

*COMPETITION
COMMISSION
GROCERY RETAIL
SECTOR ENQUIRY*

8 May Transcript

Introduction

Gentleman Panelist

In respect let's say recently to the banking cartel just for you to recognize that we are an inquiry we are not investigating any firm in the retail sector our object is to get as much information as possible on how the markets operates. We are in the process of collecting evidence which we will as a panel evaluate with the support of the technical team which supports the panel, the technical team sits on the side and I might just for this point state that Ms Louis Du Plessis is the Head of the Task Team and is in a sense the evidence leader she will be permitted to ask questions together with the two of us. Just to recognize that once we evaluate the evidence and information received we produce a report with recommendations. The report is not binding, the recommendations are not binding. However the report and the recommendations go to the Commission and then the Minister, from the Minister they are tabled in parliament for debate in parliament.

So it is rather important that we are able to collect the fullest information possible in respect of of how the retail sector work because the quality of the recommendations depends on the quality of information that we receive. Now The Competition Act establishes public inquiries and gives us various powers and sets out our task as I said once again this is not an investigation into a particular firm it is really seeking information on a particular market sector as a whole. On the 20th of October 2015 the Commission published a notice in the Government Gazette that it will conduct this inquiry, inquiry was initiated again in terms of the competition act because the Commission had reasons to believe that exists features or combination of features in this market that may prevent, distort or restrict competition in a Grocery Retail Market. The inquiry was also initiated to pursue the purposes of The Competition Act among which is to promote and maintain competition in the Republic. The inquiry officially commenced on 27 January at November 2015. In terms of reference of the Commission are to be find on the website and very briefly those terms of reference includes 6 objectives.

The first is the effect of national supermarket chains moving into townships per urban and rural areas and what effect of this move has had on small and independent retailers and the informal economy in those areas.

The second is the effect of exclusive lease agreements in shopping malls and the impact that has on other retailers that may potential compete with the anchor tenants that have these exclusive lease agreements.

The third is the impact of Municipal and Provincial regulation on small and independent retailers in the township per urban areas and rural areas.

The fourth is the impact of buyer groups and other large purchases of fast moving consumer goods on small again on small independent retailers.

The fifth is the impact of certain value chains on the operations of small and independent retailers. This impact can only be assessed once were being able as a panel to identify the particular value chains which is dependent on a survey a small business survey that is presently being conducted, results of which we expect in July this year.

And finally the inquiry is to probe the dynamics between Foreign and South African operated small and independent retailers just add here that the task team and members have engaged in fact finding finding in many sites across the country in respect of that particular dynamic. Again I think it's important to reiterate that these objectives are not findings of harm nor may there be considered it even this preliminary conclusions of the panel that's these terms of reference and they are starting points for our inquiry. To update you briefly on what you've done, there have been general stakeholder engagements and the properly understanding the Grocery

Retail Sector in South Africa. There have been targeted consultations in a form with numerous site visits and revisit to stakeholders in Townships per Urban and rural areas throughout the country. There have been calls for written submissions and the public hearings which is to commence today.

At this juncture I can summarise information gathering combat of inquiry to four phases. First phase involve neglecting of literature and existing data.

Second phase involved two prong consultative process, direct meetings with various stakeholders including research institutions. consultants, universities and all spheres of government, business organisation dedicated to small business development in townships. These consultations provide the technical team in the panel with a working knowledge of the market.

Secondly the inquiry conducted Country-wide visits, members of the panel met with amongst other small independent businesses owners in the informal market, government officials, suppliers, wholesalers, new market entrance, property developers and financiers mainly in townships in per urban and rural area.

The third phase the Commission has appointed two service providers to conduct two separate surveys targeted at consumers and small businesses. The consumer survey has been finished and the results will be published in the inquiry website the coming weeks. The small business survey will be published in early June so if I may correct myself earlier not July, June in respect of a small business survey.

The fourth phase which is what brings everyone here today is a public hearings, the hearing was will allow the inquiry give an opportunity to consumers, retailers of all sizes and any other institute party to submit their views and experiences to the

inquiry. This is the first of the hearings the next hearings will be in Gauteng and KwaZulu-Natal. The inquiry may also decide and the panel may also decide whether to hold additional public hearings in other provinces should the need arise. Just to be govern the conduct of these public hearings we are regulated by the competition Act which gives out various powers and those powers are primarily to invest to collect information, to valuate information and then to prepare a report with recommendations to the Commission. We, if any party believes information they wish to put to the panel, its confidential then we have the power to close the meeting in order to hear confidential information. Any submission in respect of which person submitting wants to claim confidentiality then there is a process and the technical task team will assist anyone with that. Let me also say that its offence earlier to failure to answer questions fully and truthfully, it's also an offence to give false information, and it's an offence to disrupt or interrupt proceedings I'm quite certain that no one here need concern themselves with these offences but I do think it's important for the orderly conduct of this this inquiry that spell them out.

So the topics that we really need to discuss today are really the impact of the entry of national supermarket chains in township per urban areas and rural areas. The impact of long exclusive lease agreements and the impact of regulations, municipal regulations and by laws and the impact of buyer groups in buyer power of purchases of fast moving consumer goods on competition in the grocery retail sector. The formal sitting of the inquiry we open to the public as I have said unless I rule that part of the proceedings be closed on one or more the following grounds, these are grounds contained in the competition act. If the information is confidential, it the proper conduct of the hearing requires it and for any other reason I consider to be justifiable. Upon making such a ruling I will exclude the public as a whole or specific persons or categories of persons from attending the meetings. All sessions are recorded and screened live say for those sessions or parts of sessions that are closed. In order allow the proper ventilation information I and my co-panelits as well as the head of inquiries technical team may pose questions to the person to the persons making oral submissions or any witness called by such a person.

Questions may not be put by members of the public or representatives of parties to the person taking submissions and but should any stakeholder, any member of the public, any legal representative of a party wish to object, comment or question the submissions made they may do so in writing to the commission. And the details to the commission, the email and other contact details are to be found on the website and they ask members of the technical team for that information. In fact if you stand up your copy of the contact details on the screen below me, tomorrow the screens that will be up for everyone to see them, but I don't think I am going to bore you with reading them all out and repeating so that you get it all correct.

Only one representative of the group or entity either personally or through a legal representative will be permitted to make oral submissions, one person will make the submissions on behalf of the other members. Other than witnesses the party may wish to call in support of their submissions, were parties anticipate the difference the presenters will be needed to address different topics, appropriate arrangements should be made with the task team before the inquiry and in advance of the inquiry. Finally the panel may conduct joint hearings in terms of the number of persons may be combined as participants in the same proceedings if their respective submissions or responses seem to the panel to involve substantially the same question of law or facts. With that sorry, closes off my brief introductory remarks that the schedule for this afternoon and has changed.

In that the 1st first group is MJ group of companies, and followed by The Lakeside Liquor and then followed by Gugulethu and Liquor Traders. And the JM Group of companies the submissions will be on objective five, and I want you sir to introduce yourself and who you represent.

MJ Group

My name is Mr Marcelino Julies, I am the founder of MJ Group of companies. My reasons for oral submissions, I founded a company in 2016 with the focus in the Retail market in the township. The biggest challenge for township entrepreneurs especially in the retail sector is that the three major retail companies within South Africa they have exclusive lease agreement with the tenants, mall owners and and these prevents us as small entities in the township in growing or business firstly, secondly we, the bigger retail companies have bigger buying power in terms of financial resources which us small companies we do not have and this becomes a big challenge for us. Also what I have seen over the last few years is that the three major companies is colluding with price fixing you would find that at one shop you will pay R10.00 a bread and the other shop you will pay R8.00 a bread so what is the difference if they are in the same location? The difference is that one may be a bigger brand than the other one and this prevents us small players from really entering the market and have a market share within that townships. Also we as small businesses we do not have anywhere to go if the Competition Commission does not act against these bigger companies which have more financial resources and us small players then its no use for us small players being in business.

