



*competition***commission**
south africa

COMPETITION COMMISSION'S GROCERY RETAIL MARKET INQUIRY TRANSCRIPT

7 June

Competition Commission: Chair

Good-Morning ladies and gentlemen. We will now commence with our hearings which is the last day of the hearing here Pretoria sorry. We will start I will kick off with SABECO. The gentleman sitting on the table, um over to you, baba.

SABECO: Nape Phakoago

I would like to greet everyone Nape. I come from Sekhukhune. So, I am here to represent the organisation SABECO is an organisation of retailers. The shops that we have is one hundred and sixty. All of us will notice that when God created men, He created two kinds of people. He created a man and said that a man will be a soldier and He created a woman and said a woman will feed by a person. So today we are facing a problem. The problem that we are facing is that us as soldiers we need to know our job is to protect. We need to protect our land and our children. So, we are facing a big problem that the education that we have by this is not sufficient our when you go to school (AUDIO) mix and oldies but not by money (Audio) money is something that we live with now and then many people right now they are governing us. When you notice they don't consult with us which means they think this land is their own but this land is for all of us so there is no one with a land. No one owns the land on earth, everyone is a passer-by.

Tomorrow I am not here, tomorrow you are not here all of us has passed on. So, then only God knows what to do with that. So, what has killed us is our elections but I'm when we elect people that are they take charge of our land. We choose two kinds of people we choose marketers and the elected people, which are pushed but they don't have skills to do the work. What they expect is to get paid. We all differ. There are people that get a salary, and then are people that get a passive income and a portfolio income I ... which can educate a person to learn the difference. There are many subjects in school that are being thought, but we were never thought these subjects. The first one is Love we were spoilt, our for-fathers thought love they were hunters you won't go to a field to hunt alone and secondly people with grievances helped each-other, but today Rocka Fella wanted our people that worked for him. He said firstly, what those intelligent people. Secondly there were average students and lastly there were labourers.

The problem is the ones that were passion labours were the ones that employed our people more than the intelligent ones and the ones that were called stupid were the ones that can employ people, and the ones that are intelligent just they can only employ one person who is a maid. I want to tell you the history from where I come from. My family had businesses from 1967, and with those business that they ran I was the only one that was able to run my own businesses. Many of these businesses were closed. We know what closed them down. The first thing that people that went to school were thought accounting. Accounting does not teach you about money, it teaches you how to look after monies of a person who makes money it doesn't teach you about money, but it does teach you that you can keep money here and save money one-day. It doesn't teach you how you can make money. Making money is a secret amongst us, and they don't want to teach us how to make money, that is why we see people suffering today.

When we started this organisation, we started it because we through away everything because if you go up in a store like myself when you go to school you learn electrical engineering you are going to look for a job you are not going to bring back money at home. So, doesn't that mean people can't grow up so this is the problem we have in our land and no one can protect us. That is how SABECO is organised. SABECO is intending to teach everyone subjects that they were not thought at school. In Limpopo we have five municipalities Municipality, Capricorn, Lepelle-Nkumpi and Polokwane and there is Tubats . These are five municipalities where we are operating at SABECO but, because of our wickedness we were supposed to have been operating in many municipalities teaching people, but there is an ongoing education we are patient. If you look at our motto it says Be a tortoise that's our motto. We are a tortoise we don't do things fast but we take our time, but I don't want to waste out time. I want to tell you my problem, when I tell you my family bought a business in 1957 which belonged to white people in 1957 they operated well under white GG Government. It continued again in 1975 when we started under the Government form month to stand even then it worked well. When the new Government the one that we choose, started operating we choose them. People that took over from the Government they started mis-using our shops, started eating our stock, using our stock and when they used our stock we said there is no problem but we will continue because our customers still come and their doors are still open but today there is no

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one that comes and support us our business no comes to advise us about our business people that helped them to take over our Government don't care about us anymore we are on our own and as we see today they have started opening their own businesses with tenders.

Our shops used to sell school uniforms, our shops used to sell stationery, our shops used to sell books, but today we see that books comes from where we don't know. School uni-forms comes from places we don't know. How do people open their businesses so that people can succeed out of these businesses. Right, now they have started feeding schemes. We sell a bag of maize meal but there is someone that has no shop that comes to me but he wants to sell fish to a school but he does not have business. Where is he going to get customer's. What I am trying to say is government is taking my customers. The Government is in competition with me. So, if I am in competition with the Government for customers who am I going to cry to. Something else that I want to say kills our businesses. Our businesses what we know is that when a person has a business he first needs to apply and when he applies he after he applies he takes finger prints and his finger prints needs to be checked to see if he have a criminal record and now people from Agriculture help. Inspectors Health Inspectors used to come and see if your business can work. But today anyone who can open their business they please. Tomorrow a person can do this and start something else tomorrow.

A person can have a car, a panel beater but tomorrow it can be a shop. No one checks businesses because those people can people that start that people help people to apply have started their own businesses. People that start their own businesses in garages is when you ask them for their names nobody knows them. We come from rural areas and when you go to rural areas they want to welcome you, they want to know who you are. You come but now we see people in our midst we don't know who they are we don't know where they come from we just got people that are here to make money and they now can impact negatively on your store. I have pamphlets with me I can show you. These pamphlets are evidence. The prices that we used to buy from wholesalers these are people that we are selling with so you ask yourself where does this person buy this from. So, this means that the person we buy the stuff from don't

belong to Black people they belong to them. They keep them and show each other secrets and show each other discounts.

So, because Black people never owned wholesalers we are sleeping, according to them we are sleeping and they can come and take over our businesses and make money. Right now, you can see a person who not take their child to school today these people sleep on top of maizes and the Government does not do anything. They use toilets in their store they close stores he does not go to the toilet he uses his store because he doesn't live with people. People go because they cannot attract them and when they attract them they can shoot a child and after that you can't trace back where this comes from because there is no finger prints taken and if you go and enquire where their cases went there's no trace to where they went so you see that there is no love in our nations. You see that people are leaders are giving other people our land and they are not even concerned consulting with us.

If I can tell you in a business, in my business there was fifteen people that I employed but today it's just me today it's closed because I am here it's only going to open tomorrow because that's the only time that I am there. All the stores that I used to have can't employ anyone if you employ someone how much are you going to pay them. So, these people work but they don't employ anyone. If we go back our businesses was the first one's that can do that. If we go into wholesalers we had passing cards, and that's when the wholesalers stated saying the public can come and buy, now when the public go there they tell us that we are expensive. So, in other words the public. Now the retailer is selling to the public. So, who are you going to sell to because the wholesaler can now excess the public. So, now we can't take away their business. So, our biggest challenge today because we have big there are big shops and these shops are not our own. Nobody knows who owns them in our country. Some of these shops you can say they are wholesalers or you can call them something else, let's say take a shop like Makro, now Makro does direct selling they buy their stock from a manufacturer and it goes straight to the consumer but we still need a wholesaler. So, we can come together and say let's go buy from a factory but the factories do not want to sell to us they don't want us to buy from them.

So, our corporation wants to ask that we can get permission to buy from them. Other prices you can even laugh at them. We can for example we buy coke. Coke has always been a problem with us, first of all you ask them to deliver to you they come with this board. Now this board is written Coca-Cola but the small letters are the name of your store, which means that your store belongs to Coca -Cola. Now they come there and buy a fridge, they don't tell you how electricity is going to be used from that they tell you how much you should sell this Coke for but they don't care about your profit. In that fridge, you are the one that buys electricity. We tell them that this is a wholesaler, so you need to give us a price that you give Makro and Spar but they don't want to. What troubles is why don't they want to. If you go to Coke to buy a two litre Coca-Cola they sell it for a case for one Coke is fourteen rand, but when you go the Shop-rite at U-Save its twelve rand ninety- nine. What's the cost there? How doesn't he want profit. He wants profit which means there is a price that they buy it for but we are being used to make money .

We are talking about a maize company, when you ask them for a price they give us a retail price we show them a certificate that says that this certificate is the same as Makro's it looks like every wholesalers. This wholesalers for Sotho's but they don't want to give us the price. The prices that I am telling you today, now they are selling a bag of maize for eighty rand. But their prices I will tell you now 80kg they selling it for R449.00, I buy it for R480.00 how am I going to sell it? I have spoken to them and showed them this pamphlet and faxed it to them and asked them how much I should sell it for? Instead of telling me how much I should sell it for they said something else. It if you look at taxi drivers it's a hundred and Four these are shops that I am in competition with how much am I going to sell it for. In other words, this pricing thing nobody is monitoring it. There is a paper for prices that's set by Government for rural areas and urban areas. We don't know what that paper says to say how much we should be charged so they just print it and they tell us if you want to mark our price you must mark it according to this price, but where you buy it we don't know because the manufacturer doesn't want us to sell it. The only place is the place that sells chicken. That is the only place that sells chicken according to factory price everyone else doesn't want to sell to us.

Something else I would like to say that's disturbing. I have spoken about Coca-Cola, ... I have spoken about it. Brothers old women and men from rural areas and children in rural areas are our brothers and children but there is no shop owned by a Black person that comfort them that looks after them. But if you go to Foreigners, the old men go there and they swipe their cards. Who is going to support us? No one is going to support us. When we form corporation to help everyone, you know in Government there are people that are sitting in chairs but they don't know what they are doing. We put them there do you understand, that person is put in there by us. If you ask him how he got there he will tell you someone brought me here, but if you ask them why you here he doesn't know. So, this person was put there by mistake. So, we have done an application brothers that corporation should be funded. So, with this application they wanted a business plan, the first business plan they said it won't work. They said go and a second business plan, with the second business plan we needed an accountant but they told us it won't work. Now they gave us Seta so that Seta can help us make a business plan, but we wanted thirty million. With this thirty million it was going to be loan paid back. Now these people are employed to give people a loan. So, the Government wants interest on top of the money that they give out so that people can use money. This money doesn't help anyone. So, after taking the business plan they come to us and they say in other words they don't qualify to give us a loan we don't qualify to get a loan for twenty- four million they can only give us ten million, provided that they give us an audit so that they give us a corporate. Does this corporate have a charity? You ask them if a person has a skill but they don't have money they don't know. They don't know if you get funded or not. It came back again and they said ten million as we go to do a presentation at ... they said to us this money that you asked is too little you need five-hundred million so they were using delayed tactics. If you tell them that I have come to a good place that can help us with this kind of things and that can help us improve so that we don't have problems so that our children, I just want to tell you the truth I am only waiting to die. I am not going to get married I am not going to do anything but I just want to support my children. As an older man you just need to teach your children to look after themselves, because now I am just waiting to die I just want my children to get educated, so that they can succeed in life. So, I don't want my children to be put in a chair and he does not know what he needs to do.

So, people from competition commission please listen to people. If you look at other offices they don't exist in the rural areas. If you look at the Department of Agriculture, when you compare it to education and health, these officers have a Minister, and they have Premiers and MEC's. They are there to do their service to a community, but agriculture only sits in the offices. Which means the money that they take out is for subsidical . How if you look at the land that land has nothing, but there is a person who is getting Government paid but he refuses to go to people to teach them how to plant tomatoes to plant vegetable. So, do you see that these people need work. So, the Government cannot employ everyone. So, people need to be thought how to do it for themselves. I am sure I am being heard. If there is someone who has a question, I am available for questions. I am with my brothers here and these are people from SABECO and I would like for them to add a few words. Thank you.

Competition Commission: Chair

Sorry sir, before the two gentlemen add can we first go through your evidence and just ask you a couple of questions before they add.

Can you please start telling us by what is SABECO? My microphone had a problem so I could not pick up on your submission.

Speaker:

is South African Bulk Entrepreneurs Primary Corporative Ltd. In- fact it is South African Bulk Entrepreneurs Ltd. That primary corporative is the Government people who said it's primary - corporative

Competition Commission: Chair

So, you are saying the word Primary was inserted put in by the Government you didn't have it.

Speaker:

Yes, we didn't have it

Competition Commission: Chair

Can you also tell us what your names are? Your names .

SABECO: Nape Phakoago

My name full names. My name is Nape. My surname is Phakoago. In fact, when you were speaking about SABECO neh in fact there are two businesses inside the other one is for retailing and the other one is to keep the children off the street. Ja that is why we call ourselves entrepreneurs

Competition Commission: Chair

Ok, can you then explain to us what the retail side of SABECO does.

SABECO: Nape Phakoago

The retail side of SABECO is we are just buying grocery and selling it in bulks.

Competition Commission: Chair

So, are you a wholesaler? Selling to retailers just explain more where do you buy your groceries from?

SABECO: Nape Phakoago

We are the shop owners all of us hundred and sixty members and then we contribute money and then we take that money we buy, let's say maybe we are in need of sugar and then we buy sugar and then we distribute that sugar to our shops and then we tell the owners of the shops to say sell it at the same and reasonable price all over whether you are staying at ... municipality or someone is staying at Tubatse. If sugar is R10 it's R10.

Competition Commission: Chair

You mentioned earlier that you operate in five municipalities. So, when say that you have a hundred and sixty shop owners, all these shop owners come from these five municipalities?

SABECO: Nape Phakoago

Yes.

Competition Commission: Chair

Can you just go through those names of the municipalities slowly for us so that we can note the names.

SABECO: Nape Phakoago

First one is Fetakgomo Municipality, Tubatse Municipality, Makhudutamage Municipality, Lepelle-Nkumpi Municipality, and Polokwane Municipality. And you say you are shop owners who have come together and you buy groceries together so you collectively buy. How is this done? Is it grocery across everything? What is included in what you are doing? Is it a broad range of products that you buying?

Competition Commission: Chair

And you say you are shop owners who have come together and you buy groceries together so you collectively buy. How is this done? Is it grocery across everything? What is included in what you are doing? Is it a broad range of products that you buying?

SABECO: Nape Phakoago

It's a broad range of products that we are buying. Unfortunately, we don't have enough money. In- fact we are in need of money so that we can buy a variety of things.

Competition Commission: Chair

So, at the moment what are the groceries you are focusing on?

SABECO: Nape Phakoago

At the moment, we are still focusing on the shops and then at the grocery only.

Competition Commission: Chair
And focusing on which products?

SABECO: Nape Phakoago

The products are mealie meal, sugar, powered soap, and meat and cake flour

Competition Commission: Chair

Um, when you say meat that will

SABECO: Nape Phakoago

I mean chicken meat yes.

Competition Commission: Chair
Not no red meat?

SABECO: Nape Phakoago
Not red meat no other meat.

Competition Commission: Chair
And when was SABECO established of?

SABECO: Nape Phakoago
2014

Competition Commission: Chair
Can you just tell us about how did it come about that these hundred and sixty shop owners came together? And formed SABECO what made you ...

SABECO: Nape Phakoago
Ah in-fact Mam, I told you that um I am born from the shops neh, and then I used to sell products with the company like GD. SDL so many and then those things they thought me about direct selling and you belong to being a direct megagetta. Then I went to all those shop owners. I told them let's come together so that we can do networking we can work together just because they didn't teach you about networking at school.

Competition Commission: Chair
So, you initiated the formation of the group using your business connections your family business connections

SABECO: Nape Phakoago
Yes Mam

Competition Commission: Chair
This is the retail side . Apart from buying groceries together what else do you do on the retail side?

SABECO: Nape Phakoago

A General Dealer Mam.

Competition Commission: Chair

I mean within the organisation cause what other you know you...

SABECO: Nape Phakoago

In-fact with fact like this, we said we start with what we have and then what we have is the General Dealers neh, and then from General Dealers we are having a ... of fields there is no one who is ploughing there then we said after this then we must go to ploughing and we plough mielies and we make our own machines so that we can make our-self mielie meal, and then also we teach our children so that we can have some chickens and then so that we can slaughter them and sell them at our shops, and also we those people whom they say they are old some of them they are good welders so that they can teach the youth how to weld some windows and doorframes and then we sell those things to them.

Competition Commission: Chair

So, you wanted to be a self- supplying corporation so to speak.

SABECO:Nape Phakoago

In-fact Mam

Competition Commission: Chair

Just give me a sec, you mentioned earlier that as you were talking that there are certain things that are not thought at school or at school people are thought accounting are you teaching other business skills or are you finding people with already existing business skills is there any knowledge that is shared amongst you?

SABECO: Nape Phakoago

Let me tell you something Mam, there is something that is called Financial Literacy, and then that is the basic if you don't have any Financial Literacy you can't run any business. You can take your money from the business and then you think it's yours and then you take it to the bottle store you see that is why we are teaching these people they must not use money like it's their salary money . Just because the

business people are getting money being passive income they don't know how much they going to get in the evening. Today you can get two hundred rand tomorrow you can get twelve thousand rand you see that's why it's passive, Just like in this building they are getting port-folio income you see the owner of this building mustn't even come here the money just goes to the bank but people are not thought about that.

Competition Commission: Chair

So, therefore within the group you also teach other business skills and Financial Management and how to manage business.

SABECO:Nape Phakoago

Yes Mam. We use some certificate neh and then those certificates we have them but those certificates they are the membership certificates and then you are the shareholder if you are our member we are the shareholder of our company, and then also we are having the membership card. You can't come to our meeting without having the membership card

Competition Commission: Chair

Is there a joining fee?

SABECO: Nape Phakoago

In-fact we don't have any joining fee, we will pay only our expenditure. Let's say the money for certificate, the money for this and this, the money for buying books, the money for accountant and then all those we share them.

Competition Commission: Chair

You said you were a hundred and sixty shop owners. Can any person within the five municipalities that you have mentioned knock on your door and come and join you? What is the basis? Do they apply? How do people approach you to become members?

SABECO: Nape Phakoago

Let me tell you something. When we have started this I said where can we hold our meetings? Some said at schools. I said no at schools they will take us to be the parents. Some said we must go to the church then I said no. The people will say we

are the Christians and some said where must we just go? I said under the tree in our members shop and then usually we used to hold our meetings there. If you want to join us then you just call me you ask me when are we going to hold the meeting? Then I will tell you you come there and then you will join.

Competition Commission: Chair

You also mentioned that you have a motto that says be a tortoise . Can you speak more on that motto. What is the significance of this motto?

SABECO: Nape Phakoago

It's written be a tortoise? And not a rabbit if you are on hurry then things are not going to be in the proper way and then that is why we said let's do this thing slow just because you go to another office and you find that the person who is inside the office he knows nothing and then when you are talking to him that person can't just reply you then we must do things not faster

Competition Commission: Chair

You have just mentioned now that SABECO's plan is you have started with retail you moved of General Dealers who are aiming who have a goal to self -supply own land breed your own chickens that you will slaughter. Where are you in that business plan? Is it still something that you are planning to do? Or is it something that is already happening?

SABECO:Nape Phakoago

No, we are still planning to do.

Competition Commission: Chair

So, currently all your members are just general dealers.

SABECO:Nape Phakoago

Yes Mam

Competition Commission: Chair

Ok, you also mentioned that you made an application for a loan for funding for thirty million. Where did you make that application to.

SABECO:Nape Phakoago

LEDA Mam

Competition Commission: Chair

To?

SABECO: Nape Phakoago

LEDA. Local Economic Development Agency at Limpopo

Competition Commission: Chair

At Limpopo and then you were given ten million instead

SABECO: Nape Phakoago

Nothing Mam we are still waiting.

Competition Commission: Chair

So, when you approached them for a further thirty million what did you say, you want to do?

SABECO: Nape Phakoago

We told them that we just want to buy the stock and sell the stock and then we will just pay the interest back we others say it's a grant we know it as a loan. Just because when you go to the banks they say come with you what what you see and then and the Government is for us.

