

# **Business, State and Society - doing business apartheid style: The case of Pep Stores Peninsula Limited**

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## ***Abstract***

This article uses the Pep Stores Peninsula Ltd case study (1973-1974) as a window on State-Business relationships during apartheid and to highlight the dynamics and outcomes generated by the combination of state controlled ideologically driven race based economic empowerment in tandem with corporate market driven initiatives. In the process it also sheds light on the role of Business during apartheid and the way they negotiated the apartheid context – in this case with specific reference to Coloured economic development and empowerment. The case study also underscores the viewpoint that the roots of black economic empowerment – despite the differences in context, aims and scale - in South Africa stretches back further than the much publicized post-1990 version that currently dominates State – Business relationships and debates.

**Keywords:** Black Economic Empowerment; Coloureds; Pep Stores; Coloured Development Corporation; Group Areas Act; Trade License; Renier van Rooyen; Apartheid; Pep Stores Peninsula; Business; Coloured Politics; Business-State Relationships.

## **Introduction**

The economic empowerment of previously disadvantaged black<sup>1</sup> people and the accompanying attempts at establishing black entrepreneurship and a black middle class is currently a hotly debated topic in South Africa. Although current popular perception associates black economic empowerment with post-1990 South Africa the 1980 studies by R Southall and the work of recent scholars that draw on his work demonstrate that the current process is rooted

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1 For the purpose of this article the term black is used generically and include Africans, Coloureds and Indians.

in historical antecedents that stretch back much further.<sup>2</sup>

In a historical analysis of black economic empowerment Peires came to the conclusion that by 1948, pre-colonial indigenous traditional black economic empowerment had been destroyed. This was effected through the combined onslaught of the mineral revolution and its migrant labour system in tandem with the accompanying segregation legislation such as the Natives' Land Act of 1913 and the Urban Areas Act of 1923.<sup>3</sup> Although highly critiqueal of the "corruption and cronyism" of the "homelands" system created after 1948 under apartheid. Peires is of the opinion that it did make available resources and created opportunities for black empowerment of a certain kind.<sup>4</sup>

According to Southall the objective of this kind of empowerment was "to create a collaborative petty-bourgeoisie within each of the homelands".<sup>5</sup> A characteristic of this version of black economic empowerment was the establishment of state controlled corporations (such as the Xhosa Development Corporation)<sup>6</sup> for each homeland. In the original brief by the Tomlinson Commission these corporations had to promote African entrepreneurship by supplying the necessary capital and business assistance to potential small industry owners and traders.<sup>7</sup>

Apartheid also catered on a similar basis for the economic empowerment of other racial groups (Coloureds and Indians) with the difference that their economic empowerment was not contained in a homeland but exercised in their respective group areas as demarcated by the Group Areas Act.<sup>8</sup> The Coloured

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2 R Southall, "African capitalism in contemporary South Africa", *Journal of Southern African Studies*, 7(1), October 1980; R Southall, *South Africa's Transkei. The political economy of an 'independent' Bantustan* (London, Heinemann, 1982); G Marcus et al, (eds.) *Visions of Black Economic Empowerment*, Section 2, Historical Antecedents (Auckland Park, Jacana Media, 2007). See the contributions by E Mafuna, J Peires, D Innes & S Maseko in the above publication.

3 J Peires, "Economic empowerment in the Eastern Cape", G Marcus et al, (eds.) *Visions of Black Economic Empowerment*, p. 45.

4 J Peires, "Economic Empowerment...", G Marcus et al, (eds.) *Visions of Black Economic Empowerment*, p. 46.

5 R Southall, "African capitalism...", *Journal of Southern African Studies*, Vol. 7, no. 1, October 1980, p. 40.

6 By 1975, 692 loans to the value of R 6 518 700 to African businessmen were approved by the Corporation. R Southall, *South Africa's Transkei...*, p. 190.

7 R Southall, *South Africa's Transkei...*, pp. 44-45.

8 Based on his experience with the Coloured Development Corporation and the Xhosa Development Corporation Renier van Rooyen is of the opinion that "these corporations were total apartheid politically motivated and were managed by Broederbonders and other politically connected people – not appointed on the strength of their abilities or expertise but rather their political support. Those were easy real cosy comfortable jobs with big salaries, cars, houses, status and other perks." With regard to their operational functioning he commented "that behind the façade of seemingly praiseworthy ideals there were many obstacles, confusion and sometimes deliberate indecisiveness." Interview, A Ehlers (Historian, History Department, Stellenbosch University)/R van Rooyen (CEO, Pep Stores), 28 August 2008.

Development Corporation (CDC) was for example specifically founded to stimulate economic participation and development among Coloureds within their specific group areas. The Corporation financed and supported Coloured businesses and industries to achieve this aim. Apart from the CDC the broader framework of separate Coloured economic development was regulated by the Group Areas Act. The Act defined a Coloured company as 51% shareholding of the business being in Coloured hands. Some white businessmen seized this opportunity to access Coloured group areas as markets by establishing companies with a 51% Coloured shareholding to trade in these areas.

Pep Stores Limited, a clothing retail company founded in 1965 and serving the bottom end of the market was probably one of the earliest and most well publicized examples in this regard. After initial correspondence and deliberations with the CDC in 1973 the company founded Pep Stores Peninsula (Pty) Limited to access the Coloured group areas as potential market for their business. This initiative foregrounded the problems and pitfalls of Coloured economic empowerment on an apartheid basis.

The aim of this article is to use the Pep Peninsula case study as a window on State-Business relationships during apartheid. It attempts to highlight the dynamics and outcomes generated by the combination of state controlled ideologically driven race based economic empowerment in tandem with corporate market driven initiatives. In the process it also sheds light on the role of Business during apartheid and the way they negotiated the apartheid context - in this case with specific reference to Coloured economic development and empowerment. The case study also underscores the viewpoint that the roots of black economic empowerment – despite the differences in context, aims and scale - in South Africa stretches back further than the much publicized post-1990 version.

### **The statutory framework for Coloured economic empowerment by c.1972**

As with the statutory imposed political separate development of Coloureds which culminated in the Coloured Representative Council (CRC) in 1969<sup>9</sup> the economic separate development of the Coloured group was also dictated through statutory measures. Act no 4 of 1962 made provision for the

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<sup>9</sup> JJN Cloete, *Sentrale, provinsiale en munisipale instellings van Suid-Afrika* (Pretoria, Van Schaik, 1977), pp. 201-204. The CRC was the vehicle created by the apartheid government for the political representation of Coloureds on a national level.

establishment of the CDC with a share capital of R500 000 and the state being the only shareholder. The aim of the Corporation was the economic development of Coloureds in industry, trade and finance within their designated group areas.<sup>10</sup> The Corporation was managed by a board of directors appointed by the State President. The main focus of the Corporation was therefore the establishment of Coloured industrial, commercial and financial companies by providing the financial, administrative and logistical support needed for such ventures. By the beginning of 1974 the CDC had already invested R20 million in the development of industry and commerce and was in the process of financing several new projects.<sup>11</sup> The act defined a Coloured company as any association of persons in which all the shares were held by Coloureds or Coloureds and the Corporation.<sup>12</sup>

This definition differed from the one prescribed by the Group Areas Act No 36 of 1966 with regard to companies that were allowed to operate in Coloured group areas. This act used the 51/49% principle for their definition of “controlling interest” in a company. A “disqualified company” (a company that was not allowed to trade in a certain group area) was described as a company in which the controlling interest was in the hands of a “disqualified person”. A “disqualified person” was a person that was not a member of the group for which the group area in which the company operated was specified. The right to do business in a certain group area was therefore determined by the status of the individual or company as being either “qualified” or “disqualified” in terms of the stipulations of the Group Areas Act.<sup>13</sup> Although CDC legislation did not make provision for mixed shareholding for CDC initiatives, the Group Areas Act through its definitions did accept the principle. Though it was not spelt out in so many words, Act no 4 of 1962 formulated the powers of the Corporation broad enough for the CDC to take on the role of gatekeeper against any illegal competition for Coloured businesses in Coloured group areas if it so wished.<sup>14</sup>

Apart from the Companies Act the provincial control of the business activities of individuals or companies were regulated through provincial ordinances. In the Cape Province the Registration of Businesses Ordinance,

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10 Republic of South Africa, Act no. 4 of 1962, *Coloured Development Corporation Act*, 1962.

11 Anon., “We will all work together in future – CDC official”, *Cape Herald*, 2 February 1974, p. 1; Anon., “CDC injects R13-m into new projects”, *Cape Herald (Business and Motoring)*, 9 March 1974, p. B1.

12 Republic of South Africa, Act no. 4 of 1962, *Coloured Development Corporation Act*, 1962.

13 Republic of South Africa, Act no. 36 of 1966, *Group Areas Act*, 1966.

14 Republic of South Africa, Act no. 4 of 1962, *Coloured Development Corporation Act*, 1962.

1953 stipulated that anybody wishing to carry on a business had to register with the local authority in whose area of jurisdiction the business wanted to operate. The local authority had to issue a certificate of registration to successful applicants that licensed the individual or company to carry on its business in that area.<sup>15</sup> To accommodate the development of local government in group areas the Registration and Licensing of Businesses Amendment Ordinance, 1972 further stipulated that if the business was situated within an area for which a management committee had been established, the “views” and “recommendations” of the committee concerned had to be obtained. In practice this meant that management committees (the local authorities in Coloured and Indian/Asian group areas) had no decision making power on who could do business in their group area. It could only comment/advise or make representations to the local authority (white municipality or city council) in this regard.<sup>16</sup>

On article the web of statutory regulations tightened the control over economic activities in group areas. In practice the division of functions in this whole process among a number of statutory bodies without clear lines of communication or hierarchy of authority tended to have the opposite effect. This resulted in a game of passing the buck when problem cases arose. A request by the Kensington Management Committee to the Cape Town City Council (CTCC) for more information on a specific company so that they could determine the legality of the status of the company to trade in their area and make a recommendation to the CTCC served as a case in point. The CTCC issued the certificate of registration that entitled the business to a trading license. The Council did not however consider it their duty to investigate the company to establish whether it was eligible for a license in terms of the Group Areas Act. They therefore referred the Management Committee (MC) to the Department of Community Development. The Department adhered to the legislative requirements governing the issuing of trading licenses in group areas and was prepared to act when a premises was occupied by a “disqualified” person without the necessary permits having been obtained. They felt however that they could only become involved once an application for a trading license in a specific building was referred to them. The Department therefore referred the MC to the CDC. Although the CDC

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<sup>15</sup> Republic of South Africa, *Ordinance No. 15 of 1953 (Registration of Businesses Ordinance, 1953, Sections 3 and 4)*.