The government has to create, specifically the Competition Commission has to create a policy where it says townships entrepreneurs especially within the retail sector needs to have more than 60% of that sector otherwise it is not sustainable for small businesses to thrive in the retail sector. If you make up the market share which the 3 major players have they, they have close to 96% of retail share within the country. How does small players compete with 96% of market share? My third and final question is how do small retailer owners compete with 96% share which bigger companies have within the retail sector. Certain policies and procedures need to change within the Competition act especially when it comes to bigger companies. Similar thing happen within the banking sector, where the banking sector colluded with price fixing and I believe that Competition Commission has much power to act

against these bigger retail companies they collude against price fixing. May I continue?

Competition Commission

Yes please do.

MJ Group

Especially to Shoprite, Shoprite has if you look at every township in the country has 3 to 4 shoprites. Within my township within a 5 KM range we have about 6 Shoprites, and how do small players compete against Shoprite if we do not have the resources to compete against Shoprite within our own location? And we want to make it clear to the Competition Commission that we want to compete against other players in our sector, but how do we compete if they have much leverage over us in the same location that we grew up. I don't think it is fair for this Commission to allow bigger players to continue what they are doing, thank you.

Competition Commission

Sir what township are you from? in which township do you operate?

MJ Group

I operate within Gugulethu.

Competition Commission

In Gugulethu? And you also mentioned that you think the big retailers are colluding on price, is this by virtue of what you see or by virtue of what you know that there is some kind of colluding.

The big retailers are concluding on Facebook what you say or what you know that there is some kind of collusion little but I change my character

MJ Group

It is by virtue of what I see within the sector, for example in Gugulethu alone we have 2 to 3 Shoprites and if you go to one Shoprite you will find that the bread is R10.99 for example, if you go to Spar then the same bread within the same location at Spar it's maybe R12.00 then you ask yourself we have two or three shops within our space how come the price of bread at one shop is a different price and at another shop is a different price within the same environment.

Competition Commission

Okay, I am trying to understand the basis of your concern on that point, if they were not colluding are you saying the price will be the same?

MJ Group

Yes.

Competition Commission

Why?

MJ Group

Why am I saying that, it is because they are buying from the same manufacturer, all three major companies buy from the same manufacturer. For example if I am Shoprite and you are Pick n Pay we are buying from the same manufacturer, both of them are buying from Blue Ribbon and Tiger brands and both of them are selling the bread at different prices. So I don't know if I make myself clear on that question.

Silence for a few seconds.

MJ Group

Can I?

Competition Commission

Yeah.

MJ Group

For example if I buy water this water for R5.00, the gentleman next to me buys the same water for R5 comes into the location and sells it for mark-up price atleast R6.00 by the same manufacturing company. Sir sells his water for R8.00 I sell my water for R6.50 what makes the difference between the two? We are buying from the the same company everything is the same what makes it so different for this water to be sold at R8.00?

Competition Commission

Thank you Sir.

Competition Commission

I just want to ask MJ Group of companies just explain to me what the group is, what is made of and what you are doing.

MJ Group

Ok MJ group is founded into three sectors, mainly we have a retail store in Gugulethu we supply consumables to government department like your basic office consumables like your coffee, teas, stationery and all that. We have another division within the company which focus on social enterprise. Social enterprise where we speak regarding social issues within our society.

Competition Commission

So you are are saying you have one retail outlet where? In Gugulethu.

Competition Commission

I just want ask, Sir in the beginning when you gave us your concerns in sector you gave an example of exclusive lease agreements and the fact that it inhibits the businesses in townships to grow. Can you give us specific examples with regards to your store where you have to tried enter into a mall or shopping mall but you were unable to do. If you can give us an overview of an instance like that

MJ Group

Thank you. I have tried to enter into Saza Mall in Montana.

Competition Commission

Repeat that slowly so that we can write that down.

MJ Group

Okay,I have tried to enter into a lease agreement at Saza Mall in Montana which is located between Fala Park and the entrance of Gugulethu and the agent specifically said to me Shoprite is our major tenant and for you to have the same business to compete with Shoprite is not possible because Shoprite in the major tenant at that particular mall. And I ask my ask him the question I'm a small player you cannot compare myself with Shoprite. Shoprite has much resources much infrastructure which I wont compete with them because I do not have the muscles to compete with them. I will only sell the basics which is after hours from Shoprite. Shoprite closes at 5 O'Clock my shop will close at 9 O'clock when the mall closes so what competition, how do you compare myself competing with Shoprite which I dont have the infrastructure or muscle for it.

Competition Commission

May I just quickly ask you when did you approach the agent?

MJ Group

I approached him in February this year,

Competition Commission

And I just assume the agent turned you down.

MJ Group 1

Yes.

Competition Commission

I just want you to expand a little bit more, you said MJ group is also in retail what exactly does your retail business sell. What do you focus on.

MJ Group

Primarily we focusing on our core business prior to the shop that we have our core business is supplying office consumables like your coffees, your teas, stationery to corporate companies, government departments, schools primarily the schools that we will enter with government procurement and so on.

Competition Commission

And on the retail side?

MJ Group

On the retail side we sell bread, your basic food items that you will need on a daily basis like your bread, sugar, coffee, tea your basic stuff that you will need on a daily basis.

Competition Commission

So in the shopping mall that you wanted to enter you said in order to compete with Checkers you would have differentiated yourself in a certain way, you mentioned products that you will sell certain basic products, which products will that be?

MJ Group

Like coffee, tea, sugar, milk, flour like your daily basics that you would need on a daily basis, cold drinks, cigarettes, and all that.

Competition Commission

And you also mentioned that the other way you would have been able to compete is that on your trading hours. Indicated that you would have been open until 9 o'clock at night what would your business have done during the day, how would your operating hours would have been exactly?

MJ Group

Our operating hours would be from, Shoprite opens at 8 O'clock it varies from location to location and our operating hours would be from 07:30 or 7 O'clock in the morning where people go to work, children go to school to supply those basic things that you as a mom would need to go to bread and while Shoprite is still closed at that time, so it is mainly early hours of the morning.

Competition Commission

Only in the morning or evenings as well?

MJ Group

In the evenings we would open 7 o'clock or 6:30 in the morning but we will trade whole day until 9 o'clock at night. It will give us much, in the morning peak where

people go to work and buy their basic things and at night when Shoprite closes we are still open to fill the gap.

Competition Commission

Thank you and then the size of the shopping centre that you wanted to enter, how big was the mall more or less?

MJ Group

More or less the mall was about 300 square metres and Shoprite occupies about 150-180 square metres.

Competition Commission

And what are the other shops in that mall, just a brief overview of the other shops in that mall.

MJ Group

Most of the shops that are there are mainly pharmacists, your chinese shops that will sel basic clothing, Shoprite, KFC closed. Some of the most important like your eating place is closed down at the particular shop, so it is mainly your chinese shops and your doctors and Post Office that is currently there.

Competition Commission

Okay. thank you.

Competition Commission

So one last question from me, so you were not able to enter that mall was that your first retail store that you wanted to open and then where did you go and where are you located exactly in Gugulethu now. And also just speak a bit more as to what is

the concern for you, why would it is so important for you to have been, to operate at that mall and not where you are right now. What is the key difference for you, what are your issues in not being able to operate in that mall? o

MJ Group

Thank you Mrs Cotzee, the reason why I decided to look at it as first option I felt it was close to my home where I'm staying, I wanted to sell in that particular community people in Charswell and Montana the Mall is located in Charswell but its a walking distance to Montana, walking distance to Gugulethu and currently in Newres `which is a location within Gugulethu and that location is not so much safe. Why I wanted to enter in that particular mall was because of security its much safer for our people to shop at that particular mall because my church is also on that particular mall and I would serve my church community in that particular mall. So I have very close links with those two areas that is why I wanted to enter in that particular mall.

