



Barriers to Entry into the Legal Liquor Trade

July 2016

Compiled by HS Business Solutions for the Western Cape Liquor Authority

The purpose of the research project was to investigate the barriers to entry into the liquor licensed environment in Khayelitsha, Paarl East and Nyanga. The objective was to establish why liquor traders illegally trade in liquor and whether they would be prepared to operate in other business sectors of the economy.

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Acronyms:

ACRONYM	DESCRIPTION
CEO	Chief Executive Officer
DLO	Designated Liquor Officer
ID	Identification Document
LLA	Liquor Licensing Administration
LLT	Liquor Licensing Tribunal
RSA	Republic of South Africa
STATS SA	Statistics South Africa
VPUU	Violence Prevention Urban Upgrading
WCLA	Western Cape Liquor Authority

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1. INTRODUCTION

The Western Cape Liquor Authority (WCLA) regulates the retail sale and micro-manufacturing of liquor in the province. In addition, the WCLA also facilitates transformation of the liquor industry in the Western Cape by promoting the entry of new license holders as well as aiming to ensure the responsible use of alcohol. The WCLA is therefore responsible for creating a regulatory framework for the retail sale and micro-manufacturing of liquor in the province. Regulations are necessary in order to ensure that the negative impacts of alcohol abuse can be curtailed and that the liquor industry can operate in a safe, fair and economically fruitful way. With this mandate, it is important to recognise the impact that regulatory legislation and practices have on the province.

Regulations ensure that the health and safety of the public can be protected, and enable better control of negative impacts such as crime. Illegal manufacture of liquor and illegal liquor outlets, which fall outside of these regulations, threaten the regulatory safeguards and could exacerbate negative impacts. However, these illegal and unlicensed outlets also constitute an important function within communities which must be considered in policy decisions, and as far as possible policies should be aimed at integrating these outlets into legal frameworks and improving their adherence to regulations of the liquor industry.

2. PURPOSE AND OBJECTIVES

The purpose of this research was to gather relevant information on the barriers to entry into the liquor licensed environment in Khayelitsha, Paarl East and Nyanga, with the objective of establishing why unlicensed liquor traders trade illegally and whether they would be prepared to operate businesses in other sectors of the economy.

The scope of this study includes the following:

- Investigating the barriers to entry into the liquor licensed environment in Khayelitsha, Paarl East and Nyanga;
- Establishing why many liquor traders illegally trade in liquor and how to best address this phenomenon;
- The location of these illegal traders in Khayelitsha, and Paarl East
- Determining whether they would consider entering other sectors of the economy, and if so, what their anticipated challenges would be.

HS Business Solutions was appointed by the WCLA to conduct the research and report on the findings.

For the purpose of this study, a shebeen is identified as an unlicensed liquor trader and a tavern defined as a licensed liquor trader.

3. BACKGROUND

3.1. LEGISLATIVE BACKGROUND

The supply and consumption of liquor in the Western Cape was first regulated more than a century ago when the Government of the Cape Colony introduced the **Liquor Licensing Act of 1883**.

This Act and subsequent amendments formed the foundation of liquor legislation in the Province until it was replaced by the **Liquor Act, 30 of 1928**, which applied to the whole of the Union of South Africa, excluding the territories of the Transkei.

This Act exercised strict control over the distribution and supply of liquor with a view to “safeguarding the interests of the people in the use of a commodity potentially dangerous to national sobriety and welfare”. Its main focus was not so much the production of liquor, but the distribution and supply thereof. It enforced the restriction on the sale of liquor to the black population.

This act was amended 34 times between 1934 and 1977, mainly to remove the strict controls, but the amendments failed to address the causes of existence of unlicensed trading (“shebeens”) to the black population. The amendments were eventually consolidated into the **Liquor Act, 87 of 1977**, which centralised licensing powers into one national body, the Liquor Board, and provided the relevant Minister with the final authority in the granting of licenses.

The **Liquor Act, 27 of 1989**, was introduced, which *inter alia* provided the Chairman of the Liquor Board with greater powers. In 1995 it was amended to make provision for nine provincial Liquor Boards and assign powers to the provincial Ministers. During 1998 National Parliament introduced a **Liquor Bill (B131 B-98)** which would regulate the manufacturing, wholesaling and retailing tiers of the industry. Following vigorous public debate regarding its constitutionality, the State President referred the Bill to the Constitutional Court¹.

Part A of Schedule 5 of the Constitution defines liquor licenses as a functional area of exclusive provincial competence. The Liquor Bill case¹ provided guidance on the relationship between the national and provincial spheres of government and their respective legislative and executive powers in respect of liquor matters, and on the intervention by Parliament passing national legislation in an area of exclusive provincial competence.

The Constitutional Court ruled that the functional area of liquor licenses, reserved as an exclusive provincial competence, was not intended to encompass manufacturing and distribution of liquor, but rather to regulate intra-provincial activities (767 I to 768 A). It determined that the primary and most obvious significance of the exclusive provincial competence is the licensing of the retail sale of liquor (767 C-D).

¹ Ex parte President of the RSA in re Constitutionality of the Liquor Bill 2000 (1) SA 732 (C)

The Court was satisfied that national government could intervene to create a national system of registration for manufacturers and wholesale distributors of liquor and in prohibiting cross-holdings between the three tiers in the liquor trade, but not with regards to the retail sale of liquor (*771 F-G*).

This decision confirmed that the registration of the manufacturing and distribution of liquor is regulated at a national level, while micro-manufacturing and distribution, and the retailing of liquor is regulated at provincial level.

The **Liquor Act, 59 of 2003** came into effect on 13 August 2004. This Act provides for the manufacturing and distribution of liquor to be regulated at national level while micro manufacturing and retailing continue to be regulated at provincial level. (The Liquor Act, 59 of 2003, repeals the 1989 Act only in those provinces that have promulgated provincial legislation. The 1989 Act remains in force in provinces that have not promulgated liquor legislation.)

The **Liquor Act, 59 of 2003** together with the Liquor Bill case¹ paved the way for the Western Cape to introduce its own provincial liquor legislation within the broader national context.

3.2. THE MANDATE TO REGULATE LIQUOR IN THE WESTERN CAPE

In the Western Cape Province, the **Western Cape Liquor Act, 4 of 2008 (as amended)** provides for the licensing for the retail sale and micro-manufacture of liquor in this province, and provides for incidental matters.

The Western Cape Liquor Authority (WCLA) is an independent legal entity that has replaced the former Provincial Liquor Board and was established in terms of the Western Cape Liquor Act 4 of 2008 (as amended).

The Western Cape Liquor Authority (WCLA) not only regulates the retail sale and micro-manufacturing of liquor in the Western Cape; it also facilitates transformation of the liquor industry in the Western Cape by promoting the entry of new license holders and aims to ensure the responsible use of liquor. This may be achieved by enforcing a regulatory environment that reflects a high level of participation by the public, maximising the benefits of the industry for the Province and its people, and minimising the negative effects of alcohol through increased awareness, and better law enforcement. The Western Cape Liquor Authority (WCLA) only has a regulatory power with respect to licensed outlets.

The Western Cape Liquor Authority (WCLA) comprises of:

➤ **The Liquor Authority Governing Board**

The Governing Board has the powers and functions conferred or imposed on it by the Western Cape Liquor Act, 4 of 2008 (as amended). It must manage the business of the Authority and may exercise the powers and must perform the duties conferred or imposed on the Authority by the Act or any other law, excluding powers or duties conferred or imposed specifically on the Liquor Licensing Tribunal. The Governing Board is responsible for policy, macro-management and control in respect of the Western Cape Liquor Authority (WCLA). The units reporting to the Governing Board are the Liquor Licensing Tribunal, the Appeal Tribunal and the Chief Executive Officer as head of the administration.

➤ **The Liquor Licensing Tribunal (LLT)**

As provided for in section 20 of the Western Cape Liquor Act, 4 of 2008 (as amended), the Liquor Licensing Tribunal has been established to consider and make a final decision regarding:

- Any application for a license referred to in section 33(1) of the Act.

- Any application for the transfer of a license in terms of section 65(9) of the Act.
- Representations for or against the granting of applications.
- Any report lodged with it by a designated liquor officer, an inspector or a municipal official.
- Any complaint lodged with it regarding the conduct of a licensed business.
- Representations by a licensee or other interested person regarding the rescission of the suspension of a license or the removal or amendment of any condition imposed upon a license.
- Any other matter referred to it by the Chief Executive Officer or which it may or must consider in terms of this Act.

The Liquor Licensing Tribunal (LLT) may **determine, suspend, revoke or amend any condition** imposed by it with regard to the license concerned. As provided in section 52 of the Act, the Liquor Licensing Tribunal (LLT) approves or rejects the appointment of a natural person as a manager at a liquor outlet.

The Presiding Officer of the Liquor Licensing Tribunal of the Western Cape Liquor Authority, and in his/ her absence the Deputy Presiding Officer, may:

- Consider and approve or reject applications for special event liquor licenses.
- Extend the time period for compliance with a requirement determined by the Liquor Licensing Tribunal.
- Approve amendments to the plan applicable to a liquor license.
- Approve the transfer of a financial interest in a liquor license, and
- Approve the removal of a license to another premise.

➤ The Liquor Appeal Tribunal

The Western Cape Liquor Act, 4 of 2008 (as amended), provides for an Appeal Tribunal which may set aside any decision of the Liquor Licensing Tribunal. The Appeal Tribunal must consider any appeal against, or an application for the review

of, a decision of the Liquor Licensing Tribunal. 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. These appeals must be heard as if they were appeals to the High Court against the judgment of a magistrate's court in civil matters, and any rule applicable to such civil appeal applies, with the necessary changes.

➤ Administration

1. Office of the CEO

The Chief Executive Officer (CEO) is the head official of the Administration, and assists the Western Cape Liquor Authority in the performance of all financial and administrative responsibilities of the Authority.

2. Liquor Licensing Administration Component

The Liquor Licensing Administration (LLA) unit forms the core of the licensing application process in the Western Cape. In order to facilitate the entry of new liquor license holders into the liquor industry, the application process and administering of applications needs to be dealt with in an effective and timeous manner. The Liquor Licensing Administration unit administers all applications in the Western Cape for consideration by the Liquor Licensing Tribunal.

3. Communication, Education & Stakeholder Relations Component

The Communication, Education & Stakeholder Relations unit informs the industry and stakeholders through active, efficient and effective communication and intervention.

4. Enforcement and Compliance Component

The Inspectorate is the compliance monitoring and enforcement arm of the Western Cape Liquor Authority. Inspectors are mandated by Chapter 12 of the Western Cape Liquor Act 4 of 2008, as amended ("the Act") to monitor and enforce compliance by licensed liquor outlets with the provisions of the Act by conducting routine compliance inspections, formal inspections, the

issuing of compliance notices, the investigation of complaints against licensed liquor outlets, and the prosecution of breaches of the Act and license conditions.

5. **Business Support Component**

The Business Support unit must guarantee an administrative support, registry, financial management, human-resource management and information technology service to the entity.

The Western Cape Liquor Authority's main purpose is to regulate the micro-manufacturing and sale of liquor in the Western Cape.

3.3. **LIQUOR LICENSES: (Sec 32, Act 4 of 2008 as amended)**

The **Western Cape Liquor Act, 4 of 2008** was gazetted on 27 November 2008, amended by the **Western Cape Liquor Amendment Act, 10 of 2010** on 14 December 2010 and is at present in force in the Western Cape Province. All liquor license applications need to be considered in terms of the requirements of this legislation with effect from 1 April 2012.

A valid liquor license is required in terms of Section 32 of the Act in order to sell liquor in the province.

Any person (including an organ of state, company or close corporation, body of persons corporate or incorporate and any trust) who wishes to **micro-manufacture** or **sell** liquor must be authorised to do so in terms of a valid liquor license.

A person who is authorised to micro-manufacture or sell liquor must do so in accordance with the **conditions** of the license.

It is a **criminal offence** to micro-manufacture or sell liquor without a valid license or to act in contravention of the conditions of the license. Any person acting in such a manner is guilty of **an offence** and may be criminally prosecuted.

A liquor license is therefore a legal document that authorises the holder thereof to micro-manufacture or sell liquor under specific conditions.

Liquor licenses in the Western Cape are granted by the **Liquor Licensing Tribunal (LLT)** and in specific instances by the **Presiding Officer** of the Liquor Licensing Tribunal.

In an application for a liquor license, the applicant has to prove to the LLT, on a balance of probabilities that:

- a) The applicant (**person**, which includes the directors, members, trustees or managers if the Applicant is a company, close corporation, trust or other entity) is of good character and not disqualified in terms of legislation;
- b) The **premises** on which the sale or consumption of liquor will take place is suitable for the purpose of the license;
- c) Granting of the license is in the **public interest**.

(The above are referred to as the three **P's**)

In addition to the above, the Applicant also has to show, on a balance of probabilities that it has the right to occupy the premises for the purposes of conducting the business of the liquor outlet applied for.

The Applicant further has to show proof, on a balance of probabilities, that the granting of the license will not prejudice:

- a) The residents of a residential area;
- b) The residents of an institution for the aged or frail;
- c) The learners of an educational institution under the age of 18 years;
- d) Patients of an institution for drug or alcohol dependencies;

- e) Congregants of a religious institution.

The LLT will give consideration to all of these elements before granting a liquor license.

3.4. APPLICATION FOR A LIQUOR LICENSE

An application for a liquor license may be lodged either by hand delivery or via post to the Western Cape Liquor Authority (WCLA) **and** with the designated South African Police Service Liquor Officer (DLO) in whose area of jurisdiction the business is located. Applications can be lodged at any time, but the following first Friday of the month will be regarded as the date the application was lodged.

The application procedure as contained on the webpage of the Western Cape Liquor Authority (WCLA) located at www.wcla.gov.za under the heading “Application process” provides for the following:

- A person may apply in his/ her personal capacity or through a lawyer or liquor consultant.
- The following forms, which are contained in the Western Cape Liquor Regulations (and can be downloaded from the webpage), must be completed:
 - Form 3 on page 51
 - Form 4 on page 52 – 59
 - Form 5 on page 60
 - Form 6 on page 61
- The completed forms need to be typed on A4-size standard paper.

Applications must be accompanied by:

- Certified copy of applicant’s ID
- Comprehensive floor plan of the premises
- Site plan of the premises
- Description of the premises
- Colour photographs

- Written representations in support of the application
- Zoning certificate or copy of planning application submitted to the municipality
- Proof of payment of the application fee of R1,250

The application must be lodged simultaneously with the WCLA and the Designated Liquor Officer (DLO) in the area of the proposed licensed premises. Applications must be lodged by 14h00 on the last Friday of any month.

The application, once lodged, will be checked to ensure that all the information and documents required are included. If any information or documents are outstanding, a first letter will be sent to the applicant or consultant and DLO informing them of the documents or information outstanding. A date by which all outstanding information should be submitted will be specified, usually within two weeks. If the applicant fails to supply the outstanding documentation or information by the specified date, a second letter requesting the information and specifying a date will be sent. If the applicant fails to submit the outstanding documentation or information by the second date, the application will be presented to the Liquor Licensing Tribunal (LLT) without the required information. This might have a negative impact on the LLT's decision. The application will only be advertised once it contains all relevant information and documentation. The applicant must display a notice as in Form 6 in three official languages of the Province.

The notice must:

- Be headed by the words: **NOTICE OF LODGEMENT OF APPLICATION FOR LIQUOR LICENCE** in bold-faced upper case letters at least 2cm in height and in black lettering not less than 0,5cm wide on a white background
- Be at least A3-size standard paper
- Be waterproofed
- Remain in place for not less than 28 days from date of publication of lodgement of the application
- Be in a prominent place at the proposed license premises

The applicant will be served with a copy of the representations, should anyone make representations for or against the application. The applicant has the option to respond to the representations/ objections. The applicant's response must be lodged with the WCLA and DLO no later than 42 days after the publication of the notice of lodgement of the application.

The complete application, containing the response or not, as the case may be, will be put before the LLT for consideration. The outcome of the application will be communicated to all affected parties.

3.5. CATEGORIES OF LICENSES: (Sec. 33, Act 4 of 2008)

The Liquor Licensing Tribunal (LLT) may grant the following licenses:

- A license for the micro-manufacture and sale of liquor for consumption both on and off the premises where the liquor is sold;
- A license for the sale of liquor for **consumption on** the premises where the liquor is sold;
- A license for the sale of liquor for **consumption off** the premises where the liquor is sold;
- In exceptional circumstances, a license for the sale of liquor for consumption **both on and off** the premises where the liquor is sold.

“Micro-manufacture” means to manufacture liquor at or below the prescribed threshold volume in terms of section 4 of the Liquor Act, 59 of 2003.

To **“sell”** includes to supply, exchange, offer for sale, display for the purpose of sale, or to authorise, direct or allow a sale, supply, exchange, offer for sale or display for sale.

This definition of “sell” is wide enough to include the acceptance of **donations** for liquor supplied to a customer and includes an **entrance fee** paid allowing a customer to consume liquor for free.

“**Liquor**” includes any liquid or substance which contains more than 1% of alcohol by volume or mass, but excludes methylated spirits, medicine registered under the relevant legislation and products which are not intended for human consumption.

3.6. DISQUALIFICATION OF APPLICANTS; (Sec. 35, Sec. 64, Act 4 of 2008)

The following persons are disqualified from holding liquor licenses:

- a) Anyone who has, within the previous five years been sentenced to **imprisonment** without the option of paying a fine;
- b) Anyone who has, within the previous five years been **declared unfit** to hold a registration by the National Liquor Authority or a license by any provincial liquor board or authority;
- c) Anyone who is an unrehabilitated insolvent;
- d) Anyone who is a **minor** when the application is considered;
- e) Anyone who was the holder of a **license** which was **cancelled** in terms of any act that regulates liquor licenses in any province during the previous twelve months prior to lodgement of an application;
- f) The **spouse or life partner** of any person as described in (a), (b) or (e) above;
- g) Anyone who is **mentally ill** as defined in the Mental Health Care Act, 17 of 2002.

Any company, close corporation or co-operative in which a person as in (a) to (e) or (g) above has a shareholding, member's interest or a membership share or any trust of which he/ she is a trustee or beneficiary and any partnership of which he/ she is a partner is similarly disqualified.

The Liquor Licensing Tribunal has the **discretion** and may, in **exceptional circumstances** and on **good cause** shown, declare a person who is disqualified as here above to be qualified for a particular license.

3.7. CONDITIONS FOR LICENSES: (Sec.33, Act 4 of 2008)

It is a standard condition of all licenses for the **consumption** of liquor **on** the premises (**consumption on**) that no liquor sold may be removed from the premises and all liquor must be consumed on the premises.

Similarly, it is a standard condition of all licences for the **consumption** of liquor **off** the premises (**consumption off**) that no liquor sold may be consumed or any container with liquor may be opened on the premises, except when the tasting of liquor has been approved by the Authority.

A retail food store with a liquor licence may only sell **natural wine**. Here the liquor must be sold from a **designated area**, which can be closed off at times when liquor may not be sold.

The Presiding Officer has the discretion to impose further conditions and may suspend, revoke or amend any condition imposed by the Authority.

Failure to comply with any of these conditions is an **offence**.

3.8. QUANTITY OF LIQUOR SOLD AND KEEPING OF RECORDS: (Sec. 60, Reg. 27, Act 4 of 2008)

A licensee must keep a record of all liquor sold for **consumption off** the licensed premises. This record must be in a written or electronic form and must contain the following:

- a) The name and address of the licensed business;
- b) The licence number of the licensed business;
- c) The invoice numbers and dates of issue;
- d) The kind and quantity of liquor sold;
- e) The purchase price paid.

No person, other than a licensee, may purchase more than a quantity prescribed by the Minister (currently **150 litres**) of liquor in a single day for consumption off the licensed premises, without the prior written consent of the Presiding Officer.

A licensee may not sell more than the prescribed quantity (currently **150 litres**) of liquor to a person in a single day for consumption off the licensed premises, without the prior written consent from the Presiding Officer.

If consent has been granted, the record must contain the name, address and telephone numbers of the purchaser.

A contravention of the conditions above is an **offence**.

3.9. GENERAL OFFENCES: (Sec. 76, Act 4 of 2008)

It is an offence to:

- a) Be drunk and disorderly on any premises where liquor is sold;
- b) Be drunk and disorderly in any public place;
- c) Sell liquor to a drunk person;

- d) Being a licensee, allow a drunk and disorderly person to remain on the licensed premises;
- e) Sell liquor in a container that does not conform to standards and specifications as required by law;
- f) Purchase liquor from a person knowing or having reasonable grounds to suspect that such a person is not licensed to sell liquor;
- g) Sell liquor to a person knowing or having reasonable grounds to suspect that such a person will resell the liquor in contravention with the Act;
- h) Allow the licensed premises to be used as a brothel or to be visited by prostitutes;
- i) Allow the supplier of unlawful drugs to remain on the premises;
- j) Allow the sale, use or possession of drugs upon the premises in contravention with any law;
- k) Sell liquor on credit and hold anything as security for the payment of the liquor debt.

3.10. THE ROLE OF MUNICIPALITIES IN LIQUOR LICENSING

In the Constitution, in Part A of Schedule 5, liquor licenses are listed as a functional area of exclusive provincial legislative competence. In Part B of Schedule 5 of the Constitution, the control of undertakings that sell liquor to the public and in Part B of Schedule 4, the trading regulations are listed as Local Government functional competences.

In terms of section 2(1) of the **Western Cape Land Use Planning Act, 3 of 2014** municipalities are responsible for land use planning in their respective municipal areas and within their jurisdiction. Section 2(2) states that a municipality must regulate at least (a) the development, adoption, amendment and review of a zoning scheme for the municipal area and (b) the procedures in terms of which the municipality receives, considers and decides on land use applications.

This Act has repealed the **Land Use Planning Ordinance, Ordinance 15 of 1985** which had previously regulated land use applications. Section 36(1) of the Land Use Planning Ordinance stipulated “lack of desirability” of the proposed development as the only instance in which an application may have been denied. “Desirability” could be measured with regard to aspects such as safety and well-being of the community, conservation of the natural and developed environment, and the proposed development not causing disturbance and not infringing on the rights of any other landowner.

Section 49 of the **Western Cape Land Use Planning Act, 3 of 2014** states that when a municipality considers and decides on a land use planning application, the municipality must have regard to at least the applicable spatial development frameworks, the applicable structure plans, the desirability of the proposed land use and guidelines that may be issued by the Provincial Minister regarding the desirability of the proposed land use. “Desirability” still plays a pivotal role, but is now not the only factor to be considered in a land use application.

Municipalities regulate land use and trading in their municipal area through the use of zoning schemes and different by-laws that regulate trading hours, days and conditions.

All municipalities are subjected to a variety of by-laws and utilise different zoning schemes to regulate land use within their municipal area. The Western Cape Liquor Authority (WCLA) in terms of Section 36(1) of the **Western Cape Liquor Act, 4 of 2008 as amended**, requires proof of compliance with the municipality’s land use scheme by means of a zoning certificate (or a copy of a planning application submitted to the municipality concerned), before the liquor license application is lodged.

The municipality concerned must, in terms of Section 40(1) of the **Western Cape Liquor Act, 4 of 2008 as amended**, within the prescribed period, forward to the WCLA its decision in respect of the planning application referred to in Section 36(1)

and information regarding the extent of the public participation process that was followed in respect of that application.

The municipality must also, in terms of Section 40(2) with regard to an application for a liquor license, forward to the WCLA the comments, if any, of the ward councillor, its comments, if any, on the application for a liquor license and any other document or article lodged with it in connection with the application for a liquor license.

A municipality may, in terms of Section 59(1) of the **Western Cape Liquor Act, 4 of 2008 as amended**, 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.

It is clear from the above that municipalities have a significant role to play in the issuing of liquor licenses. There are also numerous other sets of legislation (Acts, municipal by-laws and regulations) that are potentially applicable to the operation of liquor outlets, for example building regulations, nuisance/ noise by-laws, tobacco legislation and health and safety by-laws.

4. LITERATURE REVIEW

A review of the literature makes it possible to identify challenges and issues of importance in order to gain a balanced perspective on the research topic and to ensure that the current research addresses and includes relevant factors and discourses.

A comprehensive desk-top research study on the liquor industry compiled by HS Business Solutions, "The Liquor Industry in the Western Cape" (2015) served as the starting point for the literature review. This study was conducted to serve as a baseline study to assist the WCLA with the development of programmes and the implementation of relevant social responsibility, education and enforcement

intervention in order to find an optimum balance between the positive and negative impacts of liquor use.

Of particular importance for the current report is the section titled “Factors that hinder illegal outlets from operating in the regulated space” (149). This section explores the characteristics of illegal outlets. “Estimates suggest that more than 90% of beer and 50% of wine volumes sold annually are consumed in this sector. This positions the informal liquor retail market as extremely important in any policy considerations.”

The report also emphasizes the valuable entrepreneurial and economic opportunities that the informal retail markets provide for marginalised people. “The informal sector could be incredibly valuable in achieving greater transformation and black empowerment if it is integrated effectively into the regulated liquor industry.”

The report confirms the diversity of illegal outlets, divides these types of retailers into three categories and examines these types of retailers’ capabilities in being able to meet the licensing requirements. Different sources are relied upon to confirm that so-called Level 1 and Level 2 enterprises would “likely have the capacity and desire to obtain licenses”. These findings are relevant for the current report as it confirms that “many businesses in the informal sector would be open to integration into the formal liquor industry.”

Of particular value for the current report is the fact that the research suggests that unlicensed outlets are often daunted by the process of obtaining licenses. The licensing process is often met with suspicion and considered too daunting to undertake. Barriers to entry with particular relevance to the current report include the cost of the application, the stringent requirements for liquor outlets (which includes the location, size and availability of amenities), and the belief that there is too much “red tape.”

The report also confirms that a large number of these illegal outlets operate in residential areas. “There might be problems with commercial zoning in township areas, and the ease of operating in the owner’s backyard, avoiding costs for

additional property or facilities, makes this the preferred mode of operation for many traders.”

The numerous negative aspects when these sites are unregulated and operate in residential areas are also included in the report. These unsafe conditions are a major deterrent to many of the unlicensed outlets being included in the regulated market and serve as barriers to shebeens becoming licensed and regulated.

The report also states that shebeens might be resistant to being licensed since this would place additional requirements on them in order to meet the minimum requirements of the Western Cape Liquor Act, 4 of 2008 as amended. Unlicensed outlets can operate with no regard for infrastructure or other requirements, such as having separate toilets for men and women. They can also avoid license fees and various taxes. “Other factors relate to a lack of resources and the desire to maximise profits in ways that are not possible if following liquor regulations.” Shebeens often do not regulate time of sale and operate for much longer hours per day and on Sundays to increase profitability.

Of particular value to the current report is the list of factors hindering the integration of these illegal outlets into a regulated environment. These factors all serve as barriers to entry and will be incorporated into the primary data survey. The report also confirms that “national and provincial policies have not been effective in steering unlicensed outlets towards obtaining licenses on a large scale. This indicates that policies and intervention strategies are currently inadequate to address the unregulated market in South Africa”.

During recent years a substantial body of knowledge has accumulated on the feasibility, effectiveness and cost-effectiveness of different policy interventions aimed at reducing the harmful use of alcohol. These findings can inform policy and program development to prevent and reduce harmful use of alcohol.

Implementation of effective policies to reduce harmful alcohol consumption requires a good understanding of the policy development process and which strategies are most likely to work. To contribute to this understanding, the article “Alcohol policy in South Africa: a review of policy” by Charles D. H. Parry (2010) affords an overview of four specific policy development initiatives that have taken place in South Africa between 1994 and 2009. Restrictions on alcohol advertising, regulation of retail sales of alcohol, alcohol taxation and controls on alcohol packaging are reviewed. The article concludes that alcohol policy development in South Africa takes place in a piecemeal fashion and is the product of various competing influences. The report confirms that a comprehensive national strategy encompassing different sectors may be the most appropriate strategy for developing countries embarking on alcohol policy reform.

Alcohol abuse is linked to a range of negative impacts and, as a result, government bodies usually try to restrict access to alcohol through regulating where and when it can be sold. A large number of unregulated alcohol outlets in Cape Town, in the Western Cape Province, have been the target of various policy-making and regulation attempts over the past decade.

The article “Discourses of alcohol: reflections on key issues influencing the regulation of shebeens in Cape Town”, Warren Smit (2014) offers a valuable insight into the three main discourses of alcohol and shebeens in South Africa: the public health discourse, the economic discourse and the socio-cultural discourse. This paper examines ongoing provincial and local attempts to regulate shebeens in low-income residential areas in Cape Town, and analyses the discourses implicitly underpinning the processes of developing these regulations.