<sup>16</sup> Republic of South Africa, *Ordinance No. 19 of 1972 (Registration and Licensing of Businesses Amendment Ordinance, 1972, Section 5)*.

could probably claim a gate-keeping role in this regard they tended to only become involved when the interests of one of their own projects were at stake. The original intention of the Kensington MC to advise that the development plans of the company in question be prevented if it proved to be a “disqualified” company was eventually frustrated. Due to a lack of information they decided to adjourn the matter until the proposed development was completed<sup>17</sup> - in which case any action would probably be too late.

The experience of a local authority like the CTCC further testified to the difficulties and practical realities of administering the system of the licensing of businesses within an apartheid context. In response to an enquiry by the Athlone and District MC with regard to businesses trading prior to a certificate of registration having been obtained, the licensing division of the Council indicated that although they were in favour of prosecution in such cases their experiences with the processes and approach of the Courts has made this an option of last resort. In cases where the Council did prosecute the Courts displayed leniency by adjourning the hearings to enable the businesses concerned to fulfil the requirements and obtain the licences. Although the Council could apply to the Supreme Court for an interdict to immediately close down such businesses it was an expensive option and also one that would flood the Supreme Court with applications due to the widespread practice of trading prior to licencing. Because the Council was of the opinion that the Supreme Court would probably display the same leniency as the lower courts:<sup>18</sup>

... the procedure is to accept applications and call for all necessary reports. Applicants are advised that trading prior to their obtaining the certificate of registration and licenses is illegal. All applicants are given between three weeks and one month to put their business premises in order and on their not complying within a given period legal proceedings are instituted.

The letter also illustrates that the focus of the CTCC when it came to the requirements for licensing was on “non-political” matters such as the health risk of the business premises and the criminal record of the applicants. In this

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17 Cape Archives Depot (CAD), Cape Town, 3/CT Archives of the Town Clerk of Cape Town. 1/4/18/2/1/2 Kensington Management Committee Minutes, January 1971 – December 1975, Minutes of the Ordinary Meeting of the Kensington Management Committee, 22 May 1974, p. 4 and 25 September 1974, p. 2; CAD, 3/CT Archives of the Town Clerk of Cape Town. 1/4/18/1/1/3 Athlone and District Management Committee Minutes, March 1974 – December 1976, Minutes of In-Committee Proceedings of the District Management Committee, 17 September 1975, p. 1.

18 CAD, 3/CT Archives of the Town Clerk of Cape Town. 1/4/18/1/1/3 Athlone and District Management Committee, Minutes, March 1974 – December 1976, Minutes of the Ordinary Meeting of the Athlone and District Management Committee, 15 October 1975, p. 3 (Annexure 6: Letter, The Acting Secretary Athlone and District Management Committee – M Goodrick for Trading Licensing Officer, 3 October 1975).

regard they differed from the MCs whose primary focus was on the “qualified” or “disqualified” status of the applicants according to the Group Areas Act.

### **The implementation of separate economic development for Coloured people: “qualified” or “disqualified”?**

#### ***The issuing of trading licences: Management Committees (MCs) vs. the CTCC***

The local MCs in the Coloured group areas in the Cape Peninsula became the battle ground of Coloured economic empowerment on a statutory regulated apartheid basis. From their inception, Coloured MCs were at loggerheads with the apartheid government about the Committees lack of real decision making power and what they perceived as their “rubber stamp” status. One of the areas the MCs identified was the issuing of trade licenses. They requested to have the final say with regard to the issuing of trade licenses in their areas of jurisdiction. The CTCC was however not prepared to cede their final say on the issuing of licenses to the MCs.<sup>19</sup>

Apart from their lack of real decision making power with regard to trade licenses the manner in which the CTCC implemented the consultative process was also a source of great irritation to MCs and indicative of the lack of esteem and status of the Committees. MCs complained continuously about the lack of information on the license applications they had to consider – manifesting their rubber stamp status.<sup>20</sup> They were also upset by the fact that the legislation with regard to “disqualified” traders in group areas was not applied properly. In reaction to objections from businessmen to the “influx of White businesses” in Athlone, the Athlone and District MC discussed the issue in November 1973. EM Essop, complained about the large number of “disqualified” traders that were still operating under permits in the MC area and enquired when such persons will be required to vacate their premises. He also drew attention to the fact that not a single application by a white businessman for renewal of his trade license had been referred to the MC thus

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19 CAD, 3/CT Archives of the Town Clerk, Cape Town. 1/1/1/160, City of Cape Town. Proceedings of Council for the Mayoral Year March 1974 to August 1974, Vol. 132C, Ordinary Council Meeting, 28 March 1974, pp. 2331-2332.

20 CAD, 3/CT Archives of the Town Clerk of Cape Town. 1/4/18/1/1/2 Athlone and District Management Committee Minutes, January 1968-January 1974, Minutes of the Inaugural meeting of the Athlone and District Management Committee, 13 February 1973, p. 6.

far. Referring to the 51-49% stipulation in the Group Areas Act Essop called for the relevant legislation to be amended and described it as:<sup>21</sup>

...the biggest fraud perpetrated by the Government. This is not the Government's policy of separate development. We don't open in White areas. We won't get permission from the Department of Community Development. But suddenly we find White businesses opening in Athlone. There is obviously a big loophole in the 51-49 percent set-up. It's one big farce...killing the economic growth of the Coloured businessman.

Essop was also supported on the issue by other members of the MC such as F Peters while some members were also disappointed about the lack of reaction from the CRC on the issue. The MC unanimously accepted a resolution calling on the Government to investigate the question of "disqualified" persons trading in the area under the jurisdiction of the Committee.<sup>22</sup> This resulted in a memorandum in February 1974 addressed to the CTCC in which the Committee stated its grievances with regard to "disqualified" traders operating in its area of jurisdiction. In reaction to this memorandum the CTCC Town Clerk requested all Coloured MCs under its jurisdiction to provide the Council with specific cases in this regard.<sup>23</sup>

A differentiated reaction from the MCs to the CTCC request demonstrated that the issue of "disqualified" traders was not such a pressing issue in all Coloured group areas. Party political affiliations and economic interests played a role in the responses of MCs and its individual members to the issue. Despite the imbiguous reaction the rejection of the presence and activities of "disqualified" traders was widespread.<sup>24</sup> The Athlone MC was particularly concerned about the slow economic development of the Coloured people

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21 Anon., "Trading set-up is farcical – Babs Essop", *Cape Herald*, 2 March 1974, p. 4.

22 CAD, 3/CT Archives of the Town Clerk of Cape Town. 1/4/18/1/1/2 Athlone and District Management Committee Minutes, January 1968-January 1974, Minutes of the Ordinary Meeting of the Athlone and District Management Committee, 28 November 1973, p. 9; Anon., "Trading set-up is farcical – Babs Essop", *Cape Herald*, 2 March 1974, p. 4.

23 CAD, 3/CT Archives of the Town Clerk of Cape Town. 1/4/18/2/1/2 Kensington Management Committee Minutes, January 1971 – December 1975, Minutes of the Ordinary Meeting of the Kensington Management Committee, 24 April 1974, p. 2; CAD, 3/CT Archives of the Town Clerk of Cape Town. 1/4/18/3/1/2 Wittebome/Wynberg Management Committee Minutes, January 1972 – July 1976, Minutes of the Ordinary Meeting of the Wittebome/Wynberg Management Committee, 20 March 1974, p. 2.

24 CAD, 3/CT Archives of the Town Clerk of Cape Town. 1/4/18/3/1/2 Wittebome/Wynberg Management Committee Minutes, January 1972 – July 1976, Minutes of the Ordinary Meeting of the Wittebome/Wynberg Management Committee, 20 March 1974, p. 2; Debates and proceedings of the Coloured Persons Representative Council, First Council, Fourth Session 1972, Vol. 19, 29-30 August 1972, p. 1163; CAD, 3/CT Archives of the Town Clerk of Cape Town. 1/4/18/2/1/2 Kensington Management Committee Minutes, January 1971 – December 1975, Minutes of the Ordinary Meeting of the Kensington Management Committee, 24 April 1974, p. 2.



and what they considered to be the manner in which the economic growth of the Coloured people was being stifled.<sup>25</sup> In the Athlone and District MC Federal Party member (Babs Essop)<sup>26</sup> and Labour Party member (F Peters)<sup>27</sup> were unanimous on the issue despite the policy differences of their respective parties on national level.

The complaints by MCs about the way they were treated in the whole licensing process and also their critique of the 51/49% principle can partly be explained by the different view held by the CTCC on Coloured economic development. The view held by the CTCC was clearly spelt out in their recommendations on Coloured entrepreneurship to the Erica Theron Commission<sup>28</sup> in March 1974. Although the CTCC was well aware of the resentment in the Coloured community towards “disqualified” groups trading in their areas or Coloured people being used as fronts for “disqualified” capital they were convinced that based on the level of their expertise Coloured entrepreneurs required to be financially assisted until viable developments were established. They therefore found it advisable that white and/or Asiatic entrepreneurs be allowed to invest in Coloured areas specifically where Coloured expertise does not exist in particular activities such as financial and industrial concerns. These investments however had to strike a balance:<sup>29</sup>

... between the capital-availability, know-how and business sophistication of the Coloureds vis-à-vis their White counterparts to ensure that they do not suffer undue competition in their areas.