Competition Commission

Just one last question, so where you are now how are you being disadvantaged. I understand things that would have been positives when operating at the mall. So what are your key concerns at where you are now?

MJ Group

Currently my key concerns is the trading hours of operation it is not safe to trade until 9 o'clock at night, period it is not safe. And it's the first answer to your question and also if I wanted to negotiate with bigger manufacturing companies to come and deliver directly to the shop it will also be of a disadvantage for them to send their trucks there because of the high rate of robberies that is in that particular area.

Competition Commission

So but do you now have a shop that is not currently located at the mall If I understand correctly. And you have spoken about safety, are there differences in profitability in having a shop outside the mall and inside the mall?

MJ Group

There is a big difference of having a shop within the mall and having a shop without the mall. Within the mall there is a big difference in terms of Safety and Security. Having the shop outside will be lack of safety, lack of trading hours because if you look at the demographics of the environment you will find that the most of the robberies that occur within the Gugulethu area in located within Newres so that is a big disadvantage for me. That is why even up until now I am still negotiating within the new owners of the mall because the old owners sold the mall to new owners so there would be a much greater impact in terms of revenue stream in my business if my shop be located within the mall.

Competition Commission

How far is your shop right now, how far is it from the mall?

MJ Group

It's about 20 to 30 minutes walk from the mall.

Competition Commission

And how many other retailers, big ones and small ones are lets say 2-3km radius?

MJ Group

I would say two streets from where my shop is, I would say every two streets there will be a shop there and another challenge I would say it is foreign shops that are

dominating. You find the bigger players enter the location but you also find that also foreign shops not a risk in terms of competition they have much a bigger power because they are coming together. Where you as the citizen of the country don't have power to go directly to manufacturers and say manufacturers look come and send you tracking R500 000 of goods from you, we don't have that power because there is much barriers within the surroundings of the township you will find that the bigger retailers entering the township you will find that the foreign Traders also enter the township but with bigger market. Because if they have bigger market share they can get their goods cheaper at good manufacturing price which we don't have the power to negotiate with suppliers and manufacturers.

Competition Commission

In in terms of how do you currently get your supplies?

MJ Group

Currently, I am getting my supplies from wholesalers, from like your Jumbo, Cash and Carry, your Giant Cash and Carry that is, it cost me so much more to go to them and pick my stuff up and for me to negotiate for them to send a truck to deliver my stuff.

Competition Commission

For how long have you operated the retail store that you currently have?

MJ Group

It's been 1 year 8 months

Competition Commission

Was this before or after the Shoprite in the mall closer to where you wanted to open up, is this before that mall opened or after?

MJ Group

After.

Competition Commission

Also maybe from my side we have not spoken a lot about problems, bargaining problems with bargaining power, so you currently indicated that you mostly get your supplies from wholesalers and Cash and Carry and other wholesalers. Maybe just take us through the process, how often do you buy, do you get it on credit, what are the terms of buying yes.

MJ Group

In terms of trading currently it is COD, cash on delivery. So in that instance cash is king. Wholesalers doesn't trade you as one person, they trade with maybe five to six people before they give you credit. So there is a disadvantage there if there is no cash, there is no mark-up you cannot buy stock to retain for the business to continue its operations.

Competition Commission

Ok, I think one last question from my side, you have indicated how other players in your area have bigger market share and therefore they are able to negotiate better prices, Have you considered various other ways in which for example you can grow or work with others to also negotiate better prices. Maybe if you can take us through various ways in which you have tried to address.

MJ Group

Currently certain retailers within the market they try to help small retailers by offering them credit, like your 30 day credit terms and the interest on that credit its between 6 to 9% which is not sustainable for you as a small company, small retailer because for example if you buy R20 000 of goods or whatever you buy you still need to pay 6% interest on the R20 000 so it is not sustainable even if your mark-up is between 1.5% to 3% its not sustainable for you to be within the sector. So you really need to find alternative solutions that is why I have looked , me and the other guy we have created an online platform where it is mainly for office use. Where you as office owner can buy online so that it can streamline our income. We work in various ways to stimulate ourselves.

Competition Commission

And you mentioned earlier large supermarkets which have an impact on your business and also foreign supermarkets. Which one of the two do you think has a significant impact on your business.

MJ Group

Currently I would say its 50/50 between foreign shop owners and bigger retail companies within the township. Because 50% of foreign shops buy with bulk quantity there's already a disadvantage in terms of you going alone to supplier or manufacturer. Secondly in terms of the retail companies I would say it's a 50/50 and how do you ensure that you at least get 1% of the cake from that environment .

Competition Commission

I think right in the beginning you mentioned some recommendations our views with regards to what the Commission should do and you mentioned some market shares, apart from that what factors that would assist you in becoming more competitive. In other words apart from saying certain players are allowed to have certain market share what are the other things that would assist you in becoming more competitive

in growing and outperforming these other players that are making things difficult for you?

MJ Group

Firstly I would say prior to setting aside 30% of the bigger companies having to enter, entering townships would be for example 30%. 30% of that particular township, how do you divide 30% of that particular township to bigger retail companies. And how do you solve that 70% goes locally supporting the ordinary retail guy.

Competition Commission

I think my question is without having to rather divide and say, what would make you more compatible that in the end without any artificial changes to the market that you are able to outperform your competitors.

MJ Group

I would say for me to have bigger, sustainable credit line with my suppliers that will ensure that I will sell goods at more for example, increase my mark-up market to sustainable so that I can be able to grow from where I'm at now and be able to grow much faster than I should So I would say us local entrepreneurs within the retail sector for the financial partners to come on board so how do we ensure that financial Institute touch local retail guy because sometimes these financial institutes don't even want to look at your application.

So, in conclusion I would say the biggest Obstacle to growing faster it would be the financial backing of financial institution so that you can be able to have bigger market share of that particular market, because without the financial backings of financial institutions or support institutions it would be really impossible for a local entrepreneur to grow faster because with these resources you would be able to grow faster and return your investment much faster.

Competition Commission

Can you explain why you don't you don't organisers other retailers independent small retailers in the township to form buy groups so that you can buy in such quantities that your competitors are able to buy. What the difficulties are there.

MJ Group

Firstly the difficulties we struggle to form buying groups within the township. Firstly its trust, If don't trust you I will not work with. And for any organisation to function 98% there have to be trust. So the trust between the locals is broken. Also I would sat trust , the skills ability within the sector, so within the sector we are lacking necessary skills to transform our own sector because if you don't have the skills, trust and the financial backing it is impossible for us to form buying groups and say Coca Cola here we are or Blue Ribbon or whatever institute you are as a local buying group and we want to do business with you.

So that is the obstacles that we as locals are struggling and how do we overcome that, its struggling where we build a mutual trust between us, secondly is education. Because if we are not educated within the space, within the work space or whatever filed you are you will not be able to do your utmost best to function within that particular job or whatever you will be doing.

Competition Commission

On the point that you made on not being able to buy as a group, are there no buyer groups that you can buy from that support small businesses like yourself and because we understand that there are such buyer groups that will support smaller businesses and also provide some kind of skills and upskilling and give you some of the things you mentioned that you would like to improve amongst yourself.

MJ Group

Recently I have tried to contact Retail SETA, the Retail and Wholesale SETA to provide me with the guidelines of how do we form a buying group. Because with every sector there is a SETA that gives you guidelines of how you can form A, B and C. And up until today I have not received any correspondence from them. I have tried and I am not giving up, that's one thing I will not lie down and it's because I want to see my own like and others that I can contribute the transformation, I want to see that transformation but how can I see the transformation id institutes that were put in place refuse to listen to us. So it is not that I have not done my homework, I have done my homework but it's just that the institutes that we are speaking to does not hear or listen to us.

