



EASTERN CAPE
LIQUOR BOARD

2021
2022

ANNUAL REPORT



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EASTERN CAPE
LIQUOR BOARD



PART A

**GENERAL
INFORMATION**

1. PUBLIC ENTITY'S GENERAL INFORMATION

Country of domicile	South Africa
Accounting Authority	Ms. N. Tys Ms. B. Jojo Dr. M. Mboto Mr. M. Gobingca Ms. N. Nongongo
Business address	Shop 10, Beacon Bay Crossing Beacon Bay East London 5241
Postal address	PO Box 15147 Beacon Bay 5205
Controlling entity	Department of Economic Development, Environmental Affairs and Tourism
Website	www.eclb.co.za
Bankers	First National Bank
External Auditors	Auditor-General of South Africa
Chief Executive Officer	Dr. N. Makala
Chief Financial Officer	Ms. A. Vikilahle
Public Entity Type	Schedule 3C

2. LIST OF ABBREVIATIONS/ ACRONYMS

AFS	Annual Financial Statements	ICT	Information Communication and Technology
AGSA	Auditor General South Africa	IDC	Independent Development Corporation
AO	Accounting Officer	IGR	Inter-Governmental Relations
AG	Auditor General	IPID	Independent Policing Investigating Directorate
APP	Annual Performance Plan	LTDP	Liquor Traders Development Programme
BBBEE	Broad Based Black Economic Empowerment	MEC	Member of the Executive Council
BCMM	Buffalo City Metro Municipality	MoU	Memorandum of Understanding
CEO	Chief Executive Officer	MTEF	Medium Term Expenditure Framework
CFO	Chief Financial Officer	MTSF	Medium Term Expenditure Framework
CIPC	Companies Intellectual Properties Commission	NGO	Non-Governmental Organisation
CoGTA	Co-operative Governance and Traditional Affairs	NPA	National Prosecuting Authority
COVID-19	Coronavirus disease 2019	NDP	National Development Plan
DEDEAT	Department of Economic Development Environmental Affairs and Tourism	NLF	National Liquor Forum
DTI	Department of Trade and Industry	PAIA	Promotion of Administrative Information Act
EC	Eastern Cape	PAJA	Promotion of Administrative Justice Act
ECLA	Eastern Cape Liquor Act	PFMA	Public Finance Management Act
ECLAA	Eastern Cape Liquor Authority Act	POE	Portfolio of Evidence
ECLB	Eastern Cape Liquor Board	POPI	Protection of Public Information Act
ECPTA	Eastern Cape Parks and Tourism Agency	RAF	Road Accident Fund
FAS	Foetal Alcohol Syndrome	RTF	The Responsible Trade Facilitation
FNB	First National Bank	SALGA	South African Local Government Association
GBV	Gender Based Violence	SAPS	South African Police Services
GDP	Gross Domestic Product	SARS	South African Revenue Services
GIS	Geographical Information Systems	SEDA	Small Enterprise Development Agency
GRAP	Generally Recognised Accounting Practise	SEFA	Small Enterprise Finance Agency
HIV	Human immunodeficiency virus	SMME	Small Medium Micro Enterprise
		TADA	Teenage Against Drug Abuse
		WHO	World Health Organisation

3. FOREWORD BY THE CHAIRPERSON

INTRODUCTION

It is an enormous privilege for me to share the Eastern Cape Liquor Board Annual Report for the 2021/22 financial year, which attests to the work done by the organisation to respond to its legislated mandate. ECLB strives to spend its resources economically and prudently to ensure adequate support and sustainability to its clients. The organisation continued to focus on programmes that are likely to improve the regulation of liquor industry and further ensured that our clients are effectively empowered to run their businesses professionally, thus substantially contributing to the economic development trajectory of the province. The Board is responsible for overseeing the governance of the organisation and ensuring that the relevant legislative and regulatory prescripts were accordingly followed.

We present this report during a period when the country is recovering from the devastating effects of COVID-19. There has been unprecedented adverse impact on the organisation's operations, but more importantly, on the entire liquor industry. The Eastern Cape liquor industry lost millions of rands over the past two years as a result of the COVID-19.

The Annual Report presents an opportunity to reflect on the overall performance of the organisation for the year under review. We are taking stock of the successes and challenges faced during the year. The Entity had to review its operations to adapt to the "new normal". Relations with the liquor industry were strengthened to ensure support for the liquor traders in various ways. Furthermore, we also maximised the use of multi-media platforms to continue communicating and educating our communities about the harmful effects of alcohol abuse, compliance with the COVID-19 health protocols and promoting responsible drinking and liquor trading. Partnerships were strengthened with the South African Police Services (SAPS) and municipal law enforcement agencies to enforce compliance with the COVID-19 regulations.

This Annual Report provides a complete summary of the Entity's performance in terms of its strategic objectives, as well as its strategic role in driving the economic development of the province. The Board is excited to report that the Auditor General has again awarded a clean audit opinion for the year under review. We would like to thank the ECLB management and staff for this.



I gratefully applaud the Board members for their continued leadership in steering and directing the Entity in a direction befitting a role model regulator. We are extremely happy to be leaders. The ECLB Board remains focused on ensuring transparency and on improving operational efficiencies and making sure that the organisation is customer-centric.

ORGANISATIONAL PERFORMANCE

Despite the persistent challenges within the legislative and financial environment under which the Entity operates, during the year under review, the organisation has made reasonable progress in meeting its strategic targets as outlined in the 2021/22 APP. In the period under review, we have consistently facilitated strategic planning sessions that have sought to define the organisation's goals and outline strategies to achieve them. Strategy development remains a blueprint of the organisation's operational capabilities as it clarifies its long-term vision and processes of realising such a vision.

We recognise that the changes brought about by COVID-19 have profoundly disrupted the way we do things, and this demands a greater sense of cultural change and creativity.

The shrinking budgets notwithstanding, the Entity has relentlessly continued to discharge its obligation of ensuring a seamless regulation of the liquor industry in the province. In seeking to offset budgetary constraints, the Entity has heightened its efforts to mobilise partnerships and collaborations with various

stakeholders in order to deliver on its legislative mandate.

Our prime interest is to continue to serve our communities by spending our limited budgets appropriately, building trust with stakeholders, and executing all our operations within budget and with the Auditor-General's stamp of approval.

In this regard, we have intensified our efforts to enhance our compliance monitoring inspections to promote responsible trading by our liquor traders and to ensure that our communities are protected against inconsiderate trading that may disturb their normal lives. Non-compliance with trading conditions remains one of our key areas of concern and through close collaboration with stakeholders, such as SAPS and municipality law enforcement agencies, we make every possible effort to alleviate this behaviour. It is important to point out that our commitment to the elimination of non-compliance is largely restricted by the limited number of liquor inspectors who are unable to match the escalating number of licenced liquor outlets in the province, leaving communities vulnerable to cases of non-compliance that may negatively affect their environmental tranquillity.

The Board, therefore, continues to lobby relevant authorities to provide the necessary support for the recruitment of more liquor inspectors so that adequate progress in the enforcement of compliance can be made.

MAIN CHALLENGES

One of the main challenges facing the Entity in its operations relates to the financial constraints. The increasing need to augment our staff complement to be able to fully comply with the legislative requirements remains a priority. The Board has made the shareholder aware of the immediate need to attend to the filling of critical positions, such as inspectors.

The delayed submission and non-submission of community consultation reports by Ward Councillors, which invariably impacts negatively in the processing and finalisation of the applications within the legislated time, is another challenge for the entity. This results in the issuing of Section 22(5) Notices of the Eastern Cape Liquor Act. The Entity continues to implement various strategies to capacitate ward councillors on their role in the processing of liquor licence applications.

The escalating cases of alcohol abuse remains a great concern to the Board, particularly the underage drinking, which is an extreme aberration that has to be fought from all fronts, and we remain steadfast in our resolve to fight this abhorrent behaviour. During the year under review,

we responded to a number of invitations from schools and communities requiring the assistance of the Entity to talk about alcohol abuse and underage drinking to school going youth.

We do realise that the liquor industry remains an enormously untransformed economic sector and the Board remains committed to driving the transformation agenda of the industry with the support of various key stakeholders. We continue to establish and strengthen the existing relations with the private sector as well as working more with our Shareholder (DEDEAT) to advance the transformation agenda of the liquor sector and to create more jobs.

We are mindful of the fact that one of the root causes of the growing abuse of alcohol in our communities is the blatant non-compliance among liquor traders, and we shall continue rigorously to enforce strict adherence to regulations.

STAKEHOLDER MOBILISATION

As the Board, we realise the crucial role of stakeholder partnerships in the fulfilment of the organisation's mandate. Stakeholder collaboration is further made necessary and inevitable by the shrinking resource base of the organisation, while the mandate continues to demand more concerted effort. In this regard, as the Board, we have prioritised stakeholder engagement as one of the significant levers of our delivery and continue to encourage more resource investment in driving this strategic function.

We have taken a calculated approach of consulting with numerous stakeholders and ensuring that such engagements culminate in the formalisation of the relationships through the signing of MoUs. We remain fully cognisant of the enormous expectations that have been placed on us as a regulator and do realise that we will not be able to materially fulfil these expectations without strategic mobilisation of key stakeholders. We also recognise that effective stakeholder engagement results in improved synergies between partners and potentially facilitates beneficial streamlined services. As we gradually recover from the devastating impact of COVID-19, we increasingly realise the crucial role of stakeholder partnerships. We heightened our stakeholder engagement efforts in order to ensure that we continued to convey our messages during the lockdown.

PROGRESS TOWARDS THE EASTERN CAPE LIQUOR AUTHORITY ACT

We are delighted to learn that there are serious talks about the implementation of the Eastern Cape Liquor Authority Act No: 4 of 2018 which will come into effect as soon as there is significant progress made towards the finalisation the regulations. We are enthused about the new act as it is intended to further streamline liquor industry regulation in the province. The new Act will have interesting implications on how the liquor industry is regulated in the province; thus, we consider the Act as a significant milestone in modernising and transforming how retail sale and micro-manufacturing are regulated.

STRATEGIC TRAJECTORY

The Entity is in the second year of implementing the revised five-year strategic plan that is aligned to Government's Medium-Term Strategic Framework (2021 – 2024). The Board is responding to three national strategic outcomes, as outlined in the strategic plan which are as follows: transformation and job creation, social cohesion and safe communities, and a capable, ethical and developmental state. Invariably, by aligning its strategy with national priorities, the Board maintains relevance in addressing the needs of the country and directly or indirectly plays a role in the socio-economic development thereof. The ECLB strategic intent seeks to ensure the seamless regulation of liquor industry in the province, by promoting new entrants into the industry, enforcing compliance with regulations, and mitigating against the harmful effects of excessive consumption of alcohol. The organisation is committed to the fulfilment of its legislative mandate by ensuring effective participation of communities in the regulation regime and promoting an industry that enhances social cohesion. The Board will ensure that the ECLB realises high performance level and will continue to review performance targets and objectives on an ongoing basis in order to improve on them and achieve increased levels of its mandate.

ACKNOWLEDGEMENTS

With regard to the Board of Directors, their work and service to the ECLB is commendable, and for that I sincerely thank them and look forward to their dedication as we drive the organisation to a better trajectory. My thanks go to the CEO, Dr Makala, who has consistently displayed a high level of professionalism and dedication to her work. Her leadership is enormously appreciated and valued by the Board. As the Board we are indebted to the excellent work that is executed by the ECLB management and the entire staff. We thank you for putting the ECLB first and for their undivided

commitment to the ideals of the organisation. I wish to convey a deep word of gratitude to the Shareholder and a special thanks to MEC, Honourable Mlungisi Mvoko, for the commitment and support to ECLB in realising its mandate. A special word of appreciation goes to all our stakeholders who have been instrumental in supporting ECLB initiatives to deliver on its mandate. Without the support of the stakeholders, ECLB would not be able to meet its targets and fulfil its mandate as prescribed by the Act. For that we sincerely thank every stakeholder who continues to give us support and we value such strategic partnerships.

4. REPORT OF THE CHIEF EXECUTIVE OFFICE

I am very pleased to present the ECLB 2021/22 Annual Report despite the harsh realities imposed on our organisation by the unprecedented, devastating impact of COVID-19. The global pandemic has, in many ways, disrupted our lives forever. A 'new normal' has been forced upon all the organisations and people and we all have had to adapt. Notwithstanding the setbacks brought by the COVID-19 pandemic, ECLB continued to deliver on its mandate and thus fulfil its legislative responsibilities.

Through this Annual Report, we seek to provide an account of the financial and service delivery performance as outlined in the Annual Performance Plan (APP) for the 2021/22 financial year. This report further reflects on the progress regarding the Entity's efforts in seeking to maintain the highest standards of governance in the management of public finances and resources.

The 2021/22 financial year started with the extremely disruptive impact of COVID-19, which left the liquor industry extremely devastated. As the Board, we continued to offer a strategic cushion to our liquor traders by seeking once again the MEC's support to grant relief to liquor traders by extending the renewal period of liquor licences. This concession provided liquor traders a needed reprieve to recover from the devastation of COVID-19. We are fully cognisant of the fact that some of the liquor traders could not fully recover from the impact of COVID-19, and this regrettably has had a

ripple effect on many families who are supported by these small businesses.

However, the impact of COVID-19 started to gradually dissipate in this financial period and that allowed our organisation to slowly return to its normal operations, including the majority of staff returning to the office.

I am delighted to report that ECLB has worked relentlessly to achieve its targets as reflected in this Annual Report. However, this progress has been sustained against the backdrop of tremendous financial and human resource constraints that the organisation has been operating under during this period. This year has seen a more productive implementation of the strategy with our organisation responding positively to the ongoing challenges. commitment, the organisation has also obtained a clean audit report for the 2020/21 financial year.



We remain mindful of the fact that we present this report during the period that is beset with high levels of uncertainty due to the impact of COVID-19. The virus is reportedly going to remain with us for a longer period, and this calls for a more rigorous strategic planning to develop systems that will ensure that during any potential outbreak, the organisation will not be deterred in discharging its duties and responsibilities.

It is extremely concerning that South Africa may still be subjected to more waves, as can be seen happening in other parts of the world. Further, it is crucial to highlight the fact that COVID-19 has placed us as an organisation on a higher pedestal in terms of how we have repurposed our operations going into the future. Undoubtedly, there are crucial lessons that have been revealed by the pandemic on how we could better run our business operations, including embracing technology for enhanced efficiencies and effectiveness.

PERFORMANCE REVIEW

During the year under review, ECLB performed well, and I am delighted to present some of the developments that took place and achievements that were registered.

Corporate Goals Achievement

I am delighted to report that the Entity achieved over 80% of what was planned for the year under review, despite the shrinking budgets and limited human resources. In seeking to offset these resource challenges,

ECLC has increasingly prioritised the mobilisation of stakeholder mobilisation so as to augment its diminishing capacity to deliver on its mandate.

Corporate Governance

It gives us great hope to learn that the implementation of the New Act is currently being prioritised by our Shareholder. Invariably, the new Act will enable us to re-engineer our strategic operations and meaningfully improve the regulation of liquor industry. The finalisation of the Regulations has been as it will enable the implementation of the Act. We have diligently undertaken the process of determining possible costs of the implementation of the Act, and we have been upfront in realising that the Act cannot be implemented at once; instead, it has to be implemented in phases in order to manage the costs.

The Protection of Personal Information Act (POPI) is currently being implemented and we have made a concerted effort to capacitate all our employees with the requirements and implications of the Act.

ECLB continues to ensure adherence to its core values and commitment to good corporate governance principles, as entailed in the King IV Corporate Governance Report. The functionality of the Board and its committees has been in line with the approved charters. The rigorous audit and risk management systems have reasonably prevented potential mismanagement cases. The Authority will continue to strive to maintain and optimise governance standards.

Revenue collection for the year under review has increased significantly compared to the prior year as a result of the extension of the liquor licence renewal by the MEC.

In an endeavour to optimally deliver on its mandate, ECLB is severely constrained by inadequate human resources. The limited number of liquor inspectors and social accountability personnel is a cause for concern as this adversely impacts on the organisation's ability to enforce compliance and effectively drive education and awareness interventions.

ECLB remains committed to realising the potential and talent of its staff, and in the period under review, it has prioritised the skills development of its employees through various training programmes. In this regard, additional interventions have been implemented to ensure that ECLB retains critical skills. We also remain committed to contributing to the fight against unemployment in the province, and we have since recruited about 17 unemployed graduates and 10

interns who are contracted for a period of two years. We also pride ourselves on having absorbed some interns into permanent employment within our organisation.

The Entity ensured compliance and adherence to the COVID-19 protocols and has continually encouraged its employees to get vaccinated using the COVID-19 Vaccination Rollout facilitated by the Entity, and to date more than 70% of employees are fully vaccinated.

I would like to take a moment to remember the two staff members whom we have lost to natural causes during the year. Our sincere condolences to their families and friends and we will forever be grateful for their service to the Entity.

Information and Communications Technology

ICT remains a significant lever in the organisation's operations. This was further exposed by the outbreak of COVID-19, which compelled our organisation to migrate swiftly towards the digitisation of its systems and operations in order to continue to operate, but more importantly to remain relevant to its clientele. In this regard, COVID-19 - as well as the rapid advances in the technology, had in a way exposed the way the entity conduct its business, resulting in a review of the existing systems. The Entity continued to ensure that it employs IT systems that adapt to rapid changes while ensuring efficiency and business continuity. ICT has become the lifeblood of the organisation in many ways, and there is an implicit obligation to keep pace with the rapid developments in the environment in order for our organisation to remain competitive.

Licensing programme

The ECLB is mandated by the Eastern Cape Liquor Act to issue liquor licences to those who meet the set criteria. The licensing programme regulates licences that are being processed up to approval. In the period under review, massive strides have been made in improving the licensing system in order to enhance licensing efficiency and effectiveness. The automation of licence management and the tracking system within the application processing is fully operational. The Entity is currently reviewing the licensing system to improve efficiency.

ECLB continues to capacitate liquor traders to ensure that they can fully participate in the liquor industry value chain. There continues to be limited progress on the linkages facilitated by the ECLB with the big manufacturers. However, the Board has prioritised continuous interaction with manufacturers so that they can be thoroughly engaged in the transformation agenda

of the liquor industry. This includes the establishment of the Development Fund that will be used to support liquor traders in their businesses, especially during the unforeseen occurrences such as COVID-19 outbreak. During the year under review, the Entity launched the Eastern Cape Craft Brewing, Distilling and Wine route starting from Tsitsikama to Chintsa. The programme is aimed at the integration and full participation of craft brewing and distilling micro-manufacturers in the value chain of the provincial tourism promotion strategy.

Compliance and Enforcement

Liquor licences are granted with clearly outlined trading conditions to which liquor traders must adhere. Invariably, the liquor trade is associated with numerous social ills which take place within communities, and the ECLB has a legislative responsibility to enforce compliance with the trading conditions. That said, non-compliance in trading remains one of the main concerns of the Board and every effort is made to encourage liquor traders to observe their trading conditions. The challenge of non-compliance is further compounded by the mushrooming of illegal liquor outlets in the communities. Liquor inspectors, in collaboration with the SAPS, have tried to clamp down on this behaviour in communities. SAPS is a strategic partner in the enforcement of compliance and play a significant role in this regard.

In seeking to curb the proliferation of illegal liquor outlets, ECLB in partnership with SAP has conducted Blitz Operations during which those that trade without valid liquor licences were identified and closed down and referred to the Criminal Justice System for prosecution. In the period under review, non-compliance with the liquor trading conditions has continued to characterise liquor industry and there is a need for the capacitation of the division in order to increase its impact in the fight against the growing cases of inconsiderate trading.

Social Accountability

The biggest unintended consequence of liquor sales in communities is rising cases of alcohol abuse. The ECLB has undertaken education and awareness intervention initiatives with a view of educating communities about the harmful effects of excessive consumption of alcohol.

Data from various scientific sources show that South Africa has among the world's highest levels of alcohol consumption per drinker. Recent data which was sourced from Nielsen Economic Research Organisation shows that the Eastern Cape is the fourth- largest spender on alcohol in the country. This discovery raises great concerns as it suggests that the biggest proportion of the disposable income in the Eastern Cape is spent on alcohol. Ironically,

Eastern Cape is rated as one of the poorest provinces in South Africa.

This shows that alcohol abuse is rampant, and many drinkers engage in risky drinking regularly. Alcohol imposes an enormous toll on South African society through associated economic, social and health costs. However, it is critically significant that before good interventions to reduce the harms associated with alcohol can be designed, it is first necessary to understand the pattern of those harms. That said, the Entity has embarked on a concerted effort to alleviate the scourge of alcohol abuse in the province through various anti-alcohol abuse initiatives. In seeking to achieve its goal of rolling out education and awareness initiatives, social accountability has identified four focus areas for intervention, namely underage drinking, foetal alcohol syndrome, road safety and responsible alcohol consumption and trading. These initiatives are further driven through a rigorous multi-media campaign to convey alcohol abuse messages to the Eastern Cape communities, utilising various media platforms such as radio, newspapers, outdoor advertising and social media. This report provides a comprehensive outline on these various multimedia platforms. The key messages focused on promoting responsible trading and drinking within communities, educating young people about the dangers of underage drinking, raising awareness on the dangers of the Foetal Alcohol Syndrome and driving under the influence of alcohol. The ECLB partnership with Shoprite Checkers is greatly applauded and has seen the introduction of a flagship school-based intervention in which some learners are recruited as ambassadors of the ECLB.

As part of intensifying education and awareness among students who attend institutions of higher learning, the ECLB introduced and implemented an Institutions of Higher Learning Anti-alcohol Abuse Project. This is a campaign that seeks to educate students about the scourge of alcohol abuse. Numerous initiatives were conducted in the period under review to ensure that students were capacitated to better relate to liquor and to appreciate the consequences of binge drinking. All four (4) Eastern Cape based universities and two (2) TVET colleges are part of the campaign.

Corporate Social Responsibility

The ECLB recognises the significance of providing alternatives to communities. Many members of the community indulge in alcohol due to limited socio-economic activities, and it has become imperative to conceptualise a programme that will offer alternative

social and economic support to members of the community in trying to persuade them to reduce their alcohol consumption. Over R58 000 has been spent towards the CSI initiatives across the province. The main focus for the Entity has been on the development of youth in sport.

Acknowledgement

On behalf of the ECLB management and staff, I would like to extend our heartfelt appreciation to the Board Chairperson and Board Members for always keeping us focused on our mission and mandate of transforming and improving the regulation of liquor industry in the Eastern Cape. Through your guidance and oversight, we will grow from strength to strength. I thank the management for its constructive role, participation, many robust discussions and for making possible all that needed to happen in the year to ensure that the ECLB achieved its strategic goals.

The overall ECLB's operational performance in 2021/2022 is a testament to a committed, engaged, productive and positive workforce. I thank each staff member for his or her dedication, passion and hard work

during a very difficult year. A big thanks goes to the staff who are the driving force behind the ECLB brand - every single one of whom is critical to the success of the ECLB. Last, but certainly not least, I wish to thank all our stakeholders who have been instrumental in the success of the work we do, the captains of the liquor industry and businesses which have consistently supported what we do, without whom there would be no ECLB. We sincerely thank them and are looking forward to achieving more together. I am grateful for the many fruitful engagements we have had with our stakeholders throughout the year. We look forward to more fruitful collaborations in our endeavour to alleviate the scourge of alcohol and to enhance the liquor regulation in the province.

Thank you to our Shareholder, the Department of Economic Development, Tourism and Environmental Affairs (DEDEAT) for the indispensable role it continues to play in providing the necessary support and guidance to the Entity. Lastly, a sincere word of thanks goes to our Portfolio Committee for its professional guidance and continuous efforts to instil a greater sense of accountability.



ECLB Board & Executive Management

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the Annual Report are consistent with the annual financial statements audited by the Auditor-General.

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with GRAP standards applicable to the public entity.

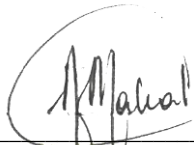
The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2022.

Yours faithfully



Dr. N. Makala
Chief Executive Officer
31 August 2022



Ms. N. Tys
Chairperson of the Board
31 August 2022

6. STRATEGIC OVERVIEW

6.1 Vision

To be a liquor authority that strives for economic transformation and social cohesion.

6.2 Mission

To become a responsible regulator that promotes compliance and transformation of the liquor industry, while mitigating the adverse effects of excessive alcohol consumption.

6.3 Values

Table 1: ECLB values

VALUE	BEHAVIOURAL DEMONSTRATION
Fairness	Behaviour without favouritism, bias or discrimination in all our dealings.
Integrity	Ensuring uncompromised truth demonstrating sound and moral principles. Demonstrating consistency and trustworthiness.
Accountability	Obligated to demonstrate and take responsibility for our actions, decisions and policies and being accountable to the public at large.
Transparency	The decisions and actions taken are open to public scrutiny and the public has a right to access information
Customer centricity	Demonstrating that our customers, both internally and externally, are at the centre of our business's philosophy, operations and decisions.

