



WESTERN CAPE **LIQUOR AUTHORITY**

END OF TERM BOARD REPORT FOR 2014/2017

[Report by Board Chairman](#)

[\(Michael Eric Jones\)](#)



Introduction

As we end our term, it has been important for the Board to take stock as we round off and prepare for the incoming Board.

Much has been done to deliver against our mandate and the strategic objectives of the Western Cape Liquor Authority (WCLA).

Overview of Strategic Objectives (SO)

- a. To regulate the liquor industry in the Western Cape.
- b. To be responsive to the needs of the liquor industry and the community.
- c. To establish a stakeholder-inclusive model that informs key interventions.
- d. To be sustainable, independent, effective, accountable and transparent.
- e. To be an efficient and productive entity.

My chairmanship has come with many challenging and rewarding moments.

Through the first year of transition we relocated premises, rebranded the (WCLA) and appointed a new Chief Executive Officer (CEO), Dr Mdunyelwa. We made good progress on many fronts, including building our strategic platforms captured in the Annual Performance Plan (APP).

I am honoured to have been part of all the achievements under the new structure of the WCLA 2008 Liquor Act. Together with my fellow Board Members, we aimed to have left a legacy of good leadership with a robust institutional structure for future operational longevity. Important in achieving our mandate is to find commonality with our stakeholders and I am humbled to part of the incredibly talented and dedicated workforce within the WCLA who strives to do just that.

The province is faced with and will continue to face challenges of health, jobs and economic growth in both developed and emerging markets. When combined with the rapidly changing demographics of an increasing, diverse population, a growing middle class, the persistence of chronic disease and unemployment the need to constantly find a balance in the interest of the Western Cape and all of its people is top priority. In line with this, the WCLA aims to exercise its mandate as a regulator to ensure responsible manufacturing, distribution, the sale of and consumption of alcoholic beverages.

We recognise that our duty is a huge responsibility and privilege and I am pleased with the way that we have exercised our fiduciary obligation.

Overview

The WCLA has been in existence for five years since 1 April 2012 and has laid a solid foundation. After identifying some challenges in the operating environment, the Board, in conjunction with the management team, finalised a detailed plan geared to assist with this.

Some of the milestones during the period under review are listed below:

- Rebranding the WCLA with a new logo and slogan.
- Appointment of a Chief Financial Officer.
- Appointment of the Liquor Licensing Tribunal (LLT).
- Appointment of the Presiding Officer of the LLT.
- Move of mother department on 1 April 2016 from The Department of Economic Development to The Department of Community Safety.
- Amendments to the Western Cape Liquor Act 4/2008 as amended.
- Initiation of Section 31 social and education funding.
- Institutionalising of numerous enabling policies for better performance delivery and governance.
- Two rounds of public participation of legislative and regulatory amendments.
- Introduction of the Funding / Pricing Model to provide a revenue stream supportive of organisational sustainability.
- Completed an organisational design assessment and report for the WCLA.
- Submission of national comments to the draft Liquor Bill.
- Submission of provisional comments to the draft Alcohol Harms Reduction Liquor Bill
- Clearing backlog of liquor licence applications.
- Achievement of a clean Audit Reports.

Strategic View

A broader scope, refinement and appropriate gearing of the APP imperatives will take an integrated approach. This is with a view to keep track of legislative and market dynamics. Some contemplation will be that of the game-changer, Alcohol Harms Reduction White Paper (AHRWP) of September 2017 which will form some of the guiding principles in moving toward the 2020/2025 strategy.

The challenge for the incoming Board will be that of consolidating and gearing the operations of the WCLA to factor in the new potential Liquor Bill initiatives in a way that is supportive but not disruptive in its ability to deliver service excellence against a conscious mandate for broader public interest. The Board will need to stay close to the primary inputs into the new Bill to provide and support the transitional management role to maintain operational traction. This must always be in an effort to aid organisational stability, positive staff sentiment and support healthy levels of staff retention.

The members have proven their diligence in the application of our mandate with due consideration of our various frameworks such as our Liquor Act, Public Finance Management Act, Promotion of Administrative Justice Act and other guiding legislation in its oversight of good governance. Many policies and procedures, including the now functioning funding models of licence fees, Section 31 Policy, remuneration policies, training and development and the issuing of fines, to mention a few, have been adopted to drive viability and sustainability, better performance, accountability and transparent reporting.

Initiatives, as set in the APP; to highlight a few i.e. integrated technology administrative systems, Funding / Pricing Model together with the Organisational Redesign Project will enable the WCLA to deliver more efficiently and effectively. The enactment of the legislative amendments and regulations to the Liquor Act, including additional proposed amendments, will enable the LLT to build capacity and fluidity in both the decision-making and operational aspects for the WCLA to render an improved service. These long-outstanding amendments and regulations are crucial in providing a seamless process that is more responsive to the needs of the business of the WCLA, but more importantly to deliver to the community of the Western Cape.

The WCLA is now fundamentally in a consolidated space for future and expanded growth.

Committees' Performance

Committees, in line with codes of good governance were set up. They were established in support of the initiatives as per the APP in driving the objectives of the WCLA. Committee Charters and Terms of Reference for 2015 have proven to be valuable in providing a clear directive. These were reviewed annually.

Each component of the WCLA has been identified to drive operational efficiencies and build capacity to deliver a world-class service. Many of these initiatives were identified and developed in the past years as per the APP and internal policies have formed the platform from which the WCLA has implemented and driven the operational initiatives in support of the strategic objectives.