Competition Commission

Let me go back to my question, my understanding is that within the retail sector you have the suppliers and there are also buyer groups that are sort of middleman between suppliers and retailers from which smaller retailers like yourself could buy from even if you don't establish a buying group with your friend or other retailers in the area. You can go as an individual and make your purchases from these buyer groups which have directly access to suppliers. So what I am asking you is are you not aware of these buyer groups in your areas or around you?

MJ Group

Currently, no I have not heard any entrepreneur which speaks about buying group here within the Western Cape. Western Cape is surely behind in terms of buying groups.

Competition Commission

Thank you.

Competition Commission

Can I please have the name of that SETA?

MJ Group

The Wholesale and Retail SETA

Competition Commissioner

One last question from my side. The type of skills that you were referring to in the education that you said that we need. what kind of specific skills and specific type of education are you referring to

MJ Group

I was speaking about the customer service. Within the retail sector we have different categories. I personally am coming from a warehouse, I have a warehouse background so you in a warehouse you will have your quality controllers your stock controllers, your ...drivers, your fleet managers. You would have your different fields but within the location, you will find that negotiations skills are me negotiating with you as an institute there we lack. How do we ensure that we bridge that gap between you have the ability to pose question to me and you also have the ability to answer the question. So ja...

Competition Commissioner

So Mr Julies, I want to take you and thank your colleagues for the frank way in which you have answered questions and assist us in getting a sense of what you find difficult and the kind of difficulties that small independent retailers face in the townships, thank you.

We are going to have a short break and then we will resume with the next submission which is Lakeside, is that right? Gugulethu, Sorry. It will be Gugulethu Liquor Traders. So we will break for 5 minutes and we will reassembly then.

Gugulethu Liquor Traders

I have been 23 years in the business, 17 years licensed but there are some challenges we are having most of the challenges is the big business in our townships and the bylaws of the City of Cape Town. Those are the main things that are hindering our businesses and our growth in our businesses.

Number 1, I was born in Simonstown. During the Group Areas Act we were thrown to Gugulethu or in Gugulethu whatever, so in those match box houses. So when I got into the business I traded informally and then after that I applied for a license which I was granted. And then now, as the arrival of the big businesses in the township then my business started to have some little problems. There was a lot of financial strain on my business, I mean what I am talking about my business, I am taking about Gugulethu Business Traders, but its unfortunate that I will keep on Saying I but when I say I you must know that I mean plurally.

So we are suffering because when those businesses arrived there was a lot of resistance but you know when there is a resistance and you tell people about jobs definitely people need jobs. So of cause we had to allow the malls into our townships because people wanted jobs but now what happened with this jobs thing. When these Shoprites and your Spars come to our township, in my industry which is liquor, they come because if you get Shoprite as a main tenant, he will come with Tops, if you bring Spar, Spar will come with Spar liquor and or the Tops or whichever just like Pick n Pay and the unfortunate thing about these things is that when we applied for our licenses we had to submit our plans and they had to come our places to take pictures like the Lawyers will come and take pictures of my store and they will tell me exactly that you must have toilets there and you must have this and this but when these guys come and when they build these malls they come with their licenses and everything and they worst things my license is a liquor....mine is an off sales.

The Liquor board when it gave me the license it said I must trade from 8 until 8 and 8 until 5 on Saturdays no trading on Sundays. So, what happened when these guys there were given options to apply for a Sunday trading which I did, I applied for a Sunday trading the City never replied for four years after I have applied for that and

then came Shoprite and Tops, the guys traded and they got licenses and even got Sunday trading in our township.

Gugulethu, Gugulethu is plus minus about , what's the population of Gugulethu? plus minus 300 but I am subject to correction about 300 to 400 000 people but I am telling you from the township Sunday trading, I am sure there is only one or two people who have Sunday trading Licences on a Sunday in Gugulethu but Shoprite who came yesterday, I am 23 years in the business, Shoprite, I am sure they are only about 8 or ten years in Gugulethu they are trading and they are trading even on Sundays.

Ever since they came to our townships we started having problems with the law enforcements because what we see as happening now because unfortunately when you look at these things you see that this is more than its more than a political fight, more than a business fight because what they are trying to do now, they are trying to take away our licenses so that these Shoprite guys can, so these big guys can operate in our townships. So they are clamping us down with the trading our, they are clamping us down with fines and you know there is a lot that is happening in our businesses and we feel that we are treated differently whereas we are the inhabitants of Gugulethu but you find out that the Shoprites are given preference by the City of Cape Town and the people who are suffering its us in the townships.

And, what you must also understand is that are from a working community, I mean everybody knows that I mean, where we work we work in towns and whatever and whatever, our business during the day they suffer because there are no people, people are at work. People come back at about 5 or 6. Now they have come back with something new now they say we must close our businesses at 6. How will we ever make business when you are servicing working community that is at work the whole day and they come home at about 5 or 6 and then they say you must close at 6. And secondly where our people work, they work in towns where there is a Shoprite and there is a Pick n pay so if one goes there to buy his bottle or his 6 pack, there is no need of that person coming to me and what you must understand is that I

am a father, that I must look after my family. I am an employer, I am a tax payer and at the end of the day I also do some social investments in townships where I do donations whatever and whatever, whatever. How do you expect us to make money if you do you are killing us.

Thabo Mbeki once said you must work up and do it for yourself if like Vuka Uzenzele and we are doing it now and this is what is happening to us. We are talking about radical economic transformation, where(someone talks over him)....

We are not politicians , we are business people but you find that the treatment that the big companies get is much better and they are trading in our own townships. They threw us. When they threw us in Gugulethu they were dumping us in Gugulethu and now we are trying to make our lives better in our townships and they are invading our space which is very unfair.

So I don't know how far the Competition Commission can help in this regards because competing with these guys, I mean we are competing with billionaires here and they were using the best lawyers you can get. So I don't know because when your guys came to us I said to them well I hear about the competition commission but do you really have teeth. I mean yes you can ask them because its pointless of us siting here and then you take notes, you take notes and then nothing happens because what we want to do we want to treated fairly and be treated as business people. There is no way that I was born in Cape Town, grew up in Gugulethu, I apply for a license because I wanted to be a legal business person and after that I paid for the additional Sunday trading. And you know the way the City operates now is like there is a project, there is a project that you must kill these shebeens, these tarvens gradually we hit.....and we will go towe take one from Khayelitsha because by the time we work up nobody will have a.....because they are taking people's licenses. Because I said there was a , there was an officer, an inspector from the Liquor board, I said guys what you are doing to us is very unfair and what you should be

doing is you must involve us. You just come here and impose, whenever you come to us you impose. You do this you fine, you do that , i mean you can't work with people like that and they do things they don't do with the other guys I mean with the big guys because its not about we are having problems but its the way they treated us in our own townships.

Last year we wrote to the City, we even went to a march. We spoke to Delplato, we gave him a memorandum he hasn't replied. He gave us (how many days did he give us?) You see. He never replied up until this day. I think those are the thorny issues that are affecting our businesses, I mean I have a small business for the last, for 23 years I have been I mean for 23 years I have been a small business , when am I going to go to the next level? I mean its really unfair. I mean you go to your prices...these guys I mean these guys are billionaires as I am saying to you. They do bulk buying . I mean if you use one account number to buy for 100 stores, how much discount do you get ?

I mean those are the real , those are the things I actually wanted to address with you more specially like take for example you can say whatever there is a culture I mean okay, I might call it a culture you know when you drink in our culture some people you can't drink alone and the nice thing about these guys the Helen Zille they have bars in their own homes so they don't need to go out and ours we socialize, we need to go to tarvens, we need to watch soccer together, we drink together because I am sure that's where you get this term Ubuntu because we like to be amongst people. We got a culture as I am saying to you. To us its like a culture, there is no way that you can watch soccer alone at home and drink and drink but its nice when you when you ja I mean...So the Western Cape government is depriving us of our humanity so I think those are my most concerns because now , take for instance some of us, I am a matriculant from Fezeka High school, my granny used to sell beer today I am a matriculant, I am a business person out of that little business and now you get the City and what the City is doing, they are clamping even because some people are selling this thing are selling this liquor for the pot just to cook and buy electricity .

