al.* 2011; Chiliya, *et al.* 2012).

Government departments and some of the liquor manufacturers and brand distributors are continuously developing programmes as means of responding to this challenge (EI1, EI2, EI3 & EI4); however, it is obvious that more must still be done to transform township liquor retailers into a class of entrepreneurs who can actively participate in economic activities. The most commonly noted skills needing development are financial management, human resource, marketing management and operations management.



#### **4.2.4. Theme three: compliance**

The liquor industry is one of the most highly regulated industries, thus making navigation through the laws and regulations of the industry a critical success factor. Whilst the industry makes a significant contribution to the country's economy, adhering to the conditions of the liquor license is vital as failing to do so can lead to the suspension and/or cancellation of the trading license. According to EI1, the poor educational background of the township liquor retailers magnifies the irresponsible trading, as in some instances there is lack of understanding of the license holder's responsibilities. Manufacturers and brand distributors have further revealed that the largest percentage of their revenue is generated from the township market so consequently the suspension of trading licenses of liquor retailers in the townships also detrimentally impacts their revenue levels.

The Department of Trade and Industry (2012) has also emphasised the negative impact of the cancellation of trading licenses and closing down of licensed businesses on the economy of the country at large, and has further expressed its support of the industry because of the noticeable role it plays both in terms of economic growth and employment creation.

Company A generates about 90% of their Western Cape revenue from the township market (EI2), while the township market for company B is about 40%, also making it the largest contributor (EI3). The same pattern is seen for company C where the township market contributes a significant 24.3% (EI4).

#### **4.2.5. Summary**

The exploratory study broadened the body of knowledge on this subject area. It further indicated the factors that are critical in township liquor retailing (from an industry expert perspective). The main areas that were identified as critical are divided into the following themes (Section 4.2): challenges experienced by liquor retailers; skills and knowledge of the retailer; and the importance of meeting the compliance requirements.

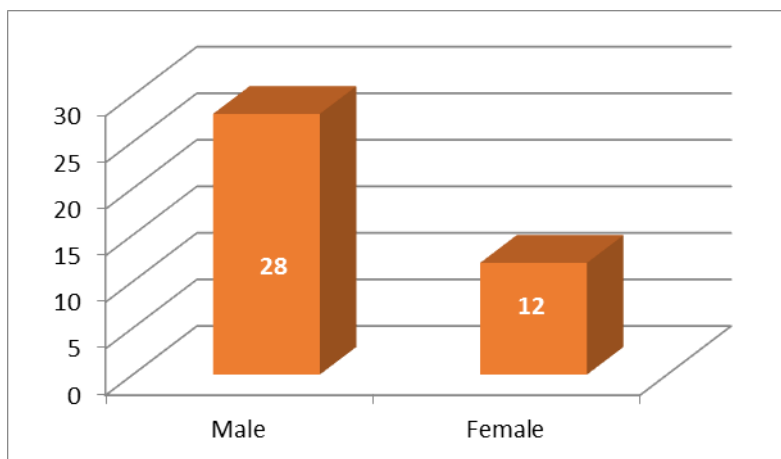
The findings were used, together with the literature, to develop the questionnaire for the descriptive interviews with liquor retailers.

### 4.3. DESCRIPTIVE INTERVIEWS

#### 4.3.1. Introduction

This section of the study comprises the analysis of the data collected through the questionnaires. As clarified in Chapter 3, the data was collected through interviewing liquor retailers from two townships, namely Khayelitsha and Mitchells plain. The study area selection resulted from a consideration of the uniqueness of races found amongst the two townships which offer a representation of the two majority racial groups commonly found in Cape townships (Statistics South Africa, 2011).

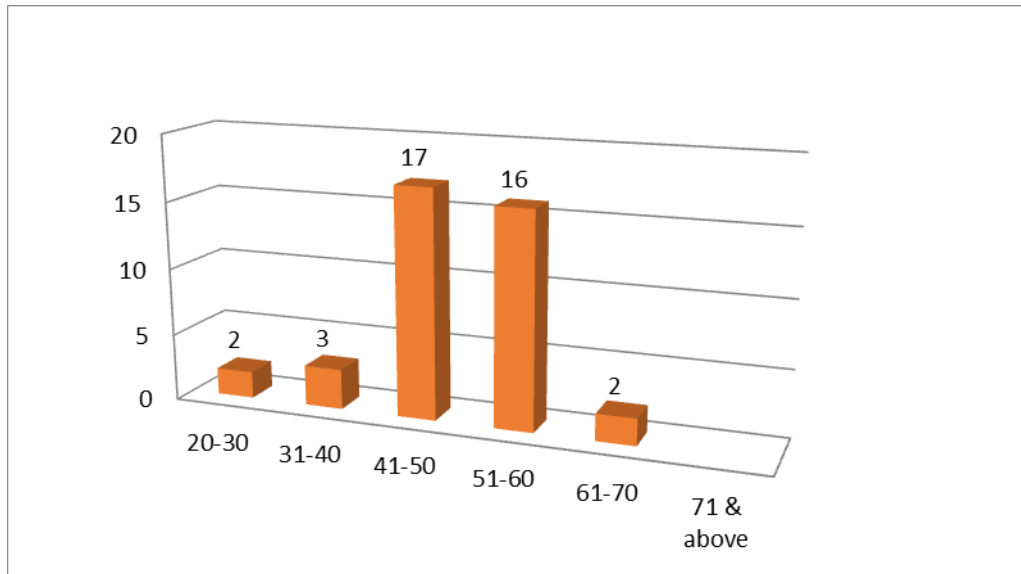
It is to be noted that the study was not aimed at examining whether or not personal characteristics play a role in the success of a liquor retail business. Thus this section focuses on describing the profile to better understand the selected sample.



**Figure 4.1 Gender split**

The findings reveal that the industry is dominated by males, as presented in Figure 4.1. The sample further revealed that the two townships selected are unique as far as race is concerned. All participants from Khayelitsha belonged to the Black racial group, with IsiXhosa as the home language, while those from Mitchells Plain were all Coloureds, with Afrikaans as their home language. All participants interviewed were South African citizens. In addition, the findings showed that the township liquor retail industry is dominated by entrepreneurs in the middle to older age group, as indicated in Figure 4.2 below. This could possibly mean more acquired experience and

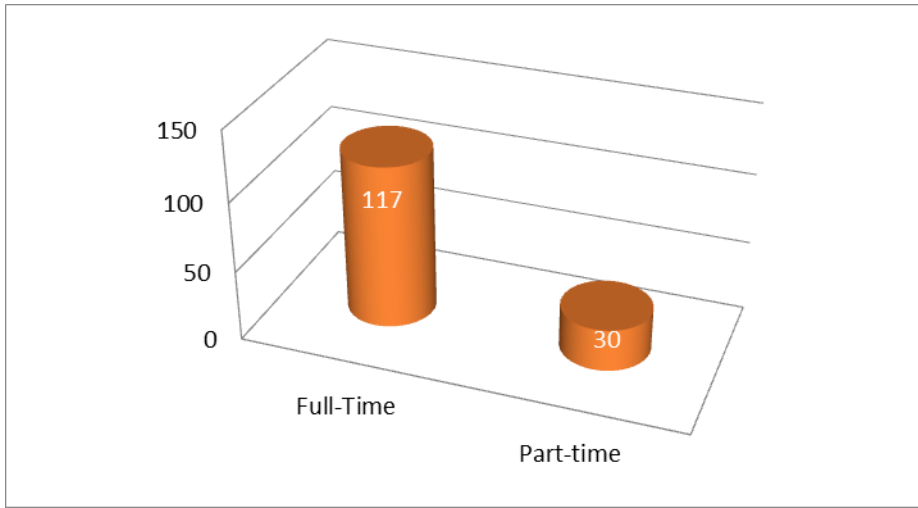
knowledge of the township liquor market, thus making them a more suitable sample for the study.



**Figure 4.2 Age demarcation**

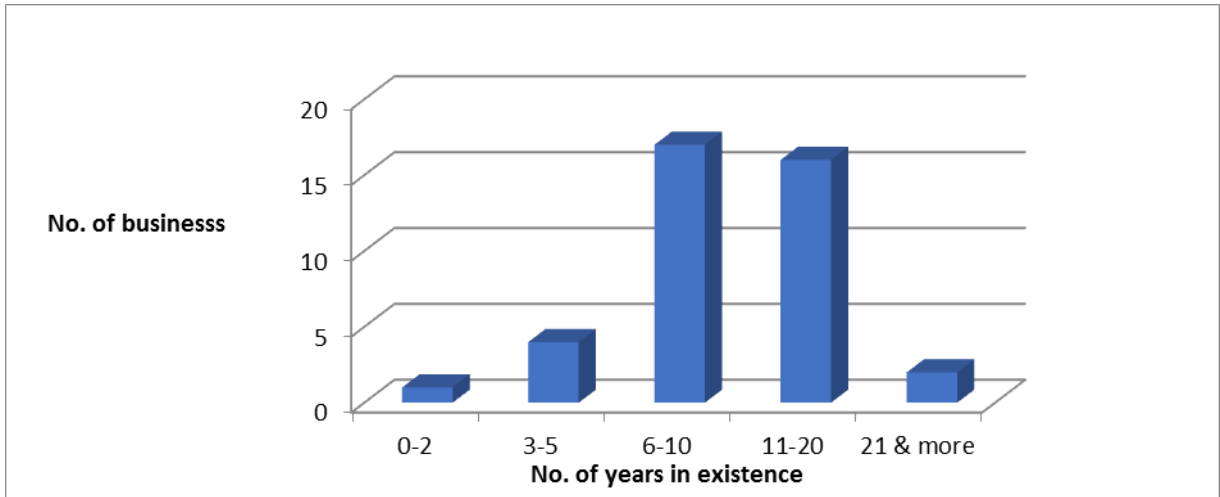
Of the 40 liquor retailers interviewed, thirty nine are operated as sole traders with no formal registration. However, it is to be noted that even though these businesses are not formally registered, they hold valid liquor licenses. This is a norm in the small micro and medium sized enterprises. Supporting this is Smith (1994, cited in Schneider, Buehm and Montenegro, 2010:5) who defines informal business operations as “market-based legal production of goods and services that are deliberately concealed from authorities”.

As much as the informal business sector’s positive role on the economy is recognised, it is still a challenge to accurately measure its contribution, especially pertaining to job creation. In this case, the existence of these businesses has created a total of 147 job opportunities, the split between full-time and part-time indicated in Figure 4.3 below.



**Figure 4.3: Number of employees**

Forty percent of new business ventures fail within their first year; 60% fail in their second year; while 90% have failed in their first ten years of operation, according to Van Bowler, Dawood and Page (2006) and Phakisa (2009, as cited in Van Scheers, 2010). The majority of the interview participants have been in operation between six and 20 years (the 6-10 and 11-20 year categories). Previous studies have revealed that the longer the business remains in operation, the better the chances of growth, as thus the better the business can be deemed as “doing the right thing”.

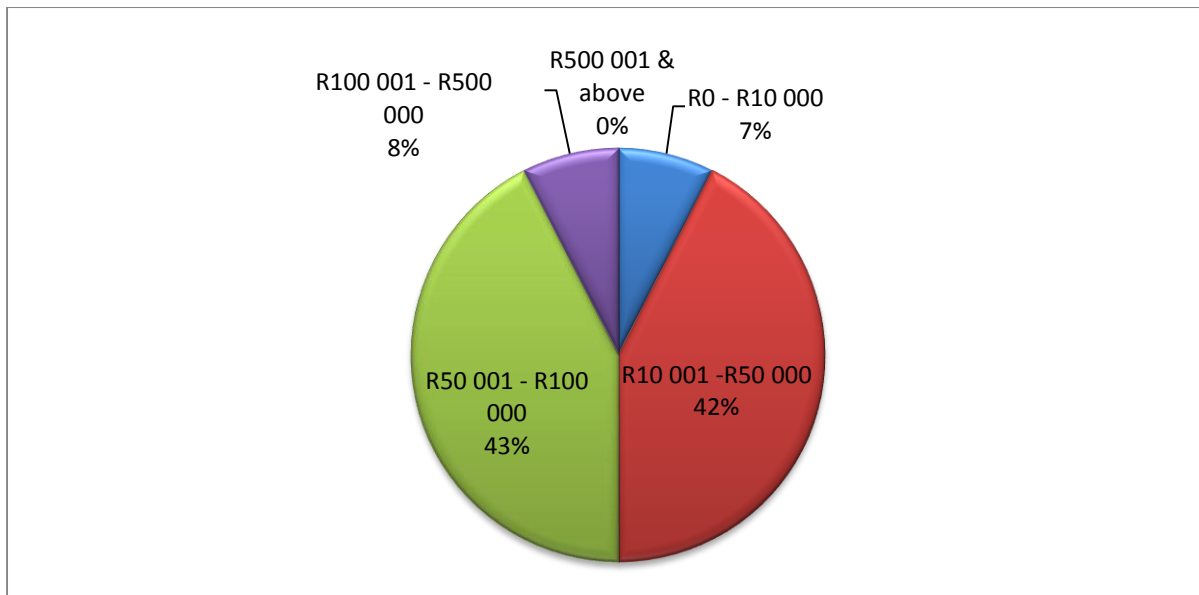


**Figure: 4.4: Business age**

A viable business is determined by its ability to generate enough profit to allow it to continue funding its operations, and even better, to expand. Whether additional profit is used to grow the business is dependent on the owner. The participants were asked their motivation for starting a business, particularly in the liquor industry. The findings reveal that lack of employment opportunities (means to earn a living income) was the primary driving force. Furthermore, according to the participants, a liquor retail business has high profit margins and is “easy” to operate. One could argue that perhaps the slow or non-growth of these businesses is related to this finding, as it could be that the profits are not used to grow the business, but rather to fund personal expenses.

The research also looked at the estimated revenue generated by these businesses on a monthly basis. The findings are presented in Figure 4.5 below. It is to be noted, though, that the operating costs and cost of sales were not examined during the questionnaire interviews in order to assess the high profit margins versus the total cost of operating a business of this nature. It can, therefore, not be definitively concluded whether or not there is a link between the slow growth of a business and the way in which its profits are utilised.

As mentioned earlier, the findings showed that these businesses are mainly operated as unregistered sole proprietor businesses. The availability of financial statements or bookkeeping systems for accurate record-keeping is also unknown, and thus once again, no conclusion can be drawn regarding the financial spend.



**Figure 4.5: Monthly revenue**

### 4.3.2. Theme one: challenges

The small micro and medium enterprise sector is continuously faced with multiple challenges that affect its success status, and the SMMEs in the liquor industry follow this same global trend. This had a direct influence on research of this nature that aims at identifying the critical success factors in liquor retailing in selected townships of Cape Town, South Africa. There were a number of challenges identified from the study findings which have subsequently been divided into sub-themes and presented below.

- ***Sub-theme one: crime***

The findings reveal that crime is one of the major challenges township liquor retailers must grapple with on a daily basis. Criminal activities include break-ins in the case of off-consumption where frequent break-ins occur while the business is closed. Participants claim that even with an alarm system, the South African Police Services take long to respond to a call.

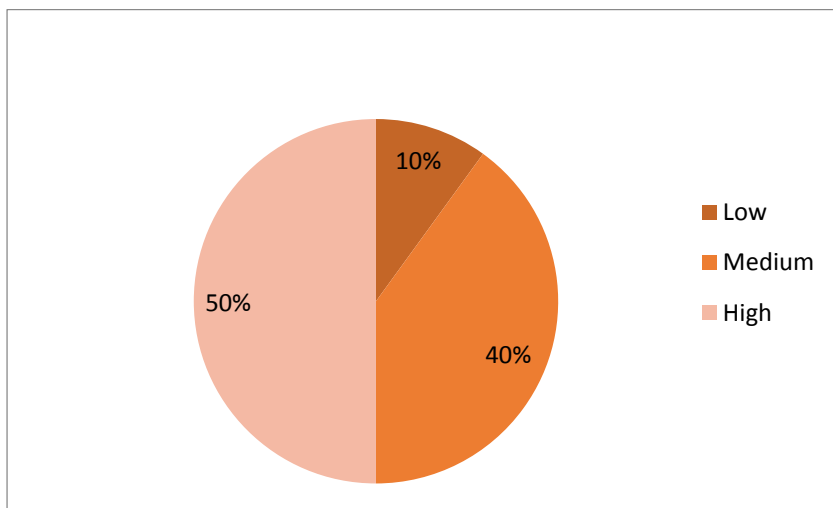
On-consumption retailers, as a result of crime, lose business as customers are reluctant to go out in fear of falling victim to crime. In the case of on-consumption liquor retailers, crime has had a negative impact on the total store traffic. Furthermore, criminal activities are easily planned at the on-consumption outlets. In instances where

criminal activities occur within the premises, the outlet stands the risk of having their liquor license suspended or cancelled.

Manufacturers and brand distributors offer certain services (e.g. deliveries) to these types of businesses; however, the businesses do not always take advantage of these added benefits as criminals are always studying the situation: “If criminals see a delivery truck from the SAB they think the business is making a lot of money and then target us for robbery”, admitted one of the interview participants.

- ***Sub-theme two: competition***

During the interviews, participants were asked their view on the level of business competition in their area on a scale of low, medium and high and the findings are presented in Figure 4.6 below.



**Figure 4.6: Level of competition**

Similar to any businesses that are competing for the same consumers, what ensures that a business stays ahead of the game is its service offering. Participants claim that the entertainment (liquor industry) scene in Cape Town has changed drastically from the time they initially opened their businesses, exacerbating competition. Consumers are more educated, younger and demanding specialised services which are increasingly expensive to implement. Since the selling price of the merchandise must stay low to remain competitive, the profits are minimal versus as compared to the

selling price of the same merchandise by business counterparts operating in the CBD and urban areas.

The entry of big retailers has also posed a threat to the township liquor retail market. According to the off-consumption liquor retailers, the entry of giants such as Spar Tops and Shoprite Liquor Shop has resulted in customer loss because of economy of scale and the advertising strength of these larger retailers. The findings from the exploratory research concur with these findings. However, the off-consumption liquor retailers that are not in close proximity to the newly developed shopping malls in the township are nearly as affected. Madlala (2015) presented similar findings from research that aimed at establishing whether or not large retailers displace small informal retailers. His findings agree that the small rivals who are impacted are usually those in close proximity to large retail stores.

- ***Sub-theme three: operating capital***

As reported earlier, the majority of these entrepreneurs opted to take the business route due to the unfortunate lack of employment opportunities. Furthermore, their profile (poor education) did not afford them many alternative options for a decent job. The findings further reveal that they mostly used their own funds, and in some instances, acquired financial support from family members, to finance the start-up of the business. Their lack of business knowledge and low educational background also means that many likely lacked helpful information on various possibilities for obtaining capital.

Nonetheless, the businesses were started and have been operating for six years or more. The challenge they face is the realisation of the high cost of operating a business of this nature, so operating capital one of the major ongoing challenges experienced by liquor retailers operating in the township market. Apart from the operating expenses which are financed with the profits generated from sales, the participants have indicated their inability to improve the business, such as through renovations or extending the premises (serving area or storage space).

Another issue concerning operating capital lies in what South African Breweries (SAB) regard as model stock. This, according to SAB, refers to having the right merchandise mix, in the right quantity, pack size and selling price to avoid “out of stock situations” or cash being tied up in stock. The findings agree, as some of the participants

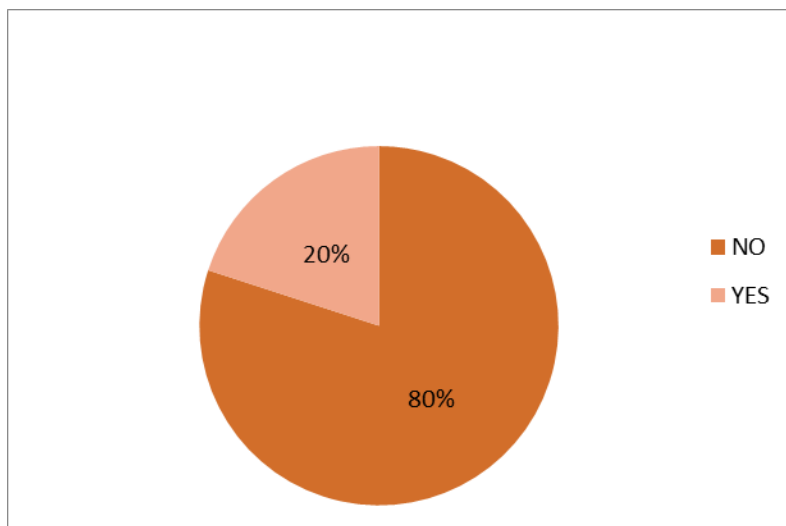


mentioned, that since the manufacturers and brand distributors offer a larger range of liquor brands, the representatives continuously attempt to persuade them to try new products. But if these products sell slowly, the operating capital becomes tied up in stock, further reducing the capital necessary to order fast moving brands.

In addition, the participants also admitted that the annual increase on the liquor tax puts a strain on their profit margins as they cannot increase the selling price as regularly as the tax increases. Moreover, intense business competition forces them to keep prices as low as possible, while consumer demands are increasing. Retailers have clearly indicated an interest in acquiring financial management skills.

- ***Sub-theme four: government, manufacturer and brand distributor support (supplier support)***

The participants were asked if they have received any form of support, and whether or not it was satisfactory. The figure below provides an overview of those retailers who have received support versus those who have not. In addition, the 20% that have received support are of the opinion that there is still more to be done in order to be fully satisfied in their businesses.



**Figure 4.7: Business support**

**Table 4.2 Description of the support received by the liquor retailers**

<b>Challenge</b>	<b>Support</b>	<b>Outcome</b>
Crime	SAPS	SAPS arrived; however, it was too late as the criminals had already escaped.
Capital for stock	Suppliers	Supplier offered credit terms.
Capital to improve business	Bank	Loan application was declined as a result of not having financial records.
Business skills	Suppliers	Not fully satisfied: the programme focuses more on on-consumption business than on off-consumption
Storage space	Suppliers	Requested multiple deliveries per week.

The study also considered establishing the level of knowledge of the retailers in question regarding organisations offering support to businesses of this nature. Surprisingly, the majority of the participants mentioned a few, including suppliers (SAB, Distell Limited and Brandhouse Beverages), as well as financial institutions such as banks and government departments and/initiatives namely, the Department of Trade and Industry (DTI), the National Youth Development Agency (NYDA) and the Small Enterprise Development Agency (SEDA). Those who have not received any support have no information pertaining to where (or how) they can get assistance.

#### **4.3.3. Theme two: skills and knowledge**

As the literature and exploratory study showed, education is vitally important for the success of a small business (Moorthy *et al.*, 2012; Alkali, *et al.*, 2012; Chawla, *et al.*, 2010). The profiling of the participants was aimed at assessing their level of education and business skills, as this is in line with the purpose of the study which aims at identifying factors that are critical to the success of a liquor retail business operating in a township.

Undoubtedly, there is a relationship between education and skills (Malakwane, 2012); however, there is also a level of distinction between the two. OED (2016) refer to *knowledge* as information acquired about a particular subject, usually at school, while *skills* refer to “the ability to do something”. The link between the two can best be seen as acquiring the knowledge (knowing what to do) and thus gaining the skills (ability to

perform that particular task): in this case acquiring business *knowledge* resulting in the *skill* to successfully manage a liquor retail business.

The highest level of formal education received by the participants as revealed by the findings is between grade 10 (10 participants) and grade 12 (22 participants). This is based on questionnaire responses, as there was no required presentation of any actual certificate to verify the level of education attained.

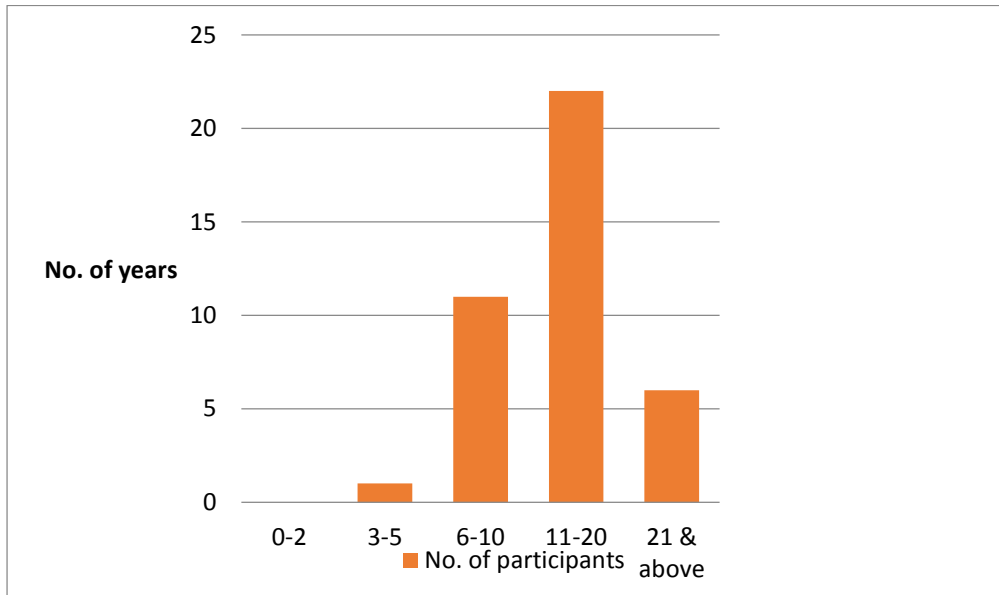
In addition, the participants confirmed that they had *some* business training, mostly attending the South African Breweries (SAB) business development programme in 2014. According to a representative from company A (an exploratory study participant), the said programme was four full days of classroom training wherein retailers were equipped with the basic business knowledge specially designed for liquor retail business. The participants were issued with certificates of participation upon completion of the programme. The disadvantage of the programme, however, was that only the businesses that trade directly with SAB qualified to attend the training.