The brief overview of alcohol and shebeens is valuable in that it reflects the history of the emergence of shebeens and confirms that shebeens “not only provided a crucial survival strategy amidst urban poverty, but also facilitated the development of a spirit of community and companionship in areas noticeably lacking in adequate social amenities”. The paper also confirms that there is a great diversity among shebeens,

with some “relatively established enterprises which have applied for liquor licenses, [...and] at the other end of the spectrum there are part-time home-based shebeens which are sometimes ephemeral and hard to detect.” It also states that “shebeens still have a negative social impact on neighbouring households, “through playing loud music late at night and through the exposure of children to drunken behaviour.”

The discussion of the public health discourse concludes that, from a public health perspective, it is crucial to have greater control over shebeens to ensure that physical access to alcohol is restricted. Proponents of this view aim to bring shebeens into the regulated market, restricting the density of shebeens so as to increase the opportunity cost of accessing alcohol and encouraging outlets in residential areas to move to business nodes.

The economic discourse regards shebeens as “an economic activity that responds to a demand and provides employment for a large number of people”. Proponents of this view emphasize that shebeens need to be formalised, not restricted and reduced. “In providing shebeens with rights to trade, government will be in a position to impose obligations on traders to operate in a responsible manner and steadily formalise their businesses towards becoming taverns [and] provide an opportunity to create a class of responsible black entrepreneurs with whom it can partner to reduce the harmful effects of hazardous alcohol consumption.”

The socio-cultural discourse for alcohol and shebeens focuses on the importance of alcohol and drinking in social and cultural life, being less well-defined than the other two discourses. It highlights the role of drinking as a social and cultural activity. Shebeens are seen as “playing an important role in townships and informal settlements as they provide a neutral space for sociality and interaction.” The key implication is that shebeens should be preserved as spaces for recreation and social interaction in areas that lack suitable alternative facilities.

The paper also provides valuable insight into the provincial and local policies which have attempted to regulate shebeens over the past decade, and highlights the presence of these discourses in various versions of the policies. Of particular value

for the current research paper is the discussion of the Western Cape's provincial liquor legislation and the City of Cape Town's new zoning scheme, as it confirms the potential barriers to entry into the legalised arena.

The paper also confirms that "greater control of the supply of unregulated shebeens may already be having negative impacts, such as the rise of bootleggers and unregulated micro-breweries... there is evidence of production and distribution of new and illicitly manufactured bulk wine being distributed to shebeens."

The paper concludes that these competing discourses have made for a disjointed policy-making process. These three discourses are all partial views of alcohol and shebeens and should be integrated into a more holistic view. "A more holistic view of alcohol is that it can play a significant role in social life and make a contribution to the economy, but that the harm associated with alcohol abuse is bad for society and needs to be minimized."

The views and experiences of police officials responsible for enforcing liquor legislation in the Nyanga precinct of Cape Town are sketched in the article "Policing taverns and shebeens" by Andrew Faull (2013). This article is a response to Herrick and Charman's article, "Shebeens and crime" (2013) and must be read in conjunction with that paper. Data gathered from shebeen owners in Philippi, Cape Town (Herrick and Charman) suggests that inconsistent and arbitrary policing is driving many shebeens into adopting covert strategies to manage the risks of closure, fines, temporary imprisonment and bribes demanded by the police. In doing so, law enforcement has inadvertently precipitated new types of violence in township drinking environments. The paper describes incidents of alcohol-related law enforcement, and suggests that such work can be as difficult and confusing for law enforcers as it is for those being policed.

The paper confirms the fact that data showed that the Western Cape Liquor Act coming into effect resulted in a surge in shebeen raids with the intention of closing them down. The data reflected that many shebeens are ineligible for liquor licenses

because of their location in residential areas. Many shebeeners do not have access to alternative forms of equivalent income and are almost compelled to continue trading illegally in order to survive. These findings are of specific value for the current research paper as it confirms possible barriers to entry into the legalised arena. Shebeeners also reported a lack of due process with regard to raids by the police, inconsistent application of the law, police requests for bribes and confiscated liquor being retained by police.

The paper concludes that enforcement is important, but in the absence of alternatives it is perhaps futile and may cause harm. Law enforcement officers can guide sellers of alcohol towards legal or alternative solutions, rather than simply point them towards likely dead ends. This will require cooperation across local and provincial departments. "Policing alone will not end the violence... nor will an absence of legal access to alcohol."

They confirm that a continuation of current enforcement strategies is unlikely to result in reductions in the sale of alcohol or in sustainable improvements in safety. It risks positioning law enforcers as permanently opposed to large segments of the community, eroding their sense of belonging.

Of critical importance for the current research study is the finding in the Herrick and Charman article that "the formulation of the license criteria will need reconsideration to ensure that small-scale shebeeners are not automatically excluded from opportunities to trade legitimately." The adherence to liquor laws needs community buy-in and citizens' active participation in ensuring that regulations and codes of conduct are met. Effective public communication of the rationale of the liquor laws, why enforcement is necessary, and what these procedures are, is necessary to accomplish this.

Further insight into the nature and character of shebeens was provided by the paper "Shebeens (taverns) in black metropolitan areas with special reference to Umlazi and KwaMashu: an exploratory study" by Ndabandaba and Schurink (1990). The

article is directed towards a discussion of some of the most important dimensions of the phenomenon of shebeens. The article explores the origin of shebeens and their status in modern black townships, the major categories of shebeens, the contribution of shebeens to crime and other social problems, the illegal status of shebeens and the views of the residents of the townships on shebeens. The value of the paper lies in that the discussion is not restricted to data on shebeens for these two areas, but reference is made to research on shebeens in other black townships in South Africa as well.

Qualitative data was obtained through unstructured interviews and participant observation with shebeens owners, clients, parents, social workers and community leaders. Additional data was provided by unsolicited documents such as newspaper articles. A social study was also used for data collection.

The paper provides valuable insight into the origin of shebeens. It discusses the prohibition of blacks from purchasing “white liquor” from 1896 onwards. As a result, “an extensive illegal liquor trade ensued and thousands of shebeens supplied their customers with ‘white liquor’, the traditional home-brewed beer as well as often dangerous concoctions such as skokiaan and baberton.” Prohibition affecting blacks, coloureds and Indians was abolished in 1962. It is of particular value to the current paper that this article confirms that “shebeens have flourished since 1962 because they fulfil a need in the community far more complex than the mere retailing of liquor.” The attraction of shebeens lies in the fact that they offer “a place where one can mix socially with one’s friends over a drink in a relaxed atmosphere, the opportunity to meet women, listen to music, play games and have a nice time.”

A finding of great significance for the current report is that “a distinctive characteristic of shebeens is their adaptability to their social environment.” The paper also provides insight into the different classes of shebeens and shebeen clients. “Each shebeen caters for the type of class and neighbourhood in which it is situated and keeps hours suitable to the residents.”

Crime and social problems related to shebeens are examined and it is concluded that “while shebeens are generally regarded as a central institution of black social life, many people attribute a precarious character to such places [... as they] provide contacts and associations that lead to crime and other social problems.”

The most important aspect of the article for the current report lies in the discussion of the legalisation of shebeens. It confirms that the “process to obtain a shebeen license is not only time consuming and expensive, but the owners’ dwellings also have to conform to certain standards and specifications [...] they have to register for income tax and general sales tax and keep books and submit them regularly for auditing.” “If they register and legalize their businesses, they have to comply with statutory restrictions.” The paper concludes that the “price that shebeen owners had to pay to operate legally has proved to be too high.” This confirms the barriers to entry for the current report.

The current regulatory environment in relation to alcohol retailing and consumption in South Africa’s Western Cape is discussed in the paper “Stakeholder narratives on alcohol governance in the Western Cape: the socio-spatial ‘nuisance’ of drink”, by Herrick (2014). It explores how stakeholders of such regulations formulate, comprehend and act upon the ‘problem’ of drinking. The paper aims to explore the discrepancies between “what is said (of alcohol by policy-makers) and what is done (about alcohol within policy)” where alcohol is regarded as a “nuisance.” The paper draws on qualitative study material from interviews in the Western Cape to gain a better understanding of how alcohol is “problematized by policy stakeholders and the complex relationship between these processes and urban governance agendas.”

Current liquor legislation is explored from the national to municipal scale. The discussion on alcohol control in the Western Cape is of particular value to the current report as it confirms the lack of consistency that “there is no harmonization in the liquor licensing rationales, stipulations, institutional arrangements and enforcement between the nine provinces.” The exploration of the current liquor legislation is of value for the current report as it confirms that the WCLA aims to bring consumers

into “a regulated liquor industry by setting out land use rights as requirements for issuing licenses.” The paper further confirms the stringent licensing pre-conditions, including a solidly-built structure and provision for at least two toilets, as significant barriers to entry for the current report.

The paper further explores the different stakeholder narratives on alcohol control that perceive alcohol as a “nuisance.” It also examines how alcohol use and abuse should be best handled and concludes that the “basic solutions here lie with employment, quality housing and basic services.” It confirms that the “best way to tackle alcohol use and abuse was structural improvements as environmental amenities and neighbourhood watch.” It suggests that structural interventions for alcohol harm reduction would need to include recreational provision as alternatives to shebeens and employment opportunities to create productive distractions from drinking.

Of particular note here is the confirmation that “stakeholders were generally in agreement that unlicensed shebeens should be addressed, either through closure or formalization”.

The findings in the paper demonstrate that although alcohol was agreed to be a significant problem warranting urgent policy response, “the nature of this response was highly partisan.”

A paper examining the informal liquor retail (shebeen) sector, “Enforced informalisation: the case of liquor retailers in South Africa”, by Charman, Petersen and Piper (2013), demonstrates that law enforcement actually produced informality in this sector. The article describes key aspects of shebeen business practice, including the responses to greater law enforcement, illustrated with examples from Delft South, Cape Town.

The paper noted that as the “vast majority of shebeens operate without a state license and almost always in violation of various municipal zoning regulations and

by-laws, they are both informal and illegal enterprises.” Since 2009 the Western Cape has experienced intensified policing around liquor retail in economically poor residential areas where the majority of these enterprises are located. Of particular significance is the finding that “not only have few shebeeners migrated into the formal system, but the vast majority have remained informal enterprises, rather improving and developing new coping strategies to better evade law enforcement.”

The paper continues to confirm that the “net result (of intensified law enforcement) has been to criminalise a key livelihood.” Relations between police and shebeeners have worsened through ongoing raiding, confiscation and harassment. This has created an “environment conducive to corruption.” This paper is of the utmost importance as it sheds light on recent theories of formalisation. The paper confirms that “enforcement of new laws does not necessarily lead to formalisation or avoidance, but can lead to even more wide-scale and pernicious forms of evasion.”

The significance of this paper lies in their view that government fails to understand the “cost-benefit analysis that shebeeners have undertaken to continue operating their businesses despite the new legislative environment,” and underlines the complexity of the regulation of shebeens. It even goes so far as to proclaim that “enduring formalisation of shebeens, and its increasingly pernicious character, is a direct response to state actions.”

The value of this paper also lies in the confirmation that the “current legal requirements are too stringent for the vast majority of traders whose small turnover and modest profits do not justify the direct and indirect cost of navigating a complicated formal system for licensing.” The finding of the prevalence of shebeens, as the second most numerous business type in the informal sector apart from spaza shops, confirms the importance of shebeens in the informal sector. The finding of considerable enterprise diversity suggests “a localized form of demand with most shebeens servicing residents living within walking distance.” The paper concludes that a policy approach based on law enforcement will not solve the “shebeen problem.”

The impact of regulations and law enforcement on the 'lived economy' of informal micro-entrepreneurs, demonstrating the poverty impact of these laws and practices, is examined in the paper "Informality disallowed: state restrictions on informal traders and micro-enterprises" by Charman, Piper and Petersen (2012). The paper draws on primary evidence gathered from a micro-enterprise and business survey conducted in Browns Farm, Philippi in 2011. The paper illustrates the scope and scale of the policy threat to informal economic life with the aid of spatial maps and analysis, and shows that "the distribution of informal economic activities is directly affected by regulation, land use planning and actions of control."

The paper examines the impact of regulations and law enforcement on the economic activities of informal traders and micro-entrepreneurs in a case study context. The paper attempts to explore the "poverty impact of the state's affront on unregulated and informal economic activities and consequences for employment and business growth."

Of particular significance for the current research paper is the finding that "land zoning at the neighbourhood level plays a critical role in enabling access to markets and permitting business activity," identifying potential barriers to entry for shebeen owners. It emphasises the need for urban planning to acknowledge the dynamics of township businesses and the informal economy at the local level.

The case study of Brown's Farm illustrates important aspects of the landscape wherein shebeens currently conduct trade: most businesses are unregistered and resist state controls; the majority of micro-enterprises are situated in the heart of residential areas, away from major roads; and the density of the distribution is greatest in areas of informal settlement, most of which are located on land designated as 'limited use.' The positioning of businesses is determined by localised demand, as they are sited in close proximity to people's homes and combine accessibility with customer safety.

Of particular value is the finding that “the desire to replicate the middle class suburbs where business and residential use are segregated in homogenous neighbourhoods, rides roughshod over existing township business activity and economic culture that constitute a lived economy.” The research demonstrates that the economic life of this population remains largely unrecognised.

The value of the paper further lies in the clarity it brings to the fact that the majority of informal businesses do not intentionally ignore the regulatory frameworks and land use conditions. “The demands of economic survival necessitate that businesses operate without regard for the law.” It is also evident that the rationale for informality is complex and simplification should be avoided. The township economy is also best understood in spatial terms to be nodal, rather than lineal, and is essentially residential. Many business premises also serve as homes.

The paper concludes that “spatial development planning (along with regulation) imposes a vision of urban life that runs directly against the lived economy of the urban poor. These insights add significant value to the current research paper in that it confirms the complexity of the shebeen environment and that no simple solution is forthcoming.

The uncontrolled and illegal use of residential properties for the sale of liquor often result in negative impacts on the amenities and rights of surrounding neighbours as a result of noise, anti-social behaviour, increased vehicle and pedestrian traffic and the impacts on the general character of the neighbourhood.

The abuse of alcohol is one of the major social problems experienced in the Western Cape, especially among the poorer communities, and illegal outlets serve as a major contributing factor to facilitating these social ills.

On the positive side, shebeens and taverns become a focus for social interaction and adding vibrancy to a township. These establishments create jobs, provide an

economic injection into townships and can be utilised as a focus of local tourism initiatives.

A number of municipalities have attempted to strike a balance between these complexities associated with shebeens and have formulated land use guidelines for shebeens and taverns. An in-depth study of some of these policies added to a better understanding of the illegal trade of alcohol and the possible solutions it offers to reconcile the conflicting effects of this trade on the community.

➤ **BREEDE VALLEY – DEPARTMENTAL LAND USE GUIDELINES FOR TAVERNS AND SHEBEENS (16 September 2013)**

The purpose of the guidelines is to allow the Municipality to manage the establishment of house taverns and shebeens located in the municipal area.

The policy aims to “facilitate commercial activities while limiting the negative impact of the businesses on the community with regard to aspects such as safety and well-being of the community; conservation of the natural and developed environment and the proposed development not causing disturbance and not infringing on the rights of any other landowner.”

Legislated control of the liquor industry, coupled with economic deprivation, has resulted in the proliferation of illegal liquor operations in high density townships.

The policy acknowledges that the industry is far from being homogeneous and significant differences exist in respect to perceptions, *modus operandi* and levels of acceptability of the industry in these townships.

The reason for the establishment of house taverns and shebeens was more often than not found to be economic as it provides an operator with an income in the absence of formal employment opportunities. In some predominantly black townships shebeens are sometimes seen to be part of a “cultural expression.” In other high density townships shebeens are considered convenient outlets for purchasing liquor.

The policy also reiterates that a balance must be achieved between implementing a framework to manage house taverns and shebeens and the perceived constitutional right of an individual to have access to these types of facilities. The need to develop land use guidelines that are informed by the realities experienced within townships is stressed.

The policy explores the role of municipalities in liquor licensing by emphasising that, although liquor licences are listed as a Provincial Legislative competence, the trading regulations and control are listed as Local Government functional competences. The policy examines the origin of taverns and shebeens. Located in predominantly high density residential neighbourhoods, shebeens have provided a service to the community of selling liquor or providing a venue for the consumption thereof. This service is in many cases the only source of income for the particular household.

The policy document also explores the reasons for the development of shebeens, and the benefits and disadvantages of shebeens. Of particular importance to the current research study is the confirmation that a shortage of job opportunities, a shortage of capital to develop a commercial stand and a shortage of formal business venues that are correctly zoned together with a demand for liquor and a venue within walking distance of the residential customers give rise to the establishment of shebeens.

It clearly states the benefits of job creation in the informal sector, flexible business hours that are convenient for customers and easy access for patrons. The risk of crime frequently associated with shebeens as well as the nuisance they create, conflict between licenced businesses and the regulations for business premise that shebeens are exempt from, together with the drop in profit margins because shebeens take a part of the market away from legitimate business, are all disadvantages of having shebeens exist.

The policy further explores the planning legislation and regulatory framework. It singles out the requirement of a zoning certificate as the biggest obstacle for unlicensed operators to obtain a licence.

The document explores town planning principles and confirms “lack of desirability” as the only instance in which an application for development of land may be refused. Of particular value for the current report is the confirmation that “the town planning aspects of the application process are singled out by role-players in the industry as the single biggest impediment in acquiring a liquor licence.” The process is seen by shebeen owners as “complicated and drawn-out”. Many applicants do not understand the application process and find it to be “cumbersome and lengthy”. The “complexity of the process and the rate of success with applications are seen as prohibiting factors with many preferring to stay unlicensed and/ or illegal.

The policy document also confirms that many owners of shebeens are wary of the negative perceptions held by members of communities in respect to shebeens, which are associated with crime, drugs and violence. It confirms that shebeen owners experience that applications are not considered objectively on merit, but are denied as a result of these negative perceptions.

The value of this policy for the current study lies in the exploration of the reasons for the development of shebeens, the benefits of shebeens, the impediments for shebeen owners to obtaining a liquor license and a possible temporary solution to bring shebeens into the licensed fray.

➤ **GEORGE MUNICIPALITY TOWN PLANNING POLICY ON HOUSE TAVERNS AND UNLICENSED SHEBEENS**

The purpose of the policy is to manage the Municipality’s concession of permitting the establishment of house taverns and the handling of unlicensed shebeens located in the municipality “in such a way that the residents living in these areas can earn an income from their property while limiting any negative impacts of these businesses

on the rights of the other residents in the area to a safe, clean and quiet living environment, promoting an entrepreneurial spirit within these neighbourhoods, and stopping the abuse of this concession by outside business owners who are profiting from it often to the detriment of the property owner and residents concerned.”

The policy explores the need for such a policy and acknowledges “the reality of the inequities found in the township areas due to past planning practices that made most townships dormitory towns with its residents having limited access to basic goods and services. Residents generally found themselves without access to the economic opportunities found in the wealthier suburbs and as a result, found other informal means to meet their needs.”

It confirms that the majority of residents in the township areas do not have the economic means to support themselves, and the only real asset they can use to generate income is their property. This includes the renting of rooms in their house or the establishment of micro businesses that sell fruit, vegetables, sweets or liquor.

The policy document confirms that the “proliferation of taverns is a response to rectify the imbalances of the past and also to respond to the social needs and economic demands of the community. The municipality, in response to this need, has made a concession to allow these enterprises.”

The policy further explores the definitions of “house tavern” and “shebeen” and defines a “house tavern” as an “enterprise, conducted from a dwelling house or outbuilding, by the occupant of the dwelling house concerned, for the sale of alcoholic beverages and may include consumption of alcoholic beverages by customers on the property, provided that the dominant use of the dwelling house concerned shall remain for the living accommodation of a single family.”

A shebeen is defined as “an unlicensed outlet, either for the on and/ or off consumption/ sale of liquor.” These shebeens are deemed to be properties which do not have a land use approval and/ or a liquor license.

The background to the policy as well as the aspects that need to be addressed by the policy are discussed. The document acknowledges that a need exists for house taverns to be allowed as they allow members of the community access to places of entertainment and social interaction, and promote entrepreneurship.

It also affirms that the activities usually associated with unlicensed shebeens contribute to adverse social impacts within the community it serves. Thus, the policy focusses on regulating land use.

The value for the current study lies in the confirmation that “prospective liquor license applicants, especially house tavern and unlicensed shebeen owners, often have difficulty in understanding the application process, finding it to be tedious and quite costly.” Constrained budgets contribute toward many of these establishments remaining unlicensed. “The approval process is also complicated by the dual process of public participation for the liquor license and the town planning application.”

The policy also examines the contextual framework that the regulations will operate in and discusses the Provincial Spatial Development Framework, the local municipal spatial development framework and the draft liquor policy for the Western Cape (2004). It explores concerns that the uncontrolled and illegal use of residential properties for the sale of liquor often result in negative impacts on the amenities and rights of surrounding neighbours as a result of noise, anti-social behaviour, increased vehicle and pedestrian traffic and impacts on the general character of the neighbourhood.

The policy also balances these negative impacts with the positive statement that shebeens and taverns can become a focus for social interaction and adding vibrancy to a township. These establishments create jobs, provide an economic injection into townships and can be utilised as a focus of local tourism initiatives.

The policy also reiterates that the position of shebeens should be strictly regulated, especially in close proximity to schools and places of worship.

The legislative and regulatory framework for the policy is discussed at length and serves to emphasise the potential barriers to entry into the legalised arena. Of particular value for the current study is the discussion of the barriers to entry contained in the Western Cape Liquor Act, 4 of 2008 as amended. This serves as confirmation of the requirements for a liquor license that will be explored in subsequent sections in the current research paper.

The document also explains the dual nature of the application process: the liquor licensing application and the land use application. The value for the current research paper lies in the potential barriers contained in this dual process.

The proposed policy aims to address the complexity of encouraging illegal traders to legitimise their businesses. It explores the overriding aims of the policy as well as the principles that should prevail. Great value lies in the way that the policy has been structured as it contains a possible solution to the numerous barriers to entry that illegal traders might encounter.

5. METHODOLOGY

For this research project, both primary and secondary data were collected and analysed. Secondary data comprised of an archival study of published literature, official records, academic papers and peer-reviewed articles. The literature was reviewed in order to integrated and scrutinise available data on the subject and highlight important themes that could either be confirmed or disproved by primary data.

The archival study revealed a clear gap in reliable and up-to-date information about illegal alcohol trade in the focus areas of Khayelitsha, Nyanga and Paarl East. The objective of the research was to describe barriers to entry into the licensed liquor sale environment by collecting mainly qualitative data, some of which were quantified and analysed statistically.

The sophistication of research increases according to purpose:

- Exploratory research is conducted to describe phenomena as they exist. It is used to identify and obtain information on the characteristics of a particular problem or issue.
- Descriptive research goes further in examining a problem than exploratory research, as it is undertaken to ascertain and describe the characteristics of the pertinent issues.
- Analytical or explanatory research is a continuation of descriptive research. It goes beyond merely describing the characteristics, to analysing and explaining why or how the phenomenon being studied is taking place. Thus analytical research aims to understand phenomena by discovering and measuring casual relationships between them. An important element of explanatory research is identifying and, possibly, controlling the variables in the research activities in order to better explain critical variables or causal links.

This research project can therefore be classified as explanatory or analytical research according to its purpose.

This study followed a more interpretivist paradigm than a positivistic paradigm. The two main paradigms are at opposite ends of a continuum. They are not mutually exclusive and one paradigm will merely be more dominant.

This research broadly fits into an interpretivist paradigm, but is not necessarily positioned at the extreme of the continuum. Pragmatism contends that the research question should determine the research philosophy and that methods from more than one paradigm can be used in the same study. Therefore, pragmatism advocates that, rather than being constrained by a single paradigm, methods should be mixed on the basis of usefulness to answer the research question. This is called a pluralist approach. A pluralist approach was followed for this study.

5.1. PRIMARY DATA COLLECTION:

The research was conducted through interviewing shebeen owners in the target areas. A total of 204 respondents from Khayelitsha, Nyanga and Paarl East participated in the research.

HS Business Solutions consulted with the Department of Economic Development as well as the Department of Community Safety and established that there was an existing working relationship between the neighbourhood watch members, the VPUU and shebeen owners in the targeted areas. VPUU was therefore approached in order to contract neighbourhood watch members to collect primary data in the targeted areas.

The neighbourhood watch members were known to the respondents and had an established working relationship with the respondents as they were in the process of gathering data for the alcohol game changer project.

HS Business Solutions recruited and trained neighbourhood watch members to act as field workers and therefore the survey was conducted in their familiar patrol areas. It was essential for the success of this study that the field workers were known to the shebeen owners and be familiar with the areas to ensure their safety. In addition, a level of trust in the field workers would ensure that respondents be more forthcoming and accurate in their responses.

The training workshops, where the neighbourhood watch members in the targeted area were trained as field workers, equipped them to accurately explain the objectives of this study to respondents as well as explaining and correctly administering the questionnaire.

Primary data were collected by means of structured, face-to-face interviews with shebeen owners in Khayelitsha, Nyanga and Paarl East. The questionnaire was

carefully designed, observing the guidelines for constructing proper questionnaires, avoiding negative statements and avoiding leading the respondents.

The questionnaire was loaded onto an application on the mobile phones used by the neighbourhood watch members and the responses (data) were downloaded and captured on an excel spreadsheet for analysis.

Neighbourhood watch members, trained as research field workers, collected data through face-to-face structured interviews with shebeen owners. Participants were located using the so-called snowball technique whereby field workers would find the first respondent and then ask about other illegal alcohol traders in the area, and then visit the subsequent respondents through referral from the previous respondent.

5.2. SAMPLE SELECTION:

The initial selection of a sample was guided by the purpose and the scope of the project. This study is focused on investigating the barriers to entry into the legal liquor market in specific areas, namely Khayelitsha, Nyanga and Paarl East. The sample selection was therefore based on these target areas.

Determining a suitable sample size was complicated by the fact that the total population is not known and estimates regarding the size of the total population vary greatly, making it very difficult, if not impossible to estimate the total population size.

HS Business Solutions therefore opted for focusing on specific geographical areas, locating and interviewing all shebeen owners in the focus areas. In doing so, it was possible to estimate location density and geographic spread which should enable more accurate future total population estimates.

In order to capitalise on their familiarity with the area and shebeen owners, and also in the interest of safety, each neighbourhood watch member conducted surveys in

his or her regular patrol area. The advantage of this method was that they managed to locate most, if not all, illegal traders located in a specific area.

5.3. CHALLENGES IN COLLECTING DATA:

The challenge with collecting primary data was winning the trust of illegal liquor traders to share information with the researchers willingly and honestly. It was therefore critical that the field workers that were deployed were known to and trusted by the shebeen owners.

An additional challenge was the safety of the field workers, as police raids on illegal traders during or shortly after the data collection process could possibly have been perceived as linked to the current research, thereby endangering the field workers. Over the period of the current research, Nyanga was plagued by unrest and protest action. The area was deemed unsafe to conduct research by community leaders, the Neighbourhood Watch and Department of Community Safety. Due to safety concerns, the survey was put on hold. Subsequently, a community meeting was called in an attempt to establish safe access to shebeen owners.

During the community meeting in Lusaka, Nyanga, community leaders addressed shebeen owners and requested their co-operation and participation in the current survey. Shebeen owners undertook to attend a meeting on Monday 4 July 2016 where field researchers could interview them. A team of ten (10) field researchers attended the meeting on 4 July 2016 in the hope of conducting as many interviews as possible. Unfortunately, only one shebeen owner attended the meeting and therefore field workers were able to conduct only one interview. The turnout was very disappointing, but all possible options to gather data in Nyanga were explored in the time frame available.

5.4. ANALYSIS OF DATA:

For this study, qualitative data were collected through semi-structured interviews and observation. The data were analysed in a rigorous and systematic manner, they were interpreted, conclusions were drawn and recommendations were made. The key element of the data analysis was synthesising, which included drawing together different themes and concepts from the research and forming them into new, integrated patterns.

Qualitative data were quantified by counting the frequency of occurrences of particular responses to questions. This allowed for the use of statistical methods to analyse the data.

Data collection and analysis were continued until theoretical saturation was reached. Theoretical saturation is when the inclusion of new data did not add to the knowledge of the phenomenon under study.

5.5. RELIABILITY AND CREDIBILITY OF THE RESEARCH:

In order to ensure optimal credibility of research, triangulation was employed to enhance reliability and validity. Denzin (1970) describes triangulation as being a combination of methodologies used to study the same phenomenon. He argues that the use of different methods should lead to greater validity and reliability than a single method approach.