You know mos there is a problem because our sisters and whatever they make babies and the live with the old ladies and so to make a living they sell bread, they sell eggs, they sell a beer there and there but now the council comes and they come and clamp those people down.

We now we are saying to them, I said to Delplato listen we had a problem here with fees must fall, I said what we need to do, people, you give people licenses, I don't say people must trade recklessly, give people licenses and if a person can't doesn't qualify you use your own criteria, it doesn't have to come from us or you give people permits so that people can be taxed that where you get revenue for the country and then that revenue will work whether in hospital or in schools because we don't say we are not saying we say legalize us and tax us but that mustn't be done recklessly.

Like say for instance, I always make an example you know there is a problem, you know when something happens if somebody is caught drunk somewhere or if something happens or a car overturns instead of blaming the person you blame the shebeen whether that person has bought that liquor from Shoprite in town and he drank it wherever and they got in an accident they say you see this liquor because when something happens where liquor is related you don't focus on the problem you just generalize, you know these shebeens need to be closed down.

They say there is a problem with they say red meat is not good but you never close butcheries you attend to the person who is sick with that sickness, you understand. The government is giving condoms freely somebody is contacting HIV or whatever making a baby at the end of the day you don't say you don't blame the person you blame social service, social services must give grunt to this person but it is irresponsibility of that person because here is a free condom, its either you use it or you don' but you make it somebody's else problem you don't face the problem, you see those are my concerns you see, I think it's a constitutional matter, political matter but something is just not right but the thing is we don't have a voice because the

people that we are challenging they have I mean it's government, it's your Shoprite, it's your Pick n Pay its your Raymond Ackerman I mean who am I to challenge those people. I mean they are using the your best lawyers in town so what I trying to bring here is this is not about me but this is about the industry itself in our townships because we are being targeted.

I mean this is 23 years out I mean in our new dispensation, at least there should be some changes because what you must also understand is that we have employed people in our businesses, we are feeding people in our businesses. I think from myside unless Bhuti papa wants to add some few points, I think that's what I wanted to present to you today. Thank you.

Competition Commission Interjects

Gugulethu Liquor Traders

What he is trying to saying is that there is a tendency mos here in the Western Cape you know when you talk a lot they will come and give you fines, fire extinguisher then at the end of the day ... they trying to... at the end of the day.. they trying to use this demerit system each and everytime they come to your place your fire extinguisher has expired they write, you know they do those apartheid tactics to take you out, this one is troublesome let's monitor him, let's monitor him and then they take you license. So that's what the old man is trying to bring here, thank you.

Competition Commission

So is here saying that once , when you are vocal against what is happening you get targeted in that kind of way, thank you

Competition Commission

Good Afternoon, In the beginning you said that you represent a number of traders not only your self. can you maybe elaborate on that, how many are you that you are representing and where are you operating

Gugulethu Liquor Traders

Madam, yes the thing is..to answer your question as I said I am from Gugulethu Liquor traders association, its a new association. We have registered our name and its been approved by CIPCC and we are now waiting on our documentation so what we have said as liquor traders because seeing what is happening now in the industry so we are mobilizing, Khayelitsha is also got its own structure, Mitchells Plain has got its own structure, Felipe, Nyanga I mean we are trying to have associations everywhere and we are trying to have an umbrella body. That is the umbrella body that is going to talk because the thing is you won't listen to me as an individual and as much as you won't listen to Gugulethu as Gugulethu I mean if you talk Western cape, Western Cape is too broad, so we are trying to forma a bigger structure which is because our grievances are uniform, because what you get in Gugulethu you will get in Mitchells Plain. What you get in Mitchells Plain, you will be getting in Paarl , Mosley bay and where ever.

Competition Commission

Let me put it this way, how many member have you got?

Gugulethu Liquor Traders

In Gugulethu we are 45 licensed.

Competition Commission

Sorry, and are they all off sales

Gugulethu Liquor Traders

No

Competition Commission

Do you have any idea of the numbers of Nyanga and Khayelitsha?

Gugulethu Liquor Traders

No, I won't have those

Competition Commission

Have they also established a similar association?

Gugulethu Liquor Traders

Yes, because we meet regularly, we meet regularly. We are trying to mobilize as much as we can.

Competition Commission

so with your members and you have indicated that your issues are uniform across various areas, some of the issues and the challenges that you are facing are uniform across a number of liquor traders, their permits, the licenses that are given to you, do you know whether they are all similar, uniform or are they different for different traders?

Gugulethu Liquor Traders

No, they are different because an off con like mine where you buy and go off they call it an off con which is a liquor store. And then you have an On Con like tarveners where they trade 11, some are 2 some are 4 am but mine to show that there is a problem here, in my license, I got my license in 2002 if not 2000 my license says I must trade 8 until 8 but the radio says I must trade from 8 until 6 and that is the problem. Now there is a problem with the City and the Liquor board and now that is affecting us.

When the City guys come and they say trade License, I say no, the License that I got because I have this piece of paper that I got from the Liquor authority they said to me 8 until 8. That is in my file and that is in my shop. And then when I say I am not going to close, I am going to continue, I am going to take you to court then they say no no we will come back to you but they like..they are also not sure what is happening but let them solve their own problem. They mustn't make their problems our problems. They must get their office right. I am saying this to you now on record that I applied for a liquor license for a Sunday trading and that thing stayed there with them for four years without replying whenever you inquire they say, this one is off sick that one has resigned , the chairperson.

I mean there was a lot that was happening in the Liquor Board and I was doing the honourable thing of doing things right and you get frustrated by the office. So what does one do. Sorry, just on that point and when.. the reason why I am saying 4 years and then there was a Liquor Imbizo, and then I happen to meet Alan Winde the minister and then I went to him and then I told him about the case and funny enough he knew about it and then he asked he he said haven't you received and I said No I didn't and then after that what happened we were invited to the police station by our DPO there all the license guys and then I said but me my license is still there and then the DPO said to me no its been declined and that is after I have spoken to Alan Winde.

That is why I say that once you start being vocal, they clamp you down. Because they know they never answered me they said, then I went to the liquor board I asked them why did you decline me and they say no come there is an English word that they use circumstantial what what what and I had to pay R40 or R70 for the information which I never got up until today.

Competition Commission

Who did you pay R40 to R70?

Gugulethu Liquor Traders

At the Liquor Board

Competition Commission

Just for the information ?

Gugulethu Liquor Traders

Yes, for the information. yes, for the information. Fortunately I have got I can refer you to my lawyer but I went there personally because when I asked why did you decline so I can appeal they said no its circumstantial something something and then I said but I need the information they said I must go and pay, I paid. I paid R40 or R70 .

So what I am trying to say is that we are being targeted. I don't know if it's because we are from the township or maybe we don't understand or maybe we are not united in the trade but something is just not right. And we will see more and more Shoprites coming and also I think there is a Pick n Pay that is also coming because I can see on the local newspapers they are applying for a liquor store there as well. And now with the guys who have been having licences like me but I have not have those

problems like the other guys as I said the association is becoming bigger and bigger, we are getting notices that we must get rezoning. Rezoning because there is a church that is built after they have been there.

Like me, I have been licenses 17 years, and ten years they build a church in front of me maybe 100 or 500 meters from my house and now they say I must get rezoning because there is a church and I was there before the church but now because there is a church I must go and rezoning.

I was granted license, I do have a license but now they talk to you about rezoning and they tell you you can't trade in this house because it's a residential area but this is a piece of land I was thrown to from Simonstown and it's the only space I have got so I am trying to utilize my space, there are no jobs, I am trying to make a living and now they tell me no you can't trade because of this XY and Z. You must get rezoning. That can't be my problem. For me to be given that little piece of space or house and now trying to make a better life for me, my family and my community and they come and tell me I can't be trading here and they don't give me a job or an option after that. I mean that is unfair.