The exploratory study findings revealed that some businesses do not trade directly with the major suppliers, as this inflates their risk of robberies: “Some liquor retailers are afraid to trade direct with us as criminals see them as making too much money when they see supplier delivery trucks at the their premises” (E12).

The terms and conditions of the Western Cape Amended Act 10 of 2010 state that before a liquor license is issued, the applicant is required to attend training conducted by the Western Cape Liquor Authority. The training, however, only focuses on compliance and not necessarily on knowledge geared toward profitability, growth and sustainability of the business. Furthermore, the training is a newly added requirement and the participants of this particular study obtained their licenses prior to its establishment.

The interview also looked at the years of business management experience revealed by the participants. While the majority showed more than six years of experience, with low education and skills, the concern is whether or not those years were spent doing the “right” things that could have had a positive contribution on business growth and sustainability. If education is acquiring knowledge in a particular subject and skills is the know-how of doing something, surely if one lacks the knowledge and skills, the

results will be insufficient. The years of business management experience is presented in Figure 4.8 below.



**Figure 4.8: Business management experience**

An important discovery from the interviews with the liquor retailers is that they do understand the importance of acquiring skills and knowledge to enhance business growth. However, this skill and knowledge requirement is divided into various needs. The majority of the participants have indicated the need for financial management skills, for example. One retailer stated that they require an understanding financial management practices in order to acquire capital to grow the business, while others seek costing and budgeting skills.

Another skill that is in popular demand is that of asset and risk management. These types of business carry high value merchandise (liquor and tobacco) and operate in areas with high crime rates. The main concern is protection of assets from robbery, theft, fire and other unforeseen events. In addition, the participants also indicated their desire for safety mechanisms to prevent these unforeseen incidents from occurring in the first place.

While finance, asset and risk management were the most popular skills needed, another area that was notably identified as an area of concern is human resource

management. The general opinion amongst the participants is that employees do not treat their jobs as formal employment, with the consequences being low productivity, employee theft and absenteeism without reporting. So the question is how liquor retailers in the township market can attract the right candidates for the job, candidates who are motivated and understand the limitations of working for a small business. Participants are in need of information for ways of keeping employees satisfied besides offering a high salary, which in fact, these small businesses cannot afford.

#### **4.3.4. Theme three: compliance**

The liquor industry is highly regulated as it deals with the trading of a dangerous substance. In 1995, the South African Liquor Act No 27 of 1989 was amended providing for the nine new provinces and assigning powers to the provincial ministers (South Africa, 2004:). The need for change under the new South Africa brought the introduction of the Liquor Act 59 Of 2003 which aims at establishing national norms and standards to maintain economic unity within the South African liquor industry (South Africa, 2004:2).

In addition, the Western Cape Liquor Authority realised the need to introduce amendments to the Act as a means of responding to compliance challenges unique to the Western Cape liquor industry. The new Western Cape Liquor Amendment Act 10 of 2010 provides for the licensing of the retail sale and the micro-manufacturing of liquor in the Western Cape Province, and provides for other incidental matters. The Act further details the conditions for all liquor license holders related to the trading of liquor. Failure to adhere to these conditions may result in the suspension or cancellation of the license.

As mentioned earlier, all the liquor retailers interviewed hold valid liquor licenses. Operating under the license restrictions is not simple, and consequently the participants were asked to divulge their opinions and experiences with regards to the Liquor Act 10 of 2010. While only about 10% of the participants did not report any issues with regards to the liquor regulations, the remaining 90% stated the following:

1. The annual liquor license renewal fee of R3 000 is expensive considering that they are operating small businesses.
2. The purpose of the regulations is understood by the participants, especially regarding the safety of consumers; however, the compliance requirements are costly

for small businesses. These include requirements such as fire extinguishers, liquor license renewal fees and the newly introduced business rezoning.

3. The reduction of trading hours, especially for off-consumption retailers, has resulted in loss of profits. “The trading hours for my business have been reduced from closing at 20h00 to closing at 18h00. During the week most consumers are usually still on the way home at 18h00 and by the time they get home for those one or two beers, my business is closed” lamented one of the off-consumption retailers. In addition to this, the participants claim that they lose customers to the unlicensed shebeens that are *not* regulated, yet benefit fully from the industry. These unlicensed shebeens do not even pay the annual liquor license renewal fee. In other words, they operate on an unregulated free trade basis.

4. The participants further stated that the regulations force them to take the blame for drug related incidents. “Liquor is a legal substance, while drugs are not. Government should stop combining the two, alcohol and drug abuse, in their campaigns, as this gives a bad impression about liquor” complained one participant.

#### **4.4. CHAPTER SUMMARY**

The findings as presented in this chapter were for the purpose of sharing the experiences of the liquor retailers who operate in townships of Cape Town. This was done for the purpose of achieving the primary objective of the study, namely identifying the factors that are critical to the success of a business of this nature. As discussed earlier, the findings were presented in the form of themes and sub-themes, accomplished by grouping responses of similar questions under a particular theme.

Table 4.3 below is a representation of the summary of findings from the descriptive interviews with the liquor retailers. The summary consists of the factors that were identified as ‘critical’ from the responses.

**Table 4.3: Summary of findings**

<b>Critical Success Factor</b>	<b>Description</b>
<b>Financial Management</b>	Capital access (For stock and business improvements) Bookkeeping Transacting/banking Budgeting for business goals
<b>Human Resource</b>	Getting the right calibre of employees Motivating the current employees
<b>Operations Management</b> - Asset & Risk  Marketing  Compliance	High crime rate  (Business robbery and consumer safety)  High competition  off-consumption: entry of major retailers in the township market  Liquor license trading conditions off-consumption: reduced trading hours Annual license renewal  Compliance equipment (i.e. fire extinguishers, zoning certificate, noise exemption)

As shown by the literature, the lack of formal education and business skills amongst small medium and micro enterprises presents an obstacle to the growth and success of small businesses, and the township liquor retailers are no different to this global trend. Granted, the government and liquor manufacturers and brand distributors are continuously developing programmes to respond to this challenge. However, looking at the current programmes offered by the government and liquor manufacturers, the design is classroom-type training which is mainly theory-based. Perhaps this could be the reason the programmes produce only mediocre results, or are even completely

ineffective. If the educational background of these entrepreneurs is very low, how then can it be expected that they will understand advanced business content and theory offered at these training courses? Considering training factors such as language, content, and theory versus practical, perhaps this presents a gap for future research.

With the right skills and knowledge, many issues that are presently a barrier to the growth and success of the liquor retailers might automatically disappear. This refers to the strict regulations of the industry which generate almost overwhelming responsibilities for license holders. The interpretation and understanding of these responsibilities is influenced by the level of education. Furthermore, the risk of crime also requires, to some extent, knowledge of methods that these township liquor retailers can implement to protect their business. Understandably, they cannot eliminate or escape crime, but they must learn about available systems for maximum protection.

Finally, coping under competition, especially that competition generated by the entry of big retailers into the township market, remains a major difficulty, as these giants have the advantage of economy of scale. Manufacturers and brand distributors have developed support and incentive programmes designed for township liquor retailers to help them become competitive; these range from infrastructure (fridges and building improvements, for example), business development support, discounts, credit facilities, and marketing and brand support activities (EI2; EI3 & EI4).

The township liquor retailers require a simplified and practical type of training if the stakeholders wish to see growth, success and sustainability in this industry. The positive contribution of the township market is recognised by the manufacturers and brand distributors as a 'main market', a term based on the level of business activity measured in terms of volume and revenue.

The final chapter of the study is comprised of the conclusions, identified gaps for future research, and offers recommendations based on the objectives and findings. Lastly, the chapter concludes the study by presenting the critical success factor framework for liquor retailing in the townships of Cape Town.



## CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

### 5.1. INTRODUCTION

This section of the study concludes the research by discussing the relationship between the findings and literature, as well as by providing recommendations for the industry and future research.

The purpose of the study was to develop a simplified framework that clearly identifies the critical success factors for liquor retailing in the townships of Cape Town. Due to the limited literature on the subject area, the literature review was carried out on the general critical success factors for small micro and medium enterprises (SMMEs). To supplement the limited literature, exploratory research was conducted whereby industry experts from government, suppliers and brand distributors were interviewed to broaden the body of knowledge in the subject area of the study. Findings from the literature and the exploratory research were then used to construct the questionnaire for data collection from liquor retailers operating in the township markets.

***The research aimed at answering the following questions:***

- What challenges do you experience in operating a liquor retail business in the township?
- What skills and knowledge do you require to successfully manage a business of this nature?
- Have you received any form of support to assist you in coping with the challenges and to grow your business?
- How do the laws regarding the trading of liquor affect your business operations?

The limited literature on the subject area of the study influenced the decision to select the qualitative research approach. According to Morse and Richards (2002), qualitative methods help make sense of situations by organising the undisciplined confusion of events and experiences of those who are affected by that particular situation. In this case, liquor retailers operating in the townships are losing their liquor licenses, closing down shop or simply not growing and increasing their success (DTI, 2012).

The study, therefore, aimed at making sense of the challenges that hinder this success and in the end, presents an industry specific framework to address the factors that are critical for growth, success and sustainability in the township liquor retail industry at large.

The paradigm that the study followed was the interpretivist approach (research philosophy) as the study deals with business owners and industry experts (people) on their experiences of factors which are critical in the success of a liquor retail business operating in the township market of Cape Town.

Uduma and Sylva (2015) agree that interpretivism applies when human beings are involved in organisational activities; therefore, their practical experiences should be evaluated. Furthermore, due to the limited literature in the subject area, the interpretivist approach allowed for exploration of the factors critical to the success of these types of businesses.

## **5.2. CONCLUSIONS AND IMPLICATIONS OF FINDINGS**

This section focuses on the findings as described in the previous chapter. The findings are divided into themes derived from the data collected. Furthermore, following each theme, practical recommendations are presented. As stated previously, the data was collected through an exploratory study carried out through interviews with industry experts and interviews with 40 liquor retailers from both Khayelitsha and Mitchells Plain.

The sample selection method used was a purposive method based on the sample criteria which required the participants to hold a valid liquor license and only the on-consumption and off-consumption license types were required. According to the SAGE Publications Dictionary (2006), this sampling method refers to a form of non-probability sampling where a decision regarding the criteria of the participants is taken by the researcher. The decision may include issues such as the following: the selected participants are experts on the subject, their willingness to participate in the study, or the criteria the required participants are to meet. In the case of the study, the participants met the required criteria.

### **5.2.1. Theme one: challenges**

Research question: *What challenges do you experience in managing a liquor retail business in the township market?*

According to the findings, liquor retailers operating in the township market are faced with challenges that pose as barriers to the success and growth of their businesses. The major challenges identified were crime, competition and operating factors. These challenges not only hinder success and growth, but also result in financial loss and the loss of other resources.

These findings agree with Brink, *et al.*, (2003) who suggested that money, time and resources are lost due to mistakes that could have been avoided. Van Bowler, Dawood and Page (2006 as cited in Van Tonder, *et al.*, 2011) further reported that 40% of new business ventures fail within their first year, 60% in their second year, while 90% fail in their first 10 years in operation.

The following sub-themes detailed the challenges experienced by liquor retailers as discovered during the data collection process.

- ***Sub-theme one: crime***

The findings revealed that crime is a major challenge in operating a liquor retail business, particularly in the township market. This was indicated by both industry experts and liquor retailers. As 70% of the liquor retailers interviewed were males and the remaining 30% females, perhaps crime risk is a contributing factor to the gender split within the township liquor retail industry.

The findings agree with the statistics released by the South African Police Service (2015) that reported the Western Cape as the province with the second highest crime rate. Furthermore, the statistics indicate that the crime rate of the Western Cape has increased by 17242 criminal cases from the 2013/2014 fiscal as compared to the 2014/2015, making the total number of recorded criminal cases in the Western Cape for the 2014/2015 fiscal at 492963. The total per category and sub-category is available under the Appendix D.

- ***Recommendation for sub-theme one:***

Considering the size of these businesses, especially on low income, and the low capacity of the South African Police Service to attend to the large number of criminal cases, small micro and medium enterprises (liquor retailers or even all SMMEs per area) might consider contributing a minimal fee towards hiring a neighbourhood security company to patrol near their businesses and attend to emergency calls from businesses in a particular area.

- ***Sub-theme two: competition***

As revealed by 50% of the liquor retailers interviewed, business competition is high, increasing the difficulty for growth. As the consumers change, so do their demands. Thus continuous upgrades on service offerings are necessary.

Another noted factor that contributed to the high competition rate was the entry of shopping malls and big retailers into the township market. This is especially true for the off-consumption liquor retailers as this saw well-established retail brands such Spar Tops and Shoprite Liquor Shop enter the market. Company B (E13) supports this by noting the entry of big retail groups in the townships as a threat to the off-consumption liquor retailers. Furthermore, Ligthelem (2007) suggested that the impact of shopping malls in township areas negatively affected the turnover and employment of small township retailers.

The biggest liquor producer in the country, the South African Breweries (2015), refers to the township market as the 'main market' due to the level of business activity which accounts for 80% of SAB's total revenue in the Western Cape and even countrywide. This could perhaps be viewed as a contributing factor to the sudden entry of the big retail groups into this previously disadvantage township market.

- ***Recommendation for sub-theme two:***

Liquor retailers could establish a regional buying co-operative that allows them to purchase stock in bulk under one account. Such a system might increase their buying power and thus allow them to benefit from bulk discounts which in could encourage lower prices to consumers.

The benefit of this system would be the ability for them to maintain low prices and compete with more strength against the large retailers. In addition, this could also grant them the opportunity to explore various methods of combined or collaborative advertising to increase brand awareness and engender a competitive edge.

- ***Sub-theme three: operating capital***

The matter around operating capital can certainly be regarded as one of the major challenges faced by small micro and medium enterprises across all industries. As revealed by the findings, over 90% of the interviewed liquor retailers entered into business as means of creating a source of income. Herrington, Kew and Kew (2010) refer to individuals who have this sort of motive as *unproductive entrepreneurs* as opposed to the *productive entrepreneurs* who are motivated by opportunities to start a business and are further driven by growth.

It is to be noted that the study did not aim to establish the size of unproductive versus productive entrepreneurs in the said industry, but rather intended to identify the factors critical for a business of this nature to succeed. Insufficient operating capital can result in the business being unable to conduct its normal activities and thus not reaching its success potential. This was ascertained from the findings as some of the participants expressed challenges such as out of stock situations and inability to improve premises.

Once again, the manner in which the profits are managed was not determined. Therefore, the study cannot conclude whether or not the lack of operating capital is influenced by the behaviour of the entrepreneur towards the business finances. Exploratory study participants (E11, E12 & E13) believe that the most challenging financial management factors amongst the liquor retailers is product pricing and stock management. E12 further suggested that liquor products are high value and the loss incurred due to poor inventory management is quite high; thus, financial management warrants further attention.

The study result of Chawla, *et al.*, 2010) that compared CSFs between China and the United States agree with the industry experts as they also reported access to finance and stock management as a key contributor to SMME success. In addition, Alkali, *et al.*, 2012) suggested that access to capital and information is critical. The subject of access to information is discussed in detail under the next sub-theme.

- **Recommendations for sub-theme three:**

a) The discounts and increased profits earned through the establishment of a liquor trader's co-operative could improve the availability of operating capital.

b) Financial institutions, manufacturers and brand distributors could be approached by the co-operative to offer an extended programme to the liquor retailers that equips these SMMEs with broader financial management skills (credit and transaction account types), customised specifically for businesses of this nature.

### **5.2.2. Theme two: skills and knowledge**

Research Question: *What are the skills and knowledge you require to manage a business of this nature?*

Lack of skills and knowledge in the small micro and medium sized enterprise (SMME) sector has been identified as one of the contributing factors to the high failure rate hence the expanding literature on the subject area. Moorthy *et al.* (2012), Alkali *et al.* (2012) and Chawla *et al.* (2010) all agree that education is a key factor in the success of SMMEs.

*Education* refers to the knowledge acquired about a particular subject, usually at school, while *skill* refers to “the ability to do something” (OED, 2016). The link between education and skills is clearly recognised; in the context of this study, education can be regarded as the business knowledge while skills refer to the ability to practically manage a liquor retail business.

Money, time and resources are lost annually as a result of failed business ventures caused mostly by mistakes that could have been avoided (Brink, Cant & Lighthelm, 2003). Lack of knowledge and skills can thus be regarded as critical success factors in small micro and medium enterprises in South Africa at large (Brink *et al.*, 2003; Van Scheers, 2010; Islam, *et al.*, 2011; Chiliya, *et al.*, 2012). Furthermore, the findings revealed that even though the majority of the participants are aware of the existence

of organisations, institutions and government departments that offer support to businesses of this nature, access to information is still a barrier (Alkali *et al.*, 2012). The study focused only on its purpose of identifying the factors that are critical to the success of a township liquor retail business; therefore, the reasons for not seeking support by those retailers who knew about the availability of support was not explored. Both the literature and study findings suggest that the skills and knowledge shown in Table 5.1 are necessary for a profitable, successful and sustainable liquor retail business.

**Table: 5.1: Skills and knowledge**

Challenge	Skill and knowledge required
Crime	Operations Management (Asset & Risk)
Competition	Marketing and business management
Operating Capital	Finance, human resource and inventory management

The availability of accurate and reliable information addressing specific needs of specific market segments within the small business sector is another key element in ensuring proper support (Finmark Trust, 2010). This justifies the purpose of the study of developing a framework that is specific to the township liquor business industry, identifying those factors that are critical for success in businesses operating in this market.

A number of institutions – including government, private sector businesses, manufacturers and brand distributors – have developed various programmes that are aimed at developing the small micro and medium enterprise sector (DTI, 2012; Verrest, 2013). These were also emphasised by some of the respondents (E11; E12). However, these programmes have not been successful for all the entrepreneurs (Verrest, 2013). Verrest further supports the literature and findings of the identified necessary skills by noting that these programmes generally cover micro-finance and business training.

In conclusion, there seems to be a link between the challenges experienced by the SMMEs and a lack of knowledge and skills. SMMEs can cope better under the challenges if owners are equipped with the right skills and knowledge specific to their industry.

- ***Recommendation for theme two:***

Rather than the numerous programmes offered by government, manufacturers and brand distributors separately, a joint venture would be more efficient. However, considering the education level of the majority of these entrepreneurs, a more practical and customised approach would be better. The current programmes, according to the industry experts interviewed, adhere to a classroom concept, so perhaps an exhibition style concept, with interactive demonstrations and practical hands-on learning activities, would yield better results.

Industry experts could present solutions tailored for liquor retail businesses at a one day exhibition style event. The target audience would be liquor retailers who will leave better equipped with skills, knowledge and tailored solutions by industry experts through face-to-face consultations in their preferred languages.

### **5.2.3. Theme three: compliance**

Research question: *How does the law regarding the trading of liquor affect your business operations?*

As much as liquor is a legal product, it is still a dangerous substance. Notwithstanding its recognisable positive contributions to the economy, especially regarding employment creation, abusive consumption and illegal trading of liquor are serious threats to society and to the youth, even in schools in which pupils from as early as grade 8 were found to have consumed liquor. Therefore, compliance with the liquor laws is imperative for the success and sustainability of these businesses.

Ninety percent of the liquor retailers interviewed admitted to difficulties in meeting some compliance requirements. These included items such as the annual liquor license renewal fee amounting to R3 000.00, and fire extinguishers and other costly safety requirements. The general opinion is that the purpose of the requirements is understood, but the capital to fund these requirements is a challenge. This finding thus agree with the literature (Chawla *et al.*, 2010; Alkali *et al.*, 2012) and exploratory



interview findings (EI2; EI3 & EI4) that identified access to capital as one of the major challenges faced by SMMEs.

Another concern raised by the participants had to do with the reduced trading hours; this finding, unique to the off-consumption liquor license holders, has resulted in the loss of customers to, for the most part, unlicensed shebeens. Lastly, the interviewed liquor retailers expressed their dissatisfaction with regard to government campaigns related to substance abuse. The general feeling is that liquor retailers (who deal with a legal substance) at times get fall-out negative publicity as the campaigns are usually branded as “alcohol and drug abuse” while drug abuse related incidents are far worse than those stemming from alcohol, especially considering that drugs are illegal.

- ***Recommendation for theme three:***
  - a) As the critical phase of understanding the purpose of the regulations is passed, the focus as far as compliance is concerned should now be on equipping township liquor retailers with financial and marketing skills and knowledge necessary to increase affordability of the required compliance measures.
  - b) Furthermore, a unified voice from liquor retailers through the suggested liquor traders co-operative could present an opportunity for them to participate in the formulation of the liquor by-laws.

### **5.3. COMPARISON OF CRITICAL SUCCESS FACTORS**

To further summarise the findings on the critical success factors (CSFs), a comparison was made of CSFs identified from the literature, the exploratory study and the interviews with the liquor retailers, and presented in Table 5.2. Those CSFs found to be common are highlighted in bold. In addition, it is to be noted that the CSFs are presented in the form of themes as dictated in the previous chapter.

Since the research was conducted using the qualitative approach, the identified critical success factors were not given scores and therefore are not listed in order of importance. The purpose was for establishing similarities amongst the CSFs. This summary of findings is used later to develop a framework of critical success factors specific to township liquor retailing and thus fulfilling the primary objective of the research.

**Table 5.2: Comparison of critical success factors**

Critical Success Factor	Literature Review	Industry Experts	Liquor Retailers
<b>Financial Management</b>	Capital Access	Capital access	Capital access
	(Not Specified)	Pricing	(For stock & business improvements)
	Goal Orientation		Bookkeeping
	Purchasing		Transacting/Banking
			Budgeting for business goals.
<b>Human Resource</b>			
	Appropriate human management.	Not enough personnel	Getting the right calibre of employees Motivating the current employees.
<b>Operations Management</b>			
<b>Asset &amp; Risk</b>	Inventory Management	High Crime Rate	High Crime Rate
		(Business Robbery & Consumer safety)	(Business Robbery & Consumer safety)
<b>Marketing</b>	Image Management	High competition	High Competition
	Social Networks	(Off- Consumption - Entry of major retailers in the township market)	Off- Consumption - Entry of major retailers in the township market
	Technology		
	Industry trends		
<b>Compliance</b>	Legality	Liquor license trading conditions	Liquor license trading conditions
	(Not specified)		Off-Consumption- Reduced Trading hours Annual license renewal
			Compliance equipment i.e Fire Extinguishers, Zoning certificate, Noise Exemption

#### **5.4. A CRITICAL SUCCESS FACTORS FRAMEWORK FOR LIQUOR RETAILING IN TOWNSHIPS OF CAPE TOWN**

The primary objective of the study was the development of a simple and specific framework (considering the profile of the township liquor retailers) to be used as a tool by industry (manufacturers and brand distributors), government departments and liquor retailers at large in order to enhance the growth and success potential of the township liquor retail industry.

The resultant framework is presented in Figure 5.1



**Figure 5.1: Critical success factor framework for township liquor retailing**

The framework above presents the critical success factors (CSFs) in liquor retailing in the townships of Cape Town. The CSFs are divided into three main themes: Financial Management, Human Resource Management and Operations Management.

#### **5.4.1. A description of the critical success factor framework for township liquor retailing**

This section contains a detailed explanation of the terms found within the framework. The study discovered that even though there are CSFs common across all industries in the small micro and medium enterprises (SMMEs) sector, the manner in which they apply to those businesses is industry dependent. Considering the educational profile of entrepreneurs in the SMME sector, particularly within the South African townships, there is a need for a customised explanation of each factor as it suit that particular industry.

The critical success factors identified in the above framework are explained below as they apply to the township liquor retail industry of Cape Town.

- ***Financial management***

This section explains the components of financial management as identified as a critical success factor.

- a) *Cash Flow*: The findings show that a business of this nature can be started with minimal capital; however, as the business grows, cash flow becomes more of a challenge, frequently resulting in the inability to meet increased consumer demand and ever changing industry trends. Cash flow is therefore identified as a sub-factor under the financial management CSF. This agrees with the finding by Chawla *et al.* (2010) and Alkali *et al.* (2012) who discovered that ability to acquire credit plays a role in the success of a business. In the context of this study, access to credit/capital can assist the businesses with regard to stock and business improvement needs.
- b) *Bookkeeping*: This refers to the availability of up-to-date financial statements for the business. This would therefore give evidence to potential credit providers of the business performance and affordability status. In addition, it would act as a measure for the business to assess its own performance.
- c) *Pricing*: Company B (EI2) noted that a majority of the retailers are losing out on opportunities to maximise profits because of ineffective pricing strategies. Competition, though, appears to be forcing the businesses to maintain low prices in order to keep business doors open as consumers have more options.
- d) *Budget planning*: Planning is an important aspect of business; budgeting is even more critical as it ensures that all spending and income is accounted for.

