TRADE AND INDUSTRY CHAMBER

FUND FOR RESEARCH INTO INDUSTRIAL DEVELOPMENT,

GROWTH AND EQUITY (FRIDGE)

Stakeholder Comments on Draft Report and Workshop: **National Retail Sector Strategy**

Date of submission: 28 September 2010

Consultant details

SILIMELA
DEVELOPMENT SERVICES
HIGH IMPACT FUTURES

Tel. 021 685 1870

Fax 0866 168 391

E-mail: shahid@silimelaafrica.com

Cell: 083 377 2704

Registered as Wolpe Development Strategies 2006/011661/23 VAT: 4140226574

Trading as Silimela Development Services

1. INTRODUCTION

This report summarises the comments received at the National Retail Sector Strategy Workshop at the IDC on the 8th of September 2010 and the written comments submitted thereafter on the Executive Summary and Second Draft Report. For ease of reference the comments are grouped under the following 8 strategy headings as per the recommendations contained in the Executive Summary:

The following additional sections are included for strategic focus areas not covered by the above headings:

2. IMPROVE STRATEGIC DIALOGUE BETWEEN SOCIAL PARTNERS

COMMENTS RECEIVED AT WORKSHOP ON 8 SEPTEMBER 2010	
Comment	**Consultant's Response**
1. Retail growth has taken place without industrial policy interventions so must look at how to deal with service sectors and kinds of required interventions. What is the role of the state? Regulatory role etc.	• Our research supports the view that the retail sector has, until now, not been given sufficient attention from a policy perspective given its central role in the economy. • The possible role of the State includes: o Regulating markets: the SA Competition Comm. is well developed o Facilitating markets: levelling the playing fields by facilitating access by smaller and less sophisticated retailers and suppliers o Direct intervention and support: in many countries (eg Thailand) govt plays a stronger intervention role re providing finance equity etc.
2. Miss link to overall national strategy and sector strategy	• This point is taken. There will need to be articulation of the recommendations into the national economic policy framework.
3. How do we view sectors? Assumption is that retail sector is retailers. Suppliers and workers are seen as consumers of good. Need to understand all perspectives to understand sector. Omission of Labour perspective?	• One of our focus groups dealt exclusively with labour and was well represented. Labour issues are central to the growth and development of the sector • There are at least three generic labour regimes in retail: o Major retailers: generally compliant with the Sectoral Determination o Small indepdnt retailers: compliance a bigger issue o Informal: non compliance
4. What is responsibility of the sector and its role in development?	• Our view is that Business / Labour / Government partnerships are central to developing the sector. Dialogue is the first step.
5. There are conflicting interests between business and labour and how does the	• We have done our best to articulate the divergences of view

research deal with these?	
6. UK and Australia case studies: how did govt get retailers to come on board?	• See Comment # 1 above
7. In SA seems to be resistance from business to get involved in national strategy process?	• There has been strong participation from business in this process
8. Gauteng: Autos sector and AIDC role are good govt bus labour partnerships to promote investment. Partnerships are the key.	• Fully agree.
9. Improving social dialogue: Labour raised need for sector jobs summit. This could address some of the issues raised in the research. Labour must be part of these processes.	• Agreed
10. Social partners: dialogue govt and business no reference where labour recognised as social partner.	• Strategy no 1 needs to be amended accordingly

WRITTEN COMMENTS RECEIVED

Source	**Comment**	**Consultant's Response**
Retail Association	Strategic dialogue on policy issues and their impact on the sector would be beneficial provided this could result in tangible improvements in generating an enabling environment for retail to prosper and contribute to job creation. This would need to be supported with the appropriate capacity within Government. It would be important to set clear objectives and principles for engagement upfront. Issues of competition and representivity would need to be handled with care. Bargaining issues cannot form part of the scope of engagement. In particular, care should be taken so that the policy forum does not to usurp and undermine existing structures and processes that already exist.	It is clear that the manner in which a Retail Policy Forum is constituted will need input from the social partners. It would not be able to play the role of Collective Bargaining Forum .
Woolworths	A Retail Policy Forum would be desirable provided it is clear differentiated from bargaining issues on terms and conditions of employment. Clear terms of reference will need to be defined in order for this body to be functional. Clear benefits of participation will need to be demonstrated and the objectives will need to be clearly articulated. Is goes without saying that the capacity of the participants to the Forum would need to be developed to participate constructively.	See point above