### ***Coloured reaction to the Pep Stores Peninsula trade licence application***

In the beginning of May 1974 the issue of “disqualified” persons and businesses operating in Coloured group areas reached a climax that was initiated by the Pep Stores Peninsula (Pty) Ltd application for a trading

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25 CAD, 3/CT Archives of the Town Clerk of Cape Town. 1/4/18/1/1/3 Athlone and District Management Committee Minutes, March 1974 – December 1976, Minutes of the Ordinary Meeting of the Athlone and District Management Committee, 14 March 1974, p. 5.

26 Debates and proceedings of the Coloured Persons Representative Council, First Council, Fourth Session 1972, Vol. 19, 29-30 August 1972, p. 1129.

27 Anon., “Storm about to burst over Peters’s call on businesses”, *Sunday Times Extra*, 12 May 1974, np.

28 The Erica Theron Commission was appointed by the State President in March 1973 to investigate the progress made by the Coloured population since 1960 on social, economic and political level as well as local government level and sport and culture. The commission also had to report on any factors inhibiting Coloured development. E Theron & JB du Toit, *Kortbegrip van die Theron-verslag* (Kaapstad, Tafelberg, 1977), p. 1.

29 CAD, 3/CT Archives of the Town Clerk, Cape Town, 1/1/1/160, City of Cape Town. Proceedings of Council for the Mayoral Year March 1974 to August 1974, Vol. 132C, Special Council Meeting, 8 March 1974, p. 275.

license to do business in Athlone on the basis of the 51/49% principle. The CTCC received the application in February 1974. After having processed the application they referred it to the Athlone and District MC for comment.<sup>30</sup> The Committee seized the opportunity to foreground the simmering dissatisfaction that surrounded the issue in the Coloured community. The Committee unanimously accepted a resolution opposing the application as a typical example of white businessmen using Coloured persons as “fronts” to get access to Coloured group areas on the strength of the “fraudulent” but legal 51/49% principle. They also accepted a resolution introduced by Fred Peters, national secretary of the Labour Party and member of the Committee, requesting the Government to prevent “disqualified” people from owning businesses in Coloured group areas.<sup>31</sup>

The ambiguous nature of the responses from the Coloured community to the issue of doing business on a racially segregated basis was underlined by the response Peters received from his fellow Labour Party members. Young people in the party saw the resolution as “a complete contradiction of the Labour Party’s stated anti-apartheid policy” and a call for people to be excluded from operating business in certain areas because of their skin colour. Younger critiques disagreed with the view taken by some of the party’s “old guard”, namely that the resolution should be seen as “pro-Black” and not as pro-apartheid. To the younger critiques the resolution was nothing but “naked racialism”. Voices from the Indian community also sharply critiqueized the Peters-resolution and did not accept assurances by Peters that his apartheid resolution was aimed at white and not at Indian businessmen.<sup>32</sup> The ambiguity on the issue also resonated in the Port Elizabeth Coloured MC with JP Damons of the Federal Party critiqueizing Asiatic and Chinese people trading in Coloured areas with FL Erasmus, a fellow committee member, calling Damons “a lone cry in the wilderness” and Dr A Dhoodat of the Indian MC rejecting the Damons critique and blaming the situation on the Governments Group Areas Act.<sup>33</sup>

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30 CAD, CSC 2/6/1/2644. File M616/74. Kleurling Ontwikkelings Koörp Bpk and Superama Bpk versus Pep Stores (Peninsula) Edms Bpk (Bylae O: Application for registration certificate for Pep Stores Peninsula (Pty) Ltd.), 15 February 1974, np.

31 Anon., “Trade clause called ‘fraud’”, *Sunday Times Extra*, 12 May 1974, np; Anon., “Storm about to burst over Peters’s call on businesses”, *Sunday Times Extra*, 12 May 1974, np.

32 Anon., “Storm about to burst over Peters’s call on businesses”, *Sunday Times Extra*, 12 May 1974, np.

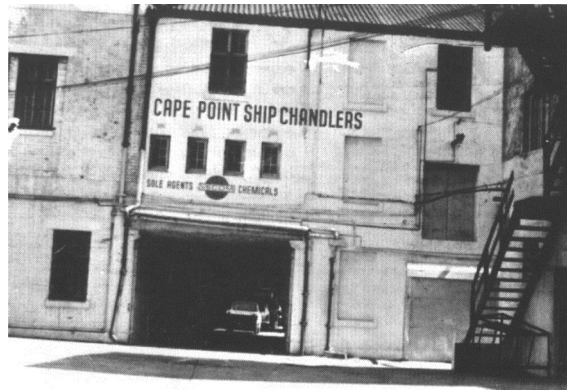
33 Anon., “Committee man wants traders out”, *Cape Herald*, 4 May 1974, p. 1.

In this cauldron of general discontent, surrounding Coloured economic empowerment, Pep Stores Limited embarked on an initiative to utilise the 51-49% trade clause in the Group Areas Act to access Coloured group areas.

### **Pep Stores Limited: From Upington to Pep Peninsula - a historical review**

Pep Stores was founded in September 1965<sup>34</sup> in Upington, South Africa, by Renier van Rooyen as a retail clothing company servicing the bottom end of the market. In the bottom end of the market the company's initial focus was on the Coloured community, of whom a large segment formed part of the bottom end market.<sup>35</sup> The potential of Cape Town as a port for cheap imports and the extensive Cape Coloured market prompted Van Rooyen's move to Cape Town in March 1966 and the decision to establish the "head office/storage facility" of the company in Albert Road, Woodstock.<sup>36</sup>

Image 1: Pep Stores "head office/storage facility" in Albert Road, Woodstock, 1966



Source: *Pep Nuus*, Jaargang 1, no. 1, November 1973, p. 5.

In the late 1960s Pep Stores entered a period of unprecedented growth. Pep branches increased from 3 in 1966 to 18 in 1968<sup>37</sup> to 164 by 1971 with a

<sup>34</sup> Pep Hoofkantoorargief, Parow (PH) File: Pepkor Beperk. Akte van oprigting en statute voor September 1986 (Memorandum and articles of association of Pep Stores (Proprietary) Limited – "A" Memorandum of association of Pep Stores (Proprietary) Limited, pp. 1, 5); PH, File: Pepkor Beperk. Akte van oprigting en statute voor September 1986 (Memorandum and articles of association of Pep Stores (Proprietary) Limited, certificate of incorporation, 14 September 1965.

<sup>35</sup> PH, Pep Stores Minute Book, 14 October 1965-28 February 1979 (First general meeting, 14 October 1965, p. 1).

<sup>36</sup> PH, Anon., "Die ontstaan en groei van Pep Stores", 1 (company brochure); Anon., "Pep (op pad beurs toe) mik na R30 miljoen", *Tegniek*, Mei 1972, (no page).

<sup>37</sup> PH, Anon., "Die ontstaan en groei van Pep Stores", p. 4 (company brochure).

projected turnover of R6 000 000 for the 1970 financial year.<sup>38</sup> In March 1970 a decision was taken to change the format of the company from a private to a public company.<sup>39</sup> The Company's ever-growing need for capital to finance its rapid expansion led to the enlarging of Pep's authorised capital and a share issue in preparation for a listing application on the Johannesburg Stock Exchange (JSE).<sup>40</sup> In June 1972 Pep was listed on the JSE.<sup>41</sup>

### ***The Pep Stores market focus and the Group Areas Act***

Concern about the possible influence of the government policy of separate development on Pep Stores activities surfaced for the first time during a board meeting in June 1968. In a discussion that focused on an evaluation and possible revue of company policy with regard to its sales policy and target market, Hantie Mouton, a director of the Company, raised the issue of separate development and its possible effects on the company and posed the question whether they should not plan accordingly. The ensuing discussion on the company's market focus was dominated by arguments based on racial categories with the choice between Coloured customers (dominating the cheap market and representing the current market focus of the company) and white customers (dominating the dearer market and representing the ideal – in the OK Bazaars tradition -to be aspired for). Although there was evidence that white prejudice towards Pep products were slowly being eroded and that it manifested in more whites buying at Pep there was general consensus that the Pep focus should be on the cheap market; that the cheap market for Pep consisted mainly of the Coloured group and that they would stick to that market focus for the foreseeable future – despite the possible impact of the policy of separate development on company activities. In this regard Van Rooyen was of the opinion that it was necessary to continuously monitor the situation and keep them informed of developments but that they need not fear because the company possessed the necessary organisational and intellectual skills to adapt to the situation in the long term.<sup>42</sup> The outcome

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38 Anon., "Putting pep into discount stores", *Cape Times*, 26 April 1969, np.

39 PH, Pep Stores Minute Book, 14 October 1965 - 28 February 1979, Extraordinary general meeting of shareholders, 21 March 1970, p. 3.

40 PH, Pep Stores Minute Book, 14 October 1965 - 28 February 1979, Board meeting, 4 June 1971, p. 3; Extraordinary meeting of shareholders, 4 June 1971, pp. 2-3.

41 PH, Pep Stores Minute Book, 14 October 1965 - 28 February 1979, Board meeting, 25 February 1972, p. 4.

42 PH, Pep Stores Minute Book, 14 October 1965 - 28 February 1979, Board meetings, 17 April 1967, p. 1; 22 August 1967, p. 2; 20 June 1968, pp. 2-4.

of this board meeting heralded the beginning of the incubation period that would eventually give birth to Pep Stores Peninsula (Pty) Ltd. in 1974.