- **Human resource management**

*Getting the right calibre of employees:* According to the findings, potential candidates for employment compare small micro and medium enterprise with the larger corporate businesses, in terms of benefits and salaries. In a case where these expectations are not met, the level of productivity by the employees decreases. In order for these businesses to realise success, they require motivated employees who understand that the nature and size of the enterprise will influence what a candidate can be offered as far as the salary package is concerned.

- **Operations management**

The following list is comprised of the items that constitute the operations management critical success factor in township liquor retailing.

a) *Asset and Risk Management:* Liquor retailers operating in the townships are continuously faced with the challenge of crime, as they are frequent targets of criminal activities. This is not a surprise as the crime rate, especially in the Western Cape, has shown a significant increase when comparing the 2013/2014 and 2014/2015 fiscal years (SAPS, 2015). The retailers interviewed suggested that cash and the type of merchandise (liquor) they deal with are of high value, thus making them targets for robberies. In addition, consumers are also at risk of crimes as they are usually under the influence of liquor after spending time at the outlets.

In agreement with this finding is Company A (EI2) who suggested that “Some liquor retailers are sceptical to trade direct with the company as criminals tend to think the business has high profits when seeing the supplier vehicles delivering stock”. The framework therefore suggests that one of the critical factors for liquor retailers operating in a township market is protection of assets (stock and cash) and safety measures for both consumers and employees.

b) *Marketing Management:* Apart from analysing marketing information, the ever changing consumer needs and evolving industry trends have been identified as important for SMME growth (Van Scheers, 2010; Chawla *et al.*, 2010; Alkali *et al.*, 2012 & Moorthy *et al.*, 2012). These trends include the entry of the big retailers into the township market which is a significant factor threatening the growth of the

traditional liquor retail industry as large retailers escalate the competition, particularly for the off-consumption liquor retailers who are in close proximity to these new large retailers (Madlala, 2015 & EI3). Marketing management, according to the above CSF framework, refers to the ability to continuously assess industry trends and consumer behaviour to ensure that the business meets the evolving demands.

c) *Compliance:* As noted in the previous chapter, the liquor industry can be regarded as highly regulated. The regulations under the Liquor Act 59 Of 2003 and Western Cape Liquor Act 10 of 2010 aim to establish national standards for maintaining economic unity within the South African liquor industry (Government Gazette, 2004:2 & Western Cape Liquor Amendment Act 10, 2010). Failure to adhere to liquor trading license conditions may result in the suspension or cancellation of the license. The DTI (2012) has expressed its support for the industry and further noted that the cancellation of trading licenses is detrimental to the economy. The framework suggests that compliance is critical to keep the operations of a liquor retail business viable.

## **5.5. IMPLICATIONS OF THE STUDY**

This section discusses the implications of the current research to the industry and academia.

### **5.5.1. Implications for industry**

- ***Financial institutions***

There is a potential untapped market that could be of benefit to the financial institutions through credit and investment services. In addition, financial institutions that offer bookkeeping, accounting and tax services are also missing out on this market.

- ***Government***

The contribution made by the industry cannot be measured with precision as the majority of these businesses are informal. Furthermore, although the businesses are paying their annual license renewal fees at the Liquor Authority, each one's tax compliance is undetermined as there are no financial statements or tax clearance certificates available

- ***Liquor retailers***

Inadequate access to information and lack of proper business skills means that these retailers are unable to take full advantage of available support opportunities that could escalate their businesses' growth and success. Charman and Petersen (2010) point out that if government does not formulate a strategy to transform shebeens and taverns into formalised sustainable businesses, then the government might be destroying the opportunity of creating a class of black entrepreneurs with whom it may partner in reducing the harmful effects of irresponsible trading and consumption of liquor. The DTI (2012) disagrees with the researchers by noting that it has developed programmes and structures with the objective of supporting liquor retailers and SMMEs at large; however, it is apparent from the findings that access to information is the cause of the communication breakdown.

- ***Manufacturers and brand distributors***

The manufacturers and brand distributors are unable to gain maximum returns by investing in the township liquor retail industry. This is mainly influenced by the insufficient business knowledge and inadequate skills which determine the success of the trade agreement between the two parties (liquor retailers and manufacturers and/or brand distributors).

### **5.5.2. Implications for academia**

There is limited academic literature on the subject area and on critical success factors (CSFs) for each industry. The implementation of a general approach of CSFs across industries could be a contributor to the high failure of the small micro and medium enterprise sector (SMMEs), particularly considering the knowledge and skills background of the majority of SMME owners.

## **5.6. LIMITATIONS**

The following are the limitations as experienced during the data collection process.

- As indicated in the initial information and informed consent letter, all participants were guaranteed confidentiality; thus their identities could not be linked to their comments. A coding system was used for referencing purpose.

- No appointments could be made with the liquor retailers as the database only included physical addresses, with no additional contact details, resulting in a delayed data collection process. In cases where the owner/manager of the selected outlet was not available, a new participant from the database was randomly selected as a replacement.
- Considering the educational profile of the liquor retailers, language was a barrier, especially with the participants from Khayelitsha. The interviews took longer than predicted as the researcher had to translate the questions into IsiXhosa.

Although these limitations made conducting the research arduous, there is no evidence or indication that these limitations negatively influenced the validity or reliability of the findings. Since sufficient rigor was built into the data collection process, it is believed that the findings are sufficiently trustworthy.

## **5.7. DIRECTION FOR FUTURE RESEARCH**

As stated previously, the primary objective of the study was to formulate a simple industry-specific framework that clearly identifies the critical success factors in liquor retailing in selected townships of Cape Town, South Africa. Although the objective was achieved, the following areas were identified as gaps where future research will be beneficial:

- a study of this nature expanded to other townships of South Africa;.
- an investigation into the viability of the establishment of a liquor trader co-operative;
- an investigation into the effectiveness of current support programmes designed for liquor retailers; and
- an investigation into the change in attitudes (from unproductive to productive entrepreneurs) once entrepreneurs are equipped with adequate skills and knowledge for managing a profitable and sustainable liquor retail business.



## **5.8. CHAPTER SUMMARY**

This chapter concluded the study by achieving the primary objectives, presenting a specially developing a framework that clearly identifies the critical success factors in liquor retailing in selected townships of Cape Town, South Africa (refer to Figure 5.1). The framework can be used a guideline tool by liquor retailers to better manage a liquor business operating in the township market. In addition, manufacturers and brand distributors can use the framework to improve trade relations with liquor retailers. The literature was further used to validate and justify the findings.

In this chapter, the researcher also suggested directions for future academic researchers and, in conclusion, the following Table 5.3 presents a summary of the recommendations as discussed in Section 5.2 as an indication of possible responses to the implications discussed in Section 5.5.

**Table 5.3: Summary of recommendations**

Theme/Sub-Theme	Recommendation
Crime	Considering the size of these businesses especially on low income and low capacity of the South African Police Service to attend to the large number of criminal cases, small micro and medium enterprises (liquor retailers or even all SMMEs per area) could contribute a minimal fee towards hiring a neighbourhood security company that will carry out patrols and attend to emergency calls in from businesses in a particular area.
Competition	Liquor retailers could establish a regional buying co-operative that allows them to purchase stock in bulk under one account. This system could increase their buying power and thus benefit from bulk discounts which in turn they could feed back into lower prices. The benefit for this system could be the ability for them to maintain low prices and compete better with the large retailers. In addition, this could also grant them the opportunity to explore various methods of combined or collaborative advertising to increase brand awareness and create a competitive edge
Operating capital	The discounts and increased profits earned through the establishment of a liquor traders co-operative could improve the availability of operating capital. Financial institutions, manufacturers and brand distributors could be approached by the co-operative to offer an extended program to the liquor retailers that equips these SMMEs with broader financial management skills (credit and transaction account types) which are customized for businesses of this nature.
Skills and Knowledge	Rather than the many programs offered by government, manufactures and brand distributors separately, a joint venture could be more efficient. However, considering the education level of the majority of these entrepreneurs, a more practical and customized approach would be better. The current programs, according to the industry experts interviewed, are a classroom concept - perhaps an exhibition style concept would yield better results. Industry experts could present solutions tailored for liquor retail businesses through a one day exhibition style event. The target audience would be liquor retailers who will be equipped with skills, knowledge and tailored solutions by industry experts through face-to-face consultations in their preferred languages.
Compliance	The critical phase of understanding the purpose of the regulations is passed, the focus as far as compliance is concerned should now be on equipping the township liquor retailers with financial and marketing skills and knowledge in order to increase affordability of the required compliance measures. Furthermore, a unified voice from liquor retailers through the suggested liquor traders co-operative could present an opportunity for them to participate in the formulation of the liquor by-laws.

## REFERENCES

Alkali, M., M d Isa, A.H., & Baba, H. 2012. A conceptual model of factors affecting business performance among the manufacturing sub-sector of small business enterprises in Nigeria (Bauchi state). *Interdisciplinary journal of contemporary research in business*, 4(5): 367-370.

Agupusi, P. 2007. *Small business development and poverty alleviation in Alexandra*, South Africa. 2<sup>nd</sup> Meeting of the ECINEQ Society, 12–14 July, 2007. Berlin.

Baccarini, D & Collins, A. 2003. Critical success factors for projects, in Brown, A. (ed), *Surfing the Waves: Management Challenges; Management Solutions*. Proceedings of the 17th ANZAM Conference, 2-5 December, 2003. Fremantle, Western Australia.

Bailey, S. 2015. An Investor's Insight into the Alcoholic Beverage Industry. <http://www.marketrealist.com/2015/03/important-alcoholic-beverage-industry-economy/> [21 September 2016].

Brink, A., Cant, M. & Ligthelm, A. 2003. *Problems experienced by small businesses in South Africa*. 16<sup>th</sup> Annual Conference of Small Enterprise Association of Australia and New Zealand, Ballarat, 28 September – 1 October 2003.

Business Dictionary. n.d. *Framework*

<http://www.businessdictionary.com/definition/framework.html> [11 September 2016].

Charman, A., Petersen, L. & Piper, L. 2012. *Informality disallowed?* Paper presented at the Towards Carnegie 3 Conference, Cape Town, September.

Charman, A & Petersen, L. 2010. *The inconvenient truth of the Western Cape Liquor Act*. Sustainable Livelihoods Foundation.

Chawla, K.S., Khanna, D. & Chen, J. 2010. Are small business critical success factors same in different countries? *SIES Journal of Management*, 7(1): 1-12.

Chiliya, N & Roberts-Lombard, M. 2012. Impact of level of education and experience on profitability of small grocery shops in South Africa. *International Journal of Business Management and Economic Research*, 3(1):462-470.

Clacherty, A. 2010. TTRI *Colloquium on retail-led township development*. Proceedings of the 2010 National Treasury Report, Mogale City, 11 August 2010.

Clare, K., Ramatapa, E. & Currin, B. 2004. Study of the liquor industry in South Africa. *Reality Research Africa report prepared for the Department of Trade and Industry*. March 2004.

Demacon Market Studies. 2010. Impact of Township shopping centres: *Market research findings and recommendations*.

[www.urbanlandmark.org.za/download/retail\\_in\\_townships\\_2011.pdf](http://www.urbanlandmark.org.za/download/retail_in_townships_2011.pdf)

[1 September 2016].

Diale, A.J. 2009. *Government support for Small, Micro and Medium Enterprises (SMME's) as a Venture for Business Economic Development in South Africa*. Proceedings of the 1999 Conference of the 10<sup>th</sup> Annual Conference 2009 IAABD, Tswane University of Technology, South Africa.

Ellis, T.J & Levy, Y. 2008. A Guide for Novice Researchers: Design and Development Research Methods. *Proceedings of Informing Science & IT Education Conference (InSITE) 2010*.

Eugene, M. & Lynn, C. E. 2015. Research Methods in the Social Sciences. Lynn University Library. <http://lynn-library.libguides.com/researchmethods> [14 October 2015]

Fieldgate, I., Jeffrey, R., Madinane, M., Ebrahim, Y., Soobyah, L. & Jordaan, J. 2013. Economic impact of an advertising ban on alcoholic beverages for industry association for responsible alcohol use. *Econometrix*. Johannesburg.

Finmark Trust, n.d. FinScope South Africa Small Business Survey 2010.

[www.finmark.org.za/finscope-south-africa-small-business-survey-2010-report/](http://www.finmark.org.za/finscope-south-africa-small-business-survey-2010-report/)

[9 September 2013]

Goldkuhl, G. 2012. Pragmatism vs interpretivism in qualitative information system research. *European Journal of Information Systems*, 21(2):135-146.

Groenewald, T. 2004. A phenomenological research design illustrated. *International Journal of Qualitative Methods*, 3(1)

[http://www.ualberta.ca/~iiqm/backissues/3\\_1/pdf/groenewald.pdf](http://www.ualberta.ca/~iiqm/backissues/3_1/pdf/groenewald.pdf) [13 August 2013]

Harrison, P., Todes, A. & Watson, V. 1997: Transforming South Africa's cities: *Prospects for the economic development of urban townships, Development Southern Africa*, 14(1): 43-60.

Herrington, M., Kew, J & Kew, P. 2010. Tracking entrepreneurship in South Africa: A *GEM perspective*. Graduate School of Business, University of Cape Town.

Islam, A., Khan, M.A., Obaidullah, A.Z.M. & Allam, M.S. 2011. Effect of entrepreneur and firm characteristics on the business success of Small and Medium Enterprises (SMEs) in Bangladesh. *International Journal of Business and Management*, 6(3):289-296, March.

Jernigan, D.H. 2009. The global alcohol industry: an overview. *Society for the study of addiction*, 104(1):6-12.

Kani, U.M. & Sa'ad, T.U. 2015. Is there a philosophical research method in education? *IOSR Journal of Research & Method in Education*, 5(3): 21-23.

Katou, A.A. 2008. Measuring the impact of HRM on organisational performance. *Journal of Industrial Engineering and Management*, 1(2): 119-142.

Khayelitsha Community Trust. 2011. Annual report: 2010/2011. Bellville. Khayelitsha Community Trust.

- Koopman, O. 2015. Phenomenology as a potential methodology for subjective knowing in science education research. *Indo-Pacific Journal of Phenomenology*, 15(1):1-10.
- Lee, T.W. 1999. *Using Qualitative Methods in Organizational Research*. Thousand Oaks, Sage Publications.
- Lester, S. 1999. An introduction to phenomenological research. (www.sld.demon.co.uk/resmethy.pdf, accessed [04 August 2013]).
- Ligthelm, A.A. 2007. *The impact of shopping mall development in township areas on small township retailers*. University of South Africa.
- Madlala, T.T. 2015. Do large retailers displace small informal retailers? The case of a Pick n Pay store in KwaMashu, Durban, South Africa. *ERLN Conference on Economic Development at the Sub-National Level, Pretoria*, 15 – 16 October 2015.
- Malakwane, C.T. 2012. Economic and social effects of unemployment in South Africa. Prospects for the future. Tshwane University of Technology, June 2012.
- Mason, M. 2010. Sample size and saturation in PhD studies using qualitative interviews. *Forum Qualitative Sozialforschung/ Forum: Qualitative Social Research*, 11(3), Art. 8, <http://nbn-resolving.de/urn:nbn:de:0114-fqs100387> [19 August 2016]
- Maxwell, J.A. 2006. Literature reviews of, and for, Education Research: A commentary on Boote and Beile's "scholars before research", 35(9): 28-31.
- McMillan, J.H & Schumacher, S. 1993. *Research in Education: A conceptual understanding*. 3<sup>rd</sup> ed. New York, Harper Collins.
- Moorthy, K.M., Tan, A., Choo, A., Wei, C.S., Ping, J.T.Y. & Leong T.K. 2012. A study of factors affecting the performance of SMEs in Malaysia. *International Journal of Academic Research in Business and Social Sciences*, 2(4): 224-236.
- Morse, J. & Richards, L. 2002. *Read me first: for a user's guide to qualitative methods*. Sage Publications.

OECD Territorial Reviews: 2008. Cape Town, South Africa.

[www.oecd.org/South\\_Africa](http://www.oecd.org/South_Africa). [31 May 2014]

Oxford English Dictionaries. 2016. Oxford University Press.

<http://en.oxforddictionaries.com/definitions/skill> [15 June 2016]

Olszak, C.M & Ziemia, E. 2012. *Critical success factors for implementing Business Intelligence Systems in Small and Medium Enterprises on the example of Upper Silesia*, Poland. 7:130-146.

Patterson, T.S. 2001. Constraints: An Integrated view point. *Illuminaire*, 7(1): 30-38.

Poloian, L. Gamans, & Rogers, D. S. (2003). *Retailing principles: a global outlook*. 3rd ed. New York: Fairchild Publications.

Rockart, JF. 1979. Chief executives define their own data needs. *Harvard Business Review*, 57(2): 81-93.

Rogerson, C.M. 2008. Tracking SMME Development in South Africa: Issues of Finance, Training and the Regulatory Environment. *Urban Forum*, 19:61-81

Rogerson, C.M. 2004: The impact of the South African government's SMME programmes: *a ten-year review (1994–2003)*, *Development Southern Africa*, 21: 765-784. <http://dx.doi.org/10.1080/0376835042000325697> [31 July 2012].

SAGE Publications Dictionary. 2006. The SAGE Dictionary of Social Research Methods. [Http://dx.doi.org/10.4135/9780857020116.n162](http://dx.doi.org/10.4135/9780857020116.n162) [8 July 2014]

Schneider, F., Buehn, A. & Montenegro, C.E. 2010. Shadow economies all over the world: new estimates for 162 countries from 1999-2007. Policy Research Working Paper 5356. The World Bank Development Research Group Poverty and Inequality Team & Europe and Central Asia Region Human Development Economics Unit. July.

Schwarze, C.L. 2008. Involving the accounting profession in the development of financial management skills of micro-enterprise owners in South Africa. *Meditari Accountancy Research*, 16(2): 139-151.

Sibiya, P.N. 2012. *Gentrification in the Former Black Townships: The Case of Soweto in South Africa*. Unpublished Master's dissertation, University of Witwatersrand, Johannesburg.

Simpson, M, Padmore, J & Newman, N. 2012. Towards a new model of success and performance in SMEs. *International Journal of Entrepreneurial Behavior & Research*, 18 (3): 264 – 285.

South Africa. 1995. White Paper: National Strategy for the Development and Promotion of Small Business in South Africa. Department of Trade and Industry. 20 March 1995.

South Africa. 2004. Liquor Act 2003. Notice 539 of 2004. *Government Gazette*, 466 (26294): 1-26 April 26.

South Africa. 1990. Liquor Products Act No.60 of 1989. *Statutes of the Republic of South Africa – Intoxicating Liquor*, 34: 199 – 249, 17 May 1989.

South Africa. 2003. National Small Business Act 1 of Act 102 of 1996, as amended by section 1 of Act 26 of 2003. *National Small Business Amendment Act: 27* November 1996

South Africa. 2010. Green Paper: *A Liquor Licensing Policy for the Western Cape*. Cape Town.

South Africa. 2012. Department of Trade and Industry. *Cancellation of liquor licences hurts the economy and job creation*, 6 June.

<http://www.info.gov.za/speech/DynamicAction?pageid=461&sid=28156&tid=71694>. [8 August 2012].

South African Police Service. 2015. Crime Statistics Report 2014/2015. Pretoria: South African Police Service.

Statistics South Africa. 2011. Census 2011 Statistical release. Pretoria: Statistics South Africa.



Terblanche, N, Beneke, J, Bruwer J, Corbishley, K, Frazer, M, Pentz, C & Venter, P. 2013. *Retail Management: A South African Perspective*. Oxford University Press Southern Africa.

The Hope Factory. n.d. *South Africa failing its entrepreneurs*.

<http://www.thehopefactory.co.za/.../South%20Africa%20failing%20its%20entrepreneurs> [22 August 2014].

Tongco, M.D.C. 2007. Purposive sampling as a tool for informant selection. *Ethnobotany Research & Applications*, 5: 147-158.

Truen, S., Ramkolowan, Y., Corrigan, J. & Matzopoulos, R. 2011. Baseline study of the liquor industry including the impact of the National Liquor Act 59 of 2003. *DNA Economics*.

Uduma, I.A. & Sylva, W. 2015. A critique of the adequacy of positivist and interpretivist views of organisational studies for understanding the 21<sup>st</sup> century organisation(s). *International Journal of Business and Management*, 3(8):44-52.

Van Scheers, L. 2010. Challenges of small family groceries shops in South Africa. *World Journal of Entrepreneurship, Management and Sustainable Development*, 6(3): 221-231.,

Van Tonder, E & Van Scheers, L. 2011. Surviving the business life cycle: a theoretical framework for independent financial advisers. *Journal of Contemporary Management*, 8: 567-590.

Verrest, H. 2013. Rethinking micro entrepreneurship and business development programmes: Vulnerability and ambition in low-income urban Caribbean households. *World Development*, 47:58-70.

Welman, J.C & Kruger, S.J. 1999. *Research Methodology for the Business and Administrative Sciences*. Oxford University Press Southern Africa, Cape Town.

Western Cape. 2004. *The Western Cape Liquor Act, 4 of 2008, as amended*.  
Western Cape.

Western Cape. 2010. *Western Cape Liquor Amendment Act, 10 of 2010*. Western  
Cape  
Zwikael, O & Globerson, S. 2006. From critical success factors to critical  
success processes. *International Journal of Production Research*, 44 (17): 3433 -  
3449.

# APPENDICES

## APPENDIX A: ETHICS CERTIFICATE



P.O. Box 1908 • Bellville 7535 South Africa • Tel: +27 21 4803238 • Email: zoultyf@oput.ac.za  
Symphony Road Bellville 7535

Office of the Chairperson Research Ethics Committee	Faculty: BUSINESS
--	-------------------

At a meeting of the Research Ethics Committee on 13 June 2014, Ethics Approval was granted to MRASI, Andiswa Penny (205124224) for research activities

Related to the MTech/DTech: MTech: RETAIL BUSINESS MANAGEMENT at the Cape Peninsula University of Technology

Title of dissertation/thesis:	Critical success factors in liquor retailing in the Townships of Cape Town Supervisor: Prof. Roger Mason & Co-supervisors: Mr Vivence Kalitanyi & Ms. Albertina Jere
-------------------------------	---

Comments:

Decision: APPROVED

	13 June 2014
Signed: Chairperson: Research Ethics Committee	Date

Signed: Chairperson: Faculty Research Committee	Date
---	------

Clearance Certificate No | 2014FBREC190

## APPENDIX B: TURNITIN REPORT

### Turnitin *Originality Report*

- Processed on: 03-Oct-2016 16:51 CAT
- ID: 714714153
- Word Count: 22355
- Submitted: 1

### CSF in liquor retailing *By Andi Mrasi*

Similarity Index

14%

Similarity by Source

Internet Sources:

10%

Publications:

4%

Student Papers:

7%

# APPENDIX C: CERTIFICATE OF AUTHENTICITY



084 618 2095  
[laurabudler@gmail.com](mailto:laurabudler@gmail.com)  
ChickPea Proofreading & Editing

**Certificate of Authenticity**

CERTIFICATE: COA1310AM  
13 October 2016  
To Whom It May Concern

This is to certify that "Critical Success Factors in Liquor Retailing in the Townships of Cape Town, South Africa" by **ANDISWA PENNY MRASI** for **CPUT (Faculty of Business and Management Sciences)** has been professionally edited by Dr Laura Budler of ChickPea Proofreading and Editing Services for Students and Professionals.