Competition Commission: Chair

Had you approached banks before?

SABECO: Nape Phakoago

Yes

Competition Commission: Chair

And which Banks?

SABECO:Nape Phakoago

Absa

Competition Commission: Chair

What did they say?

SABECO: Nape Phakoago

They said they don't fund corporatives they fund Ltd's only

Competition Commission: Chair

Was this in writing? Or discussions? Or just so?

SABECO: Nape Phakoago

It was just a discussion

Competition Commission: Chair

You also spoke about the history of your personal experience in business coming from 1957 and then you mentioned 1975. Was that a homelands system? In which homeland?

SABECO:Nape Phakoago

Um Leboa the homeland was Leboa

Competition Commission: Chair

And then you spoke about the current Government that we are part of and then you made a statement that sort to compare what happened back there to what is happening now. Lack of support, lack of checking, lack of monitoring. What kind of support lacking checking monitoring was happening? Before there was Leboa. What was happening in Leboa that is not happening currently. What kind of support are you looking for? Can you spell it out for us.

SABECO: Nape Phakoago

Let me tell you something. There was a company called BIC. When you have made a loan from BIC they will say wear a suite every-day and then every week they come to your shop, they check the shelves, whether there is nothing at the shelves. You will just to countable on that you see, and then this one's we don't know where they are staying.

Competition Commission: Chair

Was BIC a Government um

SABECO:Nape Phakoago

Yes

Competition Commission: Chair

Is that in Leboa

SABECO:Nape Phakoago

And he Health Inspectors also. They were coming to our shops to inspect whether we are selling good things or not. But this nowadays they are no more there

Competition Commission: Chair

And then you also mentioned lack of support what kind of support will you be looking for from government

SABECO: Nape Phakoago

Let me just tell you Mam. I have got a shop neh, but the people to whom I am selling my stock they are not mine they are for the customers if I have got a shop and the shop is not running smoothly inside the village the Government must come to me and give me a support.

Competition Commission: Chair

You mean when there are failures. When you fail in doing certain things correctly.

SABECO:Nape Phakoago

Yes, they must come.

Competition Commission: Chair

So, there must be some kind of assistance that is provided by Government.

SABECO:Nape Phakoago

It's just like a school. At school, we take our children to the school but teachers are there to assist them.

Competition Commission: Chair

Do you have any idea sometimes we also need to understand Government. Government is not in business. I know you said Government competes with you. Government generally is not a business. They do what they doing. So, when you say support what kind of support would you be looking for specifically?

SABECO:Nape Phakoago

If they can loan us money then we will buy the stock and then if I am failing to meet them they must come to me to say where did you go wrong. Then I will just explain, and then tomorrow I won't fail again

Competition Commission: Chair

So you would like Government to direct you to agencies that can assist you that provide business support .

SABECO: Nape Phakoago

Yes Mam, but something you talked about. You said Government is not the business. The Government is a big business, we are paying tax to the Government while they are getting money. Every person who is getting money is doing business.

Competition Commission: Chair

You complained about the tender system that the Government being you woke up one-day and then the Government was in competition with you. Can you explain that slowly what you mean by that? How the tender system has affected your business? And how has Government affected your businesses

SABECO: Nape Phakoago

I said early sixties I was selling in the shop, seventies I was still in the shop and then even now I am selling to the schools. I was selling to school's books, stationery school uniform but today you can only see a child is passing your gate inside the school taking a bag of mielie meal the one which I am sealing here is the Government is competing me.

Competition Commission: Chair

So, you basically saying in your own areas Government is not sourcing any of these products from you anymore and yet they are the suppliers to the very schools in your areas,

SABECO: Nape Phakoago

Yes Mam

Competition Commission: Chair

Just on the that point we have also had complaints about social grants and the implications of social grants manner in which they are paid. Do you any comments on how the current system has an impact the way in which they are currently being paid out how they are being paid out. Do you have view how they being paid out what is it that affects your business do you have any views on that?

SABECO: Nape Phakoago

Not even a single person mam or single pensioner that run the receiver can come to my shop and say that the Government say we must come and get pay here. But when you go to the foreigner shops they are queuing there they are getting their money there.

Competition Commission: Chair

When you say the foreigner, shops can you explain to us what you mean by foreigner shops. Who are foreigners?

SABECO:Nape Phakoago

All those shops which are not for Blacks are foreigner shops even Pick n Pay is for foreigners even all those ones they are foreigners shops.

Competition Commission: Chair

So, you are saying that your pensioners are foreigners are now queuing at these foreigner's shops

SABECO:Nape Phakoago

Yes Mam

Competition Commission: Chair

If for example Government were to consider making the service available to yourselves General Dealers. how do you suggest it could be done? Or how do you for-see it being done?

SABECO: Nape Phakoago

That one mam I think if the Government can approach us we are one hundred and sixty just solve it we are ready to solve it

Competition Commission: Chair

In those five minute palters.

SABECO: Nape Phakoago

Yes mam

Competition Commission: Chair

You also complained about lack of monitoring and then you mentioned that there will be finger prints will be taken from business oweners and now you wake up there will be a business set up and then tomorrow it becomes something else and the next day it becomes another thing. Can you talk about by what you mean by that. Why would you want that and how does it impact on your businesses as General Dealers how does this have an impact on your land?

SABECO: Nape Phakoago

Um this if my shop is here and then the village is here tomorrow morning you find that the house next to you is your customer neh he is building a garage and he is turning

that garage to be a shop, and then without asking quotations then that thing is not good man

Competition Commission: Chair

When you say that you a hundred and sixty General Dealers out there you all licensed or General Dealers to operate businesses with permits.

SABECO: Nape Phakoago

We are having the business premises we are having the business buildings but we are having the problem with our Government we are still fighting against it just because they said we must re-register them whereas they were already registered. They said we must go and look for apply for the KTO's afresh and then we must bring our ID's again and business plans but if you look at those people who are in it already they are younger than myself and then it means that my father when he was doing these things he was a fool just because the other one who is at that job he is in it for what he has done earlier before. Our files are no more there. We are still waiting for them to come. We were asking them how much do these people pay who come nowadays those Pakistans and also what does they pay they say two million. You cannot pay two million whereas you are going to sell inside the garage

Competition Commission: Chair

Mr. Phakoaga we are being asked to check with all three of you to make way for we have got two other parties to make submissions. They say they have up until 12;00 and we have asked maybe that we pause your submission and then allow them to come in because I think they have time pressures and then we will bring you back. We are not saying you must leave,

SABECO:Nape Phakoago

No problem

Competition Commission: Chair

Once the two stakeholders, participants have rolled out their submissions you will come back. Thank you.

Competition Commission: Chair

We will now request FWC to take a stand so that we can have your submission. You may proceed sir.

First Wealth Coin Group: Oupa Rawane

Good morning my name is Oupa Rawane, with me is Jenny Tsokudu. We are coming from First Wealth Coin Group and a PTY Ltd . that is working with tuck-shops in our communities. Mainly we wanted to or we want to register a Corporative Bank for the Black community. Everything that was saying here is the problem that we have been facing for decades. So, when we realised ...Us Black people we are mostly disadvantaged in so many ways than one. We realise ... we need to stand up and do something as Black people. We don't want to be going to Government to say Government give us this, Government give us that, you didn't support us here. Whereas we have got all the ability to do what we need to be doing to ourselves.

So, it is for that reason we realised we need to have our own Bank. We need to finance our own businesses as Black people because without that we are going nowhere. A week ago, we were talking about Economic Development for us the Black people. We were asking questions asking ourselves questions. Black people what do we have? What is it that we can point and say this is ours as Black people and the truth is we didn't have anything we can point as Black people. As many as we are in South Africa, we have nothing. We can go up and down Toy toy on the streets burn the tyres break things but all it comes down to is we have got nothing. That's the Black community. Let me go little bit now in the reasoning why we are talking to the spaza shops the tuck shops in our communities.

When we read the literature we are told that ... Mr.Mapona who bought Mapona Mall they started as tuck shop owners they started selling malamogodi the bicycle now they want to raise that type of a community where we have got spaza shops that can be developed to businesses or to big businesses or to even to Malls, but we can't as Black people we are unable to as Black people. What is the problem? Alright let me give my scenario. We are operating in Ivory Park, we are operating in Orange Farm, we are operating in City Deep, we are operating in Rustenburg Mafena section. Our members have spaza shops remember but next door to their spaza shop there is Competition Commission's grocery retail market inquiry – Gauteng 7 June 2017

another spaza shop. Initially as to literature it says before you had a shop they were to look around you is there any other shop around you? But that is no longer a requirement. I can open a shop whenever wherever I want wonderful we live with that I think we have lived with that enough. To put salt on the wound the spaza shops they get their grocery from the wholesalers. That's wonderful but now the people that are supposed to come buy from the spaza shops they have got access to go to the wholesalers themselves. Why should they come buy from you? What is it that is compelling enough for them to come buy from you nothing. Why? Because the wholesalers are now part of the community members. They build wholesalers within our community. A walking distance to the wholesaler then you get whatever you want the sugar, the salt, the tin stuff whatever you get them there.

Communities our communities are squashed we are living within at some point you don't even have a yard. When you stretch your hand like this you are already gone next door. If you stretch your two hands like this, you might be touching, you next-door on your right side and your next door on your left side because there is no land for us to go stay in but that land is reserved for this multi-million wholesalers. Where is the fairness in that? Today you are passing a field an open space close to your community, tomorrow that same open field a Mall has been built there. In that Mall, they going to put in Shop-Rite Checkers, or Shop-Rite ja let me put it that way Shop-Rite group in that Mall with my spaza shop where I was selling tin fish, bread, salt immediate stuff with a higher price because I went to make stock with a paper bag. I don't have a truck this is a spaza shop. Now today the same people who were coming to buy from me those tin stuffs they don't come to me, they can't come to me because Shop-Rite is here with lower prices, but someone new about this. Someone new that Shoprite is coming into my space.

First Wealth Coin Group: Oupa Rawane

But that same person did nothing about it. The same person didn't protect me enough to say if I'm bringing Shoprite within your space I might as well lead to nor prepare you in advance. Maybe communicate with Shoprite to say because I have got people who have been selling the same stuff that you are selling now can't you maybe deliver

some stock to them or make an arrangement with them to say buy from me I'll give you at a smaller price or at a lesser price so that you maintain your existence but that doesn't happen. Nobody cares about me nobody cares about us as black people we just consumers. We're just consumers. This one other reason that pushed us to say we need stand up and start doing things ourselves. This is one other reason why we said if we don't stand up, if we don't stand up and start doing things on our own we are going no way. Aah The Commission we need help. We need you to help us intervene, we need you to go to our local municipalities, communicate with our local municipalities to atleast engage us. In my thing I said I wish this commission came in early before this moles begin to mushroom in our areas, I wish you came in earlier to say should something like this happen what are we gonna to do. But I guess you didn't know that we're going to come to you with this type of problems.

Because I don't think if you took our problem to government to say guys before you implement this before you allow these people to come into our areas we are gonna to have a serious problem the bomb is busy ticking, people are thinking that the foreign national are taking over the customers and that's not the case. The foreign nationals are showing that it can happen we can do it as business people, the question is the how part. I'm happy that Mr Phakawa and the team came together to say we want to buy in bulk because that's the exactly what the foreign nationals are doing that buying in bulk, when they buy in bulk they get a discount when they get a discount they share the discount with their customers. But now the disadvantage is that when we group ourselves when we group ourselves as the black scheme is to go to the same people who are giving the group discount they say no. A very good example there is wholesale in Tembisa, Mayibuye it's Cambridge, that is the huge wholesale like Mr Phakawa said. In a wholesale retailers get their stuff from there. In the wholesale that I'm talking about they wrote very nicely the prices if you want Ace 12,5 it is R97. If you buy more than ten it's R99 each if you buy a pallet it is R100. So there is A R3 difference between the person who buys one 12.5 and the person who buys the whole bulk. Now remember as a business person or as a retailer you are you are hiring a truck to go take the stuff. How much is going to be your transportation cost if you are to take maybe ten pallets. At times they will never charge you anything less than R400, R500 just to move within fifty kilometer radius. They'll charge you more than that so it means the whole discount that they're giving you get lost in the transportation cost so they

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didn't give a discount now when you get to the community to sell at the same price that they'll tell you are too expensive they'll go next door. Then you lost business. But nobody's protecting us, nobody is willing to listen. Our wholesalers. Our retailers we spoke, we spoke to one of the retailers to be specific we spoke to Shoprite to say Shoprite you are in each and every single community, you are in each single community. And our members are coming into your retail shops everyday to come and support you. Isn't any way you could show or you could say thank you for your loyalty. Why that, we need economic development. There is no reason for a business to move from the city into a township beside the fact that they want to make money. If they come into our community it means they saw that we have the potential to grow their business. We are asking that atleast you say thank you to this people that are giving you business. That's what we were requesting from Shoprite. Because without that, without that black people will never develop economically, not in this lifetime. You know what Shoprite said we are not interested we've got our clients anyway they've been buying from wara wara fish and chips they are not interested. We are supporting Shoprite we are supporting them. They can go on and national T.V. to tell the world that we are making hundred transactions per second. And who is contributing to that, black person. When you talk to them they say no group yourself have an identity. When you group yourself when you have an identity this is no we don't want to entertain you. Where are we going, remember I'm talking about people who are already in our space they are here. We can't say no don't come in they are here. Two proposals, we are saying we cannot be seen sitting here talking about this without giving proposal for solution making. The malls that are in our space we seek community buy in, or we are requesting community buy in. We are not saying we are not saying they must just give us no we will buy a stake want to buy a stake in the malls so that we put our money where our mouth is. Angithi we know each and single day we will go and but there. We need to know that when we buy here we are actually investing we will get returns at the end of the day but if they don't want us to buy in there what are they saying, we are just what.

The second one, we request if they don't want us to buy in their businesses. If they don't want us to buy into their businesses let us let them give us a reward program or loyalty program that when our members walk into their stores they'll give us a cent or they give us R1 as a loyalty program or to say we are saying thank you for supporting Competition Commission's grocery retail market inquiry – Gauteng 7 June 2017

us simple that. We need them to appreciate as because they're not at the moment. Buy so saying thank you for the platform.

Competition Commission: Chair

Thank you said can you please introduce yourself to us , you didn't give us your name, you spoke about the entity but not yourself.

First Wealth Coin Group: Oupa Rawane

I thought I said my name is Oupa Rawane with me is Jenny Ntsukudu.

Competition Commission: Chair

Rawane?

First Wealth Coin Group: Oupa Rawane

Yes Rawane (spelling it) Jenny Ntsukudu.

Competition Commission: Chair

You said your organization FWC works with tuck shops. Can you of just explain for us to understand just that the different shop styles and we were always asked so I am asking you to do this to define things, define this, define that what is the difference between a tuck shop in the township and the spaza a shop in the township is there a difference.

First Wealth Coin Group: Oupa Rawane

Laughing alright a tuckshop and a spaza shop, tuckshop and spaza shop. Ok in our descriptions they are the same, they are the same in our description because we've got different sizes that we are working with but we put them or we group them under one title spaza shop or tuck shop

Competition Commission: Chair

And how many tuck shops or spaza shops do you have as members of the of FWC?

First Wealth Coin Group: Oupa Rowane

At the moment we have around 200 spaza shops that we are working with.

Competition Commission: Chair

Two hundred?

First Wealth Coin Group: Oupa Rawane

Yes.

Competition Commission: Chair

And you also mentioned the areas that you are operating in can I take that those areas to be these two hundred tuck shops or spaza shops come from Ivory park? Orange Farm and (City Deep and Rustenburg Mr Oupa adds on) and Rustenburg sorry. Rustenburg in Mafinya section so its just as section within Rustenburg. And then which municipality are you under one municipality is Orange farm, Ivory Park, City Deep, Mafinya section are you under one municipality.

First Wealth Coin Group: Oupa Rawane

No different municipalities.

Competition Commission: Chair

Can you give me the municipalities next to the area, Ivory Park which municipality is responsible for responsible.

First Wealth Coin Group: Oupa Rawane

Ivory Park will be Johannesburg, the City of Johannesburg, City Deep will be City of Johannesburg again, Orange Farm its on the border, Sedibeng section, Sedibeng District and City of Johannesburg.

Competition Commission: Chair

So it could be either.

First Wealth Coin Group: Oupa Rawane

Yes it could be either.

Competition Commission: Chair

Ok and Rustenburg?

First Wealth Coin Group: Oupa Rawane

Rustenburg I'm not sure of the municipality but its North West. Next to Sun City.

Competition Commission: Chair

Is it not Mogale City?

First Wealth Coin Group: Oupa Rowane

No Mogale City will be Krugersdorp around.

Competition Commission: Chair

Ok, so you spoke about why you formed this group, you spoke about why you established this group, that you would like to have a bank of your own use to finance your own businesses because without these you are going nowhere. How do you intend to finance or fund this bank, let's start with the bank is there a concept how do you plan, how are you planning to do this or it.

First Wealth Coin Group: Oupa Rowane

With the bank we are at a stage of inviting like minded people. Who each supposed to put down a share capital of two thousand and then we need a minimum of two hundred members to be able to register as a CFI with the department with the with cooperative Development Bank agency, all right. We know that with the two thousand we could engage in other income generation projects that will get us to have plus minus a million plus that the C.B.D. A needs to register us then as a bank. Right. So we are still at this level now of inviting like minded people so that we get to reach that requirement of two hundred members.

Competition Commission: Chair

These like minded people will come from the areas that we mentioned Ivory Park, Orange Farm (Mr Oups replies, yes), ok and its members, its community members this is community members. And then you also in and then in financing your own businesses so how will that be done.

First Wealth Coin Group: Oupa Rawane

We've got our project at the moment that is the buy a maize meal project. We saying forty five million South Africans, black South Africans their staple meal is maize meal. It means that forty five million black people buy maize meal every every month. Let's let let's refer back to what Ntate Phakawa was saying. He said we have got hundred and sixty general dealers. One of the things that he mentioned quite often was maize meal. It means around each general dealer referring to the then way of doing things you couldn't have a general dealer here and another one next door, it means they've got general dealers apart from each other. That means each general dinner is serving a particular number of households right. Now if that's the case it means if Ntate Phakawa had a supplier with their wonderful pricing not the one that, ok the similar one that foreign nationals had right that was gonna take us somewhere, so our program is saying if you've got a spaza shop here we need to make sure that people around you buy from you how do we do that we already have partnership with with other suppliers the wholesalers who are giving us perfect surpassing our next door neighbors the foreign nationals. Just to mention the name of the partnership is Espazasami. We've got a project ,a wonderful project that they're rolling out. In communities to say our spaza shops can not be seen being .alright dying like this we need to find a way to revive them, we need to find a way to sustain them to strengthen them to become good businesses tomorrow. So we partnered with them to say we will go out and identify the spaza shops at the moment these spaza shops that we are (get interrupted)

Competition Commission: Chair

Sorry Spazasami is an organization for spaza shop owners. Within this (Oupa interrupts) its a company that partnered with another wholesaler to supply the grocery or the stock to the, yes. Right so our projects of maize meal we are using this spaza shops as our drop off point. Mainly to generate income for the bank, this is how the bank will be able to finance the black businesses.

Competition Commission: Chair

And how how do you hope how are you planning to. who are going to be all the bank's clients and how do you how do you intend to to create the clientele for the bank.