***Negotiating the Group Areas Act: the context of the Pep Peninsula concept***

The initial focus of Pep Stores expansion was on the Western Cape with its concentrated Coloured population in the Cape Peninsula surrounding Cape Town. By the early 1970s the Group Areas Act started to impact on the extraordinary growth of Pep Stores during its initial years. While expansion possibilities in certain white areas reached saturation point, the Group Areas Act created large concentrations of potential Coloured customers that were made difficult to access due to the web of apartheid role players and regulations that had to be negotiated. In its search for solutions to access this potential market the Board started to entertain the idea of establishing companies with a 51% Coloured shareholding on a “franchise” basis in the Coloured group areas.<sup>43</sup> Apart from making business sense for Pep Stores the choice of this strategic direction must be understood and evaluated against the background of a number of other factors.

**The growing black retail consumer market**

On an economic level there was a definite realization in the early 1970s among South African businessmen involved in retailing of the vast potential of the black consumer market. In 1971 the combined income of African workers in South Africa was estimated to break through the R1 000-million barrier. It was further estimated that the urbanized African population (33% of the total African population) contributed nearly 63% of the overall African household income and that this sector was largely responsible for the expansion of the markets in “tinned food, liquor, clothing and household goods.” Market research indicated that many African families spend nearly half of their income on these products. The realization of the potential of the estimated 17 million strong black or lower-in-come-market convinced more and more retailers to turn their focus in that direction. The fact that many black people did their main shopping in downtown stores catering for all races was an indication that this market sector was still under-serviced with

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43 PH, Pep Stores Minute Book, 14 October 1965 - 28 February 1979, Board meeting, 25 August 1972, p. 4.

relatively few retailers that specialized in this sector. The African population of Johannesburg was a case in point as they utilized the approximately 1500 trading stores in their group areas for essential products only while spending the bulk of their income at downtown retail stores such as OK Bazaars, Woolworths and Checkers. There was realization among retail groups of the potential of this market but also of its specific needs, peculiarities and challenges. The *Sunday Times* came to the conclusion that:<sup>44</sup>

One thing is certain: the non-White will no longer tolerate the 'Bantu image' when shopping and any store succumbing to prejudices of White shoppers will no longer enjoy non-White custom.

The same sentiments were echoed by Lofty Adams, a CRC member and public relations consultant, with regard to the Coloured consumer. Adams estimated the annual spending power of the Coloured people in the Cape Peninsula at "nearly R200 million" with projections that they would out-spend white consumers by the end of the century because of their population growth. Adams also warned businesses that there was a growing resentment among Coloured consumers towards marketing strategies and advertisements that showed colour prejudice and that businesses persisting with this approach stand to lose millions.<sup>45</sup>

### **Renier van Rooyen and social entrepreneurship**

The second factor that informed the Pep Stores initiative was closely related to the personal convictions and entrepreneurial history of the Pep Stores managing director, Renier van Rooyen and the way in which this manifested in the Pep Stores business philosophy. The success of his early business ventures before the establishment of Pep Stores was to a large extent made possible through the customer support that he received from the Coloured community of the North Western Cape and more specifically Upington and surrounding Gordonia region. This cemented a relationship with the generally poor Coloured group that was rooted in his own childhood relationships with Coloured individuals and his personal experiences of poverty.<sup>46</sup> It manifested in a genuine sympathy for the plight of the poor and also informed the motives for his business ventures and philosophy. In 1971 he donated R10

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44 Anon., "Non-White market has the potential", *Sunday Times*, 29 August 1971, (no page).

45 Anon., "Wake up to Coloured consumer Whites are warned", *Argus*, 18 May 1974, (no page).

46 Interview, A Ehlers/R van Rooyen, 23 June 2005.

000 to the Carlton van Heerden High School for Coloured children in Upington (a donation that he repeated in 1972<sup>47</sup>) with the purpose of setting up a study fund that could supply bursaries to matric pupils to further their studies in disciplines such as theology, commerce, engineering and social work. The donation was intended as a mark of appreciation for the large contribution the Coloured community made to the success of his business ventures. At the handing-over of the donation Van Rooyen was lauded for his continuous efforts to improve the relationship between the Coloured and white communities of Gordonia.<sup>48</sup> Van Rooyen's continued social support of the Coloured community culminated in December 1974 in a personal donation of R500 000 for the formation of a trust fund for Coloured welfare.<sup>49</sup>

Image 2: Ex-pupils of the Carlton van Heerden High School in Upington that studied with bursaries from the Van Rooyen study fund and graduated with BA degrees at the University of the Western Cape, in March 1974. From left to right: P Leukes, J van Wyk (former headmaster of the school), V Witbooi, F van Wyk, E Smith en M van Wyk



Source: *Die Gembok*, 12 April 1974.

Van Rooyen's approach towards race relations and his efforts in seeking racial harmony on a local and regional level also manifested on a national level as Pep Stores established itself as a major player in the clothing retail business in South Africa in the early 1970s. As an Afrikaner businessman, Van Rooyen was not afraid to challenge the Afrikaner and white business establishment with regard to apartheid practices in the business world. Addressing an Afrikaanse Sakekamer (Chamber of Commerce) luncheon in Cape Town in June 1972 he identified the major challenges facing young businessmen

47 Anon., "Renier van Rooyen-fonds styg", *Die Gembok*, 28 Julie 1972, (no page).

48 Anon., "Hy sê dankie met R10 000", *Die Vaderland*, 30 Julie 1971, gp.; *Die Gembok*, 30 Julie.1971, (no page).

49 Anon., "Why this man gave R500 000", *Sunday Times*, 22 December 1974, (no page).

in South Africa at the time. The improvement of human relations and the eventual elimination of racial discrimination topped his list. Instead of “small Afrikaans laagers to hide behind” he propagated “the development towards a South African citizenship”.<sup>50</sup> As a second challenge he propagated the increased development of black people. Discrimination had to be wiped out and opportunities created for black people. He pleaded for a unified South African market instead of a market compartmentalized by legislation, rules and regulations. In striving for this ideal:<sup>51</sup>

The businessman must take the lead and show that he is not afraid to grant to the other man what he grants to himself. The person who can compete most affectively on the labour market must have the opportunity to act and work without any restrictions...Give them (non-Whites) the opportunities and remove the things which are so offensive and hateful.

He warned his audience that if this path was not followed they might find themselves stuck before long with only the small white market to service.<sup>52</sup>

### ***Selling the Pep Peninsula concept to the CDC***

Against this background Pep Stores approached the CDC in July 1973 to inform them about their plans to do business in Coloured group areas. Pep Stores accepted the 51/49% partnership principle and also confirmed their trust in the Coloured population group and their commitment to assist in the development of the Coloured community into a strong “capitalist section” of society. They further committed themselves to the establishment of a company with a wide distribution of shareholding, the reservation of up to 20% of the shares for Coloured employees, and at least 90% of the employees consisting of Coloureds. Pep Stores envisaged a company with an initial capital of between R300 000 – R400 000 consisting of fully paid-up shares of 10 cents each, 3% net profit on turnover and a minimum of 15% pre-tax profit on capital invested. Pep Stores also declared it willing to offer a share of the capital of the proposed company to the CDC or a company in which they had an interest.<sup>53</sup> The response of the CDC was overwhelmingly positive and MJ Pentz, the general manager, described the Pep Stores proposal

50 Anon., “Jong sakemanne gemaan oor nie-blankes”, *Die Burger*, 28 Junie 1972, (no page).

51 Anon., “Challenges for businessmen”, *Argus*, 28 June 1972, (no page).

52 Anon., “Jong sakemanne gemaan oor nie-blankes”, *Die Burger*, 28 Junie 1972, gp; Anon., “Challenges for businessmen”, *Argus*, 28 June 1972, (no page).

53 CAD, CSC 2/6/1/2644. File M616/74. Kleurling Ontwikkelings Koörp Bpk and Superama Bpk versus Pep Stores (Peninsula) Edms Bpk (Bylae D: Letter, R van Rooyen – MJ Pentz, 1 August 1973, pp. 1-2).



with its elements of Coloured ownership, management and profit sharing as “praiseworthy”. He assured them of the legality of their proposal and invited them to further discussions as soon as they could put forward more definite proposals.<sup>54</sup>

### ***Establishing the Pep Peninsula structure***

On the strength of these assurances Pep Stores pushed ahead with its plans and registered a company under the name of Pep Stores Peninsula (Pty) Ltd on 12 October 1973.<sup>55</sup> The registered capital of the company was R4 000 divided into 4 000 shares of R1 each. Of the registered capital seven shares were issued to the seven directors of the company. Of the seven directors three were white (R van Rooyen, BR Weyers, WJ Delpont representing Pep Stores Ltd) and four were Coloured (Basil Lloyd Williams, George Jacobus Petersen, Charles David Swanson, Gert Gideon Cornelissen<sup>56</sup>). This meant that Pep Stores Limited (representing a white group) held 42.85% of the issued capital and the Coloured shareholders 57.15%.<sup>57</sup> At a general meeting of Pep Stores Peninsula (Pty) Ltd on 22 January 1974 the capital structure of the company was discussed and a decision taken (sanctioned by Pep Stores Ltd<sup>58</sup>) to restructure it to ensure continuous Coloured control. It was decided to sub-divide the existing share capital of the company consisting of 4000 ordinary shares of R1 each into 8000 “A” ordinary shares of 50 cents each. A further resolution increased the authorized capital from R4 000 to R500 000 by the creation of an additional 502000 “A” ordinary shares of 50 cents each and 490000 “B” ordinary shares of 50 cents each. It was further resolved that both “A” and “B” ordinary shares shall carry one vote per share and that “A” ordinary shares may only be issued and transferred to members of the Coloured group resident in the Republic of South Africa, and that “B”

54 CAD, CSC 2/6/1/2644. File M616/74. Kleurling Ontwikkelings Koörp Bpk and Superama Bpk versus Pep Stores (Peninsula) Edms Bpk (Bylae AA: Letter, MJ Pentz – R van Rooyen, 30 August 1973).