7. LEGISLATIVE AND OTHER MANDATES

The Eastern Cape Liquor Board (ECLB) is established in terms of the Eastern Cape Liquor Act 10 of 2003 (ECLA) as a regulatory body. The ECLB is a Schedule 3C public entity in terms of the Public Finance Management Act 1 of 1999 (PFMA).

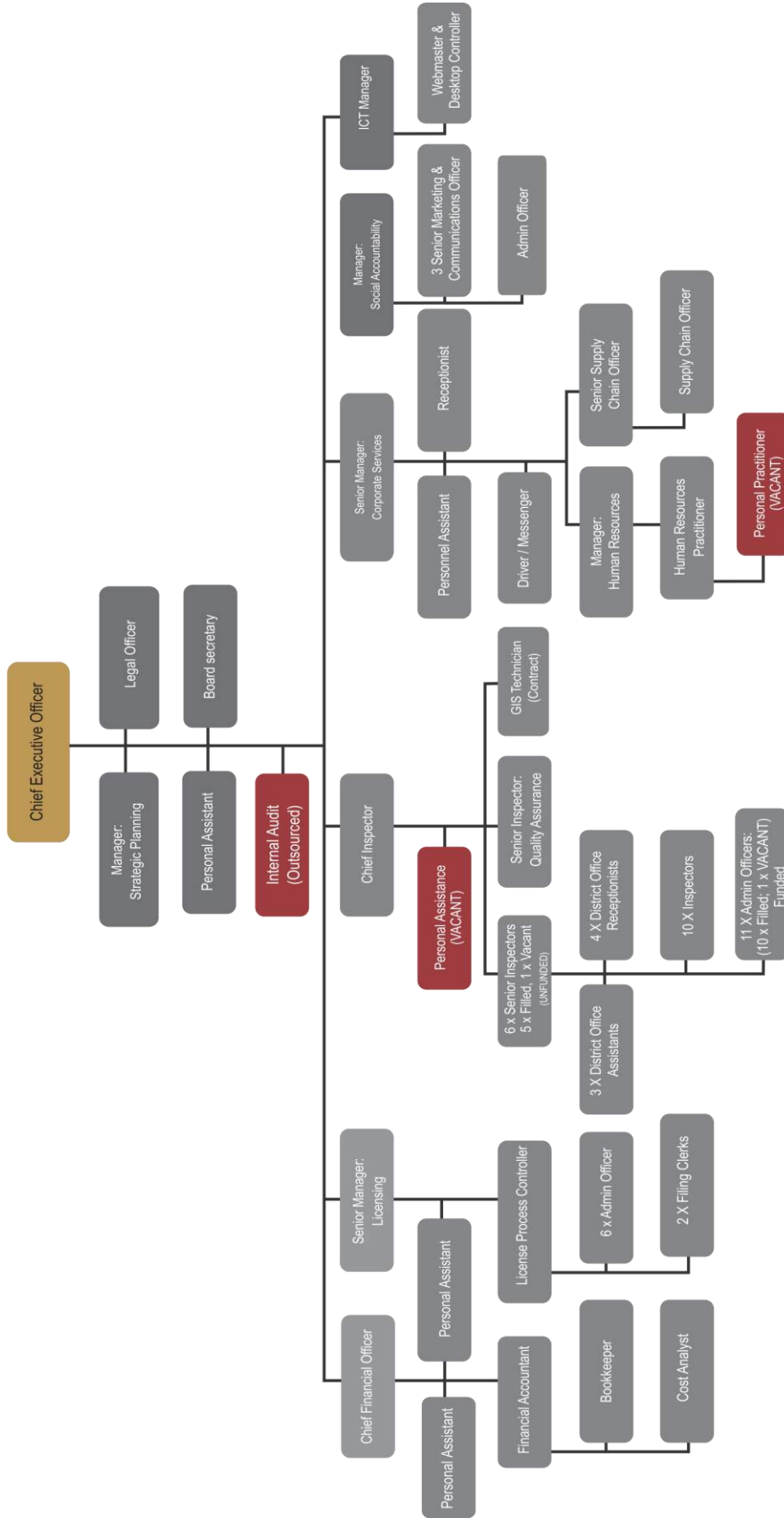
The main functions of the ECLB are to:

- Regulate the registration of retail sales and micro-manufacturing of liquor in the province;
- Encourage and support the liquor industry in the management and reduction of socio-economic and other costs of excessive alcohol consumption by creating an environment in which:
 - The entry of new participants into the liquor industry is facilitated;
 - Appropriate steps are taken against those selling liquor outside the regulatory framework;
 - To ensure that those involved in the liquor industry may attain and maintain adequate standards of service delivery;
- Facilitate participation by ward committees and communities in the consideration of applications for registration certificates is provided for; and
- To ensure that the particular realities confronting the liquor industry in the province can be addressed.

The ECLB also discharges its mandate in terms of the following legislation amongst others:

- Employment Equity Act 55 of 1998;
- The Liquor Act 59 of 2003;
- The Public Finance Management Act 1 of 1999;
- Promotion of Access to Information Act 2 of 2000;
- Promotion of Administrative Justice Act 3 of 2000;
- Preferential Procurement Policy Framework Act 5 of 2000;
- Labour Relations Amendment Act 6 of 2014;
- Companies Act 71 of 2008
- Disaster Management Act 52 of 2002

8. ORGANISATIONAL STRUCTURE



ELCB BOARD COMMITTEE



MS NOMHLE TYS
CHAIRPERSON



DR NOMBUYISELO MAKALA
CHIEF EXECUTIVE OFFICER



DR MZUKISI MBOTO



**MR MANDLENKOSI
GOBINGCA**



MS BONGEKA JOJO



**MS NCUMISA NOMFUNDO
NONGOGO**

EXECUTIVE MANAGEMENT



MS ANDISWA VIKILAHLE
CHIEF FINANCIAL OFFICER



MR PURLANI TYALI
SENIOR MANAGER LICENSING



MR ZOLA TYIKWE
CHIEF INSPECTOR



MRS LINDA LINDELWA TINI
SENIOR MANAGER:
CORPORATE SERVICES







EASTERN CAPE
LIQUOR BOARD



PART B

**PERFORMANCE
INFORMATION**

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA/auditor currently performs the necessary audit procedures on the performance information to provide limited assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the *Predetermined Objectives* heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 84 of the Report of the Auditors Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

SERVICE DELIVERY ENVIRONMENT

Introduction

The operating environment for the 2021/22 financial year improved significantly from the previous year, in relation to the effects of COVID-19. This is due to the easing of restrictions in the third and fourth quarter of the financial year. The ability for the entity to adapt to the “new normal” led to improved performance as new strategies were employed to ensure that there was business continuity.

Though the easing of restrictions was welcomed by the liquor sector, a huge economic loss was already felt by the liquor traders. This had an impact on the ability of the liquor traders to renew their liquor licences. The extensions of the licence renewal period for 2021 to June 2022 by the MEC for DEDEAT had a positive impact on the renewal rate as 92,7% of registered liquor traders have renewed their licences by December 2022.

Internal Environment

- In terms of the operating environment, the ECLB receives applications for liquor licences which are processed as prescribed by the ECLA.
- ECLB has a responsibility to monitor compliance of registered liquor traders with terms and conditions for licences, as well as support for liquor traders in various ways that may enable them to participate meaningfully in profitable sectors of the industry and thus, move to higher value chain areas.
- The potential to accomplish this is dependent on the liquor traders understanding the intricacies of the liquor industry, the relevant regulatory framework and business growth or expansion opportunities.
- Pre-registrations Compliance Inspections are conducted for all applications that are received for registration. Such inspections are time-frame specific as legislation points to the time period to dispose of compliant applications received by the Board.
- One critical aspect and a requirement in terms of the Act is community consultation which seeks to ensure that the community around where the liquor outlet will be situated is well informed of the pending application for the retail of liquor in their vicinity so as to enable them to file objections against the application, should there be any, or to make representations in support of the application.
- Verification further assists in determining if there are any, or no, educational institutions or places of worship within a 100-metre radius of the proposed liquor outlet, which the applicant would have noted on the application in terms of the Act. The Act requires that an applicant serves a notice to the ward committee of the area where the proposed liquor outlet will be situated. The ward committee is then expected to convene a community meeting wherein it informs the community of the pending application and thereafter compiles a report on such consultation which should then be submitted to the municipal council and to the Board for consideration. Verification of this consultation is to be done to ensure that the correct community members who would be affected by the outlet are properly consulted.
- The legislative framework further imposes an obligation on the licencing authorities, including the ECLB, to issue licences mindful of associated adverse effects - hence interventions undertaken to moderate abuse of alcohol in collaboration with other institutions.

External Environment

- The continued collaboration efforts on partnerships with Small Enterprise Development Agency (SEDA), South African Revenue Services (SARS), Companies Intellectual Properties Commission (CIPC) and FNB to implement education programmes around business registration and business and individual tax has resulted in a positive response from some liquor traders.
- Preclusion of liquor trading in policies of government and development finance institutions in particular prevents access to finance for marginalised liquor traders to grow and/or diversify their businesses.
- The organisation is still in discussions with the Small Enterprise Finance Agency (SEFA) and the Independent Development Corporation (IDC) with the view for them to consider, as a starting point, applications for funding of liquor traders who aspire to venture into higher levels of the industry value chain or to diversify their business beyond just selling liquor, namely logistics, warehousing, hospitality, manufacturing and franchising.

- Limiting legislation to enforce Broad-Based Black Economic Empowerment (B-BBEE) compliance, the new Eastern Cape Liquor Authority Act legislation has been passed and is awaiting the approval of regulations before it is implemented.
- Encroachment of the Black liquor trader's traditional township market by the big retail chain stores.

Challenges in the operating environment

- The compliance monitoring by the NLA of distributors and wholesalers in the province is not effective and it is resulting in increased cases of unlicensed liquor trading.
- The South African Local Government Association (SALGA) has been approached to address compliance by local municipalities to the B-BBEE legislation when considering applications for property development in areas of their relative jurisdiction.
- Resistance by big manufacturers to transformation of the industry. The ECLB has expressed this concern to the National Liquor Authority (NLA) to address but there has been no tangible progress felt, not only by ECLB, but also by marginalised liquor traders in this regard. There seems to be a dislocation of efforts by the ECLB and NLA in this regard.
- The Entity is strongly advocating at the National Liquor Regulators Forum for the Department of Trade and Industry to establish a liquor industry charter.
- The absence of black participation in the micro-manufacturing subsector of the liquor industry remains a challenge in achieving the transformational agenda. This is mainly due to the barriers to entry in the subsector, namely the technical knowledge which is a pre-requisite and access to financial resources/capital.
- The growing alcohol abuse, underage drinking and Foetal Alcohol Syndrome (FAS) remains one of our challenges and much effort and resources are set aside to continuously educate and provide awareness to the community about the dangers of alcohol abuse. During this, there has also been a growing number of cases of Gender-Based Violence (GBV) in which it is believed that alcohol is the number one contributor.
- The delayed submission and non-submission of community consultation reports by ward councillors, which invariably impacts negatively in the processing and finalisation of the applications within the legislated time.
- The failure by liquor traders to form associations due to limited understanding and lack of requirements thereof,
- The lack of progress with regard to implementing the linkages between the big industry manufacturers and the liquor traders in respect of support to move higher up the liquor industry value chain.
- The Entity lacks the requisite capacity to undertake baseline and post assessments to determine the need for interventions and the impact thereof. Partnerships formed with institutions of higher learning and industry continue to provide opportunities for future research support.
- The ECLB is continuously experiencing human capital challenges, specifically with the legislative reforms being introduced, and the increase in the operations (e.g. 16 Inspectors have to enforce compliance to over 7 500 liquor licence outlets throughout the province) as well as, social accountability programmes.
- The continuing budget shrinkages over the years limits the Entity's capacity to deliver on its mandate. Consequently, opportunities continue to be sought for efficiency in processes, various revenue enhancement strategies and collaborations with NGOs, government departments, the liquor industry and institutions of higher learning.

Opportunities

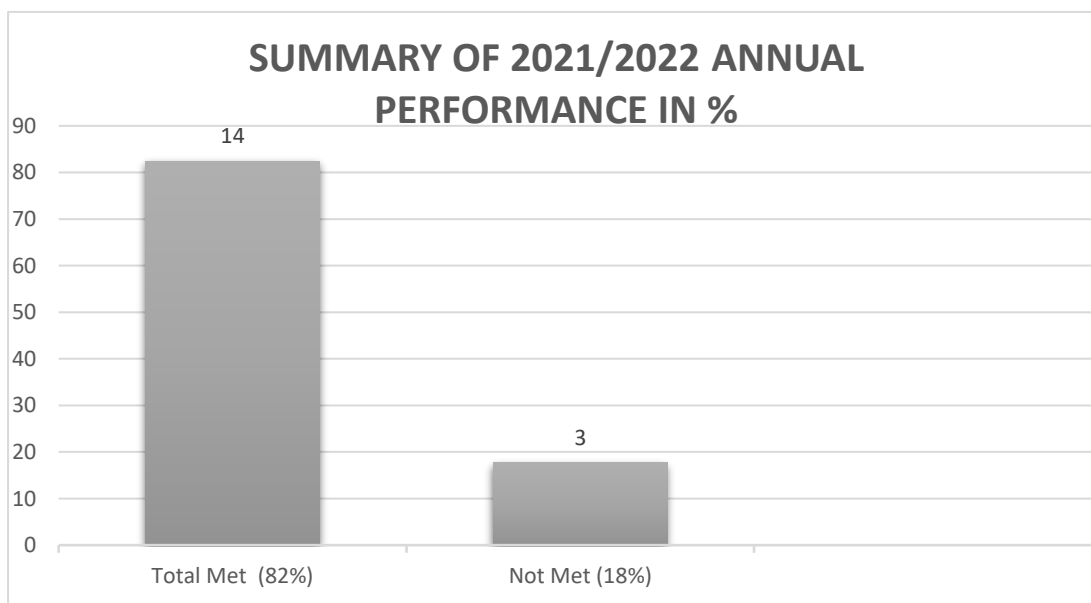
- The ECLB has engaged in discussions with the Nelson Mandela University National Youth Development Agency and existing micro-manufacturers. The purpose is to structure a training programme to train Black youth to be brew masters under the mentorship of the existing micro manufacturers and to acquire start-up funds to establish their businesses.
- In order to augment its limited capacity, the Entity embarked on a concerted effort to mobilise stakeholder partnerships for the purposes of collaboration. Quite significantly, stakeholder support provided ECLB with the requisite capacity to achieve its objectives in some areas.

PERFORMANCE OVERVIEW

The table below provides a summary of the entity's performance for the period under review.

#	Performance indicator	Annual Target	Annual Target Achieved
1	% of fully compliant licence applications considered within legislated timeframes	60%	50%
2	Number of new formal liquor traders' associations facilitated	2	1
3	Number of Black liquor traders to participate at higher levels of the value chain	1	0
4	% of new applications with sufficiently consulted communities	60%	95%
5	% of compliance inspections conducted to ensure compliance with liquor regulations	50%	68%
6	Percentage of complaints attended to within 30 days	60%	79%
7	Number of blitz operations conducted with law enforcement agencies to enforce liquor legislation	48	70
8	% of all identified illegal outlets to be referred to the criminal justice system	100%	100%
9	Number of anti-alcohol abuse interventions conducted	4	4
10	Number of social responsibility programmes conducted	11	13
11	Number of people reached through education and awareness interventions and social responsibility initiatives	60 000	80 708
12	Audit outcome	Clean Audit	Clean Audit
13	Percentage of employees contracted and reviewed performance	100%	100%
14	Percentage implementation of the Skills Development Plan	50%	50%
15	Percentage spent on Eastern Cape SMMEs	50%	53,0%
16	ICT Governance Framework implemented	Maturity level 3	ICT Maturity level 3
17	Organisational performance index	75%	82%

Overall performance per KPIs



- The graph above provides a graphical representation of the overall performance of the organisation for the year under review.
- The entity achieved 14 of the 17 key performance indicators planned for the year under reporting. The Entity has achieved 82% of its planned targets for the year. The decline is due to the:
 - delayed submission and non-submission of community consultation reports by ward councillors.
 - limited number of inspectors to timeously conduct both pre-registration and post-registration inspections;
 - failure by three liquor trader associations to submit the required documentation of the Companies Intellectual Properties Commission (CIPC); and
 - lack of progress with regard to implementing the links between the big industry manufacturers and the liquor traders in respect of support in moving higher up the industry value chain.

Key Highlights

The Entity, in its endeavours to fulfil its mandate on ensuring compliant liquor trading, transformation of the liquor industry and educating communities about the adverse effects of alcohol abuse has during the year under review implemented the following programmes. The list below provides a summary of each programme implemented:

- **Eastern Cape Craft Brewing, Distilling and Wine Route:** The Eastern Cape Liquor Board (ECLB), in partnership with the Eastern Cape Parks and Tourism Agency (ECPTA), has partnered to create and promote a tourism route through several Eastern Cape Breweries and Distillers based in Tsitsikamma, Humansdorp, Jeffreys Bay, Gqeberha, Makhanda, Port Alfred, East London and Chintsa. The route seeks to showcase Craft Brewery manufacturing and show how it contributes to Provincial tourism, as well as show how it makes the province more competitive in its experiences for travellers looking for adventure in the Eastern Cape.
- **Mayime Winery, Whittlesea, Chris Hani District** – this is the first ever established Winery with its own wine processing plant in the province. This project has the potential to contribute to the transformation of the liquor sector in the province as well as the creation of the full value chain. This project is still awaiting an approval of funding request from DEDEAT.
- **Brewmasters** – the Entity has initiated a project on the development of craft brewing with special reference to the introduction and development of black youth as brewmasters. The goal is to develop them to become owners of craft brewing operations. The project is still in its initial stages.
- **70 joint blitz operations** with Law Enforcement Agencies were conducted in the province where 515 liquor outlets were visited.
- 262 persons trading in liquor without a registration certificate were identified and referred to the Criminal Justice System for prosecution.
- In collaboration with the Department of Co-operative Governance and Traditional Affairs (Cogta), the Entity held 6 (six) training sessions with 243 new ward councillors on their roles and responsibilities in terms of the Eastern Cape Liquor Act, No. 10 of 2003 (Act). Municipalities that were covered are Walter Sisulu, Enoch Mgijima, Sakhisizwe, King Sabata Dalindyebo, Ngquza Hill and Nelson Mandela Bay
- **Youth in institutions of higher learning** –Through this project various anti-alcohol abuse campaigns have been implemented at the participating universities and TVET Colleges in the Province. As part of the project the First-Things-First campaigns were facilitated at Lovedale TVET College, Buffalo City TVET College and Rhodes University. This campaign educates students about the importance of prioritising their health, and this is executed by hosting health care services on campus such as HIV/Aids testing, blood pressure tests, diabetes tests as well as pap smears. Residence Talks and Visits were facilitated during which project facilitators engaged with students in their residences on binge drinking, drunk driving and FAS. Furthermore, several radio adverts were aired on Madibaz Radio (Nelson Mandela University Campus Radio) and UCRFM (Walter Sisulu University Community Radio). A total number of seven (7) adverts and three (3) interviews were secured on Madibaz Radio (the Nelson Mandela University campus radio). Madibaz Radio has a campus, local, national, and international audience. There was one (1) advert and one (1) interview that were secured on UCRFM.
- **School Ambassadors** – The Entity, in partnership with Shoprite Checkers, launched an Ambassador Programme in the Nelson Mandela Bay Metropolitan Municipality at Motherwell. This programme entails

partnerships with schools who nominate learners as ambassadors to drive ECLB underage drinking messages with a view of sustaining the “underage drinking campaign”.

- **Nyandeni Development Project for People Living with Disabilities** – the Eastern Cape Liquor Board has adopted and supported a Co-operative in the Nyandeni Local Municipality. The Co-operative is constituted of 21 people with disabilities who are running poultry farming and sewing traditional regalia which they sell to the surrounding communities. The Co-operative has also employed five young people from the community. The ECLB, in partnership with SAB, has supported the Co-operative with a building structure and start-ups for the project and it continues to monitor the project in order to ensure that it remains sustainable.

Licencing

- A total of 1 282 liquor licence applications, which included new applications, transfer of registration and removal of registration, were considered in the period under review. A total of 671 applications were approved as they met all the requirements, 464 were given section 22(5) Notices due to queries, 130 were refused and 17 were scheduled for public hearings as there were objections against registration.

Licence renewal

- The number of licences that were expected to be renewed for 2021 was 7 295. The proposal from the ECLB to the MEC to extend the licence renewal period to June 2022 resulted in the total number of licences renewed being 6 898 (which translates to 95%) as at 31 March 2022.

Liquor Traders’ Development programme and Transformation Action Plan

- A total number of 108 liquor traders were capacitated in business tax and registration with SARS through workshops.
- The Entity facilitated the formation of one (1) Liquor Traders’ Association.

Responsible drinking education and awareness interventions

- In the period under review, the Entity effectively implemented 396 interventions focusing on underage drinking, Foetal Alcohol Syndrome (FAS), road safety and responsible drinking and trading initiatives.
- A total of 80 708 people were reached through anti-alcohol abuse awareness and education intervention initiatives.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

- The Entity, together with DEDEAT, is in the process of finalising the regulations for the implementation of the new Act.

3. STRATEGIC OUTCOMES

The table below demonstrates the outcomes, outcome indicators and five-year targets set for the organisation as contained in the Strategic Plan 2020

Outcome	Outcome indicator	Five-year target	Performance indicator	2020/21 Performance	2021/2022 Performance
Reduction in alcohol abuse and behavioural change towards alcohol consumption	Informed and educated communities on dangers of alcohol abuse	40% - 60% responsible consumption of alcohol	Number of anti-alcohol abuse interventions conducted Number of social responsibility programmes conducted Number of people reached through education and awareness interventions and social responsibility initiatives	291 8 42 987	4 12 80 708
Compliant liquor trading and regulated access to alcohol	Improved compliance and enforcement with liquor regulations/trading conditions	80% - 90% Compliance with liquor regulations and conditions	% of new applications with sufficiently consulted communities % of compliance inspections conducted to ensure compliance with liquor regulations Number of blitz operations conducted with law enforcement agencies to enforce liquor legislation % of all identified illegal outlets to be referred to the criminal justice system	73% 45% 50 100%	95% 137% 67 100%
Efficient liquor licencing	Reduction in incidents of reported non-compliance with liquor regulations	75% - 80% of all incidents reported attended to within 30 working days. 100% compliance with legislated timeframes.	Percentage of complaints attended to within 30 days	74%	72%
Increased participation by the previously disadvantaged in both the retail and micro-manufacturing levels in the province,	Liquor licences issued within legislated timeframes Percentage increase of participation by the previously disadvantaged in the retail sales and micro-manufacturing of liquor in the province	20% - 40 % increased participation.	% of fully compliant licence applications considered within legislated timeframes Number of new formal liquor traders' associations facilitated Number of Black liquor traders to participate at higher levels of the value chain	40% 2 0	50% 1 0
	Audit outcome			Clean Audit	Clean Audit

Outcome	Outcome indicator	Five-year target	Performance indicator	2020/21 Performance	2021/2022 Performance
Good Corporate Governance	Improved compliance with corporate governance standards and prescripts	Unqualified audit opinion with no material findings	Percentage of employees contracted and reviewed performance Percentage implementation of the Skills Development Plan Percentage spent on Eastern Cape SMMEs ICT Governance Framework implemented Organisational Performance Index	100% 50% 42% Maturity level 3 83%	100% 50% 53% Maturity level 3 82%

Amendments to the Strategic Plan and Annual Performance Plan (APP)

The following indicator was amended in the 2021/22 as follows:

Outcome indicator	2020/22 Indicator	2021/22 Changed Indicator
Informed and educated communities on dangers of alcohol abuse	Number of anti-alcohol abuse interventions conducted	Number of reports on the anti-alcohol abuse interventions conducted



4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 LICENSING PROGRAMME

4.1.1 Purpose of the programme

The Licencing programme is responsible for: -

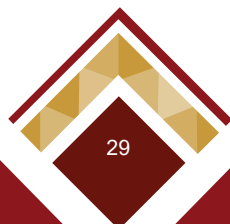
- Administration for processing of liquor licence applications and renewal of licences.
- Monitor the running of the Snapstar Licencing System.
- Secretariat for the Licencing Committee.
- Implementation of the Liquor Traders Development Programme.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR 2021/2022 FINANCIAL YEAR

Outcome	Output	Output Indicator	Actual Achievement 2019/2020	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Efficient licencing	Licences to be considered within the 60 days legislated timeframe.	Percentage of fully compliant liquor licence applications considered within legislated timeframe.	93%	40.04%	60%	50%	(10%)	1. The entity continues to receive large number of applications that cannot be finalised within the legislated period. 2. Ward Committees not conducting community consultations timeously, resulting into applications not considered within 60 days. 3. The limited number of Inspectors expected to conduct both pre-registration inspection and post-registration inspection contributes to applications not being considered within	No revision was made from the previous year.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR 2021/2022 FINANCIAL YEAR

Outcome	Output	Output Indicator	Actual Achievement 2019/2020	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Increased participation by previously disadvantaged in both retail and micro manufacturing levels,	Increased participation by the previously disadvantaged in both retail and micro manufacturing of liquor in the province.	Number of new formal liquor traders' associations facilitated.	3	2	2	1	(1)	the legislate timeframes. 4. Covid-19 restrictions and regulations implemented ("Levels 1, 2 and 3") continued to impact on the processing of applications, when there were restrictions on public gatherings which impacted on the community consultation process.	The rate of responsiveness by the membership of the prospective associations to compile all the necessary information required for formal registration as an association has been very slow. This was partly because of the apathy by liquor traders to participate in any development initiative other than what is going to
								The facilitation process to formalise the four (4) new liquor traders associations was not concluded. only the Xesi Liquor Forum was formally registered as Non-Profit Organisations with Companies and Intellectual Property Commission (CIPC).	



KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR 2021/2022 FINANCIAL YEAR

Outcome	Output	Output Indicator	Actual Achievement 2019/2020	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
									contribute to the survival of their businesses directly and immediately. Most of the liquor trading businesses were negatively impacted by the ban on liquor trading imposed during the Covid-19 period.
		Number of Black liquor traders' distributors facilitated to participate at higher levels on the value chain	N/A	0	1	0	(1)	1.The Entity has to date not received any progress reports on the outcomes of the business linkage facilitated between the liquor traders and big manufacturers (Diageo, SAB, Heineken, Distell) to establish Black-owned wholesalers. 2.The Entity is still awaiting a final decision from DEDEAT regarding the funding of Mayime Winery which is owned by Mayime Co-operation, a community-owned grape-farming operation based in Whittlesea.	No revision was made from the previous year.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR 2021/2022 FINANCIAL YEAR									
Outcome	Output	Output Indicator	Actual Achievement 2019/2020	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
								<p>3.The training of Black participants to be qualified brewmasters was delayed due to the protracted online application process required by the FoodBev SETA, where each established craft brewing outlet was supposed to train its staff members using a service provider to be contracted by the FoodBev SETA.</p> <p>The funding applications of the craft brewing outlets will be lodged in the next financial year, due to the missed deadline of 28 February 2022.</p>	



4.1.2 Programme performance

The next sections outline progress that has been made in the period under review in respect of the performance indicators as outlined in the table above.

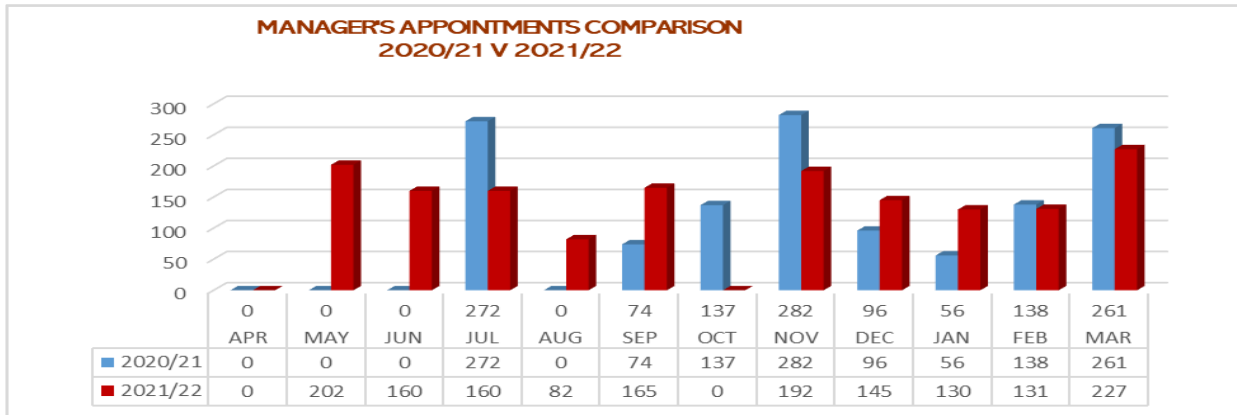
4.1.2.1 Overall licence applications received

- The table below depicts the total of 853 applications received during this financial year, categorised as follows:

TYPE OF APPLICATION	NUMBER OF APPLICATIONS RECEIVED
New registrations	654
Transfers	166
Removals	16
Micro-manufacturers	3
Special Events	14
Total	853

4.1.2.2 Manager's appointment applications

1 594 manager's appointment applications were received processed, and certificates issued.



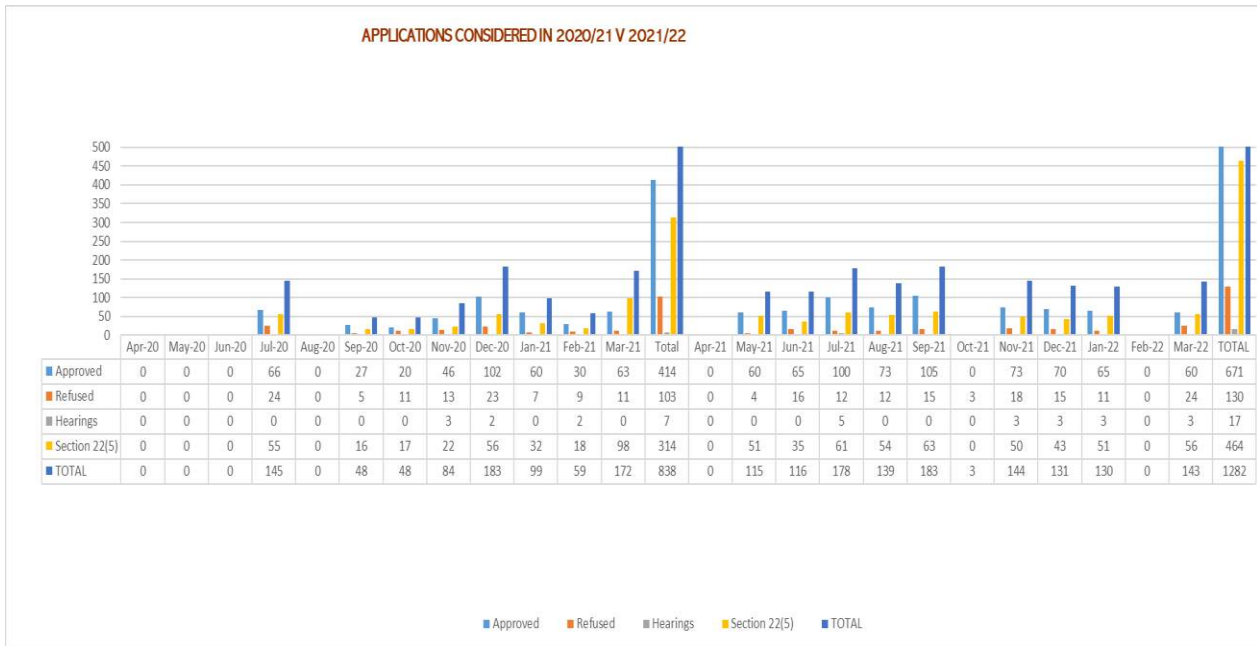
4.1.2.3 Licence applications considered for approval

The number of days is calculated from the date of inspection to the date of consideration of the applications by the Licencing Committee. A total of 1 282 applications were considered by the Licencing Committee in the period under review. The 1 282 applications referred to include backlog applications from the prior year. The graph above shows the applications considered. The outcomes are as follows: -

- 671 applications were approved.
- 130 applications were refused.
- 464 applications were given section 22(5) Notices;
- 17 applications were scheduled for hearing.

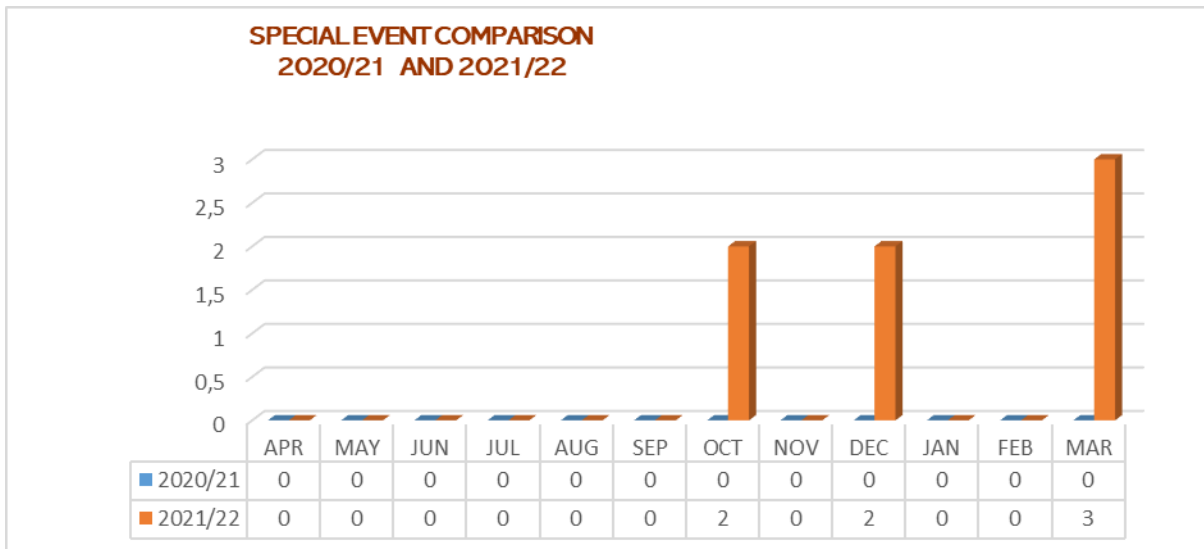
Of the 1 282 considered, 842 were considered for the first time. A total of 419 of the 842 (49.76%) were considered within the prescribed period of 60 days and 423 outside thereof.

The graph below shows the comparison between 2020/21 and 2021/22 applications considered by the Licencing Committee. It can be observed that there has been a growing trend on Section 22(5) Notices and hearings.



4.1.2.3 Special Events

A total of 14 special events applications were considered and seven (7) application were approved during the year under review. The graph below illustrates the comparison between 2020/21 and 2021/22. It must be noted that the financial year 2020/21 was the period during which public events were banned due to the Covid-19 regulations.



4.1.2.4 Licence Renewals

The number of licences that were expected to be renewed for 2021 was 7 295. In anticipation of the negative effects of the COVID-19 pandemic and regulations on liquor trading, the MEC extended the licence renewal deadline from 31 December 2021 to 30 June 2022, resulting into the total number of licences renewed for the 2021 being 6 898 (95%).

4.1.2.5 Micro – manufacturing licences

As at 31 March 2022, there were 23 micro – manufacturing registered outlets. This is an increase of six (6) micro-manufacturers from the previous year. The table below reflects the listing of these outlets.

List of micro manufacturers

NO	BUSINESS NAME	TOWN	TYPE OF LIQUOR
1	African Cures	Gqeberha	Sherry (ingredient for medication)
2	The Little Brewery on The River	Port Alfred	Malt Based Beer
3	Graaff Reinet Museum	Graaff Reinet	Spirits (Witblits)
4	Theescomb Wines	Gqeberha	Wine
5	Bridge Street Brewery	Gqeberha	Beer and Cider
6	Emerald Vale Brewery	East London	Malt Based Beer
7	Southern Wind Trading	East London	16 Alcoholic Fruit Beverage
8	Dockside Brewery	Gqeberha	Beer
9	Tsitsikama Micro Brewery	Storms River	Beer (ale)
10	Richmondhill Brewing Company	Gqeberha	Beer
11	Traditional Tinjan	Humansdorp	Tinjan (ingredient for medication)
12	Jeffreys Bay Craft Brewery	Jeffrey's Bay	Beer
13	J Bay Brewing Company	Jeffrey's Bay	Beer
14	Brickmaker Distillery Co	Gqeberha	"Rhino – Rum"
15	Table 58 Micro Brewing	East London	Beer
16	Hogsback Brewery	Hogsback	Beer
17	Black Hog Brewery	St Francis	Beer
18	St Francis Brewing Company	St Francis	Beer
19	One 33 Craft Distillers & Cheesery	St Francis	Rum
20	Enterpid	Makhanda	Beer
21	Ferreira Post Distilleries	Jeffery's Bay	Rum
22	Fleur Du Vin	Stutterheim	Beer
23	My Urban Africa	Gqeberha	Traditional Beer

4.1.2.6 Liquor trader's development programme

Number of new formal traders' associations facilitated

The facilitation process to formalise the four (4) new liquor traders' associations was not concluded and only the Xesi Liquor Forum was formally registered as Non-Profit Organisations with the Companies and Intellectual Property Commission (CIPC): -

- Engcobo Liquor Traders Association.
- Dordrecht Liquor Traders Association.
- Port St Johns Liquor Traders Association.
- Xesi Liquor Forum.

Number of liquor traders empowered in the province

Liquor Traders Association were empowered with Business skills. The following sessions were held: -

#	TRAINING INTERVENTION	Name of Liquor Association	Town	NO OF ATTENDEES
1.	Business Tax and Company Registration	KwaNobuhle Liquor Traders' Association	Kariega	47
		Stutterheim Liquor Traders' Association	Stutterheim	15
		Bay Taverners Association	Gqeberha	46
TOTAL				108

#	TRAINING INTERVENTION	Name of Liquor Association	Town	NO OF ATTENDEES
2.	Business Information and advisory services workshops	Xesi Liquor Traders'	Kariega	14
		Makana Liquor Traders' Association	Makhanda	19
		Senqu Liquor Traders' Association	Sterkspruit	28
		Mzamba Liquor Traders' Association	Bizana	24
		Bay Taverners' Association	Gqeberha	46
		KwaNobuhle Liquor Traders' Association	Kariega	39
TOTAL				170

Strategy to overcome areas of under performance

The Entity will apply the following corrective measures to overcome the underperformance indicated in this report for each of the indicators:

(i) Percentage of fully compliant liquor licence applications considered within legislated timeframes.

- Prioritising the major variances in the processing of the applications backlog is reflected through the age analysis. A pipeline of outstanding applications is reviewed monthly to monitor the progress of each application. Monthly reports are produced and action to be taken is forecasted by this monitoring tool.
- Dealing with the applications received without ward councillors' reports. The entity has undertaken a process to solicit a court judgement on how to mitigate against this limitation, over which the entity has no direct control.
- Appeals have been made to the DEDEAT and Provincial Treasury to consider funding additional inspectors so that applications are processed within the legislated timeframe.
- Training of newly-appointed ward councillors on their role in the processing of liquor licence applications and its relevance to liquor regulation as prescribed by legislation.
- Conducting public awareness and education campaigns to empower communities on their role in the regulation of liquor trading in their areas.

(ii) Number of new formal liquor traders' associations facilitated.

The Entity continues to make follow-ups with the liquor traders and to provide the support needed to ensure complete state of readiness to register an association. The Entity continues to facilitate advocacy programmes that will encourage liquor traders to organise themselves and it explains the benefits that accrue as a result of that.

(iii) Number of Black liquor traders' distributors facilitated to participate at higher levels on the value chain.

The Entity continues to provide business linkages for liquor traders while also exploring funding and/or sponsorship opportunities for liquor traders. The Entity seeks to facilitate and enhance engagements with the leadership of the big manufacturers to address the transformation of the profile of the liquor industry participants through the office of the MEC.

4.1.2.7 Linking performance with budget

Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Licencing	7 040	7 026	14
TOTAL	7 040	7 026	14



4.2 COMPLIANCE AND ENFORCEMENT PROGRAMME

4.2.1 Purpose of the programme

The principal responsibility of the Compliance and Enforcement Programme is to:

- Ensure that appropriate steps are taken against those selling liquor outside the administrative and regulatory framework established in terms of the Eastern Cape Liquor Act (ECLA) and
- That community considerations on the registration of retail premises are taken into account.
- Work with other law enforcement agencies; the programme plays a critical role towards achieving the goal of responsible liquor trading that promotes safe communities in the Eastern Cape.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR THE 2021/2022 FINANCIAL YEAR

Outcome	Output	Output Indicator	Actual Achievement 2019/2020	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Compliant liquor trading and regulated access to alcohol	Improved compliance and enforcement	% of new applications with sufficiently consulted communities	931	73%	60%	95%	35% overperformance	The division focused on the applications due for inspections using the pipeline management tool to ensure that all applications are inspected timeously.	No revision was made from the previous year.
	Reduction in incidents of non-reported compliance with liquor regulations	% of compliance inspections conducted to ensure compliance with liquor regulations	5 071	45%	50%	68%	18% overperformance due to stringent enforcement of Covid - 19 regulations.	Cooperation with the SAPS and other law enforcement agencies has enhanced our performance in this area.	No revision was made from the previous year.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR THE 2021/2022 FINANCIAL YEAR

Outcome	Output	Output Indicator	Actual Achievement 2019/2020	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
		Number of blitz operations conducted with law enforcement agencies to enforce legislation	40	48	48	70	Overperformance of 22 blitz operations	Joint operations with the SAPS and municipal police to enforce DMA and regulations resulted in more blitz operations being conducted.	No revision was made from the previous year.
		Percentage of complaints attended to within 30 days	75%	73,58%	60%	79%	Overperformance of 19%	The division utilized the complaints management system to respond swiftly to issues of non-compliance with the trading conditions.	No revision was made from the previous year.
		% of identified illegal liquor outlets referred to the criminal justice system	100%	100%	100%	100%	None	272 liquor outlets were identified to be trading illegally.	No revision was made from the previous year.

4.2.2 Programme Performance

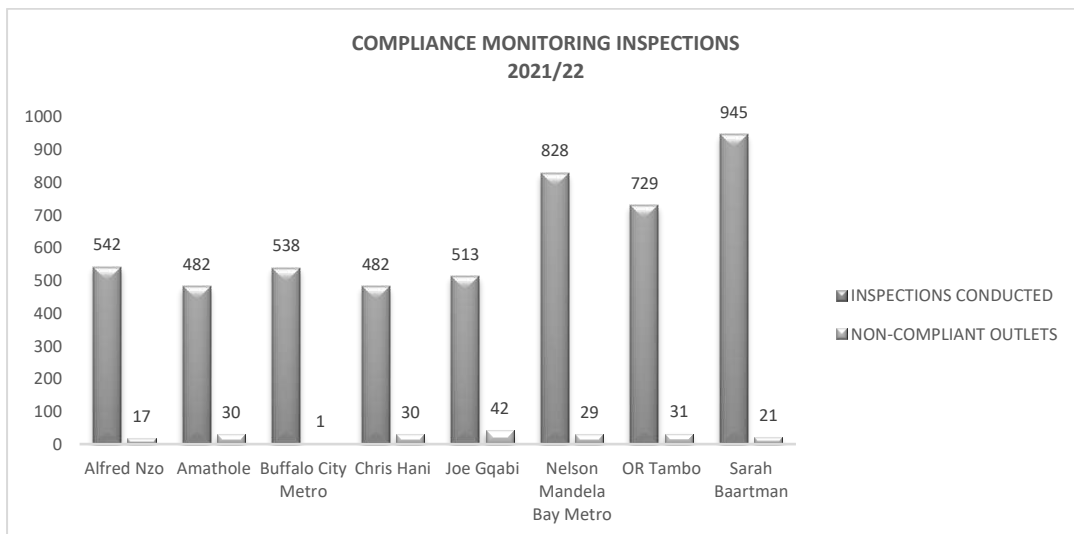
The next sections outline progress that has been made in the period under review in respect of the performance indicators as outlined in the table above.

4.2.2.1 Pre-registration Inspections

- The pre-registration inspections are conducted based on the number of new applications for liquor licences that become due for inspection, prior to the consideration of the application by the Licensing Committee, for approval. During the year under review, 844 inspections were conducted of the 885 applications that were received and due for inspections. The close monitoring of the application pipeline management tool assisted in the positive variance in terms of achieving the target.

4.2.2.2 Post-registration Inspections

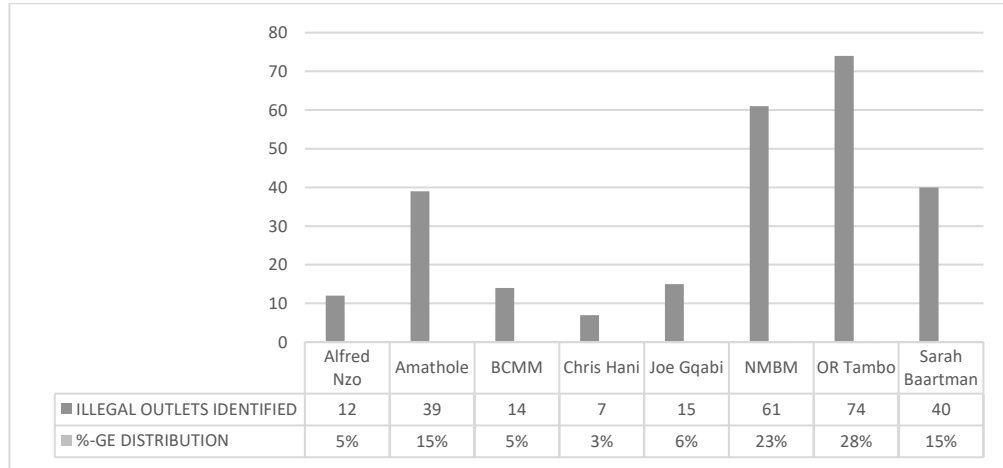
- With regard to compliance monitoring and post-registration compliance inspections at registered liquor outlets, a total of 5 059 post-registration compliance inspections were conducted, which surpassed the planned targeted output of 3 650 by 1 409. The positive variance of 18% can be attributed to the assistance and co-operation of the South African Police Service in ensuring compliance with the Disaster Management Act's Covid-19 Regulations.
- During the compliance inspections conducted, 201 non-compliant instances were noted. As a result, 189 compliance notices were issued and eight (8) fines were issued by the SAPS or other instances of non-compliance. A total of four (4) standard reminder notices were issued for those that had complaints reported against them.
- The 58% of the non-compliant instances relates to the contravention of Section 40 of the Act, wherein registered persons are required to appoint managers to be responsible for their business in their absence. Section 40(5) further provides that a person managing and responsible for a business to which a registration relates, must be subject to the same obligations and liabilities as the relevant registered person. Subsection 6 further states that the registered person is not, however, released from any obligation or liability to which he or she is subject by law.
- The graph below illustrates the number of instances per district municipality.



4.2.2.3 Illegal Trading

- In the year under review, 262 persons operating unregistered liquor outlets were referred to the criminal justice system for prosecution as follows:
 - 118 illegal liquor traders were issued with a Notice to Appear in Court with an option of paying a fine (J534), amounting in total to R123 650.00,
 - 15 criminal cases were opened, and these cases are pending finalisation in court,
 - 129 Section 19 Referral Letters were issued by inspectors where persons found at the premises were suspected of trading without being registered. These notices are issued in the absence of the SAPS and thus referred to the SAPS for further action to be taken against the person concerned

- Liquor to the value of about R55 382.00 has been confiscated from these illegal outlets and will be disposed of once the criminal proceedings have been finalized,
- The graphical presentation below shows the distribution of illegal outlets in the Province, with OR Tambo having the most with about 28% of the total followed by Nelson Mandela Bay Metro with 23%.