Woolworths	The DTI capacity on retail matters is limited. While improved capacity is welcomed, we believe this is best provided on an outsourced basis in order to obtain the best possible expertise on the industry.	A Public Private Partnership approach together with exchange programmes are indicated

3. CONSOLIDATE INDUSTRY GOVERNANCE

COMMENTS RECEIVED AT WORKSHOP ON 8 SEPTEMBER 2010	
Comment	**Consultant's Response**
1. What is the nature of government support and involvement with retail voluntary associations in other countries?	• We are not aware of any government funding of retail associations • The UK Retail Policy Forum is an excellent example of where there is ongoing structured engagement between government officials and members of retail associations
2. Organised retail and business is not as organised as it could be due to nature of adversarial relationship with labour and govt. There is not trust between social partners to come together and organise sufficiently well to organise to constructive extent that is required. So is a flaw in the space at the moment due to nature of relationship between social partners. Do not have DOL here.	• Noted: All social partners must come to table re being better organised within themselves e.g transport struggles. • DTI is lead agency
3. Need to look at other bodies like consumer councils and organs of civil society that interact with retail sector so holistic strategy can take on all voices.	• This area deserves further attention

WRITTEN COMMENTS RECEIVED		
Source	**Comment**	**Consultant's Response**
Retail Association	It is important and helpful to support the capacity of social partners to engage in strategic issues facing the sector. The modalities of such support would need careful consideration so as to preserves the independence of the social partner and the ability to associate with organisations of choice. A single retail association may not be a desired outcome, rather broad industry representation should be the objective.	Noted
Edcon	In the presentation, it was frequently highlighted that there are not many industry bodies within business that would seek to enhance Retail co-operation. This is true, there are Business Chambers of Commerce in various big	The growth opportunity presented by the SADC needs to be highlighted together with the increased effectiveness which would follow from a collaborative approach

	towns, Franchise Associations and small scale talks between big businesses. The revival of Chambers of Commerce would quickly allow the various sectors associated with Retail to co-operate and exploit the opportunities. The Chambers of commerce should look at specifically expanding production and distribution channels in order to approach SADC holistically. The FUND needs to shift views around a strong internal look and move to more expansion based thinking - with an eye on Africa. to this end, all FDI would be leveraged to seeing RSA company growing.	
Woolworths	While this proposal should enable better industry participation, considerations of freedom of businesses to organize with associations of their choice needs to be recognized.	Agreed
Woolworths	The funding and participation of organized business within retail is traditionally a large problem due to competitive forces between retailers.	This is peculiarly South African phenomenon
Woolworths	How to maintain the independence of the organized business voice and how to bring in the small and informal retail voice would be a challenge.	Noted that a separate chamber / structure for second economy retail is needed

4. BROADEN PARTICIPATION IN INDUSTRY AND SUPPLY CHAIN & SKILLS LEVELS

COMMENTS RECEIVED AT WORKSHOP ON 8 SEPTEMBER 2010	
Comment	**Consultant's Response**
1. Why do we say retailers score low on the BEE scorecard and what is the benchmark to say retailers are low?	• Agreed. We have not benchmarked across sectors. The purpose of the scorecard approach to BEE is to track improvement.
2. The presentation indicates that the Informal sector share of retail decreased from the 10% it was in 2004. By how much?	We have not been able to secure information on trends post 1994/5. Our report (pg 118) states that: *Unfortunately, statistical data on informal businesses are very patchy, unreliable and affected by inconsistent definitions. The latest large-scale surveys providing quantitative information on the informal sector were Statistics SA's "Survey of Employers and Self-Employed" (SESE) and the BMR's survey to measure the size of the informal economy, carried out in 2005 and in 2004-05 respectively. Since this date, no new data have become available.*
3. Retail has strong linkages to most other sectors in economy and value chain approaches are required to inform intervention.	• We agree with this view and it informs the recommendations
4. Low skill entry level going into the sector: is this based on research re required academic levels e.g. matriculants etc.	• Low skill entry levels are common cause in the sector. However in the SA comparative research of skills entry levels across sectors will be useful as will overall research into skills development needs in the industry
5. Skills development and WRSETA focus: Say something about relationship between skills dev. and job creation? Good to learn from other countries what role skills dev played re successes of the retail sector and their approach to skills devt. And what constraints exist in SA environment re our approach to skills dev.	• In our assessment there is a need for better coordination of ETD within the sector to meet industry needs. See Strategy 3. Upward mobility is a key facet of the decent work agenda. • We did not find specific evidence of skills development strategies in