Easterby-Smith, Thorpe and Lowe (1991) identified four types of triangulation, which were all applied in the research methods.

Table 1: Four types of triangulation

Triangulation types	How it was applied in this research
Collecting data from different sources (data triangulation)	Data were gathered from various stakeholders involved in the process from various perspectives. Statistical data were sourced from different, independent sources to eliminate bias.
Investigator triangulation	The project was completed by a team of researchers who worked independently as not to influence one another. However, team members reviewed and critiqued one another's work to improve the final product.
Methodological triangulation, using both qualitative and quantitative data collection methods	Qualitative data were collected through semi-structured interviews. The interview questions were carefully developed to meet the criteria for un-biased and reliable research. Quantitative data were collected through desk research, as well as a carefully designed questionnaire to produce qualitative data that could be quantified.
Triangulation of theories – using theory of one discipline to explain a phenomenon in another discipline	For this research, relevant theories from various disciplines were combined through the collaboration of a diverse and skilled research team.

6. RESULTS AND FINDINGS

The findings in this report were based on the archival study, perusal of liquor license application records and, mainly, the results of the analysis of the primary data gathered during interviews with shebeen owners in the focus areas. The application process and requirements for obtaining a liquor license were also analysed as set out in the background section of this report. In order to better understand the phenomena under study, the starting point was to consider the profile of shebeens in the selected sample:

6.1. Profile of Shebeens in the target areas:

Outlet trading years:

Of the 204 shebeen owners interviewed, the years trading ranged between thirty-five (35) years and less than one year. The outlet that had been trading for the longest period started trading in 1981. Most shebeens started trading in 2014, with a significant number starting in 2010 and 2016 respectively.

Shebeens that have been trading for as long as thirty (30) years were recorded in all three of the target areas.

The mean (mathematical average) trading years is 7.5 years and the mode (most frequently recorded) number of trading years is 1 – 5 years.

Figure 1: Years Trading Comparison

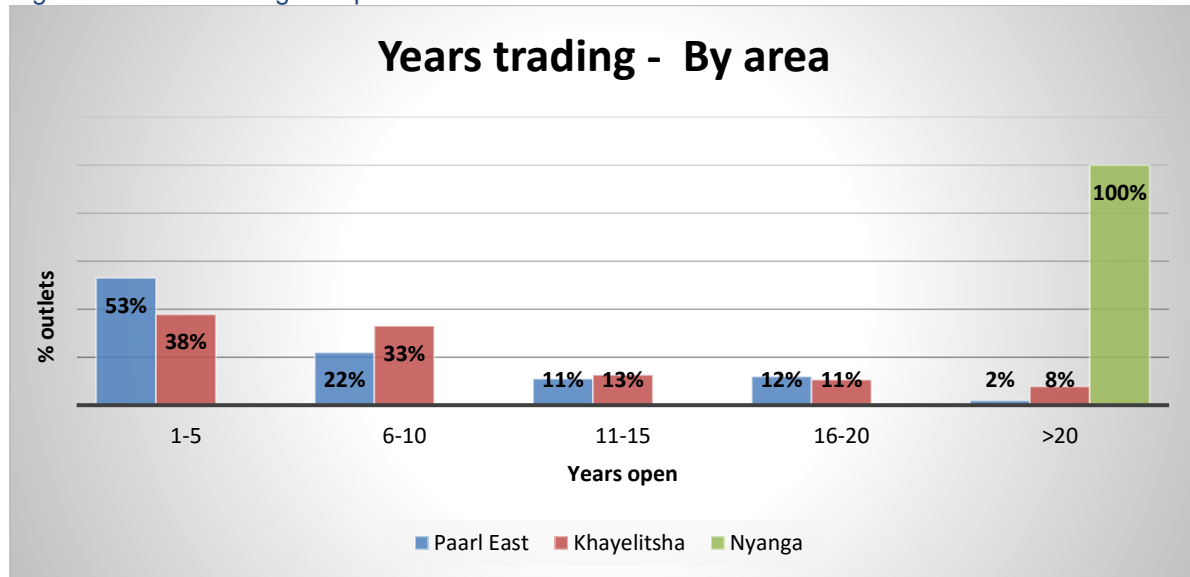


Figure 2: Years Trading Paarl East

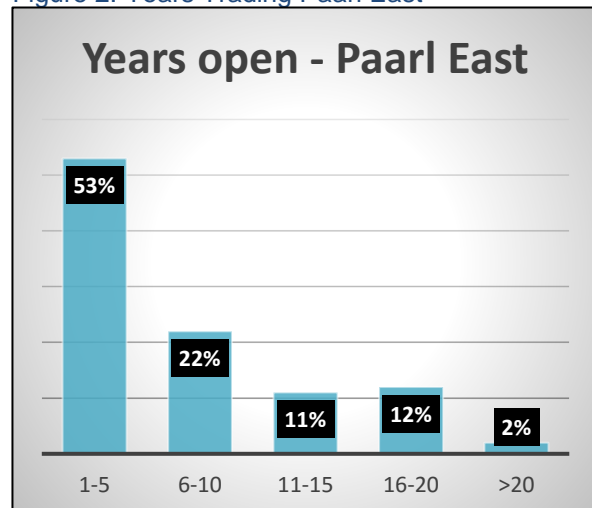
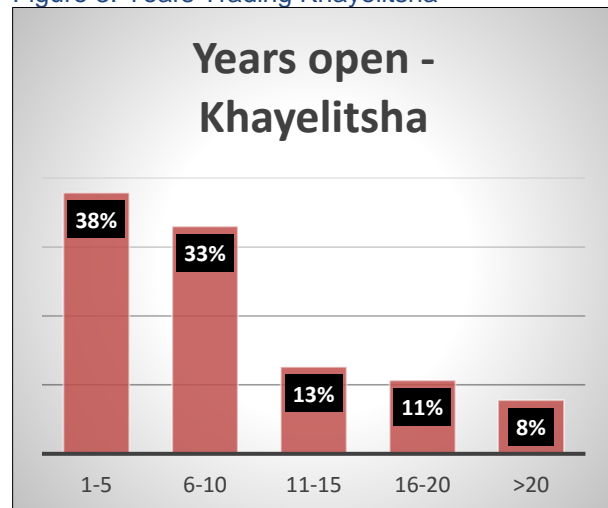


Figure 3: Years Trading Khayelitsha



The owners of a hundred outlets were interviewed in Paarl East and the timeline when these businesses started trading ranged from 1981 – 2016. The respondents included one outlet owner that started the business in 1981, one outlet owner that started in 1988, another in 1997 and also one from 1998. Six of the outlets started trading in 1999 and most of the outlets, a total of nineteen, started trading in 2016. The average trading years of an unlicensed liquor outlet in Paarl East was 6.57 years, and it can therefore be concluded that the businesses are rather mature and established. Although, as mentioned above, nineteen of the businesses started in 2016, and a further 24 between 2014 and 2016.

In Khayelitsha a total of 103 outlet owners were interviewed. The year that the businesses started trading ranged from 1986 – 2015. The outlet that had been doing business for the longest time had been trading for 30 years. None of the outlets interviewed in Khayelitsha were less than a year old. The average (mean) is 8.7 years, which means that the liquor outlets in Khayelitsha are very established. Results in the respective areas are similar, with outlets in Khayelitsha being on average older than those in Paarl East. This may be attributed to the fact that Khayelitsha is a more established area than Paarl East.

The respondent situated in Nyanga had been trading for thirty (30) years. The age of outlet owners is detailed in the figure below.

Figure 4: Shebeen Owner Age Comparison

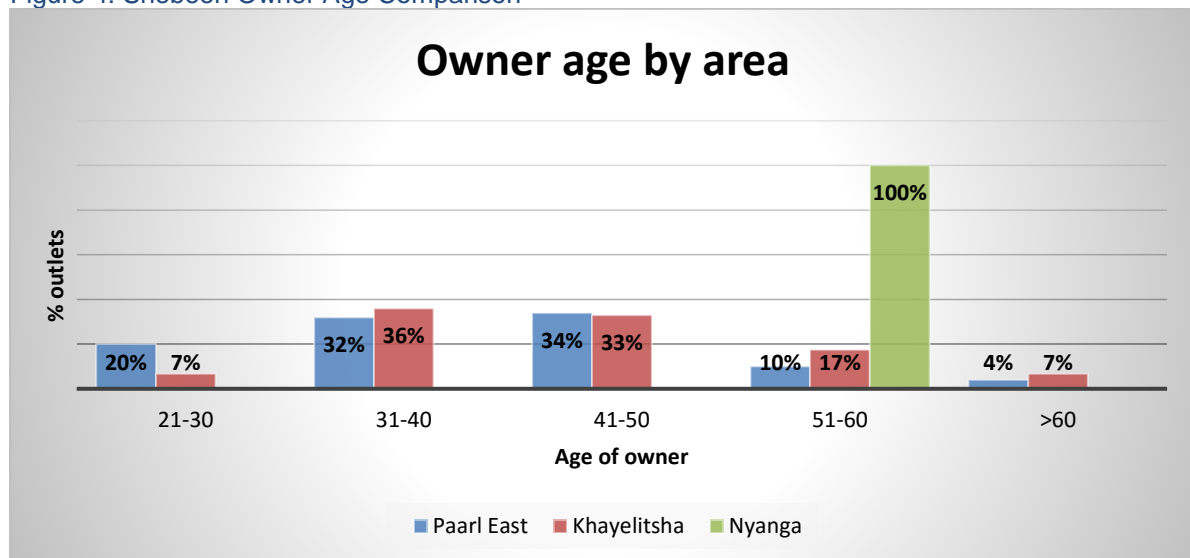


Figure 5: Age of Owner Paarl

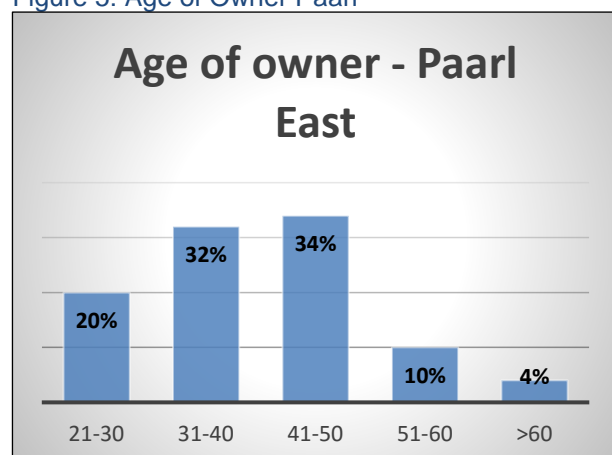
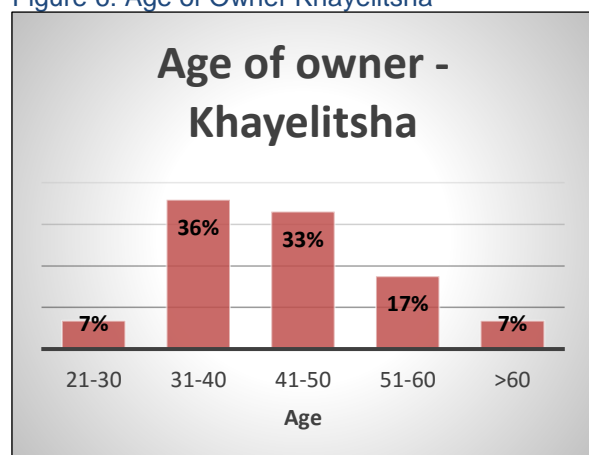


Figure 6: Age of Owner Khayelitsha

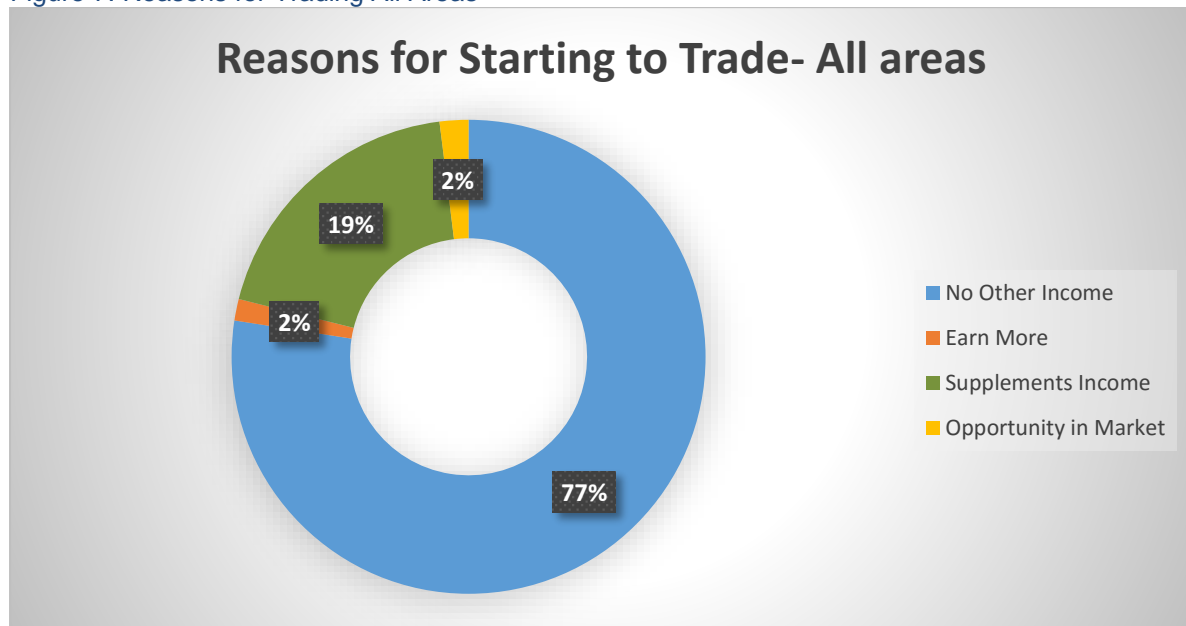


The ages of the shebeen owners interviewed ranged from 21 to 74-years-old.

When comparing the ages of the shebeen owners in Khayelitsha and Paarl East, the results are similar, with most respondents aged between 31 and 50-years-old. The respondent interviewed in Nyanga was 56-years-old.

Reasons for starting the shebeen:

Figure 7: Reasons for Trading All Areas



More than two-thirds of respondents (77%) reported that the reason why they started a shebeen was due to the fact that they had no other income opportunities. Less than a quarter (19%) of respondents started a shebeen to supplement their existing income. Only 2% reported that they capitalised on an opportunity in the market and an additional 2% of respondents chose to start a shebeen as it offered a better income than other available career opportunities.

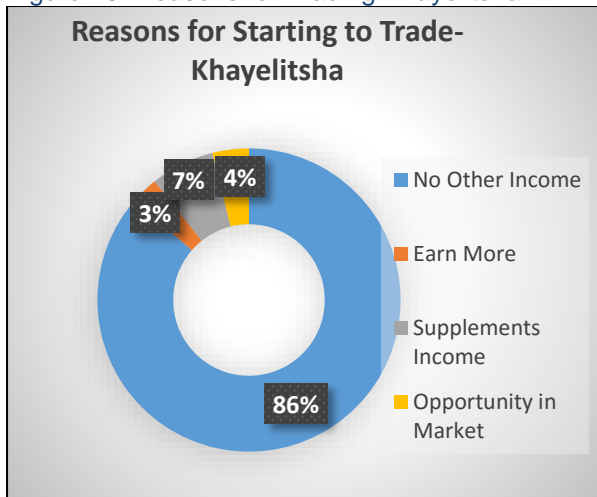
Figure 8: Reasons for Trading Nyanga



Figure 9: Reasons for Trading Paarl East



Figure 10: Reasons for Trading Khayelitsha



Almost two-thirds (68%) of respondents interviewed in Paarl East noted that the reason for starting an illegal liquor outlet was that they had no other income opportunities. About a third (32%) of respondents stated that the outlet supplements their existing income.

In Khayelitsha, 86% of the outlet owners interviewed stated that they had no other income opportunities. 7% started the shebeen to supplement their income, 4% saw an opportunity in the market and 3% felt that they could earn more money running a shebeen than from other income options.

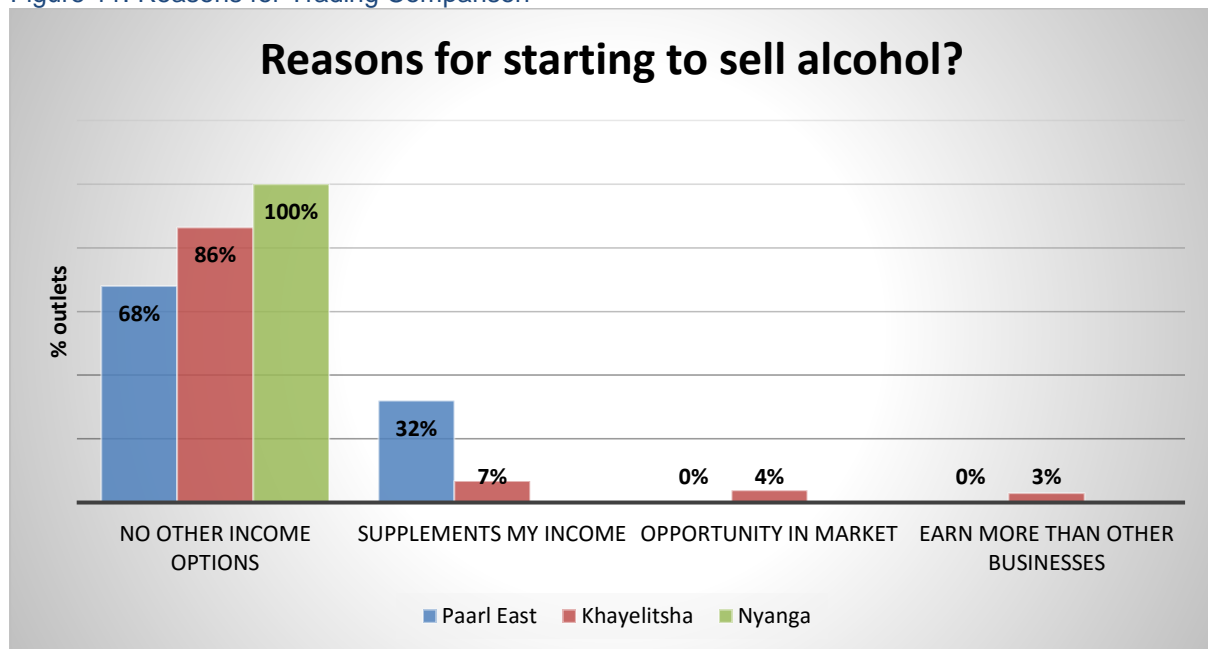
The one respondent in Nyanga indicated that she had no other income opportunity and therefore started a shebeen.

The results in all three the target areas are similar and are ranked in the same order:

1. Started a shebeen because the owner had no other income options.
2. The shebeen supplements an inadequate existing income.
3. In Khayelitsha, identifying an opportunity in the market ranked third.

Comparison of all three targeted areas:

Figure 11: Reasons for Trading Comparison



Types of alcohol sold at the outlets:

The most popular type of alcohol sold in the focus areas was beer followed by spirits and wine. Traditional beer, known as umqombothi was recorded to be offered for sale in a very small percentage of outlets (7% in Khayelitsha).

The percentages recorded are for the respondents who confirmed (replied “yes”) when asked if they sold the specific type of alcohol.

Figure 12: Types of alcohol Comparison

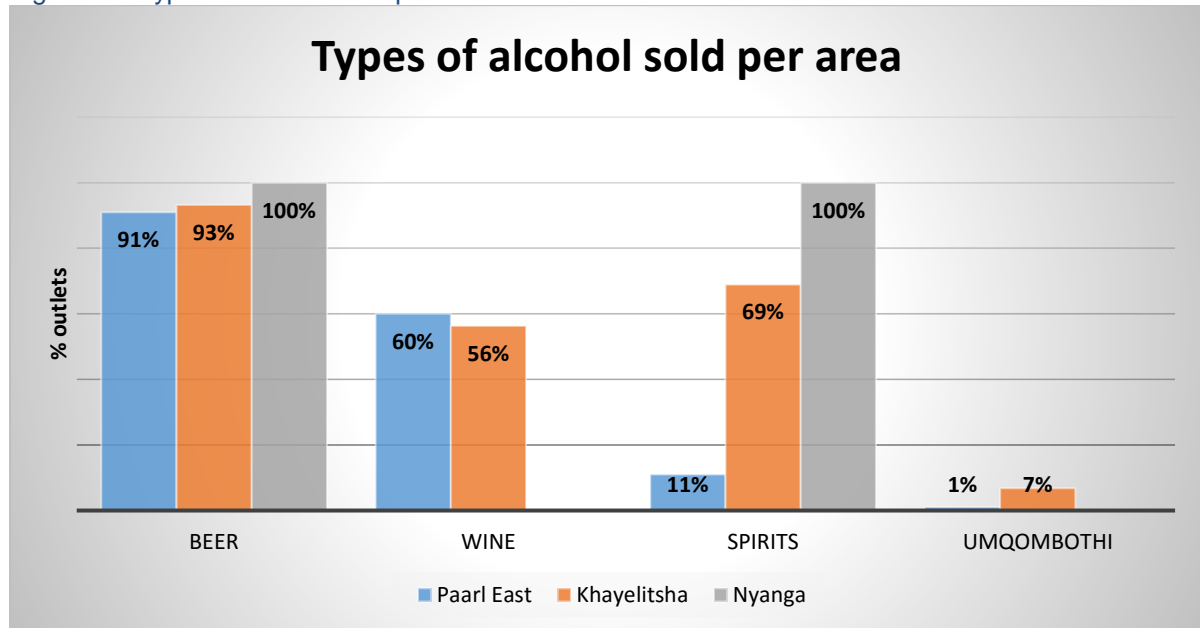


Figure 13: Types of alcohol Paarl East

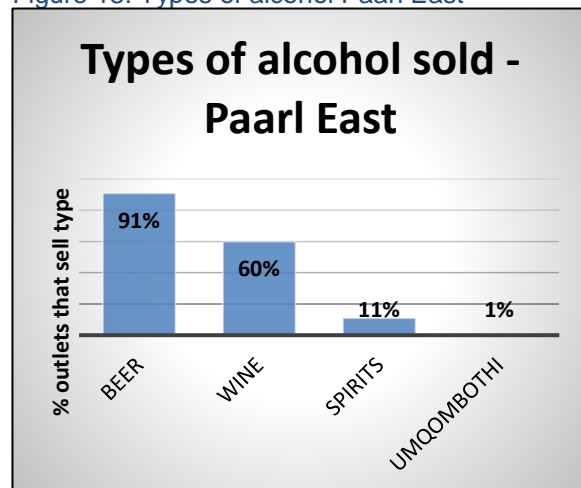
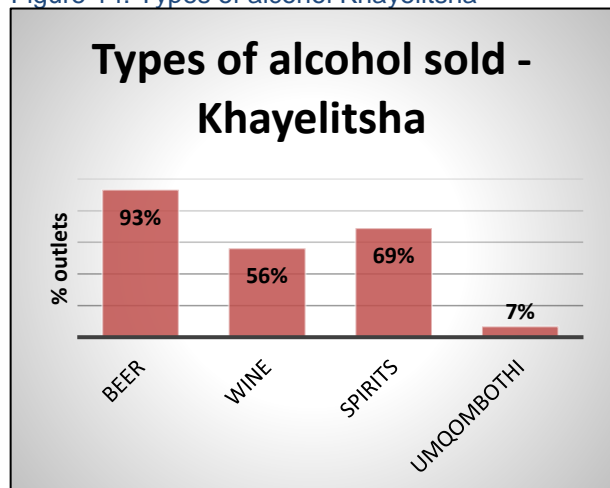


Figure 14: Types of alcohol Khayelitsha



In Paarl East most shebeens sell beer and wine, followed by spirits, and a negligible number of outlets sell traditional beer, known as umqombothi.

In Khayelitsha most outlets sell beer, followed by spirits and then wine. Umqombothi again ranks last.

The outlet in Nyanga reported selling beer and spirits, but not wine or umqombothi. The results in the target areas are similar, with beer being the most popular alcoholic drink sold and wine and spirits ranking as the second most preferred drink.

Sales volume:

The results for all three areas indicate that 83% of respondents sell between one and fifty cases of 750ml beer per week, and 15% between fifty and a hundred cases per week.

Less than one percent of respondents sell more than 480 cases of 750ml beers per week. Therefore, the vast majority of respondents fall in the lowest volume category, with less than one percent categorised as high volume.

Figure 15: Crates of 750ml beer sold, All Areas

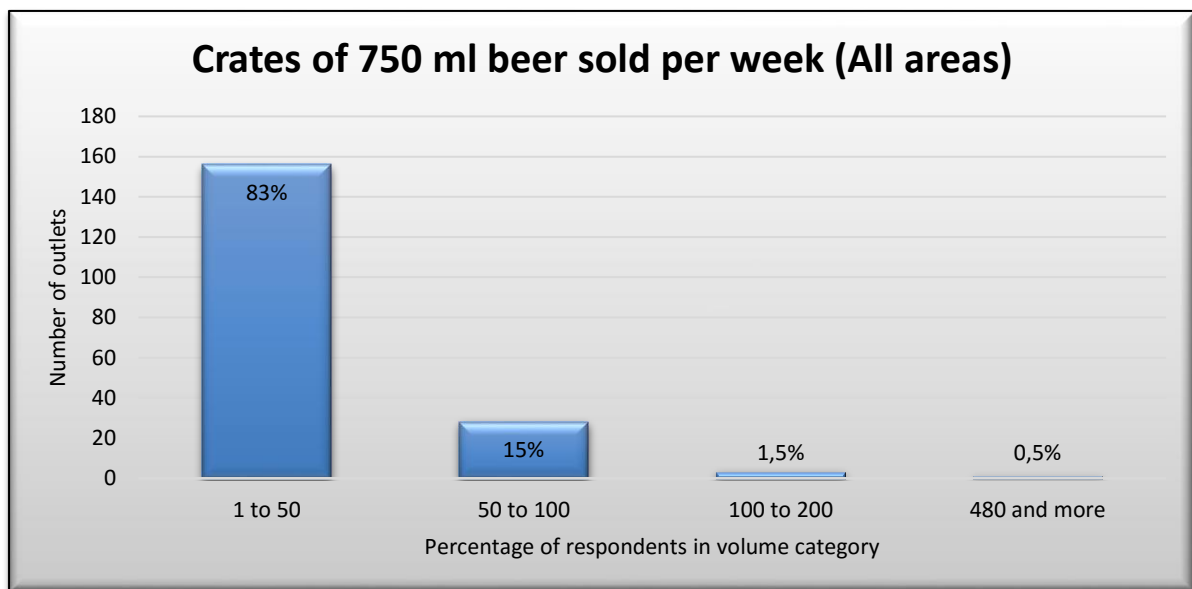


Figure 16: Crates of beer sold per week in Paarl East

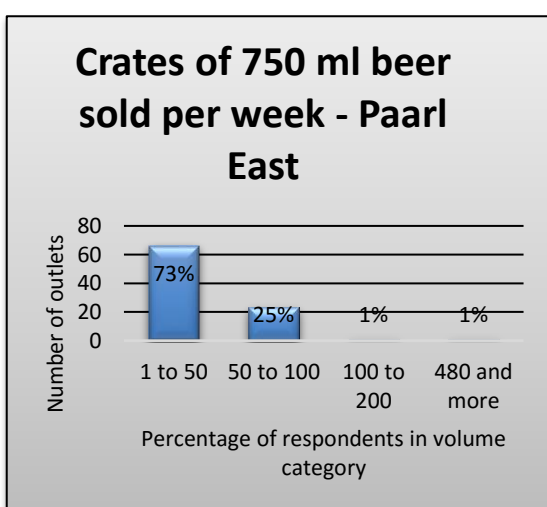


Figure 17: Crates beer sold per week Khayelitsha

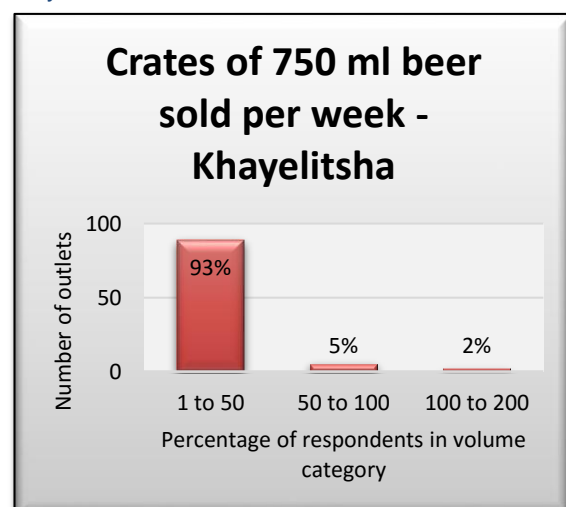
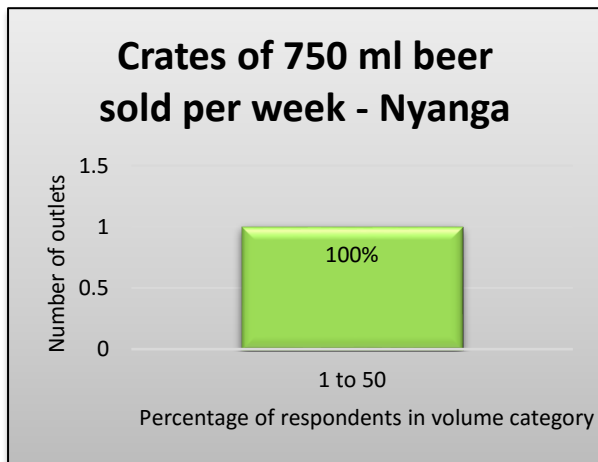


Figure 18: Crates of beer sold per week in Nyanga



In Paarl East, the majority of the outlets interviewed (73%) sold between one and fifty crates of 750ml beer per week; 32% of the outlets sold between 50 and 100 crates of 750ml beer per week and the remaining 2% sold more than 100 crates per week. Only one outlet reported a volume of more than 480 crates of 750ml beer per week.