**Document:**

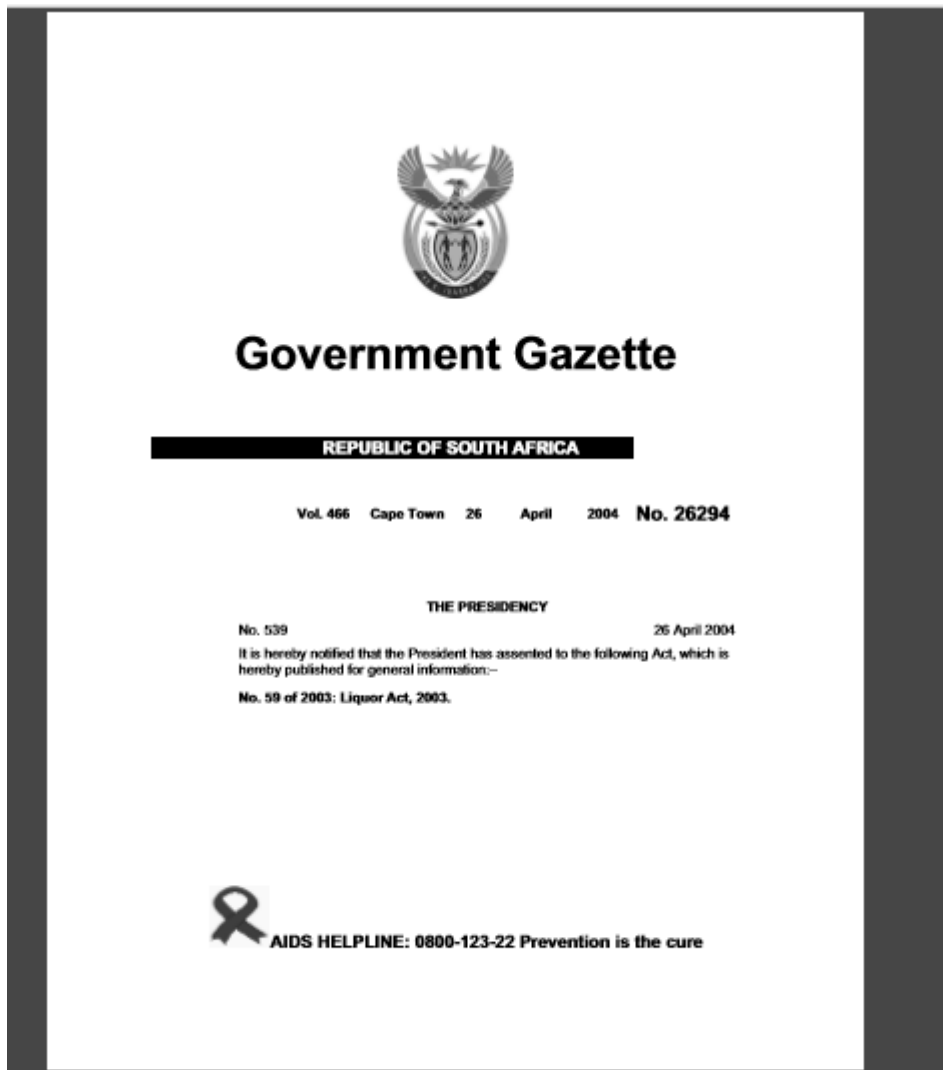
Job Number	Document title
2009	CRITICAL SUCCESS FACTORS IN LIQUOR RETAILING IN THE TOWNSHIPS OF CAPE TOWN, SOUTH AFRICA

Signed:  
  
Laura Budler  
CEO ChickPea

ChickPea Proofreading and Editing Services for Students and Professionals  
*Integrity, excellence in English in South Africa*

ChickPea Proofreading and Editing

## APPENDIX D: GOVERNMENT GAZETTE (LIQUOR ACT 59 OF 2003)



# APPENDIX E: WESTERN CAPE LIQUOR ACT 4 OF 2008

As amended by the Western Cape Liquor Amendment Act 10 of 2010

## WESTERN CAPE LIQUOR ACT, 4 of 2008

As amended by the Western Cape Liquor Amendment Act, 10 of 2010

To provide for the licensing for the retail sale and the micro-manufacture of liquor in the Western Cape Province; and to provide for incidental matters.

BE IT ENACTED by the Provincial Parliament of the Province of the Western Cape, as follows: -

### CHAPTER 1

#### INTERPRETATION

1. Definitions

### CHAPTER 2

#### WESTERN CAPE LIQUOR AUTHORITY

2. Establishment of Western Cape Liquor Authority
3. Composition of Board
4. Eligibility for appointment as member of Board
5. Disqualification from appointment as member of Board
6. Period of office of members of Board
- 6A. Powers and functions of Board
7. Termination of membership of Board
8. Vacancies
8. Powers and functions of Authority
10. Delegation
11. Co-opting of persons
12. Confidentiality
13. Meetings of Board
14. Minutes

### CHAPTER 3

#### LIQUOR LICENSING TRIBUNAL AND APPEAL TRIBUNAL

15. ....
16. Composition of Liquor Licensing Tribunal, and nomination and appointment of Liquor Licensing Tribunal members
17. Disqualification for appointment as member of Liquor Licensing Tribunal
18. Period of office of members of Liquor Licensing Tribunal
19. Termination of membership of Liquor Licensing Tribunal
20. Powers and functions of Liquor Licensing Tribunal
21. Meetings and decisions of Liquor Licensing Tribunal
22. Recusal of member with conflicting interest
23. Proceedings of Liquor Licensing Tribunal
24. Committees of Liquor Licensing Tribunal
25. Appeal Tribunal

### CHAPTER 4

#### ADMINISTRATION, REMUNERATION AND FINANCIAL MANAGEMENT

26. Administration of Authority and Appeal Tribunal
27. Remuneration

CHAPTER 4  
ADMINISTRATION, REMUNERATION AND FINANCIAL MANAGEMENT

26. Administration of Authority and Appeal Tribunal
27. Remuneration
28. Funding and financial management of Authority
29. Audit and annual reports
30. Revenue accruing to Provincial Revenue Fund, Authority or municipalities

CHAPTER 5  
ESTABLISHMENT OF SOCIAL AND EDUCATION FUND

31. Establishment of fund

CHAPTER 6  
LICENSING

32. Licences
33. Categories of licences
34. Criteria for granting licences
35. Disqualification of applicants
36. Application procedure
37. Notice of application
38. Applications lying for inspection at Authority
39. Representations
40. Forwarding of documents
41. Consideration of applications
42. Conditional granting of licence
43. Right to use premises
44. Incomplete premises
45. Education and training
46. Issuing of licence
47. Death or incapacity of applicant
48. Temporary liquor licences and special event liquor licences

CHAPTER 7  
CONDITIONS FOR LICENCES

49. Standard licence conditions
50. Deliveries
51. Financial interests and letting of licensed premises
52. Management
53. Alteration of licensed premises or nature of business
54. Children
55. Employers and employees
56. Access to licensed premises
57. Storing of liquor
58. Place of sale
59. Trading hours
60. Quantity of liquor sold and keeping of records



- 61. Prohibited substances

## CHAPTER 8 VALIDITY AND RENEWAL OF LICENCES

- 62. Validity of licences
- 63. Automatic renewal of licences
- 64. Applications for renewal of licences

## CHAPTER 9 TRANSFER AND REMOVAL OF LICENCES

- 65. Transfer of licences
- 66. Removal of licences
- 67. Abandonment of premises and death or incapacity of licensee

## CHAPTER 10 APPEALS AND REVIEWS

- 68. Appeals and reviews to Appeal Tribunal

## CHAPTER 11 COMPLIANCE

- 69. Compliance notices
- 70. Closing of licensed premises
- 71. Interim orders
- 72. Suspension, cancellation and lapsing of licences

## CHAPTER 12 LAW ENFORCEMENT

- 73. Designation and functions of designated liquor officers and inspectors
- 74. Powers of designated liquor officers and inspectors
- 75. Exercise of powers to enter and search or inspect premises
- 76. General offences
- 77. Offences regarding information
- 78. Offences regarding meetings of Liquor Licensing Tribunal and Appeal Tribunal
- 79. Offences regarding designated liquor officers and inspectors
- 80. Offences regarding motor vehicles
- 81. Offence regarding service stations
- 82. Failure to comply with order of Liquor Licensing Tribunal
- 83. Vicarious responsibility
- 84. Application of Act and exemptions
- 85. Evidence
- 86. Notices
- 87. Penalties and forfeiture

CHAPTER 13  
REGULATIONS, TRANSITIONAL PROVISIONS AND SHORT TITLE

- 88. Regulations
- 89. Transitional provisions
- 90. Repeal provision
- 91. Short title and commencement

CHAPTER 1  
INTERPRETATION

Definitions

1. In this Act, unless the context indicates otherwise -

"Appeal Tribunal" means an Appeal Tribunal established in terms of section 25(1);

"Authority" means the Western Cape Liquor Authority established by section 2(1);

"beer " means liquor –

(a) produced by the alcoholic fermentation of wort, with a minimum of 25 % of the extract of the wort derived from malted barley or malted wheat;

(b) prepared from starch and sugar containing raw materials and potable water; and

(c) flavoured with hops or hops products;

"Board" means the governing body of the Authority referred to in section 2(2)(a);

"Chairperson" means the person designated as Chairperson of the Board in terms of section 3(5) or a person who temporarily acts as Chairperson in his or her absence in terms of section 3(6);

"Chief Executive Officer" means the person appointed as Chief Executive Officer of the Authority in terms of section 26(1)(a);

"Constitution" means the Constitution of the Republic of South Africa, 1996;

"co-operative" means a co-operative as defined in the Co-operatives Act, 2005 (Act 14 of 2005);

"Criminal Procedure Act" means the Criminal Procedure Act, 1977 (Act 51 of 1977);  
"date of issue" in relation to a licence, means the date upon which the licence is first issued;

"Department" means the department responsible for economic affairs in the Province;

"Deputy Chairperson" means the person designated as Deputy Chairperson of the Board in terms of section 3(6);

"Deputy Presiding Officer" means the person appointed as Deputy Presiding Officer of the Liquor Licensing Tribunal in terms of section 16(1)(b);

"designated liquor officer" means a person designated as such in terms of section 73(1);

"drugs" means any dependence-producing substance, any dangerous dependence-producing substance or any undesirable dependence-producing substance as defined in the Drugs and Drug Trafficking Act, 1992 (Act 140 of 1992);

"family member" means a person's spouse, life partner, child, parent, brother or sister, whether or not the relationship results from birth, marriage or adoption;

"financial interest" in relation to any business or undertaking, means any interest which enables the holder thereof to share in the fortunes or the turnover of the business or undertaking, including the ownership of

5

the shares of a company, the membership shares in a co-operative, the member's interest of a close corporation, the beneficiaries of a trust, or an interest in a partnership;

"financial year" means a year ending 31 March;

"fortified wine" means wine to which a spirit derived from the fermented juice of the product of the grape vine has been added to such an extent that the alcohol content thereof is at least 15,0% but does not exceed 22,0%;

impotable substance" means any substance that is unsafe for human consumption;

"inspector" means a person appointed as such in terms of section 73(4);

"issue" with regard to a licence, includes the delivery or dispatch of the licence to the person to whom it has been granted or to his or her agent;

"licence" means a licence referred to in section 33, or deemed to be such a licence in terms of section 89;

licensed business" means the business that may be conducted on licensed premises as authorised by the Authority;

licensed premises" means the premises upon which liquor may be micro-manufactured, sold, consumed or stored in terms of a licence under this Act;

"licensee" means the person to whom a licence has been issued in terms of section 46 or transferred in terms of section 65 or who is deemed to be a licensee in terms of section 89;

"liquor" means any liquid or substance which contains or is intended to contain more than 1 percent of alcohol by volume or mass, but excluding -

- (a) methylated spirits;
- (b) medicine which is subject to registration in terms of the Medicines and Related Substances Act, 1965 (Act 101 of 1965); and
- (c) products which are not intended for human consumption;

"Liquor Act" means the national Liquor Act, 2003 (Act 59 of 2003);

"Liquor Licensing Tribunal" means the Liquor Licensing Tribunal referred to in section 2(2)(b);

"manager" means a person whose appointment as manager is approved in terms of section 52(1);

"manufacture" means to produce or bottle liquor with the intention of selling it;

"manufacturer" means a person registered as such in terms of the Liquor Act;

"member" means a member of the Board or the Liquor Licensing Tribunal, as the case may be;

"methylated spirits" means -

- (a) a spirits denatured in accordance with any law on the denaturation or methylation of spirits;
- (b) any other denatured spirits, including -
  - 6
  - (i) a medicated spirits; or
  - (ii) a denatured spirits declared to be a methylated spirits in terms of the Liquor Act;

"micro-manufacture" means to manufacture liquor at or below the prescribed threshold volume in terms of section 4 of the Liquor Act and micro-manufacturer has a corresponding meaning;

"Minister" means the provincial Minister responsible for economic affairs in the Province;

"motor vehicle" means a vehicle designed or adapted for propulsion or haulage on a road by means of fuel, gas or electricity, including a trailer or an agricultural or other implement designed or adapted to be drawn by such vehicle;

"municipality" means a municipality established under the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998);

"natural wine" means wine of which the alcohol content is at least 6,5% but less than 16,5%, but excluding fortified wine;

"organ of state" means an organ of state as defined in section 239 of the Constitution;

"peace officer" means any police officer and, in relation to any area, offence, class of offence or power referred to in a notice issued under section 334(1) of the Criminal Procedure Act, any person who is a peace officer under that section;

"person" includes -

(a) any organ of state;

(b) any company or close corporation incorporated or registered as such under any law;

(c) any body of persons corporate or unincorporate; and

(d) any trust;

"premises" means a place, land, building, part of a building, vehicle or vessel which is mainly used for the conveyance of tourists;

"Presiding Officer" means the person appointed as Presiding Officer of the Liquor Licensing Tribunal in terms of section 16(1)(a);

"prescribe" means prescribe by regulation in terms of this Act;

"previous Board" means the Liquor Board instituted for the Province by section 5 of the Liquor Act, 1989 (Act 27 of 1989);

"Province" means the Province of the Western Cape;

"Provincial Cabinet" means the Provincial Cabinet of the government of the Western Cape;

"public road" has the meaning assigned to it in the National Road Traffic Act, 1996 (Act 93 of 1996);

"renewal fee" means a fee payable annually in respect of a licence, excluding a temporary liquor licence, in order to ensure the continued validity of the licence;

"retail food store" means a business retailing mainly in groceries and foodstuffs;

"sell" includes supply, exchange, offer for sale, display for the purpose of sale or authorise, direct or allow a sale, supply, exchange, offer for sale or display for sale;

"special event" means a fund raising event in aid of an educational or welfare organisation, any exhibition, sports meeting, cultural gathering, or artistic performance;

"standing committee" means the committee of the Provincial Parliament responsible for economic affairs;

"supply" in relation to liquor, means to place a person in possession or control thereof;

"table wine" ...

"this Act" includes regulations made in terms of section 88;

"wine" means wine as defined in section 1 of the Liquor Products Act, 1989.

## CHAPTER 2

### WESTERN CAPE LIQUOR AUTHORITY

#### Establishment of Western Cape Liquor Authority

2. (1) There is hereby established an independent juristic person, to be known as the Western Cape Liquor Authority.

(2) The Authority has the right and capacity to institute and participate in legal proceedings and conduct all its business in its own name, and comprises of –

(a) a governing Board; and

(b) a Liquor Licensing Tribunal.

#### Composition of Board

3. (1) The Board consists of -

(a) six members who have appropriate knowledge of or experience in systems and processes for ensuring proper accountability, probity and openness in the conduct of the business of an organisation; and

(b) one member who has appropriate knowledge of or experience in dealing with the combating of the negative social consequences of the abuse of liquor, appointed on a part-time basis by the Minister in accordance with the prescribed procedure, after considering the recommendations of the standing committee.

(2) The prescribed procedure referred to in subsection (1) must provide for public participation in the nomination of candidates for appointment.

(3) The standing committee must make the recommendations referred to in subsection (1) after evaluating all candidates as to their suitability for appointment.

(4) The appointments to the Board must be made with race and gender sensitivity.

(5) The Minister must designate one of the members as Chairperson and another as Deputy

Chairperson of the Board.

(6) The Deputy Chairperson acts as Chairperson of the Board when the Chairperson is absent or unable to act as Chairperson, and when both the Chairperson and Deputy Chairperson are absent or unable to act as Chairperson, the members present at the meeting must elect one of their number by majority vote to act as Chairperson at such meeting.

(7) Before being appointed a member of the Board, the candidate must submit an affidavit to the Minister in which such candidate declares that he or she -

(a) is eligible for such appointment; and

(b) is not disqualified from such appointment.

(8) The Provincial Cabinet or the Minister may, in consultation with the standing committee, at any time call for proof to its, or his or her satisfaction of the continued eligibility of any member or prospective member of the Board, or undertake or cause to be undertaken any investigation or enquiry in that regard.

(9) In addition to the members referred to in subsection (1), the Chief Executive Officer serves as an ex officio member of the Board, without any voting power.

#### Eligibility for appointment as member of Board

In order to be eligible for appointment as a member of the Board, a person must -

(a) have attained the age of twenty-five (25) years;

(b) be a citizen of the Republic of South Africa and permanently resident in the Province; and

(c) not be disqualified under section 5.

#### Disqualification from appointment as member of Board

5. (1) The following persons are disqualified from being appointed, continuing or acting as members of the Board -

(a) anyone who has in the preceding ten (10) years been convicted of an offence in terms of this Act or any similar law;

(b) anyone who in the preceding ten (10) years, whether in the Republic or elsewhere, has been convicted of theft, fraud, forgery, the uttering of a forged document, perjury or any offence under the Corruption Act, 1992 (Act 94 of 1992) or the Prevention and Combating of Corrupt Activities Act, 2004 (Act 12 of 2004) or any offence of which dishonesty is an element;

(c) an unrehabilitated insolvent or anyone who is subject to any legal disability;

- (d) anyone who has in the preceding ten (10) years been removed from any office of trust on account of misconduct or dishonesty;
- (e) any political office bearer; and
- (f) anyone who, whether personally or through his or her spouse, family member, partner or business associate -
  - (i) has or acquires a direct or an indirect financial interest in any liquor business or establishment; or
  - (ii) has any interest in any business or enterprise that may conflict or interfere with the proper performance of his or her duties as a member of the Board or in any licence issued under this Act.

(2) For the purposes of this section, an indirect financial interest does not include an indirect interest held through any fund or investment if the person holding such interest has no control over the investment decisions made in respect of that fund or investment.

#### Period of office of members of Board

6. (1) A member of the Board holds office for such period, not exceeding four (4) years, as the Minister may determine at the time of that member's appointment.

(2) The Minister may re-appoint a member of the Board in the prescribed manner for one other period, not exceeding four (4) years, as the Minister may determine at the time of that member's re-appointment, after considering the recommendations of the standing committee.

#### Powers and functions of Board

6A. The Board –

- (a) has the powers and functions conferred or imposed on it by this Act;
- (b) must manage the business of the Authority;
- (c) may exercise the powers and must perform the duties conferred or imposed on the Authority by this Act or any other law, excluding powers or duties conferred or imposed specifically on the Liquor Licensing Tribunal; and
- (d) may appoint committees consisting of members of the Board.

#### Termination of membership of Board

7. A vacancy in the office of a member of the Board occurs when -

- (a) such member's written resignation is received by the Minister: Provided that the resignation is effective as of the date stated in the written resignation or such other date as is agreed upon between the Minister and the member concerned;
- (b) such member becomes disqualified from remaining a member of the Board;
- (c) such member is absent from two consecutive meetings of the Board without the prior written leave of the Chairperson, or where applicable, the Deputy Chairperson;
- (d) such member's term of office has expired;
- (e) such member's term of office is terminated by the Minister: Provided that the Minister may not terminate a member's term of office unless he or she considers this to be in the public interest or in the interest of the proper administration of this Act; or
- (f) such member is no longer resident in the Province.

10

#### Vacancies

8. (1) In the event of a vacancy on the Board, the Minister must appoint a new member to the Board, in terms of section 3.

(2) Where applicable, a member so appointed holds office for the unexpired period of his or her predecessor's term of office.

#### Powers and functions of Authority

9. The Authority has the following powers and functions -

- (a) to administer liquor regulation in the Province;
- (b) to receive applications for liquor licences or exemptions in terms of this Act;
- (c) to issue licences in those cases where the Liquor Licensing Tribunal has granted licences;
- (d) to acquire, hold, hire, let and alienate intellectual, movable and immovable property;
- (e) to open and maintain bank accounts;
- (f) to appoint and dismiss employees, including employees of the Appeal Tribunal, and do all things incidental thereto;
- (g) to conclude and perform contracts;
- (h) ...;
- (i) to receive, expend and generally administer funds;
- (j) to collect and administer in accordance with the provisions of this Act, fees and penalties imposed in terms of this Act;
- (k) to enter into agreements with or obtain the assistance of any department or organ of state, including the South African Police Service, to conduct or assist it in conducting its investigations;
- (l) to obtain information from licensees and other persons and agencies;
- (m) to conduct an ongoing study of and investigation into -
  - (i) the retail liquor trade and micro-manufacturing of liquor throughout the Province and elsewhere in order to ascertain whether there are any deficiencies in this Act and to discover any abuses or violations of the procedures contained in this Act; and
  - (ii) reducing the socio-economic and other costs associated with the abuse of liquor;
- (n) to determine minimum internal control systems for the Authority and for licensees, including accounting and reporting procedures and any other procedures or systems, whether computerised or not;
- (o) to determine fees and charges in respect of hearings, investigations, enquiries and any other function performed by the Authority;

11

- (p) to establish field or branch offices;
- (q) to establish and administer funds for the proper administration of this Act;
- (r) to consult with any person or employ consultants regarding any matter relevant to the performance of its functions on such terms and conditions as the Authority may determine;
- (s) to delegate any of its powers in accordance with section 10;
- (t) ...;
- (u) generally to exercise the powers and perform the functions and duties specified in this Act or assigned to it by any other law; and
- (v) to advise the Minister on any matter which the Minister has referred to it.

#### Delegation

10. (1) The Authority may in writing delegate any power or function or the Authority to the Chief Executive Officer to exercise or perform on its behalf.
- (2) Any delegation referred to in subsection (1) may be made subject to such terms, conditions and restrictions as the Authority may determine.
- (3) The Authority will not be divested of any power delegated by it.
- (4) A delegation in terms of this section may authorise the Chief Executive Officer to sub-delegate all or any of the delegated powers or functions.

(5) Any person aggrieved by a decision taken in terms of a delegated power or function referred to in subsection (1) has a right of appeal to the Authority against such decision in the manner and within the time prescribed.

(6) The Authority may amend or withdraw any delegation.

(7) The Authority may not delegate any power or function referred to in section 9(o), (p) or (s).

#### Co-opting of persons

11. (1) The Board may co-opt any person who is eligible as contemplated in section 4, and, in the opinion of the Board, is able to assist the Board or a committee of the Board in the consideration of a particular matter.

(2) A person co-opted in terms of subsection (1) is not entitled to vote at any meeting of the Board.

(3) The terms and conditions of service of any person co-opted in terms of this section, including the remuneration and allowances, if any, payable in terms of section 27 must be contained in a written agreement entered into for that purpose between the Authority and that person..

#### Confidentiality

12. (1) No employee of the Authority or member of the Board, including any co-opted person referred to in section 11(1) or 20(5), or any consultant employed by the Authority, may disclose any information that has come to that person's knowledge by reason of his or her employment by the Authority or appointment to or co-option on the Board or the Liquor Licensing Tribunal and which relates to the business or affairs of the Authority, an applicant for a licence or a licensee,

12

save as set out in this section and section 36(3)(b) and (c).

(2) The above prohibition against disclosure does not apply in respect of -

(a) disclosures to a court in relation to legal proceedings before it;

(b) disclosures in accordance with an order of a court;

(c) disclosures regarding liquor regulation in general which do not refer to the business or affairs of any particular applicant for a licence or licensee;

(d) disclosure of information to the Commissioner of the South African Revenue Service;

(e) disclosure to the Minister; and

(f) disclosure to any person who requires it for the performance of his or her functions under this Act.

#### Meetings of Board

13. (1) (a) The Board must meet at least four times in every year in the manner and on such dates and at such times and places as the Chairperson may determine.

(b) The Chairperson of the Board may at any time convene a special meeting of the Board to be held at a time and place determined by him or her and must, upon a written request signed by at least three members of the Board, convene a special meeting of the Board to be held within two weeks after the date of receipt of such request, at a time and place determined by him or her.

(2) The Minister must prescribe the procedure to be followed at a meeting of the Board.

(3) The procedure at a meeting of the Board must, in so far as it has not been prescribed, be determined by the Chairperson.

(4) The quorum for a meeting of the Board is five members.

(5) Any meeting may be adjourned for such time, to such venue and for such reasons as the Chairperson may deem necessary.



(6) A decision of the Board is taken by a majority of the votes of the members present at its meetings, and in the event of an equality of votes on any matter, the Chairperson must cast the deciding vote.

(7) No decision of the Board is invalid merely by reason of a vacancy on the Board or the fact that any person who is not entitled to sit as a member of the Board sat as such a member when the decision was taken: Provided that the decision was taken by the required majority of the members of the Board then present and entitled to sit as members of the Board.

Minutes

14. (1) The proceedings of the Board must be recorded in such manner as the Chairperson may determine and must, in the event of a vote, reflect each member's vote.

(2) The Chairperson must ensure that minutes are kept of meetings of the Board.

13

### CHAPTER 3

#### LIQUOR LICENSING TRIBUNAL AND APPEAL TRIBUNAL

##### Establishment of Liquor Licensing Tribunal

15. ...

Composition of Liquor Licensing Tribunal, and nomination and appointment of Liquor Licensing Tribunal members

16. (1) The Liquor Licensing Tribunal consists of -

(a) one member with legal qualifications equivalent to those required for admission as an attorney, or an advocate of the High Court of South Africa, and with experience in the administration of justice, appointed by the Board as Presiding Officer;

(b) one member with the qualifications stated in paragraph (a) appointed by the Board as Deputy Presiding Officer;

(c) one member representing organised local government, appointed by the Board after consultation with the Minister responsible for local government in the Province;

(d) one member who is a police officer of the rank of Superintendent or above, appointed by the Board in consultation with the Provincial Commissioner of the South African Police Service and the Minister responsible for community safety in the Province; and

(e) two citizens of the Republic, who are permanently resident in the Province, appointed by the Board.

(2) The members are appointed in accordance with the prescribed procedure, which must provide for public participation in the nomination of the candidates referred to in subsection (1)(a), (b) and (e).

(3) If the Presiding Officer is not available to perform his or her functions or the office of Presiding Officer is vacant, the Deputy Presiding Officer must, during the unavailability of the Presiding Officer or until a Presiding Officer is appointed, act as Presiding Officer and perform all the functions assigned to the Presiding Officer by this Act.

(4) Before being appointed a member of the Liquor Licensing Tribunal the candidate must submit an affidavit to the Board in which such candidate declares that he or she is not disqualified in terms of section 17.