First Wealth Coin Group: Oupa Rawane

The bank's clients are our maize meal buyers. They automatically become the clients.

Competition Commission: Chair

So they'll all be required to bank with the bank?

First Wealth Coin Group: Oupa Rawane

Yes that's where we are heading to.

Competition Commission: Chair

You also mentioned that. In your community in the in our communities I guess you mean black communities they are wholesalers all around you who own these wholesalers who are the owners of this wholesalers are there any black people owning this wholesalers just speak to the ownership of these wholesalers.

First Wealth Coin Group: Oupa Rawane

It's our big giant, its your Mass Marts.

Competition Commission: Chair

Sorry would you have a list for example, are they in Ivory Park, are they in City Deep, are they in Rustenburg.

First Wealth Coin Group: Oupa Rawane

There is a wholesale in Ivory Park, Mayibuye that is in Tembisa.

Competition Commission: Chair

You mentioned that and you said its Cambridge

First Wealth Coin Group: Oupa Rawane

It's called Cambridge.

Competition Commission: Chair

What is Mayibuye?

First Wealth Coin Group: Oupa Rawane

Its the name of the community, (madam chair interrupts, it's the name of the area)

Competition Commission:Chair

But the wholesaler itself is called Cambridge, Tembisa in Mayibuye. And then City Deep which wholesaler operates?

First Wealth Coin Group: Oupa Rawane

In City Deep there is a supermarket that is also a wholesale because they've got things in bulks, the name is Market City or Johannesburg Market, Johannesburg I am not sure who owners that. Orange Farm there is Big Save, there is also Cambridge.

Competition Commission: Chair

And then in Rustenburg are you aware of any.

First Wealth Coin Group: Oupa Rawane

Rustenburg there is, even that one in Rustenburg is in town, it's not in the community at least. Its Three Stars, yes.

Competition Commission: Chair

And then you complained about direct selling by these wholesalers,so all these wholesalers you've mentioned are selling directly to the end users (Oupa answers, they are open to the public)and you attribute this direct selling to having caused some of the problems that are experienced by spaza shops or any did that decline as well and demise of something.

First Wealth Coin Group: Oupa Rawane

it's a direct, it's a direct. Impact.

Competition Commission: Chair

And then you also spoke about land, you said this around in your areas there will be in the communities where you come from this will be land, there will be open fields and then you wake up there is wholesalers around you, two you wake up there's a mall. This land that you spoke about is it land that you would have as a community, was land that at some point you made a request to the municipality to use for Competition Commission's grocery retail market inquiry – Gauteng 7 June 2017

businesses, were you precluded from using this land for businesses what's the situation with the.

First Wealth Coin Group: Oupa Rawane

The situation with the loan to simple you go to the municipality to say I need land, I saw land can I use the land they tell you, no the land is not for sale now. Why is the land not for sale we're waiting for an auction. But you never hear about the auction tomorrow the mall has been or is just mushrooming everywhere. We spoke about the whole about wholesalers that are situated around the areas around your area. Which malls are present in Ivory Park, Orange Farm, City Deep and the Rustenburg area the malls. can you can you can you give us names, if you can think of any this is very important for us.

First Wealth Coin Group: Oupa Rawane

In Orange Farm there is Eyethu, Eyethu mall,

Competition Commission: Chair

So do you know if that's owned by a local person or is it owned by an outsider/foreigner as it was said earlier. (Oupa laughing) Who owns Eyethu?

First Wealth Coin Group: Oupa Rawane

Eyethu is not owned by any black person around Orange Farm.

Competition Commission: Chair

and then Ivory Park?

First Wealth Coin Group: Oupa Rawane

In Ivory Park is Mega what? Mall yes complex or mall.

Competition Commission: Chair

Do you know who owns it?

First Wealth Coin Group: Oupa Rawane

We've got there there is Eeh Eeh Was this Building Build it, Builders warehouse Yes, and another one another mall is cropping up Eeh between Ivory Park and Kaalfontain they they they say the name of that is Shoprite mall or Shoprite corner or something like that.

Competition Commission: Chair

Is it Krayfontain or Kaalfontain?

First Wealth Coin Group: Oupa Rawane

Kaalfontain, Kaal

Competition Commission: Chair

And then City Deep is there any mall?

First Wealth Coin Group: Oupa Rawane

City Deep there's no it's just the supermarket.

Competition Commission: Chair

In Rustenburg it's the CBD?

First Wealth Coin Group: Oupa Rawane

no it's a the the the malls no the malls they are not in the location there is no mall in Mafenya section and Chaneng.

Competition Commission: Chair

Ok sure when you say you keep referring to Mafenya section is Mafenya section the black section, black community.

Competition Commission Chair

Yes Mafenya it's it's ok it's close to Chaneng of which all those are black areas around the mines yes.

Competition Commission: Chair

Ok are there any malls in that in that vicinity

First Wealth Coin Group: Oupa Rawane

not not in that vicinity

Competition Commission: Chair

Not in the black areas ok.

First Wealth Coin Group: Oupa Rowane

But laughing two years down the line there's gonna be a mall there.

Competition Commission: Chair

OK

someone whispering at Oupa.

First Wealth Coin Group: Oupa Rawane

Oh ok I've got another ear on my left (laughing). We've got Alexander that we we we we're working on now and there is a new mall just there, where where nobody thought or nobody ever thought a mall can can can can crop up here there is a mall.

Competition Commission: Chair

We we're aware of that mall.

First Wealth Coin Group: Oupa Rawane

you are (laughing) alright.

Competition Commission: Chair

And you mentioned Shoprite. (Oupa yes) So there you said there was an open field and then there was a mall and then in that mall Shoprite opened? Where is Shoprite is situated in a mall or in a in an open space just just talked about where Shoprite is situated in these areas. (Oupa Ok) the Shoprite that you approached.

First Wealth Coin Group: Oupa Rawane

Oh the Shoprite we approached is not the local one, we approached head office we wanted to speak to Mr Angelbred himself.

Competition Commission: Chair

And you got and you got the response that you got, (Oupa yes) Ok, and are how many are there any Shoprites in the areas that you've spoken and how many Shoprites are there and which other um supermarket chains do these Shoprite stores compete with other than spaza shops in your, can can you let's start for example Ivory Park is there Shoprite there?

First Wealth Coin Group: Oupa Rawane

In Ivory Park there's a Shoprite, (Madam Chair yes) and then there is Pick n' Pay also, those are the competing friends

Competition Commission: Chair

Spar?

First Wealth Coin Group: Oupa Rawane

Spar no (Madam Chair Ok) but along the main route in in in in from Ivory Park there is another Shoprite in in in Tembisa up at Ruma Pheto there is another Shoprite in Kaalfontain Ebony Park, there is shoprite Liquor right on Eeh Eeh Eeh...Olifantsfontein road around Winnie Mandela so it's just Shoprite everywhere.

Competition Commission: Chair

Winnie Mandela is a squatter camp?

First Wealth Coin Group: Oupa Rowane

It's part of it's part of Ivory Park yes.

Competition Commission: Chair

And then is there in Orange Farm is there any any Supermarket there?

First Wealth Coin Group: Oupa Rowane

In Orange Farm there is Shoprite in Eyethu mall, there is Shoprite in in in in what is this Palm Springs mall that is and there is U-SAVE within the range.

Competition Commission: Chair

Any other Supermarket sorry Sir

First Wealth Coin Group: Oupa Rowane

Alright there there will be Pick n Pay there is Pick n Pay ja in in in in Eyethu mall also.

Competition Commission: Chair

So it's it's two Shoprites U-SAVE and Pick n Pay in Orange Farm (Oupa,yes yes)

Competition Commission: Chair

Ok City Deep?

First Wealth Coin Group: Oupa Rowane

City Deep, no

Competition Commission: Chair

then we've already said Rustenburg there is not is not anything (Oupa no jah, sure) madam chair whispering. Ok you then said, you then said you you when you approached Shoprite you approached them to try and support your ah ah ah local tuck shops or spaza shops ah so were you asking them to basically change the format of their business to be more like a wholesaler instead of a retailer what what what what what kind of support or just speak more on what you were asking Shoprite to do so that we it through our purposes.

First Wealth Coin Group: Oupa Rawane

We said to shoprite since you are already in our space. you already there, our spaza shops cannot sustain themselves because of your pricing we know for a fact that your pricing is to help the poorest of the poor to be able to get whatever that they want, we understand that, but for how long are we going to support this poorest of the poor. Now we are saying we will need to develop the black person we need a black person to have something at the end of the day. We're saying people cause we know for effect that those people they're working or not waking, at the end of the day they walk into your stores. Can we have a sort of a loyalty program for them to say if they walk into your store say thank you to them. In a way so that at least that could be an investment for them that is basically what we're asking for from Shoprite, because the spaza shops are are are not are not the they're irrelevant at that level.

Competition Commission: Chair

When you me when you made that proposal where you were you, did you consider that that proposal could bring an end to spaza shop businesses because if there is that that kind of a lot of program you there for bringing. Food for for all people, you are attracting customers to Shoprite away from tuck shops and spaza shops so where you where you was this by argument with your spaza shops and tuck shop owners that they've prepared not to have businesses provided this is they gained something out of,

First Wealth Coin Group: Oupa Rawane

That was our discussion to say since we cannot compete with these people and we were saying the spaza shops will at least give you bread and butter on the table you can save something with your spaza shop but we don't have spaza shops anymore but you'll still need grocery, remember the grocery that you had in your shop you could still take from there and go eat but today you don't have the grocery anymore you will then need to go and knock at Shoprite.

Can't we then all of us benefit instead of one person benefiting from our thing.

Competition Commission: Chair

You also said, there was an open field and you woke up one day there was a mall and then there was Shoprite. You own people in this community or in the community where Shoprite is is is perating some of them are registered spaza shops. They were not aware that this this this was about to happen. What what is the purpose, what do you understand to be to the to be the purpose why are you required to register the spaza shops in the first place. Why ate you registering your spaza shops or how was it explained by the municipality or who ever made you register.

First Wealth Coin Group: Oupa Rawane

The municipality closeness shops that are not registered. They will come to you and tell your shop is not registered if you are not doing anything about it within a month or two we are going to come and close you down. So the shop needs to be registered Right. It's not registered for according to our understanding is not registered t for the government to protect you should something like that happen. They

register you to know that you are operating today that's what we thought. That's what we are thinking or that's our conclusion. because I believe they should have come to us to say this is going to be a transition or there's going to be a mall or there's going to be a wholesale around. How are you feeling about this or how can you become part of that.

I think that's what the government was supposed to be doing but they didn't do that. The only thing that we did when we went to them was to give us to get a list. They printed us a list of shops around 70 that they're going to close because they're not they're not registered.

Competition Commission: Chair

So when you are required to register or when a spaza shop is required to register there's no reason being given as to why you must register your shop you don't know why you registering.

First Wealth Coin Group: Oupa Rawane

Because if you do, if you are not registered we are going to come and close you down.

Competition Commission: Chair

That's the only reason that you've just been given. Thank you

First Wealth Coin Group: Oupa Rawane

And if that is the only way to keep your family fed you have to go register it because.

Competition Commission: Chair

And in these municipalities that you've mentioned which municipality have you found to enforce this the most and how do they do it. To enforce this registration

First Wealth Coin Group: Oupa Rawane

To enforce the registration. The Ekurhuleni municipality

Competition Commission: Chair

And do you have. Is the information that's in the public domain like cases that you could refer to us to where spaza shops were closed down because they were not registered?

First Wealth Coin Group: Oupa Rowan

I've got a list

Competition Commission: Chair

We would like to get that list

First Wealth Coin Group: Oupa Rawane

I've got a of list of shop owners that we are going to be closed. And it's OK its just that I don't know where that guy is I was going to take you down to someone who was closed by then while I was there he was coming here to complain that that they are closing me but the person next door is not closed.

Competition Commission: Chair

Was that, was the person next door registered.

First Wealth Coin Group: Oupa Rawane

The person wasn't registered but the person wasn't local

Competition Commission: Chair

What was the person

First Wealth Coin Group: Oupa Rawane

The person was a foreign national.

Competition Commission: Chair

So foreign nations can operate without registering.

First Wealth Coin Group: Oupa Rawane

I don't want to put the. But to me

Competition Commission: Chair

I just want to understand that

First Wealth Coin Group: Oupa Rawane

To me that day it meant that yes other people can operate without and others can't.

Competition Commission: Chair

And then I'm towards the end of my questions for you. You also you then made two proposals. The first one that where a mall is being built in the black communities your proposal is that there be a buy in by the community therefore a stake a stake set aside to be purchased by the community how how how do you think this stake can be funded. How would you propose funding if for example we were to recommend or consider as a recommendation that if it all we are not saying awe will

First Wealth Coin Group: Oupa Rowane

We will fund the stake ourselves. The community will fund the stakes themselves. All we need is a room to say as the community of maybe Orange farm the mall is in Orange Farm you can buy thirty percent of whatever is happening in the mall so that you also benefit from this you don't just take money there and let it go.

Competition Commission: Chair

I would I would like you like you Mr Rawane to share with us the concept itself so that if for example we think it's something worthy that of us making a recommendation on or even discussing with any of the property developers and mall owners. And we just want to understand the concept behind funding so that it can be rolled out in any other community in the black community not just your areas because it will obviously a area you've already conceptualized this nicely you know how are you going to do so. So we I want to understand the concept of how do fund, How would you do this funding because.

First Wealth Coin Group: Oupa Rawane

OK First of all the bank. We want to have a national like bank that is what we really we are building now. How are we going to fund each and every single project that we say we want to take here or we want to have part of this is us. I was talking about the some simple simple maize meal project. We black people eat maize meal. We eat papa as a black person.

Some some some people in the morning breakfast they'll eat papa. During the day they will eat pap. In the afternoon they will eat papa. So we eat papa there times a day

Now this could be sort of an investment to say if we come together we buy maize meal together as I said to you we are more than forty five million black people in South Africa. If we were to get a supplier that says I will give you R5 or I will R10 each for the bag of mealie meal that you buy, Forty five million multiply by ten how much is that. It means. I don't want to talk numbers but that's more that four hundred and fifty million every single month that will be giving all be putting down.

With that we can simply buy stakes wherever we want to in our communities.

Competition Commission: Chair

Lastly. Just to go back to that reward and loyalty to program where you get R1 for however you had structured it it's just doesn't matter. What happens to business owners in the in the community that are not members of that do not really want to participate in this for example in your group because you group obviously is a voluntary association. Wouldn't this have an effect of killing or negatively affecting their businesses the reward. Have you considered that that that not everyone is actually wants to forgo not only owning their own business and therefore they would have that they would like the right to operate their own business and what impact and what impact then such a loyalty program will have.

First Wealth Coin Group: Oupa Rawane

May please come again. I got disturbed a little bit

Competition Commission: Chair

OK So I'm saying. Your second proposal which is no one is concerning the loyalty program. Obviously in this community or any as a proposal that you putting forward Forward that you put forward that we could possibly consider as I said could consider possible consider even the first one. In the same breath. How do you do not think this your second proposal could could negatively affect spaza owners or informal business owners in the area that are not members of your group in that by creating this reward program for the community. If you are to be successful in doing so you then start drawing and attracting customers away from those businesses to that supermarket chain in the area and therefore negatively affecting the ones that are not your members. Within black communities or anywhere where this is implemented

First Wealth Coin Group: Oupa Rawane

Remember we are saying, FWC group we are saying it is important to understand as a business person that you can not sustain yourself or you cannot survive. Within a community that. OK let me vent. Each and ever single business need to people to walk in. We are saying every business that is within our group alright, we are going to use this loyalty points system to attract the customers towards it.

You on the other side you are sitting on the other side of the fence you are saying I don't want to be party to that for whatever reason. You don't want to be party to that . The era of today is mandating that you need to find a way to capture your market you need a way to secure your market how are you securing your market on the other side of the fence we are saying for our members if you come buy from us we are saying thank you in this way. How are you saying thank you to a client if you've got that right then you can stay on the other side of the fence no problem

Competition Commission: Chair

So the thank you would be this proposal would be applied by any business that operates in the area it's not limited to the big businesses like Shoprite, Spar and others.

First Wealth Coin Group: Oupa Rowane

Remember Pick n Pay place is already doing it. Pick n Pay is doing it to its clientele to say if you come buy we will give you loyalty cut and they've got a smart shopper card. Those points you can convert them into cash at a later stage but we are saying with us the point system is not going to be you cannot convert that into cash and use tomorrow. This is supposed to be an investment for you for later. We're saying the discount or the points that you are getting becomes your investment for tomorrow. As a customer as a customer you are putting your money where your mouth is.

Competition Commission: Chair

I will leave it at that. Thank you.

What time is it. OK Just five minutes please.

SESSION 2

Competition Commission: Chair

We are now ready to proceed with Rori's Cake and bakery. Thank you. You may proceed sir. Please start by introducing yourself as well as the business.

Rori's Cake and bakery: Motshwane Mabogoane

All right good afternoon ladies and gentlemen my name is Motshwane Mabogoane, I'm representing. I am actually the CEO of Bogi Enterprises of which a Rori bake and Cake a cake and bake fall under.

Rori's cake and bake is a bakery based in Mabopane. We are dealing with the basic commodities of every day, your bread, your cakes, your muffins and your scones. What challenges do we face as emerging or rather a small enterprise within the community. We have the big supermarkets that are within our area that are

creating a monopoly of some of the commodities that we serve and because they are big and they're enjoying the economies of scale they have the benefits of price manipulation or rather price suffocation.

What do I mean by process price suffocation I mean for me as a small bakery if I could give an example it would take me about five friends to bake a normal loaf. And Shoprite would come and sell a loaf for R4,99. There is no way in hell I can compete with price because number one it is below my minimum production cost and what they then do is communities because of brand loyalty there would move to this big supermarkets to go and buy staple food like bread we know that in each and every household bread it's a necessity is not a luxury.

We eat bread every single day just like pap I think as the previous presenters indicated. I had a very interesting or rather challenging scenario as a small bakery last year in June during the Pretoria xenophobic uprising I was one of those unfortunate individuals whose business was burnt down. And it was so difficult. With no help from the government or anything to restart a business.

As an entrepreneur I strongly believe that you don't have to always look for handouts but you need to work to get what you need. We tried the best we can to actually get the business up and running again. But the biggest challenge, Commissioner that we are facing is the big supermarkets are really suffocating us. It was interesting in a month ago how we make money from the small bakeries is you know Pretoria has this market of a product called "spatlo".

I don't know if you know you you take a full loaf you cut it in 4s then you take the quarter. Then you fill it with chips, russians and whatever. So how we make money then by the spaza shops that are selling those quarters they would buy from us. What happened a month ago one of the big supermarkets purely because they have lost some of their clientele to my bakery. They actually cut their slash their prices. And they were stealing a loaf for R4,50 to try and draw back those people from my bakery back to them.

As I indicated earlier there's no way that I could compete with that. Because then I'll be working myself down the drain and the other challenges that we're facing is if we preach local economic development and township economy. We cannot then expect the big bakeries like your Albany, Sunbake, your Blu Ribbons . We cannot compete with their prices purely because of their production line.

At the present moment I am employing 10 people. I Have got a capacity to manufacture 120 loaves per forty minutes. But when you look at my capacity compared to your local supermarkets like your Shoprite, Shoprite can produce 320 loaves per forty minutes now that in economists you know that your production cost is very low.

Competition Commission: Chair

Shoprite produces how many?