55 Pepkor Archives, Parow (PA), Minute book of Pep Stores Peninsula Limited, 16 November 1973 – 24 May 1984, Minutes of meeting of signatories of the memorandum of association of Pep Stores Peninsula (Pty) Limited, 16 November 1973, p. 1.

56 PA, Minute book of Pep Stores Peninsula Limited, 16 November 1973 – 24 May 1984, Minutes of meeting of directors of Pep Stores Peninsula (Pty) Ltd, 14 December 1973, p. 5.

57 CAD, CSC 2/6/1/2644. File M616/74. Kleurling Ontwikkelings Koörp Bpk and Superama Bpk versus Pep Stores (Peninsula) Edms Bpk (Bylae E: WJ Delpont – E Dreyer, 11 Februarie 1974, pp. 1-2; Bylae F: WJ Delpont – MJ Pentz, 30 April 1974, pp. 1-2).

58 PH, Resolutions of the board of directors of Pep Stores Ltd, 24 March 1973 – 27 August 1976 (Resolutions, 22 January 1974, p. 22).

ordinary shares may only be issued to members of the white group resident in the Republic of South Africa. These proposed changes in the capital structure of the company were registered by the Registrar of Companies on 26 March 1974.<sup>59</sup> The company also pushed ahead with its preparation of a prospectus through which Pep Stores Peninsula (Pty) Ltd was to be transformed into a public company and its shares issued to the public.<sup>60</sup>

At a Pep Stores Ltd board meeting in March 1974 the managing director, Renier van Rooyen, reported on the progress that were made with regard to the company's partnership with the Coloured community. He confirmed that Pep Stores Peninsula (Pty) Ltd planned to open its first branch in Athlone in April followed by an estimated nine more branches opening in Coloured group areas during the course of the 1974/1975 financial year. Although the Board endorsed this plan of action it was decided not to focus unnecessary publicity on the initiative before the business did not run smoothly. The Chairman also reminded the Board to always keep in mind that Pep Stores Ltd was only a minority shareholder.<sup>61</sup> This reminder indicated a sensitivity not to create the impression that Pep Stores Peninsula (Pty) Ltd was a mere puppet in the hands of Pep Stores Ltd but that despite the obvious expected financial benefits for Pep Stores it also was a genuine and sincere initiative to contribute to the economic development of the Coloured community.

Image 3: A Pep Stores branch in 1974



Source: PH, Parow, photo collection.

59 CAD, CSC 2/6/1/2644. File M616/74. Kleurling Ontwikkelings Koörp Bpk and Superama Bpk versus Pep Stores (Peninsula) Edms Bpk (Bylaes G en H: Special resolutions, 11 February 1974, np.); PA, Minute book of Pep Stores Peninsula Limited, 16 November 1973 – 24 May 1984, Minutes of general meeting of shareholders of Pep Stores Peninsula (Pty) Ltd, 22 January 1974, pp. 8-9.

60 CAD, CSC 2/6/1/2644. File M616/74. Kleurling Ontwikkelings Koörp Bpk and Superama Bpk versus Pep Stores (Peninsula) Edms Bpk (Bylae E: Letter, E Dreyer – WJ Delpont, 11 February 1974, p. 1).

61 PH, Pep Stores Minute Book, 14 October 1965 - 28 February 1979, Board meeting, 29 March 1974, (no page).

In February 1974 Pep Stores Peninsula (Pty) Ltd applied for a trading license at the CTCC to open a branch in the Trade Union House Building in Church Street, Athlone. On the recommendation of the Department of Community Development the license to trade in clothing and soft goods, shoes, crockery and linen was approved by the Council on 24 April. Pep Stores Peninsula opened its first branch on 26 April 1974. Available evidence suggests that the proven Pep Stores template was slavishly followed and duplicated in the Athlone store. The store with an all Coloured staff (from the manager, Joseph Meyer, to the window dresser) was supplied with approximately R10 000 worth of stock by Pep Stores on normal credit terms. The fliers used to advertise the opening of the store were done under the Pep Stores banner, logo and Pep tagline of “Always Cheaper! Always Better!” With regard to cash registers, price display tickets, displays and goods offered and manner of merchandising the Pep model was followed to a tee. The lack of any writing on doors or windows or on any documentation indicating the store as a branch of Pep Stores Peninsula further strengthened the impression that it was just another Pep store – an impression shared by the CDC.<sup>62</sup>

Image 4: Preparations for the opening of the Pep Stores Peninsula branch in Elsiesriver



Source: *Pep Nuus*, No. 9, Desember 1974, p. 2.

<sup>62</sup> CAD, CSC 2/6/1/2644. File M616/74. Kleurling Ontwikkelings Koörp Bpk and Superama Bpk versus Pep Stores (Peninsula) Edms Bpk (Affidavit by MJ Pentz with supporting documentation), 20 May 1974, p. 7; Bylae O, Application for trading license, 15 February 1974; Bylae K, Affidavit by JA Greyling, 20 May 1974, pp. 1-2; Bylae F, Letter, WJ Delpont – MJ Pentz, 30 April 1974, p. 2; Bylae M, Flier: Reuse uitverkoop Vrydag 26 April Kerkstraat, Athlone); Anon., “Pep launches company for Coloureds”, *Argus*, 18 May 1974, (no page).

## **Confronting the State: Pep Stores, the CDC and the battle for Pep Peninsula legality**

### ***The CDC motives for intervention in the Pep Peninsula case***

This impression in tandem with the absence of any Pep Stores notice to the CDC of the Pep Stores Peninsula (Pty) Ltd store opening in Athlone or concrete proof that they were implementing the capital restructuring resolutions decided on in January 1974<sup>63</sup> moved the CDC to investigate the legality of their trading activities in a Coloured group area. Although their investigation was motivated by their statutory mandate to act against any illegal competition for Coloured commercial interests in Coloured group areas they also had a more direct material interest in this specific case. The trading activities of Pep Peninsula (Pty) Ltd were in direct competition with an existing CDC initiative, Superama Limited, "...the holy cow of the Coloured Development Corporation".<sup>64</sup> Superama Limited was a retail supermarket and subsidiary of the CDC that was founded in 1968. It traded in three Coloured group areas (Athlone, Tiervlei, Grassy Park) in the Cape Peninsula in merchandise such as groceries, clothing, linen and crockery. The combined sales area of the three branches was nearly 2 500m<sup>2</sup>. With its shares being held by 190 Coloured shareholders and the CDC the company was considered a Coloured company according to article 1 of Act 4 of 1962. The Company's net after tax profit for the 1973/74 financial year amounted to R33 907. The relevance of Superama in this case was that they largely traded in the same merchandise as Pep Stores Peninsula (Pty) Ltd and that the Superama premises in Cornhill Street Athlone were only 300 meters away from the Pep Stores Peninsula (Pty) Ltd premises in Church Street.<sup>65</sup>

The CDC initiated their investigation by enquiring from the Department of Community Development whether Pep Stores needed a permit by

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63 Although the CDC was not aware of it the directors of Pep Peninsula decided at a meeting on 26 April 1974 that the Coloured shareholders/directors had to indicate for how many shares they were going to apply as soon as possible where after the company would push ahead to pass the necessary resolution to transform Pep Peninsula into a public company so that a prospectus could be issued and the Coloured community be invited to apply for shares in the company. PA, Minute book of Pep Stores Peninsula Limited, 16 November 1973 – 24 May 1984, Minutes of meeting of directors of Pep Peninsula (Pty) Limited, 26 April 1974, pp. 12-13.

64 Republic of South Africa, Debates and proceedings of the *Coloured Persons Representative Council*, first council, fourth session 1972, Vol. 19 (JS Gericke Library, Stellenbosch, 29-30 August 1972), p. 1126.

65 Anon., "Superama (Advertisement)", *Cape Herald*, 19 January 1974, p. 4; Anon., "Superama makes R40 000 profit", *Cape Herald (Business and motoring)*, 9 March 1974, p. B1; Anon., "Superama 6<sup>th</sup> birthday celebration (Advertisement)", *Cape Herald*, 27 April 1974, p. 15; CAD, CSC 2/6/1/2644. File M616/74. Kleurling Ontwikkelings Koörp Bpk and Superama Bpk versus Pep Stores (Peninsula) Edms Bpk (Affidavit by MJ Pentz with supporting documentation, 20 May 1974), p. 3.

virtue of the Group Areas Act for their trading activities in Athlone. After a telephonic enquiry on 29 April 1974 WJ Delport, the secretary of Pep Stores Peninsula (Pty) Ltd, updated the CDC on the progress that the company was making with the implementation of its plans for a new capital structure for the company and the transformation from a private to public company. The request by the Coloured directors whether they could be allowed to take up shares in the company before the issuing of the new prospectus and the outstanding information with regard to their specific share requirements was indicated by Delport as the main stumbling block in the execution of the January decisions. In a conversation with MJ Pentz, General Manager of the CDC, Delport admitted that the company's actions were in contravention of the stipulations of the Group Areas Act. He also admitted that Pep Stores Peninsula (Pty) Ltd was financed by Pep Stores Ltd by supplying them with stock on credit.<sup>66</sup> He again confirmed that they were waiting for the Coloured directors of the company to confirm how many shares they would take up.<sup>67</sup> He also confirmed that GJ Petersen, one of the Coloured directors of the company resigned and that they were in discussion in an attempt to secure another Coloured director. He confirmed that Pep Stores Peninsula (Pty) Ltd was planning to open 25 branches in Coloured areas by December 1974. By then they would be able to comply with all legal requirements and that a prospectus would then be issued.<sup>68</sup>

Although the facts in the Delport letter confirmed that the Pep initiative was technically illegal at that point in time the spirit of the letter made it clear that their intentions were pure and that they planned to fully comply with the law as soon as their practical problems were solved. This was confirmed by the explanation by Van Rooyen of the motives and rationale behind the methodology followed in the initiative.<sup>69</sup>

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66 A decision on the initial financing of the company was taken as early as 22 January 1974 during a meeting of the directors of Pep Peninsula. It was decided that until such time as the company acquires its own funds shareholders (Pep Stores Ltd) would grant short term loans at 1% above prime to Pep Peninsula to finance its projects. PA, Minute book of Pep Stores Peninsula Limited, 16 November 1973 – 24 May 1984, p. 7.