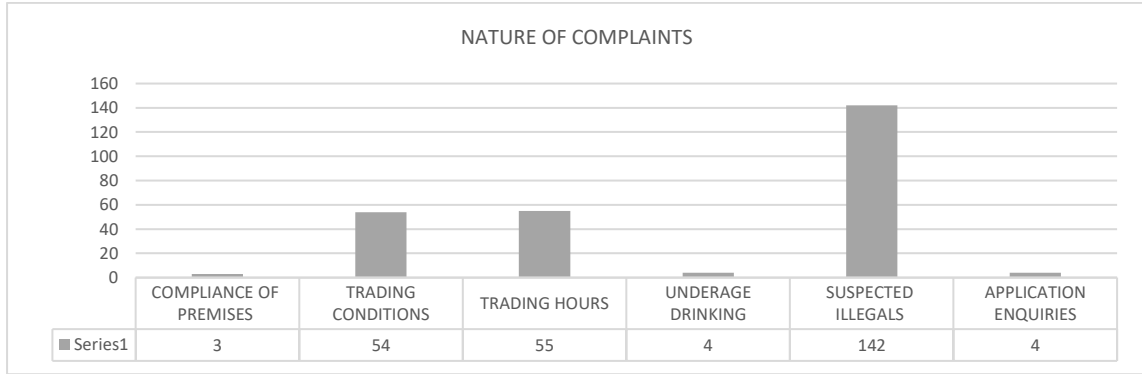


4.2.2.4 Blitz Operations

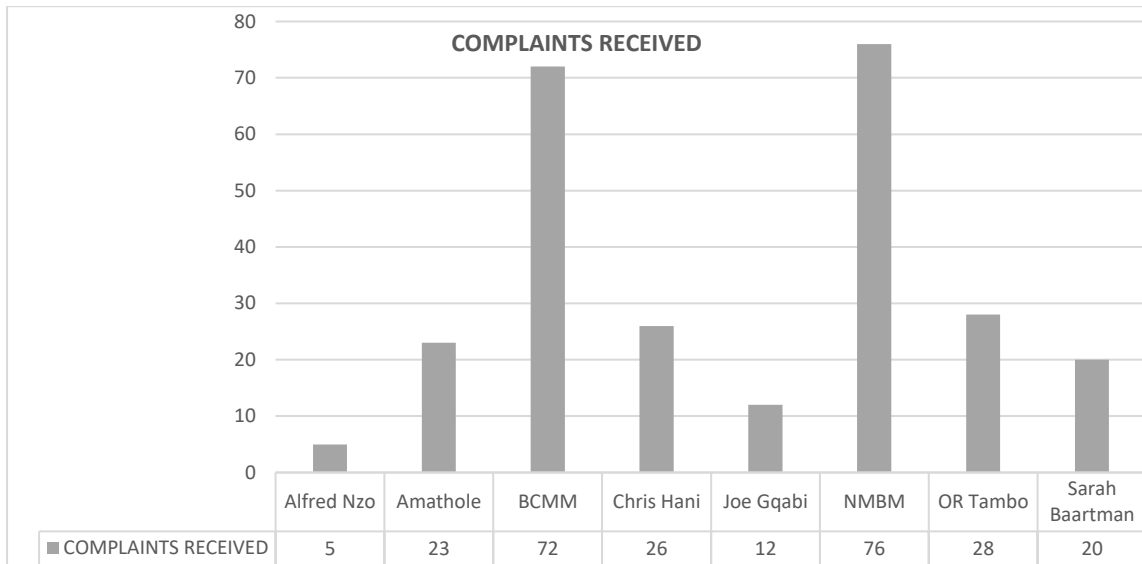
- Joint Blitz Operations relates to collaboration with law enforcement agencies where the blitz operation embarks on strategic crime prevention programmes targeted at non-compliant liquor outlets, inconsiderate trading liquor outlets and those which trade in liquor without being registered. A total of 70 joint blitz operations were carried out during the period under review in which 515 liquor outlets were inspected, and the following was found:
 - 394 were found to be compliant with the applicable laws and trading conditions.
 - 36 illegal outlets were identified during the joint blitz operations, and this is included in the total of outlets referred to the criminal justice system referred to above.
 - 85 were found to be non-compliant with the Act and trading conditions and were thus issued with Section 54 Compliance Notices.

4.2.2.5 Complaints Management

- A complaints management system is used to record, monitor and manage complaints filed by members of the public as well as institutions which experience challenges due to people trading in liquor, who sometimes may even be trading illegally.
- The ECLB is utilising a call centre to receive complaints and to provide a complaints management system to enable the monitoring and management of the processes relating to complaints filed. The toll-free service has been working well in helping communities to forward their complaints for attendance by inspectors who conduct investigations and ensure that those that are to be referred to the relevant institutions are in fact referred.
- Therefore, in the period under review, 262 complaints were received and 205 were attended to within 30 days which translates to 78%.
- Of significance is that complaints relating to the conduct of liquor outlets are attended to within a reasonable time (30 days). The presentation below shows complaints by their types:



- Suspected illegal trading complaints dominate with about 54% of all complaints during the year under review.
- Liquor traders who traded beyond the regulated trading hours also spiked to about 21% as traders made attempts to recoup what they had lost during the hard lockdown period.
- In terms of the intensity of complaints, the graph below shows Nelson Mandela Bay having the highest number of complaints received, reaching 29% of all complaints received by the Entity.
- Complaints about trading hours and illegal trading are the leading causes for complaints in the Nelson Mandela Bay Metro.



4.2.3 Responsible Trader Facilitation

- Twenty-eight months after the formal conclusion of the 2018 rtf programme, it is evident that the outlet beneficiaries have generally maintained and improved their compliance status. The incentives installed during the programme are also relatively well maintained. These findings also hold true for the beneficiaries of the 2019 rtf programme, 12 months after it concluded. Due to the COVID-19 third wave and the alcohol trading ban, DLOs did not join the facilitators in the audits.
- rtf conducted a sustainability audit on both the 2018 and 2019 rtf outlet beneficiaries during July and August 2021. The objective was to measure both the compliance and incentive sustainability since the rtf facilitators stopped calling on these outlets. The COVID-19 ban on alcohol sales was in place part way during this audit, which limited data collection on legislative observations.

- It was encouraging to note that only 1% and 0.6% of outlets in the 2018 and 2019 implementation period were rated at risk with the balance indicating compliant or improved status. As observed during the first sustainability audit of the 2018 outlets, the 2019 outlets indicated a steep progression in the improved compliance status (28%) in the months after the programme, suggesting a momentum shift created from being on the programme.
- On average, the 2018 outlets measured an overall sustainability score of 97% exactly that measured during the July 2020 audit thus indicating no decline in status. The 2019 outlets measured an average overall score of 99%, suggesting very little decline since rtf exited. The overall sustainability score is a weighted calculated score based on the facilitator's rating, availability and condition of the compliance and incentive items, fines and warnings received and legislative observations.
- A few outlets (3%) in the 2018 and 2019 rtf centres reported being unable to renew their licences due to the lockdown and low cash flow. Owners promised to rectify this as soon as possible. rtf Centre Valid Licence KWT 2019 – 91%, EL Surrounds 2019 - 100% East London 2018 - 100% Queenstown 2018 - 85%
- Working CCTV systems were measured to be 97% and 96% for the 2018 and 2019 centres respectively. A few issues of ownership disputes and technical issues were the main reasons for the CCTV systems not being available or fully operational. Owners experiencing technical issues were advised to contact the rtf approved installers for guidance.
- On average, the 2018 rtf outlets measured 97% for Tier 1 and Tier 2 compliance critical incentives; the same as measured during the July 2020 audit, suggesting no further decline.
- CCTV usage for investigating incidents (12%), fire extinguisher use (5%) and first aid box assistance (29%) were measured across both the 2018 and 2019 periods. Only one instance, in Queenstown, was recorded of the possible serving of alcohol to a minor. The manager was strongly reprimanded by the facilitator. No instances of serving to possibly pregnant women were recorded. Fines and warnings issued to the outlets appear to be on the decline, but this is most likely due to the periodic bans on liquor trading and subsequent fewer SAPS visits.

Opportunities

- Project data will be formally correlated with ECLB inspectors during the upcoming sustainability audit to identify gaps in compliance.
- An opportunity exists to leverage the rtf data collection and visualisation tools for the Liquor Board Inspectors to streamline data collection and analysis.

4.2.4 Linking Performance with Budget

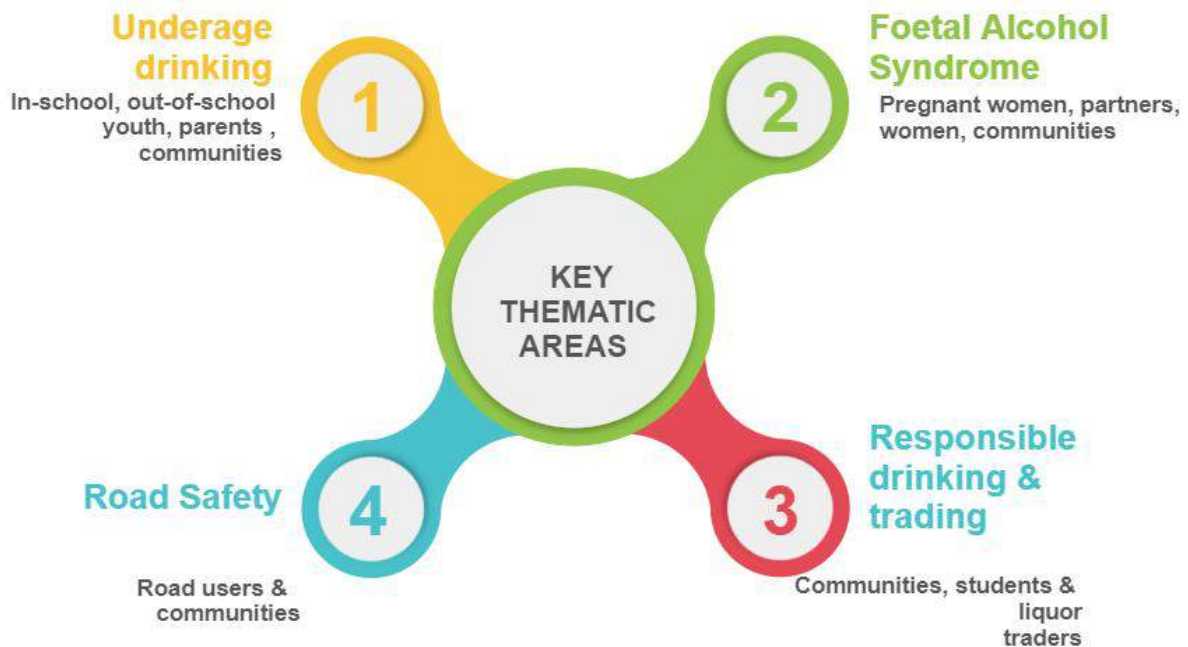
Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Compliance and enforcement	25 502	25 676	(174)
TOTAL	25 502	25 676	(174)

4.3 SOCIAL ACCOUNTABILITY PROGRAMME

4.3.1 Purpose of the programme

The Social Accountability Programme is responsible for:

- Raising awareness and educating the public on the adverse effects of alcohol consumption through Anti-Alcohol Abuse Awareness programmes. Figure 7.1 below shows the focus areas, with the target audiences, that constituted awareness initiatives:



4.3.2 Sources of Data for Education and Awareness Interventions:

In the period under review, the Entity made use of the following sources of data for the education and awareness intervention initiatives implemented:

- The data that was generated through the Socio-Economic Impact of the liquor industry study in the Eastern Cape, the economic profile of the liquor industry in the Eastern Cape and investigation of the prevalence of alcohol consumption during pregnancy.
- Data that was sourced from Nielsen has also been used as a basis for understanding the economics of the liquor industry and how it contributes to the broader economic outlook of the province.
- The Entity also relied on the data from various national sources, including the World Health Organization which has undertaken research studies on alcohol abuse and its implications both in South Africa and internationally.
- Statistics from various health facilities, SAPS and other sector departments on reported cases about the abuse of alcohol and other alcohol related incidents were used.
- Reports were received from the liquor inspectors on the prevalence of alcohol abuse in communities that they serve or visit for inspections.
- The ECLB Geographical Information Systems (GIS) data showed the distribution of liquor outlets in the province and targeted those areas with high concentration of liquor outlets that are inclined to have high cases of non-compliance, and
- For all the road safety interventions, the Entity relied on statistics on road accidents obtained from Road Safety Department and Road Accident Fund.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR 2021/2022 FINANCIAL YEAR										
Outcome	Output	Output Indicator	Actual Achievement 2019/2020	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations	Reasons for revisions to the Output indicators/Annual Targets	
Reduction in alcohol abuse and behavioural change with regard to alcohol consumption	Informed and educated communities on dangers of alcohol abuse	Number ¹ of awareness interventions conducted	160	291	4	4	Not Applicable	Not Applicable	No revision was made from the previous year.	
		Number of social responsibility interventions conducted	8	8	11	13	Overperformance of 2 interventions.	The variance in the number of Social Responsibility programmes is due to collaborations with various stakeholders.	No revision was made from the previous year.	
		Number of people reached through awareness interventions	56 000	42 987	60 000	80 708	Overperformance of 20 708 people reached.	Overachievement has been due to stakeholder collaborations that the Entity has mobilised in the period under review. The Entity has increasingly received invitations from other stakeholders for partnerships in their own community-based initiatives and that enabled the Entity to reach a substantial number of people.	No revision was made from the previous year.	

¹ The target refers to the number of reports submitted of initiatives implemented per thematic area.

4.3.3 Programme Performance

The next sections outline progress that has been made in the period under review in respect of the performance indicators as outlined in the table above.

4.3.3.1 Number of Awareness Programmes Conducted

- The Entity effectively implemented 396 interventions focusing on underage drinking, Foetal Alcohol Syndrome, road safety and responsible drinking and trading initiatives.
- A total of 80 708 people were reached through anti-alcohol abuse awareness and education intervention initiatives which were conducted and they mainly focused on underage drinking, road safety, Foetal Alcohol Syndrome (FAS) and community-awareness outreaches.
- The table below breaks down the total number of people reached per thematic areas:

No	Thematic areas	No. of people reached
1	Underage drinking	66 585
2	Responsible drinking and trading (Tavern activations, community outreaches & Institutions of higher learning campaigns)	10 253
3	Fetal Alcohol Syndrome (FAS)	573
4	Road Safety (Drunk driving)	3 297
Total		80 708

4.3.3.1.1 Underage Drinking Interventions

- Underage drinking initiatives have largely focused on schools as the majority of underage people are found within the school setting. While the Entity does not have adequate data on the prevalence of alcohol consumption on school premises, the limited scientific evidence and available anecdotal accounts suggest that schools in general are increasingly experiencing an upsurge in the consumption of alcohol among learners. The data from Aware! org study show that there is an exponential increase in alcohol consumption among learners, and often they start to experiment with alcohol as early as 13-years-old.
- In the period under review, school-based campaigns were conducted in all district municipalities and two metropolitan municipalities in the province. Through the school-based interventions, a total of 91 campaigns were conducted and these sought to educate and raise awareness among learners about the dangers of underage drinking. During this campaign, a total of 66 585 learners were reached.

The Table below illustrates the number of school-based interventions according to district municipalities:

NO. OF SCHOOLS	DISTRICT/REGION	ACTIVITY	MESSAGE
15	Amathole District Municipality	Interactive class-to-class interactions, one-on-one sessions, and distribution of educational material	No to underage drinking & dangers of FAS
15	Alfred Nzo District Municipality	Interactive class-to-class interactions, one-on-one sessions, and distribution of educational material	No to underage drinking & dangers of FAS
13	Chris Hani District	Interactive class-to-class interactions, one-on-one sessions, and distribution of educational material	No to underage drinking & dangers FAS

NO. OF SCHOOLS	DISTRICT/REGION	ACTIVITY	MESSAGE
8	Buffalo City Metro	Interactive class-to-class interactions, one-on-one sessions, and distribution of educational material	No to underage drinking & dangers of FAS
10	Joe Gqabi District	Interactive class-to-class interactions, one-on-one sessions, and distribution of educational material	No to underage drinking & dangers of FAS
16	Nelson Mandela Metro	Interactive class-to-class interactions, one-on-one sessions, distribution of educational material and launch of ambassadorship programme	No to underage drinking & dangers of FAS
11	OR Tambo District	Interactive class-to-class interactions, one-on-one sessions, and distribution of educational material	No to underage drinking & dangers of FAS
3	Sarah Baartman District	Class-to-class interactions, interactive sessions, distribution of educational material and launch of ambassadorship programme	No to underage drinking & dangers of FAS

Total = 91

- In the period under review, the Entity, in partnership with Shoprite Checkers, launched a flagship Ambassador Programme in the Nelson Mandela Bay Metropolitan Municipality at Motherwell. This is the programme in which the ECLB, in partnership with schools, identifies learners who will promote the ECLB underage drinking messages in schools with a view of sustaining the “underage drinking campaign”.
- The underage drinking awareness campaign was facilitated at Zamokuhle and Nolitha Special Schools in the Alfred Nzo District Municipality, targeting learners who live with disabilities. The campaign was used as a platform to convey awareness messages on underage drinking and FAS. Schools were provided with posters and booklets that outlined the dangers of underage drinking. Moreover, the engagement provided an opportunity for the ECLB to provide Zamokuhle Special School with masks and sanitisers to promote adherence to Covid-19 health protocols.
- The Entity collaborated with SAPS, the Department of Education and Merensky (a timber manufacturing company in Mthatha & Mt Ayliff) to conduct underage drinking campaigns at schools in OR Tambo and Alfred Nzo.

4.3.3.1.2 Foetal Alcohol Syndrome (FAS)

- The Entity embarked on education and awareness initiatives with specific focus on FAS.
- A total of 24 clinic-based interventions were conducted in eight (8) district and metropolitan municipalities with a view to educating women and their partners on the dangers of drinking alcohol during pregnancy.
- Subsequently, a total of 573 people were reached during these campaigns.
- The Entity facilitated the Commemoration of International Foetal Alcohol Syndrome Day during the month of September, in New Brighton, through a multi-stakeholder collaboration with SAPS, the Department of Health and the Red Cross educating women and the community about the dangers of drinking alcohol during pregnancy.
- In addition, the Entity collaborated with FASfacts in driving the FAS-related campaigns in the Buffalo City Metro. FASfacts boasts a wealth of in-depth expertise on FAS-related issues, and they have provided valuable support to the Entity’s endeavours to drive the FAS messages.

4.3.3.1.3 Community-based Intervention Initiatives:

- The Entity undertook responsible trading and drinking campaigns with a view of promoting responsible drinking, trading, and adherence to Covid-19 regulations in communities. The responsible trading and drinking interventions comprised tavern activations, institutions of higher learning education interventions, road safety campaigns (roadblocks), community engagement sessions through mall activations and community outreaches.

- The Entity formed part of a multi-stakeholder education and awareness campaign in Buffalo City Metro London, at Buffalo Cricket stadium.
- The campaign was a collaboration between the ECLB and the Gompo Local Football Association. In addition, the campaign was facilitated with a view to raise awareness on the dangers of underage drinking, and FAS. The targeted audience for the initiative was the youth, women and men.
- To address rampant cases of alcohol abuse, illegal trading and non-compliance with licence conditions, the Entity conducted a farm-based initiative in the Sarah Baartman District Municipality, and through the initiative, a total of 79 farmworkers were reached.
- In ensuring an extended reach in promoting responsible drinking and trading, the Entity also conducted a mall activation in partnership with New Brighton SAPS, Red Cross and liquor inspectors at Brighton Square Mall in Gqeberha.
- The Entity, in partnership with the Department of Social Development and Safety & Liaison, conducted an education and awareness campaign in Humansdorp, at KwaNomzamo location. The campaign was facilitated to raise awareness on the dangers of underage drinking, FAS and gender-based violence. The targeted audience for the initiative was the youth, women, liquor traders and men.

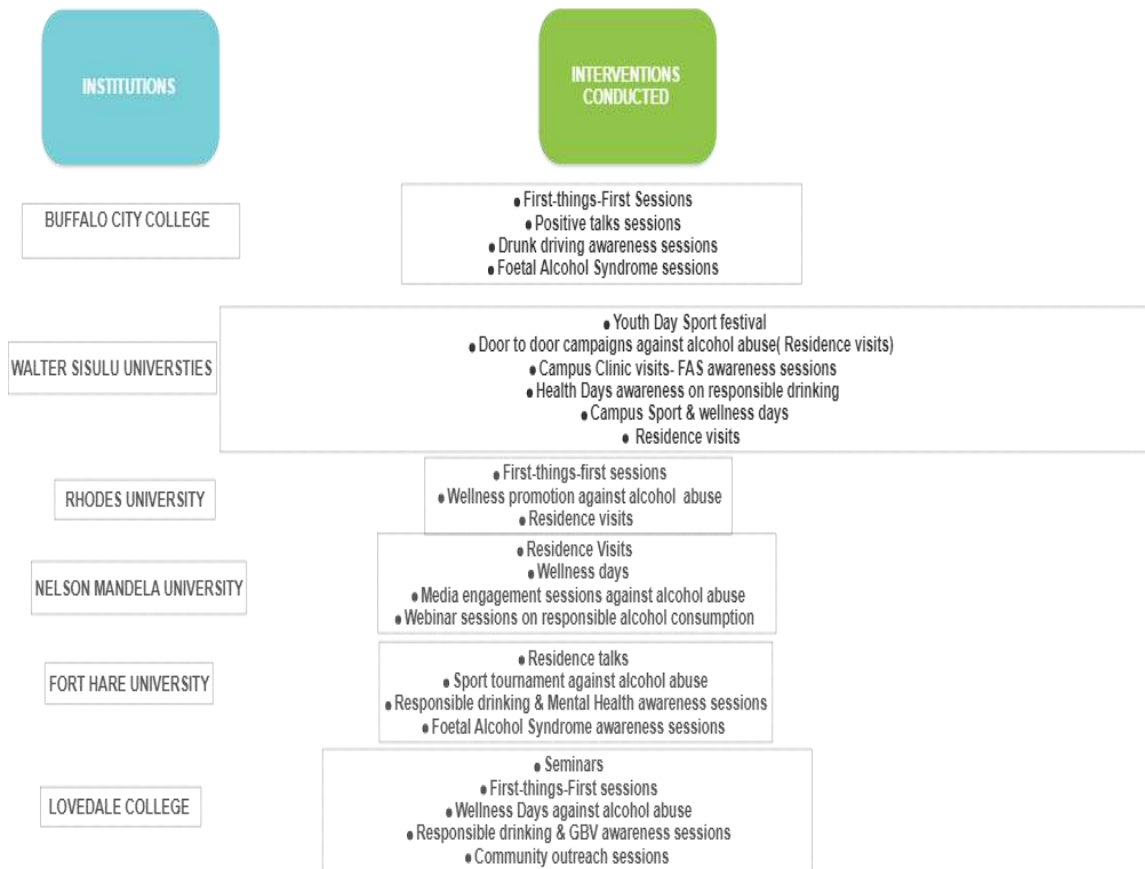
Tavern Activations

- In the period under review, the Entity conducted tavern-based campaigns to promote compliance with Covid-19 health protocols to curb the spread of COVID-19, to promote adherence to trading conditions and to encourage responsible alcohol consumption.
- A total of 68 responsible trading and drinking initiatives were conducted and 798 people were reached.
- The tavern-based interventions were facilitated in the Alfred Nzo, Amathole, Joe Gqabi, Sarah Baartman District Municipalities, as well as the Buffalo City and Nelson Mandela Bay Metropolitans.
- The Entity partnered with South African Police Services, municipality law enforcement agencies and inspectors.

Institutions of Higher Learning Alcohol Harm Reduction Initiative

- In the period under review, the Entity facilitated awareness programmes at Institutions of Higher Learning-based education. The intervention targeted all four universities and two TVET Colleges of the Eastern Cape.
- To implement the project, unemployed graduates were recruited and they were subsequently deployed on various campuses of the institutions of higher learning. A total of 11 campuses participated in the campaign that essentially sought to raise awareness among students so they can consume alcohol responsibly.
- During the period under review, a total of one-hundred and sixteen (116) campaigns were conducted, and a total of nine-thousand, and thirty-four (9 034) students were reached.
- The First-Things-First campaigns were facilitated at Lovedale TVET College, Buffalo City TVET College and Rhodes University. This campaign educates students about the importance of prioritising their health, and this is executed by hosting health care services on campus such as HIV/Aids testing, blood pressure tests, diabetes tests as well as pap smears. These campaigns ran over several days. Project Facilitators have used these sessions to raise awareness on alcohol and substance abuse.
- Project Facilitators facilitated and took part in various sporting tournaments that were held by Walter Sisulu University (Potsdam & Mthatha Campuses) where awareness was raised on key social issues, such as Gender-Based Violence and FAS.
- This was used to communicate alcohol abuse-related messages. Sports tournaments have also enabled the campaign to reach a greater number of students, as well as to ensure that students are kept engaged and busy.
- Project Facilitators facilitated Residents Talks and Visits during which they engaged with students in their residences on binge drinking, drunk driving and FAS.
- This approach has ensured that students are engaged in smaller groups and in some instances through one-on-one interactions. For the past year, this approach has worked very well for the campaign, and it has been a great way to reach students and, more importantly, to communicate the alcohol harm reduction messages.
- Campus clinic visits were used as a tool to source information and data relating to students who visit the campus clinics to report any incidents related to alcohol abuse and other health-related problems on and off campus. Project facilitators also put up campaign posters and distributed flyers raising awareness on the dangers of alcohol abuse.

- For the purposes of intensifying communication with students regarding key themes of the campaign, several radio adverts were aired on Madibaz Radio (Nelson Mandela University Campus Radio) and UCRFM (Walter Sisulu University Community Radio).
- A total number of seven (7) adverts and three (3) interviews were secured on Madibaz Radio. Madibaz Radio has a campus, local, national, and international audience. There was one (1) advert and one (1) interview that were secured on UCRFM.
- During the Covid-19 lockdown, online platforms were used for presentations and dialogues. One such platform that worked well was Zoom and Microsoft Teams on which webinars were presented. The Project Team joined existing discussions hosted by internal structures of the Institutions (including the Student Representative Councils) to engage students on key topics such as Mental Health, HIV/AIDS, and Gender-Based Violence. In addition to webinars, Walter Sisulu University posted on their Facebook Page and Website an article on the alcohol Harm Reduction Initiative.
- Sessions were also facilitated with the newly-elected SRCs to introduce them to the Project and to solicit their support. The SRCs are important stakeholders in the implementation of the Project, due to their influence on students on campus, and it has increasingly become imperative that Project facilitators work in tandem with SRCs in implementing the project.
- The table below highlights interventions conducted under the programme during the period under review:



4.3.3.1.4 Drunk Driving Awareness Campaign

- Official reports from the Provincial Department of Transport and Road Accident Fund (RAF) show that drunk driving continues to be among the biggest contributors to road fatalities in the Eastern Cape.
- Equally, the culture of drunk driving on our roads is one of the biggest challenges that continues to put pressure on government and that has increasingly compelled the Entity to intensely drive drunk driving campaigns to address drunk driving on the Eastern Cape roads.