Rori's Cake and bakery: Motshwane Mabogoane

Its about 340 per 40 minutes. Now, we I also have. There's one other supermarket Big Save and Lifestyle that is producing the similar well In the township language they call it "Fakumoya" that's the bread that we sell.

How they call it "Fakumoya" I don't know but that's the normal bread that we sell. Because normally I think how it came about is the local bakeries started to reduce the grammage of the bread to try and create some way of making money. The normal bread should be 700gm and they started making you know scaling it down to 500 and so they live it longer in the proover and by the time you hold it is actually very light hence they "iFakumoya" but when you come to my bakery I'm still producing the same 700gm, that's the same quality as Albany, Sunbake and Sasko.

But because our people our brand loyal they still believe that the bread that is produced in town is better than the bread that is produced in in the township. Now the other battle that we are facing is when the government says we want to promote a township economy in Mabopane where I'm based we've got two prisons we've got about two or three hospitals around but who is supplying them with bread. The sad part is the big companies are.

And when they say we're going out on tender. Surely there's no way I'm going to be able to compete with those people in terms of their prices because of their production line. So, I actually lose the bid before I even submit. So one of the things that are want or rather I want to request is we need to have some form of a cartel or rather a to say if a hospital consumes for an example 100 loaves a day, let 50% of that come from the local bakers. By so doing I strongly believe that we will then be building the: number one capacity, number two would be building the economy.

Because the more we give quality products the more we can drive out the big players the big brothers if I can call them. But we have we don't have that opportunity. The hospitals that are there I don't know whether the they supply them with the third grade bread or the stale bread that we have if you can honestly go to the community or rather to the public hospitals the bread that you get there is of such low quality. And you try and talk to the supply chain and say here am I can, I can actually give you better bread and will be building the economy within the area. While your requests will fall into deaf ears.

And so, not wanting to be too long Commissioner, in my submission to this commission, is we need assistance in terms of markets. Not so much the funding Because I think one of the wrong perceptions we have as small enterprises is firstly we say we want funding before we even have the market. I think for now if we get access to the markets that will then determine the funding that you might require in terms of your expansion. But we need to drive that big brothers out of our small economies because they are really suffocating us and we are battling hit the you know you you break even but you cannot really make the profits that you want because if you are in the in the bread industry you know just like the fuel industry your your markup is very minimal.

And so we need to work on volumes for you to be able to start making your money. I think that would be that, madam.

Competition Commission: Chair

You said in June last year Like you had an unfortunate incident where your bakery burnt down what happened there?

Rori's Cake and bakery: Motshwane Mabogoane

There with these xenophobic attacks unfortunately from where I was my neighbor was a Pakistani national. And so when they burnt the shop next to mine unfortunately the fire does not know that it needs to end here it came over to my area and unfortunately I lost all my equipment, close to half a million. I contacted the local economic development to try and get assistance unfortunately my request fell into deaf ears there and so to cut a long story short I had to hustle myself again to try and get what I have now to start working.

Competition Commission: Chair

So you've been able to rebuild it as you said?

Rori's Cake and bakery: Motshwane Mabogoane

Yes. At a different location

Competition Commission: Chair

Through through your own effort

Rori's Cake and bakery: Motshwane Mabogoane

Own funding, yes

Competition Commission: Chair

And then you mentioned that a supermarket, because you draw in customers who come and buy Spatlo from you which is probably the biggest product that sells more.

Rori's Cake and bakery: Motshwane Mabogoane

No, I am actually supplying the people that make that Spatlo

Competition Commission: Chair

How much. When the, which super makert, ok, do you mind mentioning which supermakert this is that lower this bread

Rori's Cake and bakery: Motshwane Mabogoane

It's Big Save

Competition Commission: Chair

Big Save

Rori's Cake and bakery: Motshwane Mabogoane

Big Save, ja and Lifestyle followed suit .

Competition Commission: Chair

How much is your bread?

Rori's Cake and bakery: Motshwane Mabogoane

I am selling my bread for R7 for individuals and R6 for . As compared to to one loaf of Albany that is selling for R14.

Competition Commission: Chair

And then you said, Ok, for Big Save started selling at R4,50 and Lifestyle follow suit and then. Just on that which other super markets are in your area in Mabopane?

Rori's Cake and bakery: Motshwane Mabogoane

Shoprite

Competition Commission: Chair

So, there is Big Save, there is Lifestyle there is Shoprite

Rori's Cake and bakery: Motshwane Mabogoane

Yes, Madam

Competition Commission: Chair

Are these in a mall or stand alone shops?

Rori's Cake and bakery: Motshwane Mabogoane

Yes, the Shoprite is in a mall. There is Morula View mall. Big Save is a stand alone

in the industrial area and Lifestyle is within the community there. I honestly do not know who owns the area, the the complex but Lifestyle is within that complex and Lifestyle is owned by is not owned by the locals.

Competition Commission: Chair

OK, how do you know that when Big Save sold it's a loaf of bread at R4,50 this was a direct reaction to you into the sales that you were making or customers that you were drawing in.

Rori's Cake and bakery: Motshwane Mabogoane

I when I started operating I actually took almost 50% of the people that are buying from Big Save. And then they sent them e-mails , I mean Smses to say they've got a special for bread for the month and they're going to sell it for R4,50 and immediately because these people are also trying to make money they are drawn back to Big Save to try and maximize on the profits.

They held them for when the when their special ended some of the people came back to me and I know for a fact of that before the end of July there's going to be another promotion. I can bet on my months' salary that that they will have another one purely because they're trying to draw these people back to them and now the unfortunately our people sometimes don't look at the quality of the bread they're looking at the turnover what am I going to make out of it. If we could have a an independent person that can go and buy two loaves of bread from Big Save from my shop and from Lifestyle than on the day that nobody knows, I can guarantee you now that we Going to get a different quality from these three suppliers.

And number one they still purport that they have the same grammage that is the controlled 7gm and I know for sure it is not. Well I'm not going to talk much in terms of the ingredients because we're basically almost using the same ingredients but how you mix that's what contributes to the taste of your bread and your shelf life of your bread. I can vouch for what we are producing now that we have a shelf life of a minimum of three days, with no molding and no hardening and so the way we do our bread is actually of high quality hence we want to penetrate the market, the bigger

market where we can also grow to supply you prisons, your police stations, your your your your your your hospitals.

Competition Commission: Chair

When did you start your business.

Rori's Cake and bakery: Motshwane Mabogoane

I started my business three years ago.

Competition Commission: Chair

2014

Rori's Cake and bakery: Motshwane Mabogoane

2015. Two years ago. The wing the bakery wing but I had other businesses that that that were running that are not related to this inquiry, no.

Competition Commission: Chair

And at the time, the time when you opened in 2015 there was already Big Save in the area, there was already Lifestyle, there was already Shoprite in the area.

Rori's Cake and bakery: Motshwane Mabogoane

Yes right yes ma'am.

Competition Commission: Chair

And on the quality, on the quality issue so would you say this quality, your quality would still be better even than that of Shoprite?

Rori's Cake and bakery: Motshwane Mabogoane

Yes ma'am I can say so.

Competition Commission: Chair

How many, you said you employ ten ten ten people.

Rori's Cake and bakery: Motshwane Mabogoane

10 people that I employ.

Competition Commission:Chair

And how many loaves of bread do you produce at a time?

Rori's Cake and bakery: Motshwane Mabogoane

I can produce 35, I mean 120 loaves in in forty minutes, in the cycles.

Competition Commission: Chair

Compared to 300 per 40 minutes.

Rori's Cake and bakery: Motshwane Mabogoane

I mean I've got I've got a industrial oven, a rotation oven that produces 120 but Shoprite I know that they've got three of the same that I have hence I'm saying they can actually triple triple that my my production, my volume

Competition Commission: Chair

And then the "Fakumoya" the "Fakumoya" concept of the bread, so the "Fakumoya" bread that you would find coming from Big Save, Lifestyle and Shoprite. So that's what is referred to in the township but people still buy it some people still buy it .

Rori's Cake and bakery: Motshwane Mabogoane

Yes ma'm they do.

Competition Commission: Chair

Brand Loyalty Have you submitted any tender for for the prison to supply the two prisons that you mentioned and the hospitals?

Rori's Cake and bakery: Motshwane Mabogoane

Yes ma'm. I I inquired from the Odi prison and I was told that they have a company that deals with their food and the company is called is Busasa and I have just started inquiries with Busasa to see how we could do that but there was a tender that I submitted last year for the Modabi prison in the East Rand. And unfortunately it was awarded to Albany purely because of the price and their price was ridiculous and ridiculous the lower than mine and as an emerging business and as a country that says we want to support small businesses there's no way without protection there's no way we can we can survive

Competition Commission: Chair

And when you when you when you when you when you when you applied to tender at Modibi did you do that through Busasa?

Rori's Cake and bakery: Motshwane Mabogoane

No, it was direct.

Competition Commission: Chair

Direct OK yes. Direct to the prison itself. And then you mention two hospitals.

Rori's Cake and bakery: Motshwane Mabogoane

Yes ,there is Odi hospital and there is the old Garankuwa hospital, I don't know what they cal it now.

Competition Commission: Chair

Its used to be called Garankuwa hospital

Rori's Cake and bakery: Motshwane Mabogoane

I think its called George Mkhari now .

Competition Commission: Chair

And you said that the quality of the bread that is supplied to the two hospitals that is Odi Hospital and George Mkhari Hospital is much much poorer than your bread. How do you know this?

Rori's Cake and bakery: Motshwane Mabogoane

Yes ma'm. I do my research as an entrepreneur you cannot go into the market without your research and so I did my research I went into the hospital as if I'm going to visit a person and you look at the break they get it is number one very fluffy It looks like it is stale. It's like they order a bread 3 days before they serve them and so. It's definitely not of good quality. So, that's when I realize that you know what if we can have a portion to say other than to give 100% to the Big Brothers let's at least have 50% to be shared by the local bakeries not necessarily my bakery alone but I think I'm talking for the other bakeries that are within within within the community to say let us to given an opportunity to grow you know the minute you start having a constant supply. Right

now to give an example if Albany sells to a supermarket and the bread is not bought they have a system of taking back the old bread and give you fresh bread as a small entrepreneur I can't afford that. Where am I going to take that bread. Hence we try and bake you know a certain number of loaves per day to try and minimize on the loss because if I'm stuck with 100 loaves by the end of the day that's a loss that's 100x7 that's R700 for a small business person that's a lot of money.

Competition Commission: Chair

Do you know who is supplying Odi and George Mkhari

Rori's Cake and bakery: Motshwane Mabogoane

No, I don't know

Competition Commission

You also say, you would, you you you you are proposing or you you you would like as as small businesses and a small baker in the area, you would like assistance and that assistance can come in the form of opening, creating a market for yourselves so that in time you can grow, one. Two you also say that you and then this would drive out big players, why is not possible to co-exist with these big player If I may ask? Is there room for township businesses to co-exist with these big players in the township business in your view.

Rori's Cake and bakery: Motshwane Mabogoane

There is

Competition Commission

And how can that be

Rori's Cake and bakery: Motshwane Mabogoane

The sad part is that co-existing with a big brother with a big muscle it's a problem. Because number one they can agree to suffocate you in terms of price. They can maintain their price. They can say all right you want us to sell our bread at R7 that's fine we going to sell it as R7 the same price as you. But when flour goes

up, when sugar goes up , when all the other ingredients goes up they have the muscle to sustain the R7 and where are you.

And so there's a thin line between the co-existence and and and and you know driving them out. I'm using driving them out very loosely. But we need what I'm trying to put across, ma'm, is we need to start supporting the local economics. Because the Big Brother has they had their had their share. I'm not saying they need to be closed down but we need this is unless we become vigorous in how we built this small economy if I could just share a little bit.

I had opportunity ma'm of studying entrepreneurship in Japan and I was understudying Toyota what Toyota does in Japan is the have given small entrepreneurs the different parts of a car to produce. Toyota does not produce its part for itself, the components . Yes they only assemble and so if we that is why I wanted that portion of the big state owned entities not it is actually the hospitals and the prisons to say let us get a portion and we know that with that we will definitely grow as an economy but if we open it up for the big brother to play we would be suffocated. We would never see the day of light.

Competition Commission: Chair

Some of the, I take your point on that. Some of the Supermarket chains that have made submissions to us Shoprite hasn't unfortunately so we don't know what their stance is on this, have claimed that they their entry into the township has brought quality products. So, are you saying in your experience in Mabopane in respect of bread at least this claim is is unfounded. Thank you

Rori's Cake and bakery: Motshwane Mabogoane

Unfounded.

Competition Commission: Du Plessis

And just a few questions from my side. If you are afforded the opportunity to provide bread to prisons and hospitals would that give you sufficient scale to be able to compete with a large retailers. With respect to the sale of bread to to consumers.

Rori's Cake and bakery: Motshwane Mabogoane

In terms of the capacity of doing. If you're asking about the capacity, I do have the capacity. If you're asking about the the capability. We have the capability there's there's a propensity to grow we have within the within the township. We can actually hold the economy of the township within the township and that's exactly what we're trying to do. To say let us have the economy of the township within the township. If we are brutally honest how the Jews grew and have money is they circulated the money among themselves .

The Indians circulated the money among themselves. They assisted one another. They never suffocated each other but what is happening in the township is with the monopolistic ideologies that are being brought by the big supermarkets we have no chance to survive because of their production line capacity. They come and just bring it's like they're dumping the products in the market.

Competition Commission: Du Plessis

So more volume means that you can sell at a lower price is that correct?

Rori's Cake and bakery: Motshwane Mabogoane

Economically, yes.

Competition Commission: Du Plessis

If you if you are able to supply hospitals and prisons would that give you enough capacity and enough volume to be able to compete price wise with the largest supermarket?

Rori's Cake and bakery: Motshwane Mabogoane

Yes, it also depends on how big the contract would be or rather the supply of the bread would be because the more you buy your flour in bulk the less cost you know the cheaper it it becomes. The more you buy sugar in bulk, the cheaper it becomes. And that directly the contributes to your production cost and so that can assist you you know to bring your prize down.

With them at sometimes the sad part becomes is they supply this hospitals and prisons with a higher price than yours. That's sometimes that's what would kill you to say but I'm giving you the same quality. They're charging you more. But you still staying with them. I'm saying here's my loaf of bread cheaper prize same quality why can't you support me.

We are registered. I am paying my UIF. I'm paying everything that is required by law. But still I'm battling to get into the mainstream why. Is because I strongly believe personally there is a cartel that says we are going to suffocate the small ones and we will exist alone.

Competition Commission: Du Plessis

OK So let's say for example you are able to supply 50% of the volume of one of the prisons around you with that give you sufficient with that give you sufficient volumes to be able to charge lower prices to your day to day consumers as compared to your retailers?

Rori's Cake and bakery: Motshwane Mabogoane

Yes ma'am.

Competition Commission: Du Plessis

Then the quality of your bread I understand is better than your Albany's or the other bread that is sold in the Retailers have you ever considered to open up a shop in the mall next to one of those retailers because your your bread is better so you would arguably be able to compete perhaps not on price price but on quality.

Rori's Cake and bakery: Motshwane Mabogoane

Yes ma'am. As an SME there is no way I can afford the price the rental price at a mall. I had I had a shop at Wonder Park Mall unfortunately because of the rent I had to close shop. It was a franchise a Sandwich Baron If I may indicate. It was unfortunate opposite Chicken Licken and Nando's and given the feet that you have at Wonder Park people would rather go meat than to go Sandwich.

And because of the exorbitant price I had no choice but to close down and so, the as much as I can bring very good quality I might not suffocate because of people not wanting to buy but the infrastructural costs is what would kill an SME in the big malls.

Competition Commission: Du Plessis

Thank you then just in terms of kilometer wise I think if you've given a breakdown of where the various malls are situated close to you but just in terms of the kilometer wise how far are they from your bakery?

Rori's Cake and bakery: Motshwane Mabogoane

I think Lifestyle is about six kilometers from me. Big Save is about Four and a half and Shoprite is the furthest that would be about nine kilometers. Competition

Commission: Du Plessis

Are you aware of bakeries such as yourself for example that are situated further away from these retailers that are doing better that are able to compete better because they're all further away?

Rori's Cake and bakery: Motshwane Mabogoane

Not that I know of ma'm.

Competition Commission: Du Plessis

OK Thank you that's all from our side.

Competition Commission: Chair

Thank you Sir. Will now ask Mr Hlophe to take a stand. Mr Hlophe you may proceed.

Mr Walter Hlope

My name is Walter Hlophe. I'm coming from Ekurhuleni . I work for Wesbank for 22 years and after that I resign and started my own business. The business for rubble removal. After about five or six years, I decided to close that business.

I approach Liquor City because I was interested in liquor business. I was offered a franchise by Liquor City but the problem is that I couldn't;t get the place in these

malls because of Pick and Pay, Shoprite and Spar. I went around looking for the space. This is the their year now, I can't get a space in these malls. I am so frustrated I don't know what to do anymore.

Firstly I approach Golden City in Germiston where there was an empty shop in fact and then I spoke to the manager in charge there and then in fact there is a pick na pay in that mall and then the manager said to me you cannot open a liquor shop here because Pick n Pay is got a liquor shop here and they already sign a sole right and you therefore cannot open a liquor shop.

And then I went to another mall in Vosloorus and there is also a Shoprite there and there was an empty space there. It used to be hardware. So I speak to the manager in charge and he said to me he will come back to me . That show was empty. After a week or so he didn't come back to me. I went back to the manager and he said to me the Shoprite said they are going to open up a Liquor shop. So, you cannot open another liquor shop around the mall.

There was in fact in Alberton there was they were going to open a mall there near new market. There was a board there and phone numbers there, then I phone and the person that I was speaking to said the Shoprite is coming to that mall so you cannot open a liquor shop here. They are going to open a liquor shop.

In Alberton centre, there is a game there and in fact there was no liquorshop and I spotted a spot right there and then I spoke to the manager there in the mall and then said to me the game is going to open up a liquor shop there, so you cannot open up another liquor shop. And then but funny enough there was a Shoprite there and the Shoprite moved out and then there's a Pick n Pay now. The Pick n Pay has got a liquor shop in the very same mall where the Game has got a liquor shop. There are two liquor shops now but I was told that I cannot open a liquor shop in same mall because Game has got a liquor shop there.

So in Springs, one of my friends told me that there there is a mall that is coming up there in town and I went. In fact there was a board, I phoned them , I was also told that no Shoprite is going to open up a liquor shop and then i cannot open a liquor shop. So

I'm very frustrated I don't know where to go. And then I went back to Liquor City and I spoke to the CEO there. I told him that no, I can't get a space in these malls. I don't know where to go.

He said to me OK they'll be having a meeting with the MEC Lebogang Maile the MEC for Economic Development . He invited me to that meeting. We met the minister, the MEC and then we explained, In fact I explained my story that no, I have been going around in fact I don't know where to go because I can't get a space in these malls. These people are coming into our township and we don't get an opportunities. He said nor I was not aware of that but I'm going to investigate and then I'll get back to. He never get it get back to me and then it can never get to Liquor City to tell them whether he has investigated what happened and then they had another meeting again with MEC in fact Zodwa Ntuli, she was standing in for Lindiwe Zulu, its MEC for Small Business and Development. And I was also invited in that meeting again

Competition Commission

Zola Ntuli?

Mr Walter Hlope

Zodwa Ntuli

And then I explained the very same story that I can't get a space in these malls and then where to go now. I explain my story. I explain all the malls that I went to. She also said she was not aware of that and she will come back to us and she never came back to us again. So now, I don't know where to go anymore. I have got about three years sitting at home and I've got no income . I can't get a space. I don't know whether I must go to Zimbabwe or Ethiopia where I can open my business because I was born here in South Africa but I can't get a space in my country, in these malls.