67 To enable the Coloured directors to buy shares Van Rooyen offered them interest free loans ranging from R10 000 - R30 000, with no strings attached or demands of guarantees. Interview, A Ehlers/R van Rooyen, 28 August 2008.

68 CAD, CSC 2/6/1/2644. File M616/74. Kleurling Ontwikkelings Koörp Bpk and Superama Bpk versus Pep Stores (Peninsula) Edms Bpk (Affidavit by MJ Pentz with supporting documentation, 20 May 1974, pp. 3, 5; Bylae N, Letter, JAJ van Rensburg – Die Streeksverteenoordiger, Departement van Gemeenskapsbou, 26 April 1974, gp.; Bylae F, Letter, WJ Delport – MJ Pentz, 30 April 1974, pp. 1-2); GJ Peterson resigned as director on 27 February. At the meeting of directors of Pep Peninsula on 26 April it was decided to appoint Ds JG Smith in his place. PA, Minute book of Pep Stores Peninsula Limited, 16 November 1973 – 24 May 1984, p. 11.

69 Interview, A Ehlers/R van Rooyen, 28 August 2008.

The need to support the Coloured Community was a very real one and I personally saw no problem to commit myself, Pep Stores Limited, our skills and resources to this ideal. The company could possibly make some money in the process. It was, however, risky to take money from investors to support an untested recipe. My point of view was to test the water first before we could approach investors. It was the poor people that had to supply the funds for 51%...even Coloured school teachers and policeman was poorly paid. My reasoning was to prove the success before we could confidently take shareholders on board – even if I personally and Pep lost money. The administrative and bureaucratic nonsense,... did not allow the simple honest approach for me to make funds available to Coloured people to start the idea – even if I would have lost money. Some of the Pep directors did not share the idea, but I just ignored this.

The CDC suspicion that Pep Peninsula was operating illegally was further strengthened through a conversation Eugene Dreyer, assistant general manager of the CDC, had with BL Williams one of the Coloured directors of Pep Peninsula. Williams confirmed that the Coloured directors of the company each only paid up R1 in share capital. That GG Cornelissen, a Coloured director of Pep Peninsula planned to take up 20000 shares but that Pep Stores Limited would probably have to finance him to pay for the shares. He confirmed that Pep Peninsula was planning to issue a prospectus. He also confirmed that the Athlone branch was being stocked by Pep Stores Ltd and was doing well. The CDC was further influenced by the information supplied by the Pep Stores Ltd directors report for the financial year ending 28 February 1974. According to this report the Pep Stores Ltd financial interest in Pep Stores Peninsula amounted to R5 589 consisting of R3 share capital and R5 586 loan capital. The final nail was the opposition of the Athlone and District MC to the application for a trade license from Pep Stores Peninsula (Pty) Ltd<sup>70</sup> and the public reaction it evoked in the Coloured community.<sup>71</sup>

The CDC investigation led them to conclude that Pep Stores Peninsula (Pty) Ltd was a “disqualified” company according to the stipulations of the Group Areas Act and that they were therefore illegally occupying and using the Church Street premises in Athlone. The CDC and its subsidiary Superama Limited therefore filed a motion at the Supreme Court in Cape Town in an attempt to

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70 CAD, CSC 2/6/1/2644. File M616/74. Kleurling Ontwikkelings Koörp Bpk and Superama Bpk versus Pep Stores (Peninsula) Edms Bpk (Affidavit by MJ Pentz with supporting documentation, 20 May 1974, pp. 5, 6-8; Bylae I: Affidavit E Dreyer, 20 May 1974, pp. 1-2; Bylae J: Affidavit HF van Wyk, 20 May 1974 and Pep Stores directors report, 23 April 1974, pp. 6-9).

71 Anon., “Trade clause called ‘fraud’”, *Sunday Times Extra*, 12 May 1974, np.; Anon., “Committee man wants traders out”, *Cape Herald*, 4 May 1974, p.1; Anon., “Storm about to burst over Peter’s call on businesses”, *Sunday Times Extra*, 12 May 1974, np.

stop Pep Stores from trading in Athlone. They saw the issue as a case of public interest which demanded immediate attention for a number of reasons. Firstly it was harmful to the interests of Coloured businesses (like Superama) that legally traded in the area. It would also endanger the trust that is necessary for the proper execution of the Corporations functions. Thirdly the Corporation argued that if Pep Stores Peninsula (Pty) Ltd was not stopped immediately it would encourage the Company to continue with its illegal actions and might also encourage other moneyed white businesses to follow suit.<sup>72</sup>

On 22 May 1974, acting Justice W Vos ruled that the CDC/Superama application for an interdict be placed on the court roll as a matter of urgency and that application would be heard in about a month to give the respondent time to prepare argumentation why the business should not be closed down.<sup>73</sup>

### ***Pep Stores Limited reaction to CDC intervention: Outrage, threats, compliance***

On the 18 May 1974, two days before the CDC lodged their request for an interdict against Pep Stores Peninsula (Pty) Ltd, Van Rooyen announced to the press that Pep Stores had launched a new company that would operate in Coloured group areas and in which a group of Coloured businessmen held a 51% interest. Pep's partners in the company were described as four wealthy businessmen.<sup>74</sup> As far as the first branch of the company was concerned, Van Rooyen indicated that although there was room for improvement they were satisfied with the results of the Pep Peninsula experiment. Van Rooyen also indicated that branch managers would be invited to participate in an employees' share option scheme to enable them to "grow with the company!" The aim of the initiative was to give Coloured people "the opportunity to acquire business training, and rise to any post." He gave the assurance that

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72 CAD, CSC 2/6/1/2644. File M616/74. Kleurling Ontwikkelings Koörp Bpk and Superama Bpk versus Pep Stores (Peninsula) Edms Bpk (Affidavit by MJ Pentz with supporting documentation, 20 May 1974, pp. 5-7; Bylae B: Extract from the minutes of the board of directors of the CDC Ltd held at Cape Town, 15 May 1974, np.; Bylae C: Extract from the minutes of the board of directors of Superama Ltd held at Cape Town, 16 May 1974, np.

73 Anon., "Court rules on Athlone company", *Argus*, 23 May 1974; Anon., "Aansoek uitgestel. Verbied saak in Athlone – K.O.K.", *Die Burger*, 23 Mei 1974, p. 3.

74 Mr. Basil Williams of Stellenbosch, Mr. Charles Swanson of Bellville East, Mr G Cornellisen of Kuils River and Rev JG Smith of Upington. Although not even remotely comparable as far as the ownership of capital and political and community influence are concerned Pep Peninsula had its own 'fab four'. R Southall, "Ten Propositions about Black Economic Empowerment in South Africa", *Review of African Political Economy*, 111(34), March 2007, pp. 74-75.

Pep Stores retailing resources and experience would be at the disposal of Pep Peninsula to realise these goals.<sup>75</sup>

The interdict was a setback for the Pep Peninsula initiative and came as a complete surprise to Van Rooyen who read about the interdict to close the Athlone shop in a newsarticle while flying back from Hong Kong after a buying trip to the Far East. Due to his busy Pep Stores schedule, Van Rooyen had delegated the Pep Peninsula negotiations with the CDC to senior management officials. Danie Thiart and Gert van Rooyen made the initial contact with the CDC and then involved Willem Delpont, the Pep Stores company secretary and managing director designate of Pep Peninsula. Van Rooyen, who described Delpont as “a brilliant intelligent man but a bit of a cowboy”, trusted him as senior executive to keep the initiative on track in his absence. Reading the news left Van Rooyen:<sup>76</sup>

... shocked and furious, also because my own management did not inform me of the development and complications.

Van Rooyen was very annoyed at the CDC action because he was aware of many other instances where businessmen used front companies to trade in Coloured areas and in this way illegally circumvented the stipulations of the Group Areas Act – without any protest or action from the CDC. During a stormy meeting with JM Pentz – “he sat there, the typical chief government official, with all the power of the state behind him” - of the CDC during which Van Rooyen threatened to expose the double standards of the Government and the CDC an agreement between the CDC and Pep Stores Peninsula (Pty) Ltd was eventually reached. The CDC case was based on the fact that the Company accepted loan capital from a white company in excess of 50% of the paid-up capital of the company. They also objected to the fact that Pep Stores controlled the company through the money lent to the Coloured directors to buy Pep Peninsula (Pty) Ltd shares. As Van Rooyen lent this money to the directors in his personal capacity the CDC demanded that the money be paid back to Van Rooyen. He could then invest the money at Stellenbosch District Bank who would then supply loans to the directors at normal interest rates.<sup>77</sup>

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<sup>75</sup> Anon., “Pep launches company for Coloureds”, *Argus*, 18 May 1974, (no page).

<sup>76</sup> Interview, A Ehlers/R van Rooyen, 28 August 2008.

<sup>77</sup> Interview, A Ehlers/R van Rooyen, 23 June 2005; PH, Pep Stores minute book, 14 October 1965 – 28 February 1979, board meeting, 27 May 1974, np. At a board meeting of Pep Stores Peninsula (Pty) Ltd on 17 June 1974 Van Rooyen affirmed that he in his personal capacity made loans available to Coloured shareholders to buy shares in the company and that he planned on doing more of the same. The sole purpose of the loans was to make it possible for members of the Coloured community to buy shares in the company.