	the four case studies although we are quite sure there is substantial international precedent particularly in the ASEAN countries
6. Skills development is serious government priority. Very NB in retail sector and large corporates actively involved and devoting lots of resources to develop skills. Diagram downplays role of skills development and propose structure be re-looked at to make skills more visible.	• We support the view that Skills Development should be a strategic priority on its own
7. Strategy to target formal and informal sectors must be different so consider separation of strategies re government's role etc. How to form partnerships with spaza shops etc. Very different from big retailers .	• We agree and the recommendations deal extensively with the needs of "Second Economy" retail
8. Modelling: More needed to support agriculture sector: proposals needs to be clear as well as how to address competitive dynamics and suppliers accessing value chain.	• A supply chain approach is fully endorsed: see Strategy 3
9. BBBEEE: enterprise development: challenge is do not have clarity on tax implications when giving financial assistance to businesses in supply chain. These need to be clarified.	• Noted
10. Challenges within supply chain. Need to start engaging proactively with service providers and have codes of conduct. The competitions commission makes lots of noise and run huge reputational risk when issues are raised by CC in the media.	• Agreed
11. More attention needs to be paid to small and medium sized independent retailers. This is where flexibility and labour productivity is very important. Concept of independent retailer disappearing becoming national brands and chains.	• Fully agreed. Independent retailers are the heart of the industry and a seat of innovation. The dualistic economic landscape tends to obscure the importance of SMME independent retailers.

WRITTEN COMMENTS RECEIVED

Source	**Comment**	**Consultant's Response**
12. Retail Association	Skills development, particularly on higher order skills such as management, buying, planning and technology could greatly enhance efficiency within the sector as a whole.	• Noted
13. Retail	The sector plays a valuable role as an entry point	• Agreed

Association	to employment for first time employees, youth and woman who have a low skills base. The value of this should not be underestimated	
14. Retail Association	In addition, far more could be done on entrepreneurship development and support for smaller operators. The intersection between policy and the W&R Seta is important, so as not to undermine the role of the Seta.	• Agreed
15. Retail Association	Supply chain development should be treated with care so as not to disturb different supply chain business models that contribute to the competitiveness of the sector. Incentivising and supporting manufacturing competitiveness and development would benefit the economy way beyond the supply chain in isolation, and innovative ways to encourage this should be sought.	• Agreed: supports the core driver of our recommendations
16. Edcon	Township Retail business is by nature informal. The idea of conglomerating the spazas and cafe, by using technology, better distribution channels, better use of space - moving away from business in the garage concept, by up-skilling on merchandising and security measures - is a logical step if one is to look at changing that field.	• Agreed
17. Woolworths	While the attempt to encourage formalization of informal businesses is desirable, there should be careful consideration as to whether compulsory micro-trading near new retail centres is desirable. Social issues on safety and crime need to be addressed. Further, the viability of the micro-retailers located so close to retail developments may render the redundant.	• There is plenty of evidence that the challenges referred to can be managed.
18. Woolworths	It is unclear what is the role of local government in developing the ‘Superette and Mom & Pop Store’ in site identification and zoning. Clear and functional guidelines will need to be in place so as not to undermine natural market forces. Social Market conditions will also have to be considered.	• Agreed

5. PROMOTE AFFORDABILITY OF BASIC WAGE GOODS AND FOOD SECURITY

COMMENTS RECEIVED AT WORKSHOP ON 8 SEPTEMBER 2010	
Comment	**Consultant's Response**
1. Food security: international discourse has shifted to food sovereignty: look at procurement issues.	• Agreed

WRITTEN COMMENTS RECEIVED		
Source	**Comment**	**Consultant's Response**
2. Retail Association	Zero rating of poultry, school uniforms, children's wear and academic books should be considered.	• Agreed: but there are challenges in ensuring the benefit reaches the consumer
3. Retail Association	The cost of energy and transport adds to the cost of wages goods. Development clusters to support retail – agricultural development should be carefully engaged upon so as not to undermine competitiveness. The work done by the clothing cluster in KZN and Western Cape is a usual model and point of reference which could be built on and better incentivised.	• Agreed
Woolworths	The imperatives of land reform and food security create huge risk and insecurities for food retailers. Open and constructive engagement with retailers is required in this regard. Proposals to develop forums have little value if they are not taken seriously and supported by implementation.	• Noted