These people are coming to our township and then we can't get a space. we can't get an opportunity. Where to go now. I don't know whether the commission can help me . I don't know maybe you can tell me where to go.

Competition Commission: Chair

When when did you approach was so you approached Liquor City to be their franchisee three years ago that is 2015. Early 2015 and then the first mall you approached was Golden City. Is that a mall?

Mr Walter Hlope

Yes, Golden Walk in Germiston.

Competition Commission: Chair

What year was that?

Mr Walter Hlope

in 2015

Competition Commission: Chair

2015. That's the mall where Pick n Pay operates

Mr Walter Hlope

Yes

Competition Commission: Chair

And then they say and then they said they're going to open. They already had one.

Mr Walter Hlope

Then I spotted a place far from Pick n Pay in fact outside outside but in the very same mall but I was told no not you cannot because the Pick n pay has signed a sole right.

Competition Commission: Chair

Because of the exclusivity. This was in 2015. Can you remember more or less when in 2015?

Mr Walter Hlope

The beginning of 2015 when I started when I started to request

Competition Commission: Chair

Because Pick n Pay has made a submission to the effect that they have relaxed some of their exclusivities it is to make room for independent and specialty retailers like yourselves and we still waiting for information on the specifics of these. So this did not happen for you know.

Mr Walter Hlope

No, this is not correct.

Competition Commission: Chair

And vosloorus is that a mall what is it called ?

Mr Walter Hlope

Yeah. It's a mall.

Competition Commission: Chair

What is it called?

Mr Walter Hlope

I am not sure whether its Naledi Mall, Not far from the police station. Not sure if its a Naledi Mall, not a big mall. In fact is a shopping centre.

Competition Commission: Chair

More like a shopping centre. Ok, Naledi shopping centre.

Mr Walter Hlope

Yes.

Competition Commission: Chair

And there, there is Shoprite. And you said you Identified the space where there used to be a hardware and you were told that Shoprite will open their own Liquor store. In that mall. Ok, in that centre. Ok, And what year was that? Vosloorus

Mr Walter Hlope

I think the very same year.

Competition Commission: Chair

2015. And then you go again saw the Ad for a new mall in Alberton.

Mr Walter Hlope

It's a new market

Competition Commission: Chair

New market Mall. What year was that when you approached?

Mr Walter Hlope

I am not sure whether it was 2016

Competition Commission: Chair

And in your discussions with all these parties do you just approach them? Do you write to them? Do you have any anything in writing for us?

Mr Walter Hlope

No, it was go there and ask for the office and then they show me the office and then I'll speak to the manager who was in charge of the mall.yes

Competition Commission: Chair

But obviously your approached would be backed up by Liquor City the franchisor because they, were they aware of your of the the efforts that you were making in each instance.

Mr Walter Hlope

Yes, they are aware

Competition Commission: Chair

And then, there is Alberton, Alberton Centre, OK, where Game is yeah but there was no liquor store at the time when you approached. What year was this?

Mr Walter Hlope

2016.

Competition Commission: Chair

And then has Game opened their liquor store?

Mr Walter Hlope

Yes,

Competition Commission: Chair

When did it open?

Mr Walter Hlope

The very same year

Competition Commission: Chair

And then Springs is that a mall?

Mr Walter Hlope

Yes, its a mall

Competition Commission: Chair

What is it called?

Mr Walter Hlope

I am not sure but it just opened now in April if I am not mistaken.

Competition Commission: Chair

2017?

Mr Walter Hlope

Yes, its just opened now. I approached them early last year.

Competition Commission: Chair

So you approached them 2016 , early 2016 .And you were again told there that Shoprite

Mr Walter Hlope

Shoprite is coming in there and I cannot have a space

Competition Commission: Chair

Sure, OK, Let's go back then let's start with the Springs one. Is there, where in Alberton, sorry Springs in the Springs area there's a shop there's a mall and then in this mall there is Shoprite. There is going to be a Shoprite so its not yet operational?

Mr Walter Hlope

No, the mall has opened now.

Competition Commission: Chair

How now opened. Okay, sure. At the time they were not. I wanted to find out, are there other malls in the Springs area or other malls that would have competed with this springs mall in that area?

Mr Walter Hlope

Not from what I know. Because the only mall that I know is that the new one that is there.

Competition Commission: Chair

So is there no mall nearby, no shopping center nearby where you went . Where there is Shoprite and Shoprite owns has now opened a liquor store with this exclusivity. You are not aware of any?

Mr Walter Hlope

No.

Competition Commission: Chair

OK OK we may come back to you on that and then Alberton Centre. How far is the Alberton centre, how far is it from the new market mall?

Mr Walter Hlope

It's about maybe two kilometers if I am not mistaken

Competition Commission: Chair

Two kilometers apart.

Competition Commission: Chair

And Vosloorus. Is there any other centre, mall where there is retail activity happening in that area other than the Neledi one?

Mr Walter Hlope

There is one in Chris Hand but it's about a few kilometers

Competition Commission: Chair

Maybe how many?

Mr Walter Hlope

Three, maybe three kilometers. There is a liquor City there.

Competition Commission: Chair

There is Liquor City, so you could not go. And then, that's the only other mall that's in that area. So there is Liquor City and then Ok, sure and Shoprite

Mr Walter Hlope

Yes,

Competition Commission: Chair

And then Golden Walk in Germiston, is there any other mall in the area other than Golden Walk?

Mr Walter Hlope

No.

Competition Commission: Chair

There's no mall whatsoever. None.

Mr Walter Hlope

No

Competition Commission: Chair

And then, can I ask why why are you specifically looking for For for For for a why specifically a mall. Why not a stand alone shop or liquor store , Liquor City. Why a mall? Why you so fixed with a mall?

Mr Walter Hlope

No, its because of security reasons.

Competition Commission: Chair

For security reasons.

Mr Walter Hlope

You can see what is happening in these days. You open up a shop in the locations see what is happening these days. There is no security, yes.

Competition Commission: Chair

So, that's you main reason.

Mr Walter Hlope

That's my main reason, yes

Competition Commission: Chair

Thank You.

Competition Commission: Du Plessis

This size of each of the mall that you talking about can you maybe estimate how big that are. For example I know that with the Golden Walk mall you say that you would have wanted to open up your liquor shop outside far away from the existing liquor shop that there was what I want to understand is whether the malls that you had approach to whether they are big enough to for example sustain two liquor shops

Mr Walter Hlope

Very big

Competition Commission: Du Plessis

Are they very , So all of the ones that you've mentioned now all big shopping malls that should be able to sustain

Mr Walter Hlope

You know in Alberton for the sake that they are there is a Game, Game with a liquor shop and a Pick n Pay with a liquor shop as well . Its shows you that its big enough

Competition Commission: Du Plessis

Then and let me know if the information that I'm asking you for now is confidential because then we we can we can get that from you separately but I'm how many people do you think you would it would have employed in your in the liquor store once its opened in a mall more or less?

Mr Walter Hlope

Plus minus 8

Competition Commission: Du Plessis

Plus minus 8 people. OK I'm. All right I think yeah I think it's fine. Thank you

Mr Walter Hlope

OK.

Competition Commission: Du Plessis

OK OK thank you very much Mr Hlope. Ladies and Gentlemen will now adjourn for lunch. I think as we had done previously lunch vouchers would be can be collected from the registration desk over there, thank you. And we will reconvene at two o'clock.

SESSION 3

Competition Commission: chair

Chair Ok, good afternoon everyone were back to hearing the submission from SABECO. and we will resume with the clarification questions from our side. Ok baba you you mentioned there's a pamphlet that he had in your hand I just want to understand where does that pamphlet come from let's start with that. The one that had prices.

SABECO: Nape Phakoago

Or these ones they are from my neighbouring shops.

Competition Commission: Chair

And who own these shops.

SABECO: Nape Phakoago

There are the foreigners.

Competition Commission: Chair

And you said you see you commented about the prices on those pamphlets and can you just go back to what you're trying to tell us about the pamphlets and the importance of those pamphlets to your submissions and your neighbouring shops.

SABECO: Nape Phakoago

Look here ma'm they are selling a bag of mealie mealie 80kg magnificent at R449 while myself I'm buying this the same bag at R480 and then I don't know how to sell it to get at how much must I sell it because I buy it at R480 but the shop next to me selling the same bag for R449. Must I go and buy it at that shop following my customers?

Competition Commission: Chair

We've had submissions to the effect that foreign nationals buy in bulk and as a result they are able to get discounts with these discounts they are able to then pass on the margins to the customers by selling their products cheaper. What is your view on this.

SABECO: Nape Phakoago

Ma'm this one is giving us problems just because if my cost price is R480 hundred and they sell that bag for R449 that one is a challenge just because when say R449 it's better I don't sell these bags anymore.

Competition Commission: Chair

When you say cost price you mean the price that you brought the product for?

SABECO: Nape Phakoago

Yes the cost price which I buy that buy the bag of mealie mealie is R480

Competition Commission: Chair

Ok.

SABECO: Nape Phakoago

But they they are selling at that at R449 a mere shop not at the depot. The mealie mealie depot the mere shop is selling it at R449 while the producer is selling it to me at R480.

Competition Commission: Chair

What about the point that I made that they will they may have bought a bigger bigger bulk than you did and therefore quote a better discount which is unable which would enable them to sell that many mealie mealie at a cheaper price that's what I want you to comment on.

SABECO: Nape Phakoago

Let me explain something that ma'm in those past days price was being controlled and they ensure that one shop does not kill another one but these newer days if they are selling at that price they are killing my shop. And they do not allow us these prices

ma'm we went there and as a cooperative, we are a wholesale cooperative we said we want to buy so many bulks of mealie mealie give us the best price they refused.

Competition Commission: Chair

Is then a transparency do you know I able to walk into a wholesaler for example and know that if you buy so many so so many bags of mealie mealie yah so many bags of mealie mealie you will then get so much discount of so much and therefore know this is the discount you will be entitled to the more you buy this is the discount you will be entitled to, is there any transparency?

SABECO: Nape Phakoago

Yes ma'am. Where were questioned for the quotations they gave us something and it hold by this one.

Competition Commission: Chair

OK maybe we'll follow that up we'll follow up on that. And then you also made a point about Makro, what is your difficulty with Makro?

SABECO: Nape Phakoago

Makro is having two shops in one shop, at the other hand is a wholesaler and the other hand is selling the stuff is a retailer. And then just because Makro is buying straight from the manufacturer that is why it is making two different shops, the wholer and the retailer.

Competition Commission: Chair

Ok you also made the point that you you haven't you have lack of access to factories is this lack of access to suppliers well on products manufacturers of products when you say factories (he answers, yes ma'am) why are you not able to as a group because you are one hundred and sixty General dealers in your in your organisation why are you not able to use to buy we buy in bulk why not able to source directly from some suppliers.

SABECO: Nape Phakoago

We used to go to them when we are asking them some prices most of them they refuse to give us the price.

Competition Commission: Chair

When you say they refuse they refused to give the discount that you demand (he answers yes maám) So you come with a discount that you have in mind that this is how much we want in they will tend you down on that discount (he answers yes ma'am) but you do get a discount?

SABECO: Nape Phakoago

No they don't give us a discount, but the one who is giving us a discount is Festive.

Competition Commission: Chair

Ok which suppliers refuse to give you a discount as a group.

SABECO: Nape Phakoago

Eeh the first one is Sasko, the second is Unilever and the third one is Coke.

Competition Commission: Chair

OK and then you also mention that Coke comes with boards where there is this big Coca-Cola written on it and then you name the name of the shop will then be small on the board yes do they why would you why would they name of your shop be on Coke's board because it's your store so I would imagine you have a store when you write who you are and then there's a Coke board which advertises Coke why are these combined in one or in one board.

SABECO: Nape Phakoago

In some other shops neh we didn't write the names on top of the shop and then when you requesting them to deliver Coke to you they say what is your shop's name person and then you give them the shop's name then they are going to write that shop's name on the board and then Coke-Cola letter are big and then your shops name is small which means that they are colonizing us.

Competition Commission: Chair

And then you also complain about the fridges that they provide to you can you just go back to that Sir.

SABECO: Nape Phakoago

Yes the fridges maám Coca-Cola does not pay electricity in our shops, those fridges I have asked of the reps ok, I asked on of the reps how much kilowatt does these fridges consume per hour? He knows nothing, which means he is taking my profit which means I ma working for Coke-Cola for free just because I take my money and buy electricity, Coca-Cola is gaining money from me

Competition Commission: Chair

Ok, and you also said it was it in relation to Coca-Cola that you said that the price prices that Spar and Shoprites get they actually sell Coca-Cola at lower prices than you do.

SABECO: Nape Phakoago

Yes maám.

Competition Commission: Chair

So you are assuming then you are not getting similar discounts as these entities.

SABECO: Nape Phakoago

Yes we went to Coca-cola we then spoke to the Managers Mr Mandla we are having a wholesaler the same as Spar, the same as Makro we do have a warehouse and they how much will be our cost price. They said no as long as you have an outed number we won't sell it to you at a less price. They wont give us any discount.

Competition Commission: Chair

Ok you also mention maize companies, what is your point about the maize companies?

SABECO: Nape Phakoago

Yes the maize companies I thought we have passed it maám just because we are talking about the mealie mealie here.

Competition Commission: Chair

No , I eeh eeh eeh wrote my notes as you spoke,so you spoke about Coca-Cola and then after that you spoke about the maze companies.

SABECO: Nape Phakoago

The maize company ma'am is it was NTK it is BVK.

Competition Commission: Chair

Ok BVK, ok what about them?

SABECO: Nape Phakoago

Eeh we used to go to them firstly they just opened their depot at our villages which is challenging our shops

Competition Commission: Chair

Which village is that.

SABECO: Nape Phakoago

Mogodi, in Lebokgomo.

Competition Commission: Chair

Spelling MOHUDI?

And then ypu said they use to sell the maize in your village. They have a depot in your village

SABECO: Nape Phakoago:

Yes and that depot is not registered.

Competition Commission: Chair

How do you know the depot is not registered.

SABECO: Nape Phakoago:

Beacuse if you can take your phone and google their shops name you will find them in tonws not at that place,at our village.

Competition Commission: Chair

And then you said you are happy with the Chicken place

SABECO: Nape Phakoago:

Yes

Competition Commission: Chair

Which Chicken place is this.

SABECO: Nape Phakoago:

Festive

Competition Commission: Chair

Why are you happy with Festive? (Mr Nape adds, they call it Astra). They call it Astra.

Competition Commission: Chair

Why are you happy with Astra?

SABECO: Nape Phakoago:

Astra when we speak talk to them they give as a good discount as a group.

Competition Commission: Chair

Ok we dealt with the application, ok I think that is all from our side. Ok thank you Sir.

SABECO: Nape Phakoago:

Alright.

Competition Commission: Du Plessis

Sir when you before you formed Sebokong how many, how may bags of maize did you typically buy from your supply per month.

SABECO: Nape Phakoago:

I was using R30 000 per month for mealie mealie.

Competition Commission: Du Plessis

And how many bags was?

SABECO: Nape Phakoago:

Bags were 20 bags, 30 50's and 30 25's and 40 12.5's

Competition Commission: Du Plessis

Ok and then when did you buy it from then?

SABECO: Nape Phakoago:

Lastly, every month I am buying from them but I m no more buying too much mealie mealie just because the price is killing me.

Competition Commission: Du Plessis

But this is before you formed Seboko?

SABECO: Nape Phakoago:

Before I formed Sabefco and before those foreigners come next to my shop.

Competition Commission: Du Plessis

And now that you have formed SABECO and you have hundred and forty members how many bags of meal do you go and buy now. And then you said they use to sell the maize in your village. They have a depot in your village

SABECO: Nape Phakoago:

Yes and that depot is not registered.

Competition Commission: Chair

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Beacuse if you can take your phone and google their shops name you will find them in towns not at that place, at our village.

Competition Commission: Chair

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Competition Commission: Chair

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Competition Commission: Du Plessis

And now that you have formed Sekobo and you have hundred and forty members how many bags of meal do you go and buy now.

SABECO: Nape Phakoago:

For now Maám we are still waiti for the funds and then funding and then we thought just because some are elling different mealie meal and then we will just see how much can we buy by the more than four, four tons I mean for four links we can buy.

Competition Commission: Du Plessis

So you haven't actually bought yet in bulk as Seboko (Yes) but you've started negotiations with suppliers (yes, ma'am). Ok and have they given you a quote as to for how much you would be able to buy the meal now that you buying it in bulk.

SABECO: Nape Phakoago:

They give it to us

Competition Commission: Du Plessis

how much lower is it than what you were able to buy it for when you only bought it as one person.

SABECO: Nape Phakoago:

If you one person it is a little bit up and then when it is a group is R2 off from each bag.

Competition Commission: Du Plessis

You also say that you struggled a bit all you when you when you prepared your business plan for the funding that it was returned a couple of times saying that it's not it's not you need to improve on it. Did you ever receive any assistance in in doing that business plan.

SABECO: Nape Phakoago:

Yes maám he people whom were asking funding from them they took it to SEDA and SEDA people have done it for us and then we've have submitted.

Competition Commission: Du Plessis

Ok, so the fact that they returned it was not because of the the maybe the the fact you do you needed assistance in doing the business plan it was more about the business model and whether it was going to be profitable.

SABECO: Nape Phakoago:

No they told us that the model is very good but what worries us is they came to our they to us they told us we quality to get 10 million and then after when they must give us that 10 million they said no this money is too little it needs 500 milion, you se delayed tactics.

Competition Commission: Du Plessis

When you buy a stock now I understand that you haven't yet bought it a SABECO got but when you buy it now how does that stock get delivered to your shop.

SABECO: Nape Phakoago:

I use my van.

Competition Commission: Du Plessis

Your van, have you worked with some of your colleagues and maybe share the van when you when you when you went to to buy?

SABECO: Nape Phakoago:

Sometimes, you know its what maám we collect money and then we buy the stock in bulk and then there is a shop where its a centre shop and then they deliver the stock to that place and then everyone take his own.

Competition Commission: Du Plessis:

And how often do you buy from that shop with your van.

SABECO: Nape Phakoago:

In the shop maám many times.

Competition Commission: Du Plessis

So once a week or once a day?

SABECO: Nape Phakoago:

Now we used to buy once a month.

Competition Commission: Du Plessis

Then you said earlier you had fifteen people that you employed in your shop how many people do you employ now?

SABECO: Nape Phakoago:

Nothing

Competition Commission: Du Plessis

Nothing , only yourself now. When did you have to retrench them

SABECO: Nape Phakoago:

By 1994

Competition Commission:

Du Plessis 1994 you retrenched all of them.

SABECO: Nape Phakoago:

No, they are left two, because all the shops that are closed are only left with one. We have five shops and all those shops are closed and only left with one. And then one is closed the shop that is retrenching them not myself.

Competition Commission: Du Plessis

Ok but all the shops closed in 1994, and were you still doing well in the one shop that you had. Were you still doing well for a period of time after 1994.

SABECO: Nape Phakoago:

Yes we were doing well but after 1996 it went worse just because the government start to supplying food , the food stuff to the schools.

Competition Commission: Du Plessis

So is it that that had a negative impact on your business or the other things that you were talking about the initial competition that you started facing later on.

SABECO: Nape Phakoago:

No negative impact maám.