In Khayelitsha, the majority of the outlets interviewed (93%) sold less than 50 crates of 750ml beers per week. Only 5.2% sold between 50 and 100 crates per week, and 2% sold between 100 and 200 crates per week. No outlets interviewed in Khayelitsha reported volumes higher than 200 crates per week.

The outlet in Nyanga reported selling between one and fifty crates of 750ml beer per week.

Outlet types:

The majority of outlets (73%) are on-site establishments which means that alcohol is sold for consumption on the premises. Less than a quarter (22.5%) of outlets sold alcohol to be consumed off-site (sealed bottles taken away).

Figure 19: Types of outlet All Areas

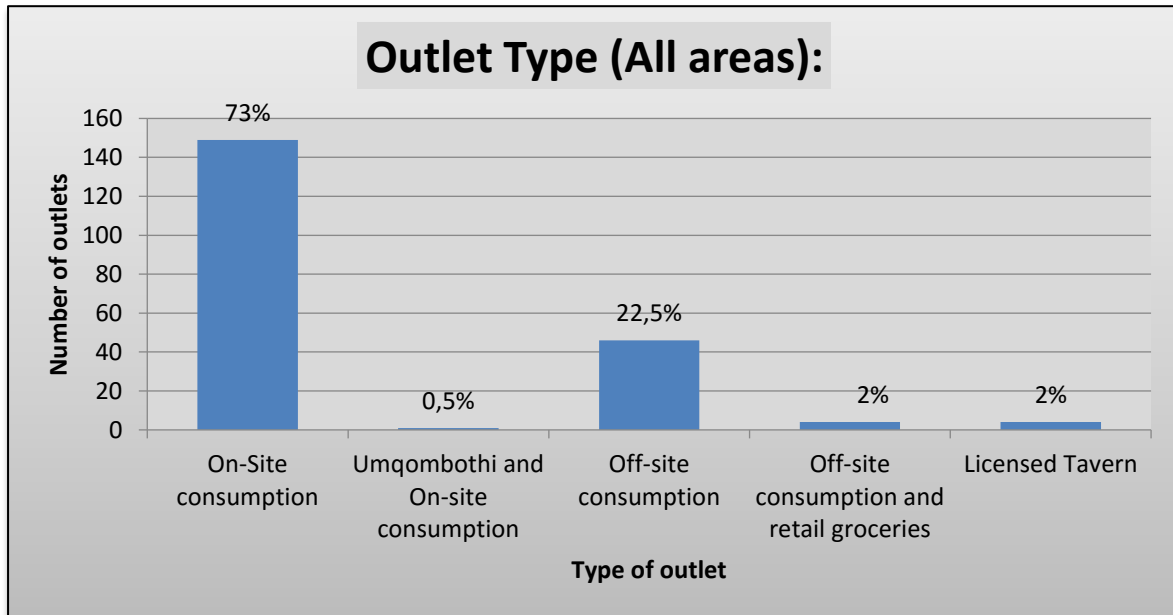


Figure 20: Types of outlet: Nyanga

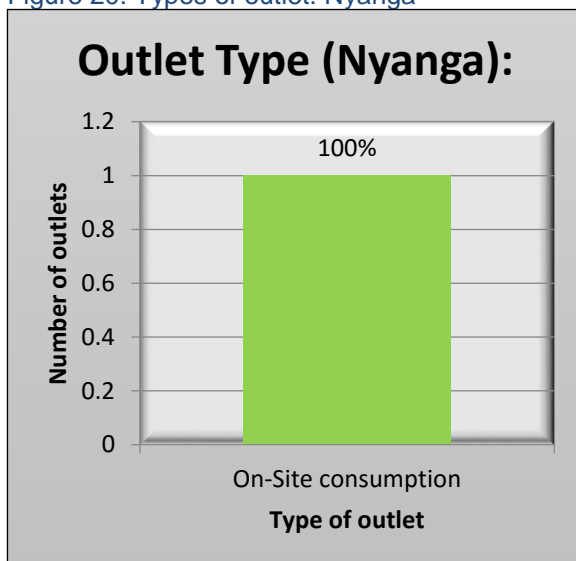


Figure 21: Outlet type Paarl East

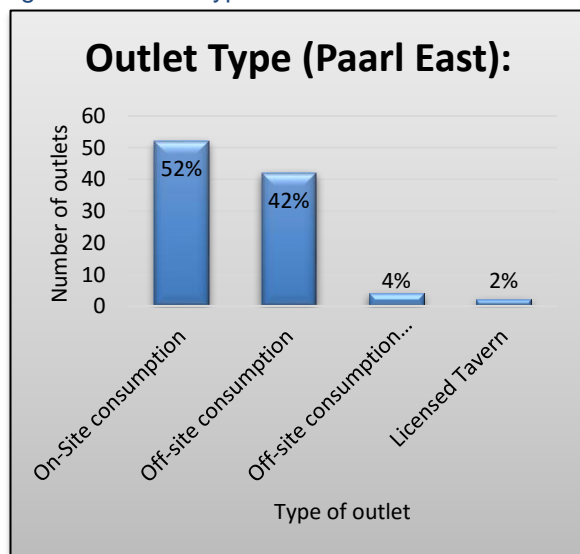
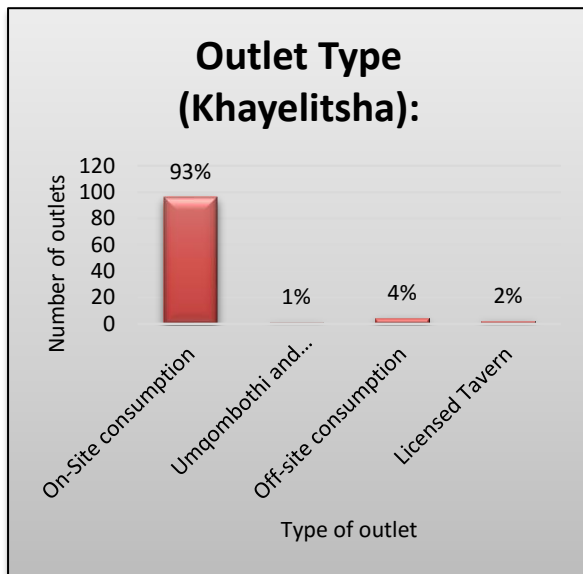


Figure 22: Outlet type Khayelitsha



Just over half of the outlets in Paarl East are on-site consumption outlets with 52% of respondents reporting that they sell alcohol to be consumed on the premises and 42% of the respondents indicated that the alcohol is sold for off-site consumption, in other words to be taken home or to be consumed elsewhere. The remaining 4% indicated that they sold alcohol for off-site consumption together with groceries and 2% indicated that they are licensed taverns.

The outlet in Nyanga reported selling alcohol for on-site consumption.

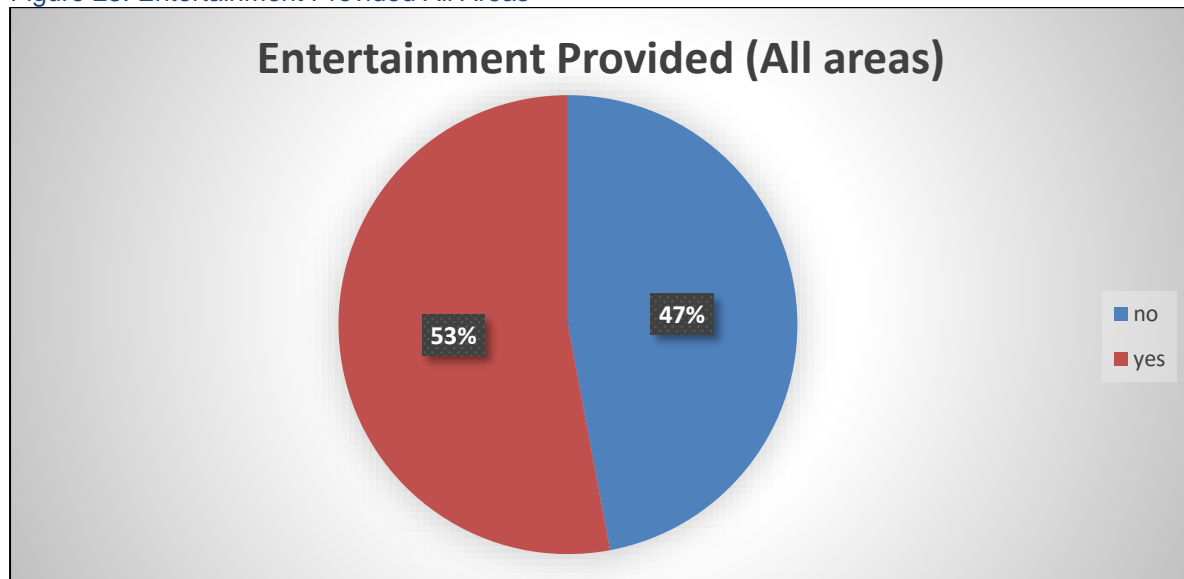
In Khayelitsha, 93% of respondents reported selling alcohol for on-site consumption and only 4% for off-site consumption.

Most outlets in the selected sample therefore cater for their patrons to socialise and enjoy their drinks at the shebeen premises.

Entertainment:

Just over half of respondents (53%) reported that they provided some kind of entertainment at their shebeen. Popular types of entertainment included music and television. 47% of respondents did not report providing any form of entertainment at the shebeen.

Figure 23: Entertainment Provided All Areas



Trading times:

Respondents were asked about their trading times in order to establish how adhering to statutory restrictions would impact on their trading hours.

The reported opening and closing times varied, and the times reported were distributed almost around the clock. Since opening times of 5 AM or 12 AM are unlikely, it can be inferred that the shebeens open and close according to demand and are therefore ready to trade 24 hours a day.

Figure 24: Opening Times during the Week All Areas

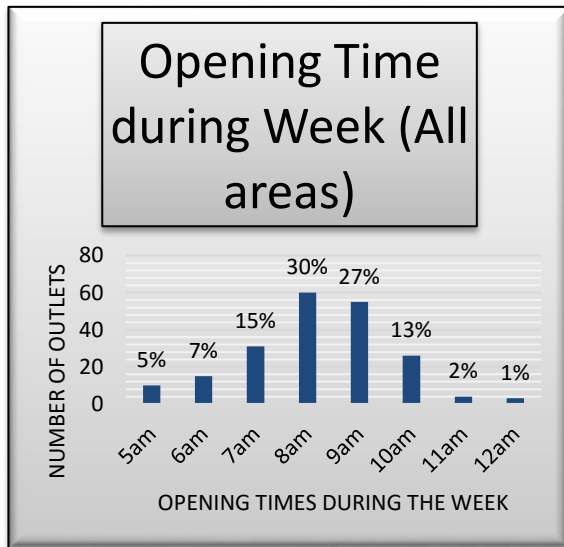
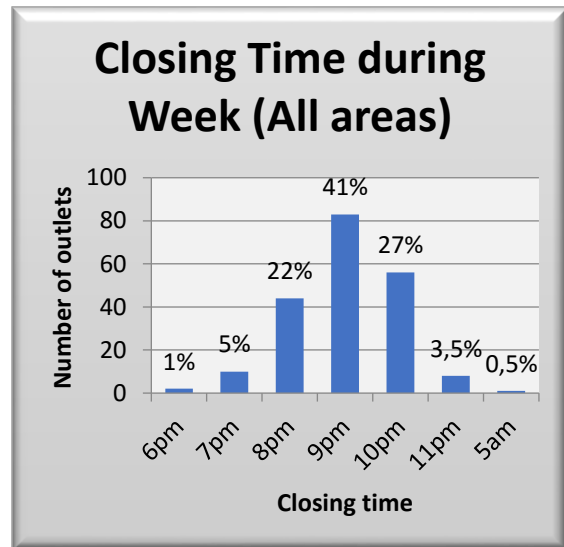


Figure 25: Closing Time during the Week All Areas



Opening and closing times reported for weekdays and weekends do not vary significantly, which also indicates that shebeens trade on demand.

Figure 26: Opening Time Weekends, All Areas

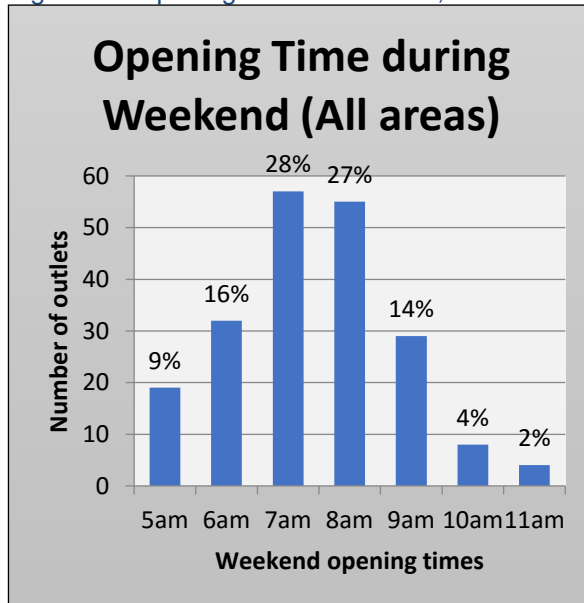
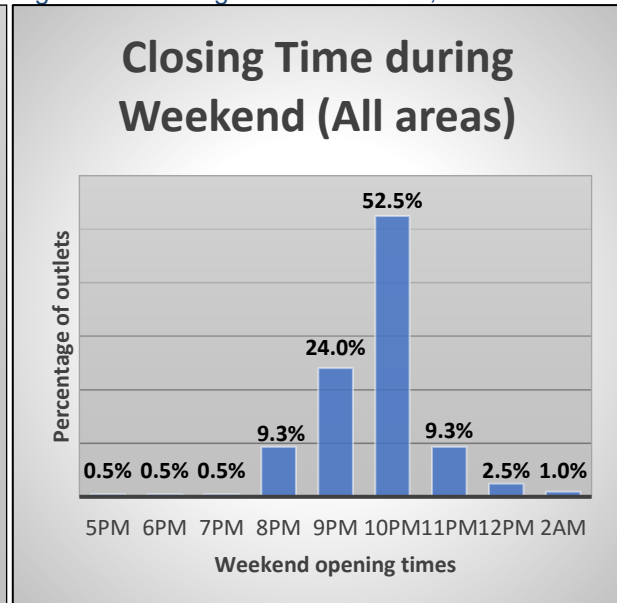


Figure 27: Closing Time Weekends, All Areas



Safety precautions:

Respondents were asked which safety measures, if any, are in place to ensure that patrons at their establishments are protected from violence and crime.

The vast majority of respondents interviewed reported that they took some form of precaution to ensure the safety of their customers. Only 4% did not take any steps to enhance safety at their outlets.

Most respondents (37%) reported that they had “house rules” that are enforced to keep customers safe. Such house rules commonly include: not selling to inebriated persons, not selling to children or pregnant women, and not serving unruly customers.

Almost a quarter of respondents (22%) indicated that they relied on the support of the local Neighbourhood Watch to ensure the safety of patrons. The outlets that sold alcohol to be consumed elsewhere mostly reported that “take-away” alcohol helped to prevent crime at their premises.

Other shebeen owners reported searching for weapons, employing security guards, watching over patrons and other security features.

Figure 28: Safety Precautions, All Areas

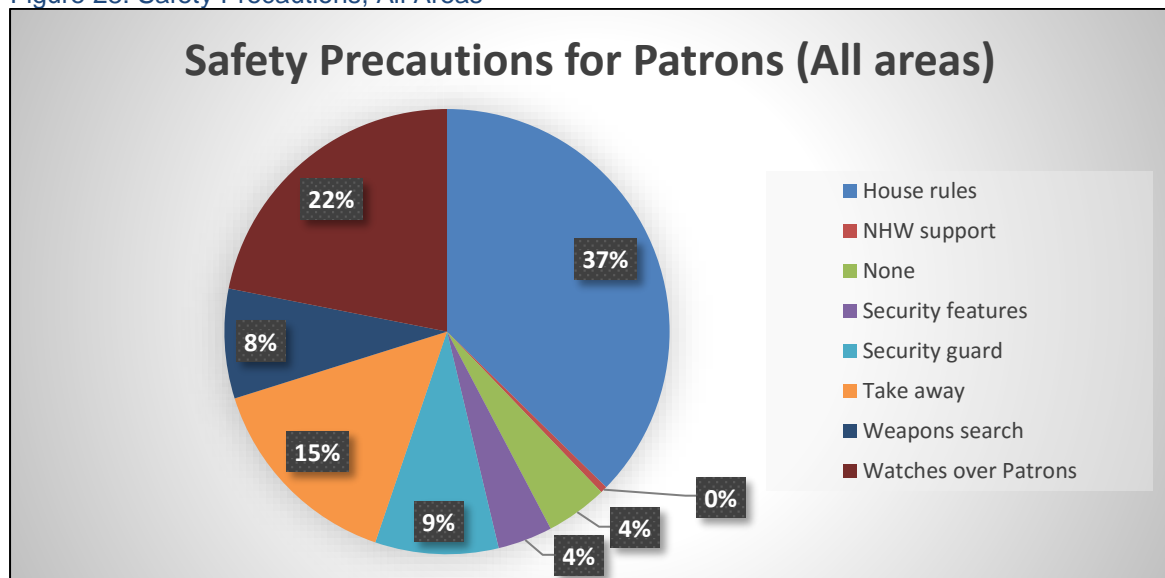
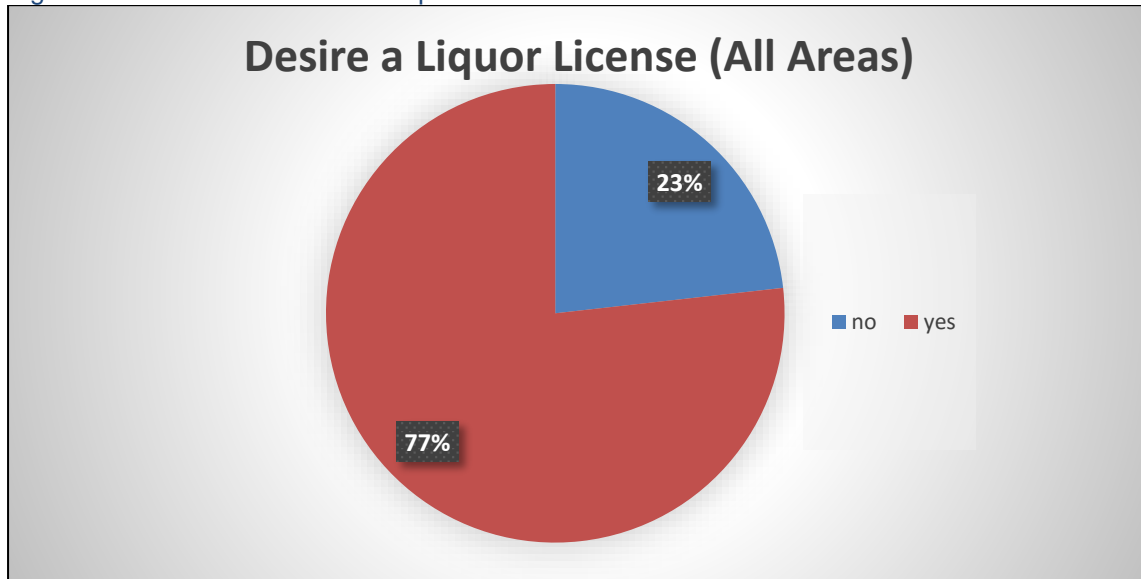


Figure 29: Would like to obtain a liquor license



When asked if they would like to obtain a liquor license, if possible, more than two-thirds of respondents indicated that they would. This indicates a desire among most shebeen owners to be brought into the legal liquor landscape.

70% of the outlets in Paarl East indicated that, if given the choice, they would prefer to have a liquor license and 30% indicated that they are not interested in obtaining a liquor license.

In Khayelitsha, 83% of the respondents indicated that they would prefer to obtain a liquor license if given the choice and 17% indicated that they are not interested in obtaining a liquor license.

The respondent in Nyanga indicated that they would want a liquor license.

Summary of outlet profiles:

Considering the responses from the majority of respondents, it can be deduced that the most prevalent profile of the shebeens in the focus areas are as follows:

- The businesses are mostly between one and five years old, but a significant portion of the businesses are established enterprises with some trading for as long as thirty years.
- The average number of people employed by the shebeens in our sample is 2 persons per outlet.
- Most shebeen owners are between 41 and 50 years old and started selling alcohol because they had no other source of income.
- The majority of outlets sell alcohol for consumption on the premises and just more than half of the respondents offer some form of entertainment at their establishment.
- The shebeens appear to be trading on demand on a 24 hour per day basis.
- 96% of respondents have measures in place to ensure the safety of their patrons.
- Most shebeen owners would like to obtain a liquor license if possible. More than two-thirds of shebeen owners interviewed indicated that they would like to obtain a liquor license if possible.

6.2. Challenges in obtaining a liquor license:

The focus of the research was to identify the barriers preventing shebeens from obtaining a liquor license. Considering the requirements to obtain a liquor license and the aspects highlighted in the literature, the following are possible barriers to entering the licensed liquor trade:

- The cost of obtaining a liquor license
- The restrictions associated with adhering to statutory requirements
- Disqualification criteria for license holders

- The zoning of the premises
- The structure and amenities of the establishment
- Finding the process of applying for a liquor license too complicated or difficult

➤ **Barriers identified in the Literature:**

The literature confirms the findings from the primary data that most businesses in the informal sector would be open to integration into the formal liquor industry.

Table 2: Barriers emanating from the Literature Review

BARRIERS EMANATING FROM THE LITERATURE REVIEW:
1. Daunted by the process of obtaining licenses
2. Cost of application
3. Perceived stringent requirements for liquor outlets: <ul style="list-style-type: none">a. Locationb. Size and amenities
4. Belief that there is “too much red tape”
5. Operate in residential areas → zoning
6. Ease of operating in owner’s back yard, avoiding costs of additional property cost
7. License would impose additional requirements such as infrastructure, license fees and taxes
8. Lack of resources and desire to maximise profit
9. Trading hours not limited if unlicensed
10. Process seen as complicated and drawn-out
11. Rate of success demotivating
12. Difficulty understanding the application process

➤ Declined applications:

Records of liquor license applications in the target areas show that the reasons for the applications being declined included unsuitable premises and incomplete applications.

This indicates that zoning, facilities and amenities as well as the complicated process may be barriers to entry into the legal liquor trade.

➤ Barriers identified in Primary data (survey results):

The questionnaire used in the survey included questions regarding the perceived barriers to entry into the legal liquor trade (barriers to obtaining a license).

Previously applied for a liquor license

Respondents were asked if they had previously applied unsuccessfully for a liquor license. The majority of respondents (83%) had not previously applied for a license. Only 17% had previously applied for a license.

Figure 30: Previously applied for a Liquor License All Areas

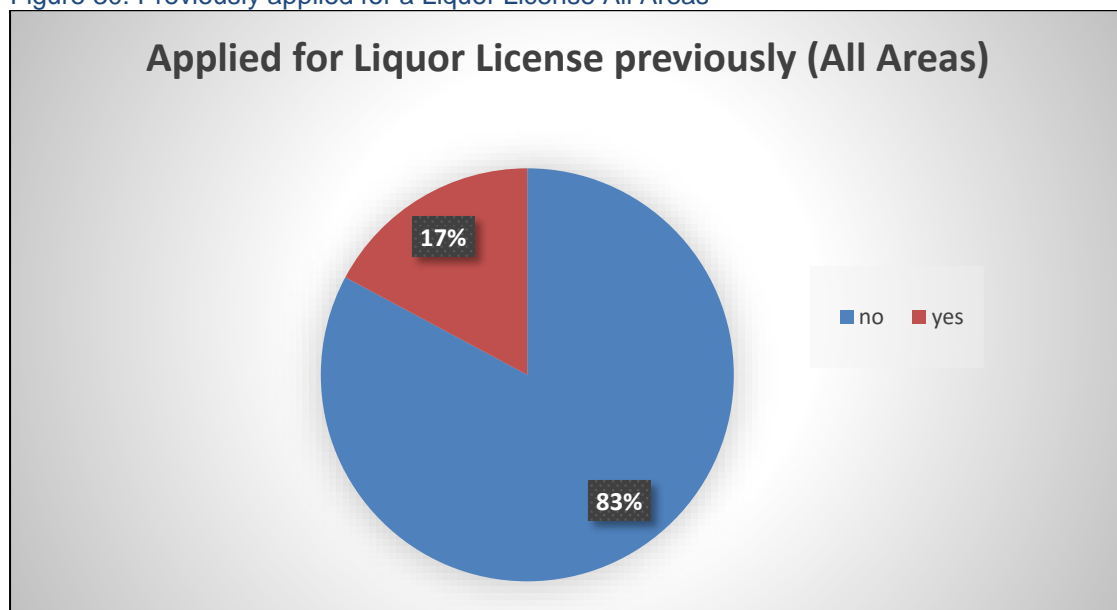
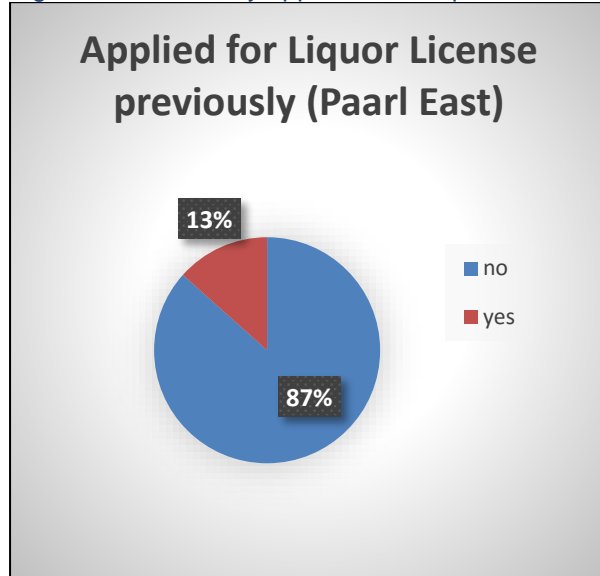


Figure 31: Previously applied for a Liquor License Paarl East



In Paarl East, 87% of the shebeen owners interviewed had not previously applied for a liquor license, but the remaining 13% had previously applied unsuccessfully for a liquor license.

In Khayelitsha, 80% of the unlicensed liquor outlets indicated that they had never applied for a liquor license and 20% indicated that they have in the past applied unsuccessfully for a liquor license or had a liquor license which had expired.