(5) The Board, in consultation with the Minister, may at any time call for proof to its satisfaction of the continued eligibility of any member or prospective member of the Liquor Licensing Tribunal, or undertake or cause to be undertaken any investigation or enquiry in that regard.

#### Disqualification for appointment as member of Liquor Licensing Tribunal

17. The following persons are disqualified from being appointed, continuing or acting as members of the Liquor Licensing Tribunal -

- (a) anyone who has in the preceding ten (10) years been convicted of an offence and sentenced to imprisonment without the option of a fine, unless the Board is of the opinion that the offence was of such a nature that it does not imply that the person is unsuitable to hold office;
- (b) anyone who has in the preceding ten (10) years been convicted of any offence in terms of this

14

Act, the Liquor Act or the Liquor Act, 1989 (Act 27 of 1989), unless the Board is of the opinion that the offence was of such a nature that it does not imply that the person is unsuitable to hold office;

- (c) an unrehabilitated insolvent or anyone who is subject to any legal disability;
- (d) anyone younger than twenty-five (25) years of age;
- (e) anyone who has a direct interest in the liquor trade;
- (f) anyone who is the family member, partner or business associate of a person with a direct interest in the liquor trade, unless the Board is of the opinion that the interest of the family member in the liquor trade does not imply that the person is unsuitable to hold office;
- (g) anyone who is disqualified in terms of section 35 to hold a liquor licence; or
- (h) anyone who is not resident in the Province.

#### Period of office of members of Liquor Licensing Tribunal

18. (1) A member of the Liquor Licensing Tribunal holds office for such period, not exceeding five (5) years, as the Board may determine at the time of that member's appointment.

(2) The Board may re-appoint a member of the Liquor Licensing Tribunal in the prescribed manner for one other period, not exceeding five (5) years, as the Board may determine at the time of that member's re-appointment.

(3) The re-appointment of a member referred to in section 16(1)(c) and (d) may only be done after consultation with the Minister responsible for local government in the Province, or the Provincial Commissioner of the South African Police Service and the Minister responsible for community safety in the Province, respectively.

(4) A vacancy on the Liquor Licensing Tribunal must be filled by the appointment of another member by the Board in accordance with the relevant provision of section 16.

(5) Where applicable, a member so appointed holds office for the unexpired period of his or her predecessor's term of office.

#### Termination of membership of Liquor Licensing Tribunal

19. A vacancy in the office of a member of the Liquor Licensing Tribunal occurs when -

- (a) such member's written resignation is received by the Board: Provided that the resignation is effective as of the date stated in the written resignation or such other date as is agreed upon between the Board and the member concerned;
- (b) such member becomes disqualified from remaining a member of the Liquor Licensing Tribunal;
- (c) such member is absent from three consecutive meetings of the Liquor Licensing Tribunal without the prior written leave of the Presiding Officer, or where applicable, the Deputy Presiding Officer;
- (d) such member's term of office has expired;

(e) such member's term of office is terminated by the Board: Provided that the Board may not terminate a member's term of office unless it considers this to be in the public interest or in the

15

interest of the proper administration of this Act; or

(f) such member is no longer resident in the Province.

Powers and functions of Liquor Licensing Tribunal

20. (1) The Liquor Licensing Tribunal may consider any of the following matters at its meetings -

(a) any application for a licence referred to in section 33(1);

(b) any application for the transfer of a licence in terms of section 65(9);

(c) representations for or against the granting of applications;

(d) any report lodged with it by a designated liquor officer, an inspector or a municipal official;

(e) any complaint lodged with it regarding the conduct of a licensed business;

(f) representations by a licensee or other interested person regarding the rescission of the suspension of a licence or the removal or amendment of any condition imposed upon a licence; or

(g) any other matter referred to it by the Chief Executive Officer or which it may or must consider in terms of this Act.

(2) Except in respect of matters referred to in subsection (1)(a), (b), (c), (f) and (g), the Presiding Officer has a discretion to decline to convene a meeting of the Liquor Licensing Tribunal if in his or her opinion such a meeting is not warranted by the information placed before him or her.

(3) The Liquor Licensing Tribunal may, after consideration by it of any matter contemplated in -

(a) subsection (1)(a), (b), or (c), refuse or grant the application subject to such conditions as it may deem appropriate;

(b) subsection (1)(d) or (e) -

(i) dismiss the report or complaint, as the case may be;

(ii) revoke the licence concerned;

(iii) suspend the licence in the prescribed manner as a punitive or corrective measure;

(iv) impose such conditions upon the licence as it deems appropriate;

(v) order the licensee to pay such fine as it may deem appropriate, subject to the prescribed limit; or

(vi) take such other action as it may deem appropriate;

(c) subsection (1)(f), dismiss the representations or rescind the suspension of the licence, or remove or amend the condition or conditions concerned; or

(d) subsection (1)(g), consider the matter and take such action as it may deem appropriate.

(4) The Liquor Licensing Tribunal may at any time, upon application by a licensee, suspend,

16

revoke or amend any condition imposed by it with regard to the licence concerned.

(4A) The Liquor Licensing Tribunal must exercise its functions according to the provisions of this Act, impartially and without fear, favour or prejudice.

(4B) The Board must maintain oversight over the administration of the Liquor Licensing Tribunal but may not revoke or alter any decision of the Liquor Licensing

Tribunal taken in the exercise or performance of any of its powers or functions in terms of this section.

(4C) The Presiding Officer must submit a report as prescribed on the activities of the Liquor Licensing Tribunal during a financial year to the Board within two months after the end of that financial year.

(5) The Liquor Licensing Tribunal may co-opt, in respect of any matter and for such period as it deems necessary, any person to serve on it whom it deems able to assist it in considering the matter concerned, subject to section 17.

(6) A person so co-opted does not have the right to vote.

(7) The terms and conditions of service of any person co-opted in terms of subsection (5), including the remuneration and allowances, if any, payable in terms of section 27 must be contained in a written agreement entered into for that purpose between the Authority and that person.

Meetings and decisions of Liquor Licensing Tribunal

21. (1) The Presiding Officer must determine the time and place for the holding of meetings of the Liquor Licensing Tribunal and may adjourn and reconvene meetings at such times and places as he or she may decide.

(2) A quorum for a meeting of the Liquor Licensing Tribunal is four members, including the Presiding Officer or the Deputy Presiding Officer or both.

(3) A decision of the Liquor Licensing Tribunal is taken by a majority of the votes of the members present at its meetings, and in the event of an equality of votes on any matter, the Presiding Officer must cast the deciding vote.

Recusal of member with conflicting interest

22. (1) A member of the Liquor Licensing Tribunal may not vote, attend or in any manner participate in the proceedings at any of its meetings or hearings and the Presiding Officer may not consider a matter if, in relation to that matter -

(a) he or she is a family member, partner or business associate of the applicant for a licence, certification, or any other right or privilege to be granted by the Liquor Licensing Tribunal or the Presiding Officer, as the case may be;

(b) he or she or his or her family member, partner or business associate is a director, member or partner of, or has a financial or other interest in, the business of the applicant for a licence, certification, or any other right or privilege to be granted by the Liquor Licensing Tribunal or the Presiding Officer, as the case may be; or

(c) he or she has any interest which precludes him or her from performing his or her functions as a member of the Liquor Licensing Tribunal in a fair, unbiased and proper manner.

(2) If at any stage it appears that a member or the Presiding Officer, as the case may be, has or

17

may have any interest contemplated in subsection (1)-

(a) in relation to a matter to be considered by the Liquor Licensing Tribunal, that member must without delay and fully disclose the nature of his or her interest and leave the meeting or hearing so as to enable the remaining members to discuss the matter and determine whether that member is precluded from participating in the proceedings at such meeting or hearing by reason of a conflict of interest; and

(b) in relation to a matter to be considered by the Presiding Officer, he or she must without delay and fully disclose the nature of his or her interest to the Liquor Licensing Tribunal in which case it must consider the matter.

(3) The disclosure and the decision taken by the remaining members of the Liquor Licensing Tribunal, referred to in subsection (2)(a), must be recorded in the minutes of the proceedings in question.

#### Proceedings of Liquor Licensing Tribunal

23. (1) The Presiding Officer must, subject to the provisions of this Act, determine the procedure to be followed at meetings of the Liquor Licensing Tribunal.

(2) The Presiding Officer may notify, in the prescribed manner, any person who may be adversely affected in the consideration of a matter by the Liquor Licensing Tribunal, to be present at the meeting where the matter is to be considered.

(3) A person who has been notified in terms of subsection (2) may -

(a) attend the meeting, in person or be represented thereat by an attorney, advocate or any other person appearing on his or her behalf; or

(b) elect not to attend or be represented.

(4) If the Presiding Officer is satisfied that a person has been duly notified to appear at a meeting of the Liquor Licensing Tribunal but is not present thereat, the Presiding Officer may direct that the meeting proceed in the absence of that person or may take such other action as he or she deems fair and just in the circumstances.

(5) The Presiding Officer may cause any person to be summonsed in the prescribed manner to be present at a meeting of the Liquor Licensing Tribunal to give evidence or produce a document or anything which is in his or her possession or custody or under his or her control.

(6) The Presiding Officer may order any person present at a meeting of the Liquor Licensing Tribunal to give evidence or to produce a document or anything which is in his or her possession or custody or under his or her control, and to be questioned by the Liquor Licensing Tribunal.

(7) The Liquor Licensing Tribunal may inspect, and retain for such period as is reasonably necessary, any document or article produced to it.

(8) A person giving evidence at a meeting of the Liquor Licensing Tribunal must do so under oath or affirmation.

(9) In considering a matter the Liquor Licensing Tribunal may, of its own accord, take notice of any relevant fact or circumstance, which in its opinion may influence the decision of the Liquor Licensing Tribunal.

(10) If any party requests a postponement to enable it to prepare argument with regard to a matter,

18

the Presiding Officer may postpone that matter for this purpose.

(11) All meetings of the Liquor Licensing Tribunal are accessible to the public except that the Presiding Officer may, on reasonable grounds, direct that any person whose presence at the meeting is not desirable, may not attend or must leave the meeting.

(12) The deliberations and voting of the Liquor Licensing Tribunal are not accessible to the public.

(13) Failure to attend a meeting after having been summonsed in terms of subsection (5) is an offence.

#### Committees of Liquor Licensing Tribunal

24. (1) The Presiding Officer may appoint one or more committees consisting of him or herself or the Deputy Presiding Officer and any member or any person co-opted in terms of section 20(5).

(2) A committee must consist of at least three persons.

(3) The Liquor Licensing Tribunal may delegate to a committee the functions of the Liquor Licensing Tribunal set out in sections 64, 65 and 71.

(4) The Liquor Licensing Tribunal may issue guidelines to a committee regarding the exercise of a power or the performance of a function it has delegated to the committee.

(5) A committee must in the exercise of a delegated power or the performance of a delegated function, comply with the guidelines referred to in subsection (4).

(6) In appointing members of a committee, the Presiding Officer must have due regard to the knowledge, expertise and experience required for the matter to be considered.

(7) A committee of the Liquor Licensing Tribunal is governed by the same rules of procedure as those pertaining to the Liquor Licensing Tribunal.

#### Appeal Tribunal

25. (1) The Minister must, for such term as he or she may determine, appoint, on a part-time basis, a person with legal qualifications equivalent to those required for admission as an attorney, or an advocate of the High Court of South Africa, and with experience in the administration of justice, to act as an Appeal Tribunal to adjudicate upon appeals against or applications for the review of the decisions of the Liquor Licensing Tribunal in terms of this Act.

(2) The Minister must prescribe the procedure to be followed by the Appeal Tribunal.

#### CHAPTER 4

#### ADMINISTRATION, REMUNERATION AND FINANCIAL MANAGEMENT

##### Administration of Authority and Appeal Tribunal

26. (1) The Board must appoint -

(a) a suitably qualified and experienced person as Chief Executive Officer for the purpose of assisting the Authority in the performance of all financial and administrative responsibilities of the Authority, the Liquor Licensing Tribunal and the Appeal Tribunal, and who is in respect thereof accountable to the Board;

19

(b) a secretary of the Liquor Licensing Tribunal, who will be responsible for -

(i) the preparation of agendas;

(ii) the recording of proceedings;

(iii) the keeping of minutes of the Liquor Licensing Tribunal; and

(iv) such other duties as the Presiding Officer may determine; and

(c) such other employees as may be necessary to enable the Authority and the Appeal Tribunal to perform their functions.

(2) The employees of the Authority and Appeal Tribunal must -

(a) be appointed on such terms and conditions as the Authority may determine in consultation with the Minister and the Minister responsible for finance in the Province; and

(b) perform their functions and duties subject to the directions and control of the Authority.

(3) The Authority, in consultation with the Minister and the Minister responsible for finance in the Province -

(a) must determine a human resources policy for the Authority, the Appeal Tribunal and their employees; and

(b) must determine the remuneration of its employees and the employees of the Appeal Tribunal, excluding those employees who have been seconded in terms of subsection (5).

- (4) The Board must, upon the recommendation of the Chief Executive Officer, determine a code of conduct, applicable to all employees of the Authority and the Appeal Tribunal to ensure -
- (a) compliance with applicable law;
  - (b) the effective, efficient and economical use of the funds and resources of the Authority;
  - (c) the promotion and maintenance of a high standard of ethics;
  - (d) the prevention of conflicts of interest;
  - (e) the protection of confidential information held by the Authority and the Appeal Tribunal; and
  - (f) professional, honest, impartial, fair, ethical and equitable service.
- (5) The Authority may utilise the services of persons seconded or transferred from the public service in accordance with the provisions of the Public Service Act, 1994 (Proclamation No. 103 of 1994).
- (6) The Chief Executive Officer may enter into such financial transactions as may be required for the operation of a public entity, including but not limited to, entering into partnerships with other organs of state and engaging the services of contractors and service providers.
- (7) The Chief Executive Officer may refer to a meeting of the Board or Liquor Licensing Tribunal,

20

as the case may be, any matter which falls within the powers and functions of the Board in terms of section 6A, the Authority in terms of section 9 or the Liquor Licensing Tribunal in terms of section 20.

- (8) The Chief Executive Officer must ensure that minutes of proceedings of the Board, Liquor Licensing Tribunal and the Appeal Tribunal are retained at the offices of the Authority and are available to any person for the purpose of perusing or copying, subject to the payment of the prescribed fee and the provisions of the Promotion of Access to Information Act, 2000 (Act 2 of 2000).
- (9) The Presiding Officer may, subject to the provisions of the Promotion of Access to Information Act, 2000, and on good cause shown, direct that a portion or the whole of a record of the proceedings of the Liquor Licensing Tribunal may not be made public, in which event such record or portion thereof may not be perused or copied by any person without the prior consent of the Presiding Officer.

Remuneration

27. (1) The members of the Board and Liquor Licensing Tribunal, the person appointed to act as the Appeal Tribunal and persons co-opted in terms of section 11(1) or 20(5) are entitled to receive reasonable remuneration and allowances as determined by the Minister, in consultation with the Minister responsible for finance in the Province.

(2) Subsection (1) does not apply to a person who is in the full-time service of the State.

Funding and financial management of Board

28. (1) The funds of the Authority consist of -

- (a) money appropriated by the Provincial Parliament;
- (b) money accruing to the Authority from any other source approved by the Minister, after consultation with the Minister responsible for finance in the Province, including fees accruing in terms of this Act; and
- (c) other money lawfully paid to and for the benefit of the Authority.

- (2) The Authority must cause full and proper books of account and all the necessary records in relation thereto to be kept.
- (3) The Authority must, at least six months before the start of its financial year or another period determined by the Minister, submit to the Minister for approval -
  - (a) a budget of estimated revenue and expenditure for that financial year; and
  - (b) a business plan for the Authority, containing measurable objectives, in accordance with the Public Finance Management Act, 1999 (Act 1 of 1999).
- (4) The Authority may in any financial year make requests for additional funds to the Minister for inclusion in the adjustment estimates in accordance with the applicable legislation.
- (5) The Authority may not enter into any financial commitment beyond its approved budget and its accumulated reserves.

21

#### Audit and annual reports

29. (1) The Auditor-General must audit the financial statements of the Authority.
- (2) The Board must submit a report on the activities of the Authority during a financial year to the Minister for tabling in the Provincial Parliament within five months after the end of that financial year.
- (3) The report must -
  - (a) include a balance sheet and a statement of income and expenditure certified by the Auditor-General;
  - (b) state the measurable objectives as set out in the business plan referred to in section 28(3)(b) during the financial year concerned;
  - (c) contain relevant performance information regarding the economic, efficient and effective application of resources and specifically a comparison between planned and actual performance indicators as set out in that business plan; and
  - (d) include a statement of the measures taken to monitor and address the social and other costs associated with the abuse of liquor as well as the number of licences granted during the previous financial year.

#### Revenue accruing to Provincial Revenue Fund, Board or municipalities

30. (1) The fees referred to in sections 46(2), 48(1) and (4), 63(2) and 65(16) must be paid into the Provincial Revenue Fund.
- (2) The following moneys accrue to the Authority -
  - (a) fines referred to in sections 20(3)(b)(v) and 82(2)(b);
  - (b) the penalty referred to in section 63(4); and
  - (c) fees referred to in sections 26(8), 36(1)(e), 38, 64(1) and 65(9).
- (3) The fees referred to in sections 37(4)(a)(i) and (b)(i) accrue to the municipality concerned.
- (4) No amount contemplated by this section is refundable.

### CHAPTER 5

#### ESTABLISHMENT OF SOCIAL AND EDUCATION FUND

##### Establishment of fund

31. (1) The Authority must establish a fund for the purpose of -
  - (a) combating the negative social consequences of the abuse of liquor;
  - (b) educating persons engaged in the sale and supply of liquor; and
  - (c) educating the general public in the responsible sale, supply and consumption of liquor.
- (2) The Authority must, in consultation with the Minister, provide for the terms of reference for and

22



administer the fund referred to in subsection (1).

(3) The budget of the fund must be included within the budget of the Authority that must be submitted in accordance with the Public Finance Management Act, 1999.

(4) The Authority must open an account for the fund in the name of the Authority with an institution registered as a bank in terms of the Banks Act, 1990 (Act 94 of 1990).

## CHAPTER 6 LICENSING

### Licences

32. (1) A person may not micro-manufacture or sell liquor unless authorised to do so in terms of a licence issued in terms of this Act, the Liquor Act or the Liquor Act, 1989 (Act 27 of 1989).

(2) A person who is authorised to micro-manufacture or sell liquor must do so in accordance with the conditions of the licence.

(3) A person, excluding a person contemplated in section 84(1), who, without being exempted in terms of section 84(2), micro-manufactures or sells liquor in contravention of subsection (1) or (2) is guilty of an offence.

### Categories of licences

33. (1) The Liquor Licensing Tribunal may grant the following licences -

(a) a licence for the micro-manufacture and sale of liquor for consumption both on and off the premises where the liquor is sold;

(b) a licence for the sale of liquor for consumption on the premises where the liquor is sold;

(c) a licence for the sale of liquor for consumption off the premises where the liquor is sold;

(d) in exceptional circumstances, a licence for the sale of liquor for consumption both on and off the premises where the liquor is sold;

(e) ...

(f) ...

(2) The Presiding Officer may grant the following licences -

(a) a licence for the sale of liquor for consumption on or off the premises upon which liquor is sold at special events; and

(b) a temporary liquor licence for the sale of liquor for consumption on or off the premises upon which liquor is sold.

### Criteria for granting licences

34. (1) The Liquor Licensing Tribunal or Presiding Officer, as the case may be, may not grant a licence, unless it or he or she is satisfied on a balance of probabilities that -

23

(a) the granting thereof is in the public interest;

(b) the applicant is of good character, and not disqualified from holding a licence in terms of section 35;

(c) the premises on which the sale or consumption of liquor will take place are or will upon completion be suitable for use by the applicant for the purposes of the licence;

(d) the applicant has the right to occupy the proposed licensed premises; and

(e) the granting of the application does not prejudice -

(i) the residents of a residential area;

- (ii) the residents of an institution for the aged or frail;
- (iii) the learners of an educational institution who are under the age of eighteen (18) years;
- (iv) the patients of an institution for drug or alcohol related dependencies; or
- (v) the congregants of a religious institution located in the vicinity of the proposed licensed premises.

(2) Paragraph (d) of subsection (1) does not apply to the applicant for a licence referred to in section 33(2)(a).

#### Disqualification of applicants

35. (1) The following persons are disqualified from holding liquor licences -

- (a) anyone who has, within five (5) years prior to the lodgement of the application, been sentenced to imprisonment without the option of paying a fine;
- (b) anyone who has, within five (5) years prior to the lodgement of the application, been declared to be unfit to hold a registration by the National Liquor Authority or a licence by any provincial liquor board or authority;
- (c) anyone who is an unrehabilitated insolvent;
- (d) anyone who is a minor upon the date of consideration of the application;
- (e) anyone who was the holder of a licence which was cancelled in terms of the provisions of this Act, or an Act regulating liquor licences in any other province, within a period of twelve (12) months prior to the lodgement of the application;
- (f) anyone who is the spouse or life partner of a person described in (a), (b) or (e) above; and
- (g) anyone who is mentally ill as defined in the Mental Health Care Act, 2002 (Act 17 of 2002).

(2) If a person is disqualified in terms of subsection (1)(a) to (e) or (g), any company, close corporation or co-operative in which he or she has a shareholding, member's interest or a membership share, any trust of which he or she is a trustee or beneficiary and any partnership

24

of which he or she is a partner, is similarly disqualified.

(3) The Liquor Licensing Tribunal may, in exceptional circumstances and on good cause shown, determine that a person who is disqualified in terms of subsection (1) or (2) is deemed to be qualified for the purposes of a particular application or licence.

#### Application procedure

36. (1) An application for a licence of a category referred to in section 33(1) must be made to the Authority by lodging on or before the prescribed date with the Authority and the designated liquor officer in whose area of jurisdiction the proposed licensed premises are located -

- (a) the prescribed application form properly completed;
- (b) a zoning certificate or a copy of a planning application submitted to the municipality concerned in terms of applicable planning legislation;
- (c) ...
- (d) other information that may be required by the Liquor Licensing Tribunal to enable it to determine whether the applicant meets the criteria for the granting of a licence; and
- (e) the prescribed fee which must be paid in the prescribed manner.

(2) No application for a licence may be advertised during the period of 1 December and 15 January of the following year.

(3) By lodging an application for a licence, the applicant consents that any member of the Board or authorised employee of the Authority may-

- (a) conduct any hearing, investigation or enquiry pertaining to the integrity, character, reputation, prior conduct, habits, associations, financial standing and ability, criminal record, competence, experience and suitability of -
  - (i) the applicant or, if the licence has been granted, the licensee;
  - (ii) any director or shareholder, member, trustee or beneficiary, or person holding a membership share, where the applicant is a company, close corporation, trust or co-operative; and
  - (iii) any person directly or indirectly involved in the affairs of any applicant or, if the licence has been granted, the licensee;
- (b) disclose any document or information lodged as part of or together with an application to any person in connection with such hearing, investigation or enquiry; and
- (c) obtain from and disclose to any law enforcement or regulatory agency or body anywhere in the world information of and concerning the applicant for purposes of any hearing, investigation or enquiry.

#### Notice of application

37. (1) The Authority must, in the prescribed form, publish notices, in the three official languages of the Province in the Provincial Gazette and in a community newspaper circulating in the area in which the proposed licensed premises are located, and where there is no such community newspaper, in at least one other newspaper circulating in the area where the premises

25

concerned are located.

(2) The applicant must display a notice, as prescribed, in the three official languages of the Province in a prominent place at the proposed licensed premises so that it is visible to passersby: Provided that the Liquor Licensing Tribunal may condone the non-compliance with this provision on good cause shown.

(3) A notice in terms of subsection (2) must remain in place for the prescribed period from the date of lodgement of the application.

(4) The designated liquor officer in whose area of jurisdiction the proposed licensed premises are located must, within the prescribed period from the date of lodgement of an application, serve a copy of the application in the prescribed manner on the municipality concerned in order for it to -

(a) where section 36(1)(c) applies -

(i) allow the public to have access to, inspect or, upon payment of the prescribed fee, obtain a copy of the application;

(ii) obtain the comment of the ward councillor;

(iii) comment on the application; and

(iv) allow for the consideration of the planning application in relation to the application for a liquor licence; or

(b) where section 36(1)(c) does not apply -

(i) allow the public to have access to, inspect or, upon payment of the prescribed fee, obtain a copy of the application;

(ii) obtain comment of the ward councillor; and

(iii) comment on the application.

(5) The designated liquor officer in whose area of jurisdiction the proposed licensed premises are located must or the municipality may, within the prescribed time, give notice of the application to -

(a) neighbouring residents or such persons who in his, her or its judgement may be affected by, or have an interest in, the granting or refusal of the application; and

(b) the community policing forum, if any, of the area in which the premises are located.

(6) Notwithstanding subsection (1), where an applicant has to comply with section 36(1)(c), the notification done in terms of the applicable planning legislation is deemed to be in compliance with the notification requirements in terms of this section: Provided that the Liquor Licensing Tribunal may require such additional notification as it may deem appropriate.

Applications lying for inspection at Board

38. The Authority must, within the prescribed period after an application referred to in section 36 has been lodged with it, enable the public to have access to, inspect or, upon payment of the prescribed fee, obtain a copy of the application and any documents lodged in connection therewith, at the offices

26

of the Authority.