6. ENHANCE DECENT WORK WITH EXTENDED SHOPPING HOURS

COMMENTS RECEIVED AT WORKSHOP ON 8 SEPTEMBER 2010	
Comment	**Consultant's Response**
1. Employees: who are they? Gender profile etc. Implications for skills dev and other interventions	• Gender: high female involvement compared with most other sectors with implications for child care and public transport health etc. See page 156 of Second Draft Report • More research is required.
2. Decent work and extended hours: contradiction? Need increased shifts. Shopping centre support areas can be extended to other areas.	• Extended shopping hours place major challenges on decent work. • SA's Retail Sectoral Determination is one of the most advanced in the world • Progress in implementing Australia's recent Modern Award for retail needs to be tracked
3. Extended hours vs decent work: not much research on implications and impact on ordinary working people. E.g. public transport is critical or other transport if missing.	• See Strategy 5 attached. This a key challenge in the industry
4. Role of SA Shopping Centre Council: How do mall owners/ investors/ managers and retailers impact on retailer employees? E.g. Expired leases impact on job security. Need in depth interrogation to inform conclusive recommendations and involve labour as key role-player in these processes and recommendations.	• Agreed. There are complex inter relationships between mall service functions and those of retailers which do not lend themselves easily to sectoral approaches
5. Extended trading hours: it is anti-social re the lives of workers. Single mothers not have time to look after children.	• Noted
6. Sectoral determination: minimum wages are very low compared to other sectors. Concern re minimum wage for youth may create revolving door to bring youth in at lower level.	• Noted
7. Wage subsidy proposal: lots interesting arguments. Brazil interesting example where this failed. Debate has become ideological. Problem is structural not level of wages. Wage subsidy may not be appropriate for sector where cyclical and	• This is a complex issue and needs further research to determine how a possible wage subsidy could be implemented

easy to go in and out and sector is growing anyway.	
8. Structural change require parties to sit down in collective bargaining forum not just social dialogue but nuts and bolts of how industry must operate and needs broad framework for negotiation e.g. extended working hours needs appropriate forum to discuss this as well as child centres etc. So recommendations must refer more to collective bargaining which is not always negative are ways to promote and use this for the benefit of the sector.	• Noted
9. Extended working hours are already in place useful to look at measures large retailers already have in place re transport etc. Must look at issue of crime re impacts on extended working hours. Violence against woman taking into account.	• Agreed

WRITTEN COMMENTS RECEIVED

Source	Comment	Consultant's Response
10. Retail Association	Non-standard forms of employment facilitate adjustment of employment to operational requirements, thereby enhancing productivity and efficiencies. The role of retail as a significant employer and portal to first time employment should not be underestimated.	• Agreed
11. Retail Association	Safe and affordable public transport would facilitate longer trading hours which would be in the interests of business and labour.	• Agreed
12. Retail Association	Social security benefits that take account of non-standard forms of employment and hourly paid work would go a long way towards enhancing job security and meeting business operational requirements.	• This is a key thread to balance the decent work and competitiveness agendas
13. Retail Association	A training layoff concept where employees with lower hours can earn additional income funded via UIF, while on skills training would benefit employees and the economy in general.	• Agreed
14. Woolworths	We note with agreement the draft report conclusions that general larger retailers comply with labour legislation and fulfil decent work objections and that strong competitive exist between retailers.	• Noted

	Conditions for this to continue need to be ensured.	
15. Woolworths	Another significant concern is that the strategy should not have an impact of increasing the cost of employment. The goal of enhancing decent work and creating and maintaining job opportunities need to be constantly weighed up against each other. Staff cost contribute the majority of a retailer's expenses and business and employment opportunities have largely been enabled through relatively low entry level wages. This has made retail a significant sector in relation to first time employment experience and as a portal into employment in general. As the sector is a major job contribution to the economy, measures should be directed at enabling the sector, rather than increasing the cost of doing business.	• Noted
16. Woolworths	Availability of an improved public transport system is vital to facilitation retail trade and growth. Safe transport for employees working unsociable hours is a necessity. Improved transport would also facilitate greater customer access. As a business, we have been stressing this for some time now, yet little progress has been made between the Department of Labour and the Department of Transport. Concrete proposal need to be made and delivered in this regard.	• Noted
17. Woolworths	Proposal on collective retail workers support systems are desirable as a default system in the absence of a retailer having an existing support system. Important in this regard is the cost of such system as frequently the skills levels and hours of work do not translate into a salary that is sufficient to fund such support from an employee perspective. From an employer perspective, the level of work hours of work must realistically translate into salary. If the cost of employment is pushed too high, this will result in job loss and a dampening of the role of the sector as an accessible entry point for the first time employment – particulary among youth and woman. The trade off between salary and employment needs to be clearly understood before any such suggestion are made. We do, however,	• The need for collective worker benefit schemes is a key recommendation

	believe there is a role for creative thinking on how to subsidise and enhance such support systems through customized state support. For example, UIF support for those workers whose hours of work decrease significantly; or paid training to supplement wages and enhance skills for flexible workers.	