Figure 32: Previously applied for Liquor License Khayelitsha

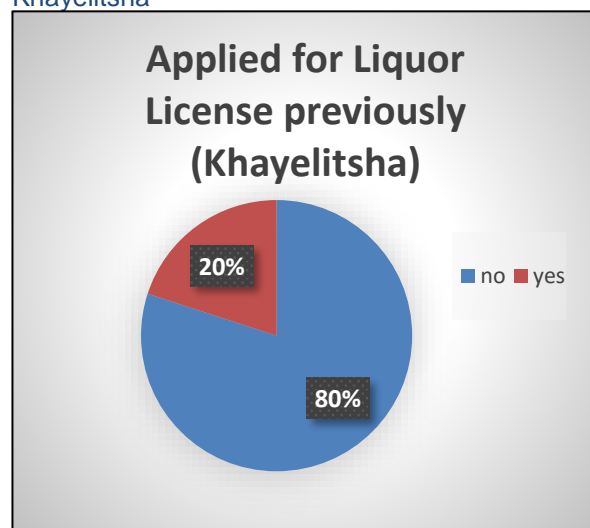


Figure 33: Previously applied for Liquor License Nyanga



The outlet interviewed in Nyanga indicated that they had previously applied for a liquor license.

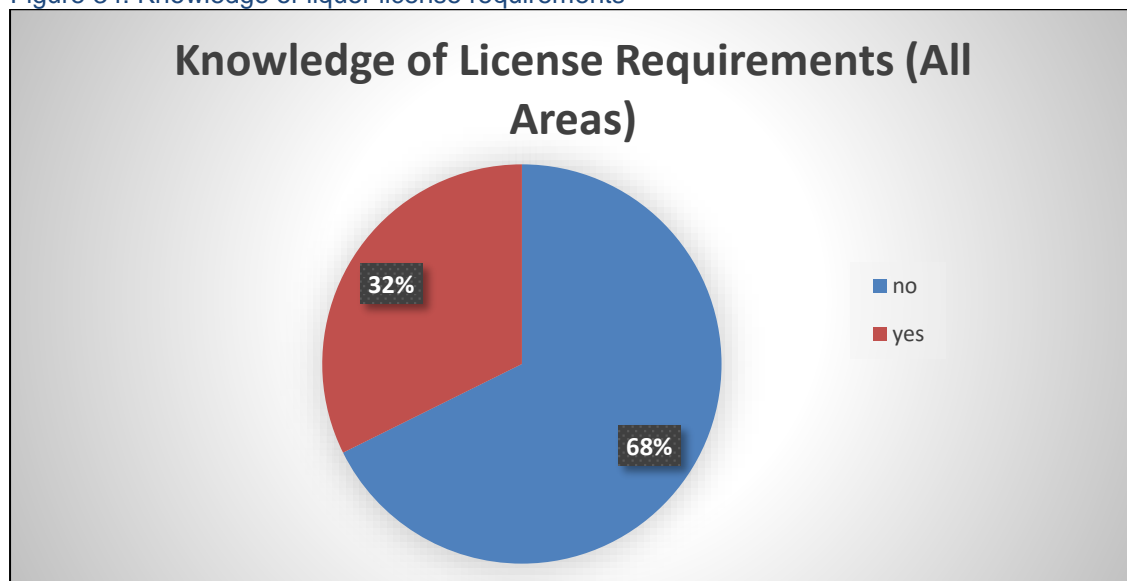
It therefore appears that most of the shebeen owners interviewed have not attempted to obtain a license before.

Knowledge of liquor license requirements:

Respondents were asked if they were familiar with the requirements they had to meet in order to obtain a liquor license.

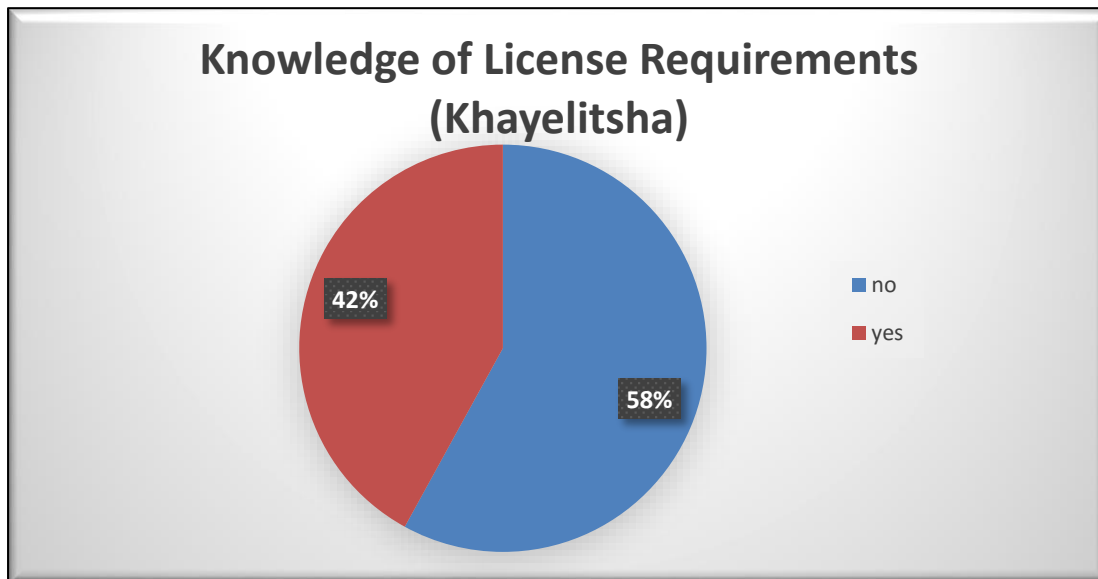
The majority of shebeen owners interviewed (68%) indicated that they did not know what requirements they had to meet in order to obtain a liquor license. Almost a third of the respondents (32%) felt that they were aware of the requirements to obtain a liquor license.

Figure 34: Knowledge of liquor license requirements



In Khayelitsha 42% of the outlet owners said that they were aware of the requirements for obtaining a liquor license and 58% said they were not.

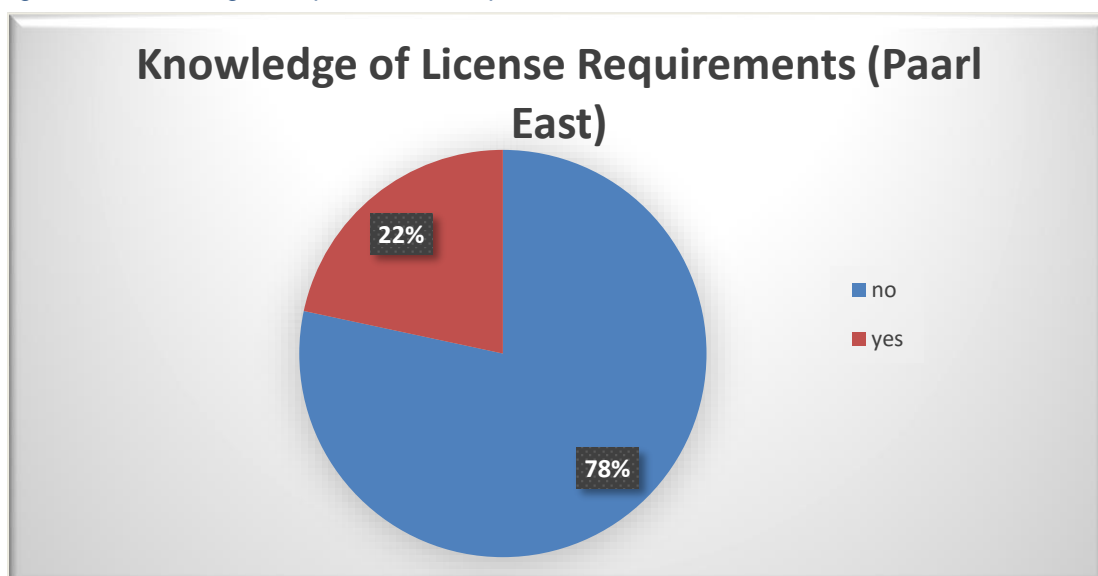
Figure 35: Knowledge of liquor license requirements Khayelitsha



In Paarl East 78% of the respondents indicated that they did not know, or were not familiar with, the requirements necessary to obtain a liquor license. Only 22% indicated that they were aware of the requirements necessary to obtain a liquor license.

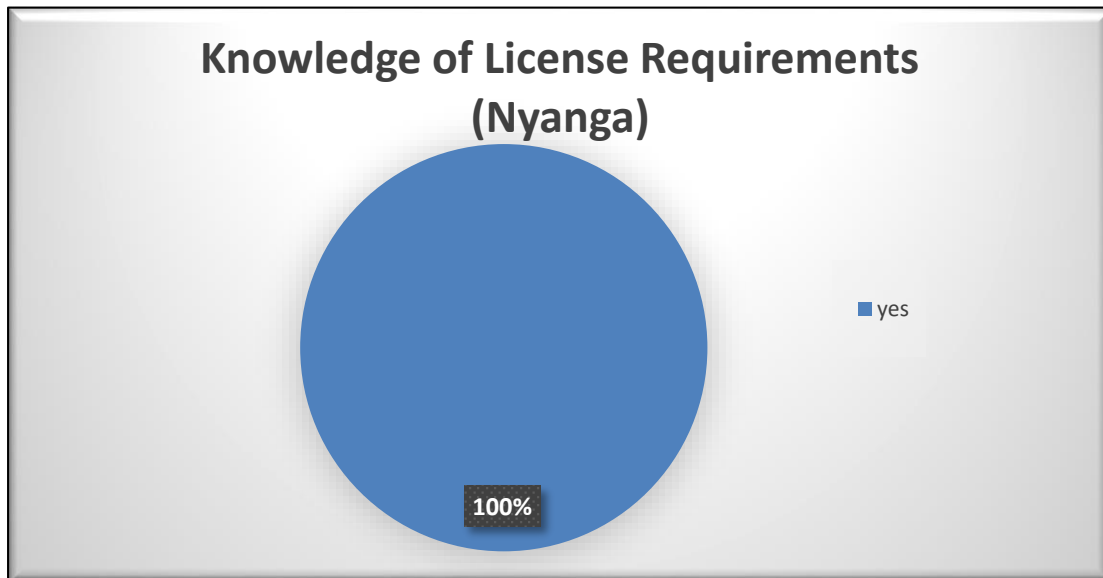
Therefore, in both Khayelitsha and Paarl East, the majority of the illegal outlet owners were not aware of the requirements that they had to meet in order to obtain a liquor license.

Figure 36: Knowledge of liquor license requirements Paarl East



The respondent interviewed in Nyanga was aware of the requirements since this establishment had applied for a license before.

Figure 37: Knowledge of liquor license requirements in Nyanga



Of all the respondents interviewed more than two-thirds (68%) did not know what requirements they had to meet in order to obtain a liquor license.

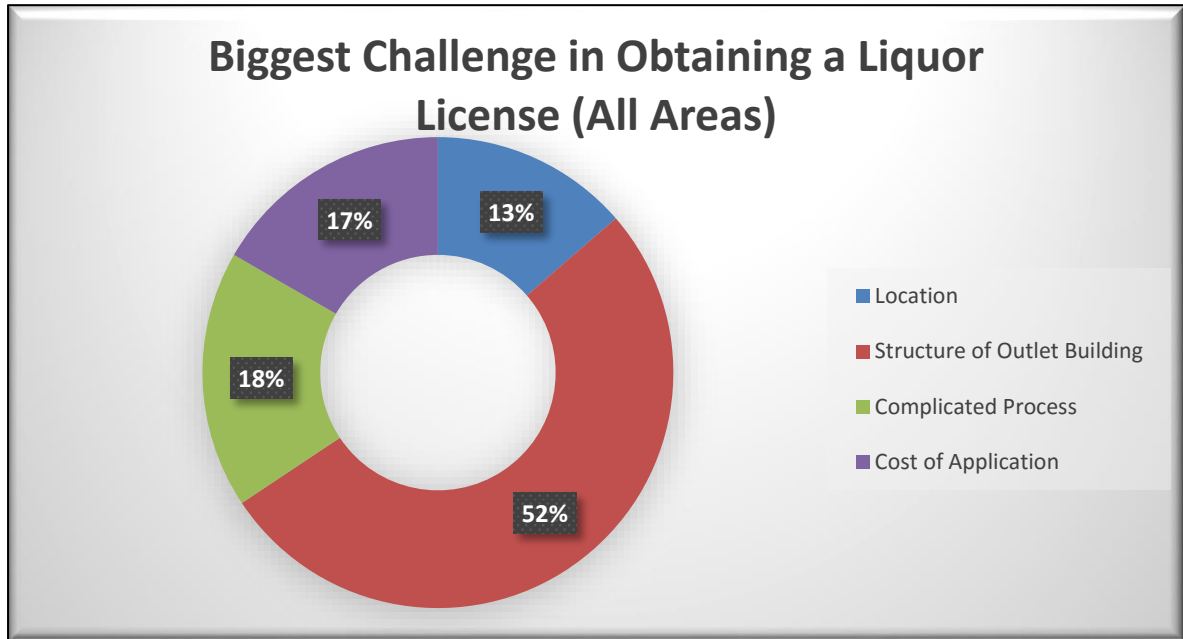
The greatest barrier to obtaining a liquor license:

Respondents were asked what they perceived to be the greatest challenge in obtaining a liquor license. The interviewers explained the requirements to those who were unaware of the requirements and then asked them what they felt the greatest challenge would be in order for them to be eligible for a liquor license.

More than half (52%) of all the shebeen owners interviewed indicated that the greatest obstacle would be to meet the requirements pertaining to the outlet building or structure.

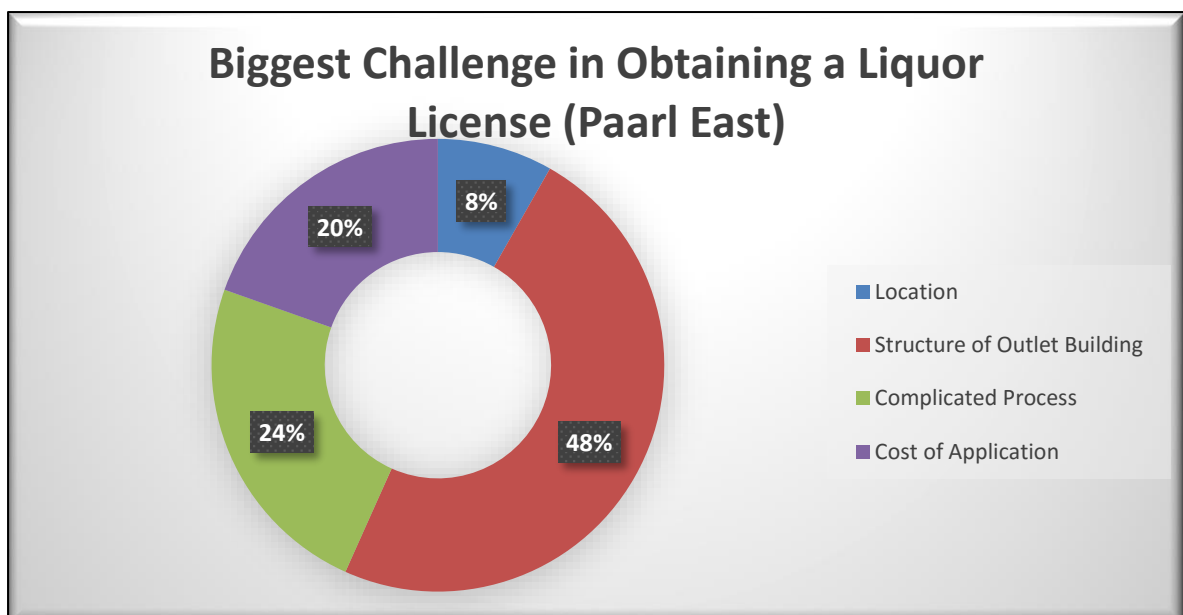
The biggest challenge identified by 18% of respondents was the perceived complicated process to apply for a liquor license, and the cost of the application was indicated by 17% of respondents. The location of the outlet (zoning) was perceived to be the greatest challenge by 14% of respondents.

Figure 38: Biggest challenge in obtaining a liquor license All Areas



In Paarl East almost half of the respondents (48%) perceived the structure of the outlet building to be the greatest barrier to obtaining a liquor license. Nearly a quarter (24%) felt that the complicated application process was the greatest barrier and 20% perceived the cost of the liquor license application to be the biggest obstacle. The location of the outlets was ranked as the greatest challenge by 8% of respondents in Paarl East.

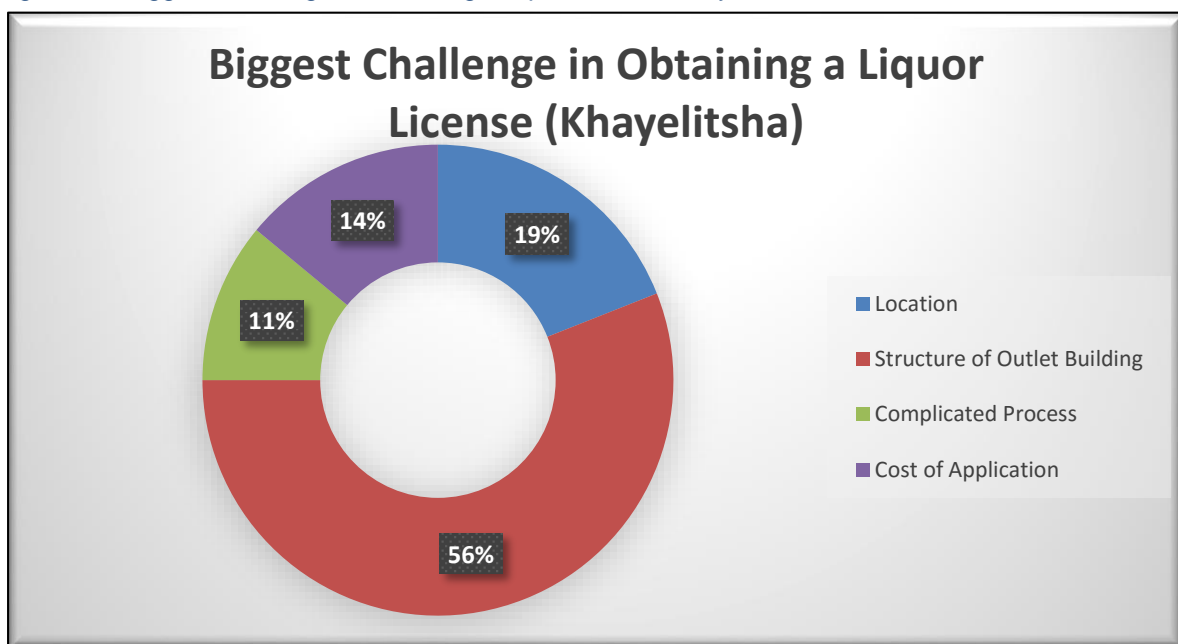
Figure 39: Biggest challenge in obtaining a liquor license Paarl East



In Khayelitsha 56% of respondents identified the structure of the outlet building to be the greatest barrier to obtaining a liquor license. The second most frequently raised barrier (19%) was the location (zoning) of the outlet.

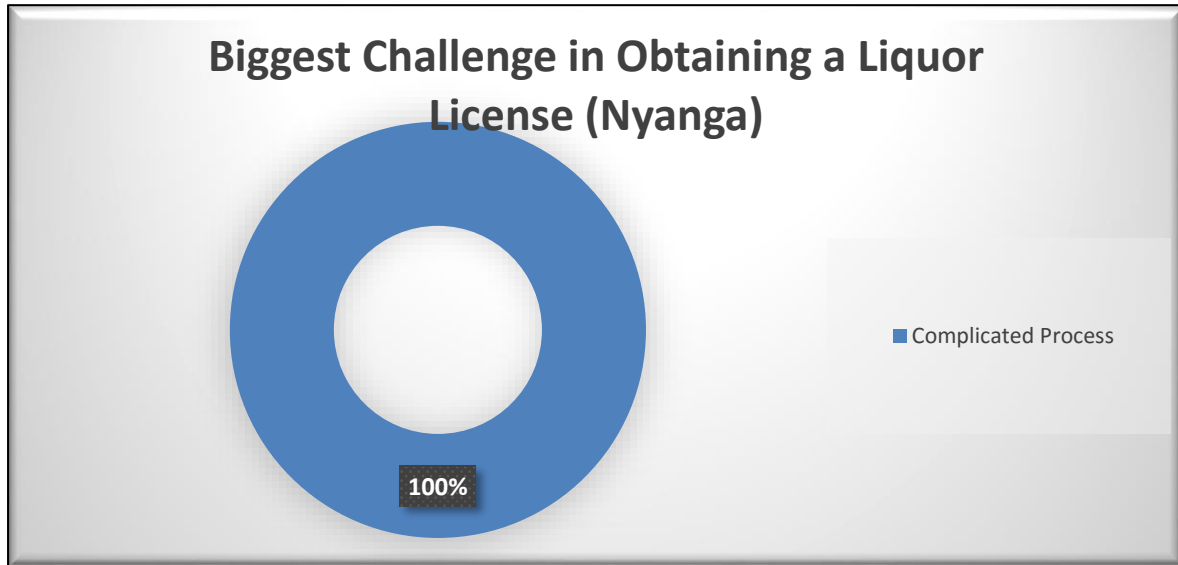
The cost of the application was perceived to be the greatest barrier to obtaining a liquor license by 14% of respondents and the perceived complicated process was indicated by 11% of respondents.

Figure 40: Biggest challenge in obtaining a liquor license Khayelitsha



The shebeen owner interviewed in Nyanga perceived the biggest challenge to obtaining a liquor license to be the complicated application process.

Figure 41: Biggest challenge in obtaining a liquor license Nyanga



In both Khayelitsha and Paarl East, four barriers are listed among the greatest challenges to obtaining a liquor license, namely:

- Structure of the outlet building
- Complicated (application) process
- Cost of a liquor license application
- Location (zoning) of the outlet

The structure of the outlet building is perceived to be the greatest barrier by the majority of shebeen owners.

The second biggest barrier to obtaining a liquor license:

Respondents were asked what they felt was the second greatest barrier to obtaining a liquor license.

The responses confirmed the greatest barriers identified in the previous question, but the results were more evenly spread among the four factors.

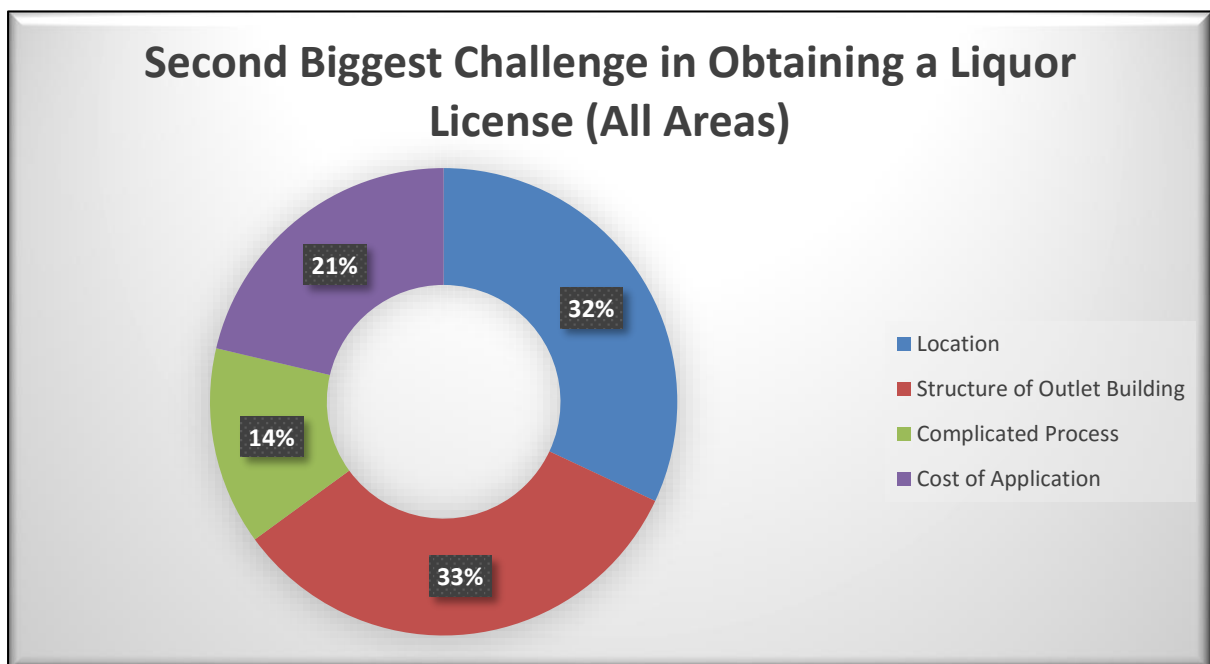
The structure of the outlet building was again most frequently raised, as 33% of the respondents felt it was the second greatest barrier to obtaining a liquor license.

The location of the outlet, and therefore the zoning, was listed by 32% of respondents as the second greatest barrier to obtaining a liquor license, and 21% of

respondents felt the cost of the application was the second greatest barrier to obtaining a liquor license.

Another barrier was the complicated process of obtaining a liquor license, which was identified as the second greatest challenge in obtaining a liquor license by 14% of respondents.

Figure 42: Second biggest challenge to obtaining a liquor license, All Areas

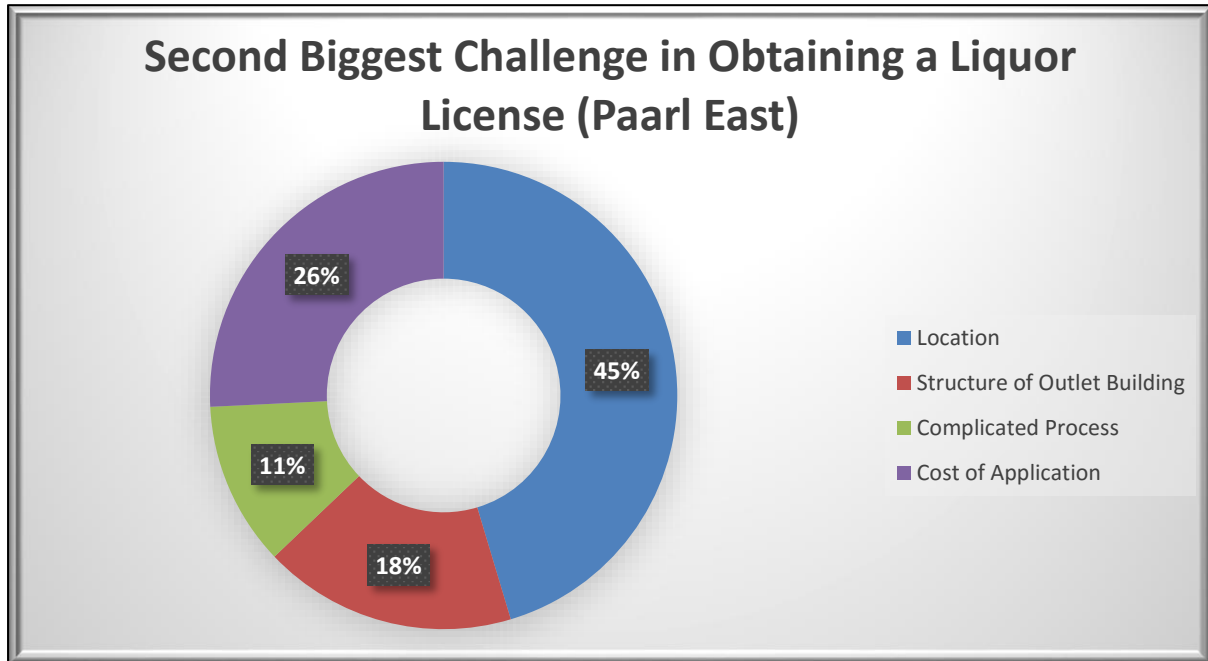


Respondents in Paarl East most frequently (45%) listed the location (zoning) of the outlet as the greatest barrier to obtaining a liquor license.

The cost of the application (26%) and the structure of the outlet building (18%) were also frequently identified as the second greatest barriers to obtaining a liquor license in Paarl East.

The perceived complicated process was listed as the second greatest barrier by 11% of respondents in Paarl East.