The agreement between Pep Stores Peninsula (Pty) Ltd and the CDC contained the following detail:<sup>78</sup> The total amount owned to Pep Stores Ltd by Pep Stores Peninsula (Pty) Ltd. would be repaid. Shares would be issued to shareholders so that the total issued fully paid up shares amounted to R70 750. Of these members of the Coloured community would hold shares with a nominal value of R36 082.50 and Pep Stores Ltd shares with a nominal value of R 34 667.50. Any further share issue to current shareholders must uphold the 51/49% stipulation of the Group Areas Act. A prospectus would be issued as soon as possible to give the Coloured community the opportunity to take up shares in the company. The statute and articles of association of Pep Stores Peninsula (Pty) Ltd would be changed to ensure a majority of Coloured directors on the Board. The Board of Pep Stores Peninsula (Pty) Ltd would not lose its autonomy but maintain the right to trade according to its own discretion.<sup>79</sup> In its agreement the CDC reconfirmed its policy with regard to Coloured economic empowerment as follows:<sup>80</sup>

The corporation is not in principle opposed to the use of White capital or know-how to accelerate the development of Coloured areas, provided this takes place within the framework of existing legislation, and provided it is to the benefit of the Coloureds. The corporation is in fact conscious of the advantages of participation by Whites, but wishes to guard against the establishment in the Coloured areas of mixed companies, the effective control and benefits of which are controlled by people of other races to the detriment of the Coloured trader.

In the months that followed the terms of the agreement with the CDC were gradually implemented as Pep Stores Peninsula (Pty) Ltd. worked towards the final goal of publishing a prospectus and transforming into a public company. At a meeting of directors of Pep Stores Peninsula (Pty) Ltd held on 17 June 1974, 72012 shares were allocated to the Coloured directors<sup>81</sup> and 69188 to Pep Stores Limited. The Board also voted in favour of a change in the statute of the company that would ensure that the Coloured group would

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78 According to Van Rooyen the terms of the agreement were not forced onto Pep as they were in line with the principles, plans and intentions under which Pep Stores originally started the initiative. In the implementation of the initiative Pep Stores made some mistakes which led to some "technical" irregularities which gave the CDC reason to initiate interdict proceedings. Van Rooyen is of the opinion that the CDC soon realized that they over reacted and that the agreement with Pep Stores Peninsula was nothing more than a "face saving" exercise. Interview, A Ehlers/R van Rooyen, 28 August 2008.

79 Anon., "K.O.K. skik met winkelgroep", *Die Burger*, 21 Junie 1974, p. 15.; Anon., "Corporation, Pep Stores settle their differences", *Argus*, 21 June 1974, np.; Anon., "Pep Stores se winkel sal oop bly" *Rapport*, 23 Junie 1974, gp.

80 Anon., "Corporation, Pep Stores settle their differences", *Argus*, 21 June 1974, np.

81 BL Williams (9 996 shares), JG Smith (6 069 shares), GG Cornelissen (39 933 shares), CD Swanson (16 014 shares).

always have a majority of one on the board of the company, a decision also confirmed by Pep Stores on their annual meeting of the same date.<sup>82</sup> On the 23 September 1974, the Pep Stores Board decided to take up 49 ordinary “B” shares for every 51 ordinary “A” shares that Pep Stores Peninsula Ltd issued to the public. The company also decided to assist Pep Stores Peninsula (Pty) Ltd with technical know-how as well as with management matters, brands, mass merchandizing and production, the purchase and control of stock, hiring of outlets, advertising and marketing and general administration. These services would be provided to the company at a rate of 8.33% of Pep Stores Peninsula (Pty) Limited turnover.<sup>83</sup> On 29 August 1974, the Registrar of Companies registered a resolution that changed the status of the company from a private to a public company. Pep Stores Peninsula (Pty) Ltd changed to Pep Stores Peninsula Limited.

### **Pep Stores Peninsula: From “disqualified” to “qualified”**

On 9 October 1974 the Registrar of Companies registered the long awaited prospectus of Pep Stores Peninsula Limited. The prospectus offered 437835 ordinary “A” shares of 50 cents each at 50 cents per share. Pep Stores committed itself to take up 49 ordinary “B” shares, also at 50 cents each, for every 51 “A” shares subscribed for. The authorized share capital of the company was R500 000 consisting of 510 000 “A” shares – which may only be issued to Coloured people – and 490000 “B” shares - which may only be issued to whites. The prospectus stipulated that the ratio of “A” shares in issue to “B” shares must always be 51 to 49. Resolutions taken earlier by Pep Stores and Pep Peninsula regarding the majority of directors that must be Coloured and the Pep Stores undertaking to provide Pep Peninsula with technical and administrative knowledge and services in return for an administration fee of 8.33% of Pep Peninsula’s turnover was also taken up in the prospectus. At the time of the issue the four Coloured shareholders held 72 165 “A” shares and Pep Stores Limited 69 335 “B” shares. JC Louw acted as the general manager of the company.<sup>84</sup>

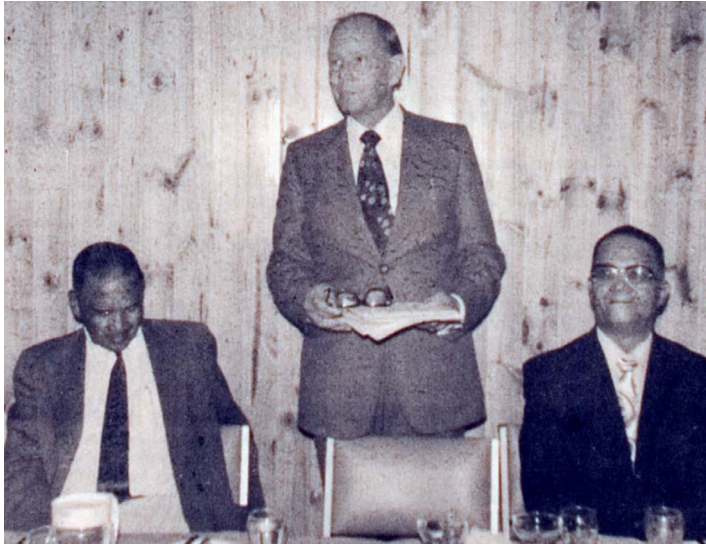
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82 PA, Minute book of Pep Stores Peninsula Limited, 16 November 1973 – 24 Mei 1984, Meeting of directors, 17 June 1974, p. 18; PH, Minute book of Pep Stores board resolutions, 24 March 1973 – 27 August 1976, Resolution by Pep Stores board, 17 June 1974, p. 49.

83 PH, Minute book of Pep Stores board resolutions, 24 March 1973 – 27 August 1976, Resolution by Pep Stores board, 23 September 1974, p. 69.

84 Anon., “Prospectus of Pep Stores Peninsula Limited”, *Weekend Argus*, 19 October 1974, p. 4.

Image 5: Hantie Mouton addressing prospective shareholders of Pep Stores Peninsula in Upington.



Source: *Die Gemsbok*, 29 November 1974.

During the subscription period from 18 October to 30 November<sup>85</sup> a recruitment and publicity campaign was launched to introduce the Coloured community to the share offer. JC Louw the general manager and the Coloured directors of Pep Stores Peninsula Ltd as well as Pep Stores Ltd directors were used to propagate the offer among the Coloured community.<sup>86</sup> Apart from the Cape Peninsula the original Pep Stores hinterland like the North Western Cape and Kimberley areas were also targeted. Jan Louw successfully canvassed investors in the Calvinia region while Hantie Mouton was dispatched to the North Western Cape. In a series of meetings in Keimoes, Kakamas, Marydale, Prieska, Kenhardt and Upington Mouton, with the assistance of Van Rooyens friend (and director of Pep Peninsula) the reverend JG Smith of Upington, canvassed the Coloured population to invest in the new company. In Upington Mouton organized a dinner in the brand new Extention Inn Hotel,<sup>87</sup> which was

85 PA, Minute book of Pep Stores Peninsula Limited, 16 November 1973 – 24 May 1984, Meeting of directors, 23 September 1974, p. 22; Anon., “Prospectus of Pep Stores Peninsula Limited”, *Weekend Argus*, 19 October 1974, p. 4.

86 Interview, A Ehlers/R van Rooyen, 23 June 2005; Interview, A Ehlers/H Mouton (Pep Stores, Director), 9 November 2004.

87 Ironically this hotel, built exclusively for Coloureds, was a joint project of the CDC and Coloured investors. The building plans for the hotel was designed by a Coloured architect from Cape Town, it was built by a Coloured building contractor from Keimoes and the shareholders were Coloureds. The only “false” note in this otherwise perfect example of apartheid was the manager of the hotel, R Naidoo, an Indian.

attended by 84 members of the Coloured community.<sup>88</sup> The Pep Stores success story and phenomenal growth was used as a drawing card for potential investors in Pep Stores Peninsula Limited. Mouton related the evening as follows:<sup>89</sup>

... the hall was full of Coloureds. I was the only white person. And then I told them: this company (Pep Stores) did so well, go and look outside and you will see a big Mercedes Benz 350SE, I bought it with profit that I made, so you are free to do the same. The next day I went to the hotel and people streamed to me to buy shares.

From the available evidence it is clear that the Coloured middle class was strongly represented among the prospective buyers of Pep Stores Peninsula Limited shares. A photo report of the Uppington meeting in the local newsarticle revealed a strong presence from the educational (three school principals, one vice principal and five teachers) and business (five businessmen among others a building contractor, owner of a bus service, hairdresser, café owner) sectors.<sup>90</sup>

Image 6: Prospective Pep Stores Peninsula shareholders gathered in the Extention Inn Hotel in Uppington, 21 November 1974



Source: *Die Gembok*, 29 November 1974.