Representations

39. (1) A person who has an interest in the granting or refusal of an application may, within the prescribed period, make written representations to the Liquor Licensing Tribunal for or against the granting or refusal of that application.

(2) The representations must be lodged with the Authority and the designated liquor officer concerned.

(3) A copy of the representations must be served by the person making the representations, on the applicant or his or her representative.

(4) Proof of such service must be lodged with the representations.

(5) A person making representations must set out the following -

(a) his or her full name and address;

(b) his or her identity number or, if a company or close corporation, its registration number;

(c) if applicable, the name and address of his or her representative;

(d) the nature of his or her interest in the granting or refusal of the application; and

(e) comprehensive grounds for the objection or support.

(6) The applicant may lodge a response to representations against the application with the Authority within the prescribed period.

Forwarding of documents

40. (1) The municipality concerned must, within the prescribed period, forward to the Authority the following -

(a) its decision in respect of the planning application referred to in section 36(1)(c); and

(b) information regarding the extent of the public participation process that was followed in respect of that application.

(2) The municipality concerned must, within the prescribed period, with regard to an application for a liquor licence, forward to the Authority the following -

(a) the comments, if any, of the ward councillor;

(b) its comments, if any, on the application for a liquor licence; and

(c) any other document or article lodged with it in connection with the application for a liquor licence.

(3) The designated liquor officer concerned must, within the prescribed period, forward to the Authority the following -

(a) his or her report referred to in section 73(7)(a); and

27

(b) any other document or article lodged with him or her in connection with the application for a liquor licence.

#### Consideration of applications

41. (1) The Liquor Licensing Tribunal may, when considering an application, take cognisance of the following -

- (a) the application and any report lodged in response thereto;
- (b) representations in support of or against the application, any response to representations against applications and any other document or article lodged in relation to the application; and
- (c) subject to section 23(9), any matter which, in the opinion of the Liquor Licensing Tribunal, should be taken into consideration.

(2) If an application, a document accompanying it, representations or a report is defective in any respect or if any person fails to lodge any document or adhere to a reasonable time period or time limit, the Liquor Licensing Tribunal may condone the defect or failure if there has been substantial compliance with this Act and if such condonation is not likely to prejudice any person.

#### Conditional granting of licence

42. (1) The Liquor Licensing Tribunal may conditionally grant a licence.

(2) A licence granted by the Liquor Licensing Tribunal in terms of subsection (1) may not be issued until the applicant complies with the conditions imposed at the time of granting.

(3) The Liquor Licensing Tribunal must, when conditionally granting a licence, stipulate a period within which the applicant must comply with the conditions referred to in subsection (2).

(4) The Liquor Licensing Tribunal may at any time, upon application by the applicant amend or withdraw the conditions.

(5) The Presiding Officer may at any time, upon application by the applicant -

- (a) extend the time period stipulated; or
- (b) approve an amendment of the plan of the premises.

(6) If the applicant fails to comply with the conditions referred to in subsection (2) within the period referred to in subsection (3) or extended in terms of subsection (5), the granting of the licence lapses and the licence is deemed not to have been granted.

(7) When the applicant complies with the conditions imposed by the Liquor Licensing Tribunal, the Authority must issue the licence as prescribed, subject to section 46.

#### Right to use premises

43. The Liquor Licensing Tribunal may, when conditionally granting a licence, direct that the licence may not be issued unless it is satisfied that the applicant has the right to use the premises concerned for the purpose to be authorised in the licence.

28

#### Incomplete premises

44. The Liquor Licensing Tribunal may, when conditionally granting a licence in respect of premises not yet erected, or premises requiring any structural alteration, addition or reconstruction to be effected so as to make such premises suitable for the purposes for which they will be used under the licence, direct that the licence may not be issued until the applicant complies with the conditions it has imposed relating to the completion of the premises.

#### Education and training

45. The Liquor Licensing Tribunal must, when conditionally granting a licence, direct that the licence may not be issued until the applicant or an employee or employees of the applicant have undergone such training and education as the Liquor Licensing Tribunal requires.

#### Issuing of licence

46. (1) The Authority must, within the prescribed period after the Liquor Licensing Tribunal has granted an application made in terms of section 36, notify the-

- (a) applicant;
- (b) individual objectors;
- (c) organiser of a petition, where the objections were made by means of a petition;
- (d) municipality concerned; and
- (e) designated liquor officer concerned, in writing of the decision of the Liquor Licensing Tribunal.

(2) Where the application has been granted, the applicant must pay the prescribed fee within sixty (60) days of the issuing of the notice contemplated in subsection (1), in as far as the notice applies to the granting of the application.

(3) The Authority must within the prescribed period after the payment of the prescribed fee referred to in subsection (2), and subject to sections 42, 43, 44, and 45, issue a licence to the applicant in the prescribed form, setting out the conditions of the licence as imposed by the Liquor Licensing Tribunal.

(4) A licence must be issued in the name of the person who operates, conducts and benefits from the operation of the licensed business and may not be issued in the name of a nominee or agent.

(5) If the applicant fails to pay the fee referred to in subsection (2), the granting of the application will lapse, subject to subsection (6).

(6) The applicant may, within a period of sixty (60) days after the expiry of the period referred to in subsection (2), apply in writing to the Chief Executive Officer for condonation of the failure to pay the prescribed fee referred to in subsection (2) and the Chief Executive Officer may condone the failure and allow the late payment of the said fee by a date to be determined by the Chief Executive Officer, subject to the payment of a penalty of 100 percent of that fee.

#### Death or incapacity of applicant

47. If an applicant for a licence -

29

- (a) dies;
- (b) is sequestered;
- (c) is declared incapable of handling his or her own affairs by a court; or
- (d) being a company, close corporation, trust or co-operative, is liquidated, prior to the date of consideration of the application, the executor, trustee, curator or liquidator appointed may exercise all the powers and rights which the applicant would have had save for such death, sequestration, declaration or liquidation.

#### Temporary liquor licences and special event liquor licences

48. (1) The Presiding Officer may upon application by a licensee referred to in section 33(1)(b) or (d), and upon the payment of the prescribed fee, grant a temporary liquor licence for the use by that licensee only.

(1A) An application for a temporary licence must be made at least fourteen (14) days prior to the first day of the period referred to in subsection (2).

(2) The Presiding Officer may not grant a temporary liquor licence under subsection (1) to a particular person for a period longer than fourteen (14) consecutive days and for more than a total of thirty (30) days per year beginning on 1 January.

- (3) A temporary liquor licence must be made subject to the prescribed conditions and such other conditions and restrictions as the Presiding Officer may impose.
- (4) The Presiding Officer may upon application by -
- (a) an educational institution, other than a school as defined in section 1 of the South African Schools Act, 1996 (Act 84 of 1996);
  - (b) a welfare or cultural organisation;
  - (c) the organiser of an exhibition;
  - (d) the secretary, manager or chief steward of a bona fide race or sports meeting or similar event; or
  - (e) the organiser of an artistic performance,
- in the prescribed manner and upon the payment of the prescribed fee, grant a special event liquor licence for the sale of liquor for consumption on or off the premises on which liquor is sold at a special event.
- (5) An application for a special event liquor licence must be made at least fourteen (14) days prior to the date of the special event.
- (6) A special event liquor licence may not be granted for a period exceeding the duration of the special event concerned.
- (7) A special event liquor licence is subject to the conditions referred to in section 49, where applicable, and such other conditions and restrictions as the Liquor Licensing Tribunal may impose.
- 30

## CHAPTER 7 CONDITIONS FOR LICENCES

### Standard licence conditions

49. (1) It must be a condition of every licence for the consumption of liquor on the premises where the liquor is sold, that all liquor sold must be consumed on the licensed premises only and that no liquor sold may be removed from the licensed premises.
- (2) It must be a condition of every licence for consumption of liquor off the licensed premises that no container containing liquor may be opened and no liquor may be consumed on the licensed premises except for tasting purposes as approved by the Liquor Licensing Tribunal or the Presiding Officer, as the case may be.
- (3) If premises are licensed for the consumption of liquor both on and off the licensed premises, subsections (1) and (2) do not apply to such premises.
- (4) The licensee of premises upon which the business of a retail food store is carried on, may not sell liquor other than natural wine.
- (5) A retail food store as referred to in subsection (4) must sell its liquor from a designated area, which must be rendered inaccessible to the public at all times when liquor may not be sold.
- (6) The Presiding Officer may at any time after the issue of a licence under section 46, upon application by the licensee or any other interested party, by a notice delivered or tendered to the licensee concerned -
- (a) declare the licence to be subject to such conditions or further conditions set out in the notice as he or she may in his or her discretion impose; or
  - (b) suspend, revoke or amend any condition or declaration imposed or made by him or her or the Liquor Licensing Tribunal.
- (7) A contravention of or failure to comply with the conditions set out in subsection (1), (2), (4) or (5) is an offence.

### Deliveries

50. (1) It must be a condition of every licence issued for the consumption of liquor off the licensed premises that -

(a) liquor may not be delivered from any vehicle unless the liquor was ordered from the licensed premises before the dispatch of the liquor and an invoice was issued in the prescribed manner, the original of which was retained on the licensed premises;

(b) liquor may be delivered only to the address shown on the invoice described in paragraph (a);

(c) a legible copy of the invoice described in paragraph (a) must be retained in the delivery vehicle from the time of dispatch to the time of delivery of the liquor, when it must be handed to the person accepting delivery; and

(d) where the quantity of liquor being purchased is above the prescribed threshold, the purchaser must produce his or her identity document and proof of address, and provide contact details as prescribed.

31

(2) Failure by the licensee to comply with a condition contemplated in subsection (1) is an offence.

(3) Accepting delivery of liquor purchased from a supplier unaccompanied by an invoice describing the name, address and licence number of the supplier as well as the nature, quantity and purchase price of the liquor supplied, is an offence.

Financial interests and letting of licensed premises

51. (1) A licensee, or any other person with a financial interest in a licensed business, may not, without the prior written consent of the Presiding Officer, permit any other person to acquire a financial interest of more than 5% in the licensed business.

(2) A licensee or any other person with a financial interest in a licensed business who wishes to transfer a financial interest of more than 5 percent in the licensed business to any other person must apply to the Presiding Officer for consent to do so by lodging with the Authority and the designated liquor officer in whose area of jurisdiction the licensed premises are located, an application in the prescribed manner and form.

(3) The Presiding Officer may not grant consent in terms of subsection (2) if the person to whom the financial interest is intended to be transferred -

(a) is disqualified in terms of section 35 from holding a licence; or

(b) is not of good character.

(4) ...

(5) The designated liquor officer must, within the prescribed period, lodge a report with the Authority regarding the qualification and fitness of the person to whom the financial interest is intended to be transferred, and may include therein any other matter which the designated liquor officer may deem relevant to the application.

(6) The Presiding Officer must, within the prescribed period, either refuse the application or grant it.

(7) A licensee may not let the licence to another person, allow another person to carry on business in terms of the licence or allow another person to use the licensed premises: Provided that a licensee in respect of a licence which includes the right to micro-manufacture must notify the Presiding Officer and the designated liquor officer in whose area of jurisdiction the licensed premises are located of the licensee's intention to let the licensed premises concerned or part thereof to, or allow the premises to be used by another person for the purpose of micromanufacturing.

(7A) The designated liquor officer must, within the prescribed period, lodge a report with the Authority regarding an application referred to in subsection (7), and may



include therein any other matter which the designated liquor officer may deem relevant to the application.

(8) The Presiding Officer may not grant an application for letting unless he or she is satisfied that the person to whom the licensed premises or part thereof is intended to be let -

(a) is not disqualified from holding a licence in terms of section 35;

(b) is of good character; or

(c) is or will be suitably educated and trained, or will have in his or her employ one or more employees who are or will be suitably educated and trained to manage the licensed

32

business.

(9) A contravention of or failure to comply with subsection (1) or (7) is an offence.

Management

52. (1) The Liquor Licensing Tribunal must, unless the applicant is a natural person, when granting a licence, approve the appointment of a natural person nominated by the applicant, and who is resident in the Province, as manager of the licensed business.

(2) A licensee who is not a natural person may at any time, and in the prescribed manner, nominate a natural person resident in the Province to be the manager of the licensed business, in which event the Liquor Licensing Tribunal may approve such person's appointment as manager.

(3) The designated liquor officer must, within the prescribed period, furnish a report on the suitability of the nominated person.

(4) The Liquor Licensing Tribunal may not approve the appointment as manager of a person who is disqualified from holding a liquor licence in terms of section 35 or who is not of good character.

(5) The Liquor Licensing Tribunal may direct that the proposed manager undergo such training and education as the Liquor Licensing Tribunal may specify as a precondition of the approval of such appointment.

(6) A manager whose appointment has been approved in terms of this section is responsible for the management of the business and is subject to the same duties, obligations and liabilities as the licensee.

(7) The approval of the appointment of a manager in terms of this section does not release the licensee from any duty, obligation or liability imposed upon it by this Act or in terms of the conditions of the licence.

(8) The approval of the appointment of a manager in terms of subsection (1) or (2) remains valid until the appointment of a new manager.

(9) If a person, whose appointment as a manager has been approved in terms of subsection (1) or (2), ceases to manage the licensed business or becomes disqualified from doing so, the licensee must, within thirty (30) days from such event, apply in terms of subsection (2) for the approval of the appointment of a manager in his or her place.

(10) If a licensee fails to comply with subsection (9), its licence may be suspended in terms of section 20(3)(b)(iii).

Alteration of licensed premises or nature of business

53. (1) Except with the prior written consent of the Presiding Officer granted upon application to the Authority and the designated liquor officer in whose area of jurisdiction the licensed premises are located, in the prescribed form and upon payment of the prescribed fee, a licensee may not -

- (a) carry out any structural alteration, addition, reconstruction or extension of or to the licensed premises;
- (b) materially change the nature of the business in respect of which a licence was granted from that described in the application considered by the Liquor Licensing Tribunal when

33

granting the licence; or

- (c) conduct his, her or its business under the licence on premises on which any other business, including a business to which any other licence relates, or any trade or occupation is carried on or pursued, unless the Presiding Officer, at any time when the matter may in his or her opinion rightly be raised, determines otherwise in a particular case.

(2) ...

(2A) The designated liquor officer must, within the prescribed period, lodge a report with the Authority regarding an application referred to in subsection (1), and may include therein any other matter which the designated liquor officer may deem relevant to the application.

(3) The consent in terms of subsection (1)(a) must not be issued until the applicant, within the prescribed period, lodges proof to the satisfaction of the Presiding Officer that he or she has the right to alter the premises concerned for the purpose as contemplated in the application.

(4) A contravention of or failure to comply with subsection (1) is an offence.

Children

54. (1) No person may sell liquor to a person under the age of eighteen (18) years.

(2) No person may give or supply liquor to a person under the age of eighteen (18) years or allow such a person in his or her care or under his or her supervision to consume liquor, except where it is given for the purpose of worship associated with the celebration of a religious observance.

(3) A licensee or a manager, as the case may be, may not allow a person under the age of eighteen (18) years to consume liquor on the licensed premises.

(4) A licensee or a manager, as the case may be, may not allow a person under the age of eighteen (18) years to be in a part of licensed premises in which such a person may not be in terms of this Act or in terms of a condition of the licence.

(5) A person under the age of eighteen (18) years may not obtain or consume liquor in contravention of this Act or mislead any person regarding his or her age in order to obtain or consume liquor or gain access to parts of licensed premises which such a person may not enter.

(6) Any contravention of or failure to comply with subsection (1), (2), (3), (4) or (5) is an offence.

Employers and employees

55. (1) A person may not employ a person under the age of eighteen (18) years in connection with the sale or supply of liquor unless such a person is -

- (a) of or above the age of sixteen (16) years;
- (b) undergoing training in catering services; and
- (c) apprenticed to the licensee.

(2) An employer may not -

34

- (a) supply liquor to a person as an inducement to secure his or her employment;
- (b) supply liquor to an employee instead of wages;

(c) deduct from an employee's wages the cost of liquor supplied to the employee or any other person on his or her behalf; or

(d) withhold payment of the wages of an employee in lieu of a debt in respect of the sale or supply of liquor.

(3) Any contravention of or failure to comply with subsection (1) or (2) is an offence.

#### Access to licensed premises

56. (1) Except as provided for in section 55(1) and subsection (3) of this section, a licensee may not permit a person under the age of eighteen (18) years to enter a restricted area.

(2) A restricted area is -

(a) a room or any place on licensed premises where liquor is sold over a counter, except when meals are being served to diners seated at tables in such a room or place;

(b) a room or place which the Liquor Licensing Tribunal has demarcated as an area in which persons under the age of eighteen (18) years are not allowed to be; and

(c) premises, not being a retail food store, licensed only for the sale of liquor for consumption off the licensed premises.

(3) A person under the age of eighteen (18) years may have access to a restricted area if accompanied either by a parent or a guardian or by an adult with the consent of a parent or a guardian.

(4) Every restricted area must be indicated as such in a manner as prescribed.

(5) Any contravention of or failure to comply with subsection (1) or (4) is an offence.

#### Storing of liquor

57. (1) A licensee must store his, her or its liquor on the licensed premises or in such other or additional place within the Province as may be approved by the Liquor Licensing Tribunal when granting a licence or by the Presiding Officer, on application, at any time thereafter.

(2) A licensee may not sell, supply or allow the consumption of liquor in or from such other or additional place of storage.

(3) Any contravention of or failure to comply with subsection (1) or (2) is an offence.

#### Place of sale

58. (1) A licensee may not sell or supply liquor from any place other than the licensed premises.

(2) Notwithstanding the provisions of this section, a licensee may advertise the sale of liquor and solicit and receive orders for the purchase of liquor elsewhere than on the licensed premises.

(3) Any contravention of or failure to comply with subsection (1) is an offence.

35

#### Trading hours

59. (1) A municipality may by by-law determine different trading days and hours for licensed businesses selling liquor for consumption on the licensed premises and for those selling liquor for consumption off the licensed premises.

(2) ...

(3) (a) If a municipality has not determined the trading days and hours for licensed businesses selling liquor for consumption off the licensed premises, a licensee of such a business may sell liquor on any day between 09:00 and 18:00, subject to

conditions imposed by the Liquor Licensing Tribunal when granting a licence or after consideration of any matter referred to in section 20(1)(d) to (g).

(b) If a municipality has not determined the trading days and hours for licensed businesses selling liquor for consumption on the licensed premises, a licensee of such a business may sell liquor on any day between 11:00 and 02:00 the next day, subject to conditions imposed by the Liquor Licensing Tribunal when granting a licence or after consideration of any matter referred to in section 20(1)(d) to (g).

(c) If the licensee has a licence for consumption of liquor both off and on the licensed premises, paragraph (a) applies in as far as the sale of liquor is for consumption off the licensed premises and paragraph (b) applies in as far as the sale is for consumption on the licensed premises.

(4) A licensee may at any time apply to the Liquor Licensing Tribunal to have his, her or its trading hours extended to a time later than the trading hours referred to in subsection (3): Provided that such extended time period imposed by the Liquor Licensing Tribunal may not exceed 20:00 the same day with regard to subsection (3)(a) and 04:00 the next day with regard to subsection (3)(b).

(5) The Liquor Licensing Tribunal may not grant an application referred to in subsection (4) unless it is satisfied on a balance of probabilities that the granting thereof -

(a) is in the public interest; and

(b) does not prejudice -

(i) the residents of a residential area;

(ii) the residents of an institution for the aged or frail;

(iii) the learners of an educational institution who are under the age of eighteen (18) years;

(iv) the patients of an institution for drug or alcohol related dependencies; or

(v) the congregants of a religious institution located in the vicinity of the licensed premises concerned.

(6) The Board must, within the prescribed period after granting or refusing an application made in terms of subsection (4), notify the applicant of the decision of the Liquor Licensing Tribunal.

(7) Where the application has been granted, the applicant must pay the prescribed fee within sixty (60) days of the issuing of the notice contemplated in subsection (6) in as far as the notice applies to the granting of the application.

36

(8) Subject to section 89(10), a licensee who sells or supplies, or allows the consumption of, liquor on the licensed premises at a time when the sale of liquor is not permitted in terms of subsection (1) or (3), is guilty of an offence.

Quantity of liquor sold and keeping of records

60. (1) A licensee must keep, in the prescribed manner, a record of all liquor sold for consumption off the licensed premises.

(2) No person, other than a licensee, may purchase, and a licensee may not sell to one person, in a single day for consumption off the licensed premises, more liquor than a quantity, which the Minister may prescribe, without the prior written consent of the Presiding Officer.

(3) A person who is not licensed or authorised to sell liquor may not at any time have in his or her possession or under his or her control more liquor than the quantity prescribed in terms of subsection (2), except with the consent provided for in that subsection.

(4) A contravention of or failure to comply with subsection (1), (2) or (3) is an offence.

#### Prohibited substances

61. (1) A person may not micro-manufacture, sell or supply any substance under the name of any liquor, if that substance is not liquor as defined in this Act.

(2) A person may not micro-manufacture, sell or supply as liquor any impotable substance, add an impotable substance to liquor, or sell or supply any liquor to which an impotable substance has been added.

(3) A contravention of or failure to comply with subsection (1) or (2) is an offence.

## CHAPTER 8

### VALIDITY AND RENEWAL OF LICENCES

#### Validity of licences

62. (1) A licence is valid from the date upon which it is issued.

(2) A licence lapses -

(a) on the date on which the licensee abandons it in the prescribed manner;

(b) on 1 January of the year in respect of which the applicable fees prescribed are not paid on or before 31 December of the preceding year;

(c) on the date determined by the Liquor Licensing Tribunal when it revokes the licence;

(d) where the licence has already acquired validity, on the date on which a court sets aside the decision to grant or issue the licence; or

(e) on the date on which it is converted into another licence in terms of section 89.

(3) A licence which has lapsed, and the rights, privileges, obligations and liabilities which were attached thereto immediately before the date on which it lapsed, becomes valid again on the date on which -

37

(a) where the licence has lapsed under the circumstances contemplated in subsection (2)(b), the fees so contemplated -

(i) plus a penalty of 50 percent are paid on or before 31 January; or

(ii) plus a penalty of 100 percent are paid between the first and the last day of February of the year in respect of which those fees should have been paid;

(b) where the licence has lapsed under the circumstances contemplated in subsection (2)(c), the decision by the Liquor Licensing Tribunal to revoke that licence is set aside by a court; or

(c) where the licence has lapsed under the circumstances contemplated in subsection (2)(d), the decision by the court to set aside the decision to grant or issue that licence is set aside on appeal.

(4) The Presiding Officer may, upon receipt of a report that the licensee has abandoned the licensed premises, suspend the licence in the prescribed manner with immediate effect.

(5) The suspension of a licence in terms of subsection (4) lapses upon the receipt by the Presiding Officer of proof that the licensed premises have not been abandoned by the licensee or are again in use by the same licensee.

#### Automatic renewal of licences

63. (1) The Authority must issue an annual renewal notice, in the prescribed form, not later than 31 October of the year preceding the year in respect of which the prescribed renewal fees should be paid.

(2) Upon payment of the prescribed renewal fee, the licence is automatically renewed until 31 December of the year in respect of which those fees have been paid.

(3) The licensee is not absolved from his, her or its obligation to pay the prescribed renewal fee timeously if the notice was not sent to or received by him, her or it.

(4) A licensee who has failed to pay the prescribed renewal fee on or before the last day in February of the year in respect of which the renewal fee should have been paid, may, on or before 31 March of that year, apply in writing to the Chief Executive Officer for condonation of such failure, and the Chief Executive Officer may condone the failure and allow the late payment of the prescribed renewal fee by a date to be determined by the Authority, subject to the payment of the renewal fee plus a penalty of 150 percent.

(5) If the Chief Executive Officer has in terms of subsection (4) granted condonation and the prescribed renewal fee and penalty have been paid, the licence is deemed to have been renewed from 31 December of the year preceding the year in respect of which the renewal fees should be paid.

(6) If the licensee fails to pay the prescribed renewal fee and penalty imposed in terms of subsection (4), the licence will be deemed to have lapsed on 1 January of the year in respect of which the prescribed renewal fee should have been paid.

Applications for renewal of licences

64. (1) If a licensee has, since the date of issue of the licence or, if the licence has been renewed, since the last renewal of the licence -

38

- (a) become disqualified in terms of section 35 to hold a licence;
- (b) been declared unfit by the Liquor Licensing Tribunal to hold a liquor licence;
- (c) failed to comply with a compliance notice issued in terms of this Act;
- (d) been the subject of a report in terms of section 73(7)(c) or (d); or
- (e) been the subject of a complaint received by a municipality,

the licence is not capable of automatic renewal in terms of section 63, but may be renewed by the Authority upon application by the licensee in the prescribed manner and upon payment of the prescribed fee.

(2) The Authority must, before 31 July of the year in which a renewal notice should be issued, serve a notice upon a licensee referred to in subsection (1) -

- (a) informing the licensee that the licence will not be automatically renewed; and
- (b) calling upon the licensee to make application in the prescribed form for the renewal of the licence by not later than 30 September of that year.

(3) If the licensee fails to comply with the notice contemplated in subsection (2), the licence will lapse on 31 December of that year, subject to subsection (4).

