

Appendix

Grocery Retail Market Inquiry Public Hearing Programme

(The number of days allocated for each topic remains an estimate and is, therefore, subject to change)

The Panel of the Grocery Retail Market Inquiry ("**GRMI**") invites all stakeholders to make submissions on the subject matters listed below to be presented to the Panel at the public hearings which are planned for the period 08 May 2017 to 07 July 2017.

Sequence and title	SUBJECT MATTER TO BE PROBED	PUBLIC HEARINGS
Introduction	<p>The GRMI will explain its role, work it has undertaken so far, and the areas that need to be probed further after consideration of stakeholder submissions, engagements and research undertaken by the inquiry.</p> <p>The GRMI would like to hear from all stakeholders that have a direct or an indirect interest in the grocery retail sector, which include, amongst others, municipalities, national and provincial government departments, suppliers, financial institutions, relevant property developers and owners, buyer groups, cash and carries, wholesalers, grocery retailers (e.g. supermarket chains, specialist retailers which include butcheries, bakeries, liquor store owners, independent retailers, any other retailers of fast moving consumable goods ("FMCGs"), consumers of FMCGs and any other stakeholder that wishes to make submissions to the Panel on the subject matters to be probed during the public hearings.</p>	<p>Western Cape, Cape Town 08-12 May 2017</p> <p>Gauteng, Pretoria 05-09 June 2017</p> <p>Kwa-Zulu Natal, eThekwini 03-07 July 2017</p>

<p>Objective 1</p>	<p>Objective 1: The impact of the expansion, diversification and consolidation of national supermarket chains on small and independent retailers in townships, peri-urban areas and rural areas and the informal economy</p> <p>The Panel would like to understand the effects (both negative and positive) of the entry of national supermarket chains into townships, peri-urban, rural areas on small and independent grocery retailers that operated or still operate in the townships, peri-urban and rural areas.</p> <p>The Panel invites submissions as regards the following:</p> <p style="padding-left: 40px;">Details of small and independent grocery retailers in townships, peri-urban and rural areas that may have been trading on and around the premises where shopping malls have subsequently been constructed;</p> <ul style="list-style-type: none"> • The impact of the construction of these shopping malls on small and independent grocery retailers. In this regard, the Panel wishes to understand the extent to which the move by the supermarket chains into these areas has led to a decrease or increase in the number and performance (turnover) of small and independent retailers in these areas; • The positive and negative effects that the entry of supermarket chains into townships, peri-urban areas and rural areas and the informal economy has had on employment levels in these areas, as contemplated by the provisions of section 2(c) of the Act; 	
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	<ul style="list-style-type: none">• The barriers faced by small and independent retailers are likely to inhibit their ability to effectively respond to the competitive pressures faced by them from supermarket chains; <p>The effects of the entry of supermarket chains in townships, peri-urban areas and rural areas and the informal economy on consumers is also important for the GRMI. The Panel invites submissions on the benefits or harm to consumers resulting from the entry of supermarket chains in townships, peri-urban and rural areas.</p> <p>Thus, the Panel also invites submissions on issues pertinent to consumers, such as:</p> <ul style="list-style-type: none">• Transparency of the actual value of the benefits of store loyalty schemes to consumers;• Pricing transparency through the use of unit pricing of pre-packaged goods on shelf tags; and• Location and convenience etc.¹	
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¹ Per the submissions of the South African National Consumer Union (“SANCU”) to the Inquiry on 13 June 2016. The document can be accessed on the Commission’s website at <http://www.compcom.co.za/retail-market-inquiry/>

Objective 2	<p>The impact of long term exclusive lease agreements entered into between property developers and supermarket chains, and the role of financiers in these agreements on competition in the grocery retail sector</p> <p>The Panel seeks submissions regarding the following:</p> <ul style="list-style-type: none">• The prevalence and duration of exclusive lease agreements entered into between property developers or landlords and supermarket chains in South Africa, by also seeking to understand the role of financiers in these agreements on competition in the grocery retail sector, as contemplated by the provisions of section 2(g) of the Act;• The extent to which long term exclusive lease agreements entered into between property developers and supermarket chains have excluded small businesses and larger competitors or potential competitors from entering shopping malls, and from competing effectively on the basis that they do not have access to lucrative and suitable retail space, as contemplated by the provisions of sections 2(e) and 2(g) of the Act;• The extent to which the use of exclusive lease agreements have increased barriers to enter into, and contributed to the high levels of concentration in the sector, as contemplated by the provisions of section 2(f) of the Act; and• The extent to which long term exclusive lease agreements entered into between property	
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	<p>developers and supermarket chains have benefited or harmed consumers and led to increased or decreased efficiencies, as contemplated by the provisions of sections 2(a) and 2(b) of the Act.</p> <p>In addition to the above, the Panel welcomes the following submissions:</p> <ul style="list-style-type: none"> • Justifications for the exclusive lease agreements entered into between property developers or landlords and supermarket chains, including justifications for the duration of the exclusive lease agreements; • Instances where exclusive lease agreements were waived and a competing retailer was allowed to trade in a shopping centre or mall; • Instances where exclusive lease agreements were not waived and where a competing retailer was not allowed to trade in a shopping centre or mall; and • Instances where small businesses have been excluded from trading in shopping centres and malls, due to exclusive lease agreements. 	
<p>Objective 4</p>	<p>The impact of regulations, including, amongst others, municipal town planning and by-laws on small and independent retailers in townships, peri-urban areas, rural areas and the informal economy</p> <p>The Panel seeks submissions regarding the following:</p>	