Figure 43: Second biggest challenge in obtaining a liquor license Paarl East

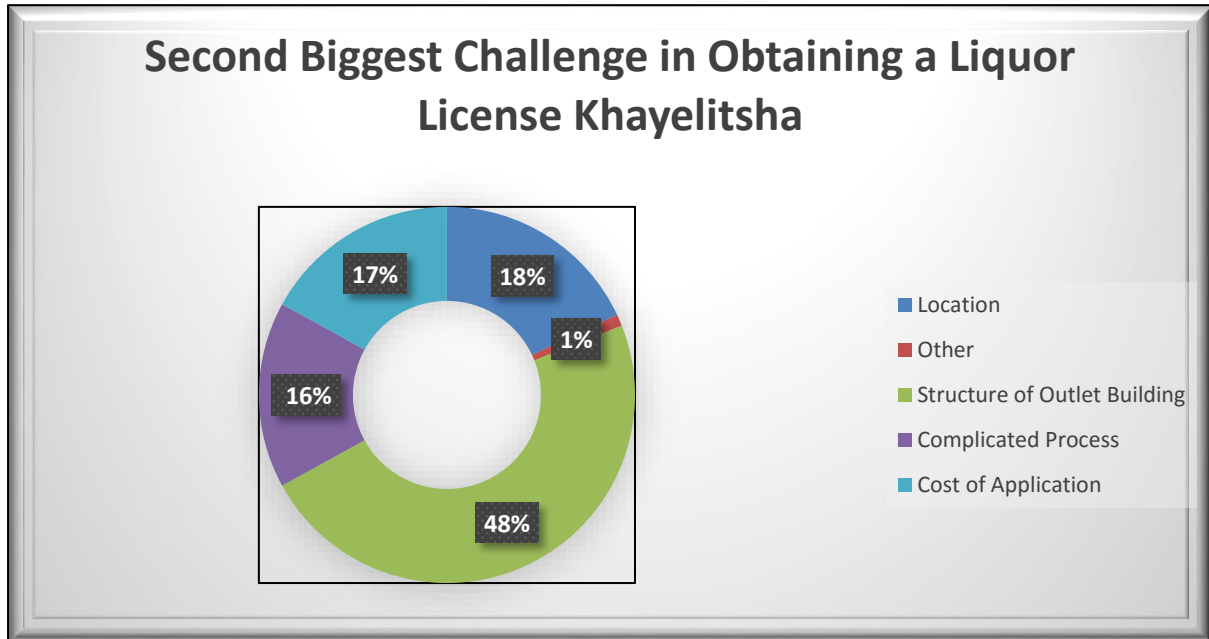


In Khayelitsha 48% of the respondents ranked the structure of the outlet as the second biggest challenge in obtaining a liquor license.

The location, referring to the zoning, was identified as the second biggest challenge in obtaining a liquor license by 18% of respondents, and 17% felt the cost of the application was the second greatest barrier to obtaining a liquor license.

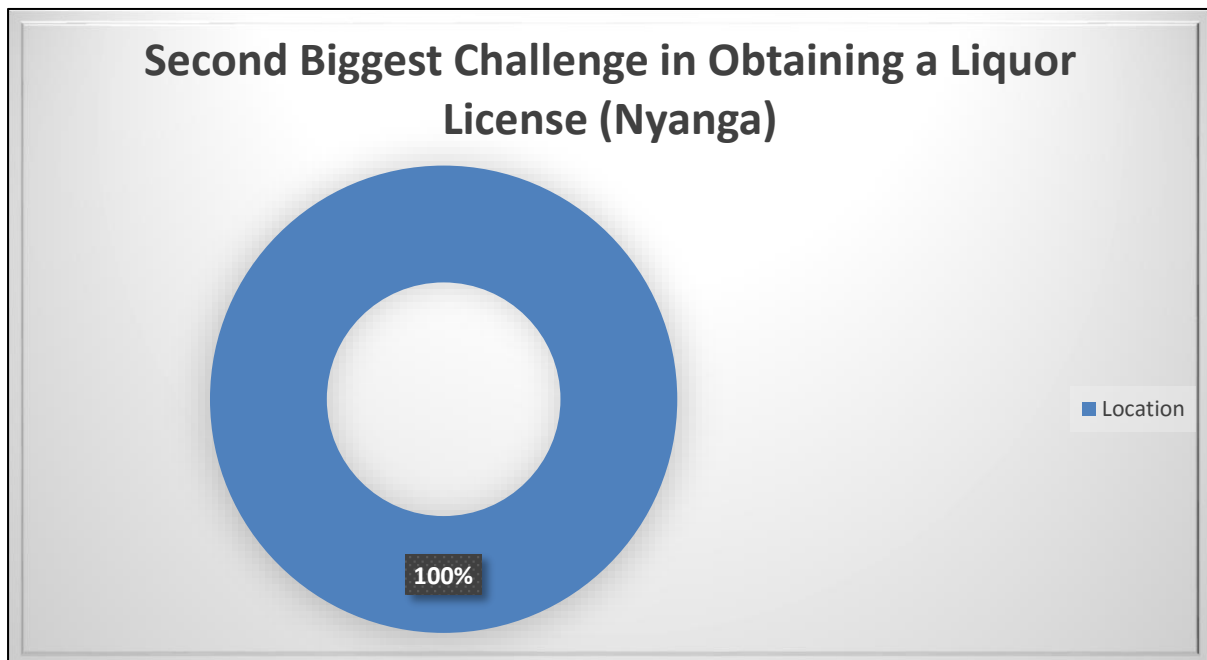
The complicated process of the application was identified by 16% of respondents in Khayelitsha as the second greatest barrier to obtaining a liquor license. Only 1% of respondents in Khayelitsha indicated that they had different reasons, namely too many other existing outlets, for not applying for a liquor license.

Figure 44: Second biggest challenge in obtaining a liquor license Khayelitsha



The respondent in Nyanga indicated that the location of the outlet (zoning) was the second greatest barrier to obtaining a liquor license.

Figure 45: Second biggest challenge in obtaining a liquor license Nyanga



The location and structure of the outlets were therefore identified most frequently as the second greatest barrier to obtaining a liquor license, with the cost of the application ranking third most commonly cited as the second greatest barrier to obtaining a liquor license.

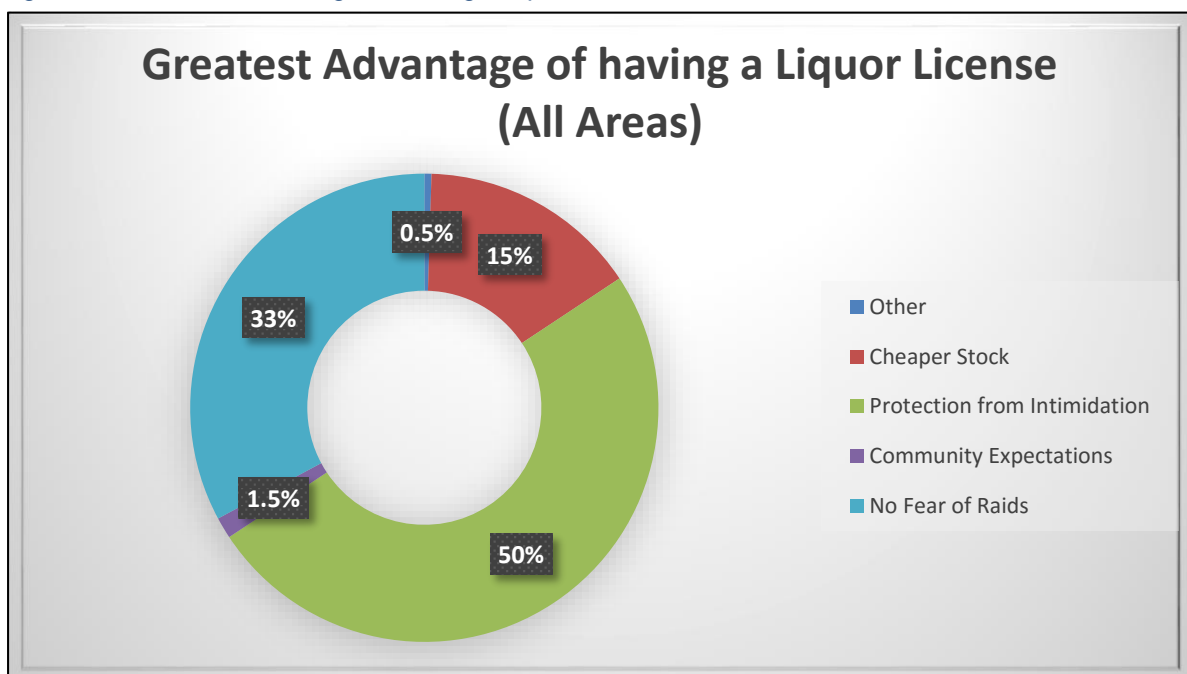
Greatest advantage of having a liquor license:

Respondents were asked what they perceived to be the greatest advantage of having a liquor license. The objective of the question was to establish what factors would motivate shebeen owners to obtain liquor licenses.

Half (50%) of the shebeen owners interviewed responded that the greatest advantage of having a liquor license would be protection from intimidation. These responses confirm literature that cites that many illegal outlets are intimidated by the police and have to pay “protection money”.

A third of respondents (33%) noted that the greatest advantage of having a liquor license would be “no fear of raids.” Cheaper stock (as they can then be supplied by SAB) was listed as the greatest advantage of having a liquor license by 15% of respondents. Only 1% of shebeen owners considered community expectations to be the greatest advantage of having a liquor license and less than 1% listed other reasons (Paarl East).

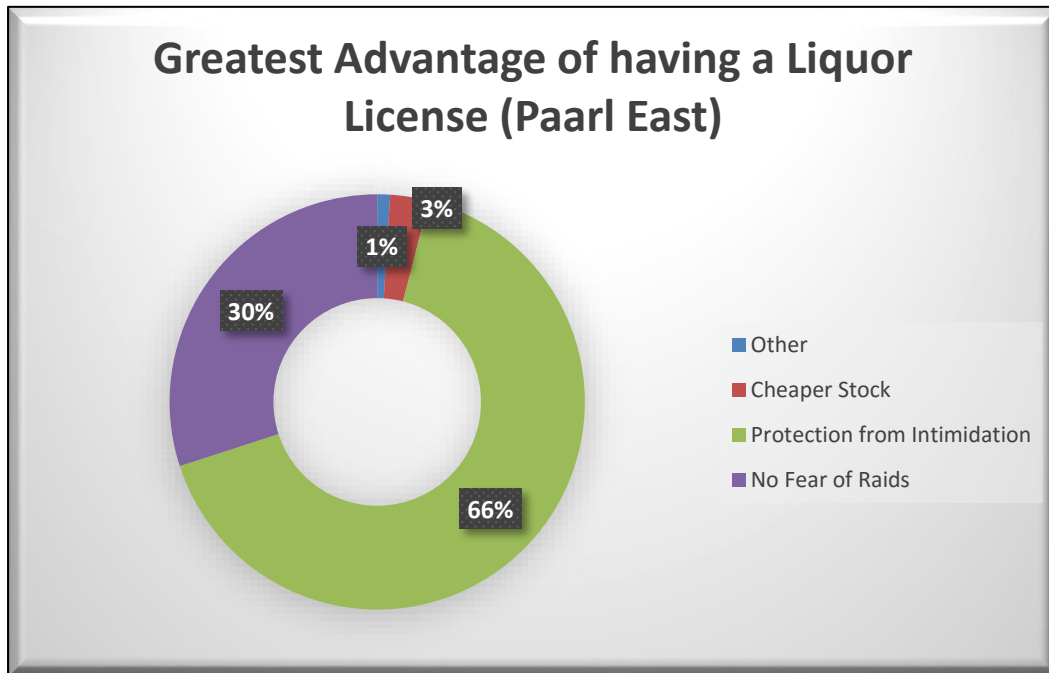
Figure 46: Greatest advantage of having a liquor license, All Areas



In Paarl East 66% of respondents considered the greatest advantage of having a liquor license to be protection from intimidation. Almost a third (30%) felt that the

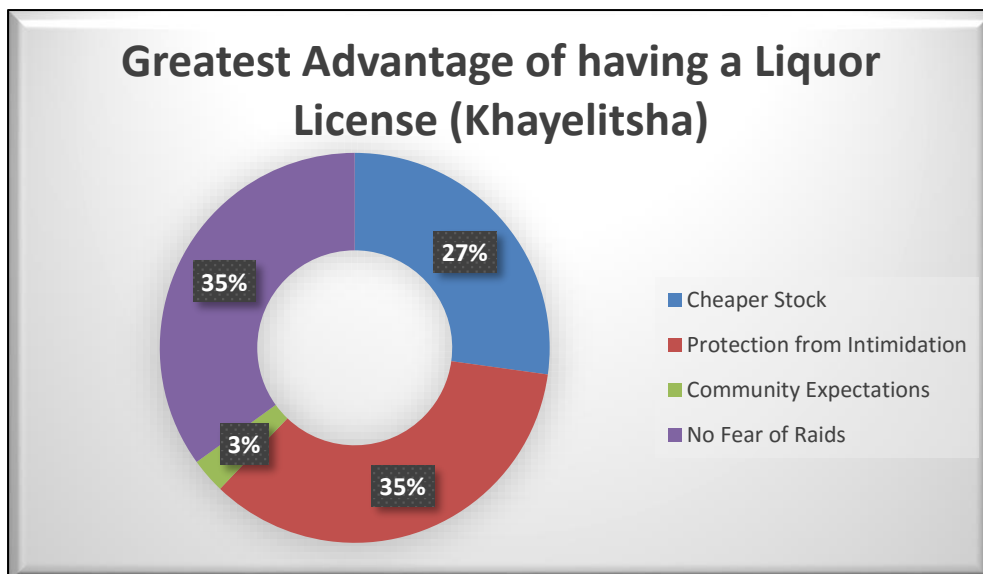
greatest advantage was not having to fear raids, and 3% listed cheaper stock as the greatest advantage of having a liquor license. One shebeen owner (1%) responded that “income tax” was the greatest advantage of having a liquor license.

Figure 47: Greatest advantage of having a liquor license Paarl East



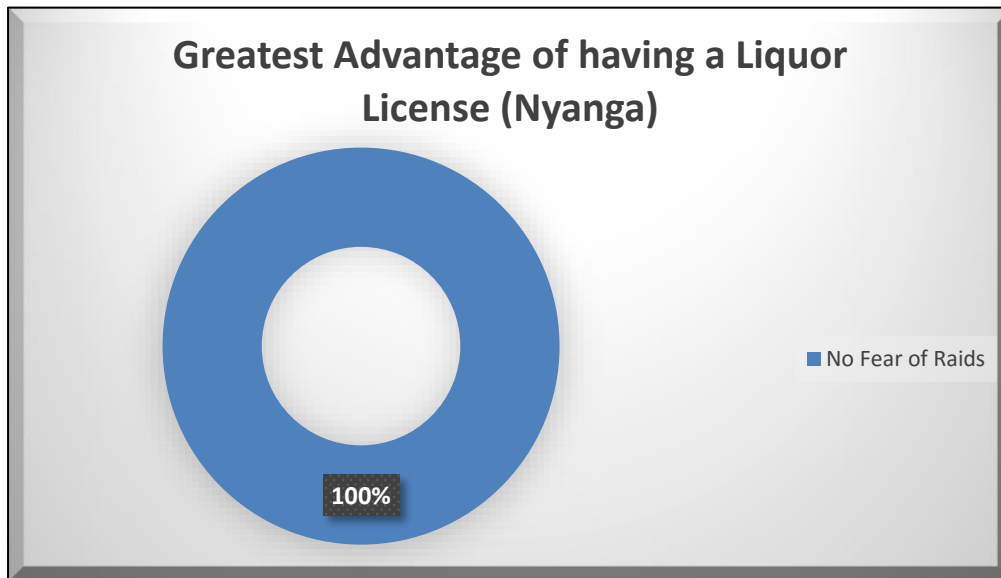
Respondents from Khayelitsha jointly (35% each) listed being protected from intimidation and not having to fear raids as the greatest advantages of having a liquor license. Community expectations was listed as the greatest advantage by 3% of shebeen owners interviewed in Khayelitsha.

Figure 48: Greatest advantage of having a liquor license Khayelitsha



The shebeen owner interviewed in Nyanga felt that not having to fear raids was the greatest advantage of having a liquor license.

Figure 49: Greatest advantage of having a liquor license Nyanga



Greatest disadvantage of having a liquor license:

In order to establish factors that deter shebeen owners from applying for a liquor license, the respondents were asked what they perceived to be the greatest disadvantage of having a liquor license.

The most frequently (55%) raised factor was regulated hours. The analysis of trading times of the shebeens in the selected sample revealed that they most likely trade on demand around the clock. Restrictions in terms of trading times could therefore negatively impact on sales volumes.

License fees were identified as the greatest disadvantage of having a liquor license by 19% of respondents. Income tax was listed as the greatest disadvantage by 11% of shebeen owners interviewed, and regulated prices was identified by 8% of respondents. Regulated sales requirements was identified as the greatest disadvantage of having a liquor license by 6% of the shebeen owners interviewed.

Figure 50: Greatest disadvantage of having a liquor license, All Areas

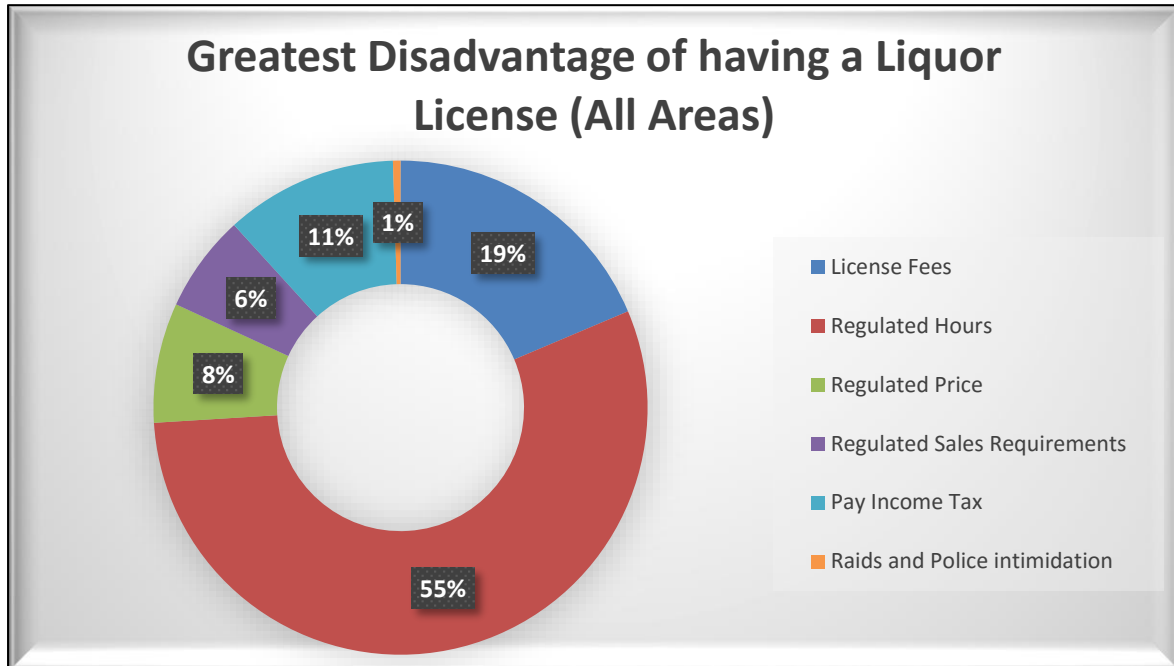
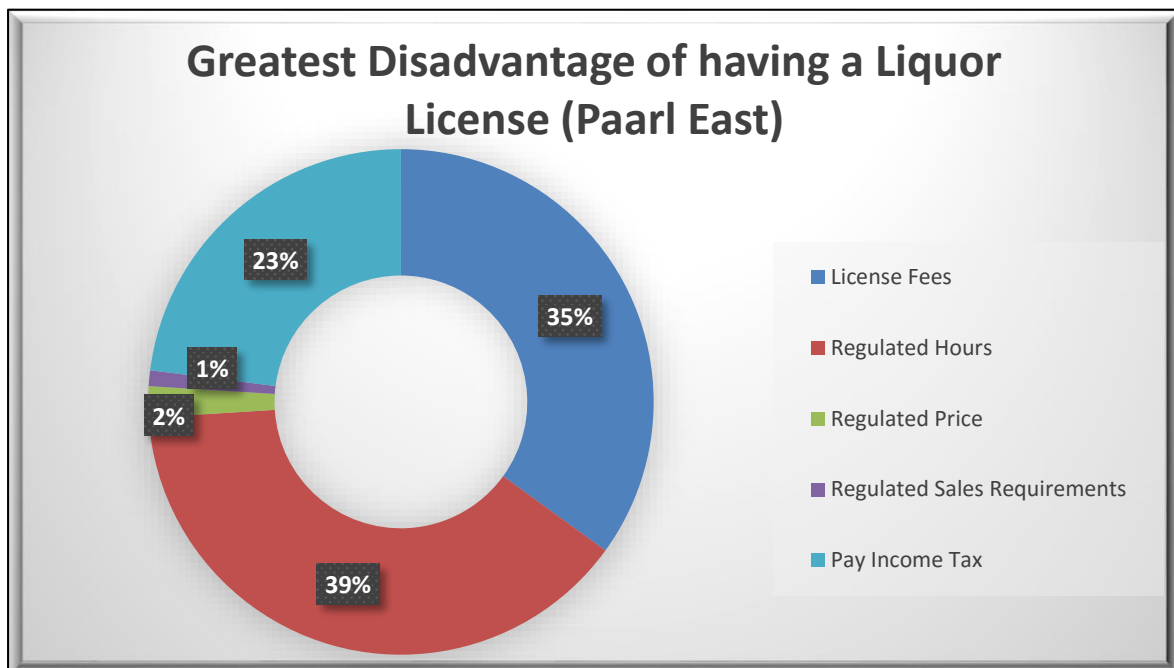


Figure 51: Greatest disadvantage of having a liquor license Paarl East

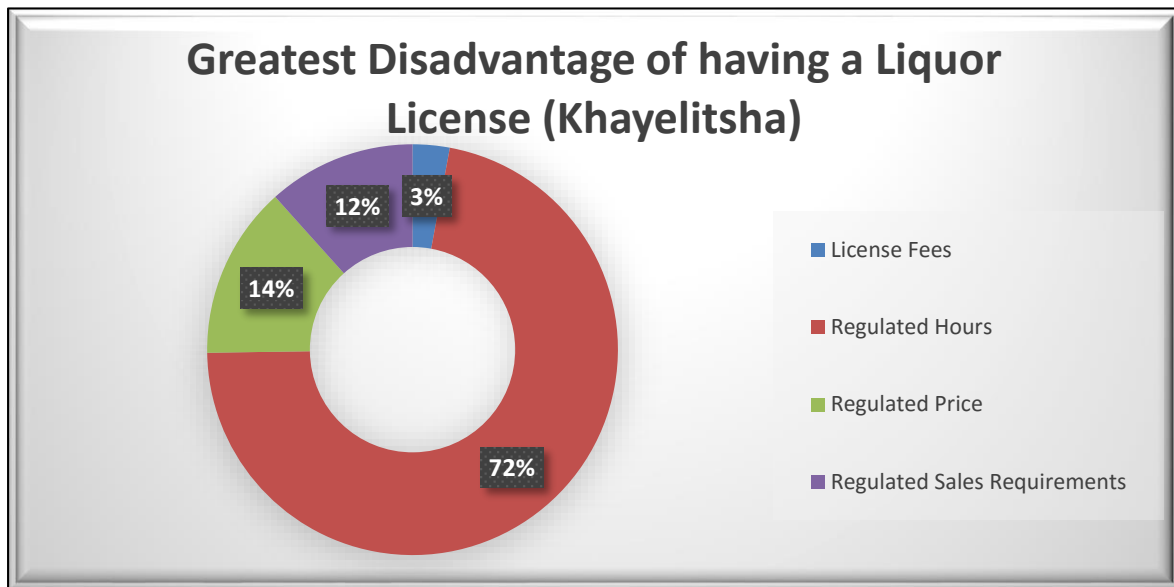


In Paarl East, 39% of respondents felt that the greatest disadvantage of having a liquor license was the regulated hours. License fees was identified as the greatest

disadvantage by 35% of respondents and 23% reported that income tax was the greatest disadvantage of having a liquor license.

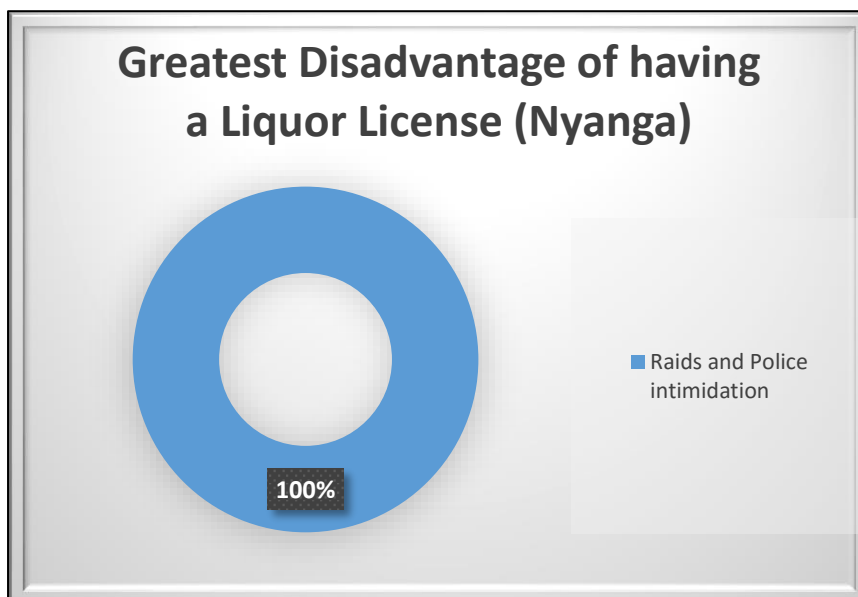
Regulated price was listed by 2% of respondents, and 1% of shebeen owners interviewed in Paarl East reported that regulated sales requirements was the greatest disadvantage of having a liquor license.

Figure 52: Greatest disadvantage of having a liquor license Khayelitsha



The shebeen owner interviewed in Nyanga listed raids and police intimidation as the greatest disadvantage of having a liquor license.

Figure 53: Greatest disadvantage of having a liquor license Nyanga



Summary:

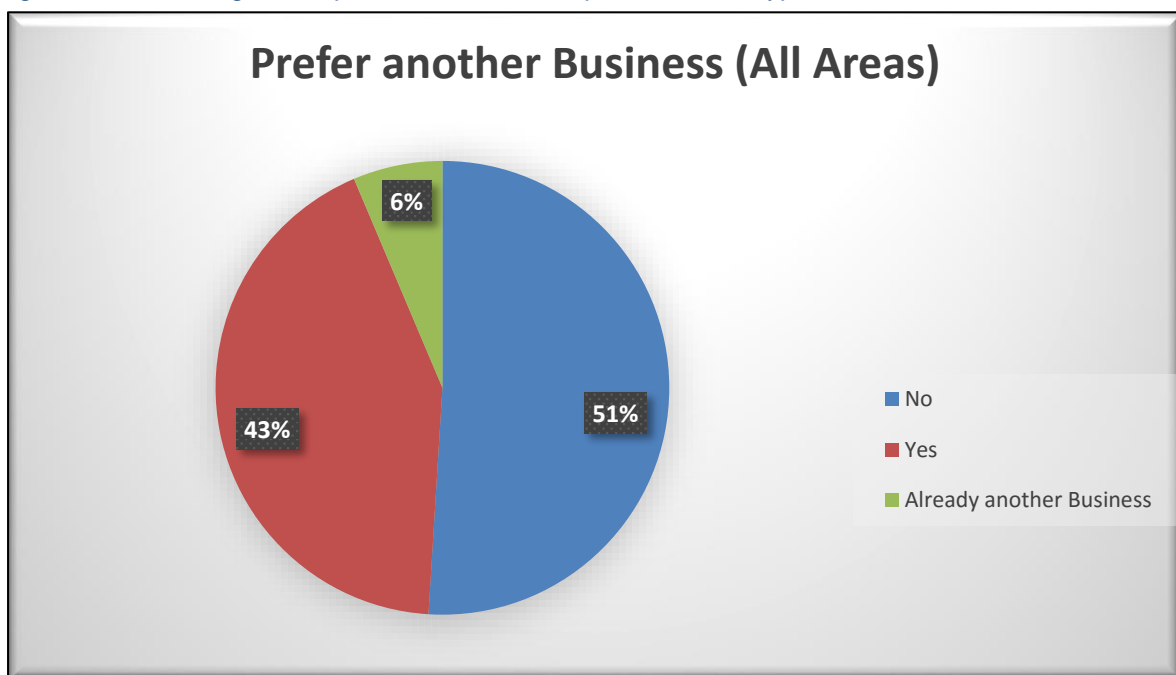
1. *Most respondents were uncertain about the requirements for obtaining a liquor license.*
2. *The majority of shebeen owners interviewed had not applied for a liquor license before.*
3. *Respondents regarded the greatest barrier to obtaining a liquor license to be the structure of the outlet building, with 52% of respondents confirming that it is the greatest barrier to obtaining a liquor license.*
4. *The location of the outlet, complicated process and cost of the application were also frequently named as the greatest challenge in obtaining a liquor license.*
5. *The shebeen owners interviewed identified either of the following as the second greatest barrier to obtaining a liquor license:*
 - *Location of the outlet*
 - *Complicated application process*
 - *Structure of the outlet building*
 - *Cost of the application*
6. *Half of the shebeen owners interviewed said the greatest advantage of having a liquor license is protection from intimidation. A third of the respondents indicated that not having to fear raids by the police was the greatest advantage of having a liquor license.*
7. *Regulated trading hours was the greatest disadvantage of having a liquor license to 55% of respondents.*
8. *The results of the primary data confirm the secondary data (archival study).*
9. *Although only one respondent from Nyanga was interviewed, there is a strong correlation between the results from Paarl East and Khayelitsha, which indicates theoretical saturation.*

6.3. Alternatives to running a shebeen:

Respondents were asked, if they had the opportunity, if they would prefer to have another type of business instead of a shebeen. The objective of the question was to establish whether shebeen owners would be interested in starting an alternative business.