(4) If the licensee makes an application as contemplated in subsection (2)(b) after 30 September but before 31 December of the year in which the renewal notice should be issued, the licensee may apply in writing to the Liquor Licensing Tribunal for condonation of such failure, and the Liquor Licensing Tribunal may condone the failure and allow the late payment of the prescribed renewal fee by a date to be determined by the Liquor Licensing Tribunal, subject to the payment of a penalty of 150 percent of that fee.

(5) If the licensee complies with the notice, the licence remains valid until the Liquor Licensing Tribunal has completed its consideration of the application for renewal.

(6) When considering an application for renewal, the Liquor Licensing Tribunal has the same duties and powers which it has when considering an application for a new licence, including the right to refuse or grant the application, subject to such conditions as it may deem appropriate.

(7) If the Liquor Licensing Tribunal grants an application for the renewal of the licence, the licence is deemed to have been renewed in terms of section 63(2).

(8) If the Liquor Licensing Tribunal refuses an application for the renewal of a licence, the licence lapses immediately or upon such date as the Liquor Licensing Tribunal determines.

## CHAPTER 9

### TRANSFER AND REMOVAL OF LICENCES

#### Transfer of licences

65. (1) A licensee may at any time apply for the transfer of the licence to another person (in this section called the “proposed licensee”) by lodging with the Authority and the designated liquor officer in whose area of jurisdiction the licensed premises are located, an application in the prescribed manner and form.

39

(2) A licensee must, where the transfer of the financial interest referred to in section 51(1) results in the licensee not retaining any financial interest in the licensed business, make an application as contemplated in subsection (1) for the transfer of the licence.

(3) The proposed licensee contemplated in subsection (1) may apply to the Presiding Officer for consent to conduct the licensed business pending the transfer of the licence to the proposed licensee.

(4) An application in terms of subsection (3) must be made by the lodgement thereof in the prescribed manner and form with the Presiding Officer and the designated liquor officer in whose area of jurisdiction the licensed premises are located, and upon payment of the prescribed fee.

(5) The Presiding Officer may grant consent authorising the proposed licensee to conduct the business for his or her own account for a specified period, which period may not be more than six months from the date on which consent was granted.

(6) The Presiding Officer may at any time revoke or upon application by the proposed licensee extend a consent granted in terms of subsection (5).

(7) A person to whom consent in terms of subsection (5) has been granted, may operate and conduct the licensed business in terms of the licence, for his or her own account, and has the same rights and is subject to the same duties as the licensee.

(8) The granting of consent in terms of subsection (5) does not relieve the licensee from any of his, her or its duties and obligations in respect of the licence.

(9) ...

(10) ...

(11) The designated liquor officer must, within the prescribed period, lodge a report with the Authority regarding the qualification and fitness of the proposed licensee to hold the licence, and may include in such report any other matter which the designated liquor officer may deem relevant to the application.

(12) The Liquor Licensing Tribunal must, within the prescribed period, either refuse the application or grant it.

(13) The Liquor Licensing Tribunal may not grant an application for transfer unless it is satisfied that the proposed licensee -

(a) is not disqualified from holding a licence in terms of section 35;

(b) is of good character; and  
(c) is or will be suitably educated and trained, or will have in his or her employ one or more employees who are or will be suitably educated and trained to manage the licensed business.

(14) The Liquor Licensing Tribunal may, when granting an application for transfer, direct that the proposed licensee, or one or more employees of such a person, must undergo such education and training as the Liquor Licensing Tribunal may direct.

(15) The Authority must notify the proposed licensee, within the prescribed period after the Liquor Licensing Tribunal has granted an application for transfer of a licence, in writing that the

40

application has been granted.

(16) The proposed licensee must pay the prescribed fee within sixty (60) days of the issuing of the notice contemplated in subsection (15).

(17) The Authority must, within the prescribed period after the payment of the prescribed fee referred to in subsection (4), and subject to sections 42, 43, 44, 45 and 53(1) and (2), issue a certificate of transfer to the proposed licensee in the prescribed form, setting out the conditions of the licence as imposed by the Liquor Licensing Tribunal.

(18) If the proposed licensee fails to pay the fee referred to in subsection (16), the granting of the application will lapse, subject to subsection (19).

(19) The proposed licensee may, within a period of sixty (60) days after the expiry of the period referred to in subsection (16), apply in writing to the Chief Executive Officer for condonation of the failure to pay the prescribed fee referred to in subsection (16) and the Chief Executive Officer may condone the failure and allow the late payment of the said fee by a date to be determined by the Chief Executive Officer, subject to the payment of a penalty of 100 percent of that fee.

(20) If the proposed licensee dies, becomes insolvent or is declared incapable of handling his or her own affairs by a court, or being a company, trust, co-operative or close corporation, is liquidated before the date upon which the application for transfer is considered, the executor, trustee, curator or liquidator, as the case may be, may exercise all the powers and rights which such person, company, trust, co-operative or close corporation would have had save for such death, insolvency, declaration or liquidation.

(21) The Liquor Licensing Tribunal may, in its discretion, grant an application for transfer in favour of an executor, trustee, curator or liquidator or to such other person as the Liquor Licensing Tribunal may deem appropriate.

Removal of licences

66. (1) A temporary liquor licence or special event liquor licence is not removable from the licensed premises concerned to other premises.

(2) A licensee, excluding the holder of a temporary liquor licence and special event liquor licence, may at any time apply for the removal, whether permanently or temporarily, of the licence from the licensed premises concerned to any other premises situated in the Province by lodging with the Authority and the designated liquor officer in whose area of jurisdiction the licensed premises are currently located, and where the granting of the application will have the effect of removing the licence to the area of jurisdiction of another designated liquor officer, also with that designated liquor officer, an application in the prescribed manner and form, and upon payment of the prescribed fee.



(3) The designated liquor officer in whose area of jurisdiction the licensed premises are currently located must, within the prescribed period, lodge a report as prescribed with the Authority, and where the granting of the application will have the effect of removing the licence to the area of jurisdiction of another designated liquor officer, that designated liquor officer must also lodge a report as prescribed with the Authority.

(4) The Liquor Licensing Tribunal must consider each application for the removal of a licence and may -

(a) refuse the application; or

(b) grant the application.

41

(5) The Authority must, within the prescribed period after the Liquor Licensing Tribunal has granted an application for the removal of a licence, but subject to subsection (10), notify the applicant in writing that the application has been granted.

(6) The Authority must, subject to the payment of the prescribed fee within sixty (60) days of the issuing of the notice contemplated in subsection (5), issue a certificate of removal to the licensee in the prescribed form.

(7) If the licensee fails to pay the fee referred to in subsection (6), the granting of the application will lapse, subject to subsection (8).

(8) The licensee may, within a period of sixty (60) days after the expiry of the period referred to in subsection (6), apply in writing to the Chief Executive Officer for condonation of the failure to pay the prescribed fee referred to in subsection (6) and the Chief Executive Officer may condone the failure and allow the late payment of the said fee by a date to be determined by the Chief Executive Officer, subject to the payment of a penalty of 100 percent of that fee.

(9) A certificate of removal is subject to such conditions set out in the certificate as the Presiding Officer or the Liquor Licensing Tribunal, as the case may be, may in his or her or its discretion impose.

(10) The Presiding Officer may at any time after the issue of a certificate of removal, by a notice delivered or tendered to the licensee concerned, revoke or amend any condition imposed by him or her or the Liquor Licensing Tribunal under subsection (9).

(11) The effect of the issuing of a certificate of removal will be that the licensee may either permanently or for the period determined by the Presiding Officer or the Liquor Licensing Tribunal, as the case may be, and mentioned in the certificate, conduct the business to which the licence relates, on the premises, the plan of which has been approved by the Presiding Officer or the Liquor Licensing Tribunal, as the case may be, but which premises may not for the purposes of the licence in respect of which the application concerned was made, include such place or places thereon as he or she or it has in his or her or its discretion specifically excluded therefrom.

(12) Where a certificate of removal permits the removal of a licence for a determined period, the Presiding Officer may at any time before the expiration of that period, on application by the licensee concerned -

(a) extend that period; or

(b) revoke the certificate.

(13) If an application for the removal of a licence is granted by the Liquor Licensing Tribunal in respect of premises not yet erected, or premises requiring any structural alteration, addition or reconstruction to be effected so as to make them suitable for the purposes for which they will be used under the licence, the Authority must, in the notice contemplated in subsection (5), order the licensee to comply with such

conditions or requirements, referred to in the notice, with regard to those premises as the Presiding Officer may determine, within such period as the Presiding Officer may determine.

(14) The Presiding Officer may at any time after the issue of such a notice, on application by the applicant concerned -

(a) revoke or amend any condition or requirement determined under subsection (13);

(b) extend the period determined under subsection (13);

(c) extend the period so determined and extended under paragraph (b) in respect of 42

premises not yet erected at the time of the issue of the notice, if he or she is satisfied that a substantial part of the premises has since been erected; or

(d) approve an amended plan in respect of the premises.

(15) The period determined under subsection (13) or the period so determined and extended under subsection (14)(b), as the case may be, may not be longer than twenty-four (24) months, and the period extended or further extended under subsection (14)(c), as the case may be, may not be longer than a further twelve (12) months.

(16) When the Presiding Officer is satisfied that the premises in respect of which a notice has been issued under subsection (13), have been completed in accordance with the plan thereof approved by the Presiding Officer or the Liquor Licensing Tribunal, as the case may be, the conditions and requirements determined by the Presiding Officer have been complied with and the premises are suitable for the purposes for which they will be used under the licence concerned, the Authority must issue the certificate of removal in accordance with subsection (6).

(17) If the certificate of removal is not issued before the expiration of the period determined under subsection (13) or extended under subsection (14)(b) or further extended under subsection (14)(c), as the case may be, the notice concerned lapses and the application for the removal of the licence is deemed not to have been granted.

Abandonment of premises and death or incapacity of licensee

67. (1) The Liquor Licensing Tribunal may, if satisfied that -

(a) a licensed business has been abandoned by the licensee; or

(b) the licensee is a person described in subsection (3), and an executor, administrator, trustee, curator or liquidator has not been appointed, appoint a person to hold the licence and conduct the licensed business until the appointment of an executor, administrator, trustee, curator or liquidator, or in the case of an abandoned business, a manager.

(2) A person appointed in terms of subsection (1)(b) is deemed to be the licensee.

(3) If a licensee dies, becomes insolvent, is placed under judicial management or is declared incapable of handling his or her own affairs by a court, or being a company, trust, co-operative or close corporation, is liquidated -

(a) the licence vests in the executor of the deceased estate, administrator of the insolvent estate, judicial manager, curator or liquidator, as the case may be, from the date of appointment;

(b) the executor of the deceased estate, administrator of the insolvent estate, judicial manager, curator or liquidator may conduct the licensed business in the same manner and subject to the same conditions as the licensee would have save for his or her death, insolvency, such declaration or its liquidation; and

(c) the executor of the deceased estate, administrator of the insolvent estate, judicial manager, curator or liquidator may make application for the transfer of the licence in terms of section 65 and is for purposes of such application deemed to be the licensee.

## CHAPTER 10

### APPEALS AND REVIEWS

#### Appeals and reviews to Appeal Tribunal

68. (1) The Appeal Tribunal must consider any appeal against, or an application for the review of, a decision of the Liquor Licensing Tribunal in terms of section 20(3).

(2) The Appeal Tribunal may confirm, amend or set aside a decision or order that is the subject matter of an appeal or review and substitute such decision or order as the circumstances require.

(2A) An applicant or interested party who is aggrieved by a decision of the Liquor Licensing Tribunal may apply to the Liquor Licensing Tribunal to furnish reasons for that decision.

(3) An applicant or interested party who is aggrieved by a decision of the Liquor Licensing Tribunal may, within the prescribed period after receiving reasons for a decision of the Liquor Licensing Tribunal, lodge with the Liquor Licensing Tribunal a notice of appeal or review as prescribed.

(4) The appeal or review must be heard as if it were an appeal to the High Court against the judgment of a magistrate's court in a civil matter and any rule applicable to such civil appeal applies, with the necessary changes.

(5) ...

(6) ...

(7) ...

(8) The Appeal Tribunal may make such order as to the payment of the costs of the parties to the proceedings or of the Liquor Licensing Tribunal as it may deem appropriate in the circumstances.

(9) An applicant or interested party who is aggrieved by the decision of the Liquor Licensing Tribunal may appear in person before the Appeal Tribunal or may be represented thereat by an advocate, an attorney or any other person appearing on his or her behalf.

(10) If a person, having been duly notified to be present at a meeting of the Appeal Tribunal, fails to attend such meeting or absents himself or herself therefrom without the consent of the Appeal Tribunal, the meeting may be continued in the absence of such person or the Appeal Tribunal may take such other action as it deems fair and just in the circumstances.

(11) The Appeal Tribunal must submit a report on its activities during the financial year to the Minister for tabling in the Provincial Parliament within five months after the end of the financial year.

## CHAPTER 11

### COMPLIANCE

#### Compliance notices

69. (1) An inspector may issue and serve a compliance notice upon a licensee or any person in control of licensed premises, calling upon such person to comply with the provisions of this Act

44

or a condition of a licence.

- (2) A compliance notice must stipulate -
- (a) the provisions of this Act or the conditions of the licence which must be complied with;
  - (b) the act or omission constituting non-compliance;
  - (c) the measures which must be taken to comply;
  - (d) the date by which compliance must be completed; and
  - (e) the possible consequences of non-compliance.
- (3) A designated liquor officer may, in the absence of an inspector or where an inspector is not readily available, issue and serve a notice referred to in subsection (1) and must notify the Chief Executive Officer of the issuing or service of that notice on or before the prescribed date.
- (4) The inspector or designated liquor officer, as the case may be, may, at the request of the person served with a compliance notice, extend the period for compliance, upon good cause shown, by issuing an amended compliance notice.
- (5) A compliance notice remains in force until the date for compliance or any extension thereof, or the issue by the inspector or designated liquor officer, as the case may be, of a certificate of compliance, whichever is the earlier.
- (6) If the person served with a compliance notice has complied therewith, the inspector or designated liquor officer, as the case may be, must issue a certificate of compliance.
- (7) A person served with a compliance notice may lodge, in the prescribed manner, with the inspector or designated liquor officer, as the case may be, a statement disputing the notice and stating the grounds upon which it is disputed.
- (8) An inspector or designated liquor officer, as the case may be, receiving a statement in terms of subsection (7) must, within the prescribed period, lodge the compliance notice, the statement in terms of subsection (7) and any other document which he or she deems relevant, with the Chief Executive Officer who must decide whether or not the act or omission referred to in subsection (2)(b) justified the issuing of the compliance notice.
- (9) The Chief Executive Officer may, if he or she decides that the issuing of the compliance notice was unjustified, set it aside, or, if he or she finds it to be justified, order that the compliance notice be complied with by the date by which compliance must be completed as contemplated in subsection (2)(d) or by such later date as he or she may determine.
- (10) The Chief Executive Officer may delegate the function referred to in subsection (9) to an employee of the Authority.
- (11) Failure to comply with a compliance notice is an offence.
- (12) Proof of non-compliance with a compliance notice, at a meeting of the Liquor Licensing Tribunal, constitutes prima facie proof of the commission of an offence or a transgression of the licence conditions stipulated in the compliance notice.

#### Closing of licensed premises

70. (1) An inspector, a designated liquor officer, or any police officer of or above the rank of inspector may, if a public disturbance, disorder or public violence is occurring or threatening upon

45

licensed premises, order the licensee or any person in control of licensed premises, to close the premises concerned for a period not longer than the remainder of the trading hours for that day.

(2) The licensee or any person in control of licensed premises, must, on receipt of an order given under subsection (1), forthwith comply therewith, and, if he or she

fails to do so, the person who has given the order may take such steps and use or cause to be used such force as the circumstances require to close the premises.

(3) Any order given under subsection (1), may at any time be revoked -

(a) by the designated liquor officer, inspector or police officer who gave such an order;

(b) where such an order was given by a police officer, by a police officer of more senior rank; or

(c) by the Liquor Licensing Tribunal.

Interim orders

71. (1) The Liquor Licensing Tribunal may grant an interim order suspending a licence upon application by an inspector or a designated liquor officer if there is an imminent threat to the health, well being or safety of the public.

(2) An application in terms of subsection (1) may not be granted unless -

(a) it is supported by an affidavit setting out the facts pertaining to the matter;

(b) proof is lodged that the application and supporting affidavit have been served upon the licensee at least forty-eight (48) hours prior to the lodgement of the application; and

(c) it appears from the application that the matter is one of urgency.

(3) An order granted in terms of subsection (1) must be served upon the licensee in the manner ordered by the Liquor Licensing Tribunal and comes into effect upon the date and at the time of service thereof.

(4) An order granted in terms of subsection (1) must stipulate a date upon which the licensee must appear before the Liquor Licensing Tribunal to show cause why the order should not be made final.

(5) The licensee may, prior to the date stipulated in subsection (4), lodge with the Liquor Licensing Tribunal a notice of opposition and must thereafter lodge an affidavit in which he or she or it sets out the grounds upon which the application is opposed and must simultaneously serve a copy of such notice and affidavit on the inspector or the designated liquor officer referred to in subsection (1).

(6) A licensee may at any time prior to the date stipulated in terms of subsection (4) apply to the Presiding Officer to set the matter down for hearing upon an earlier date, and must simultaneously serve a copy of such application on the inspector or designated liquor officer referred to in subsection (1).

(7) The Presiding Officer may order the return date to be brought forward to an earlier date.

(8) Upon the date of the hearing of the application the Liquor Licensing Tribunal may discharge the interim order or confirm it, subject to such amendments as it may deem appropriate.

46

Suspension, cancellation and lapsing of licences

72. (1) A licence which has been suspended in terms of any provision of this Act remains valid in all respects, except that the licensee may not sell liquor in terms thereof during the period of suspension.

(2) A licence which has been cancelled by the Liquor Licensing Tribunal is void from the date of cancellation, or such other date as the Liquor Licensing Tribunal may determine.

(3) A licence which has lapsed in terms of section 62, 63 or 64 is void from the date upon which it lapses.

(4) The licensee of a licence which has been suspended, cancelled or has lapsed, may within thirty (30) days of such suspension, cancellation or lapsing, sell

by public auction conducted by a licensed auctioneer any liquor which was on the licensed premises on the date upon which the suspension, cancellation or lapsing came into effect.

## CHAPTER 12

### LAW ENFORCEMENT

Designation and functions of designated liquor officers and inspectors

73. (1) The Western Cape Provincial Commissioner of the South African Police Service may, in respect of each police station, designate any police officer of or above the rank of Inspector to perform the functions of a designated liquor officer in terms of this Act.

(2) A police officer who has in terms of section 139 of the Liquor Act, 1989 (Act 27 of 1989) been appointed as a designated police officer, becomes a designated liquor officer in terms of this Act and is deemed to have been appointed in terms of subsection (1).

(3) The Western Cape Provincial Commissioner of the South African Police Service may at any time terminate an appointment made or deemed to have been made in terms of subsection (1).

(4) The Authority may appoint any person in the employ of the Board as an inspector for the purpose of this Act.

(5) The Commissioner must, when designating a liquor officer in terms of subsection (1), and the Authority must, when appointing an inspector in terms of subsection (4), issue a certificate of designation or appointment signed by the Commissioner or the Chief Executive Officer on behalf of the Authority, as the case may be.

(6) A designated liquor officer or inspector must, when performing his or her functions in terms of this Act, upon demand of any person affected by the performance of that function, provide proof of appointment as designated liquor officer or inspector.

(7) A designated liquor officer or an inspector must -

(a) in respect of every application made in terms of this Act, report to the Liquor Licensing Tribunal on such matters as may be prescribed or which should, in the opinion of the officer or inspector, be taken into account when considering the application;

(b) at the request of the Liquor Licensing Tribunal, report on or furnish such information in connection with a matter as the Liquor Licensing Tribunal may require;

(c) as soon as the fact comes to his or her notice, report to the Chief Executive Officer the failure by a licensee to comply with the conditions of his or her licence, a compliance

47

notice or the provisions of this Act;

(d) report the fact that a licensee has become disqualified or unfit to hold a licence to the Chief Executive Officer;

(e) if he or she is of the opinion that the licensed premises have been abandoned or become unfit to be used for the purpose of the licensed business, report this fact to the Chief Executive Officer; and

(f) if the licensee has been convicted of a criminal offence, report the nature and circumstances of the offence and conviction to the Chief Executive Officer.

Powers of designated liquor officers and inspectors

74. (1) Subject to section 75, a designated liquor officer or an inspector may in the performance of his or her functions -
- (a) at all reasonable times enter -
    - (i) any licensed premises;
    - (ii) any premises in respect of which an application in terms of this Act has been made; and
    - (iii) any premises or vehicle on which he or she on reasonable grounds suspects that liquor is being stored or sold contrary to the provisions of this Act, and make such investigation, enquiries or inspections as he or she may deem necessary;
  - (b) at any time and place request from any person that he or she forthwith, or upon a date and time stipulated by the designated liquor officer or inspector, produce to him or her any licence, record or other document which is in the possession, custody or control of that person or any other person on his or her behalf;
  - (c) inspect any document referred to in paragraph (b), make copies thereof or extracts therefrom, and request from the person contemplated in the said paragraph an explanation of any part thereof;
  - (d) seize and remove anything if in his or her opinion it may constitute evidence of an offence in terms of this Act, or of a transgression of any condition of a licence;
  - (e) question the licensee or his or her employees, an applicant, or any person who is upon licensed premises if he or she suspects that the employee, applicant or person has in his or her possession or under his or her control any document which may be relevant to a matter which he or she is investigating; and
  - (f) order that any licensee or his or her employee, appear before him or her at a time and place to be stated by him or her to answer questions regarding a matter which is under investigation.
- (2) Any person who is in charge of premises contemplated in subsection (1) must render such assistance as the designated liquor officer or inspector may reasonably request.
- (3) Any person who is questioned by a designated liquor officer or inspector in terms of this Act must first be informed of his or her constitutional rights before any questioning commences and any answer thereafter by that person must be truthful and to the best of his or her ability.
- (4) An answer or explanation given to a designated liquor officer or an inspector may not be used

48

or admitted in criminal proceedings against the person who provides it, except in proceedings against that person on a charge relating to -

- (a) the administration or taking of an oath or affirmation;
- (b) the making of false statements; or
- (c) the failure to answer a lawful question fully and satisfactorily.

Exercise of powers to enter and search or inspect premises

75. (1) A designated liquor officer or an inspector may exercise a power referred to in section 74 relating to the entry, search or inspection of premises, if authorised by a warrant issued by a magistrate in accordance with subsection (3).
- (2) An inspector or a designated liquor officer may, in exercising and performing any power or function as contemplated in subsection (1), be accompanied by a peace officer or peace officers.
- (3) A magistrate may issue a warrant to enter and inspect any premises, if, on the basis of information provided in writing and under oath or affirmation, the magistrate has reason to believe that -

- (a) this Act is not being complied with; and
- (b) the entry and inspection are necessary, in the interest of the public, to obtain information-
  - (i) that is related to the alleged failure to comply with this Act; and
  - (ii) that cannot be obtained without entering those premises.
- (4) A designated liquor officer or an inspector may exercise the powers referred to in subsection (1) without a warrant-
  - (a) with the consent of the owner or the person in control of the premises concerned;
  - (b) if there is an outstanding compliance notice issued in terms of section 69, for the purposes of determining whether the notice has been complied with; or
  - (c) if the designated liquor officer or inspector on reasonable grounds believes that -
    - (i) a warrant will be issued in terms of subsection (3) if he or she applies for it; and
    - (ii) the delay in obtaining the warrant would defeat the objects of the search or inspection.
- (5) When entering premises in terms of this section, the designated liquor officer or inspector must -
  - (a) identify himself or herself to the person in charge of the premises;
  - (b) exhibit to that person the warrant, if any;
  - (c) explain the authority in terms of which the inspection is being conducted; and
- 49
- (d) conduct the inspection with the least possible inconvenience to the licensee or his or her customers and with the least possible disruption of the licensed business.
- (6) A designated liquor officer or inspector must, when seizing anything in terms of this section, issue to the person from whom the article has been seized, a receipt describing the article or articles seized and explaining the reasons for the seizure.
- (7) Anything seized in terms of this section must be retained and preserved until a court has made an order regarding the disposal thereof.
- (8) Unless the licensee or a person in his or her employ for whom he or she is responsible in terms of this Act is charged with a criminal offence in a court or is summoned to appear at a meeting of the Liquor Licensing Tribunal within thirty (30) days from the date of the seizure, the article seized must be returned to the person from whom it was seized.

#### General offences

76. A person who -

- (a) (i) is drunk and disorderly in or on any premises on which liquor is sold; or
- (ii) is drunk and disorderly in any place to which the public has access;
- (b) sells or supplies liquor to a drunk person or, being a licensee or a person in charge of licensed premises, allows a drunk and disorderly person to remain upon those premises;
- (c) sells or supplies liquor in a container which does not conform to the standards and specifications which the Minister has, by notice in the Provincial Gazette, prescribed;
- (d) purchases liquor from any person knowing, or having reasonable grounds to suspect, that such person is not licensed or permitted to sell liquor in terms of this Act;
- (e) sells liquor to a person, knowing or having reasonable grounds to suspect, that such person will resell the liquor otherwise than is permitted in terms of this Act;



- (f) being a licensee, permits the licensed premises to be used as a brothel or frequented by prostitutes;
  - (g) being a licensee, allows a supplier of unlawful drugs to remain on the licensed premises;
  - (h) being a licensee, allows the sale, use or possession of drugs upon the premises in contravention of any law dealing with such sale, use or possession; or
  - (i) being a licensee, or a person on his or her behalf, receives or holds any document or movable property as security or in pledge for the payment of a debt relating to the sale of liquor,
- is guilty of an offence.