Our crime statistics will keep on going up and going up because of the people in high offices. They clamp us down but they don't give us alternatives and when they close me down and it's not only me it's me and my family and staff's family everybody is affected.

Competition Commission

Just now in relation to the 8 to 6 hours does that apply equally to Shoprite Checkers in Gugulethu?

Gugulethu Liquor Traders

I think so but I am not sure. but what I know is that they traded on Sundays. I might not be sure of their trading hours but the only thing I know is that they trade on Sundays and I think it's 9 to 6. If I am not mistaken, that's what they are saying in this new Act they are bringing or 8 to 6 but I am not complying because I have 8 to 8 on legal document.

Competition Commission

In terms of the application you made to trade on Sundays and also the request you to apply for rezoning that you also mentioned now, how much does it cost to apply for that.

Gugulethu Liquor Traders

When I applied for my Sunday trading I think it's more than 10 years ago it's about R4,500 and I met everything because they wanted a letter from the street committee, from the councillor and a petition from my neighbours. I supplied everything so seemingly thing Sunday trading is for Shoprite not for us in the township. It's not meant for us it's meant for them.

Competition Commission

When did the mall in which Shoprite is trading in, when did that mall open in your township?

Gugulethu Liquor Traders

In Gugulethu, I think about 8 or 10 years I am sure.

Competition Commission

And you have mentioned that there is jobs that were created when the mall opened up, can you elaborate on that?

Gugulethu Liquor Traders

Yes, I can elaborate on that because what actually happened where number 1 where Gugulethu mall is standing there used to be a service station. It used to belong to another old man from Gugulethu and there were shops around that shopping mall so there was a big fight because the small people were complaining that if this thing is going to happen it is going to take our business away and this is exactly what happened but now what you do because big business have got a way of coming to us.

You know the people with the muscle mos have always got a way. It must always be their way . You know mos there is this thing of brown envelops so you know when those things happen one would mobilize for yes and the other will mobilize for no but when we start saying to people it's like, when you are talking to someone who is hungry you talk about food and that person will talk a different language and when you talk to people you talk sense but you talk about jobs and people are not working definitely you will be fighting a losing battle. You will be fighting a losing battle. As much as we are saying we don't have a problem with the them and the jobs but at least they need to consider the people who were running the businesses around that complex.

Competition Commission

Would you say in your experience of having been in Gugulethu for so long, was there jobs create by that mall and by the opening of those shops?

Gugulethu Liquor Traders

Yes, there were. Just like us but as much as there were jobs that they created there were jobs that were lost from the businesses around like as I am saying to you now there was an old man who was running a service station there so all those people are all gone.

Competition Commission

If you had to give a very rough estimate, how many businesses do you think closed as a result of that mall opening?

Gugulethu Liquor Traders

Madam, It's a pity I might not have the actual figures but what I know is that lots of them and I think there was a forum of those people actually they might have the stats of what you are asking about. They are relevant, they are older people who used to own shops and everything that are still alive. Some of them lost their homes, they lost their cars they lost everything even their health as well because of what happened.

Competition Commission

In terms of your ability to compete with the liquor stores in the malls, you have talked a lot about regulations and how it looks like they are not enforced uniformly but when you talk about price, are you able to compete on the prices of the liquor that you sell?

Gugulethu Liquor Traders

The problem is not about price, we are not complaining about prices or maybe or maybe we want funding or something . What we want to happen is for us to be treated fairly, treated as business people as well. Are you still with me madam? Oh okay

What I am trying to say to you is that the problem here is we didn't come for...we are not asking for...we are saying those people are....those business are....because there are already there and they have created some employment but what we are challenging is the way the City does things because seemingly now they treat them differently to us. Whereas they found us here but pricing, pricing is another problem because as I mentioned earlier on there is no way that I can compete. I mean I buy 10 cases of beer those guys with my one account number I buy 10 cases of beer and I am talking about somebody who buys hundred and thousands of cases of beer so I mean that says it all. Because Shoprite, Pick n Pay has got a distribution point in business what we use, we use account numbers, so if we want to do bulk buying, if all of us want to do bulk buying, if we are going to target Sminorf we will say to you for this Sminorf let's use your account so that we can get that discount. We can't use mine, yours, yours and then we combine all the licenses and say we must say but we must use one. So those guys have distribution points where they buy, where they put in R100 million just to buy Sminorf and that Sminorf goes where to their distribution point and from the distribution point it goes to their shops and we don't have that capacity.

So what I trying to say, I am trying to answer your question but just to bring some logic so that you understand so that we are on the same playing field here.

Competition Commission

I just want to understand, you mentioned three sets of letter that were required, that are required from township operators that are not big players when you apply for licenses or permits, what exactly must they must those what must your neighbours or community say in those letters?

Gugulethu Liquor Traders

I mean, I don't think it's it's not something that is bad I mean if you have got to open a license like a....fire arm application , if you want to apply for a fire arm application

the police will come to the neighbours and ask about you just like if you want to open a business, you must get what they call consent from your neighbours, from your street, from your councillor, yes so that I mean at the end of the day I mean whatever happens the first people who will feel the pinch is your immediate neighbours. So what I was trying to say to you those things were submitted and each and every who has got a liquor license in the township I don't know how Shoprite get theirs what I know each and every one of us went the same route that I went through consent from neighbours, consent from the street committee, consent from your ward councillor.

Competition Commissioner

Thank you.

I think to add on to that has any one ever approached you to consult with you to get approval from you to trade on Sunday for example? Has the municipality or the authorities ever approached you and consulted with you when someone else wanted to trade their trading hours to Sundays. Never

Gugulethu Liquor Traders

Never

Competition Commissioner

Perhaps just a final question from my side, lets say for example in the last 5 years how often has the municipality come to clamp down on your business specifically or on the business of those in your street for example?

Gugulethu Liquor Traders

You know, if you listened to me carefully I said to you I think the City you know they are treating us like we are a project, So I am sure they say to themselves in the

Western Cape or say in Gugulethu or in the Cape Peninsula we have got 400 licenses so what we need by November we must have 350 that's what they are doing. I am sure this says it all.

They were there at my place two weeks ago and the other day we were in a meeting they came. They actually bring fine, today me and him before we came here they came there just an inspection and then I had to sign but this is the kind of treatment that I am talking about. If you can ask Shoprite or Spar, how many times has these people have been there I am sure they only go there when their a shop lifting of when somebody has been arrested and put in the store I am sure that's the only time they see police there but with us they are always there.

You know sometimes you know in our case you know sometimes when you put too much laws it's so easy to break them because you are putting too much pressure for people to make mistake and what you must also understand to have a license is an effort and that goes with responsibility.

For one to take the initiative of saying okay now I want to make my business formal I mean that comes with a conscious that comes with a responsibility. I think the government should number 1 take it from there that this person means serious business because there are more unlicensed shebeens in all out townships I mean nationwide and they are causing it. They are causing it because at the end of the day should they take my license or whoever's license we must make means that we support our families because if they clamp us down we are going to do it illegally that's how bad it is, that's how bad it is.

Kanti, its wise you keep what you've got and then you take from us and I always say to them the problem with you you take decisions without involving us and I mean we are not kids we are in the apartheid where you come and impose and say hey

kaffirs die...no gone are those days. You call us in and say listen this is the problem because there is this arms thing they are talking about that harms the futile the something.....they say mos this thing is coming from the harms what what like the pregnant mothers the babies the whatever so they are coming from that direction but they don't sit us down so that we sit down and we discuss these things because whatever I'm here because you the way we liquor traders are treated we are treated as if we are drug dealers. I mean if one is a drug dealer, deal with that one individually don't make it an umbrella that everybody who sells liquor is a drug dealer. No.

So those are the things because we are treated differently more specially in the township. You won't find those things in town but once it comes to township yes we may be reckless but that doesn't mean that we are not using our brains. I mean we are independent individuals. We know what is right, we know what it wrong.