Competition Commission: Du Plessis

Ok, but which one had the worst impact on your business was it the fact that government took their business and tenders away or is it the fact that you facing more competition from foreign nationals.

SABECO: Nape Phakoago:

Its the foreign nationals together together with the government. Just because as schools the customers went to the government , as the village the customer went to the foreigner.

Competition Commission: Du Plessis

And when did, when did this this happen so the government tenders started to go to other players in 1996. When did you start to face competition from from foreign nationals.

SABECO: Nape Phakoago:

It is by 2015.

Competition Commission: Du Plessis :

And in 1996 how many people did you still employ then.

SABECO: Nape Phakoago:

1996, they were two.

Competition Commission: Du Plessis

They where two people and when did you have to retrain those two people.

SABECO: Nape Phakoago:

When I was starting to make this cooperative then I said I just want to know what what makes this black shops to to fall down, The shop must grow but the hours are downsizing. Then I said just said go and sit and home I will come and call you. Then I've started sitting by myself and reading some other books so that I can upgrade my knowledge.

Competition Commission: Du Plessis:

I wonder if you can help us a little bit. With how much does it cost to a business if you wanted to open a spaza shop what if you wanted to to register it and have all the right approvals for it and all you know meet all the all the regulations for it what are the if you can do break down for us of the various costs that you have to incur to do that.

SABECO: Nape Phakoago:

The Chief is in need of R2000. is that. And then the architect is is need of pus minus R4000. And then the mucipality is in need of money I dont know how much and the Health inspectors told us it is R200. Yah for that municipality it can be close to about

R600 and also the transport you must include just because we don't stay inside the municipality's place Competition Commission: Competition Commission: Du Plessis
Ok so one is looking at about between R6000 and R7000, just for the regulations that you need to comply with in order to open up your shop again you've said the chief needs R200, R2000 the architect needs R4000. The municipality R600 and the Health inspector R200.

SABECO: Nape Phakoago:

But remember this shops ma'am they were having files and we were working smart with them and then we were paying R30 per month for for their licenses but now but now then just turn and say bring this. And those that they are in need of make that R7000, plus minus R7000.

Competition Commission: Du Plessis

So if we can go through each of these very quickly what is that R2000 for the chief for.

SABECO: Nape Phakoago:

It is for the stand, the premises. The first day.

Competition Commission: Du Plessis

And this is the traditional leader the area.

SABECO: Nape Phakoago:

Yes, traditional leader for the PTO and the you must know that my father bought that premises now I must rebuy it again.

Competition Commission: Du Plessis

So the cost that you are saying here, that you incurred these costs even after you opened your shop many years ago did you have to really reimburse this money no.

SABECO: Nape Phakoago:

No they've just just changed my name and then with small amount of money I just think it was maybe R50 per shop.

Competition Commission: Du Plessis

Then the architects R4000 What exactly is that for ?

SABECO: Nape Phakoago:

Is for the plan, is for the building plan.

Competition Commission: Du Plessis

And it's a it's and it's a regulation that you have to have a building plan signed off by an architect when you want to build a small spaza shop.

SABECO: Nape Phakoago:

The building is there (right) now building I must look for the architecture to draw it again.

Competition Commission: Du Plessis

Really, ok. And the municipality the R600 what is that for?

SABECO: Nape Phakoago:

That one is for filling that form. They charge for the plan per square meter.

Competition Commission: Du Plessis Ok, so is this the municipality R600 that charge square meter.

SABECO: Nape Phakoago:

Sometimes it can be more than that just because it depends how much is your square meter.

Competition Commission: Du Plessis

Ok, and so how many square meters all we talking about if we talking about six hundred more or less.

SABECO: Nape Phakoago:

Hey, I don't in fact. They charge R13 per square meter more or less that. But the structure are not the same they differ in price.

Competition Commission: Du Plessis

And then the Health inspector the R200 What is that for?

SABECO: Nape Phakoago:

For the inspection.

Competition Commission: Du Plessis

So we're looking at if you want to open a new spaza shop in your case its between R6000 to R7000 just for the regulations. What are the other costs to do open so other than the regulations are much would it cost to set up the building and so what are the other costs.

SABECO: Nape Phakoago:

There are too things ma'am some are coming to CIPRO and they register for trading at CIPRO and some are applying them from the municipality but then I dont know how much to they pay just because I cant apply for spaza shop whereas I have some shops which are closed you see.

Competition Commission: Du Plessis

Just maybe to put between R6000 and R7000 into context. So this is to opening up a new spaza shop, how much a spaza shop will typically make per month.

SABECO: Nape Phakoago: The turn-over ma'am, this nowadays its about R1000 per month, too little

Competition Commission: Du Plessis

And then previously lets say before in 1996 how much will your turn-over be.

SABECO: Nape Phakoago:

Its about R40 000 to R50 000.

Competition Commission: Du Plessis

about R40 000 to R50 000, okay that all from my side.

Competition Commission: Chair

Just two questions, you said you know who are in your earlier evidence you said you are one hundred sixty general dealers.

SABECO: Nape Phakoago:

Yes ma'am.

Competition Commission: Chair

Are these general dealers or is this spaza shops.

SABECO: Nape Phakoago:

Some are general dealers.

Competition Commission: Chair

What is the general deal and how is a bigger than a spaza shop, can you explain the difference.

SABECO: Nape Phakoago:

A spaza shop is just a small shop which is selling groceries only and then the shop, general dealer its even selling building material.

Competition Commission: Chair

Ok, ok and then my last question to you when you spoke about Coke Coca-Cola and the boards and the fridges you also mentioned that they tell you what price you must sell their coke at (yes) how is this done, who tells you can you just explain.

SABECO: Nape Phakoago:

They come with a pamphlet like this, the other one is written the cost price and the selling price and also the plug the prices on top of the fridge.

Competition Commission: Chair

do you have a copy

SABECO: Nape Phakoago

Not now

Competition Commission: Chair

Do you have them at your store. yes

Competition Commission: Chair

Can you please make them available for us we will like to see

SABECO: Nape Phakoago:

I will just fax it to you

Competition Commission: Chair

Ok please, thank you.

SABECO: Nape Phakoago:

Yo don't drink coke ma'am

Competition Commission: Chair

Sorry, you don't

SABECO: Nape Phakoago:

You don't drink coke

Competition Commission: Chair

Who me?

SABECO: Nape Phakoago:

Yes you, look on top of the lid you will see the price there

Competition Commission: Chair

Ok, I drink it but I do not sell it

SABECO: Nape Phakoago

No not for selling, that price is for retailing price.

Competition Commission: Chair

You paid two thousand rand to the to the chief. Can you just explain for us just to understand it traditional system and the role played by the chief in distributing land why will the chief be charging R2000, where does this R2000 go and how is it determined, who determines this. Is it in terms of the law somewhere.

SABECO: Nape Phakoago:

You know what ma'am we are from the rural area we were being governed by the Chiefs neh. At the back we were just asking land from them. And there were just pointing some other people to go and measure and give the measurements for the place were we have chosen. And then now we go to them because we are used to go to them. Is the one who must give you a letter first cannot just go and build a house there because tomorrow he will just send his people to come and burn your shop just because he will say I don't know this, you see. Then you go there you take the letter you go to the municipality, the municipality also gives you a letter you combine them then you take it to the government.

Competition Commission: Chair

So for you to get a letter from the chief you must pay R2000.

SABECO: Nape Phakoago:

Yes maám.

Madam Chair:

For him to grant to a site, the site.

SABECO: Nape Phakoago:

Yes maám

Competition Commission: Chair

Do you know where this money goes

SABECO: Nape Phakoago:

I don't know.

Competition Commission: Chair

Ok, and you said it's in your area can you just remind us which area is this.

SABECO: Nape Phakoago

Aah, all those are doing at Sekhukhune are doing that that.

Competition Commission: Chair

Sekhukhune land, ok. ok. thank you Sir, thank you very much. We are done.

Competition Commission: Chair

Ok next submission would be from Machama Kopo Merchant Enterprise, will you please take a stand.

Majamogopo and Enterprise: Joseph Mabu

My name is is Joseph Mabu, in order ways I am Mr soil or ground. Yes I am coming from Limpopo province under the jurisdictional areas of Sekhukhune land. So I'm with my colleagues here as we call each other aah members because we are all the directors or the members or the promoters of the new company that we are going to speak about it now here. So I just shall speak my broken English where I am unable to talk I shall use my mother tongue. Cause, yes and then I would like also to correct a little thing here. There is a tendency that people like to say the black people in South Africa cannot establish a business company or else I can say a giant corporation this is not at all the truth. Why I'm saying so is because we have already started. To make what to establish a limited liability business company. And this thing took us a very very long time I was a youth with other by 1976 and my other friends as I can mention one is Peter Mothlante now Galema. Then my other friends went into politics, socially I went to economic. And what I would like to put on this table today is this message of seeing to fellow blacks let us try, I have tried and managed today here, I hear the business here is just this a small business like spaza shops and so forth to my fellow blacks and others I think the giant existing businesses like Pick n Pay and Shoprites and so forth. Yes, I would like to say we have started in 1976 till 1986 we were started to speak to the people this ten years it was the time to to to plan. And then in 1986 to 1996 was to trying to be helds meetings with people. 1996 we we managed to get good to this name of my Majamohupu Merchant Enterprise Limited, in 2006 the name

was registered it's even now deregistered because of the business cannot make business or operate now I think our our our speech here is a little bit different let me continue because of the time. We are at the rural areas the place where there is no any deed and the place where there is no competition but the place where there is really little knowledge about money, company, share and so forth and what so forth. Now are here but I think. I don't know our message will be clear and we are here to know. how this business is going to be competing with the existing companies. Those are in business already because now it's obvious that all the companies existing seen the market from the rural areas. They compete alone there to mke shopping malls and then my colleague will speak on business land, I shall not waste time speaking about business land because I'm with my colleague who knows all about the business site.

Lastly our business is a wholesale merchant we are intended to do to serve is especially retailers, where are this business going to get the products is from the secondary companies or the manufacaturing companies all over the world. England and externally. We are intended again to give excellent service to the public why I'm saying so. Is because one government s not understanding us to, let me see every company from the world as is is the new company that goes to the government or to the country to to apply for the inherent capital fund. So the country, the government of the country provided the inherent fund takes five years in the company then I'm back to the government interest free but not in our government. We don't know why So where is our finance is going to come from is because this is the public company limited by share capital. Ok this is very difficult for the blackman to understand, I repeat this is very very difficult for my fellow blackman to understand it is they always ask questions to us where is your business going to get the money we answer by saying from the market the market is the people, so rural areas of Southern Africa counts about according to myself can be 70 to 75% That's why we say if they understand what is the share, what is a company they will provide us with their little my money so that we build the share capital of the company. Then we are going to run our company smoothly as long as we have explained to the people what the company is what we are going to do for them. Ok I think if we are not there running out of the time. Ms Thobejane will speak very short about the competition between the existing companies, trading companies not manufacturing companies and then Mr Job Competition Commission's grocery retail market inquiry – Gauteng 7 June 2017

Mosotho is going to explain a little about really a problem that we get or we meet about business sites at the rural areas.

Madam Chair: Mr Mabo can I just ask just one questions. So you your your business Majamogopo and Enterprise is it operating already or is it not yet operating?

Majamogopo and Enterprise: Joseph Mabu

Its not yet operating but we declared operational from the 1st March of this this year so we've two departments now which is operating.

Competition Commission: Chair

Madam Ok, ok, ok fine we can speak to the next person.

Majamokopo Merchant and Enterprise: Thabitha Thobejane

Morning everybody I just want to highlight that we are the (gets interrupted)

Competition Commission: Chair

Sorry maám will you please introduce yourself.

Majamokopo Merchant and Enterprise: Thabitha Thobejane

Oh I am Thabitha Thobejane Majamokopo Merchant and Enterprise.

Competition Commission: Chair

Thabitha?

Majamokopo Merchant and Enterprise: Thabitha Thobejane

Thabitha Thobejane

Competition Commission: Chair

You may continue maám.

Majamokopo Merchant and Enterprise: Thabitha Thobejane

Ok what I would like to say here is that we want to lay the foundation for the youth, we want to highlight them how to start their business, their small business like spaza shops and tuck shops and after that were are going to show them how to start a small company, small powerful company must affiliate with big companies. Small companies Competition Commission's grocery retail market inquiry – Gauteng 7 June 2017

powerless must affiliate with big companies powerful because we don't have a quick start when you are a small company but we are going to get a kick start to big company powerful because all the youth are going to start their spaza shops and what,so we must start them how to start the chain shops, the malls and so forth. So the Majamokopo company is going to train black people in the rural areas how to start their own.

Competition Commission: Chair

Sorry maám can you clarify something, can you speak in your own language so that the translators can explain to us? So that you feel comfortable, you are not forced to speak in English.

Majamokopo Merchant and Enterprise: Thabitha Thobejane

Ok, actually that is how I preferred it, because I want to express myself. Because we encounter problems because Black will always have nothing in the own land the whole Africa whereas it is their own land. Not South Africa, the whole Africa for the black people. Black people know nothing about business, business is given to white people and when you ask our government they say money is handled by the whites which is wrong. When we have a share as a black person in your country or in your continent where you do have a share. You see when you buy a share from white people, we don't have shares we don't have banks we bank with white people. So Majamokopo is going to build this is going to build banks to bank for ourselves so what for forty years. This man started in 1976 from England wanting to know why do black people, why don't black people have companies this is a first black company are owned by a black man, they want to know, he wanted to make every black man and millionaire. So we want to know or each part so you want to know when you invest your money you need to know that if you invest 10 cent what's going to happen with it you, invested one million you don't know what happened with your ten cent your 10 cents you need to know what happened to a 10 cent so that it makes R120 per year you need to understand that so if you invest with R100 you can take in it, you can withdraw it once, investment does not continue continue. If you invest one million you need to get R1000 interest you need to finish it in ten minutes. You're your investment you need to open your you need to know to invest once, when they say you need to take out money every single month that's wrong. So you must know you must know the secret so that we need to

know that when I invest R100 within three years what's it's going to be three million which is a miracle that will never happen so that will happen in Majamokopo is a we're going to reveal a secret that comes from from England. Mr Mabe (gets interrupted by madam chair)

Competition Commission: Chair:

First of all I just want to understand you do you all come from Sekhikhune land

Majamokopo Merchant and Enterprise: Thabitha Thobejane

Yes from Sekhukhune land we are the suffering.

Competition Commission: Chair

He also mentioned that you're going to talk about malls and the land we get we get the point about the business and what the enterprise is intending to do and how you are and how you are selling the business to people we understand that (ok) so we would like you to tell us can you go back to the point that Sir said you will touch on regarding land and malls in your area, now you've basically made the point that it's good businesses that are now moving into rural areas and you will be the one speaking to us and that can move to the point.

Majamokopo Merchant and Enterprise: Thabitha Thobejane

Aah in Gamasha village we are obliged to have have a mall there we told them that we don't never have one to another mall that will be occupied by other people. We want, we want the mall to operated by local people from Gamasha we want to teach them how to style a mall we know how to do it but but black people, will teach them how to start a mall so we will keep talking and talking that black people will be led by someone else but he cares not confident enough to lead himself so we are going to build the malls and we have applied so that we can have our first mall.

Competition Commission:Chair

The mall that you are talking about is in,what is the name of the village?

Majamokopo Merchant and Enterprise: Thabitha Thobejane

Gamasha, next to two rivers.

Competition Commission: Chair

Two rivers, ok. And this is a mall that is about to be built.

Majamokopo Merchant and Enterprise: Thabitha Thobejane

Yes but you're going to look for money we do not have kick start.

Competition Commission: Chair

So its a mall that you intend to build.

Majamokopo Merchant and Enterprise: Thabitha Thobejane

Yes to show black people that they can do.

Competition Commission: Chair

So how how would you like this inquiry to assist you, why have you come forward why are you here, how would you like this inquiry to help you your and your business plans because I experienced difficulties that you left like us to assist you with and what are those difficulties.

Majamokopo Merchant and Enterprise: Thabitha Thobejane

The difficulties are don't know how to have finance we don't have capital to start a business and the capital has to come from the government at least ten million, so that we can teach people the community has a lot of benefits which is fifty one percent but I don't know where it goes. About eleven mines there but I don't know what happens to the fifty one percent from the commission that comes from mines that are no if it goes to the Chiefs or it's been taken by miners they have they have no idea. The fifty one percent goes to Anglo American. They don't develop roads.

Competition Commission: Chair

In which company do you hold this fifty one percent.

Majamokopo Merchant and Enterprise: Thabitha Thobejane

Because I'm a grandchild in the Gamasha village we were told that we need to get fifty one percent but even now we don't know what happens to that. But we know that we need to get fifty one percent but what happens with it because the community has nothing to show for it there are mines that we own where does the money go, because

it doesn't take our children to school roads are messy nothing is being developed. It's a secret in the village we need to know where fifty one percent of it is an every month goes. We have we also have a part that we need to mine.

Competition Commission: Chair

We have noted that, thank you.

Job Mosotho

I am Job Mosotho, I'm also from Limpopo too. I'm going to be very much short. I'll take this thing as a summary I just want to put in submission to competition. Commission that we are facing some challenges specially when coming the sites. We used to go to the Chiefs, when we go there and request or ask fourteen or fifteen hectars, we really they used to deny they were just want to know why so big land. And the Constitution of the country put it clear we have got the right to get land right. but if we are following the right channel to request them and respect them, it is not so easy to get that part of a land so to put this into a commission we just hope with that it maybe it will be as sort of a solution that the commision can assistus. And we also aimed to let the community benefit. And I think and I do hope that it will benefit and community will benefit a lot once Majamokopo can be stand and start operating. As I have said I would be very much shorter because I was just one to put it this challenge to the Commission maybe we can have a sort of mechanism of how to let this be solved the challenges of sites in particular.

Competition Commission: Chair

Thanks Sir, Mr Mosotho you mentioned that you approached chief for land, how many chiefs have you approached in which villages can you give us more details. Who are these Chiefs so that we have more details of.

Mr Job Mosotho:

The Chiefs are to closed to many More Mampuru, Mamone

Competition Commission: Chair

for which area is he a Chief for?

Mr Job Mosotho

Jan Force, Chief Mampuru

Competition Commission: Chair

For which Village area?

Mr Job Mosotho

Jan Force area, yes. And the second one will be Madihlaba Dikwechi.

Competition Commission: Chair

Is that the name of the Chief?

Mr Job Mosotho:

Yes, the area is Riverside.

Competition Commission: Chair

The surname Sir, Madihlaba?

Mr Job Mosotho:

Madihlaba Dikwetse

Competition Commission: Chair

Can you spell it for us Sir?

Lady spelling: Dikwetse

Madam Chair:

And which area Sir?

Mr Job Mosotho:

River side and Gamoloi

Competition Commission: Chair

In Sekhunekhune land, so he covers riverside and Gamoloi. And then the next Chief that you approached?

Mr Job Mosotho:

Matlala, Chief Matlala Mphokwane

Competition Commission: Chair

For which area?

Mr Job Mosotho:

Nobu area

Competition Commission: Chair

Nobu?

Mr Job Mosotho:

Nobo

Competition Commission: Chair

So these are the chiefs that you have approached

Mr Job Mosotho:

Yes, if you look at the area its open and people are there.

Competition Commission: Chair

And you approached these Chiefs for business sites?

Mr Job Mosotho:

Yes for business sites because Majamokopo should have business sites two or three apart from it two to someone.