#### Offences regarding information

77. A person who, regarding an application, objection or representations in terms of this Act -

- (a) lodges or provides information which he or she knows to be false or misleading, or which he or she does not know to be true, or lodges a forged document or one which purports to be but is not a true copy of the original;
- 50
- (b) replies to any objection or representations or complaint in a way he or she knows to be false or misleading, or which he or she does not know to be true; or
  - (c) in response to a question by a designated liquor officer, an inspector, a peace officer, a municipal official or the Liquor Licensing Tribunal lodges or provides information which he or she knows to be false or misleading, or which he or she does not know to be true or lodges a forged document or one which purports to be, but is not, a true copy of the original,
- is guilty of an offence.

#### Offences regarding meetings of Liquor Licensing Tribunal and Appeal Tribunal

78. (1) A person who -

- (a) having been duly notified to appear before the Liquor Licensing Tribunal, fails to do so either in person or represented by any other person, attorney or advocate;
  - (b) appears before the Liquor Licensing Tribunal, but without the leave of the Presiding Officer, absents himself or herself from the meeting before the conclusion thereof;
  - (c) having at a meeting been notified by the Presiding Officer to attend a meeting upon a date to which the meeting has been postponed, fails to be present thereat;
  - (d) having been called upon by the Presiding Officer to give evidence or to produce a document, refuses or fails to do so;
  - (e) had the oath or affirmation administered to him or her and refuses or fails to take the oath or to affirm;
  - (f) having taken the oath or having affirmed, fails to reply to the best of his or her knowledge to questions put to him or her or gives false or misleading evidence, knowing such evidence to be false or misleading;
  - (g) wilfully disrupts the proceedings of the Liquor Licensing Tribunal; or
  - (h) refuses to leave the meeting when ordered to do so by the Presiding Officer,
- is guilty of an offence.

(2) A person who was duly notified to appear before the Liquor Licensing Tribunal must -

- (a) notify the Presiding Officer in writing five working days before the date of the appearance if he or she is unable to appear on such date; and
- (b) include the reasons for his or her failure to appear on such date.

(3) A contravention of or failure to comply with subsection (2) is an offence.

(4) The provisions of subsections (1) and (2) apply, with the necessary changes, to meetings of the Appeal Tribunal.

Offences regarding designated liquor officers and inspectors

79. A person who -

51

- (a) misrepresents himself or herself as being a designated liquor officer or inspector;
  - (b) hinders a designated liquor officer or inspector in the execution of his or her duties;
  - (c) refuses or fails to obey a lawful instruction given by a designated liquor officer or inspector;
  - (d) when questioned by a designated liquor officer or inspector, knowingly gives a false or misleading answer; or
  - (e) fails to comply with a reasonable request from a designated liquor officer or inspector in terms of section 74,
- is guilty of an offence.

Offences regarding motor vehicles

80. (1) A person who -

- (a) consumes liquor in a motor vehicle driven or parked on a public road;
  - (b) allows the consumption of liquor in a motor vehicle of which he or she is the driver or which is under his or her control while it is being driven on a public road; or
  - (c) allows liquor contained in an open container to be in a motor vehicle while it is being driven on a public road,
- is guilty of an offence.

(2) Subsection (1) does not apply to the consumption of liquor in a motor vehicle which is licensed for the sale and consumption of liquor.

Offence regarding service stations

81. (1) No liquor may be sold, supplied or consumed on an erf upon which the business of a service station selling petrol, diesel and other petroleum products to the public is conducted.

(2) Subsection (1) does not apply to premises already licensed.

(3) Except in exceptional circumstances, the Liquor Licensing Tribunal may not grant a licence in respect of premises as contemplated in subsection (1).

(4) A contravention of or failure to comply with subsection (1) is an offence.

Failure to comply with order of Liquor Licensing Tribunal

82. (1) Failure by a licensee to comply with an order of the Liquor Licensing Tribunal in connection with the licence or licensed premises concerned is an offence.

(2) If a person fails to comply with an order of the Liquor Licensing Tribunal, the Liquor Licensing Tribunal may, after proper enquiry -

- (a) suspend the licence pending compliance with the order;
- (b) impose a fine, the payment of which may be suspended pending compliance with the order;

52

(c) refer the matter to the South African Police Service for the prosecution of the offender; or

(d) cancel the licence.

Vicarious responsibility

83. (1) If the manager, agent or employee of a licensee does or omits to do anything, which, if it were done or omitted by the licensee, would be an offence in

terms of this Act, the licensee is deemed to have done or omitted to do that act, except where-

- (a) the licensee neither connived at, permitted or allowed the act or omission;
  - (b) the licensee took such steps as he or she was reasonably able to take in order to prevent the act or omission; and
  - (c) the act or omission did not fall within the scope of the employment or authority of the manager, agent or employee.
- (2) The fact that a licensee has issued instructions prohibiting an act or omission is not in itself sufficient to prove that he or she took the steps required by subsection (1)(b).
- (3) When a licensee is liable for an act or omission of another person in terms of subsection (1) such other person is also liable therefor as if he or she was the licensee.
- (4) A manager, agent or employee is not released from any other liability which he or she may have incurred apart from the liability shared with the licensee in terms of subsection (1).

Application of Act and exemptions

84. (1) This Act does not apply to -

- (a) an officer as defined in section 1(1) of the Customs and Excise Act, 1964 (Act 91 of 1964), in the performance of his or her functions as such;
- (b) a sheriff or deputy sheriff or any other officer acting in terms of an order of a court in the performance of his or her functions as such;
- (c) the master of a ship, with regard to the sale of liquor to a passenger on board that ship while in a harbour in, or in the territorial waters of, the Republic of South Africa during a voyage of not less than 100 kilometres;
- (d) the manager of a refreshment room maintained for the use of members of a body established by or under any law and having legislative powers, with regard to the sale of liquor in such a refreshment room to members of the body concerned and their bona fide guests, for consumption in that refreshment room;
- (e) a person selling liquor under the authority of the Minister of Defence –
  - (i) to members of the South African National Defence Force and their bona fide guests on the premises of a club or mess contemplated in the Defence Act, 2002 (Act 42 of 2002), for consumption on those premises; and
  - (ii) in connection with a base, camp, station or ship for any part of the South African National Defence Force;
- (f) a person selling liquor under the authority of the Minister concerned on premises under

53

the control of the South African Police Service, the Department of Correctional Services or the National Intelligence Agency, to members of the institution concerned and their bona fide guests;

- (g) the company as defined in section 1 of the Airports Company Act, 1993 (Act 44 of 1993), or a person acting on behalf of the said company, with regard to the sale of liquor on the premises of a company airport as defined in section 1 of the said Act, but subject to any regulation that may be made under section 15 (1)(b) of that Act;
- (h) a micro-manufacturer who engages in viticulture, with regard to the sale of wine or brandy which –
  - (i) is manufactured from grapes produced on land owned or lawfully occupied by him or her or from grapes purchased or otherwise procured by him or her; and

- (ii) is manufactured in a cellar on that land or in a central cellar owned or lawfully occupied by him or her,  
if that wine or brandy –
- (aa) is sold in a quantity of not less than 18 litres in a securely sealed receptacle or receptacles to a manufacturer of vinegar, a licensee or a person exempted in terms of this Act; and
- (bb) except in the case of a sale to or an order by a licensee who is licensed to sell liquor for consumption off the licensed premises, is sold or ordered before being removed from the cellar concerned;
- (i) the convenor of a bona fide wine-tasting function, with regard to the sale of wine in quantities of less than 200 millilitres at that function lasting not more than two hours, for consumption at the function, to persons of or above the age of 18 years;
- (j) a person referred to in a notice under section 10 of the Liquor Products Act, 1989, with regard to the sale of any sacramental beverage under such a notice;
- (k) a person, with regard to the sale of any spirituous or distilled perfumery or medicated spirit, which perfumery or spirit is not methylated spirits;
- (l) the manufacturer of sweets containing more than 2% by mass of alcohol and manufactured in the Republic, with regard to the sale of those sweets to a licensee or a person exempted in terms of this Act; and
- (m) categories of persons as may be prescribed.
- (2) The Liquor Licensing Tribunal may, on application in the prescribed manner and if circumstances so warrant, declare that the sale of liquor by a person named in the declaration, is exempt from the operation of this Act, excluding such provisions as it may determine –
- (a) on premises occupied, controlled or maintained by a department of State;
- (b) on premises occupied, controlled or maintained by the Armaments Corporation of South Africa Limited, or the Atomic Energy Corporation of South Africa Limited, to employees of the institution concerned and their bona fide guests, for consumption on those premises;
- (c) on behalf of a statutory institution on premises in or at a public resort, national park or  
54  
game or nature reserve;
- (d) on behalf of the principal of an educational institution, excluding a school as defined in the South African Schools Act, 1996, in a restaurant used for the training of persons in catering services on premises occupied, controlled or maintained by the institution concerned, for consumption in that restaurant;
- (e) if that person is a collector of wine and that liquor consists of his or her collection of wine or any part thereof; or
- (f) if that person is a licensed auctioneer acting on behalf of a bona fide cultural or welfare organisation, an educational institution, excluding a school as defined in the South African Schools Act, 1996, or an insurer.
- (3) A declaration issued under subsection (2) is subject to such conditions set out therein as the Liquor Licensing Tribunal may in its discretion impose.
- (4) The Presiding Officer may at any time after the issue of a declaration under subsection (2), upon application by the person named in the declaration or any interested party, by a notice delivered or tendered to the person named in the declaration concerned -
- (a) in his or her discretion, impose such conditions or further conditions as may be set out in the notice, to which the declaration shall be subject;

- (b) withdraw or amend any condition imposed by him or her under this section; or
- (c) withdraw or amend the declaration.

#### Evidence

85. (1) If in any criminal proceedings or at a meeting of the Liquor Licensing Tribunal evidence is adduced that a person who is not licensed or permitted to sell liquor in terms of this or any other Act -

- (a) had on or near his or her premises a sign or notice purporting that liquor is for sale there;
  - (b) occupied premises fitted out in a manner to induce a reasonable conclusion that liquor is for sale there;
  - (c) had on his or her premises or under his or her control more liquor than the maximum volume referred to in section 60 without the prior consent required by that section; or
  - (d) bought or procured more liquor than the maximum volume referred to in section 60 without the prior consent required by that section,
- it is prima facie proof of the sale of liquor.

(2) If in any criminal proceedings or at a meeting of the Liquor Licensing Tribunal -

- (a) there is produced as evidence a sealed container containing a liquid, upon which container there is a label or other device indicating the alcohol content of the liquid, it is prima facie proof that the liquid contains the alcohol stated and, if the alcohol content stated is more than 1 percent of alcohol by volume, that the liquid is liquor;
- (b) there is produced as evidence more than one container, each of which forms part of a stock or batch of liquor found at the same place at the same time, and it is proven that one or more of such containers contain liquor, it is prima facie proof that all the

55

containers contain liquor;

- (c) there is produced as evidence a document which purports to be a copy of a licence, it is on its mere production prima facie proof of the licence or permit and any condition or endorsement thereon or attached thereto is deemed to be a condition or endorsement imposed in terms of this Act;
- (d) there is produced as evidence a statement or certificate purporting to be signed by an analyst or chemist in the employ of the Government of the Republic, or in the employ of a university or of a medical research institute, who has made an analysis of a liquid or substance which is the object of the criminal proceedings or meeting, such statement or certificate is prima facie proof of the contents of the statement or certificate; or

(e) evidence is produced that a licensee who is accused of a contravention of section 54 failed to obtain from a person under the age of eighteen (18) years either-

- (i) his or her valid identity document;
- (ii) his or her valid drivers' licence; or
- (iii) his or her valid passport,

such evidence is prima facie proof of the fact that the licensee had knowledge of the fact that such person was under the age of eighteen (18) years.

#### Notices

86. (1) The Minister may, subject to section 41 of the Liquor Act, prescribe -

- (a) the content of public notices which must be displayed; and
  - (b) the manner in which such notices must be displayed, on licensed premises.
- (2) Failure to display a notice referred to in subsection (1) is an offence.

#### Penalties and forfeiture

87. (1) A person who is charged with an offence referred to in -

(a) sections 32(3), 54(6), 55(3), 76(g) or 76(h) is liable on conviction to a fine not exceeding R1 000 000,00 or to imprisonment for a period not exceeding five years or to both such fine and such period of imprisonment;

(b) section 49(7), 50(2), 51(9), 53(4), 58(3), 59(8), 76(e), 76(f), 76(i) or 81(4) is liable on conviction to a fine not exceeding R500 000,00 or to imprisonment for a period not exceeding two-and-a-half years or to both such fine and such period of imprisonment;

(c) section 50(3), 57(3), 60(4), 69(11), 76(b) or 82(1) is liable on conviction to a fine not exceeding R100 000,00 or to imprisonment for a period not exceeding six months or to both such fine and such period of imprisonment; or

(d) section 23(13), 56(5), 76(a), 76(d), 77, 78(1), 78(3), 79, 80(1) or 86(2) is liable on conviction to a fine not exceeding R50 000,00 or to imprisonment for a period not exceeding three months or to both such fine and such period of imprisonment.

56

(2) ...

(3) Section 32 of the Criminal Procedure Act, 1977 applies where a person pays an admission of guilt fine in terms of section 57 of that Act in connection with the contravention of a provision of this Act.

(4) Any item that is forfeited to the State in terms of this section must be disposed of in the prescribed manner.

#### CHAPTER 13

#### REGULATIONS, TRANSITIONAL PROVISIONS AND SHORT TITLE

##### Regulations

88. (1) The Minister must make regulations regarding matters that must be prescribed in terms of this Act, and may make regulations regarding -

(a) any matter that may be prescribed in terms of this Act;

(b) the retail sale and micro-manufacture of methylated spirits;

(c) the determination of the percentage of each renewal fee which must be allocated to the fund in terms of section 31(3);

(d) the disposal of liquor forfeited to the State in terms of section 87(2); or

(e) any matter which the Minister considers necessary or expedient to make in order to achieve the objects of this Act.

(2) A regulation made in terms of this section in respect of fees or money to be paid must be made in consultation with the Minister responsible for finance for the Province.

##### Transitional provisions

89. (1) (a) Notwithstanding the repeal of the Liquor Act, 1989 (Act 27 of 1989), by this Act, the previous Board continues to function until a date determined by the Minister by notice in the Provincial Gazette, which date may not be more than two weeks after all members of the Board have been appointed in terms of section 3.

(b) For the purposes of paragraph (a), the previous Board must function in accordance with the provisions of -

(i) this Act as if it were the Authority, the Board or the Liquor Licensing Tribunal, as the case may be; and

(ii) for the purposes of subsection (7), the laws referred to in that subsection.

(1A) As soon as possible after the commencement of this Act the Minister must in consultation with the Minister responsible for finance in the Province –  
(a) transfer the assets, rights, obligations and liabilities of the previous Board to the Authority; and  
(b) subject to section 197 of the Labour Relations Act, 1995 (Act 66 of 1995) and the Public Service Act, 1994, transfer employees of the Provincial Government of the Western

57

Cape who were employed at the previous Board at the time of the commencement of this Act to the Authority.

(2) Any licence of the kind listed hereunder which was in force immediately before the date of commencement of this Act is deemed to be a licence for the sale of liquor for consumption on the licensed premises -

- (a) hotel liquor licence;
- (b) restaurant liquor licence;
- (c) wine-house licence;
- (d) sorghum beer licence for on-consumption;
- (e) theatre liquor licence;
- (f) club liquor licence; and
- (g) special liquor licence for on-consumption.

(3) A licence of the kind listed hereunder which was in force immediately before the date of commencement of this Act is deemed to be a licence for the sale of liquor for consumption off the licensed premises -

- (a) liquor store licence;
- (b) grocer's wine licence;
- (c) sorghum beer licence for off consumption;
- (d) wine farmer's licence;
- (e) special liquor licence for off-consumption which does not include the right to micromanufacture liquor; and
- (f) wholesale liquor licence (public), approved under the Liquor Act, 1977 (Act 87 of 1977).

(4) A licence of the kind listed hereunder which was in force immediately before the date of commencement of this Act and which authorises the manufacture of liquor and in respect of which the volume of liquor manufactured in the preceding twelve (12) months did not exceed the threshold limit prescribed in terms of section 4(10) of the Liquor Act, is deemed to be a licence for the micro-manufacture and sale of liquor for consumption off the licensed premises -

- (a) wholesale liquor licence;
- (b) producer's licence;
- (c) brewer's licence;
- (d) sorghum beer brewer's licence; and
- (e) special liquor licence for off-consumption.

(5) A licence of the kind listed hereunder, which gives the holder thereof the right to sell liquor for consumption off the licensed premises and which remained in force after the commencement

58

of the Liquor Act by virtue of items of 2(1) and 5 of Schedule 1 to that Act and which was in force immediately before the date of commencement of this Act, may on application by the licensee be converted to a licence for the sale of liquor for consumption off the licensed premises -

- (a) wholesale liquor licence;
  - (b) producer's licence;
  - (c) brewer's licence; and
  - (d) sorghum beer brewer's licence.
- (6) A notice issued in terms of section 33 of the Liquor Act, 1989 (Act 27 of 1989), and in force immediately prior to the commencement of this Act, is deemed to be conditions set out in writing in terms of section 44 of this Act.
- (7) Notwithstanding the repeal of any law by this Act, any application made prior to the commencement of this Act must be considered and disposed of in accordance with the provisions of the law in terms of which it was lodged.
- (8) The provisions of subsections (2) and (3) also apply to licences granted in terms of the provisions of the Liquor Act, 1989, subsequent to the date of commencement of this Act.
- (9) Unless determined otherwise by the Liquor Licensing Tribunal upon application, a licence which has been issued in respect of premises located upon an erf upon which a service station selling petrol, diesel and other petroleum products is being carried on at the date of commencement of this Act, lapses twelve (12) months from the date of commencement of this Act.
- (10) Any licence issued prior to the commencement of this Act for premises on which liquor may be sold for consumption either on or off the licensed premises which authorises trading beyond the trading hours referred to in section 59 is after twelve (12) months from the date of commencement of this Act subject to section 59.
- (11) Any consent, approval or privilege granted to a licensee in terms of the Liquor Act or any Act repealed thereby, which is not inconsistent with the provisions of this Act, is deemed to be a consent, approval or privilege granted in terms of this Act.
- (12) Any condition imposed upon a licence in terms of the provisions of the Liquor Act or any Act repealed thereby, which is not inconsistent with the provisions of this Act, is deemed to be a condition imposed in terms of this Act.
- (13) A licensee of premises licensed before the commencement of this Act and referred to in section 49 must within twelve (12) months from the date of commencement of this Act comply with the conditions referred to in that section.

#### Repeal provision

90. The Liquor Act, 1989 (Act 27 of 1989) is repealed in so far as it applies in the Province.

#### Short title and commencement

91. (1) This Act is called the Western Cape Liquor Act, 2008 and comes into operation on a date determined by the Premier by proclamation in the Provincial Gazette.

(2) If the Premier determines different dates for the commencement of different provisions of this Act, a reference in a provision of this Act to the date of commencement of this Act must be construed as a reference to the date determined by the Premier for the commencement of that provision



## APPENDIX F: INTERVIEW CONSENT LETTER

49 Kwartel Park  
Kwartel Street  
Brackenfell  
7460  
22 May 2015

### LETTER OF INFORMATION AND CONSENT **Critical success factors in liquor retailing in selected townships of Cape Town, South Africa**

Dear participant,

I am currently undertaking a research project that aims to develop an industry specific framework that clearly identifies the critical success factors in liquor retailing in selected townships of Cape Town, South Africa.

I hereby kindly invite you to take part as a participant in this study. The interview will take approximately 15 minutes. Participation is voluntary and you are free to withdraw from the study at any time. The information you give will only be used for research purposes, and your identity and individual answers will be kept totally confidential. Should you wish to discuss this further please feel free to contact me or my supervisor Professor Roger Mason, telephone 021 464 3040 or [masonr@cput.ac.za](mailto:masonr@cput.ac.za).

Your assistance will be much appreciated,

Yours faithfully,

Ms A.P Mrasi

079 446 8603

[mrasia@cput.ac.za](mailto:mrasia@cput.ac.za) OR [andy.mrasi@gmail.com](mailto:andy.mrasi@gmail.com)

Please complete the following as confirmation of your willingness to participate in this research project:

I, ....., have adequately discussed the study with the researcher, understand that I may withdraw from it at any time without giving reasons, and voluntarily agree to participate by being interviewed.

Signature:..... Date.....

## APPENDIX G: EXPLORATORY STUDY INTERVIEW QUESTIONS

Interview Questions	Responses
1. What are the general responsibilities of a liquor retailer when trading with the company?	
2. What is the percentage of the Cape Town township liquor retailer's contribution on the company's revenue in the Western Cape?	
3. What are the challenges that the company experience when doing business with township liquor retailers?	
4. What are the micro and/or macro environment factors that affect the success of these retailers?	
5. How does the business classify a successful liquor retailer?	
6. What are the skills, knowledge and resources required for a profitable and sustainable liquor retail business?	
7. Does the company offer any form of support to encourage success of liquor retailers? If yes, what is the criterion used to qualify for that support?	
8. Any additional information.	

## APPENDIX H: DESCRIPTIVE INTERVIEW QUESTIONNAIRE

### SECTION A: Personal Information

2. Gender (Please mark with an "X")

Female
--------

Male
------

3. Age group (please mark with an "X" in the appropriate box)

20- 30 years	31-40 years	41-50 years	51-60 years	61- 70 years	71years and above
--------------	-------------	----------------	-------------	--------------	-------------------

4. Racial group (please mark with an "X" in the appropriate box)

Black	Coloured	Indian	White	Other, please SPECIFY

5. Home language

Afrikaans	English	IsiXhosa	Other, Please specify

6. Nationality

--

7. What is your highest education qualification?

--

8. Have you attended any business skills training, If yes which year?

--

SECTION B: Business Information

9. Is your business formally registered?

YES
-----

NO
----

10. What is the ownership structure of the business? (Please mark with an X on the appropriate box)

Sole Trader	PTY (Ltd)	Close Corporation	Other, please specify

11. How many years has the business been operating? (Please specify number of years)

0-2 years	3-5years	6-10 years	11-20 years	21years and more

12. What is your position in the business?

Owner	Manager	Employee	Other, Please

13. What is the monthly revenue of the business? (Please mark with an "X" in the appropriate box)

R0-R10 000 000	R10 001 - R50 000	R50 001 – R100 000	R100 001- R500 000	R500 001 and above

13. What is the total number of employees of the business including permanent and part-time?

14.1 What is total number of **permanent** employees? 14.2 What is the total number of **part-time** employees?

SECTION C: Open ended questions

Please answer the question below; also note that there is no right or wrong answer:

1. What challenges do you face with regards to the operations of the business?

.....

2. What challenges do you face with regards to any external environment factors? Please list any factors; for example, market factors (Economy, government etc.), physical factors (roads, neighbours etc) or anything external to your business.

.....

3. Have you received any support to assist you with the above challenges either from the government or other institutions?

 YES NO

Please explain:

.....

4. If you answered yes in question 3, please explain if you were satisfied with the support you received, and if not, why not?

.....

5. Do you know any organizations or government institutions that offer support to a business like yours? Please list all those that you know of.

.....

6. How many years of experience do you have of owning or managing a business?

0-2 years	3-5years	6-10 years	11-20 years	21years and more

7. What is the level of business competition in your area and how is it affecting your business?

Low	Medium	High	Other, Please specify

8. What kind of business skills do you need in order grow your business?

Operations	Marketing	Human Resource	Finance	Risk & Asset	Other, Please specify

9 What are your comments on the liquor trading laws?

.....

10. What was your motivation in starting the business?

.....

11. What made you to choose to start a business in the liquor industry?

.....

12. Where did you acquire the initial funding to start the business?

Financial Institution e.g. Bank	Own funds	Family	Personal Loan	Other, Please specify

13. What types of financial services do you mostly make use of in business? You can select as many as possible.

Banking- Transacting	Loan	Savings/investment	Credit card/ overdraft	Other, please specify

14. Please add any comments you have.

.....



Departmental Research Committee E- Meeting

Date: 17 October 2016

**Contributors:**

Dr. V. Mugobo – Committee Chairperson

Mr. P. Venter

Mrs. A. Jere

Mr. T. Hermanus

Mr. J. Aspeling

Mr. M. Mutize

Mr. M. Malgas

Mr. N. Chirwa

Ms. N. Pietersen

The main business of the e-meeting was to receive a submission from Ms. Andiswa Mrasi (Student Number – 205124224).

Andiswa Mrasi submitted her final Master of Retail Business Management dissertation for approval by the Departmental Research Committee. The dissertation was submitted together with the respective HDC forms (HDC1.1 – submission of thesis for final examination).

The committee was unanimous that the dissertation meets the university technical, structural and academic requirements. The committee therefore approved the submission of the dissertation for external examination.

Signed:

Date: 17 October 2016



Dr. Virimai Mugobo

CHAIRPERSON- DEPARTMENTAL RESEARCH COMMITTEE