7. EMBRACE FUTURE GROWTH OPPORTUNITIES

COMMENTS RECEIVED AT WORKSHOP ON 8 SEPTEMBER 2010	
Comment	**Consultant's Response**
None	

WRITTEN COMMENTS RECEIVED		
Source	**Comment**	**Consultant's Response**
1. Retail Association	Care should be taken not to limit the manner in which natural competitive forces drive demand and retail development. Retailers are very response to market demands, which is good.	• Agreed
2. Edcon	Regarding Retail Growth Sustainability, opportunities are linked to expanding the sector around SADC. This is good for South Africa, but the internal competition between retailers sees them not to acting in unison to take advantage of the SADC jointly. A framework for non competitive work outside of RSA needs to be tabled and enhanced co-operation is needed for local retailers - with the intention of pushing the production, employment, technology and supplier bases to still remain in RSA to benefit the citizens.	• Agreed
Woolworths	Expansion of township and rural retail is ultimately dependent on customer demand. Clever interventions and enable mechanisms, not based on subsiding otherwise non-feasible retailers, are required so that they can be sustainable.	• Agreed

8. BETTER LOCATIONAL SUSTAINABILITY

COMMENTS RECEIVED AT WORKSHOP ON 8 SEPTEMBER 2010	
Comment	**Consultant's Response**
1. Proliferation of malls: how does this set the agenda for development and living environments?	• There are good and bad examples in SA re mall impacts on quality of life. Municipal planners need more training re planning for retail developments.
2. Gauteng SDF has urban edge which limits decentralised malls.	• Noted

WRITTEN COMMENTS RECEIVED		
Source	**Comment**	**Consultant's Response**
3. Retail Association	The comments on locational sustainability are valid, and based on the assumption that there is capability within municipal and town planning structures to drive the desired changes. This assumption needs to be in place, failing which the consequences would merely be to drive up costs, delays and slow down responsiveness to consumer demand.	• Agreed: the key issue is capacity
4. Retail Association	Issues pertaining to crime need to be considered in relation to retail development and malls.	• Agreed
5. Woolworths	Caution is expressed in relation to planning and zoning guidelines as they can become hugely bureaucratic with little positive impact. Regulatory impact in this regard needs to be investigated. Government capacity in this regard would be fundamental.	• As noted above
6. Woolworths	Retail malls codes of goods practice should include matters on safety and crime.	• Agreed
7. Woolworths	Spatial development frameworks are highly supported by Woolworths in all areas but should be developed with great caution as consumer demand will ultimately determine the failure or success of a retailer's location. Once more, if not managed with significant competence this could be a major impediment to the establishment of new retail sites in response to consumer demand.	• Confirms the capacity issue

9. IMPROVE INFRASTRUCTURAL & LOGISTICAL EFFICIENCIES

COMMENTS RECEIVED AT WORKSHOP ON 8 SEPTEMBER 2010	
Comment	**Consultant's Response**
None	

WRITTEN COMMENTS RECEIVED		
Source	**Comment**	**Consultant's Response**
1. Retail Association	This is a vital component of retail efficiency and there are significant risks in this regard. Road freight is expensive, and difficult with increased costs, congestion and environmental impact. Rail freight is very poor, thereby increasing the costs of basic wage goods and creating a disincentive to rural farming. Care should be taken not to interfere with retail distribution models in making recommendations in relation to this section.	• Noted
2. Retail Association	Water supply is regarded as major risk for the future, as is electricity supply and cost.	• Agreed
3. Woolworths	We have great concern that research on supply chain efficiencies and best practices may be anti-competitive in nature. Our business model is built on strong partnership with suppliers on product development. That of other retailers is very different, and we would be loath to share such information. Perhaps this point on supply chain efficiencies needs to be rephrased	• This is a question of balancing collective and competitive needs
4. Woolworths	Retail distribution networks should be engaged upon with great care in order to not interfere with different retail distribution models – a major source of competitive advantage, development at great cost over a long period of time.	• Agreed
5. Woolworths	The desirability of collective energy saving and water efficiently plans is supported, however, going "green" is generally expensive and incentives should be considered to accelerate this critical initiative.	• Agreed