- In the period under review, and in partnership with the Provincial Road Safety and municipality law enforcement agencies, the Entity embarked on road safety intervention initiatives through busy intersection activations, roadblocks and taxi rank activations.
- For the period under review, an Easter Weekend Road Safety Campaign was conducted through a roadblock on the N2 at the Phakade Junction in Alfred Nzo District Municipality. The N2 road is reportedly one of the most dangerous roads in the province.
- The Entity also conducted two (2) road safety campaigns in the Buffalo City Metro Municipality. The stakeholders who formed part of the campaign included the Buffalo City Metro Municipality Traffic Department and SAPS.
- For the Festive Season road safety campaigns, the Entity targeted Amathole District Municipality, Alfred Nzo District Municipality and Nelson Mandela Bay Metro Municipality. The identified routes included the N2 Kei Bridge pass, N2 in Mount Ayliff, the N2-Neptune and R75 in Nelson Mandela Bay.
- As part of the Festive Season campaign, the ECLB conducted taxi rank activations at the Govan Mbeki Terminus and Njoli taxi rank in Nelson Mandela Bay Metro to sensitise taxi drivers about the dangers of drunk driving.
- A total of nine (9) road safety campaigns were conducted during the period under review and 3 297 people were reached.

4.3.3.2 Number of Social Responsibility Interventions Conducted

- A study commissioned by socio-economic research that the Eastern Cape Liquor Board undertook shows that people reported that the main reason for consuming alcohol was boredom. This clearly suggests that many people, especially young people, indulge in alcohol due to limited socio-economic activities in their communities.
- During the period under review, 13 social-responsibility initiatives were facilitated. They sought to provide alternatives for people of the Eastern Cape, especially young people.
- Social-responsibility programmes were conducted through social activities such as sport, support to co-operatives of people living with disabilities and provision of working material to rehabilitation centres. These programmes were conducted in Amathole, Alfred Nzo, OR Tambo, Joe Gqabi and Sarah Baartman District Municipalities, Buffalo City and Nelson Mandela Bay Metro.
- The Entity facilitated a total of seven (7) sporting tournaments in Alfred Nzo, Amathole, Sara Baartman, OR Tambo District Municipalities, and the Buffalo City Metropolitan. The sporting tournaments brought together young people and the community and kept them away from alcohol abuse as well as provided a platform to convey awareness messages on responsible drinking and trading, but more importantly to promote sport as an alternative recreational mechanism over the consumption of alcohol among young people.
- During the period, the ECLB partnered with the Eastern Cape Department of Sports, Recreation, Arts and Culture in the facilitation of a Charity Fun Run in the Buffalo City Metropolitan, facilitation and promotion of Netball Fridays at the Joe Gqabi District Municipality in preparation for the Netball World Cup in 2022 that will be hosted by South Africa.
- Furthermore, in response to the growing need of the rehabilitation centres in the Province, the ECLB handed over beds to Thembelitsha Rehabilitation Centre situated in Mthatha. The centre caters for victims of substance abuse and the handover of material was intended to capacitate the centre effectively to provide service to people affected by alcohol abuse.
- The ECLB handed over cleaning material, food parcels and vegetable seeds to Sivenathi Care Centre (the Centre that provides psychosocial care to people living with severe disabilities in Fort Beaufort, Amathole District Municipality).
- In the period under review, the ECLB has continued to support Philani Centre for people living with disabilities in Enyandeni, OR Tambo district Municipality. The centre was supplied with chicken feed to sustain its Poultry project. Through the support of the ECLB, the centre sells the chickens to the community, and this has enabled the centre to employ five (5) young people from the community.

4.3.3.3 Multi-media Engagements

In order to reach a large proportion of community members from across diverse demographics, Social Accountability used various media platforms to intensify its messages that sought to mitigate the harmful effects of excessive consumption of alcohol in the Eastern Cape. The Eastern Cape Liquor Board conducted a total of ninety-three (93) media campaigns from

various media houses showcasing its programmes. Positive media coverage was received from both print and electronic media, and this mainly epitomised thriving relations between media and the ECLB.

The table below provides a breakdown of media reach:

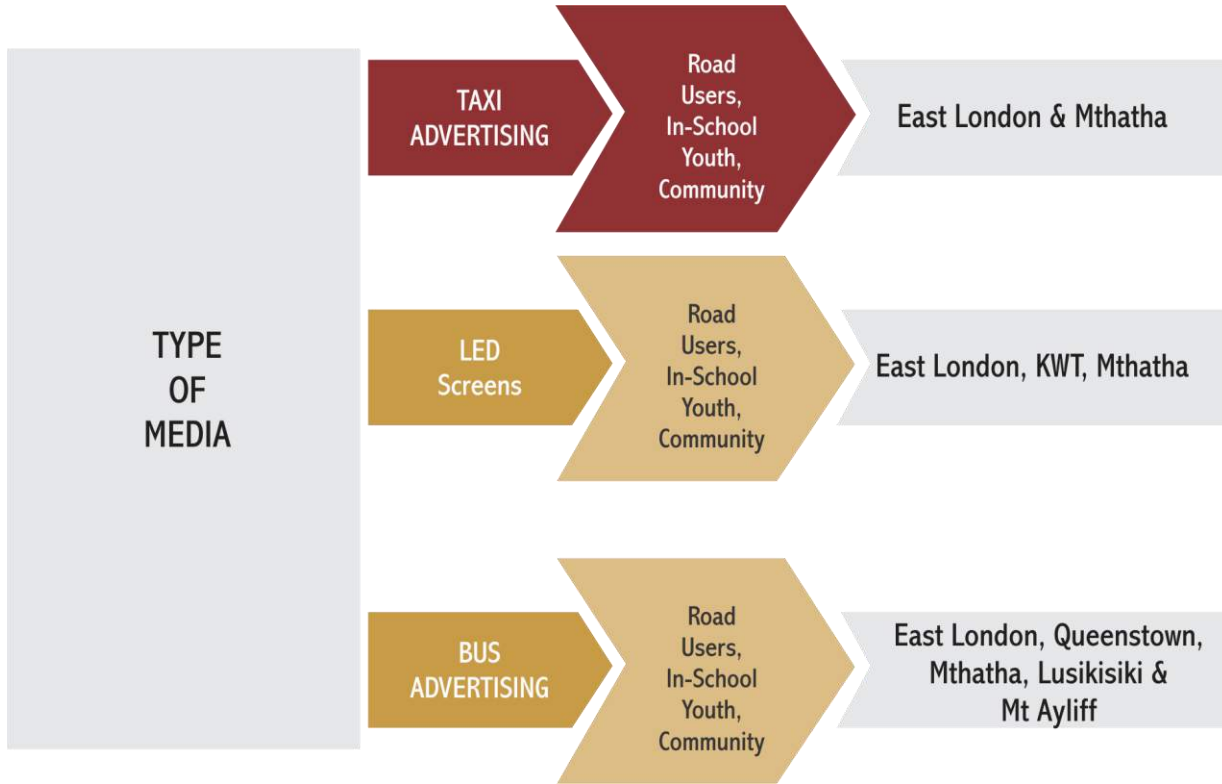
Media category	Media Type	Message	Targeted audiences
Mainstream Print media	Daily Dispatch	Responsible drinking and Trading	Road users, women, liquor traders & communities
	Herald	Responsible drinking and Trading	Road users, women, liquor traders & communities
	Weekend Post	Responsible drinking and Trading	Road users, women, liquor traders & communities
	Daily Sun	Responsible drinking and Trading	Road users, women, liquor traders & communities
	Daily Sun	Responsible drinking and Trading	Road users, women, liquor traders & communities
Community print media	Eastern Cape Post newspaper	Responsible drinking and Trading	Road users, women, liquor traders & communities
	Mthatha Express	Responsible drinking and Trading	Road users, women, liquor traders & communities
Mainstream Electronic media	Umhlobo Wenene, TruFM, & SAFM	Licence renewal, Lockdown regulations, Responsible drinking and Trading	Road users, women, liquor traders & communities
Community Electronic Media	Alfred Nzo Community Radio, Sajonisi Youth radio, UCR FM, Kumkani Community radio & Vukani Community radio	Licence renewal, Responsible drinking, Trading, Liquor Regulations, Foetal Alcohol Syndrome & Underage Drinking	Road users, women, liquor traders, in-school youth & communities



4.3.3.3.1 Outdoor Advertising

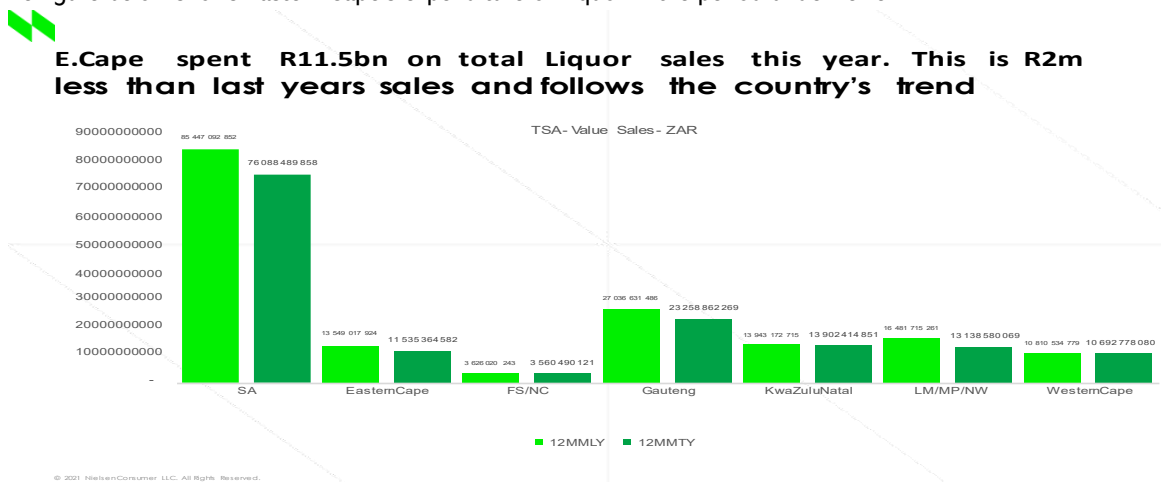
As part of outdoor advertising, there were several platforms used to raise awareness on the dangers of excessive consumption of alcohol, the figure below details the outdoor campaign platforms:

OUTDOOR ADVERTISING



4.3.4 Research Initiatives

- In the period under review, the data were sourced from Nielsen on the economics of the liquor industry nationally and in the Eastern Cape. This data essentially shows that, in the period reviewed, the money spent in the Eastern Cape on alcohol has increased by approximately R937 million, out of which the industry contributes to the fiscus through excise duties and sales tax. The data is significant as it gives an idea of the extent of the general public's expenditure on alcohol.
- The figure below shows Eastern Cape's expenditure on liquor in the period under review:



- There is, however, a need for more research on the social impact and dynamism of the liquor industry in the Eastern Cape to meaningfully inform various entities' intervention initiatives and programmes in general.

4.3.5 Strategy to Overcome Areas of Under Performance

There were no areas of underperformance on the performance indicators that were planned during the financial year of reporting.

4.3.6 Changes to Planned Targets

There were no changes made to the performance indicators and targets during the financial year of reporting.

4.3.7 Linking performance with budget

Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Social Accountability	7 519	7 714	(195)
TOTAL	7 519	7 714	(195)

BUSINESS SUPPORT PROGRAMME

Purpose of the Programme

The purpose of this programme is to provide administrative and management support services to the organisation including to the Board of Directors, to ensure that the Entity's mandate is executed, achieved and reported accordingly.

The Business Support Programme is constituted of the following sub-programmes:

- Finance,
- Corporate Services,
- ICT and
- Office of the CEO.



4.4.1 FINANCE

4.3.7.1 Purpose of the programme

To ensure an effective, efficient and transparent system of financial management as well as establish, maintain and enhance appropriate organisational systems to fulfil the Board's:

- Procurement,
- Asset management
- Reporting and accountability responsibilities.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR 2021/22 FINANCIAL YEAR									
Outcome	Output	Output Indicator	Actual Achievement 2019/2020	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations	Reasons for revisions to the Outputs/Output Indicators/Annual Targets
Good corporate governance	Improved adherence with corporate governance standards and government prescripts	Audit outcome	Unqualified audit opinion with findings	Unqualified audit opinion	Clean audit (2019/20)	Clean audit (2019/20)	N/A	N/A	No revision was made from the previous year.

4.3.7.2 Programme performance

- All In-Year – Monitoring (IYM) reports due were submitted to Treasury and DEDEAT.
- The payment to DEDEAT is reconciled monthly and paid on time.
- Financial oversight reports were submitted to Management.

4.3.7.3 Strategy to overcome areas of under performance

There were no areas of underperformance on the performance indicators that were planned during the financial year of reporting.

4.3.7.4 Changes to planned targets

There were no changes made to the performance indicators and targets during the financial year of reporting.

4.3.7.5 Linking performance with budget

Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Finance	11 770	11 748	22
Capital expenditure	2 539	2 507	32
TOTAL	14 309	14 255	54

4.3.8 CORPORATE SERVICES

4.3.8.1 Purpose of the Programme

The Corporate Services Programme provides operational support to the Entity. The core functions of this programme include the following:

- Human Resources,
- Corporate Administration and
- Supply Chain Management.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR 2021/22 FINANCIAL YEAR									
Outcome	Output	Output Indicator	Actual Achievement 2019/2020	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations	Reasons for revisions to the Outputs/ Output indicators/ Annual Targets
Good corporate governance	Improved adherence to corporate governance standards and government prescripts	Percentage of employees contracted and reviewed performance	100%	100%	100%	100%	N/A	N/A	No revision was made from the previous year.
		Percentage implementation of the Skills development plan	2	50%	50%	50%	N/A	N/A	No revision was made from the previous year.
		Percentage spent on Eastern Cape SMMEs -	53.5%	42%	50%	50%	N/A	N/A	No revision was made from the previous year.

4.3.8.2 Programme Performance

The Corporate services programme achieved all the planned targets for the year. The following activities were undertaken:

4.3.8.2.1 Performance Management

- In line with the Performance Management and Development Policy, the performance of all employees is managed. For the period under review, performance agreements for 2021/22 were concluded and performance reviews were conducted.
- Performance bonuses were awarded for 2020/21 in April 2021 to qualifying employees.

4.3.8.2.2 Skills Development

- The Skills Development Plan for 2021/22 was developed and implemented. The following are the interventions that were conducted: -
 - Protection of Personal Information Act training.
 - Two HR staff members attended VIP payroll system training.
 - Peace Officer training was attended by one inspector; all other inspectors were trained in the previous financial year.
 - Supply Chain Management for Bid Committees training was attended by 18 staff members involved in bid committees.
 - Standard Operating Procedures training was attended by 15 staff at management level.
 - Administrative Adjudication of Road Traffic Offences (AARTO) training for staff members who drive ECLB vehicles.
 - Financial literacy workshop was held for all interns and project facilitators.
 - Supervisory Skills training was conducted for employees in middle management and Customer care skills were conducted for frontline staff.

4.3.8.2.3 Supply Chain Management

- No irregular procurement transactions were identified.
- Deviations, contracts and quotations registers are in place.
- All procurement processes had been followed for transactions in the period under review.

4.3.8.3 Strategy to Overcome Areas of Under Performance

There were no areas of underperformance on the performance indicators that were planned during the financial year of reporting.

4.3.8.4 Changes to Planned Targets

There were no changes that were made to the performance indicators and targets during the financial year of reporting.

4.3.8.5 Linking Performance with Budget

Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Corporate Services	8 150	7 971	179
TOTAL	8 150	7 971	179

4.3.9 INFORMATION COMMUNICATION AND TECHNOLOGY

4.3.9.1 Purpose of the Programme

Information Communication and Technology Division is to provide IT support to the Head Office and District Offices.

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR 2021/22 FINANCIAL YEAR									
Outcome	Output	Output Indicator	Actual Achievement 2019/2020	Actual Achievement 2020/2021	Planned Target 2021/2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Good corporate governance	Improved adherence to corporate governance standards and government prescripts	ICT Governance Framework implemented	Maturity level 3	Maturity level 3	Maturity level 3	Maturity level 3	N/A	N/A	No revision was made from the previous year.

4.3.9.2 Programme Performance

Outlined below is the progress that has been made in the period under review in respect of the performance indicators of this programme.

4.3.9.2.1 ICT Infrastructure Support

- Maintenance and Administration of ICT Infrastructure (network, desktop, servers).
- Modernisation of ICT infrastructure to support business process.

4.3.9.2.2 ICT Governance and Strategy

- Compliance with Control Objectives for Information and Related Technology (COBIT)R
- Implementation of ICT Governance (Formulation of ICT Steering Committee, Appointment of ICT Governance Champion)
- ICT Strategic Plan was reviewed and approved. Implementation is in progress.
- ICT Governance Policy and DRP implemented. Monitoring in progress.
- Migration of Office365.
- Office 365 User Training took place.
- Alternative back-up energy source (generator) procured.
- Computing equipment procured.
- ICT District visits on-going.

4.3.9.3 Strategy to Overcome areas of Under Performance

There were no areas of underperformance on the performance indicators that were planned during the financial year of reporting.

4.3.9.4 Changes to Planned Targets

There were no changes made to the performance indicators and targets during the financial year of reporting.

4.3.9.5 Linking Performance with Budget

Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Information Communication and Technology	3 068	3 088	(20)
TOTAL	3 068	3 088	(20)

4.3.10 OFFICE OF THE CEO

4.3.10.1 Purpose of the Programme

The Office of the CEO provides strategic leadership to the entity and handles all matters of the Board and its Committees. The responsibilities include:

- Office of the CEO
- Strategic Planning
- Legal Services
- Board Support

KEY PERFORMANCE MEASURES, TARGETS AND ACTUAL RESULTS FOR 2021/22 FINANCIAL YEAR									
Outcome	Output	Output Indicator	Actual Achievement 2019/2020	Actual Achievement 2020/2021	Planned Target 2021/ 2022	Actual Achievement 2021/2022	Deviation from planned target to Actual Achievement for 2021/2022	Comment on deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Good corporate governance	Improved adherence to corporate governance standards and government prescripts	Organizational performance index	80%	83%	75%	82%	N/A	N/A	No revision was made from the previous year.

4.3.10.2 Programme Performance

- The Entity has achieved 82% of its planned targets for the year. There has been a 1% decline from the previous year's performance due to three (3) indicators that were not met.
- Performance was monitored and evaluated on a quarterly basis.
- All quarterly reports were audited by the Internal Audit.
- The Annual Performance Plan 2022/23-2024/25 and Annual Operational Plan were prepared and submitted timeously.
- The POPI Act and POPI/PAIA Manual have been developed and approved by the Board.
- All the policies were reviewed and workshops for employees conducted.

4.3.10.3 Strategy to overcome areas of Underperformance.

There were no areas of underperformance on the performance indicators that were planned during the financial year of reporting.

4.3.10.4 Changes to Planned Targets

There were no changes made to the performance indicators and targets during the financial year of reporting.

4.3.10.5 Linking Performance with Budget

Programme	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Office of the CEO	7 400	7 229	171
TOTAL	7 400	7 229	171



4.4 REPORTING ON THE INSTITUTIONAL RESPONSE TO THE COVID-19 PANDEMIC

The Entity implemented a number of programmes and provided PPE to different communities including schools, taverns, co-operatives and rehabilitation centres in response to the COVID-19 pandemic. The table below provides a summary on the Institutional Response to the COVID-19 Pandemic:

Focus Area	Target Audience	Message	Area	Achieved
COVID-19 (PPE)	People living with disabilities, Community members, In-School youth & Liquor traders	Promoting adherence to COVID-19 regulations	Alfred Nzo District, Amathole, OR Tambo Municipality & Nelson Mandela Bay Metro	<ul style="list-style-type: none"> - A total of 48 taverns were supplied with masks and sanitisers. - During road safety campaigns, masks and sanitisers were handed out to motorists and passengers. - A total of three non-government organisations that cater for people that live with disabilities and alcohol addiction were provided with masks and sanitizers. - Four clinics were provided with masks and sanitisers. <p>During the two farm-based campaigns, masks were handed over to farm workers.</p>

4.6 STAKEHOLDER AND INTER-GOVERNMENTAL RELATIONS IGR

In the period under review, the Entity intensified its efforts to mobilise stakeholder partnerships in order to enhance its capacity in reducing the scourge of alcohol abuse. The table below is an illustration of the stakeholders who have collaborated with the ECLB in various initiatives during this financial year:

4.6.1 Stakeholder Engagements

Stakeholder	Area of collaboration	Engagement status
Provincial sector departments (Departments of Health, Education, Sports, recreation, arts & culture, Social Development, Safety & Liaison, Transport, Gambling Board, Municipalities)	Fight against the abuse of alcohol, establishment of anti-alcohol and substance abuse forums and research	Collaborated on all anti-alcohol abuse programmes, especially at district level where majority of sector departments are represented. Social Accountability received support from the majority of stakeholders who are particularly based in the districts.
Non-Government Organisation: Humanity & Care Organisation, Bev Virtual Place, Eastern Cape Jazz Festival, Fort Hare Community radio and Alpha Management, Beyond Zero, Berlin November organization, Hope Alive, Arena Holdings & Gompo LFA	Alcohol Abuse Harm Reduction	The Eastern Cape Liquor Board has hosted engagement sessions with various NGOs, NPOs and business entities with a view to identify potential areas of collaboration in the fight against excessive consumption of alcohol in the Eastern Cape. The process of formalising the working relations with some of the stakeholders has been initiated.
Traditional Authorities: Qawukeni Royal Place, Qamata Great Place	Responsible trading and drinking	Social Accountability has engaged Kingdoms in the Eastern Cape with a view of establishing working relations with the traditional authority to enable to the implementation of education and awareness programme at the traditional

Stakeholder	Area of collaboration	Engagement status
		authority level. The process of formalizing partnership with Qawukeni Kingdom has been initiated. Follow-up sessions are planned with other Kingdoms.
NGOs: South African National Council on Alcoholism & Drug Dependence (SANCA)	Alcohol harm reduction initiatives	Social Accountability hosted a session with SANCA with the aim of soliciting its support in facilitating counselling as a therapeutic support to members of the community affected by alcohol abuse. There was further engagement on the possible areas of collaboration to promote responsible drinking and trading and the adherence to compliance of liquor trading through SANCA coalition partners. SANCA will provide support to the ECLB initiative and be used for referral for people affected by alcohol abuse.
Liquor Industry (Distell, Heineken, and Diageo and Beer Association of South Africa)	Alcohol Abuse Harm Reduction	The ECLB has continued to engage the liquor industry on potential areas of collaboration. Following the visit to various liquor industry role-players, all the liquor manufacturers have shown interest in continuing to work with the ECLB and have made commitment on specific areas of interest, which will be executed largely at the start of their financial years.
Shoprite Checkers	Under-age drinking	The outbreak of the Covid-19 disrupted Shoprite Checker's programme. However, they have committed to continuing to collaborate with the the ECLB on school-based initiatives. The partnership was formally concretised through the official launch of the Ambassador Programme in the Nelson Mandela Metropolitan. An integrated implementation plan has since been developed which will be rolled out in the new financial year.
Institutions of Higher Learning: Walter Sisulu, Nelson Mandela University, Buffalo City and Lovedale College	Alcohol Abuse Harm Reduction	The ECLB continues to work with the institutions of higher learning through the facilitation of the Higher Education Harm Reduction Initiative. The ECLB has engaged Rhodes and Nelson Mandela Universities for potential support for the research. Both institutions have shown interest in supporting the ECLB's research needs. They have also started to encourage some of their post-graduate students to consider research topics on alcohol-related areas. NMU is working in a comprehensive research proposal that addresses some of the concretized ECLB's research.
Liquor Traders' Associations	Alcohol abuse harm reduction at Institutions of Higher learning and communities	Social Accountability has engaged and worked with liquor traders' association on various community initiatives. The associations have also been engaged in a possible partnership in the roll-out of the higher education anti-alcohol abuse intervention project that seeks to address

Stakeholder	Area of collaboration	Engagement status
		irresponsible alcohol consumption among students, especially those who live within the proximity of the campuses that participate in the intervention.
Religious Fraternity: Koinonia Christian Council	Responsible drinking & Trading	The Eastern Cape Liquor Board hosted sessions with the Koinonia Christian Council in order to solicit their support in efforts to combat the concerning irresponsible drinking and trading. The faith-based organisations work within communities and can become important conduits for the ECLB messages to communities. The ECLB is also in the process of formalising the relationship with council through the signing of an MoU. Furthermore, the ECLB will also facilitate training of the religious leaders on how they can provide psychosocial support to community members affected by alcohol abuse.