Each and every nationality has got good people, has got bad people and if you give us opportunity and sit us down. It's easy for us to speak to our counterparts: Guys the government is willing to give us ABC and D but we must also look after this as well because we also need to be responsible from our side. Talking to ourselves without you, so that when there is a problem we call here and say Alec listen the police are complaining about your place, one. Alec they came again. Bro you on your own now if those guys decide to take license its up to you because they came to us and they were lenient they gave you warning one and warning two but you are not complying it's up to you.

That is the relationship that we want. because even you know but anywhere

Competition Commission

Mr Baphela you are very persuasive. You persuaded us about 5 minutes ago. What I do want to ask you though is that you clearly feel that you are being monitored more closely than others, do you have any sense I mean what sense how many times they visit you in a month or 6 months . Do you have any sense of how many times they might meet your members over a period of a month or 6 months. Can you give me any I know it's a rough estimate but just for us to get an understanding of how often you are visited.

Gugulethu Liquor Traders

It might not be a direct question but what I would say because as I was saying to you I am talking about, when I talk I talk about me but I don't literally mean me they might not be coming to me today but they will be going to someone. When we we liquor traders we meet somebody will say they were there at my place yesterday. There were there at my place last week, they fined me , they did this, they did that. I went to court. So that is what I am saying to you it's as if we are a project. They are telling themselves that out of that 500 licenses by November we must have 450, next year by April we must have 300.

Competition Commission

Where do you get that information from

Gugulethu Liquor Traders

No, I mean it's the way they are doing it .

Competition Commission

Are they in fact from your experience in Gugulethu less people are there less people with liquor licenses today than there were 6 months ago? Are there less people with liquor licenses in Gugulethu than say a year ago? So you have the sense that this

project is cutting away so the question I am asking you is are there less licenses today than there were let's say at the beginning of the year.

Gugulethu Liquor Traders

No, you know what I can because the 45 that I gave you from Gugulethu license is the stats that I got from the police. So if I can get stars for may two years ago then I will be able to answer your question.

Competition Commissioner

Would you mind submitting that to the technical team when you've got it?

Gugulethu Liquor Traders

No, I will

Competition Commissioner

I think that might be important information for us. Thank you

Competition Commissioner

I just want to sum up some of the points that you made in terms of recommending how you would like to be regulated.

1. You suggesting that there should be consultation
2. Where you said you for example you will speak to Bhuti Alec and you could warn him about what he is doing and stuff like that. So can I understand that to mean that you also think the industry can also do a bit of self-regulation through the associations, is that what you would like to see happening. You as traders would you like to self-regulate over and move because you could have layers of regulation for example whoever is now enforcing which would be my third question, you suggested that if there were consulting you would be able to know and speak to the

person whoever is not complying and therefore are you suggesting that as associations or as Gugulethu Liquor Traders Association can you have a self-regulatory part. Would you like to see that happening (Gugulethu Liquor Traders responds on the background - Yes) and is it something that you are recommending to us (Gugulethu Liquor Traders responds on the background - Yes) , and is it something that you recommending to us and something you would like to do (Gugulethu Liquor Traders responds on the background - Yes)

And, when you say they come they, is this the liquor board is this the...who is "they" who is enforcing. Is it police being instructed by who. It's the inspectors, where are they coming from.

Gugulethu Liquor Traders

It's no longer SAPS, it's the law enforcement which is the City police and sometimes they are accompanied by the Liquor Authority. Because, to answer you just to elaborate on your first question: what we said in our meeting we need to have a relationship with our DPO which is the designated police officer of liquor of Gugulethu so that if cases like these because I wouldn't like to hear tomorrow that Alec's license has been taken away without our intervention.

So we would like to have that relationship with them and engage them and listen if you've got because fortunately we are 45, if you've got problems with Alec's or whoever's business go to him and if the problem persists call us a the organisation and say guys because we also like do have mos a what you call a committee just call our committee and you being the police can just say we have this list, these people are giving us problems and we have spoken to these people and those people are not compliant so guys just talk to these guys, you see that is the relationship we want to create.

Competition Commission

Sorry, I must just take you and for the very passionate and persuasive submission Mr Maphila. I do really thank you for speaking out and you have given us a lot to think about. Thank you very much.

Gugulethu Liquor Traders

Thank you

Competition Commission

Again, what we will just do is we will just have a very short break of a few minutes and we will take the next person to make submissions which is Mr Siyanda Mnothoza.

Competition Commission

We have Mr Siyanda Mnothoza. Wont you just introduce yourself to us and explain who you represent and as a start and then you can proceed to make your submission.

Siyanda Mnothoza

I take this opportunity to greet you all in the name of Jesus. My name is Siyanda Mnothoza. I am coming from Gugulethu breeders and also stay there is Gugulethu in Loftus park. I am here today to represent the issue that is on board about business the small businesses. First of maybe I would be seems as out of line. I just want to start from the beginning.

Me, I started a small business, a small shop around 2010, I was still a student doing grade 11 that time I was coming from, I was a gang, I was a gangster but through time I changed I decided to do something better to change my life because that life

was not a good life for me but because of the environment and the situations that I was growing under, I ended up doing things that are not on the line but when the times goes I decided to do a change then I started to do a small shop. But, the issue that I faced there when I opened the shop there were a lot of people doing business where I builded my shack then the law enforcement came to destroy the shop saying you don't have a paper something like a legal paper to do a business here but there were people there doing business so they crush the shack that I build for my small shop and I tried to rebuild it.

After 4 months it was there, they came back and destroyed again with the stuff inside. I went to Fezeka municipality to report the issue that I have this issue this and this. They say you must go to Bellville but my question was; why because there are people there doing business already there, why me. They said you must go to Bellville and report it there. So, I decided to stop there so I go where I stay in my shack, I try to extend my own shack and do the same business there.

So, when I was doing business there, they came and said what are you extending here and I said this is my own shack I am trying to make a life for me because the government said you must rise and do something. In Xhosa they say Vuku Zenzele, move forward with my life.

So they said you must get a paper to do that. I said this is my own shack but my question was there are people who are coming like foreign people they come and do business and no issue that is following them but me I am citizen but there is something but I noticed that maybe its power that I don't have so I decided to just lay low and stop doing that maybe for a while.

I continued my studies I was doing grade 12 in 2011, so when I finish I come out from school and look for a job but the job was scarce. I didn't get a job maybe I get a

job for one month and the job ended maybe three months the job ends. Then I decided to go back to business. There was a friend of mine that introduced me to this business for tendering so I tried to engage with him then he try to introduce me on some things but it didn't work for me because I was like seeing myself having a big shop one day something like that to create a life for the people who were like me. There are a lot of guys who are still doing what I was doing before like robing people in the street, breaking the houses of the people. There are people still doing that so i was trying to do that so that I can be an example or role model to them that you can change your life but I didn't get that chance because each time when I tried to make a move there is this storm that is standing so that is what is making the life of the business for me to stand.

Then I decided to open a small thing then I try to sell chips and coffee, tea bags small things but it didn't work for me well because there are lot of these people like the foreign guys having shops there and they have a small price than me because when I got make a stock maybe I go to Cash and Carry but they don't go there I don't know where they get the stuff but they are cheaper than us in the community.

So, that also kills what we are trying to do to make a move. And, I stay closer to Nyanga Junction so there is a Shoprite there it was Pick n pay before but now its Shoprite and people are going they gonna to pass us and go to the Nyanga Junction and buy the stuff there and I am also close to the Gugulethu mall, so the small business are not getting that life we are looking for because of the challenges that we are facing because of the people that have bigger goals, bigger capitals to do to make their things happen.

So, we are having a challenge from small businesses, we are having a challenge. Thank you.

Competition Commission

Mr Mnothoza, you said is it Fezeka municipality that kept on coming to close your store or was Bellville because Fezeka referred you to Bellville who were had been trying?