Madam Chair:

And you would like this inquiry to assist you in solving this issue because you are not getting anywhere with all these Chiefs.

Mr Job Mosotho:

Yes

Competition Commission: Chair

Ok, we have noted all your concerns Sir, thanks

Mr Job Mosotho:

Thanks

Competition Commission: Chair

We will now get we'll get our next admission from SAPOA, you may proceed when you are ready.

SAPOA: Johan Coetzee

Thank you chair my name is Johan Coetzee I am from First Martineaus Attorneys acting on behalf of SAPOA I just want to introduce the people from SAPAWA it's Mr Neil Gopal the C.E.O, Deseree Naft from the legal committee and Muntas Malouf the legal advisor at SAPOA. If you may commence the just some background on the process. The SAPOA our involvement with issue number two that is submission objective number two started off during in 2011 when the Competition Commission concluded an investigation against the four major supermarkets. One of the identified areas at that stage was inclusive exclusive lease agreements. Following that The Competition Commission found that the these exclusive lease agreements may constitute a contravention of the Competition Act after that there was an understanding that these provisions are not legal and it wasn't forced aggressively by certain parties certain retail parties following that. Madam Chair: Excuse me do you mind we me battling to hear the front here, thank you.

SAPOA: Johan Coetzee

This led to a lot of an uncertainty at that stage on what the law was and consequently also certain major applications led to conditions being imposed. That parties had to negotiate in good faith to seek an end to the relevant clauses in exclusive lease agreements which in itself is a bit unsensical and because it is not enforceable. Following that the SAPOA filed the complaint that was in. August t2014. The complaint ensued during May with some submissions were made on behalf of members which were all confidential the submissions were confidential but during

May the commission indicated that the market inquiry was to be established and that the complaint will be not continue at that stage. During August 2016 SAPOA's members submitted through SAPOA certain written submissions I think it's important just to stress that these questions were confidential the submissions were not to get circulated between members and SAPOA I was merely just a conduit and assisting and facilitating the process, the importance the they often use that the information he says is sensitive from a market perspective and between members So we are now here today we've been asked requested to appear today if this is not oral for additional submissions or such because written submissions have been made but we have been asked to be present to address any questions that may arise ,so if they are any questions I will try and just ask the relevant persons to address any questions from your side. Thank you.

Competition Commission: Chair

Thank you. My first question we've heard issues raised about something called a bankable lease and we just want to and we just want to understand what is a bankable lease from SAPOA's perspective and what do your members understand a bankable this to be?

SAPOA: Muntas Malouf

Don't know the exact term and doesn't relate to the question if the lease is long enough to make financial sense. Feasible that the project is feasible for example that the mall is feasible if there is a long enough and income generated.

Competition Commission: Chair

There was a mic that they put there. I don't know if it's been taken away so if you any of you want to say something you just use it and still speak to it. Thank you.

So so you saying that the concept of a bankable lease is not known to SAPOA members. Not the members that are present here. Sorry the CEO and the....

SAPOA: Neil Gopal

The term is not used in the industry but I think the explanation that if the lease agreement again is long enough to pay back for the development. That it does

generate sufficient income month to month, year to year that to me sounds like a bankable lease.

Competition Commission: Chair

OK.

SAPOA: Neil Gopal

It's a bit like getting a tenant in townhouse I guess if you own one if the rental is less than what you need it's not a bankable lease. You are going to make a loss.

Competition Commission: Chair

OK, maybe let me step back a bit and can you speak about who SAPOA is and how many members do you have and what is the nature of the business that is operated by your members so that for the public benefit.

SAPOA: Neil Gopal

Ok, so just historically we were established by Sunlam and Old Mutual in 1966. It's a voluntary nonprofit association. We currently fifty years later now represent just over one thousand companies in South Africa. Our members own and control most of the largest shopping centers, office parks and in industrial parks in the country so some of the biggest assets like the V.N.A. Waterfronts and Sandton City, Eastgate, Menlyn and some of the smaller shopping centers as well.

We as an industry body provide a number of services for the industry and your conference for example we undertake quite a bit of research for the industry. Retail trends reports, office vacancy studies. We, our membership is categorized in in a number of number of different a member such as property owners that are listed on the Joburg Stock Exchange, property managers companies like Brolin and JHI.

We have a huge number of professionals as members of the architects, attorneys urban designers and brokers. There's a number of government departments that are members, SARS, DTI, Public works.

Competition Commission: Chair

Are the professionals also your members?

SAPOA: Neil Gopal

Yes. So it's a voluntary body and different groups of members get different types of services from us. And essentially I guess part of the reason we here is because we represent most of the landlords in shopping center owners.

Competition Commission: Chair

OK Can you take us through the concept of how land is identified for retail let's say for grocery retail specifically that's what because that's what we are focusing on as identified by a property developer or by a retailer. If that land is to be owned by retailer. If you have knowledge of that. How is that process? How is that done? Just take is through that.

SAPOA: Neil Gopal

It's not an easy question to answer because I think every development has its own history behind and it in it's own way of doing it ,firstly. I think every development, the land is owned by could be different parties, one could be owned by a developer other parcels of land can be owned by government such as the VNA Waterfront. Some piece of land are owned by individuals. So each development is different but I think in essence to spark off a development one would need to do a marketing study to ascertain what's in the catchment area I'm assuming whether that geographically located property can actually capture a market. And will it actually make money. Is there are there too many developments within a certain radius. Or is there a lack of development and so should we actually build a shopping center that can actually become profitable.

Competition Commission: Chair

OK. Once that land is identified. Do you know what would be the next step. Do you approach a municipality what do you approach the municipality for and what is that process.

SAPOA: Neil Gopal

OK, So again, I think every municipality operates slightly differently in terms of their rezoning plans. I think first and foremost again each development is done differently so I can't conclusively say that the developer may own one hundred percent of that piece of land or the bank may take some equity into it if they see that it's feasible and what percentage. But the steps unfolding from that would be then to approach municipality to get the land rezone for retail purposes and in some cases if you're lucky it can go through fairly quickly in certain instances and takes seven, eight, nine years to actually get a rezoning application approved just to bear in mind the market changes significantly.

So there's a lot of risk that goes into putting together these huge developments. And once approvals are gone through and it's not just rezoning but there's transportation planning studies, there is geotechnical studies that need to be done environmental impact assessments. And then is breaking ground I guess. Raising adequate finance from the financial institutions, could be local, could be international and then the shopping center is then built and then obviously also sort of just on the back of certain lease agreements that are signed with tenants or prospective tenants and some of them would be then those anchor tenants, the big one, big retailers.

Competition Commission: Chair

And how many of your members that is SAPOA members are involved in retail land development .

SAPOA: Neil Gopal

I couldn't I couldn't tell you but there must be hundreds.

Competition Commission: Chair

Of out of that 1000 membership. I'm asking this because I think it's going to be it's going to be very difficult for us to deal with the with SAPOA then because there questions that need to be addressed very specifically with the actually members and we would like to and what is the attitude your members to appear before the inquiry either through a public hearing or having a meeting with the inquiry team? Because

the purpose of the inquiry is to actually gather more information and understand what they're doing so if we if that information cannot be available through SAPOA then we would need to speak to the individuals companies

SAPOA: Neil Gopal

I know we made certain submissions that were confidentially in nature and that that revolved around lease agreements with but certain retailers so you do have that information but I suspect that calling in those individual members I think there would be open to coming in talking to you we may just need to test the market. Either do it through us or you're welcome to call them directly. I don't have a mandate to talk on behalf of the members in terms of individual lease agreements because I haven't been party to it and I haven't seen those lease agreements. I am not too sure what's in there so I wouldn't be able to answer those those questions in a public hearing or private hearing.

Competition Commission: Chair

Are you able to to to to make any submissions or answer any questions on exclusive leases and what the attitude of your members is towards exclusivity in lease agreements broadly?

SAPOA: Neil Gopal

Generally yes, I mean we conducted a survey many years ago and most of the shopping center owners and landlords were against exclusivity.

Competition Commission: Chair

So when you say many like percentage wise

SAPOA: Neil Gopal

I would say more than ninety percent

Competition Commission: Chair

Yes were against exclusivity clauses but they also feel a little I guess stuck in the corner because they feel they're being forced to sign these lease agreements. In order

to get the shopping centre deals off the ground. Without those retailers and anchor tenants the feasibility if it's the shopping center will not take off and the banks are going to loan you the money to actually even build that shopping centre. But I think what the and I am assuming and I suspect what the industry's asking for is some certainty on the law because it seems to be a bit of a gray area for the industry. Is it anti-competitive or not if they can get that answer and they would really it would make life a bit easier we've got international presence on this in the European Union Australia, I think the US. They've many stood deal with these cases so the we we honing onto the Australian example.

We think it was a workable solution. And I think that has been made in our submission as well. Deseree do you have a a view on this.

SAPOA: Deseree Naft

Also, I think what's important to take note of is property owners often inherit when they purchase properties that inherit leases with exclusive clauses in it which they never negotiated and that is a big problem particularly if the lease is a long term lease. Then you've got to you've got a contractual obligation which you are obliged to uphold.

Competition Commission: Chair

We have had submissions from some tenants specifically from the supermarket side saying that the reluctance with the reason that they have these exclusive, exclusive leases it's because I'm not sure if you can answer this as SAPOA, it's becoming difficult for us for me to put this questions to you that they they feel they cannot trust the property owner or developer to to to to act responsibly. Especially in light of the amount of investment that the like of your kind of anchor tenants put in in a in a in a in a mall for example what is your comment on that?

The lack of responsibility what what is what is the responsibility of a property developer or your members what is their articulate what is your comment on that and that statement. If you have any.

SAPOA: Muntas Malouf

If I can add something. I think it's a balance between the two. The developer on the one side and the retailer and then also perhaps in the Robert the property owner as well that could be a third party as well so it cannot be so so I think it's not a question that it's not should they should be no exclusive lease agreements but if there are exclusive these provisions this should be a limitation or some time limit on it like and I think this is what the other jurisdictions are doing like in Australia that's just five years where for example the RPG. market inquiry dealt with a ten year period for distribution agreements as being realistic.

So I think that is the balance I think it's it's there should be the balance between the two.

Competition Commission: Chair

Do your members have any view, any do you have any any position that you can share from your members on what their proposal is on that that limitation in relating to sun in relation to whether what that limitation could be in relation to South Africa and why

SAPOA: Muntas Malouf

There's no specific mandate that I've got but but I think Deseree if you want to jump in

SAPOA: Deseree Naft

I think to the extent that exclusive leases are permitted they should be limited for a certain period. We, SAPOA's view is we favor the Australian model. Possibly five to seven years. To the extent that it's needed. And. The problem comes in also with the when when when we tend to start restricting what can be within so many meters from the from the shop front or they have at the smaller butcheries or the bakeries or the flower shops or the vegetable, fruit and vegetable shops that you know there's got to be a limitation on what that restriction must be.

And our view is that the Commission must look at the size of the shopping center because the bigger the size of the shopping center the less the need is for exclusivity. And then also a property owners are sensitive to the malls they're not

going to put in ten hairdressers inside a shopping center because it's not going to work for all ten hairdressers.

So the industry is within itself, self regulating to some degree but there certainly needs to be a curtailment on the on the length of a of an exclusive lease and currently what is happening is you have these long term leases with four five options to renew and these leases continue these exclusive leases continued in perpetuity and then there's no end to them.

Competition Commission: Chair

You just touch on something. With regards to, with regards to exclusive leases and the smaller shops in the in the malls, sorry, sorry, and the size of the malls and how many and the anchor tenants and all that. In your, is there a broad view amongst SAPOA members as to how many anchor tenants they can be or grocery retailers they can be in a certain size mall dow a breakdown of that that that is kind of suggested or proposed as a viable proposal proposition.

SAPOA: Deseree Naft

I don't think we have that information readily available other than to say a shopping center of the size between the say sixty five thousand to eighty five thousand squares could possibly hold two to three large food retailers.

Competition Commission: Chair

What about the smaller, what about the smaller retailers, what about bakeries, what about butcheries? Where are they in that picture when when you do when this is considered? Is there any, has there been any thought about not just anchor tenants has that has there been any thought about if you have two or three large anchor tenants can you still fit in smaller retailers and specialty retailers therefore and how many has that been considered?

SAPOA: Deseree Naft

I don't think SAPOA is in a position to answer that question in terms of numbers but they would be there would be room certainly for other food smaller food retailers.

Competition Commission: Chair

This is from the perspective of the property developers themselves.

SAPOA

Yes

Competition Commission: Chair

And then OK can you go through can you go through the various sizes that you would like to suggest the numbers are numbers for anchor tenants. You said between sixty five and eighty thousand two or three large retailers, smaller than that as you go down because in the townships you may find you have smaller for example for example, I am making an example here, smaller mall and then we want to see in that instance how many retailers can be accommodated. We would like to consider that.

SAPOA: Deseree Naft

You see my perspective, I'm just would put my perspective is a legal perspective it would be best if you if you put that to a developer property developer that the developer would be in a bit of a position to answer that question.

Competition Commission: Chair

Okay, thank you

Competition Commission: Du Plessis

Are you Able to speak to the role of financiers in in the concluding of the exclusive lease agreements or the exclusivity provisions in the lease agreements. In your experience or in your in your view or according to your knowledge do you know if financiers have any influence over that?

SAPOA: Deseree Naft

In terms of our knowledge what we are aware of is that financiers want to make sure that a development is fully let before they are prepared to advance finances to the developer. To the extent that they get involved with the with the clauses in the leases I don't know what extent the involvement is. I think you'd have to direct that question to the financier's.

But from our perspective what we are aware of is that they just want the development fully let. I don't think they too involved in the negotiation of the leases.

Competition Commission: Du Plessis

OK And then just in terms of the tenant mix; are there broad principles that you can tell us about in terms of a typical tenant mix in a mall just for the benefit of the public as well so that we know what are the various considerations that are generally taken into consideration when a developer decides or puts together a tenant mix.

SAPOA: Deseree Naft

Again I think this is something that you need to address with a developer but there has to be one anchor tenant at least or more depending on the size of the of the shopping center to draw feet and then tenant mix is is of paramount importance.

It would have to be a mix of food, fashion, chemist, entertainment. You will have to speak to the experts that design shopping centers around this.

Competition Commission: Du Plessis

But is it safe to say that it would not be in the developer or the landlords in best interest to for example have two bakeries right next to each other especially if it's a smaller smaller development.

SAPOA: Neil Gopal

And I think it's probably not in the best interest of the two bakeries to to be next to each other. It's their livelihood end of the day. So I think it's a bit of a compromise because no developer or shopping center owner wants his tenants to fail because if the tenants fail the shopping centre fails. And no tenant wants a developer to fail because and then his business also goes down the drain. So there needs to be some compromise in negotiation between owners, landlords, developers and tenants. You've got to get that mix right. if you get it wrong everybody suffers at the end of the day and there's big implications I mean there's job creation you know for every hundred square meters of shopping Center we build we create four permanent jobs. Rates and taxes to the municipality once a shopping center starts crumbling municipalities inevitably starts suffering no rates and taxes.

So there's implications all the way down if you don't get the tenant mix right.

Competition Commission: Du Plessis

So, so given that does that in your view or in your opinion somewhat negate the fact or the need to have an exclusivity clause in the lease agreement altogether given that it is in the property developers interest that the tenants survive that there is a right tenant mix that draws enough feet to the development so that they're there so that the landlord eventually gets the most rental out of shops that are doing well in the shopping center.

Does that that incentive on the property developer side is that to certain extent negate their all will make there the need for an exclusivity provision in a lease agreement unnecessary.

taken into consideration when a developer decides or puts together a tenant mix.

SAPOA: Deseree Naft

It it ends up being a very self regulating situation amongst property owners because property owners are sensitive to tenant mix. It's vital to the success of the shopping center so when a shopping center is constructed and developed property owner is not going to like I said before get 10 hairdressers into a shopping center. It will be one or two because you want tenants to be able to compete and you want there to be enough competition in your shopping center for customers to come but you don't want it to be so much competition that nobody makes a profit so it's a fine balance.

Competition Commission: Du Plessis

We've heard a lot of comments with regards to rentals in in shopping malls and the fact that anchor tenants pay a much lower rate than other shops, can you explain to us why generally that is the case.

SAPOA: Deseree Naft

It's related to size that the anchor tenant and then they also have turnover clauses so they if their rental per square meter is lower the, the property owners recover on turnover rental. Just not all tenants pay a turnover rental.

Competition Commission: Du Plessis

What is typically so if we can just unpack that a little bit the turnover rental. So does that mean that essentially this the shop that has the most customers or draws the most customers then by a low rental is that what it what it boils down to.

SAPOA: Deseree Naft

Not necessarily. It's it all depends what is negotiated time between the developer and the retailer. But like I said the even if on the rental side it's lower the property owners make up for it on the turnover rental.

Competition Commission: Du Plessis

You indicated earlier that it could take as long as between I think seventy to nine years or far yes seven to nine years for rezoning process to be to be finalized why that long first of all? What takes that long in your in your view and then secondly do you know what you know is that that period of seven to nine years how large how does that compare to to the turnaround time of and zoning that happens internationally for example if we had to compare ourselves to someone.

SAPOA: Neil Gopal

To answer your first question I think it's just inefficiencies, red tape in municipalities. There's also high vacancy rates in town planning departments. I also don't municipalities have structured their approval process appropriately. I think they give the same treatment from a five billion rand development to maybe a ten million rand development so one's going to create a lot more jobs pump more rates. I think they're all dealt with in the same pot. So there's a number of factors.

Again I think you know every municipality in this country deals with their processes differently. So it's very difficult for me to just say what's a correct time period but in speaking to most developers they they would expect at least approval between six to

twelve months and not wait that long. Again the market keeps on changing there's economic conditions out there, globally and locally that makes a feasibility change from month to month. And you may think one day something's profitable but in six or seven years time you submit this piece of land that you bought and you've assumed serious risk on it and you've spent millions on architectural drawings and plans and rezonings. And things can go horribly wrong.

So yeah I think the shorter the period we're not asking municipalities to break the law we're just asking them to be a little bit more efficient and also it's in the best interests of the municipality because of the rate space. You know members contribute are the largest rate payers in most municipal or metropolitan municipalities.

Competition Commission: Du Plessis

I think we've heard a lot from from a couple of stakeholders throughout the week and even during our Cape Town public hearings that the smallest the smallest I call the businesses in in township areas for example were not necessarily consulted when a big mall opened up in in that area. Whose responsibility is it to do that consultation? Is it on the, does it fall on the municipality side, who does that responsibility lie with.

SAPOA: Neil Gopal

Again that's part of the law. If a property is to be rezoned there is obviously an advert that goes out. And in terms of the law, there is a public participation process. So, the obligation vests with the municipality on that front.

Competition Commission: Du Plessis

Thank you.

Competition Commission: Chair

I just want to understand. SAPOA is an association of property owners themselves. And I would like to understand you have made a submission to this inquiry. Which you've made confidential. What is the discomfort with amongst the members with making public their views, when when it's actually your property that you own the property so where does that discomfort lie

SAPOA: Neil Gopal

So there's a fundamental difference in giving you view as an industry on the matter of exclusivity versus that of a contractual agreement a confidential agreement between a retailer and a landlord.

There's confidentiality clauses in those lease agreements would be breaking the law by putting that out to in a public hearing. So a member would potentially be comfortable and we have the agreements you're sitting with they've made them available but there is confidential clauses. They could be sued for that if it gets out in a public hearing.