4.6.2 Inter-Governmental Relations

The Entity has held sessions with various local and metropolitan municipalities during the period under review. It is common cause that there were elections at local government level during November 2021 and new councillors have been in office since then. Having identified the gap and associated challenges in relation to the compliance of ward councillors with the Eastern Cape Liquor Act 10 of 2003 (the Act), the ECLB in conjunction with the Department of Co-operative Governance and Traditional Affairs held training sessions for new councillors on their roles and responsibilities regarding the Act.

A total of six (6) sessions were held in the following municipalities: Walter Sisulu, Enoch Mgijima, King Sabatha Dalindyebo, Ngquza Hill and Nelson Mandela Metro where 243 councillors were trained. However, not all councillors attended in these areas.

5. Summary of Financial Information

5.1 REVENUE COLLECTION

Revenue reflected below represents licence fees due and paid in the process of issuing licences from 1 April 2021 to 31 March 2022. No change in the fee structure was effected in the 2021/22 financial year. All revenue generated in the process of issuing licences is paid to the Provincial Revenue Fund through DEDEAT.

ACCOUNT	REVENUE STATS	RATE	APR	MAY	JUNE	JULY	AUG	SEP	Oct	Nov	Dec	Jan	Feb	Mar	Total
1006	APP - COPY OF REGISTRATION	250	250.00	500.00		500	1000	500				250			3 000.00
1002	APP - REGISTRATION	2 500	160 000.00	180 250.00	107 350.00	78 250	138 250	170 000	143 250	136 000	87 300	65 000	89 000	104 500	1 459 150
1003	APP - CONTROLLING INTEREST	500				500									500
1004	APP - TRANSFER	750	5 250.00	11 250.00	9 750.00	9 000	10 500	13 500	11 750	11 250	7 500	3 050	6 750	10 500	110 050
1005	APP - REMOVAL	750	750.00			750			750			750	750		3 750.00
1007	LODGEMENT OF APPEAL	750		100.00			3750	2250			4500	750			11 350.00
1101	NEW REGISTRATION Sec 20(a)	5 000	30 000.00	35 000.00	60 000.00	80 000	47 500	17 500	80 000	22 500	32 500	10 000	10 000	15 000	440 000
1104	NEW REGISTRATION Sec 20(b)	8 000	40 000.00	32 000.00	42 500.00	24 000	37 000	-5 000	58 500	32 000	24 000	13 000	25 000	26 000	349 000
1107	NEW REGISTRATION Sec 20(c)	2 000	56 000.00	53 400.00	66 000.00	96 000	73 000	31 200	110 500	93 200	60 470	32 000	73 000	42 000	786 770
1110	NEW REGISTRATION Sec 20(d)	1 000							1 000	2 000		1 000	4 000	4 000	12 000
1102	TRANSFER/REMOVAL Sec 20(a)	1 250	2 500.00	3 750.00	2 500.00	2 500	2 500		4 250	5 000	7 500	2 500	2 500		35 500
1105	TRANSFER/REMOVAL Sec 20(b)	1 000	2 000.00	3 000.00	2 000.00	1 000	3 000		6 000	2 000	1 000	1 000	2 000	1 000	24 000
1108	TRANSFER/REMOVAL Sec 20(c)	1 000	5 000.00	9 000.00	4 000.00	7 750	10 000	3750	8 000	11 000	5 000	6 700	3 000	3 000	76 200
1103	ANNUAL LICENCE Sec 20 (a)		30 000.00	93 300.00	139 500.00	2 500	5 000	32500	404 500	826 000	543 000	658 550	55 000	42 500	2 832 350
1106	ANNUAL LICENCE Sec 20 (b)		60 000.00	105 300.00	305 500.00		3 000	57000	710 000	975 500	816 900	920 300	81 000	44 550	4 079 050
1109	ANNUAL LICENCE Sec 20 (c)		302 500.00	804 500.00	1 671 500.00	22 500	25 000	138250	657 500	1 433 550	1 519 400	4 966 680	368 250	265 000	12 174 630
	TOTAL REVENUE RECEIVED		694 250.00	1 331 350.00	2 410 600.00	325 250.00	359 500.00	461 450.00	2 196 000	3 550 000	3 109 070	6 681 530	720 250	558 050	22 397 300

5.2 OVERALL EXPENDITURE

The entity spent R72 959 000 in achieving its mandate for the 2021/22 financial year. The entity is within its budget allocation for the year as it has implemented cost containment measures as per Treasury instructions.

5.2.1 Expenditure by Economic Classification

EXPENDITURE BY ECONOMIC CLASSIFICATION	R'000			
	ACTUAL EXPENDITURE	BUDGET	(OVER)/UNDER EXPENDITURE	ACTUAL %
Compensation of Employees	47 019	47 234	215	99.54%
Goods and Services	23 433	23 215	(218)	100.94%
Payments Current	70 452	70 449	(3)	97.00%
Capital Expenses	2 507	2 539	32	98.74%
TOTAL PAYMENTS	72 959	72 988	29	99.96%
TRANSFERS RECEIVED FROM DEDEAT	72 565	72 565	-	100.00%

5.2.2 Expenditure by programme

PROGRAMME NAME	R'000		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
Licencing	7 040	7 026	14
Compliance and Enforcement	25 502	25 676	(174)
Social Accountability	7 519	7 714	(195)
Finance	11 770	11 748	22
Corporate Services	8 150	7 971	179
ICT	3 068	3 088	(20)
Office of the CEO	7 400	7 229	171
Capital expenses	2 539	2 507	32
TOTAL	72 988	72 959	29







EASTERN CAPE
LIQUOR BOARD



**DON'T DRINK
AND
DRIVE**

PART C

GOVERNANCE

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance regarding public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance. Parliament, the Executive, and the Accounting Authority of the public entity are responsible for corporate governance.

2. PORTFOLIO COMMITTEES

The Portfolio Committee on Economic Development, Environmental Affairs and Tourism exercises oversight over the service delivery performance of the ECLB and, as such, reviews the non-financial information contained in the Annual Reports of the ECLB and is concerned with service delivery and enhancing economic growth. The following reports have been submitted and presented to the Portfolio Committee: -

- Presentation of the 2022/23 Annual Performance Plan and Budget of the ECLB
- Consideration of the 2020/21 Annual Report and 2021/22 Six months Oversight Report

3. EXECUTIVE AUTHORITY

The Executive Authority performs its oversight on the ECLB as prescribed by the PFMA. As stipulated in the ECLA the Executive Authority has the power to appoint and dismiss the Members of the Board. The ECLB reports to the Executive Authority as required by the PFMA on a quarterly basis through submission of various oversight reports as indicated below.

NO	DATE	REPORTS SUBMITTED TO THE EXECUTIVE AUTHORITY
1	20 July 2021	2021/22 First Quarter Financial and Performance Report
2	31 August 2021	2020/21 Annual Report, including Annual Financial Statements
3	20 October 2021	2021/22 Second Quarter Financial and Performance Report
4	25 October 2021	2021/22 Sixonths Oversight Report and Performance Information Report
5	20 January 2022	2021/22 Third Quarter Financial and Performance Report
6	10 March 2022	2022/25 Annual Performance Plan
7	20 April 2022	2021/22 Fourth Quarter Financial and Performance Information Report

4. THE ACCOUNTING AUTHORITY/BOARD

The members of the Board and its committees jointly and severally derive their fiduciary responsibilities from the provisions of the EC Liquor Act and the PFMA, the Board Charter and the Terms of Reference of the various committees of the Board.

These fiduciary responsibilities involve the following responsibilities:

- The duty to exercise the utmost care to ensure reasonable protection of the assets and records of the ECLB;
- The duty to act with fidelity, honesty, integrity and in the best interests of the ECLB entity in managing the financial affairs of the ECLB;
- The duty to disclose on request, to the Executive Authority responsible for the public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the executive authority or that legislature; and
- The duty to seek, within the sphere of influence of the accounting authority, to prevent any prejudice to the financial interests of the state.

The Board and its committees also have these responsibilities as set out in the PFMA and the EC Liquor Act.

4.1 The role of the Board is as follows:

The Board is mandated to regulate the liquor establishments within the Eastern Cape, by complying with the Eastern Cape Liquor Act, Act 10 of 2003. The Board is ultimately accountable and responsible to the MEC for DEDEAT for the Performance and affairs of the ECLB in terms of the Eastern Cape Liquor Act and the PFMA. The Board must, therefore, retain full and effective control over the ECLB and must give strategic direction to the ECLB's Executive Management. The Board is also responsible for ensuring that the ECLB complies with all relevant laws, regulations and codes of business practice.

4.2 Composition of the Board

The Board consists of four (4) non-executive members and one (1) executive member in an ex-officio capacity, and the Chief Executive Officer. Meetings attended by the Board Members include meetings with the Portfolio Committee and the Shareholder.

NAME	DATE APPOINTED	DESIGNATION	QUALIFICATIONS
Ms N. Tys	26 February 2020 26 March 2021	Board Member Chairperson	<ul style="list-style-type: none"> Diploma in Marketing Higher Diploma in Education Bachelor of Arts MBA Certificate in Strategy Risk and Audit Compliance Certificate Project Management Certificate
Ms B. Jojo	26 February 2020 23 January 2021 – 26 March 2021	Board Member	<ul style="list-style-type: none"> Chartered Accountant SA Honours BCom Accounting
Dr M. Mboto	26 January 2021	Board Member	<ul style="list-style-type: none"> D Admin Masters of Public Administration Bachelor of Administration Post Graduate Certificate in Leadership Development Programme Advanced Certificate in Area Development
Mr M. Gobingca	25 February 2021	Deputy Chairperson	<ul style="list-style-type: none"> Bachelor of Arts Postgraduate Diploma in Management Management Advanced Programme Programme in Road Transport Management Master's in Business Leadership (Pending)
Ms N. N. Nongogo	1 March 2021	Board Member	<ul style="list-style-type: none"> B Juris LLB

4.3 Remuneration of Board Members

Name	Remuneration	Cell phone allowance	Travel Allowance	Total
Ms N. Tys (Chairperson: 26/03/2021)	R 468 000	R 18 000	R 35 856	R 521 856
Mr Gobingca (Vice Chairperson: 25/02/2021)	R 260 000		R 22 261	R 282 261
Ms Jojo	R 174 000		R 18 178	R 192 178
Ms Nongogo	R 161 500		R 9 865	R 152 239
TOTAL	R1 063 000	R18 000	R86 160	R1 148 534

Dr Mboto represents the shareholder DEDEAT and was, therefore, reimbursed travelling expenses amounting to R 57 173.

Date	Ms. N. Tys	Mr M. Gobingca	Ms B. Jojo	Dr M. Mboto	Ms. N. Nongogo
20 Apr 2021	Yes	No	No	No	No
21 Apr 2021	Yes	No	No	No	No
22 Apr 2021	Yes	No	No	No	No
23 Apr 2021	Yes	No	No	No	No
28 Apr 2021	Yes	Yes	Yes	Yes	No
29 Apr 2021	Yes	Yes	Yes	Yes	Yes
30 Apr 2021	Yes	Yes	Yes	Yes	No
6 May 2021	Yes	Yes	Yes	Yes	No
27 May 2021	Yes	Yes	Yes	Yes	Yes
30 May 2021	Yes	Yes	Yes	Yes	Yes
1 June 2021	Yes	Yes	No	No	No
2 June 2021	Yes	Yes	No	No	No
3 June 2021	Yes	Yes	No	No	No
4 June 2021	Yes	Yes	No	No	No
28 July 2021	Yes	Yes	Yes	Yes	Yes
29 July 2021	Yes	Yes	Yes	Yes	Yes
30 July 2021	Yes	Yes	Yes	Yes	Yes
20 Aug 2021	Yes	No	No	No	No
26 Aug 2021	Yes	Yes	Yes	Yes	Yes
7 Sept 2021	Yes	No	No	No	No
8 Sept 2021	Yes	Yes	No	Yes	Yes
21 Sept 2021	Yes	No	No	No	No
28 Oct 2021	Yes	Yes	Yes	Yes	Yes
29 Oct 2021	Yes	Yes	Yes	Yes	Yes
19 Nov 2021	Yes	Yes	Yes	Yes	Yes
24 Nov 2021	Yes	Yes	Yes	Yes	Yes
25 Nov 2021	Yes	Yes	Yes	Yes	Yes
6 Feb 2022	Yes	No	No	No	No
7 Feb 2022	Yes	No	No	No	No
9 Feb 2022	Yes	Yes	Yes	Yes	Yes
10 Feb 2022	Yes	Yes	Yes	Yes	Yes
11 Feb 2022	Yes	No	No	No	No
24 Feb 2022	Yes	Yes	Yes	Yes	Yes
07 Mar 2022	Yes	No	No	No	No
9 Mar 2022	Yes	Yes	Yes	Yes	Yes
10 Mar 2022	Yes	Yes	Yes	Yes	Yes
18 Mar 2022	Yes	No	No	No	No
29 Mar 2022	Yes	Yes	Yes	Yes	Yes
TOTAL	38	26	21	22	19

5. RISK MANAGEMENT

- The Entity has fully functional Audit and Risk Committees. In respect of Risk Management, the entity is guided by the Risk Framework Strategy Manual, which is updated on an annual basis and approved by the Board.
- Risk assessment meetings for 2021/22 were held with staff, management as well as the Board. A complete risk assessment of the organisation has been performed with emerging risks being identified. Inputs from Executive Management, Management and staff were collated, and the risk profile was created which comprises three risk registers: Strategic, Operational and Covid-19.
- This was then submitted to the Risk and Audit Committees before final approval by the Board.
- The identified risks are monitored and discussed in the Risk Management meetings. The risks identified for the year were categorized in order of priority.
- All the divisions in which the priority risks reside have submitted evidence of their mitigating actions in respect of the priority risks. Constant monitoring of risks takes place on a monthly and quarterly basis. Risk Management within the entity has enabled mitigation of risk and, in turn, translated into improvements in the Entity's performance, specifically in the attainment of performance indicators.

6. INTERNAL AUDIT UNIT

The Internal Audit function was outsourced for the year under review to Lunika Incorporated.

The Audit Committee has approved the Internal Audit plan and the Internal Audit has executed the plan accordingly. The Audit Committee has received reports from the Internal Auditors, considered the content of the reports and is satisfied with the content and quality of reports received on the audits carried out for the year under review. The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Eastern Cape Liquor Board and its audits.

A summary of the audits conducted during the year under review is outlined in the Audit Committee Report.

7. INTERNAL AUDIT AND AUDIT COMMITTEES

The Internal Audit Function was outsourced for the year under review to Lunika Incorporated.

The table below discloses relevant information on the Audit Committee members:

Name	Qualifications	Position in the audit committee	Date appointed	No. of Meetings attended
Wayne Manthe	<ul style="list-style-type: none"> • CA (SA) • Postgraduate Diploma in Accounting • Certificate in Theory and Practice of Auditing • Bachelor of Commerce (majors in Accounting and Commercial Law) 	Chairperson	01/10/2016	7
Adv. Simthandile Gugwini-Peter	<ul style="list-style-type: none"> • LLB • Compliance Management Programme • Practical Legal Training • Certificate in/for: - <ul style="list-style-type: none"> ○ Ethics Officer ○ Enterprise-wide Risk Management Course and Companies Secretaries ○ Policy Development ○ Business focused Project Management 	Deputy Chairperson	01/10/2016	7
Bongeka Jojo	<ul style="list-style-type: none"> • Chartered Accountant SA • Honours BCom Accounting 	Member	08/04/21	7

Name	Qualifications	Position in the audit committee	Date appointed	No. of Meetings attended
Phambili Jizana	<ul style="list-style-type: none"> • ND Electronics Engineering • Diploma: Project Management • Post Grad in E-Commerce • M Phil IT Governance (Currently studying) 	Member	01/04/2018 (Term extended on 19/08/21)	1
Phumzile Zitumane	<ul style="list-style-type: none"> • B Com • Master of Business Leadership (MBL) 	Member	07/05/21	6

8. COMPLIANCE WITH LAWS AND REGULATIONS

The Entity has complied with the applicable laws and regulations regarding financial matters, financial management and other relevant matters. Given the gazetted Eastern Cape Liquor Authority Act 4 of 2018, the Entity has provided substantial inputs into the draft regulations and forms.

9. FRAUD AND CORRUPTION

The Public Entity has a fully functional fraud prevention plan and has a fraud email account and telephone number for the public to report any fraudulent activities.

10. MINIMISING CONFLICT OF INTEREST

On an annual basis, all staff members, Board members and Audit Committee members are required to complete declaration of interest forms. Thus far for the 2021/22 financial year, no conflict of interest was identified.

11. CODE OF CONDUCT

The ECLB has a fully functional and implemented Code of Conduct Policy. For the 2021/22 financial year, no recorded cases of breach in the policy were recorded.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Monthly inspections by Health and Safety representatives are conducted and any identified challenges are addressed on an ongoing basis. Health and Safety Committee Meetings are held to monitor progress on reported challenges. The COVID-19 Committee was established and it held meeting regularly to monitor progress, adherence and challenges.

13. COMPANY/BOARD SECRETARY

N/A

14. SOCIAL RESPONSIBILITY

Embedded within the Entity's responsibilities and mandate is ensuring that the Entity embarks on social responsibility as well as education and awareness campaigns. Detailed reports on responsible drinking and trading programmes, alcohol harm reduction initiatives, poverty alleviation projects and related are reported under page 43 of this document.



15. AUDIT COMMITTEE REPORT

Refer to PART E: Annual Financial Statements on page 84 of this document for the detailed Audit Committee Report.

16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade and Industry.

Has the Department/Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The current legislation governing the regulation of liquor trading in the Eastern Cape does not provide for compliance to the B-BBEE legislation as a requirement for obtaining a liquor licence.
Developing and implementing a preferential procurement policy?	Yes	All procurement is conducted in line with the approved Supply Chain Management Policy of the Board which includes the preferential procurement regulations in terms of the Preferential Procurement Policy Framework Act (Act 5 of 2000). In this regard, points are awarded for all procurement greater than R30 000 based on the B-BBEE status level of the supplier.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for entering into partnerships with the private sector?	N/A	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	N/A	





EASTERN CAPE
LIQUOR BOARD



PART D

**HUMAN RESOURCE
MANAGEMENT**

1. INTRODUCTION

The overall purpose of HR is to ensure that all matters relating to Human Capital Management and Development are implemented effectively and efficiently. The Entity's ability to implement its strategic intent rests on its management and employees, particularly how they are led/managed and capacitated within the right climate to deliver and grow into a high-performance culture. Human Resource Management plays a pivotal role in this process.

2. HR PRIORITIES FOR 2021/22

The HR priorities play a key role in the achievement of the organisation's overall strategic objectives and its mandate of regulating liquor in the province.

- The HR priorities during the year under review were as follows:
- Effectively manage employment relations within the organisation
- Enhance employee wellness programmes
- Promote implementation of human resources planning and organisational development
- Enhance human capital development for all employees
- Enhance integrated performance management system

People are the organisation's most valuable resource and their management and development are critical to meeting planned organisational objectives.

3. WORKFORCE PLANNING FRAMEWORK AND KEY STRATEGIES TO ATTRACT AND RECRUIT A SKILLED AND CAPABLE WORKFORCE

Training and development initiatives, including the study loan assistance, are in place to ensure that the current workforce is efficient and to enhance personal development. The organisation offers competitive salaries and benefits. Its policies allow for professional growth and employee wellness. Career advancement opportunities are created to allow progression of internal employees.

4. EMPLOYEE PERFORMANCE MANAGEMENT FRAMEWORK

The Integrated Performance Management System ensures that the organisation's strategic objectives are translated into operational and performance objectives that are cascaded at every level (from top to bottom throughout the organisation) and which inform the manner in which both the institution and its employees' function.

Performance management is an ongoing and continuous process rather than an event whereby all employees are required to sign annual performance contracts and are evaluated on a quarterly basis. Excellent performance is recognised in line with the Performance Management and Development System policy.

5. EMPLOYEE WELLNESS PROGRAMMES

The Entity continued to implement its Employee Health and Wellness Programme throughout the year. The Entity works in partnership with departments, NGOs and the private sector for some of the educational sessions on selected topics. The Entity also continued educating and informing employees on COVID-19 and vaccinations.

6. POLICY DEVELOPMENT

The HR unit ensures that policies are up to date. During the period under review, several HR policies were reviewed and one new policy was developed. The review process included employees, management and the Board. Workshops were conducted for all staff on the reviewed policies.

7. HIGHLIGHT ACHIEVEMENTS

The successful implementation of the performance management system continued to improve the performance of the organisation and also assisted in achieving the individual as well as the organizational targets for 2021/22 financial year. Proper implementation of labour-related policies has seen ECLB attending and addressing all the labour-related matters successfully in 2021/22 financial year.

Filling of three vacancies took place and as a result of internal recruitment some employees moved up the career ladder in the organisation. A total of ten graduate interns were offered the opportunity to join the internship programme.

A Skills Development Plan was prepared for the period under review and employee training on functional training programmes was undertaken in various programmes.

An Employee Health and Wellness Plan was developed to provide structured wellness programmes for the year. In line with the Occupational Health & Safety Direction from the Department of Employment and Labour, the Entity continued to put measures in place to ensure health and safety of employees during the Covid-19 pandemic. Employees were permitted to use hybrid working arrangements and equipment for remote working was provided by the organisation. The Entity encouraged and educated employees on the benefits of vaccinating.

8. CHALLENGES FACED BY THE PUBLIC ENTITY

- Shortage of staff in particular some core business divisions.
- Vacant unfunded position in the approved organogram.
- Shortage of funds for implementation of bursary policy and skills development.

9. FUTURE HR PLANS /GOALS

- Upon implementation of the new Liquor Act, the organisational structure will need to be reviewed.
- A Change Management Programme will be required to effectively manage changes in the organisation.
- Selected HR policies will be reviewed in the 2022/23 financial year to ensure alignment with the overall organisational strategic plan and HR strategies.

10. HUMAN RESOURCES OVERSIGHT STATISTICS

10.1 PERSONNEL COST BY PROGRAMME

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Licensing	7 026 000	5 905 941	8	10	590 594
Finance	14 255 000	4 426 427	6	5	885 285
Corporate Service	7 971 000	5 063 084	7	8	632 886
Compliance and Enforcement	25 676 000	21 047 949	29	37	568 863
Social Accountability	7 714 000	3 960 944	5	5	792 189
ICT	3 088 000	1 665 982	2	2	832 991
Office of the CEO	7 229 000	5 078 740	7	5	1 015 748
TOTAL	72 959 000	47 149 067	65	72	654 848

The amounts include stipend paid to 10 interns and 17 project facilitators for universities anti-alcohol programmes.

10.2 PERSONNEL COST BY SALARY BAND

Level	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	Average personnel cost per employee (R'000)
Top Management				2 431 664,86	5%	2 431 664,86
Senior Management				6 619 653,89	14%	1 654 913,47
Professional Qualified				12 429 874,06	26%	956 144,16
Skilled				11 518 972,29	24%	575 948,61
Semi-skilled				11 789 448,45	25%	327 484,68
Unskilled				969 344,72	2%	242 336,18
Contract workers (Interns)				1 390 108,61	3%	51 485,50
TOTAL				47 149 066,88	100%	6 239 977,47

10.3 PERFORMANCE REWARDS

Level	Performance rewards	Personnel Expenditure (R'000)	% of Performance rewards to total personnel cost (R'000)
Top Management	290 494,53	2 431 664,86	12%
Senior Management	525 453,55	6 619 653,89	8%
Professional Qualified	1 333 374,41	12 429 874,06	11%
Skilled	1 261 624,38	11 518 972,29	11%
Semi-skilled	1 057 466,47	11 789 448,45	9%
Unskilled	75 862,09	969 344,72	8%
TOTAL	4 544 275,43	47 149 066,88	10%

(NB. The total personnel expenditure and performance rewards above exclude the personnel expenditure for Interns/ Project Facilitators)

10.4 TRAINING COSTS

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No of employees trained	Average training cost per employee
Licencing	5 905 940,84	30 607,22	0,52	9	3 400,80
CED	21 047 949,37	103 828,00	0,49	22	4 719,45
Social Accountability	3 960 943,98	21 694,80	0,55	5	4 338,96
Corporate Services	5 063 084,44	80 940,20	1,60	8	10 117,53
Finance	4 426 426,91	51 202,58	1,16	6	8 533,76
ICT	1 665 981,66	29 531,26	1,77	3	9 843,75
OCEO	5 078 739,68	41 744,44	0,82	5	8 348,89
TOTAL	47 149 066,88	359 548,90	6,91	58	6 199,11

10.5 EMPLOYMENT AND VACANCIES

Programme	2021/2022 No of employees	2021/2022 Approved Posts	2021/2022 Vacancies	% of vacancies
Licencing	10	11	1	9%
Finance	5	5	-	-
Corporate Services	8	9	1	11,1%
Compliance and Enforcement	37	39	2	5.1%
Social Accountability	5	5	-	-
Information and Communication Technology	2	2	-	-
Office of the CEO	5	5	-	-
TOTAL	72	76	4	5,2%
Interns	27	27	-	-
TOTAL INCLUDING INTERNS	99	103	4	3,9%

Level	2021/2022 No of employees	2021/2022 Approved Posts	2021/2022 Vacancies	% of vacancies
Top Management	1	1	-	-
Senior Management	4	4	-	-
Professional Qualified	13	14	1	7,1%
Skilled	20	20	-	-
Semi-skilled	30	33	3	9%
Unskilled	4	4	-	-
Contract workers (interns)	27	27	-	-
TOTAL	99	103	4	4.0

(NB: 99 is the total number of employees as at 31 March 2021)

10.6 EMPLOYMENT CHANGES

The table below provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the Public Entity.