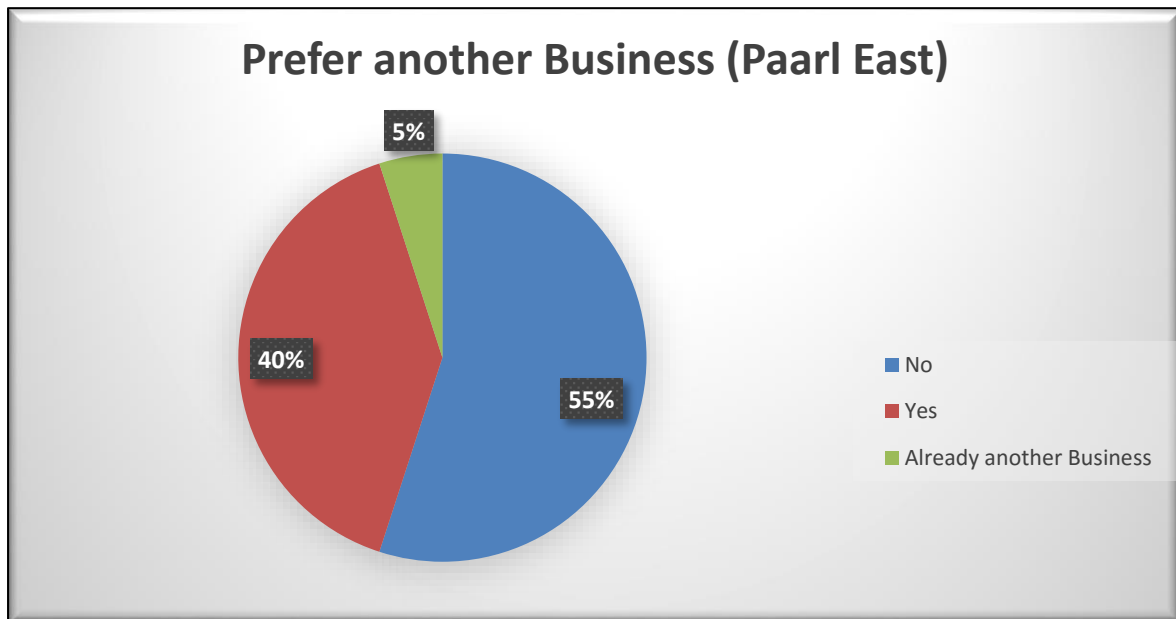
Just over half (51%) of respondents indicated that they preferred to run a shebeen and would not be interested in an alternative business opportunity. Six percent (6%) of the respondents already had another business in addition to their shebeen and 13% indicated that they would prefer to start another business instead of a shebeen.

Figure 54: Percentage of respondents who would prefer another type of business, All Areas



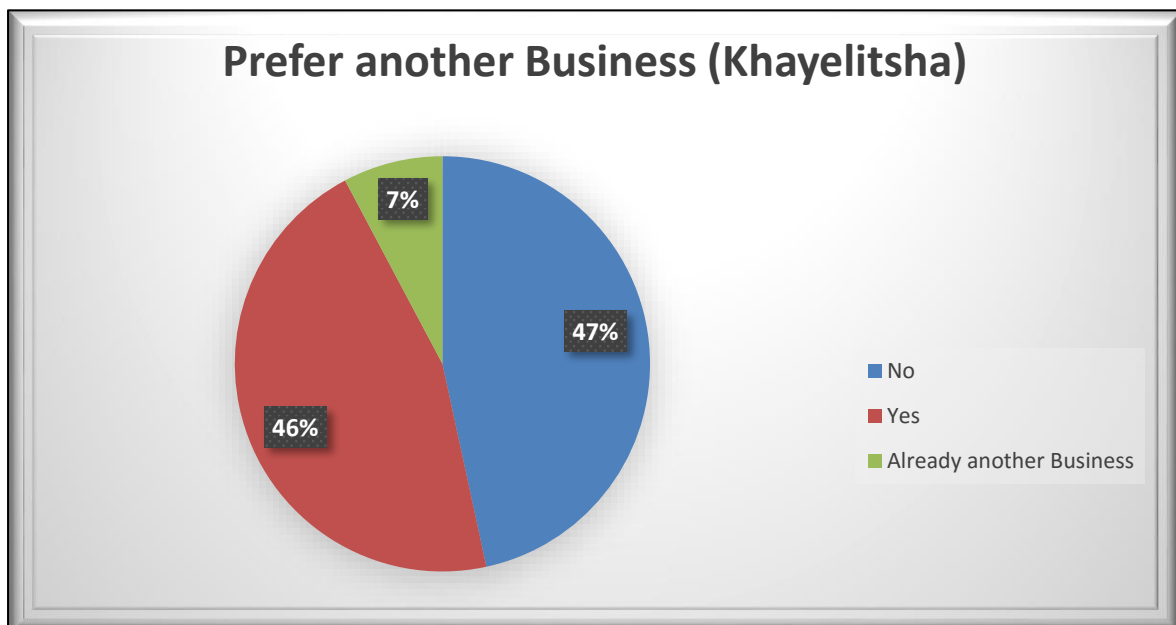
In Paarl East, 55% of shebeen owners interviewed said that they do not want to start an alternative business and 5% already had a second business. Forty percent (40%) of respondents indicated that they would prefer to start another business if they had the opportunity.

Figure 55: Percentage of respondents who would prefer another type of business Paarl East



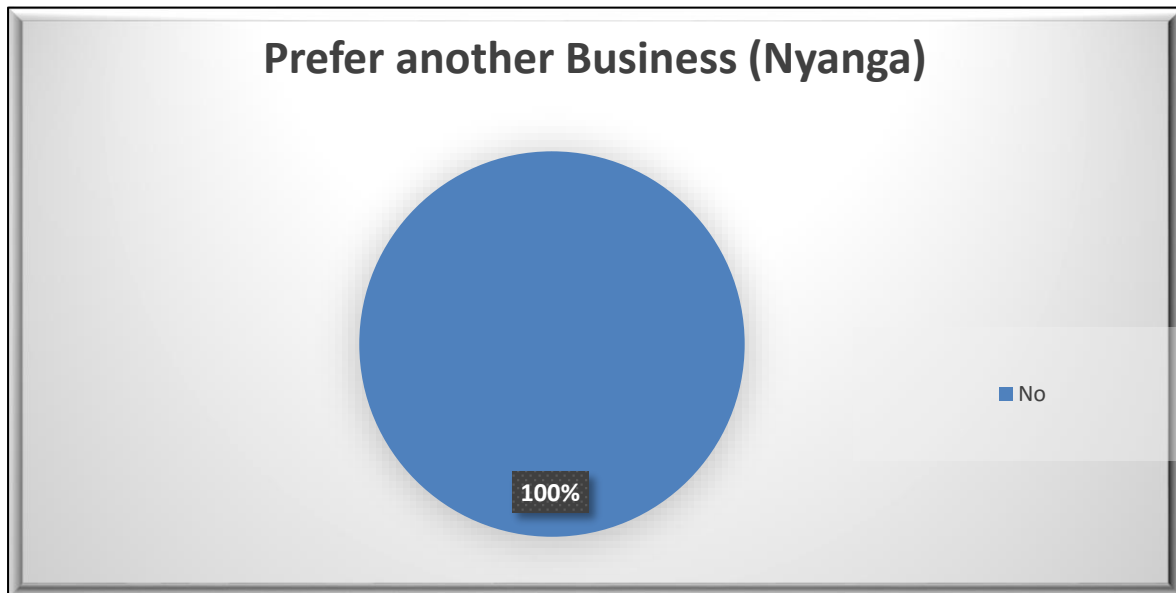
In Khayelitsha 47% of shebeen owners interviewed said that they were not interested in starting an alternative business and 8% already had other businesses in addition to their shebeens. Less than half (46%) of respondents indicated that they would prefer another business instead of a shebeen.

Figure 56: Percentage of respondents who would prefer another type of business Khayelitsha



The respondent interviewed in Nyanga was not interested in starting another business

Figure 57: Percentage of respondents who would prefer another type of business Nyanga



The results of the survey indicate the majority of shebeen owners are not interested in closing their shebeens and exploring alternative business options.

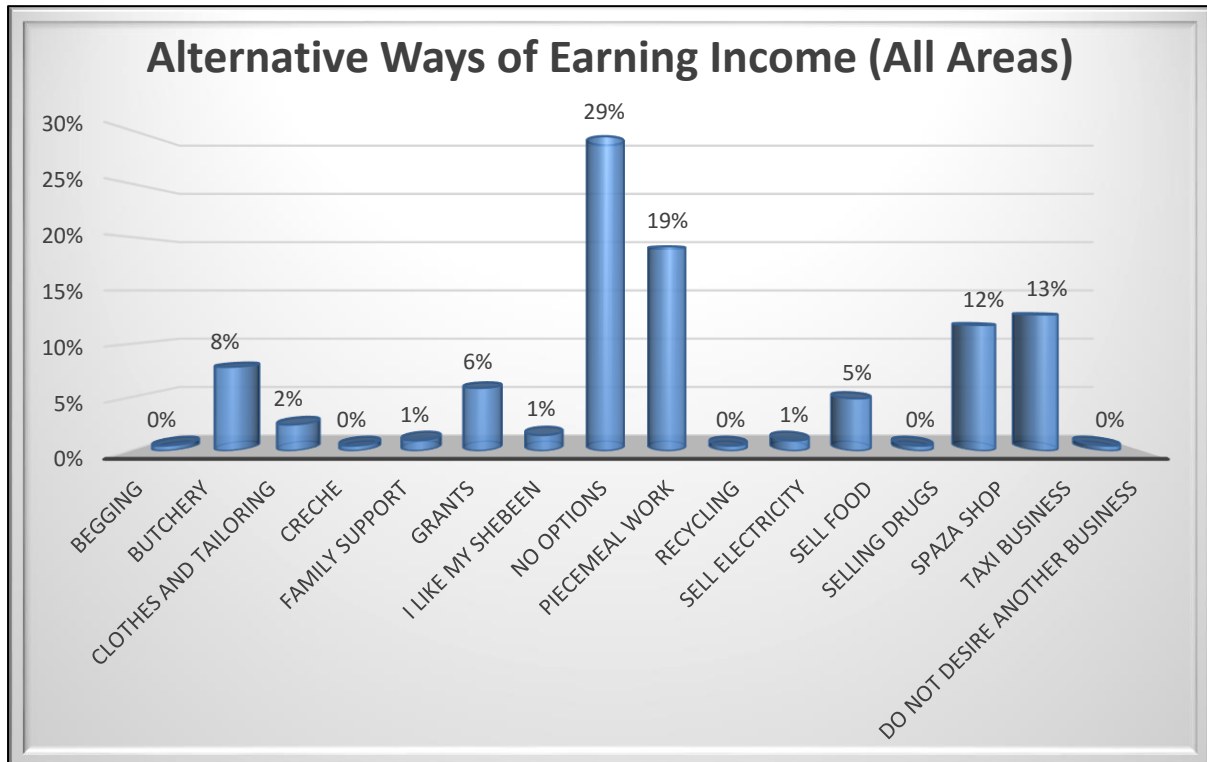
Alternative ways of earning an income:

Respondents were asked how, in the event of their shebeens closing for business, they would earn an income. The objective was to establish what shebeen owners would do to generate income if their shebeens were to be shut down.

The responses varied, but most (29%) unfortunately felt that they had no other options. Nineteen percent (19%) indicated that they would do piecemeal work, 13% said they would consider entering the taxi industry and 12% responded that they would open a spaza shop.

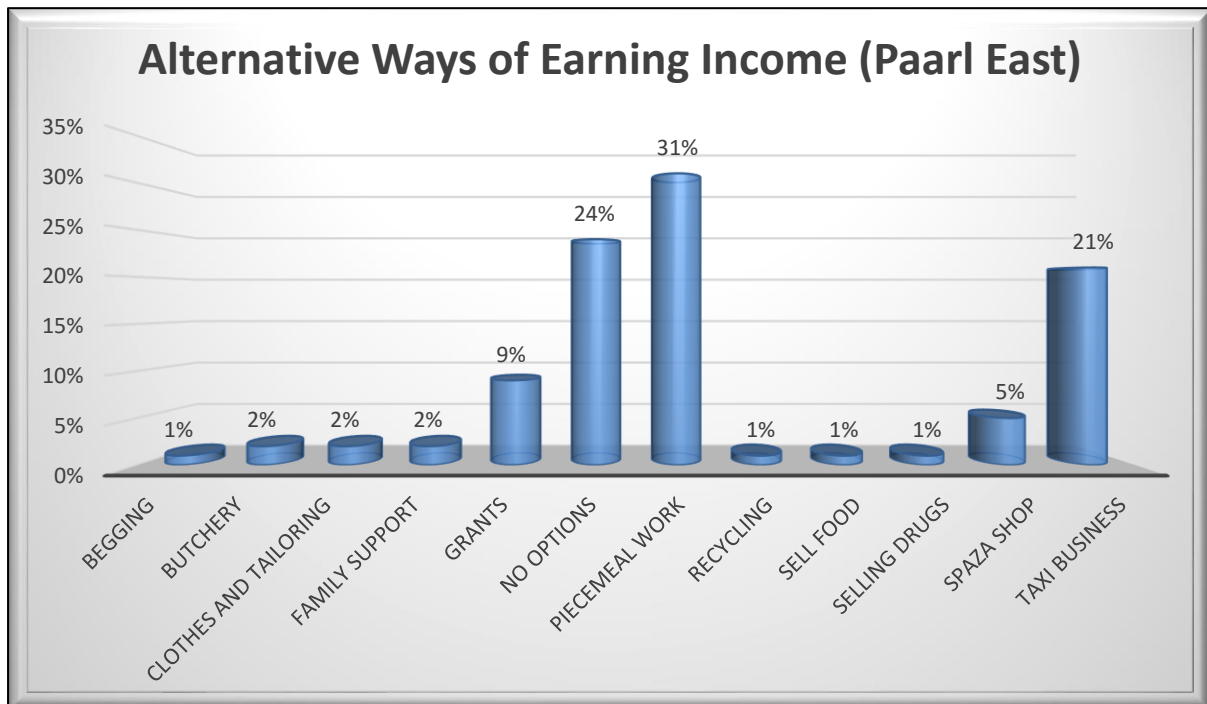
Opening a butchery (8%), living off a social grant (6%), selling food (5%) and selling clothes (2%) were also listed as options. One percent (1%) of respondents indicated that they would resort to begging to make a living.

Figure 58: Alternative ways of earning an income, All Areas



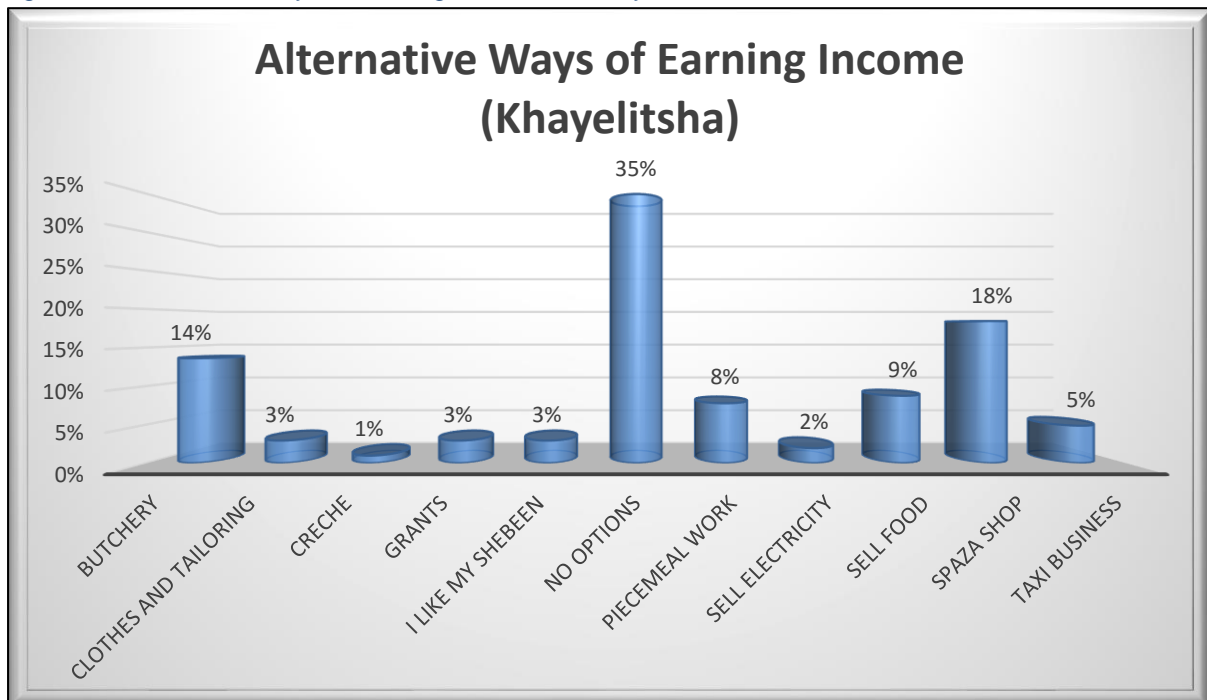
In Paarl East, piecemeal work (31%) was the most popular option, followed by “no other option” (24%), entering the taxi industry (21%), living off a social grant (9%) and opening a spaza shop (5%). One percent (1%) of respondents interviewed in Paarl East indicated that they would turn to selling drugs to generate an income.

Figure 59: Alternative ways of earning an income Paarl East



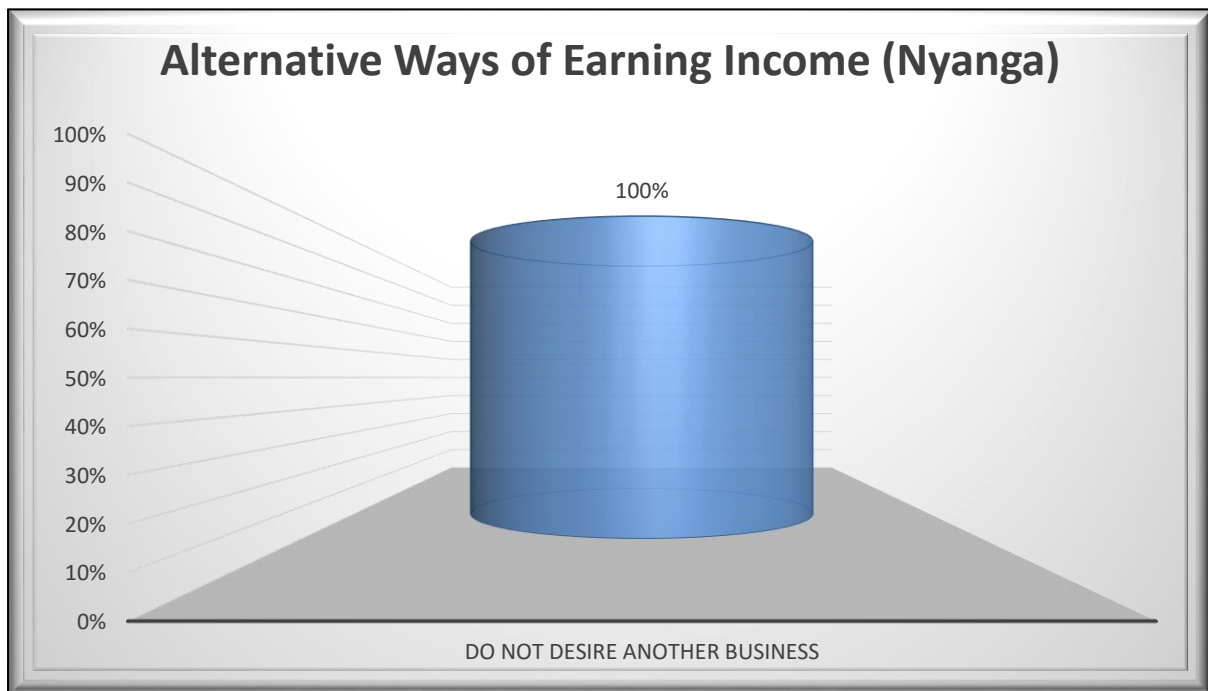
Of the shebeen owners interviewed in Khayelitsha, 35% felt that they had no other options. Opening a spaza shop (18%), running a butchery (14%), selling food (9%) and doing piecemeal work (8%) were also popular options in Khayelitsha.

Figure 60: Alternative ways of earning an income Khayelitsha



The shebeen owner in Nyanga reported no desire to start another business.

Figure 61: Alternative ways of earning an income Nyanga



The results indicate the most shebeen owners feel that they have no other options, which confirms their reasons for starting the shebeen in the first place.

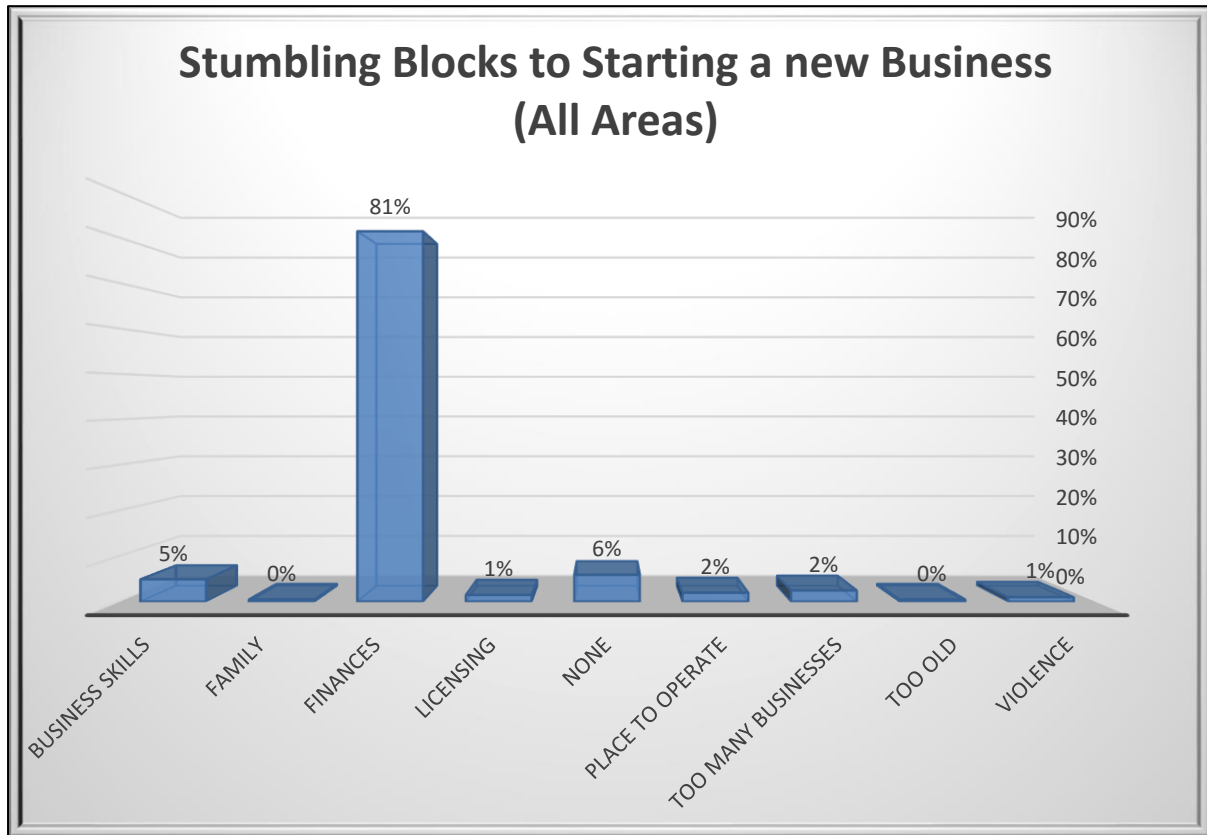
Stumbling blocks to starting a new business:

Respondents were asked what they perceived to be stumbling blocks to starting a new business.

The vast majority (81%) of respondents indicated that financial restraints was the main stumbling block to starting a new business and 5% said they required business skills to start a new business.

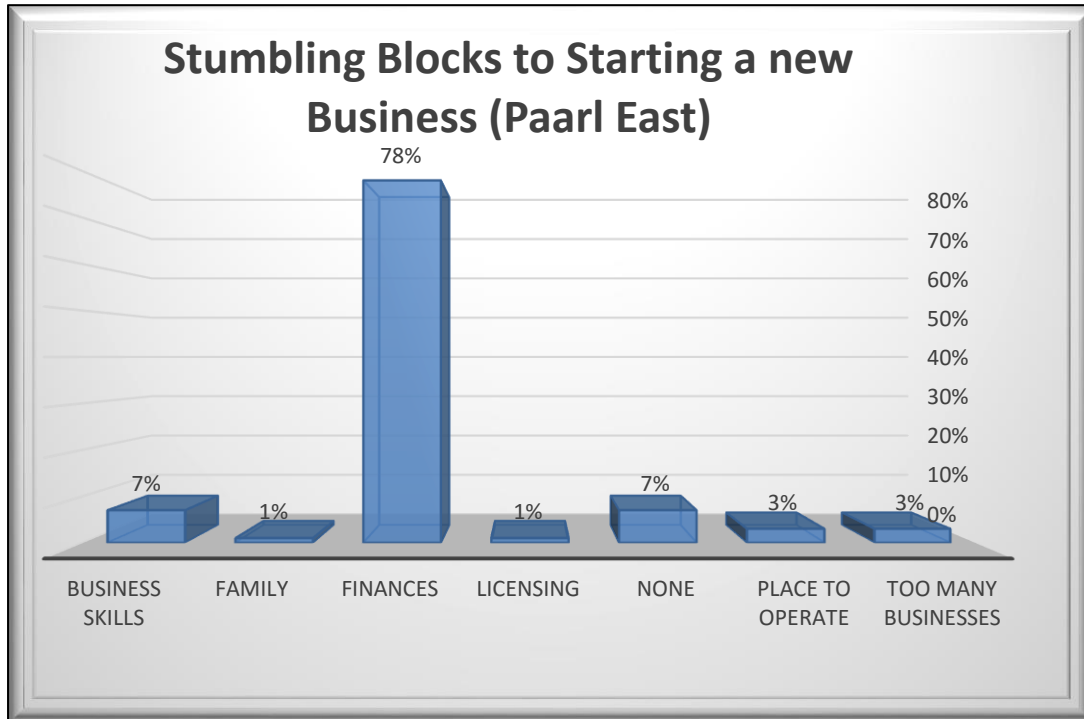
Six percent (6%) reported that there were no stumbling blocks and that they did not want to start another business.