88 Anon., “Maatskappy gestig met beherende Kleurling aandele”, *Die Gembok*, 29 November 1974, p. 3; Interview, A Ehlers/R van Rooyen, 28 August 2008.

89 Interview, A Ehlers/H Mouton, 9 November 2004.

90 Anon., “Maatskappy gestig met beherende Kleurling aandele”, *Die Gembok*, 29 November 1974, pp. 2, 3, 20; Van Rooyen cautions that it must be remembered that the potential Coloured middle class shareholders were not necessarily well off. Coloured teachers received meagre salaries and that even some of the businessmen referred to were known to him as plodders. Interview, A Ehlers/R van Rooyen, 28 August 2008.

By 30 November 306 000 shares were taken up by 800 Coloured shareholders at an average of 383 shares per shareholder for an investment of R153 000 from the Coloured community.<sup>91</sup> Added to the investment of the Coloured directors it brought the total Coloured investment in Pep Stores Peninsula Limited to 378 165 “A” shares worth R189 082.50. Adding to this total the 49% contribution of Pep Stores (363 335 “B” shares worth R181 667.50) brought the working capital of the company to R370 750. This working capital was earmarked for setting up new shops. By the end of 1974 Pep Stores Peninsula Limited had extended its branch network to six - two in Elsievier and one each in Athlone, Port Elizabeth (Korsten), Pretoria (Eersterus) and Grassy Park – with a further six to eight branches planned for 1975.<sup>92</sup> Pep Stores Peninsula Ltd had finally materialised.

Image 7 & 8: Customers at the opening of the second Pep Stores Peninsula branch in Elsievier



Source: *Pep Nuus*, No. 9, Desember 1974, p. 2

91 *Pep Nuus*, no.10, Februarie 1975, p. 15; Interview, A Ehlers/R van Rooyen, 23 June 2005; Anon., “R150 000 offer to set up shops” *Natal Witness*, 9 December 1974, np; Anon., “Coloureds Buy R150 000 Pep Store Shares”, *Argus*, 7 December 1974, np; Van Rooyen is of the opinion that there was a broad base of shareholders which could only afford between 100 - 500 shares or even less. In this regard he commented: “Although I did not know them personally I (illegally) donated between 50 - 200 shares each – and in some cases even more - to all my farm workers whose names I knew...and also 1500 shares to our domestic worker.” Interview, A Ehlers/R van Rooyen, 28 August 2008.

92 *Pep Nuus*, no. 10, Februarie 1975, p. 15. As there were still some outstanding issues with regard to proof of the Coloured identity of some of the applicants for shares as late as the end of May 1975 the final figures of the share issue was probably closer to that provided by JJ Fouché as at 4 November 1975: Total number of shareholders were 837 of which 834 were holders of A-shares. The issued capital amounted to R370 500 of which R188 955 were from A-shares. That brought the average Coloured shareholding to R227 (453 shares). PA, Minute book of Pep Stores Peninsula Limited, 16 November 1973 – 24 May 1984.



Source: *Pep Nuis*, No. 10, Februarie 1975, p. 15.

By February 1980 Pep Stores Peninsula Limited had 14 branches.<sup>93</sup> The repealing of the Group Areas Act in June 1991<sup>94</sup> made the further existence of the company unnecessary. A decision was taken in 1991 to reincorporate the company into the mother company. Pep Limited acquired the total issued share capital in Pep Stores Peninsula Limited. Shares for which “A” shareholders, all members of the Coloured community, paid 50 cents per share when Pep Stores Peninsula (Pty) Ltd was established in 1973 were exchanged on a one-for-one basis for Pep Limited shares. As an alternative members could opt for cash payment of R35 per share, the price at which Pep Limited shares were then trading on the JSE. This represented for the 871 “A” (Coloured) shareholders a profit growth of 7 000% over a period of 18 years.<sup>95</sup>

## **Conclusion**

The Pep Stores Peninsula Ltd case study highlighted the complicated dynamics created by ideologically driven state intervention in the economic sphere and demonstrated how such intervention impacted on and distorted market forces. Pep Stores Peninsula Ltd was subject to and had to operate within the rules and parameters determined by a specific ideological framework - Apartheid or Separate Development. This ideological “corset” with its prominence of race as defining criteria in tandem with a percentage numbers game and the administrative gatekeepers responsible for its implementation restricted the realization of the full economic potential of the Pep Peninsula initiative on

93 Pep Stores Limited annual report, 1980 (Chairman’s report, 1 May 1980, p. 6).

94 JP Brits, *Concise dictionary of historical and political terms*, p. 102.

95 Pep Limited annual report, 1992, Chairman’s report, p. 7.

various levels.

The CDC administrative red tape in tandem with the legalistic approach to its role of gatekeeper of the interests of Coloured economic development sapped entrepreneurial and administrative energy that could have been more productively spent. This constant battle with the CDC to convince them of the good intentions and the economic advantages of Pep Peninsula Limited for the Coloured community among others manifested in Pep Peninsula board decisions such as the October 1975 deputation to the CDC to give them first hand in-sight in the aims and objectives of the company. The purpose was also to convince them of the value of giving Pep Peninsula access to shopping centres which the CDC controlled as their presence would draw customers that would also benefit smaller businesses.<sup>96</sup> As part of the apartheid state machinery, the CDC had the potential to become an instrument of coercion and cronyism by rewarding supporters of separate or apartheid economic development. The Corporation was not above falling prey to such practices as evidence suggests that the Coloured Federal Party, its “members, sympathizers (and) fellow passengers”<sup>97</sup> were rewarded by the CDC in the form of generous support for loan applications for business projects – earning the Party the reputation of “feathering its own nest and dipping into the cookie jar”.<sup>98</sup> Against the background of the above pitfalls many of the good intended by Pep Stores were inhibited or shelved for fear of CDC critique, legal action, coercion or co-option.<sup>99</sup>

On another level the ideologically prescribed equity structure of Pep Peninsula into A and B shares prevented the company from unlocking more value for its shareholders and to steer a more independent course by way of a listing on the JSE. The equity structure and the fact that Pep Peninsula was managed by another company (Pep Stores) made it impossible to comply with JSE regulations for a listing.<sup>100</sup>

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96 PA, Minute book of Pep Stores Peninsula Limited, 16 November 1973 – 24 May 1984, Meeting of directors, 16 October 1975, p. 36.

97 Republic of South Africa, Debates and proceedings of the Coloured Persons Representative Council, first council, fourth session 1972, Vol. 19 (JS Gericke Library, Stellenbosch, 29-30 August 1972), p. 1129.

98 Republic of South Africa, Debates and proceedings of the Coloured Persons Representative Council, first council, fourth session 1972, Vol. 19 (JS Gericke Library, Stellenbosch, 29-30 August 1972), p. 1137.

99 Interview, A Ehlers/R van Rooyen, 28 August 2008.

100 PA, Minute book of Pep Stores Peninsula Limited, 16 November 1973 – 24 May 1984, Meeting of directors, 25 October 1989, pp.184-185 and 14 February 1990, p. 193. The issue was discussed for the first time at a meeting of directors on 18 March 1982 after CH Wiese raised it as an option in response to a question raised by BL Williams on how shareholders can further profit from the progress of the company. With the imminent repealing of the Population Registration Act and the Group Areas Act on the cards in the late eighties and early nineties listing again became one of the options for transforming the company.

The ideological approach of the State towards apartheid/separate economic development also evoked a variety of reactions and extreme opinions that impacted negatively on the Pep Stores Peninsula initiative as it became the target of ideological differences in Coloured politics. As already indicated the Pep Stores Peninsula initiative was rejected from a broad spectrum of Coloured political platforms – although for totally different ideological reasons - despite the potential economic benefits it could hold for the Coloured community. In the process it also stimulated racial tension. Coloured pitted against Coloured, Coloured pitted against white, Coloured pitted against Indian and Chinese, creating categories of “qualified” and “disqualified” or “conformist” or “non-conformist” traders which remind one of the recent spate of xenophobic attacks on Somali, Zimbabwean and other *kwerekwere* traders in townships and former Coloured Group Areas.<sup>101</sup>

The Pep Peninsula initiative also spawned its share of irony and paradox. The promoters of the Pep Stores Peninsula initiative, Pep Stores, was an Afrikaner company and Renier van Rooyen, the chairman, an Afrikaner of the North Western Cape – in other words, all from the stable of the group generally credited for sustaining apartheid. Although highly critiqueal of the governments’ separate development economics, Van Rooyen was prepared to utilize the opportunities created by the Group Areas Act trade clause to promote his business. At the same time, his efforts to contribute to the development of the Coloured people included social investments and a willingness to lend the Coloured directors money, in his personal capacity, at no interest to buy shares.<sup>102</sup>

On the counts of sincerity, commitment, methodology and outcomes Van Rooyen and Pep Stores committed themselves in 1974 to practices and standards that were pioneering and truly exceptional for its time in terms of black economic empowerment. Despite the ambiguities of the initiative – working with the apartheid state and at the same time undermining and critiqueizing its ideological approach to business - one is inclined to agree with the 1974 evaluation by Lofty Adams, CRC member and public relations consultant, when he described it as “...one of the finest integrated participation schemes ever made available”.<sup>103</sup>

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101 Anon., “Twee dood, 40 beseer in xenofobie-aanvalle”, *Die Burger*, 13 Mei 2008, gp.; Anon. “Rassehaat vlam op. Xenofobie dreig nou in Wes-Kaap. Somaliërs is bang”, *Die Burger*, 19 Mei 2008, gp.

102 Interview A Ehlers/R van Rooyen, 23 June 2005.

103 PH, Press release: “Lofty” Adams re Pep Stores Peninsula (Pty) Ltd., 1974 (Lofty Adams was a member of the Coloured Representative Council).