Salary band	Employment at beginning of period	Appointments	Terminations	Employment at end of period
Top Management	1	-	-	1
Senior Management	4	-	-	4
Professional Qualified	13	-	-	13
Skilled	20	-	-	20
Semi-skilled	32	2	3	30
Unskilled	4	1	1	4
Interns	27	-	-	27

TOTAL	101	3	4	99
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10.6.1 Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	3	2,9
Resignation	0	0
Dismissal	0	0
Retirement	1	0,9
Ill health	0	0
Expiry of contract	0	0
Other	0	0
TOTAL	4	3,9%

10.7 LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written Warning	0
Dismissal	0
Other	1
TOTAL	1

10.8 EQUITY TARGET AND EMPLOYMENT EQUITY STATUS

Levels	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	2	2	0	0	0	0	0	0
Professional Qualified	8	4	0	2	0	2	0	0
Skilled	7	2	1	2	0	2	0	0
Semi-skilled	3	1	0	1	0	1	0	0
Unskilled	1	1	0		0	0	0	0
TOTAL	21	10	1	5	0	5	0	0
	0	-	0	-	0	-	0	-
	21	10	1	5	0	5	0	0

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	2	1	0	1	0	0	0	0
Professional Qualified	4	2	1	1	0	1	0	0
Skilled	10	4	1	2	0	2	1	1
Semi-skilled	24	22	1	5	0	3	1	1
Unskilled	3	3	0	0	0	0	0	0
TOTAL	44	-	3	-	0	0	2	-
Staff with disability	1	2	0	1	0	1	0	1
TOTAL	45	35	3	10	0	7	2	3

(N.B: Despite numerous efforts exerted in our recruitment adverts to attract and encourage other targeted groups to apply, no positive responses were received. The ECLB will continue to encourage this group of people to apply for all the positions advertised for levels.)

Levels	Staff with disability			
	MALE		FEMALE	
	Current	Target	Current	Target
Top Management	0	0	0	1
Senior Management	0	2	0	2
Professional Qualified	0	2	0	2
Skilled	0	3	0	4
Semi-skilled	0	3	1	16
Unskilled	0	2	0	2
TOTAL	0	13	1	27

N.B: Despite numerous efforts exerted in our recruitment adverts to attract and encourage people with disabilities to apply, none from this category apply. ECLB will continue to encourage this group of people to apply for all the positions advertised for levels.







EASTERN CAPE
LIQUOR BOARD



PART E

**ANNUAL
FINANCIAL
STATEMENTS**

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Statement of Responsibility

The Board Members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Board Members to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Board members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the Board Members to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board Members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Board Members have reviewed the entity's cash flow forecast for the year to 31 March 2023 determined through the Department of Economic Development, Environmental Affairs and Tourism Medium Term Expenditure Framework budget, and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Eastern Cape Liquor Board is wholly dependent on the Department of Economic Development, Environmental Affairs and Tourism for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity. Further to that, the Eastern Cape Liquor Authority Act 4 of 2018 was assented to and published in the Provincial Government Gazette on 11 March 2019. DEDEAT and the ECLB are in the process of finalising Liquor Regulations in line with the new Act which is a further confirmation of the entity's ability to continue operating in the foreseeable future.

Although the accounting authority are primarily responsible for the financial affairs of the entity, they are supported by the Chief Executive Officer, Audit Committee and external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 6.

The annual financial statements set out on pages 7 to 44, which have been prepared on the going concern basis, were approved by the accounting authority on 26 May 2022 and were signed on its behalf by:



Ms. N. Tys
Board Chairperson

Report of the auditor-general to Eastern Cape Provincial Legislature on Eastern Cape Liquor Board

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Eastern Cape Liquor Board set out on pages 83 to 129, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Eastern Cape Liquor Board as at 31 March 2022, and its financial performance and cash flows for the year then ended, in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating

to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the entity's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 2: Compliance and law enforcement	37 - 42

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not identify material findings on the usefulness and reliability of the reported performance information for the following programme:
- Programme 2: Compliance and law enforcement.

Other matter

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 28 to 63 for information on the achievement of planned targets for the year and management's explanations provided for the under/ over achievement of targets.

Report on the audit of compliance with legislation

Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
18. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

19. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the directors' report and the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
20. My opinion on the financial statements and reports on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial

statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

22. I have not yet received the annual report. When I do receive this information, if I conclude that there is a material misstatement therein. I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected. I may have to re-issue my auditor's report amended as appropriate.

Internal control deficiencies

23. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor General

East London

28 July 2022



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the entity’s compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority
 - conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Eastern Cape Liquor Board to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a Entity to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2022.

Audit committee members and attendance

The audit committee consists of the members listed hereunder. In terms of section 77 of the PFMA, the Audit Committee should meet at least twice a year. During the current year 7 (seven) meetings were held.

Name of member	2021/04/16	2021/05/20	2021/07/22	2021/08/24	2021/11/18	2022/02/17	2022/03/10
Wayne Manthe (Chairperson)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Simthandile Gugwini-Peter (Deputy Chairperson)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Phambili Jizana (term extended 19/08/2021)	No	No	No	No	No	Yes	No
Bongeka Jojo (Appointed into this committee 08/04/2021)	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Phumzile Zitumane (Appointed 07/05/2021)	No	Yes	Yes	Yes	Yes	Yes	Yes

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 55(1)(a) of the PFMA and Treasury Regulation 27.1.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the Eastern Cape Liquor Board over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King IV Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Authority of the Eastern Cape Liquor Board during the year under review.

Evaluation of annual financial statements and annual performance information report

The audit committee has:

- reviewed and discussed the audited annual financial statements and performance information report, with the Auditor-General and the Accounting Authority for inclusion in the annual report;
- reviewed the Auditor-General of South Africa's management report;
- reviewed changes to accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;

The audit committee accepts the Auditor-General of South Africa's report the annual financial statements and annual performance information report, and are of the opinion that the audited annual financial statements and annual performance information report should be accepted and read together with the report of the Auditor-General of South Africa.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Audit Committee Report

Internal audit

The Internal Audit Function was outsourced for the year under review to Lunika Incorporated.

The Audit Committee has approved the Internal Audit plan and Internal Audit has executed the plan accordingly. The Audit Committee has received reports from the Internal Auditors, considered the content of the reports and is satisfied with the content and quality of reports received on the audits carried out for the year under review.

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits.

#	INTERNAL AUDIT PROJECT	TIMING OF PROJECT	STATUS
1	Risk Management, ethics and fraud considerations	Q4: April 2022	Completed
2	Planning ,Project Administration and Reporting	Q1: July 2021 Q2: October 2021 Q3: January 2022 Q4:April 2022	Completed
3	User Access Review	Q3: April 2022	Completed
4	Supply Chain Management	Q3: February 2022	Completed
5	Performance information	Q1: August 2021 Q2: November 2021 Q3: February 2022 Q4: May 2022	Completed
6	Annual Financial Statements	Q4: May 2022	Completed
7	Revenue and Licensing	Q1: August 2021 Q2: November 2021 Q3: April 2022 Q4: May 2022	Completed
8	Follow Up (internal & external)	Q2: July 2021	Completed
9	Ad-Hoc: Performance Appraisal Review	Q4: April 2022	Completed
10	Human Resource Management	Q3: February 2022	Completed

Auditor-General of South Africa

The Audit Committee has met with the Auditor-General of South Africa to discuss the audit strategy. The Auditor-General of South Africa has also presented the draft audit report to the Audit Committee.

The audit committee accepts the Auditor-General of South Africa's report the annual financial statements and annual performance information report and are of the opinion that the audited annual financial statements and annual performance information report should be accepted and read together with the report of the Auditor-General of South Africa.



Chairperson of the Audit Committee :

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Accounting Authority's Report

The Board Members submit their report for the year ended 31 March 2022.

1. Subsequent events

The Board Members are not aware of any significant matters or circumstances arising since the end of the financial year.

2. Accounting policies

The unaudited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

3. Accounting Authority

The members of the entity during the year and to the date of this report are as follows:

Ms. N. Tys (Chairperson)	South African	Independent Member
Mr. M. Gobingca (Deputy Chairperson)	South African	Independent Member
Ms. B. Jojo	South African	Independent Member
Dr. M. Mboto	South African	DEDEAT ex-officio Member
Ms. N. N. Nongogo	South African	Independent Member

4. Compliance with applicable legislation

The ECLB has complied with material prescripts of all laws and regulations applicable to it. The primary legislation applicable to the entity include the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996); Public Finance Management Act (Act 1 of 1999 as amended by Act 29 of 1999); Treasury Regulations, 2001; Eastern Cape Liquor Act (Act 10 of 2003), amongst others.

The annual financial statements set out on pages 7 to 44, which have been prepared on the going concern basis, were approved by the accounting authority on 26 May 2022 and were signed on its behalf by:



Ms. N. Tys
Board Chairperson

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Position as at 31 March 2022

Figures in Rand	Note	2022	2021
Assets			
Current Assets			
Receivables from exchange transactions	5	1 091 240	1 277 315
Cash and cash equivalents	6	15 673 493	21 186 422
		16 764 733	22 463 737
Non-Current Assets			
Property, plant and equipment	3	8 692 248	4 498 177
Intangible assets	4	4 835 067	4 465 556
		13 527 315	8 963 733
Total Assets		30 292 048	31 427 470
Liabilities			
Current Liabilities			
Finance lease obligation	7	1 553 402	1 171 724
Payables from exchange transactions	8	20 395 993	20 054 444
Payables from non-exchange transactions	9	-	4 150 116
		21 949 395	25 376 284
Non-Current Liabilities			
Finance lease obligation	7	3 245 826	-
Total Liabilities		25 195 221	25 376 284
Net Assets		5 096 827	6 051 186
Accumulated surplus		5 096 827	6 051 186
Total Net Assets		5 096 827	6 051 186

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Statement of Financial Performance

Figures in Rand	Note	2022	2021
Revenue from non-exchange transactions			
Revenue from non-exchange transactions	12	72 315 732	66 975 348
Revenue from exchange transactions			
Commissions received		1 122	1 250
Other income	10	171 944	37 763
Interest received	11	531 887	518 072
		704 953	557 085
Expenditure			
Administration and management fees	14	(13 281 926)	(10 651 149)
Auditors remuneration	18	(2 035 594)	(1 918 188)
Depreciation and amortisation	15	(3 023 029)	(2 810 394)
Personnel expenditure	13	(46 991 040)	(42 483 316)
Operating expenses	17	(7 316 121)	(9 629 844)
Marketing		(897 554)	(539 524)
Research costs		(216 340)	(154 692)
		(73 761 604)	(68 187 107)
Operating deficit			
Finance costs	16	(740 919)	(654 674)
		(160 732)	(165 605)
Deficit for the year from continuing operations			
(Loss)/Profit on disposal of property, plant and equipment	3	(901 651)	(820 279)
		(52 707)	1 070
Deficit for the year			
		(954 358)	(819 209)

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Balance at 01 April 2020	6 870 395	6 870 395
Changes in net assets		
Deficit for the year	(819 209)	(819 209)
Total changes	(819 209)	(819 209)
Balance at 01 April 2021	6 051 185	6 051 185
Changes in net assets		
Deficit for the year	(954 358)	(954 358)
Total changes	(954 358)	(954 358)
Balance at 31 March 2022	5 096 827	5 096 827

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Cash Flow Statement

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Receipts			
Cash receipts from services		329 616	-
Revenue from non-exchange transactions		68 770 265	68 739 798
Interest income		531 887	518 072
		69 631 768	69 257 870
Payments			
Employee costs		(46 619 020)	(42 512 550)
Suppliers		(24 320 985)	(20 291 597)
Finance costs		(160 732)	(165 605)
		(71 100 737)	(62 969 752)
Net cash flows from operating activities	20	(1 468 969)	6 288 118
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(1 452 581)	(686 135)
Proceeds from sale of property, plant and equipment	3	5 140	18 624
Purchase of other intangible assets	4	(1 155 510)	(648 893)
Net cash flows from investing activities		(2 602 951)	(1 316 404)
Cash flows from financing activities			
Finance lease payments		(1 441 009)	(1 144 273)
Net increase/(decrease) in cash and cash equivalents		(5 512 929)	3 827 441
Cash and cash equivalents at the beginning of the year		21 186 422	17 358 981
Cash and cash equivalents at the end of the year	6	15 673 493	21 186 422

The accounting policies on pages 13 to 27 and the notes on pages 28 to 44 form an integral part of the annual financial statements.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
REVENUE AND EXPENDITURE INCLUDING CAPEX						
Revenue						
Revenue from exchange transactions						
Commissions received	-	-	-	1 122	1 122	
Other income	-	171 944	171 944	171 944	-	
Interest received	550 000	-	550 000	531 887	(18 113)	
Total revenue from exchange transactions	550 000	171 944	721 944	704 953	(16 991)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants	68 995 000	3 271 116	72 266 116	72 315 732	49 616	
Total revenue	69 545 000	3 443 060	72 988 060	73 020 685	32 625	
Expenditure						
Personnel	(46 359 000)	(875 000)	(47 234 000)	(47 019 282)	214 718	
Administration	(12 750 000)	-	(12 750 000)	(12 806 701)	(56 701)	
Auditors remuneration	(2 185 000)	-	(2 185 000)	(2 035 594)	149 406	
Finance costs	(220 000)	-	(220 000)	(160 732)	59 268	
Research costs	(220 000)	-	(220 000)	(216 340)	3 660	
Marketing costs	(900 000)	-	(900 000)	(897 554)	2 446	
Operating Expenses	(5 691 000)	(1 249 182)	(6 940 182)	(7 316 121)	(375 939)	
Capital Expenditure	(1 220 000)	(1 318 878)	(2 538 878)	(2 506 922)	31 956	
Total expenditure	(69 545 000)	(3 443 060)	(72 988 060)	(72 959 246)	28 814	
Loss on disposal of assets and liabilities	-	-	-	61 439	61 439	
	-	-	-	(52 707)	(52 707)	
Surplus for the year including capital expenditure	-	-	-	8 732	8 732	
Actual surplus on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	8 732	8 732	
Reconciliation						

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand and rounded off to the nearest rand.

The nature of ECLB activities do not allow for meaningful reporting of segments as envisaged in GRAP 18 relating to segment reporting as such it is impractical for the entity to report in terms of this standard.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with those applied in the preparation of the prior year annual financial statements, unless specified otherwise.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

The use of judgment, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the relevant asset or liability in future periods. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the financial statements

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

Designation of property plant and equipment and intangible assets as non-cash generating assets

All items of property, plant and equipment and intangible assets are designated as non-cash generating assets as they are held to for service delivery purposes and are not expected to generate commercial returns

Other significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Provisions

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

Impairment for credit losses

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance, the estimates are made about the probability of recovery of the receivables from exchange transactions based on their past payment history and risk profile.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the how the condition and use of the asset informs the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

1.4 Property, plant and equipment

Initial recognition and measurement

Property, plant and equipment are tangible non-current assets that are held for use in the supply of services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

Items of property, plant and equipment are recognised as assets when it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost or fair value can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost when acquired through exchange transactions. However, when items of property, plant and equipment are acquired through non exchange transactions, those items are initially measured at their fair values as at the date of acquisition.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost at which the asset is recognised.

The cost also includes the estimated costs of dismantling and removing the asset and restoring the site on which it is operated.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. These major components are depreciated separately over their useful lives.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the entity expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

Subsequent measurement

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.4 Property, plant and equipment (continued)

Subsequent to initial recognition, items of property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an assets' residual value, where applicable.

The assets' residual values, useful lives and depreciation methods are reviewed at each financial yearend and adjusted prospectively, if appropriate.

The annual depreciation rates are based on the following estimated asset useful lives and the useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	8 to 15 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	4 to 10 years
Computer equipment (including cellular and related equipment)	Straight-line	1 to 10 years
Leasehold improvements	Straight-line	1 to 5 years
Finance lease assets	Straight-line	2 to 5 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.4 Property, plant and equipment (continued)

The entity tests for impairment where there is an indication that the asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period the impairment is identified.

An impairment is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal is recognised in the Statement of Financial Performance.

1.5 Intangible assets

An intangible asset is an identifiable non monetary asset without physical substance. The entity recognises an intangible asset in its Statement of Financial Position when:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non monetary asset or monetary assets or a combination of monetary and non monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Subsequent measurement

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.5 Intangible assets (continued)

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in Statement of Financial Performance in the expense category consistent with the function of the intangible asset. During the period of development, the asset is tested for impairment annually.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values. The annual amortisation rates are based on the following estimated average asset lives:

Item	Depreciation method	Average useful life
Computer software, internally generated	-	indefinite
Computer software, other	Straight-line	1 to 6 years

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

Impairments

The entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is performed at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Intangible assets with indefinite useful lives are assessed for impairments at the end of each reporting period.

Derecognition

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised and is determined as the difference between the sales proceeds and the carrying value and is recognised into the Statement of Financial Performance (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.6 Financial instruments

Initial recognition

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.6 Financial instruments (continued)

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument.

Upon initial recognition the entity classifies financial instruments or their component parts as a financial liability, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

Initial Measurement

When a financial instrument is recognised, the entity measures it initially at its fair value plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent Measurement

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, cost or amortised cost .

Derecognition of financial assets

A financial asset is derecognised at trade date, when:

- a) The cash flows from the asset expire, are settled or waived;
- b) Significant risks and rewards are transferred to another party; or
- c) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.

Offsetting

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of setoff exists and the parties intend to settle on a net basis.

Impairments

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For financial assets held at amortised cost:

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.6 Financial instruments (continued)

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

For financial assets held at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

1.7 Tax

No provision for taxation has been made as the Eastern Cape Liquor Board is exempted in terms of Section 10 (1)(cA)(1) of the Income Tax Act (Act No 58 of 1962).

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Assets subject to operating leases are not recognised in the Statement of Financial Position. The operating lease expense is recognised over the course of the lease arrangement.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Measurement

Assets subject to a finance lease, as recognised in the Statement of Financial Position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the future minimum lease payments. Subsequent to initial recognition these capitalised assets are depreciated over the contract term.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

Eastern Cape Liquor Board

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Accounting Policies

1.8 Leases (continued)

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight line basis over the term of the relevant lease. To the extent that the straightlined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straightline lease payments and the contractual lease payments.

Derecognition

The finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

The operating lease liability is derecognised when the entity's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the entity no longer anticipates economic benefits to flow from the asset.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Future expenses relating to operating leases are separately disclosed as operating lease commitments in note 19

1.9 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

Eastern Cape Liquor Board

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Accounting Policies

1.9 Impairment of cash-generating assets (continued)

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

1.10 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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Accounting Policies

1.10 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service the specific event occurs. They are recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable/fall due. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

1.11 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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Accounting Policies

1.11 Provisions and contingencies (continued)

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

1.12 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the notes to the annual financial statements. Commitments represent goods/services that have been ordered, but no delivery has taken place at the reporting date. Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost; and
- Contracts should relate to something other than the routine, steady, state business of the entity.

Approved and Contracted Commitments: Where the expenditure has been approved and the contract has been awarded at the reporting date.

Approved but not yet contracted commitments: Where the expenditure has been approved and the contract is awaiting finalisation at the reporting date.

Material contracts entered into after the reporting date but prior to the approval of the financial statements are disclosed under subsequent events.

1.13 Revenue from non-exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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Accounting Policies

1.13 Revenue from non-exchange transactions (continued)

Measurement

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Eastern Cape Liquor Board,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The Eastern Cape Liquor Board assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a reimbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Donations and sponsorships

Other donations and sponsorships are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Eastern Cape Liquor Board;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the donation and/or sponsorship.

If donations and sponsorships are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.14 Revenue from exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Eastern Cape Liquor Board

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Accounting Policies

1.14 Revenue from exchange transactions (continued)

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.15 Interest received

Investment income is recognised on a time-proportion basis which takes into account the effective yield on the asset over the period it is expected to be held.

1.16 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.16 Borrowing costs (continued)

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale.

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Comparative figures

Current year comparatives (Budget)

Budget information in accordance with GRAP 1 and 24, has been provided in the Statement of Comparison of Budget and Actual amounts.

The financial statements and budget are not presented on the same basis, as the financial statements are prepared on the accrual basis and the budget on the modified accrual basis of accounting. A reconciliation between the surplus/(deficit) for the period as per the Statement of Financial Performance and budgeted surplus/(deficit) is included as a note to the Statement of Comparison of Budget and Actual Amounts.

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods.

1.18 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered in subsequent financial years, it is subsequently accounted for as revenue in the statement of financial performance. Fruitless and wasteful expenditure recoverable in the year the expenditure is incurred is transferred to the statement of financial position as a receivable.

1.19 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA), an overspending of the entity's budget or is in contravention of the entity's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 Budget information

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives by division, such details are provided on the annual performance plan and actual performance reported included in the annual report.

The approved budget covers the fiscal period from 2021/04/01 to 2022/03/31.

The annual financial statements and the relevant budget figures are both presented by economic classification therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements. Refer to note 27.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Accounting Policies

1.20 Budget information (continued)

Comparative information is not required.

1.21 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

The entity has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the entity any one or more related parties, and those transactions were not within:

normal supplier and/or licensee/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and terms and conditions within the normal operating parameters established by the reporting entity's legal mandate;

Further details about those transactions are disclosed in the notes to the financial statements. Information about such transactions is disclosed in the financial statements.

1.22 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.23 Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost. Cash includes cash on hand and cash with banks. Cash equivalents are short term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and deposits held on call with bank.

1.24 Contingent liabilities and contingent assets

A contingent liability is:

- a possible obligation, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event(s) not wholly within the control of the entity; or
- a present obligation that is not recognised because, the outflow of economic benefits or service potential is not probable; or
- a real obligation, that may not be recognised, either because the timing or measurement is not known.

Contingent liabilities are not recognised. Contingent liabilities are disclosed in note 27.

A contingent asset is a possible asset that arises from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the entity.

Contingent assets are not recognised.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards that are effective for the current financial year some of which are relevant to its operations:

GRAP 1 Presentation of Financial Statements

GRAP 2 Cash Flow Statement

GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors

GRAP 4 The Effects of Changes in Foreign Exchange Rates

GRAP 5 Borrowing Costs

GRAP 6 Consolidated and Separate Financial Statements

GRAP 7 Investment in Associate

GRAP 8 Interests in Joint Ventures

GRAP 9 Revenue from Exchange Transactions

GRAP 10 Financial Reporting in Hyperinflationary Economies

GRAP 11 Construction Contracts

GRAP 12 Inventories

GRAP 13 Leases

GRAP 14 Events After the Reporting Date

GRAP 16 Investment Property

GRAP 17 Property, Plant and Equipment

GRAP 18 Segment reporting

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets

GRAP 20 Related Parties

GRAP 21 Impairment of Non-cash generating Assets

GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers)

GRAP 24 Presentation of Budget Information in Financial Statements

GRAP 25 Employee Benefits

GRAP 26 Impairment of Cash generating Assets

GRAP 27 Agriculture

GRAP 31 Intangible Assets

GRAP 32 Service Concession Arrangements: Grantor

GRAP 34 Separate Financial Statements

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Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

GRAP 35 Consolidated Financial Statements

GRAP 36 Investments in Associates and Joint Ventures

GRAP 37 Joint Arrangements

GRAP 38 Disclosure of Interests in Other Entities

GRAP 100 Discontinued Operations

GRAP 103 Heritage Assets

GRAP 104 Financial Instruments

GRAP 105 Transfers of Functions Between Entities Under Common Control

GRAP 106 Transfers of Functions Between Entities Not Under Common Control

GRAP 107 Mergers

GRAP 108 Statutory Receivables

GRAP 109 Accounting by Principals and Agents

GRAP 110 Living and Non-living ResourcesAdditional text

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods. The entity is of the view that these standards will have none to insignificant impact for the entity; as a result the entity has not early adopted these standards:

GRAP 25 Employee Benefits

GRAP 104 Financial Instruments

IGRAP 21 The Effect of Past Decisions on Materiality

Eastern Cape Liquor Board

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Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	3 622 363	(1 827 744)	1 794 619	3 622 363	(1 589 724)	2 032 639
Office equipment	1 519 891	(1 139 216)	380 675	1 321 074	(1 062 098)	258 976
Computer equipment	5 138 990	(3 375 274)	1 763 716	3 955 158	(2 794 401)	1 160 757
Leasehold improvements	950 555	(946 077)	4 478	950 555	(864 673)	85 882
Finance Lease Vehicles	5 126 011	(377 251)	4 748 760	3 486 534	(2 526 611)	959 923
Total	16 357 810	(7 665 562)	8 692 248	13 335 684	(8 837 507)	4 498 177

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Other changes, movements	Depreciation	Total
Furniture and fixtures	2 032 639	-	-	5 814	(243 834)	1 794 619
Office equipment	258 976	199 921	-	2 501	(80 723)	380 675
Computer equipment	1 160 757	1 251 655	(59 002)	-	(589 694)	1 763 716
Leasehold improvements	85 882	-	-	-	(81 404)	4 478
Finance Lease Vehicles	959 923	5 126 011	(95 671)	-	(1 241 503)	4 748 760
	4 498 177	6 577 587	(154 673)	8 315	(2 237 158)	8 692 248

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2 081 190	208 418	(13 747)	(243 222)	2 032 639
Office equipment	458 357	72 910	(652)	(271 639)	258 976
Computer equipment	1 111 683	404 807	(3 155)	(352 578)	1 160 757
Leasehold improvements	264 761	-	-	(178 879)	85 882
Finance Lease Vehicles	2 007 050	117 353	-	(1 164 480)	959 923
	5 923 041	803 488	(17 554)	(2 210 798)	4 498 177

The ECLB has assets that are fully depreciated, however these assets are still in use. The review of these asset's residual values, useful lives and depreciation methods at year end did not warrant an adjustment to be made.