- Regulations that have the effect of limiting the number and range of small and independent retailers in specific areas;
- Regulations that have the effect of limiting the ability of small and independent retailers to compete effectively;
- Regulations that lead to the reduction in incentives of small and independent retailers to compete effectively;
- Regulations that limit choice and information available to consumers;
- Regulations that create uncertainty amongst small and independent retailers regarding the requirements they are expected to comply with in order to trade and compete effectively;
- Regulations that are onerous, time consuming and costly to comply with;
- Regulations that are excessively enforced even for insignificant transgressions restricting the participation of small and independent retailers in the market; and
- Regulations that are not enforced, poorly enforced or selectively and corruptly enforced, thus creating uncertainty and an uneven playing field between small and independent retailers in townships, peri-urban and rural areas.

The Panel will also seek to understand the impact of regulations on competition which may:

	<ul style="list-style-type: none"> • impact on consumers by giving rise to higher prices and less product choices; and • impact on small and independent retailers by limiting their ability to enter into or expand in the sector. <p>In addition to the above, the Panel welcomes the following submissions:</p> <p>Justifications and rationale for the regulations, including, amongst others, municipal town planning and by-laws affecting small and independent retailers in townships, peri-urban areas, rural areas and the informal economy in order to make an informed decision on both the positive and negative impact of these regulations.</p>	
<p>Objective 5</p>	<p>The impact of the buyer power of buyer groups and other large purchasers of FMCG products on small and independent retailers in townships, peri-urban areas, rural areas and the informal economy</p> <p><i>The impact of buyer groups on small and independent retailers in townships, peri-urban areas, rural areas and the informal economy</i></p> <p>The Panel seeks submissions regarding the following:</p> <ul style="list-style-type: none"> • The efficiencies arising from the impact of buyer groups in the sector, and the extent to which these are passed on to consumers, as contemplated by the provisions of section 2(a) of the Act; • The positive and negative effects of buyer groups on the ability of small and medium sized retailers 	

to effectively compete in the sector, by either reducing or increasing the barriers faced by them to enter into and expand in the grocery retail sector, as contemplated by the provisions of section 2(e) and (f) of the Act;

- The positive and negative effects of buyer groups on consumer prices and product choices, in line with the provisions of section 2(b) of the Act; and
- The positive and negative effects of buyer groups on employment, in line with section 2(c) of the Act.

The impact of the buyer power of other large purchasers of FMCG products on small and independent retailers in townships, peri-urban areas, rural areas and the informal economy

The Panel seeks submissions regarding the following:

- The various discounts and rebates granted to retailers by suppliers of FMCG products;
- The extent to which retailers are charged different prices by suppliers of FMCG products, and the reasons therefor;
- The extent to which suppliers of FMCG products are paid different prices by retailers, and the reasons therefor;
- The efficiencies arising from the impact of the buyer power of large purchasers of FMCG products, and the extent to which these are

	<p>passed on to consumers, as contemplated by the provisions of section 2(a) of the Act;</p> <ul style="list-style-type: none">• The effects of the buyer power of large purchasers of FMCG products on the ability of small and medium sized as well as independent retailers and their buyer groups to effectively compete in the sector, and the extent to which this leads to increased barriers faced by these retailers to enter into and expand in the grocery retail sector, as contemplated by the provisions of section 2(e) and (f) of the Act;• The positive and negative effects of buyer power of large purchasers of FMCG products on consumer prices and product choices, in line with the provisions of section 2(b) of the Act; and• The positive and negative effects of buyer power of large purchasers of FMCG products on employment, in line with section 2(c) of the Act.	
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