SAPOA: Muntas Malouf

If I can just add to that the information wasn't shared between the members as well. It just came strictly to SAPOA and through to the inquiry.

Competition Commission: Chair

OK, in view of what I've asked and your answer is it possible to get any information that the, it is it possible for example for or what purpose would it serve for example for us to have a property owner appearing before this inquiry at all if they cannot discuss what they are doing if they cannot discuss the relationship that they have with the anchor tenant is there any purpose served in your views because I going to ask maybe for the KZN hearing we have the actually property owners themselves participate in some of them participating so that we we can hear directly from them but again it will be a futile exercise for us to have a party appearing only to tell us that no actually our hands are tied. Tied by the agreement that we have with the anchor tenant. will it serve any purpose to have property owners appearing before this inquiry at a public hearing in your view.

SAPOA: Neil Gopal

That's a very difficult one I mean I guess we try not to break the law here so there's this there's agreements in place or confidentially confidential clauses in there and I think if any party be it a landlord if I was a landlord and sitting here right now and I had a lease agreement I wouldn't be able to give you information in terms of that lease in a public hearing because I could be sued by the retailer. So we must put that aside

and understand that but I think the nature of your previous questions, the detail around how the shopping centers are built, the feasibility a development in a rural area versus say an urban area those type of questions I think are pertinent and they may be useful for you. So I would answer you by saying I think it would be probably any important thing to do have those property owners and developers speak to those type of questions you know.

SAPOA: Muntas Malouf

There is also, sorry to interrupt but there's also other research available like other companies like Urban Studies in Johannesburg that they might also be able to assist with this type of information on shopping centers and what mix is available and so on for what it's worth.

Competition Commission: Chair

Would it be so so so would it be a better arrangement then to have private consultations with property owners if for example, as we go through go this inquiry as issues are identified. Would they be willing to meet with the inquiry and discussing whatever it is or specific questions that we have with regards to certain agreements that they have entered to, the dynamics around those agreements even generally on just the attitude of the various supermarket chains in because surely we've seen we've viewed some of the of the agreements that have been entered into. And you can see from the clauses in the language used how it's the how it's couched you can actually tell the different attitudes towards what they're doing.

We've already had we have a sense of that but we would also like to discuss with owners themselves just to get a sense of what is going on behind the sense it would that be possible then to me to these individual

SAPOA: Neil Gopal

Yeah most definitely. I think there would be happy to talk to you

Competition Commission: Chair

And discuss the other specific agreements without having the public interest

SAPOA: Neil Gopal

I think they would be more than happy to. We have a and I'm not to sure if we submitted the survey that we did years ago.

Competition Commission: Chair

You did. The one that does not mention names mentioned numbers. I have had sight of that.

OK, I think that's all from us. Thank you

At this point we will adjourn for tear break, a fifteen minute break and then we will call on the next stakeholder to make a submission.

SESSION 4

Competition Commission: Chair

We are ready to proceed. Our next submission is from Mr Moses Simango of Offal Butchery. Buti you may proceed. Start by introducing, telling us who you are and what your business is about and then why you are here.

Sholo Offal Distributor: Moses Simango

I am Moses Simango from Sholo Offal Distributor at Atteridgeville, Saulsville. I'm dealing with offals. Offals means is the internal part of the ox only. So, I started my business at 1989, dealing with Offal only. So I did deal till today I am still dealing with it. I real have a big challenge since that time till today I could't reach it.

Offal is something which is very sensitive and all the customers are looking at the fresh offal. So if they are looking at fresh offal, where I am buying the offal I can't buy the stock which I want because of the transport which I am using. When I talk to

the people at the abattoir, can you deliver to me the stuff all the abattoirs I am buying they say no. Our trucks are able to work with the body of the cow not the intestine. The intestine you must come and collect it. So, if I order around 40 intestines, I can't load all of them at once. I have to load around 20 and maybe time I hire another car to come and load another 20 because if I load the whole 40 those intestines they are from the body of the cow, they are still hot. if you put them together, all 40 you must expect around 20 or 15 which are better when you reach at home, when you reach the destination.

So I had a plan that If I had a truck with a fridge at the back I was supposed to, when I load them them must hang them. There must hang them very nicely against the truck so that the truck when it reaches the place. The things are still in good condition. The problem, so I had to tell my customers I says let's use the frozen stuff, which is freezes and most of mu customers are selling around the streets with pots, I deliver for them. They are complaining and say no we are looking for fresh because they say the frozen, the fridge taken the whole taste away. So we have to get the fresh from the cow direct to use. So, I do try to manage them but my suffering is only one thing. Sometimes I come late, I have to use, I have to have a cold room where I can fit my things inside very nicely so that tomorrow some of the customers I must deliver them the rest.

So I don't have such things like that because , the profit which I make it it comes but it drops down by difficulties sometime if my car can stop along the way it means when my customers can phone me and I just tell them I didn't get this stuff because the whole stuff I have to take it to the dumping area. When the car stuck, when we can maybe meet a puncture, I can't get the hold of it quickly. The sun is hot and the car is got a good canopy but according to those things are hot. they are from the stomach of the cow is a very big challenge. If I need that customer again. I can't force him to take those things , I have to throw them away and tell him I didn't get the stuff today. That is the issues that I have tried since that time. I have tried to lease so that I can manage to get a truck. So, if I see, I can see if the car is stuck, I loose almost R10 000 because I have to because my truck is loading 10 000 stock. It means that sometimes I put the money in the bank. I found that I've got R40 000 I say no I am coming but when it drops, it drops at once R10 000 because I have to throw those things away and go and withdraw another R10 000 at then start again.

I have got about 12 workers who are working with me. Because that stuff is very much sensitive better than anything. When it comes it must be very clean. It must be packed in a very nice place and it must go directly to the fridge, very nice so that tomorrow in the morning when the rest of the customer collects their things. They must get their things they are right. Because if I give a customer a thing, I am using a white plastic bag but some of my oppositions those that didn't go far with this business they were using black refuse plastics so that a customer didn't see inside. He must just deliver, collect money and go. SO in that way I force myself and say no I must use the white plastic where ever I reach the customer. He must see that that stuff is very good inside. So, that's what all this people even now I don't have opposition because all this people they start the business that I am doing but they don't got further. I am talking about these loosely at once because they just keep them I don't know but tomorrow all of them they are rotten, you have to throw them away. He paid for those things. They buy those things. That's that's the big challenge on this business of mine and If I got those resources I think the business can go well. I am afraid to go further I used to ask some neighbour's places like Hammernskraal wherever around the townships, who is selling this stuff of mine. They say no people is selling that they said when I ask someone when I go and visit somewhere I do ask about them. They say, no no one is selling those things. We used to find them at the malls and I used to go to the malls and go look at their stuff which is my stuff the frozen one but If I check it I say no that's what those people who are working in the area with the pots they come to me.

This people they don't know how to handle this. I am from a, when I start this business I was working with my father before he passed away so my father came alright. He had some cold rooms, he has some good van and a fridge at the back. But the time he passed away, we are 11 his kids, we are 11. They do make a meeting at home. The father passed away so you Moses, you got a business so we give your father's business to your brother and my brother doesn't know nothing about the business. So everything goes mess up there around there my father's things. So, if they should have said no Moses take over from the father's business and everything I think by now I am supposed to be far.

So, I have to struggle with what I have started off. So it is hard hard hard for me.

Competition Commission: Chair

Mr Simango, you mentioned that you source from abattoirs. Are these abattoirs based in Mamelodi or where are these abattoirs based?

Sholo Offal Distributor: Moses Simango

The abattoirs which I am going, every day in the morning I have got around 5 or 6 abattoirs which I must phone them and ask them did they have the stock which I want. So I find that sometimes they call me from all the way to Witbank, from here to Witbank. They say no, the stock is there at Witbank. It means that my transport they are two they must go to Witbank to go and collect the stuff. Sometimes they are calling me, they say the stuff is there at Springs, there is an abattoir agains, my transport the other day they go to the springs and that other day now my transport now are going to Brits, Brits abattoir. Right, sometimes my transport they are going to Zeerust abattoir. Its far its almost 250km.

Because when I phone all over they don't have. Its only at Zeerust so I have to go there so that those people they must cook tomorrow, all of those people because they are on my hands. So, sometimes I'm going to Benoni, there is an abattoir in Benoni.

Competition Commission: Chair

Ok, can I ask, why would you have to go that far. Why wouldn't there be, are there no abattoirs in Pretoria.

Sholo Offal Distributor: Moses Simango

There was an abattoir Pretoria at Pyramid nearby here but its closed down. Its almost 10 years, around 12 years it closed down. So there is no way to get the fresh stuff I have to go the abattoirs that are still open.

Competition Commission: Chair

Is there no abattoir in Johannesburg?

Sholo Offal Distributor: Moses Simango

Johannesburg. There was an abattoir but it also closed down. There is no longer an abattoir in Johannesburg. I used to go there in Johannesburg some other times

Competition Commission: Chair

And then, so ok, So then these abattoirs that you mention, that you source from Witbank, Springs, Brits, Zeerust and Benoni, do they not, you said they refused to transport your, the offal for you because they prefer to transport the main part of the ox and not your ox . Is this transport coming to Pretoria, near Mamelodi or do they feel is it because they don't want to mix the two products or is it a distance issue for them. What is it?

Sholo Offal Distributor: Moses Simango

The problem, they are complaining about the shell, the body of the cow and the intestine on one one truck and the inspector they don't allow them to do it. They don't allow them to do that. If the truck is loading the intestines, it must load the intestines. If its loading the bodies, it must load the bodies

Competition Commission: Chair

Ok, It's regulations that they are dealing with.

Sholo Offal Distributor: Moses Simango

It's regulations from the inspector, the health inspector. Even if, even their customers they are also complaining about that as they tell me. They say we are not selling the intestine, how can we keep such things with our stuff here. They are so little bit sensitive on that .

Competition Commission: Chair

So, it's not just the health inspectors, its also customers that are not happy to...

Sholo Offal Distributor: Moses Simango

I think so, but one of the abattoir they did tell me. They say even our customers they say even our customers are complaining .

Competition Commission: Chair

Since you deal with meat, and you are a butcher , you now a butchery, how what is the sensitivity in transporting the main part of the meat with offal for example. I'm not getting what the sensitivity is because the offal would have come out of the main part of that meat anyway so why is it an issue?

Sholo Offal Distributor: Moses Simango

As they talk, the offal is dirty. It's always dirty and the body is clean.

Competition Commission: Chair

They wash it.

Sholo Offal Distributor: Moses Simango

So the offal, they wash it but they don't wash it properly. The offal, you know the problem of the offal, the offal is got the intestine something like intestine. That intestine is got an acid inside, so that acid when you load it in the car, that acid is busy pushing that's why I'm telling you if you get stuck on the way with a puncture or you waiting for around an hour they will get rot because of that acid which is coming from the intestine. It is like when a cow dies today, tomorrow you find the stomach is big it swallows. Its because of intestine. Its not because of the body.

Competition Commission: Chair

So they don't want that acid to mix with the main part of the meat because the meat is not supposed to contain that acid.

Sholo Offal Distributor: Moses Simango

yeah. Yeah because even offal. Offal has got a certain smell on its own and the body doesn't have a smell. You see even myself I understand. Everything they are telling me, I understand it.

Competition Commission: Chair

When you compare, when you look at the trucks that they use, are they not able to demarcate to divide the truck into two parts and then the smaller parts where they keep you offals and you know and then the bigger part of their transport then transports the main part. Isn't that possible?

Sholo Offal Distributor: Moses Simango

Yeah, it can be possible but the problem is one, these people they are loading around many bodies on a big truck and then they don't deliver those bodies on one place. they deliver on that place, from that place to that place till they offload all the stuff inside.

As we tried and because I'm their customer we do negotiate about such things like that. I was telling them about the Venter. They must get something to tow by truck, that thing must have my stuff inside so they said our truck if its got a lot of these bodies its enough because of capacity, because of staff. The people that are loading at the back there. So tried to explain to me and I understand. So when we start towing, we killing our engines and and all of those things.

Competition Commission: Chair

So you say then your issue is that you would like resources, its a resource issue you would like to resources, the resources to do what? To do what with the resources. What are your challenges exactly?

Sholo Offal Distributor: Moses Simango

No, I just say my challenges

Competition Commission: Chair

To do what with the resources. What are your challenges exactly?

Sholo Offal Distributor: Moses Simango

No, my challenges you find that I am going to Zeerust, I'm using two transports to go and collect the thing which can be used by one truck which has got a fridge in the back, like those trucks which are loading the bodies, they've got the fridges inside so that when I send that maybe truck that truck it go one time not many cars on the way, because sometimes like for instance on Friday I used to send three cars ad she of these cars are not mine, I must rent it from the different, hey can you help me, so that these cars there must be three because there is some people who their loved ones passed away, normally in our townships in our tradition, by Friday you have to cook the intestine on the funeral. So you find that I got around 15 to 20 orders of them plus

the normal order which I used to go and collect so It means I have to hire another car, its three cars going one place. So when they come, they come to one place again.

Competition Commission: Chair

So, your business is not struggling then why aren't you buying a bigger transport.

Sholo Offal Distributor: Moses Simango

That's why I was looking at the, I did go to them and asking some installments and all those things if I see the price of installment, I am not sure because of I am now scarce, so I did go and get two cars by credit on the bank. So the bank allow me to give me two cars but those two cars are small cars. They are small cars, I couldn't do as they see how much I can I pay monthly for for for for for for for installment and of those two cars there must be there must be brand new ones because they mustn't stuck along the way. They must have the motor plans and those stuff so that I must sure on the transport because I am not dealing on the transport but what is loaded by the transport

Competition Commission: Chair

But why are you not, why don't you see the two cars and get proper transportation because from what you saying it's almost impossible for your suppliers to accommodate you which seems to leave the problem the responsibility with with you then to find a way to to to to to find a way to have one transportation for for for for you for your goods for you offal.

Sholo Offal Distributor: Moses Simango

That's right. I've tried not that I have tried I want it the way you tell me but the fact is that money which I am paying for those two cars, it doesn't even reach the money for the truck which I want. It can reach the installments for two cars. The installment for two cars can reach for one truck but it won't be a truck, it will be a small van with a fridge at the back. It won't be a truck. It will be and it means I will be having one car which is a good car with a fridge

Competition Commission: Chair

But Mr Simango, I am not very good with cars but I know that there is two ton, three ton, I don't know if there is four ton, there is five ton there are those sizes so what truck are you looking, aren't you able to I think it's is this that doesn't this require creativity from your side really to decide how you accommodate the situation. Because aren't there truck that need, is it trucks that need to have cold storage in them, one, so wouldn't you find cold storage trucks in these sizes, two ton, three ton, , four ton, five ton trucks?

Sholo Offal Distributor: Moses Simango

You know I was looking at something like five ton truck must be five ton truck. Because I know if it is five ton truck, even the over because there is some people which I am working with them I do stop them not to come to work for two days, three days because when I come with the stuff, the customer does't tell me before I come with the stuff how much I want. If I talk to the customer, normally this customer is taking one item, now that customer that day takes three items, so even if I phone them, they can say no, just bring one item for me or two items for me but when I come there because there is a different on this intestines because sometimes when I find the intestines you find they've got a good colour, you know there is different colour, there is a black colour

Competition Commission: Chair

I don't know (Laughs)

Sholo Offal Distributor: Moses Simango

Some they know they know there is a black colour, there is a white colour on these intestines and people o like the white colours

Competition Commission: Chair

The cleaner looking one

Sholo Offal Distributor: Moses Simango

Not, the cleaner looking one. Yellow in colour. There is some other tripes, they are black in colour so if you find if I got yellow in colour, you find the customer comes to me me, the one who is taking one say to me no give me four. He know he is going to reach the goal by that four. All the people are looking for the white

Competition Commission: Chair

SO what do you want this inquiry, how do you want this inquiry to assist you. What is your challenge, where is the difficulty and what exactly can you be precise on what is it that you want us to assist you on.

Sholo Offal Distributor: Moses Simango

The first thing is the truck as I was telling you.

Competition Commission: Chair

So you want a truck?

Sholo Offal Distributor: Moses Simango

So you want a truck with a fridge at the back. That is what I was telling you. And the second thing is the cold room in my shop is needed. And when the cold room is there it's where I can now take more. If I take more it means those people that I used to tell them they must stop two days, sometimes they must come to work for three days they will be able to work one way because we will be having a back up in our cold room so that they must all work .

Competition Commission: Chair

Ok, I hear you , I have heard what you said Mr Simango, and I would like to just point out to you maybe just explain what it is that the Competition Commission does and what this inquiry is about.

We are looking at challenges that businesses experience which are as a result of the structure of the markets the way things are in the market: one. Two, structure as in, when you say structure for example if you're saying to us I'm not able to sell my I'm not saying say that and I'm just making an example of what a structural issue would be, where there's a shop, there's a bigger player like Shoprite or any of the Competition Commission's grocery retail market inquiry – Gauteng 7 June 2017

supermarket stores that it came into Mamelodi and they compete with you. You don't have a structural problem. You've indicated that you operate all by yourself in Mamelodi up to Hammernskraal that your area you looked there's no one else who does what you do the way you do it which means you're basically doing you you've got it right as a business and you have no competition so to speak.

Secondly the other issue would be dealing with looking at is how how your competition is treating you. How you supplier whether your supplier whether or not the suppliers are treating you badly or unfairly and from what you're saying that's not what you are here about you basically looking for a truck and the Commission does not really it's not an institution that provides resources to businesses. It does not do that.

It it works with these hurdles these other hurdles that I've just mentioned where you have difficulties because of other situations. You've got competition that treats that deals with you in a certain way that makes it impossible for you to do your business the way you would like to. There also I don't know how long you sat at this hearing for to pick up some of the issues even they they were not anti-competitive issues necessarily they were structural issues because some of them relate to how our economy was structured historically and how that historical structure has come to affect them negatively given post in the in the democratic era. So those are the issues that we're looking at but we do the committee, the inquiry as well as the Commission cannot or does not provide resources to parties.

At best what we can do is to at a later stage maybe have someone contact you to see if based on the resources that the Commission has or contact that they have or that it has to see if it can they can they can refer you to maybe the you could speak to the small business department and see if you can you can get assistance from them but the Commission Commission itself cannot assist you.

Sholo Offal Distributor: Moses Simango

OK,

Competition Commission: Chair

Definitely, that's what I want to say yes, yes . We we cannot but we can try and see if we can refer you to the small business developer to the small business department and other institutions that maybe may assist on the issue of resources because that's a resource issue that you're dealing with. That's a unique issue and it's not something that that the Competition Commission has a mandate to to deal with.

Sholo Offal Distributor: Moses Simango

OK,yes , No, I understand

Competition Commission: Chair

So we'll see if we can if someone can get in touch with you we have your contact details and you will be contacted and they will give you the numbers and the persons to contact and then you can take this further with them.

Sholo Offal Distributor: Moses Simango

OK, thank you very much

Competition Commission: Chair

Ladies and Gentlemen I think this brings us to the end of today's hearings we will reconvene tomorrow at nine thirty in Johannesburg at the Parktonian hotel, in Braamfontein. Please that there will be no this is the last hearing in Pretoria.

So this concludes our Pretoria leg a of the hearing of the Gauteng hearings. We will now proceed in Johannesburg tomorrow morning at 9. Are we starting at 9:30 tomorrow at 10 because we have to set up and do all sort of things. At ten O'clock tomorrow. Thank you