The ECLB has spent R10 508 (2021: R6 657) repairing and maintaining its property, plant and equipment.

R109 550 (2021: R37 751) was spent by the ECLB repairing and maintaining leased premises whilst maintenance relating to finance leased assets amounted to R114 944 for the current financial year.

The entity disposed redundant and unusable assets including furniture and office equipment with R nil book values. Proceeds on disposal of these assets amounted to R5 140 (2021: R18 624) Asset disposals also included assets lost during the year under review.

Security

Assets held under finance lease have a carrying value amounting to R4 748 764 (2021: R 960 239) at year end and are used as security for the obligation as disclosed in note 7.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand

	2022		2021			
	Cost / Valuation	Accumulated amortisation and impairment	Carrying value	Cost / Valuation	Accumulated amortisation and impairment	Carrying value
4. Intangible assets						
Computer software, internally generated	4 446 795	-	4 446 795	3 992 775	-	3 992 775
Computer software, other	3 776 439	(3 388 167)	388 272	3 067 928	(2 595 147)	472 781
Total	8 223 234	(3 388 167)	4 835 067	7 060 703	(2 595 147)	4 465 556
Reconciliation of intangible assets - 2022						
Computer software, internally generated	3 992 775	454 020	-	-	-	4 446 795
Computer software, other	472 781	701 490	(128)	(785 871)		388 272
	4 465 556	1 155 510	(128)	(785 871)		4 835 067
Reconciliation of intangible assets - 2021						
Computer software, internally generated	3 992 775	423 484	-	-	-	3 992 775
Computer software, other	423 484	648 893	648 893	(599 596)		472 781
	4 416 259	648 893	(599 596)			4 465 556

The ECLB has spent R295 050 (2021: R218 490) maintaining its intangible assets.

The entity's internally generated software is assessed as having an indefinite useful life. The entity tests these assets for impairment as well as the useful life annually. Events and circumstances continue to support the indefinite useful life assessment for these assets. There are no changes in technology that have a negative impact in the entity's intangible assets. These intangible assets continue to provide for minimum service requirements of the entity and furthermore support future ICT developments within the entity.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
5. Receivables from exchange transactions		
Receivables - Due	1 086 683	1 272 758
Receivables - Past due	513 345	38 120
Less: Impairment for credit losses	(508 788)	(33 563)
	1 091 240	1 277 315

Receivables include rental deposits, hall hire deposits, staff recoverable expenditure relating to cellphone usage, study loans, prepayments and sundry debt of which R78 469.66 (2021 - R49 816) relates to key management personnel. The carrying amounts of trade and other receivables approximates their fair value. Sundry receivables are impaired when recovery is highly unlikely and a provision relating to this has been increased by R475 226 in the current year. Included in the current year balance are unallocated fees paid to DEDEAT amounting to R313 093.

6. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with First National Bank. Cash at bank earn interest at floating rates based on daily bank deposit rates. Interest earned on positive bank balances is reflected in note 11:

Cash on hand	39 730	24 952
Bank balances	15 633 763	21 161 470
	15 673 493	21 186 422

The entity has unrestricted title to cash and bank balances, and no portion of these are ceded in any way.

7. Finance lease obligation

It is ECLB's policy to lease motor vehicles under finance lease. The entity entered into finance lease arrangements with Avis when the previous contract with Wesbank expired in respect of motor vehicles. The period of the lease agreement is for a 36 month period with the liability repayable in monthly instalments. The liability is repayable in monthly instalments on the last day of the month including finance charges, at prime interest rates. This debt is secured by the finance lease assets as per note 3.

Minimum lease payments due		
- within one year	2 009 963	1 227 163
- in second to fifth year inclusive	3 517 751	-
	5 527 714	1 227 163
less: future finance charges	(728 486)	(55 439)
Present value of minimum lease payments	4 799 228	1 171 724

Present value of minimum lease payments due		
- within one year	1 553 402	1 171 724
- in second to fifth year inclusive	3 245 826	-
	4 799 228	1 171 724

Non-current liabilities	3 245 826	-
Current liabilities	1 553 402	1 171 724
	4 799 228	1 171 724

The average lease term is 3 years and the average effective borrowing rate was 11% (2021: 11%).

All leases have fixed repayments and no arrangements have been entered into for contingent rent and monthly installments are reviewed annually.

The entity's obligations under finance leases are secured by leased assets as disclosed in note 3.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
8. Payables from exchange transactions		
Trade payables	288 794	1 004 105
Salary related	1 470 034	828 098
Revenue payable to DEDEAT	-	274 351
Accrued leave pay	1 716 172	1 731 428
Accrued bonus	4 544 275	4 127 474
Accruals	1 052 167	1 330 867
Sundry payables	10 766 728	9 932 910
Operating lease payables	557 823	825 211
	20 395 993	20 054 444

Revenue payable to DEDEAT is in respect of fees collected on their behalf. A major component of sundry payables relate to unallocated funds due to over/under payments as well as incorrect or insufficient information provided by licence holders and applicants.

9. Payables from non-exchange transactions

Funds to be surrendered to the revenue fund	-	4 150 116
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Funds to be surrendered relates to the possible repayment of funds to the Provincial Revenue Fund. In term of section 53 of the PFMA, as a Public Entity, ECLB may not accumulate surpluses without obtaining prior written approval of the Provincial Treasury. Funds disclosed above as funds to be surrendered includes amounts owing to third parties and are committed. A request for the rollover of surplus funds was submitted to the Provincial Treasury in the prior year and an approval amounting to R3 271 116 was granted to the entity as disclosed in note 12. No application for rollover of surplus funds has been made in the 2021/22 financial year.

10. Other income

Insurance claim	171 944	37 763
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11. Interest received

Interest revenue		
Bank	531 887	518 072

12. Revenue from non-exchange transactions

Operating grants		
DEDEAT Transfer	68 995 000	69 094 000
Rollover funds approved and available	3 271 116	1 963 171
Funds to be surrendered to the revenue fund - Current year	-	(4 150 116)
Funds to be surrendered to the revenue fund - Prior years	879 000	-
Funds surrendered to the revenue fund	(879 000)	-
	72 266 116	66 907 055
Other grants and subsidies		
Donations and sponsorships	49 616	68 293
	72 315 732	66 975 348

Donations and sponsorships include amounts received from South African Breweries (both years) and Distell (in the prior year) for harm reduction initiatives, licensing as well as compliance enforcement programmes. Donations received in kind from various stakeholders are disclosed under relevant divisions in the performance information report. Disclosure of these in kind donations and sponsorships are not disclosed in the notes as the entity is unable to obtain a reliable estimate as in a number of instances these are immediately transferred to beneficiaries.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
13. Personnel		
Basic salaries	37 391 569	32 657 881
Bonus	4 544 275	4 127 474
Medical aid contributions	329 977	296 644
UIF	327 062	259 337
Workmen's compensation	56 363	84 788
Pension fund contributions	4 365 233	4 193 554
Net movement in leave accruals	(29 639)	323 791
Temporary staff	6 200	3 320
Employee salary provision	-	536 527
	46 991 040	42 483 316
14. Administration and management fees		
General and administrative expenses	1 579 413	716 619
Board administrative expenses	517 627	342 561
Board Members honorarium	1 063 500	1 229 500
Audit Committee expenses	197 402	252 264
Storage costs	99 826	61 403
Travel and subsistence	2 827 500	1 050 103
Entertainment	2 784	3 773
Rentals in respect of operating leases	4 388 455	4 594 693
Insurance	614 445	617 140
Communication costs	1 990 974	1 782 875
	13 281 926	10 650 931
General and administrative expenses include increase in provision for doubtful debts.		
15. Depreciation and amortisation		
Computer Equipment	589 694	352 577
Office Furniture and Fittings	243 834	243 224
Office Equipment	80 723	271 637
Amortisation - Computer Software	785 871	599 596
Leasehold Improvements	81 404	178 880
Finance lease - Vehicles	1 241 503	1 164 480
	3 023 029	2 810 394
16. Finance costs		
Finance leases	160 732	165 605
17. Operating expenses		
Cleaning expenses	307 854	349 844
Consulting and professional fees	95 306	40 572
Consumables and tools	45 174	1 355
Equipment rental	876 510	889 155
Fuel and oil	789 458	456 748
Legal costs	341 995	593 990
Maintenance, repairs and running costs	530 052	277 290
Staff recruitment	17 032	143 695
Printing and stationery	315 208	160 732
Social responsibility outreach programme	2 366 711	5 297 934
Staff training and development	417 816	462 161
Utilities	529 546	451 374
Other	683 459	505 861
	7 316 121	9 630 711

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
18. Auditors' remuneration		
Statutory audit - Auditor General	1 667 443	1 672 001
Internal Audit	368 151	246 187
	2 035 594	1 918 188

19. Operating lease

The Eastern Cape Liquor Board entered into the following operational lease agreements:

- Rental of properties in East London, Gqeberha, Cradock, Queenstown and Mthatha,
- Rental of network printers; and
- Rental of computer equipment.

At the statement of financial position date, the Board had outstanding commitments under non-cancellable operating leases which fall due.

All entity operating lease contracts are for 36 to 60 months, as one contract ends a new one is entered into to ensure continued service delivery. Both network and computer equipment contracts have been entered into in the previous financial year.

Rental of properties contracts entered into in the previous financial year relate to Gqeberha, Cradock and Queenstown.

The East London operating lease contract is in its first year of the five year period whilst the Mthatha office contract ended on the 31st March 2022. New lease contract for the Mthatha office has been concluded as at reporting date and commitments in respect of the new contract have been included in the amounts disclosed below.

Up to 1 year	4 771 849	3 121 407
2 to 5 years	15 824 434	2 890 998
Total operating lease commitments	20 596 283	6 012 405

20. Cash generated from operations

Deficit	(954 358)	(819 209)
Adjustments for:		
Depreciation and amortisation	3 023 029	2 810 394
Disposal of property, plant and equipment	52 707	(1 070)
Asset write offs	-	-
Non-cash adjustments	32 145	-
Changes in working capital:		
Receivables from exchange transactions	186 075	(433 215)
Payables from exchange transactions	341 549	2 544 273
Payables from non-exchange transactions	(4 150 116)	2 186 945
	(1 468 969)	6 288 118

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
21. Commitments		
Authorised operational expenditure		
Already contracted for but not provided for		
• Other financial liabilities	9 745 518	3 271 312
Not yet contracted for and authorised by Board Members		
• Other financial liabilities	-	768 850
Total operational commitments		
Already contracted for but not provided for	9 745 518	3 271 312
Not yet contracted for and authorised by Board Members	-	768 850
	9 745 518	4 040 162
Total commitments		
Total commitments		
Authorised operational expenditure	9 745 518	4 040 162

Commitments above relate to future expenditure and exclude operating lease commitments disclosed in note 19.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

22. Contingent liabilities

2022

There were **eight** legal matters that were not concluded by the ECLB as at **31 March 2022**. These matters include six civil claims and two labour related matters. At this stage it is not possible to estimate Eastern Cape Liquor Board's maximum exposure for any of these matters. The nature of these legal matters are detailed below.

Civil matters

1. The ECLB is cited as a second respondent in a matter relating to the interpretation of the Eastern Cape Liquor Act, 2003 (Act no. 10 of 2003) and the applicant is claiming R200 000 in damages.
2. The entity received summons from the Plaintiff claiming loss of income amounting to R 180 000. The Plaintiff is alleging that the ECLB wrongfully cancelled his liquor licence.
3. The ECLB is cited as a respondent together with the Panel of Appeal on a civil review application made which seeks to review the decision of the Panel of appeal.
4. The matter concerns two applications wherein an external party critical to the liquor licence registration process failed/neglected to perform their responsibilities in terms of the Eastern Cape Liquor Act. The application is academic as the applications have been subsequently refused and it is envisaged that it will provide precedent and legal certainty of whose responsibility it is to enforce the duty placed on the external party/parties critical to the liquor licence registration process.
5. An urgent application was brought before the courts to allow an applicant to trade in various locations including those that were refused. The entity seeks the Court to condone non-adherence to pursuing internal appeals on the two refused applications including to provide a declaratory order. The application re Rule Nisi was dismissed and judgment has been delivered. The main application re declaratory order remains alive and the ECLB has set same down for argument on the opposed roll.
6. Another matter before the courts relates to the entity seeking review of a decision made to grant a licence on the basis of fraudulent community consultation.

Labour matters

1. A labour matter is currently before the CCMA relating to a decision made by the entity pursuant to a disciplinary process. Arbitration which is still in progress commenced in September 2020.
2. The CCMA ruled in favour of an employee. The ECLB took the decision on review to the labour court. Upon verbal advice, it was noted that due to lack of recordings etc. the matter must start de novo. The ECLB received a notice from the CCMA indicating an arbitration date of the 6th of December 2019. At arbitration which was held on the 6th of December 2019 it was agreed to proceed at Labour Court.

2021

There were **five** legal matters that were not concluded by the ECLB as at **31 March 2021**, as well as one other matter of which the entity does not have direct control over. These matters include three civil claims and two labour related matters. At this stage it is not possible to estimate Eastern Cape Liquor Board's maximum exposure for any of these matters. The nature of these legal matters are detailed below.

Civil matters

1. The ECLB is cited as a second respondent in a matters relating to the interpretation of the Eastern Cape Liquor Act, 2003 (Act no. 10 of 2003) and the applicant is claiming R200 000 in damages.
2. The entity received summons from the Plaintiff claiming loss of income amounting to R 180 000. The Plaintiff is alleging that the ECLB wrongfully cancelled his liquor licence.
3. The ECLB is cited as a respondent together with the Panel of Appeal on a civil review application made which seeks to review the decision of the Panel of appeal.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
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22. Contingent liabilities (continued)

Labour matters

1. A labour matter is currently before the CCMA relating to a decision made by the entity pursuant to a disciplinary process. Arbitration which is still in progress commenced in September 2020.
2. The CCMA ruled in favour of an employee. The ECLB took the decision on review to the labour court. Upon verbal advice, it was noted that due to lack of recordings etc. the matter must start de novo. The ECLB has received a notice from the CCMA indicating an arbitration date of the 6th of December 2019. At arbitration which was held on the 6th of December 2019 it was agreed to proceed at Labour Court. It should be noted that the employee has since left the employ of the entity and the onus is on the former employee to commence action at the labour court.
3. One other matter before the courts, relates to the wage battle between the Public Servants Association of South Africa and the State due to 2019/20 as well as 2020/21 salary increments. In as much as the ECLB employees are not employed in terms of the Public Servants Act, the outcomes of the case have a bearing on the salary increments effected for the 2019/20 financial year as well as performance bonuses paid for the same year.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand 2022 2021

23. Related parties

Relationships	
Board Members	Refer to Board Members' report note 24
Audit Committee Members	Refer below
Controlling entity	Department of Economic Development, Environmental Affairs and Tourism Coega Industrial Development Zone Eastern Cape Development Corporation Eastern Cape Gambling and Betting Board Eastern Cape Parks and Tourism Agency East London Industrial Development Zone
Entities under the same controlling entity	Refer to note 24
Members of key management	

Related party transactions

Related party rental related transactions

ECDC rent paid	1 036 527	944 049
ECDC rental receivable balance	116 968	204 222
ECDC operating lease payable	-	173 323

Controlling entity related transactions

Revenue from non exchange transactions	68 995 000	69 094 000
Received on behalf of DEDEAT	22 354 357	15 828 000
Paid to DEDEAT	(22 667 450)	(15 553 650)
Due/(payable) to/(from) DEDEAT	313 093	(274 350)

Audit Committee fees

Mr W. Manthe (Chairperson)	94 500	128 600
Adv. S. Gugwini Peter (Deputy Chairperson)	33 252	50 581
Ms. B Jojo	28 000	-
Mr. P. Zitumane	28 000	-
Mr. Z. Hewu (Deceased 20/12/2020)	-	-
Mr. V. Pangwa (term ended 31 March 2021)	-	56 055

Mr. P Jizana is employed by the Department of Public Works. He has been paid a data allowance, no committee fees have been paid to him.

Mr. Z Hewu was a DEDEAT representative to the Board and a member of the Audit Committee and no committee fees were paid to him.

Key management information

Class	Description	Number of members
Board Members	Accounting Authority of the ECLB appointed by the MEC for the Department of Economic Development, Environmental Affairs and Tourism. Fiduciary duties of the accounting authority are stipulated in section 50 of the PFMA, Act 1 of 1999	5
Audit Committee Members	Committee of the Board whose composition and responsibilities are in line with the PFMA. Audit Committee comprises of 1 Board Member and 4 independent members	5

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand

2022

2021

23. Related parties (continued)

Executive management

Comprises of the Accounting Officer 5
being the Chief Executive officer of the
ECLB reporting directly to the Board
Members. The following direct reports of
the Chief Executive Officer also form part
of the Executive Management Chief
Financial Officer, Chief Inspector, Senior
Manager: Licensing as well as the Senior
Manager: Corporate Services.

Remuneration of management

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand 2022 2021

24. Emoluments to Senior Management and Board Members

Senior Management

2022

	Emoluments	Other benefits	Total
Dr. N. Makala (Chief Executive Officer)	2 195 099	290 495	2 485 594
Ms. A Vikilahle (Chief Financial Officer)	1 443 496	155 119	1 598 615
Mr. Z Tyikwe (Chief Inspector)	1 534 274	164 882	1 699 156
Mr. P Tyali (Senior Manager: Licensing)	1 535 097	205 452	1 740 549
Ms. L. Tini (Senior Manager Corporate Services)	1 411 731	-	1 411 731
	8 119 697	815 948	8 935 645

2021

	Emoluments	Other benefits	Total
Dr. N. Makala (Chief Executive Officer - Appointed 05/10/2020)	2 043 426	236 566	2 279 992
Ms. A Vikilahle (Chief Financial Officer)	1 366 571	180 625	1 547 196
Mr. Z Tyikwe (Chief Inspector)	1 452 430	194 263	1 646 693
Mr. P Tyali (Senior Manager: Licensing)	1 453 209	192 098	1 645 307
Ms. L. Tini (Senior Manager Corporate Services - Appointed 01/12/2020)	462 594	128 070	590 664
	6 778 230	931 622	7 709 852

Non-executive Board Members

2022

	Board Members' fees	Cell phone allowance	Travel reimbursement	Total
Ms. N Tys (Chairperson)	468 000	18 000	35 856	521 856
Mr. M Gobingca (Deputy Chairperson)	260 000	-	22 261	282 261
Ms. B Jojo	174 000	-	18 178	192 178
Dr. M Mboto	-	-	57 172	57 172
Ms. NN Nongogo	161 500	-	9 865	171 365
	1 063 500	18 000	143 332	1 224 832

2021

	Board Members' fees	Cell phone allowance	Travel reimbursement	Total
Ms. N Tys (Chairperson appointed in this position on 26/03/2021)	272 000	-	46 094	318 094
Ms. N Moleshe Pakade (Chairperson - Resigned 08/01/2021)	372 000	12 000	-	384 000
Ms. B Jojo (Acting Chairperson 23/02/2021 to 25/03/2021)	330 500	4 500	48 439	383 439
Dr. M. Mboto (Appointed 26/01/2021)	-	-	4 141	4 141
Mr. Z Hewu (Deceased 20/12/2020)	-	-	11 429	11 429
Mr. MJ Batembu (term ended 14/02/2021)	255 000	-	-	255 000
	1 229 500	16 500	110 103	1 356 103

25. Risk management

Liquidity risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. The entity's risk of liquidity is therefore as a result of the funds availability to cover future commitments. The entity manages liquidity risk through ensuring that adequate funds are available to meet its expected and unexpected financial commitments through an ongoing review of cash flows and future commitments.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand 2022 2021

25. Risk management (continued)

Credit risk

Credit risk refers to the risk that the counter party will default on its contractual obligations resulting in financial loss to the entity. The entity has adopted a policy of only dealing with creditworthy parties

Credit risk consists mainly of cash deposits, cash equivalents and receivables from exchange transactions. The entity only deposits cash with major banks with high quality credit standing.

Credit risk relating to receivables from exchange transactions is limited and relates mostly to rental deposits, staff debt as well as licensing fees paid in advance to DEDEAT due to payments received with limited or incorrect information also referred to as unallocated payments. Fees paid to DEDEAT are also disclosed in related party transactions.

All financial assets and liabilities are carried at fair value, cost or amortised cost.

Financial assets exposed to credit risk at year end were as follows:

Financial assets

Cash and cash equivalents	15 673 493	21 186 422
Receivables from exchange transactions	1 091 240	1 277 315
	16 764 733	22 463 737

Financial liabilities

Payables from exchange transactions	20 395 993	20 054 444
Payables from non-exchange transactions	-	4 150 116
Finance lease obligation	4 799 228	1 171 724
	25 195 221	25 376 284

Market risk

The entity's activities expose it primarily to the risks of fluctuations in interest rates.

Interest rate risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The entity manages interest rate risk through negotiating preferential rates with lenders on all amounts borrowed, as well as the use of fixed interest rates.

26. Fruitless and wasteful expenditure

Add: Fruitless and wasteful expenditure identified - current	5 635	-
Less: Amounts recoverable - current	(5 635)	-
Closing balance	-	-

Fruitless and wasteful expenditure is presented inclusive of VAT

27. Reconciliation between budget and statement of financial performance

The budget disclosed in comparison of budget to actual amounts covers the period 01 April 2021 to 31 March 2022 and is for the ECLB only. The budget is prepared on cash basis. The financial statements are prepared on an accrual basis of accounting. The classification basis adopted in the budget is the same as the financial information.

Changes to the approved and the final budget are as a result of reallocations where cost pressures and entity priorities have been identified. Changes also relate mainly to the net effect of prior year surplus funds approved and available.

Eastern Cape Liquor Board

Annual Financial Statements for the year ended 31 March 2022

Notes to the Annual Financial Statements

Figures in Rand	2022	2021
27. Reconciliation between budget and statement of financial performance (continued)		
Net deficit per the statement of financial performance	(954 358)	(819 209)
Adjusted for:		
Revenue from non-exchange transactions	879 000	1 568 918
Net operating differences in operating expenditure	136 797	67 824
Loss on disposal of assets	(52 707)	1 070
Actual surplus on comparable basis as presented in the Budget and Actual Comparative Statement	8 732	818 603

28. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.



EASTERN CAPE
LIQUOR BOARD



ANNEXURES

ANNEXURE

TEMPLATE ON REPORTING BY ORGANS OF STATE AND PUBLIC ENTITIES IN TERMS OF SECTION 13(G)(1) OF THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT ACT 53 OF 2003 AS AMENDED BY ACT 46 OF 2013

Name of Sphere of Government / Public Entity / Organ of State:	EASTERN CAPE LIQUOR BOARD
Registration Number (If Applicable):	N/A
Physical Address:	Shop 10 Beacon Bay Crossing, Beacon Bay, EL, 5241
Type of Sphere of Government / Public Entity / Organ of State:	Schedule 3C
Organisation Industry / Sector	Liquor Sector

The following table must be completed in full by the Sphere of Government / Public Entity / Organ of State:

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The current legislation governing the regulation of liquor trading in the Eastern Cape does not provide for compliance to the BBBEE legislation as a requirement for obtaining a liquor licence.
Developing and implementing a preferential procurement policy?	Yes	All procurement is conducted in line with the approved Supply Chain Management Policy of the Board which includes the preferential procurement regulations in terms of the Preferential Procurement Policy Framework Act (Act 5 of 2000). In this regard, points are awarded for all procurement greater than R30 000 based on the B-BBEE status level of the supplier.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for entering into partnerships with the private sector?	N/A	
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	N/A	

APPROVED BY:



Ms. N. Tys

Board Chairperson

ACCOUNTING AUTHORITY: EASTERN CAPE LIQUOR BOARD

SPHERE OF GOVERNMENT / PUBLIC ENTITY / ORGAN OF STATE: EASTERN CAPE LIQUOR BOARD

DATE: 31 / 08 / 2022