10. IMPORTS

COMMENTS RECEIVED AT WORKSHOP ON 8 SEPTEMBER 2010	
Comment	**Consultant's Response**
11. Illegal imports: Good progress is being made with local competitiveness but illegal imports are huge SA including under-invoicing and fraud. Acts and laws have to be changed to deal with this. So how make sure this is addressed? How get rid of political agendas impacting on progress re dealing with this?	• This was identified as a major issue in our interviews and it would seem that the volume of contraband is seriously underestimated. Our modelling indicates that the economy may be more dependent on illegal imports than we realise.
WRITTEN COMMENTS RECEIVED : None	

11. REGULATORY FRAMEWORK

COMMENTS RECEIVED AT WORKSHOP ON 8 SEPTEMBER 2010	
Comment	**Consultant's Response**
1. Retail sector will require regulation. Large retailers use buying power re suppliers, including confidential rebates to larger suppliers. Do we have examples of this?	• The UK Competition Commission found a range of potential manipulative supply chain practices and has a developed Grocery Suppliers Code of Conduct. • An Australian study (Fair Market or Market Failure? A review of Australia's retailing sector: Commonwealth of Australia 1999) reported that: *"The vertically integrated structure of the major chains facilitates a number of advantages in purchasing, warehousing and pricing practices:* • *Vertical integration enables the major chains to derive their entire profitability from retail operations, while in the independent sector, both the warehouse and the retail stores make separate profits. In addition, buyer groups are also part of some independent supply chains.* • *Independent wholesalers carry the debt risk for many of the retailers they supply, while deliveries to retail stores in a chain are an internal transfer.* • *Compared with the centralised buying practices of the major chains, independent wholesalers may have fewer opportunities for 'investment buys', where quantities are purchased from suppliers prior to promotions or known price increases.* • *Centrally co-ordinated store orders for the major chains involve larger warehouse pick-up runs, enabling them to exploit efficiencies in distribution. By contrast, the average store order from an independent wholesaler is mainly small to medium.* • *Being the 'core tenant' in large shopping centres, the major chains pay substantially less rent per square metre than other small retail tenants. In addition, the major chains enjoy more flexible terms and conditions in their leasing arrangements.* • *Economies of scale enable the major chains to utilise electricity and floor space more efficiently than small retailers. As a general rule, the smaller the business, the more costly and labour intensive it is to run.* • *The major chains can centrally co-ordinate promotional activities and exploit generic advertising advantages.* • *There can be tax benefits associated with vertical integration. Wholesale Sales Tax (WST) is generally paid on the final wholesale selling price of goods, usually a value incorporating the costs incurred up to and including that sale. Those costs could be activities such as advertising, storage and transportation of products. Those costs will not be within the tax base when performed by a vertically integrated retailer"*

WRITTEN COMMENTS RECEIVED		
Source	**Comment**	**Consultant's Response**

2. Woolworths	While the strategic objectives are laudable, they can only be achieved if effected by capable and knowledgeable people. With all due respect, given the lack of public service capacity in many of this specialist areas and the limited insight on retail, we have great concern that the impact will be to increase the regulatory burden, undermine business efficiency without achieving the desired objectives. We would therefore caution against an interventionist and regulatory approach, rather focusing on the practical enablers to doing business.	• Noted

12. FOREIGN OWNERSHIP AND INVESTMENT

COMMENTS RECEIVED AT WORKSHOP ON 8 SEPTEMBER 2010	
Comment	**Consultant's Response**
1. Rural development: fascinating in past second language W Cape was English now has become Chinese. What are implications re use of space when Chinese investors coming into small towns?	• We have not investigated this.

WRITTEN COMMENTS RECEIVED		
Source	**Comment**	**Consultant's Response**
2. Edcon	In the report the issue around Retail Foreign Direct Investment highlights the case for less restrictions. This may not necessarily bode well for South Africa if the intentions of this FUND are to develop local businesses to take advantage of the potential of the Retail sector opportunities. The concern is around the distinction of either saving jobs vs creating jobs. The case of how FDI benefit is in need of some restrictions to further enhance the benefits for RSA by which citizens themselves would benefit. It does not make sense to allow a foreign company to come exploit the opportunities and extract the wealth with the view to balance this with just job creation.	• Noted