Operations Committee

Regular assessment and revision of legislation and regulation are crucial in providing relevant and an enabling structure as it relates to the needs of the WCLA. The Liquor Licencing Administration understands the need for improved visibility, track and traceability of applications and have implemented a progress with Blue Gekko and SETA which will allow us to better understand how we perform within the administration of applications. Improved service delivery, with a view of measurable outcomes of applications within the legislative and WCLA benchmark timelines, have been initiated and will further aid in understanding the efficiencies and performance deliverables of the Authority.

The Liquor trade has a long legacy of laws that contributed to the situation we have today; of illegal and concentration of licensed and unlicensed outlets. The initial Liquor Act of 1926 denied access to employment and ownership, coupled with the restraint of movement in the

legislative reforms of the past has left us with the complex legacy of how to address the questions of zoning when it comes to granting of licences and/or the legitimacy thereof. Finding a solution around how to deal with zoning will assist greatly in the management of illegal traders in resolving this contentious barrier to entry.

The zoning challenge remains a burning issue and will continue to be so for the foreseeable future. Legislation alone will not change or effectively address the immediate challenges around illegal trading and will most likely take a multifaceted solution which includes social, economic, educational transformation.

Stakeholder Committee

Effective marketing and communication are fundamental for successful organisations and it is therefore essential to understand stakeholder perceptions and expectations for enhancing the credibility and reputation of the WCLA.

Much has been said about the extent to which we engage with stakeholders and I believe that we have much to learn. As part of remaining relevant and up to date with industry developments this will be an area that should be continued to nurture.

Through this committee we managed to draw on our relationships over the past period with the view to build collective and integrated partnerships allowing us to achieve commendable results. We have managed to find common-ground for allowing the WCLA to leverage the information, resources and knowledge to drive our social and educational programmes.

Stakeholder relations, to some extent, remains a disconcerting space to the degree in which we engage. Much value can be gained from stakeholders. Guidance from policy, good governance and a proficient communication strategy will aid in the ethical administration of our partnerships.

As part of remaining relevant with industry developments, understanding our opportunities for an improved service, we will be evaluated annually via the perception surveys initiated in 2016. We have succeeded in building relationships with various partners which allows access to stakeholder and market insights; pooling of resources and expertise; gaining an informed understanding of key organisational development opportunities to enhance organisation value for the Authority.

Strategic focus for this committee for the foreseeable future will be the lobbying and the implementation of Section 31 Social and Educational Fund in the hope that this will aid us in implementing much-needed projects within the communities and industry. Concerted efforts will need to be made to assess the illegal space in formulating a communication strategy aimed at transforming this sector.

Human Resources and Audit Committee

Retention policies have been considered by this committee in the belief that it will positively impact the work life, training and development of our employees with a view to retain staff in this specialised field.

The Authority's facility for the increased funding and retention of funds / income will need to be explored with a view to determine expected and future funding requirements. The second phase of categorisation of the fee funding matrix by channel / volume / revenue is being developed for an equitable solution for current and prospective liquor licence holders.

A further follow up for the implementation of the organisation design process should be pursued. This committee will do well in instituting Phase 1 of the proposed three-phase process for the period 2017 / 2018 with the roll-out of crucial positions.

Risk Committee

The implementation of this additional committee, as recommended by King 4 and proposed by the Audit Committee Chair, has been adopted by the WCLA Board. The detail of which will be captured in the Terms of Reference and Charter.

Some of the aspects of concern to be reviewed:

- Governing Board Charter and Code of Conduct are a fundamental platform of good governance and ethical conduct. A transparent, unambiguous charter for the WCLA is crucial to validate leadership and observance of accountability to each another and to the organisation. In the coming year the aim should be to put in place the updated Board Charter and Code of Conduct as a task, with recommendations, by the current Board as we transfer the learnings to the incoming Board. These have now been drafted and includes the definition of meetings and the appropriate remuneration claimable by Board members for sign off.
- To ensure adequate skills and competencies, a proposed, independent evaluation of the Board has to be taken under advisory. Targeted training for the various members and committees should be continuously assessed and provided to ensure a high-level of contribution and competency. The identified training for Board members should as far as possible be prioritised in the first year as part of the standard induction to bring members up to speed. This will also mitigate any delay in vetting courses while being able to set predetermined budgets.
- Board Assessment (BA) was unable to deliver any meaningful insight as to performance or training needs. This is largely due to lack of inputs and the skill to objectively evaluate the information. My recommendation is that Board members, including the Chairperson, be assessed annually by an independent body.
- The lease agreement at SUNBEL will need to be reviewed with urgency in relation to services rendered and the renewal period. A proposal will be submitted by the CEO for a decision by the Board.
- The Organisation Redesign has been submitted to the MEC as part of the Board intention to assist the gearing of the entity to deliver against the strategic initiatives and response to stakeholder expectations. Institutional arrangements, as per Chapter Nine of the AHRWP, is a further consideration in finding the best fit for the WCLA. The impact could have a fundamental impact on the deliverables of the WCLA to the people of the Western Cape. The WCLA Board and Executive will need to be part of the conversations in developing these business models.

In closing

It is always a challenge to respond appropriately and satisfactorily on our expectations and that of our stakeholders. In an effort to strive to do our best, we endeavour to accomplish what is reasonably possible in achieving our strategic objectives with our limited resources.

I am optimistic that with strong leadership and collective vision, the Authority will realise their goals and continue to take the WCLA to new levels of performance.

To the Board members; thank you for the insight, expertise and commitment.

Thank you CEO, Dr Luzuko Mdunyelwa, and executive team for your enthusiasm, leadership and efforts you have made in realising the commendable results thus far.

Finally, I thank Minister Dan Plato, Department of Community Safety; Mr Morris, Head of Department of Community Safety and your team for your ongoing commitment and support.

A handwritten signature in black ink, appearing to read 'Michael Eric Jones', with a long horizontal stroke extending to the right.

Michael Eric Jones

Chairperson (Western Cape Liquor Authority)