Figure 62: Stumbling blocks to starting a new business All Areas



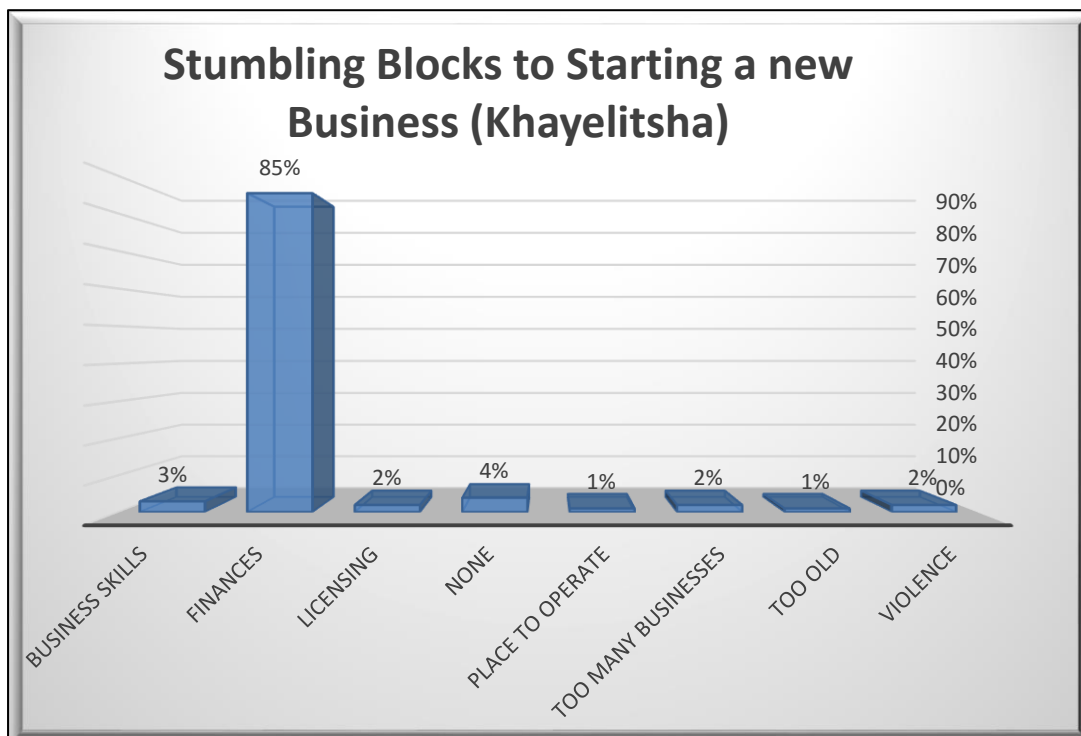
In Paarl East the majority of shebeen owners interviewed (78%) listed financial constraints as a stumbling block for starting a new business, 7% reported no stumbling blocks and 5% required business skills in order to start a new business.

Figure 63: Stumbling blocks to starting a new business Paarl East



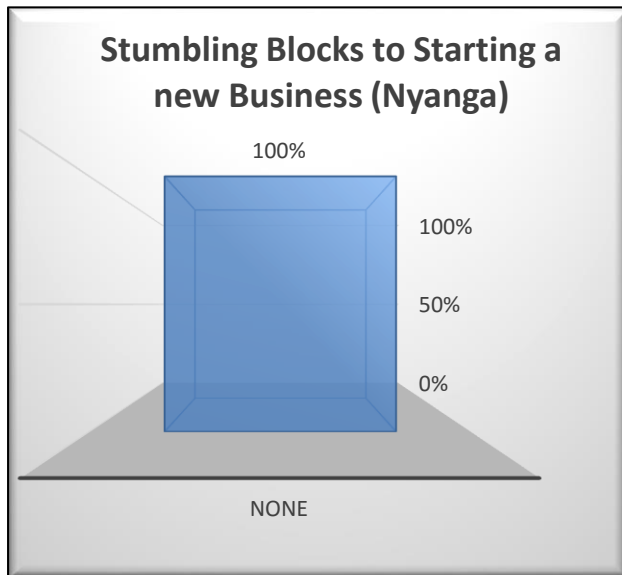
Results in Khayelitsha were similar to Paarl East, with 85% of respondents listing financial constraints as a stumbling block, 4% reporting no stumbling blocks and 3% indicating that they required business skills to start a new business.

Figure 64: Stumbling blocks to starting a new business Khayelitsha



The respondent in Nyanga reported no stumbling blocks to starting a new business.

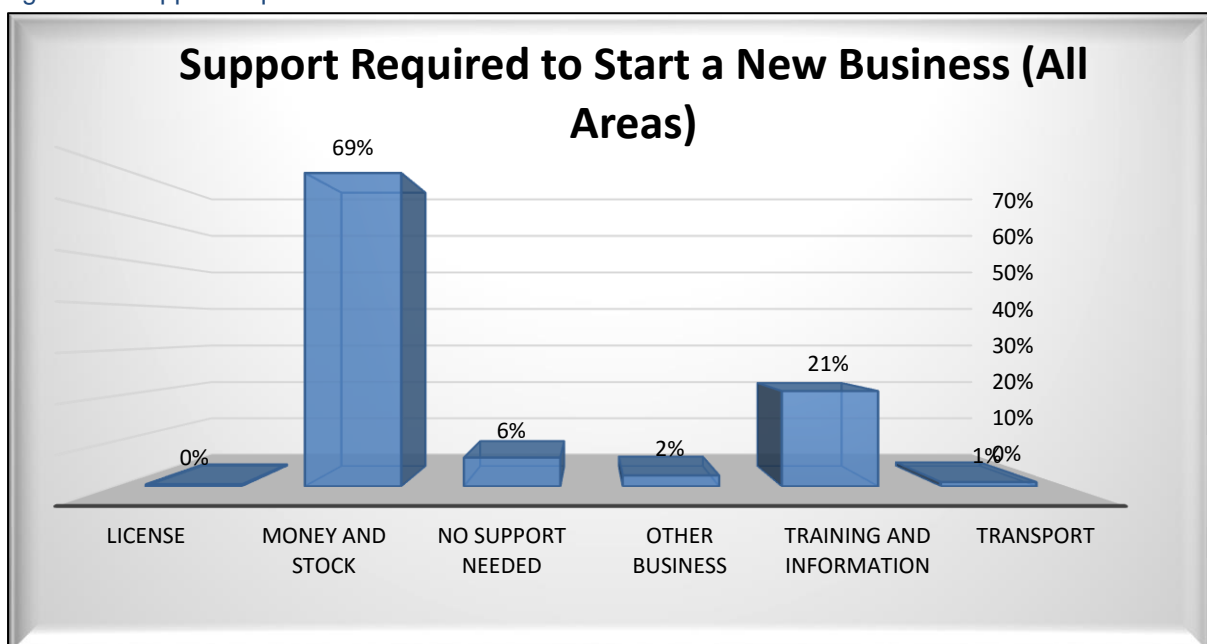
Figure 65: Stumbling blocks to starting a new business Nyanga



Support required to start a new business:

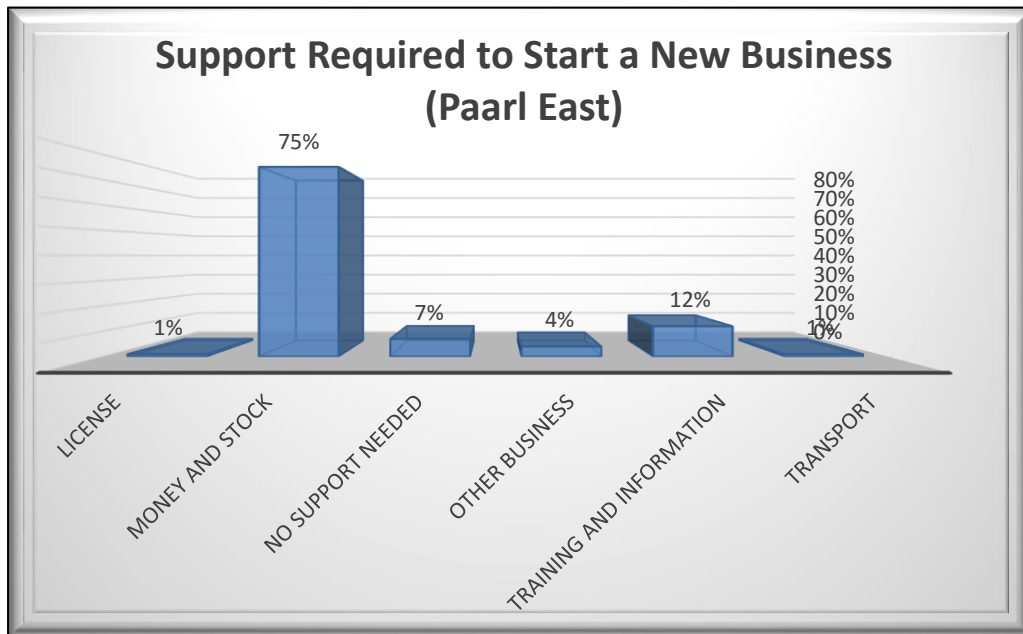
Respondents were asked what support they would require to start a new business in order to establish their needs to enter another sector of the economy. The results confirm their needs, as the majority (69%) indicated that they required money and stock (working capital) and 21% reported a need for training and information (business skills).

Figure 66: Support required to start a new business All Areas



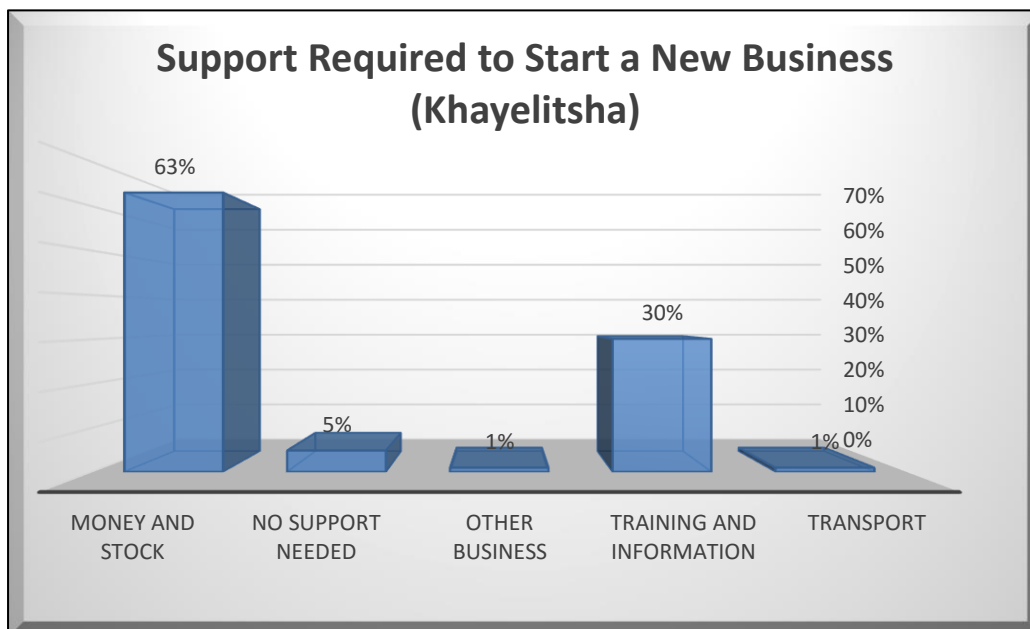
In Paarl East, money and stock (working capital) was the most frequently reported need (75%), followed by training and information (12%).

Figure 67: Support required to start a new business Paarl East



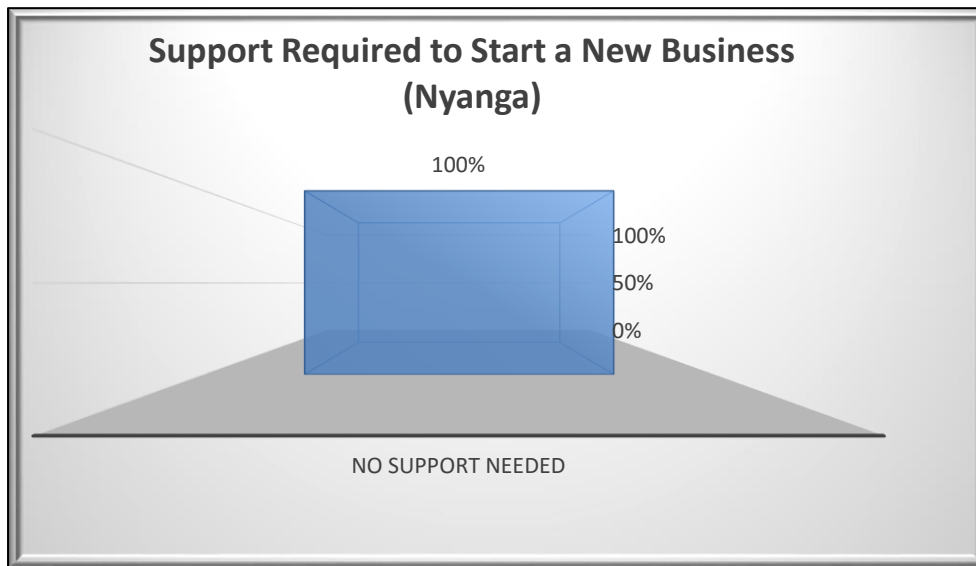
Money and stock (working capital) was the most frequently reported need (63%) in Khayelitsha, followed by the need for training and support (30%).

Figure 68: Support required to start a new business Khayelitsha



The respondent in Nyanga reported no requirements in terms of support to start a new business.

Figure 69: Support required to start a new business Nyanga



6.4. Location of shebeens:

The survey was focused on specific geographic areas in order to locate and record as many as possible, if not all, the shebeens in the targeted areas. The GPS co-ordinates of the shebeens were recorded and plotted on a map of the area. A table of the GPS co-ordinates is annexed to the report.

In addition, licensed outlets were also plotted on the maps to indicate the spread of legal versus illegal outlets. In Paarl East, the survey was focused on Greenfields, Smartietown, Lonwabo, Milkytown and Sihahlahla. A total area of 680,000m² was covered and 100 shebeens were located and the owners interviewed. In the focus area in Paarl East, 1 shebeen per 6,800m² was recorded. Only one licensed outlet was located in the focus area in Paarl East.

Map 1: Paarl East



In Khayelitsha, the survey was focused on Greenpoint, Makhaya and Town 2.

A total of 103 shebeens were located and the owners interviewed in an area of 1,500,000m². Therefore, 1 shebeen per 15,000m² was recorded. Five (5) licensed outlets were recorded in the focus area in Khayelitsha.

Map 2: Khayelitsha: Greenpoint; Makhaya; Town 2



Due to the prevailing violence in Nyanga during the time of the research, it was not possible to record the locations of shebeens in Nyanga as shebeen owners were interviewed in the safety of the Lusaka community hall.

7. CONCLUSION

The shebeens in the focus areas are generally established businesses and mostly owned by individuals between 41 and 50-years-old. The majority of respondents indicated that they started the shebeens out of need, because they had no other income options.

The average shebeen in our sample creates employment for 2 people and trades around the clock in residential areas.

Beer is sold at most of the shebeens, followed by wine and spirits. Relatively few shebeens sell traditional beer, known as umqomboti.

The majority of shebeens in the sample sold less than 50 crates of 750ml beer per week and can therefore be classified as low volume outlets. Alcohol is mostly sold for consumption on the premises and just over half provide some form of entertainment at the establishment.

More than two-thirds of respondents indicated that they would like to obtain a liquor license, if possible. Most shebeen owners interviewed had not applied for a liquor license before and many indicated that they were not familiar with the requirements they had to meet in order to obtain a liquor license.

Results rank the greatest barriers to entry into the licensed liquor trade are, as follows:

1. The structure of the outlet building
2. Complicated process of applying for a liquor license
3. The cost of the application
4. The location of the outlet (zoning)

The factors ranking first and third most frequently reported as the greatest barriers to obtaining a liquor license, both pertain to the financial burden of obtaining a liquor license. These include the expenses to ensure compliance in terms of the outlet structure and amenities, and the actual cost of the application.

The second and fourth ranked factors seen as the greatest barriers to entry, namely the complicated application process and zoning of the premises, relate to factors beyond the control of the shebeen owners.

The second biggest challenge reported, ranked as follows:

1. Structure of the outlet building
2. Location of outlet (zoning)
3. Cost of the application

4. Complicated application process

The second greatest barriers were therefore the same as those identified as the greatest barrier to obtaining a liquor license.

Respondents identified the greatest advantage of obtaining a liquor license as protection from intimidation, and the greatest disadvantage as restricted trading hours.

The results from the survey (primary data) are similar in all the targeted areas and confirm the archival study (secondary data).

Less than half of respondents indicated that they would be interested in pursuing other business opportunities as alternatives to running a shebeen. The most frequently reported obstacle to starting a different business was reported to be the financial means to start a new business. The most frequently reported form of support required was working capital, followed by training.

The majority of shebeen owners felt that they had no other income options other than the shebeen, and would be left without any means to make a living if their shebeens were to be closed. Other alternative income options reported included piecemeal work, entering the taxi industry or starting a butchery. Some respondents indicated that they would live off social grants or resort to selling drugs or begging if their shebeens were closed down.

The lack of accessible employment opportunities and poor recreational facilities drive opportunistic liquor retailing in unlicensed shebeens. The basic solution lies with employment, quality housing and basic services.

Structural improvements such as environmental amenities and neighbourhood watch may provide the answer to responsible drinking. Structural interventions must include

recreational provision as alternatives to shebeens and employment opportunities to create productive alternatives to drinking.

8. RECOMMENDATIONS

“The informal liquor market arose in response to the demand among black South Africans for access to liquor and especially, within their sites of residence. The informal liquor market was thus directly influenced by discriminatory racial laws that sought to reduce the number of venues where black persons could acquire liquor and also the forms of liquor they could purchase. At the local level, shebeens fulfil a role as both drinking establishments and public spaces in which people could meet and socially interact. The proliferation of many small, home-based micro-enterprises selling liquor reflects the highly localised nature of demand, where people are neither willing nor able to travel outside of their neighbourhoods to obtain liquor.” (Charman, A, Petersen, L and Piper, L, 2013).

It is clear that informal liquor traders (shebeens) are a reality of modern townships and will most likely prevail. The survey conducted confirms that the majority of outlet owners interviewed have the desire to obtain a liquor license, have not previously applied for a license and have little knowledge of the requirements for a liquor license.

The regulation of illegal liquor outlets, however, presents a dilemma. The inclusion of these outlets within the regulatory framework would allow for the enforcement of trading conditions, including restrictions on under-age drinking and trading hours. Their regulation would, however, require acceptance of their spatial location, with most of these outlets being situated in the heart of residential areas of economically marginalised communities. The land use in those areas is deemed residential and business activities are usually not permitted. To regulate illegal liquor outlets would also entail tolerance or acceptance of a type of business that other interest groups, such as religious groups, are opposed to.

The data collected in the current survey confirms the following as the biggest challenges that informal liquor traders face in obtaining a liquor license:

- The structure of the outlet building
- The location of the outlet
- Complicated application process
- Cost of the application

The structure of the outlet building

Most of these structures do not adhere to regulations on building standards and informal trade. These structures include shacks built from corrugated iron, metal shipping containers and informal timber structures. Many of these structures serve both as a home and a business.

Policy makers need to acknowledge the differences between township and suburban residential areas. It might not be possible to replicate middle class suburbs, where business and residential use are segregated in homogenous neighbourhoods, in townships.

Compliance with current regulations is practically impossible for most of the informal liquor traders. To address this challenge to comply with current regulations, it will be necessary to amend regulations to be more flexible and accommodating.

A possible remedy to this stumbling block will be to ease restrictions and requirements to allow for a structure that has at least a foundation, is adequately ventilated, allow for sufficient light to enter and have access to toilets and hand basins for sanitation purposes. Preferably the structure must be connected to the municipal network, have electrical and plumber certificates, and provide for adequate storm water drainage.

Possible exclusions will be temporary shipping containers and informal timber structures.

Regulations should also allow for a “house tavern” where retail trade (the sale of alcohol and possible consumption of alcohol by customers on the property) conducted from a dwelling, by one or more occupants that reside on the property, will be allowed, on condition that the dominant use of the property must remain for the living accommodation of the occupants.

These “house taverns” can be regulated by restricting the extent of the total area used for a house tavern and requiring that the property must contain a dwelling unit which must be occupied by the proprietor of the house tavern. Regulations may require structural alterations for fire and health reasons. Permission to operate a house tavern can be granted to a particular operator, operating from a particular property, and will not be transferable. House taverns might not be permitted in flats or municipal rental units or allowed to encroach upon public open spaces.

The specific standards and regulations should be locally negotiated between shebeen owners, community organisations, local authorities and local police. The uniform enforcement of regulations in all areas is not feasible given the unique character of each township.

The location of the outlet

The Western Cape Liquor Act, 4 of 2008 as amended, attempts to integrate land use management and liquor licensing, effectively giving local authorities a bigger role to play in the formalising of shebeens.

Land zoning at the neighbourhood level plays a critical role in enabling access to markets and permitting business activity. Urban planning therefore needs to acknowledge the emerging dynamic of township business and informal economy at the local level.

Spatial development and land use management have a major impact on shebeens as they determine where alcohol outlets may be located. Current zoning restrictions and regulations disqualify most shebeens from obtaining a liquor license.

Municipalities are currently required to assess the suitability of the proposed location and get feedback from the affected community. This feedback must be taken into account when making recommendations to the Western Cape Liquor Board. The desirability of a tavern or shebeen should be evaluated within the context of the neighbourhood in which it is located.

Regulations should be more flexible. Policy makers should accept that uniform enforcement of regulations in all areas is not feasible, and negotiate standards and regulations locally between shebeen owners, community organisations, local authorities and local police. Accords between licensees, police, local authorities and the community should also be established.

Shebeens should be encouraged to relocate to nodes and corridors where possible. These small business nodes in residential areas should be located along the existing activity corridors and high order public transport routes. This must be undertaken together with the creation of mixed-use nodes in townships, giving residents access to a range of recreational options in safer urban environments.

Temporary departures from the zoning scheme can be allowed for a specific period of time as a transitional measure. Thereafter, municipalities should consider amending the applicable town planning scheme/s to allow for the legalising of unlicensed shebeens. This will allow for the establishment of “house taverns” where the sale of alcohol and the consumption of alcoholic beverages by customers on the property will be permitted from a dwelling house or outbuilding, provided that the dominant use of the dwelling house shall remain for the living accommodation of a single family.

The house tavern is not intended to allow for the establishment and operation of formal businesses on residential properties, or for these properties to be rented out for such purpose. House taverns will only be allowed by a municipality as a socio-economic intervention to assist residents in townships to improve their lives through entrepreneurial development, and not to afford formal business rights to a residential

property. Only the owner or registered tenant of the main house on the property will be allowed to operate the tavern. This means that the operator cannot be an outside person who rents only the tavern space from the owner or tenant.

The position of shebeens and taverns should be strictly regulated, especially in close proximity to schools and places of worship. A house tavern may also not be permitted on a property if the use is in conflict with a restriction contained in the title deed of that property.

The number of house taverns located within a residential area should be restricted to protect the residential character and protect the residents' rights to a quality human-friendly living environment. Negative impacts on the amenities and rights of surrounding neighbours must be minimised through accords, which include a code of conduct, between the tavern owner and the community.

The house tavern must comply with health regulations and other applicable legislation, and the municipality can impose any additional conditions it deems necessary.

Existing unlicensed shebeen owners whose establishments are located in desirable locations must be encouraged to legalise their activities and operate within the regulated framework.

Complicated application process

Many shebeen owners regard the application process as a complicated formal system, and are daunted by the stringent current legal requirements. The current survey also indicated that very few shebeen owners have knowledge of the requirements for a liquor license.

The formalisation of the license criteria needs reconsideration to ensure that shebeens are not automatically excluded from opportunities to trade legitimately.

The application process is complicated by the dual process of public participation for the liquor license and the town planning application.

Shebeen owners should be identified that are willing to participate and wish to obtain a liquor license. An extensive educational program should be launched to educate these owners and inform them of the requirements for a liquor license. They should be assisted and guided to enable them to comply therewith.

The application process should be shortened and simplified. A simple process with applications being processed by the Local Authority, who will guide and assist applicants, is preferable.

Prospective applicants should be educated regarding the potential health and social hazards attendant upon the sale and consumption of liquor. Compulsory training, which will be focused on specific aspects and provisions of the legislation, may be introduced as a requirement to obtaining a license.

Cost of application

The current cost of the application for a liquor license excludes prospective applicants and might even favour gang members who use taverns as a front for drug trafficking and prostitution.

Vouchers can be issued to potential applicants that will entitle them to a reduced fee and assistance with the application process. Prospective applicants will have to register for business tax with the South African Revenue Services to make them eligible for the voucher.

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APPENDICES

LIQUOR SALES QUESTIONNAIRE

Name of the Interviewer (if the app does not automatically capture this):

Name of the outlet:

Name of the respondent:

Date of interview (if the app does not automatically capture this):

Area:

Location/ GPS co-ordinates:

When (what year) did you start the business?

The purpose of this question is to establish how long the business has been trading/ age of the business

What is your position in the business?

- Owner
- Manager
- Employee

- Family/Friend of the owner

Why did you decide to start selling liquor/alcohol?

The objective of this question is to find out why the owner started the shebeen

- To earn an income, as I could not find other employment
- I left my job, because I could earn more selling alcohol
- To earn an additional income to supplement my job earnings
- I identified an opportunity in the market to start a shebeen

What alcoholic drinks do you sell?

- Beer
- Wine
- Spirits
- Local brew
- Other

How do you get your supplies?

- I collect
- It is delivered by a local distributor
- It is delivered to me by the producer
- Other

How many cases/crates of 750ml beer bottles do you sell per week?

This question is to establish how many cases of beer and not individual beers a respondent sells in a week.

- Between 1 and 50 cases per week
- Between 50 and 100 cases per week
- Between 100 and 200 cases per week
- Between 200 and 480 cases per week
- More than 480 cases per week

What is the turnover (total amount of sales – not profit) of your shebeen every week?

We want to know the value of the alcohol sold at the shebeen per week. Not only the profit.

- 0 – R 5 000 per week
- Between R 5 000 and R 10 000 per week
- Between R 10 000 – R 20 000 per week
- More than R 20 000 per week

How many people do you employ at your shebeen?

We want to know the number of employees that work at the shebeen.

What type of outlet is this?

- On-site consumption
- Off-site consumption
- Distributor
- Take-away (alcohol and food)
- Retailer

Do you sell food for on-site consumption as part of your business?

- Yes
- No

Do you offer entertainment such as music/dancing/TV at your business?

- Yes
- No

What times do you open and close your business most days?

The purpose of the question is to establish normal trading hours.

What is the gender of the customers at your establishment?

We want to find out if the customers are mostly men or women.

- Mostly male (more than 50% men)
- Mostly female (more than 50% women)
- Equal numbers of men and women
- Only men (100% men)

What is the age of most of your customers?

This question is to establish how old the average customer is.

- Younger than 25 years
- Between 25 and 34 years
- Between 35 and 45 years

- Older than 45 years

Would you want to obtain a liquor license?

This question is to find out if they would like to have a license or if they do not want one.

- Yes, if possible
- No

Have you applied for a liquor license or tried to apply before?

This question is to find out if they have tried to obtain a license before.

- Yes
- No

Do you get support from alcohol producers?

E.g. SAB: support such as fridges, glasses, TVs

- Yes
- No

What is the most popular drink sold at your business?

What is the cheapest alcoholic drink, and its price, for sale at your outlet?

How much do you charge for a 750ml bottle of Black Label?

Do you know what the requirements are to obtain a liquor license?

We want to find out if they know what the rules are to get a liquor license.

- Yes
- No

What is the biggest challenge preventing you from obtaining a liquor license?

We want to find out what is greatest obstacle preventing them from getting a license.

- Complicated application process
- Cost of the application
- The structure of the venue – my business is not in a formal building
- Location of the shebeen - my business is located at my house
- Other

If you selected “Other”, please give details:

What is the second biggest challenge preventing you from obtaining a liquor license?

We want to find out what the next greatest obstacle preventing them from getting a license is.

- Complicated application process
- Cost of the application
- The structure of the venue – my business is not in a formal building
- Location of the shebeen – my business is located at my house
- Other

If you selected “Other”, please give details:

In your opinion, what is the greatest advantage of having a liquor license?

We want to know what the respondent thinks is the best reason to have a license.

- Buy stock cheaper directly from brewery
- No fear of raids
- Protection from intimidation by police
- The community expects me to have a license

What is the greatest disadvantage of having a liquor license?

We want to know what would be the greatest disadvantage of having license.

- Regulated hours
- Regulated prices
- Regulated sales requirements
- License fees

Would you prefer to have another business instead of a shebeen?

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- Yes, if I could start another business I would close the shebeen
- No, I prefer to run a shebeen
- I already have another business (not a shebeen)

What do you do to ensure the safety of your customers?

If you were not running this business, how else would you earn an income?

What would be the key stumbling block(s) to you starting a new business?

What type of support would you require to start a new business?

Remember to take a picture of the outlet, if possible.

Remember to capture the GPS co-ordinates.

GPS Co-ordinates of respondents:

Geopoint:Latitude	Geopoint:Longitude
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