Siyanda Mnothoza

No, it was law enforcement that came there

Competition Commission

You mean Police?

Siyanda Mnothoza

Ya law enforcement .

Competition Commission

But did they come from Fezeka municipality cos you said you went to Fezeka municipality

Siyanda Mnothoza

No, me I went to Fezeka to report. Law enforcement was not coming there

Competition Commission

Where were they coming from?

Siyanda

Mnothoza

I don't know where they come from but the first time they come 4x4 and they said what am doing there and I tried to explain to them and they went and they go. when

they come they come with the guys , white bakkie and lot of guys there wearing orange overalls and they crush the shack. Then I went to Fezeka to report that I was trying to do this and this and this so they said you must go to meet I don't remember the name Mr Martin in Bellville. they gave me a number I tried to call that guy from Bellville trying to explain what I am trying to do they said you can do that but my question was there are people who are doing business there. There are a lot of people there some of them have containers there and doing a lot of things like salons and everything there but no one took their containers but when I tried to make a move because it was what I was trying to change the life because I didn't want to go back to my old life because now I see the light. So, I don't know where they were coming from but I thought but I think it was from Bellville because they referred me to Bellville.

Competition Commission

You also said you didn't have a I think the word you were looking for was permit. You didn't have a permit to operate your business in the area.

Siyanda Mnothoza

Yes.

Competition Commission

Do you know if the people who operate around there have permits.

Siyanda Mnothoza

No they do not have because I asked some of them there in the containers, in the salon that do you have permits for being here? They said no because before there inside Lotus park but they built what do you call it mobile centre so they take them, they move them from where they are now so even there they do not have a permit. They did not give me a valid answer why they are doing this to me because even those guys do not have a permit.

Competition Commission

Have you applied for a permit?

Siyanda Mnothoza

No I didn't apply for a permit.

Competition Commission

Do you know what is required for you to apply for a permit, for example how much it costs and the processes are?

Siyanda Mnothoza

No I don't know because I was trying to open a small shop so I didn't know I have to go and apply for a permit because for that time I was looking for something small because I was still looking forward to go to school so I was needing something that will give me capital to move forward. so I didn't know which procedure to follow or where to go so that is why I went to Fezeka because I thought maybe they will understand my story so no one told me where to go and how much to have to do this and this. So I didn't know.

You also mentioned that some of the people operating around is it Loftus Park? And then was it a shopping centre build in Loftus park? What was built there when those people where moved?

Siyanda Mnothoza

It is a hall, a neighbourhood centre.

Competition Commission

A neighbourhood centre, what does it have. Is it a shopping centre?

Siyanda Mnothoza

No it is not a shop, it's a community hall.

Competition Commission

Oh, it's a community centre and all the traders were moved.

Competition Commission

Just in terms of clarity when did you open your shop the one they you, the shop from your shack that sells basic goods, when did you open that?

Siyanda Mnothoza

I opened it is was 2015 in June.

Competition Commission

June 2015, yes. And since then how many times have law enforces come to your house or shack to shut you down.

Siyanda Mnothoza

They came four times, yes they came four time.

Competition Commission

And when they were there what did they do?

Siyanda Mnothoza

First time they warned me, they said you must stop what you are doing because you cant extend here be because they is not your land. So I try to explain to them no this is my shack so I am trying to make a life here. And they say you must stop it or you must go and take the paper that you want to do this so I when to Fezeka and explain what I am trying but the councillor said I can't give you the permit, the paper for that because I am not in charge you must go to Cape Town and talk to them there that you want a land. I said no I don't want a title but I need something that can explain to these guys what I am trying to do so he said no I can't give you that. So the next time they came they just crushed the small part that I extended they said you must stop this, they destroy it and they just go. So because of that I didn't know what to do.

Competition Commission

So you said they visited you four times, the first time is when they gave you a warning and the second time is when they crushed that part of your shack. What happened the third and fourth time.

Siyanda Mnothoza

So I just stopped for a while, I called the guy that they gave me the number and I tried to explain that I want to do this and this he said you want to see me. He drive from Bellville there were two guys with the car a green and white they came to where I stay and I metted them in the road and I explained to them inside the car that I want to do this and this and this.

So the other guy said okay do what you need to do and when you finish we are gonna come and see what you are doing, I said that's fine. Then I tried to build again the small part of the shop so I mailed the guy I told him now I did this instead of the guy to come to me with those guys who wear orange overall and told me that the guy who came here before they told you not to do this but I showed the the email that I was reporting that I did what the guys told me to do so they just said no we can't

allow you to do that, you must have a permit so I stopped there. Then the fourth time I went to Fezeka again so talk to the councillor Mr Ntontoviyane I told him I am trying to do this and this and this but these guys keep on coming to my shack and destroying my shack, he said the problem is that the shack that you are even staying at you are, there is a owner then the person said you must not put your shack here in the yard so it is not even your yard this one.

But I said this person gave me the place to put this shack and she allowed me to build the shop, they said if she allowed you then what is the problem from these guys? I said you must write me something as a councillor, you put a stamp so that I give these guys so that they can see I am not doing something that is coming off my head at least there is someone that is in charge that knows so he said I cant do that so I go home. Then I decided to go to the neighbourhood centre that they built to explain my story there so the community committee said that they do not see a problem there in what you are trying to do because you are trying to make something small so I said yes so they said go and do it but the problem when I didn't it when these guys came and when I call those guys called them they told them no, we do not have a land here. We don't have a right to tell us what to do, in fact they said so no one has a right to tell us what to do because we are in charge.

I tried to explain that no I am not taking the land if this place is needed I can move here but for now because it is not needed I want to use it please. They said no you can't do that they they started again.

Competition Commission

Aaah every time that you extend, you build the extra room for the shop how much does it cost you?

Siyanda Mnothoza

Beacuse we use zinc sometimes because I used to go to the factory at Flay sometimes its R1500 sometimes its R1000 the zinc. Because they two time and they came they took it they said you do not want to listen they crush them because the other day when they came didn't take it they just destroyed and you know the zinc in Cape Town that quality so they just .

Competition Commission

So in total how much does it cost to extend the shop?

Siyanda Mnothoza

How much does it cost?

Competition Commission

Yah how much does it cost to build you are room, you said sometimes it is a R1500 sometimes it is a R1000 for the zinc. Is that how much it costs you in total?

Siyanda Mnothoza

Yah.

Competition Commission

Okay thank you.

Competition Commission

I just want to go back the people who kept on coming to destroy your shop do you know where they were coming from, which municipality because it was obviously not Fezeka so do you know where they were coming from?

Siyanda Mnothoza

I don't know I think they are from Bellville but I don't know.

Competition Commission

Did they not introduce themselves, did they not?

Siyanda Mnothoza

They don't talk they just do the job when you try to talk to them they say no we were called but I thought it is the neighbours because sometimes they come when the neighbours call that someone is doing this and they come and they say that the neighbours do not like that you are doing so they say the complain about what you are doing so just don't talk. When you ask who sent you, they just say it is none of your business.

Competition Commission

Do they wear uniforms?

Siyanda Mnothoza

Yah they wear orange overalls,

Competition Commission

Orange overalls?

Siyanda Mnothoza

Yes.

Competition Commission

And the cars do they have any logo on the cars?

Siyanda Mnothoza

When they come they come with a white bakkie no logo, but before they came with a green and white bakkie for human settlement. But when they come to destroy the shack they use another car is not the same people that come.

Competition Commission

So the people who came in a green and white bakkie are the ones who said you can go ahead and rebuild your shack, and those people were coming from human settlement.

Siyanda Mnothoza

Yah those people were coming from human settlement because they were driving the car from there.

Competition Commission

From human settlement. ok sure.

Thank you very much Mr Mnothoza for explaining your experiences and it will be recorded so we will take into account. Thank you for coming and for your submission. I think with that we will close the session and reopen tomorrow at 9 O'clock, 9 O'clock tomorrow morning.