



**Media Statement
For Immediate Release
16 February 2018**

MEDIA COMPANIES FINED MILLIONS FOR CARTEL CONDUCT

Two print media companies have concluded consent agreements with the Competition Commission and agreed to pay fines amounting to millions of rands after they admitted to participating in price fixing and fixing of trading conditions, in contravention of the Competition Act. The two separate agreements were confirmed as orders of the Competition Tribunal today.

The companies are Independent Media (Pty) Ltd (Independent) as well as Caxton & CTP Publishers and Printers Limited (Caxton).

In terms of the agreements, Caxton has agreed to a penalty of R5 806 890.14 (five million eight hundred and six thousand eight hundred and ninety rand and fourteen cents).

Caxton has also agreed to several remedies:

- The company will pay R2 090 480.45 (two million ninety thousand four hundred and eighty rand and forty five cents) to the Economic Development Fund over three years; and
- It will provide 25% in bonus advertising space for every rand of advertising space bought by qualifying small agencies. This will be for three years, capped at R15 000 000 (fifteen million rand) per annum.

Further, Independent has agreed to pay an administrative penalty amounting to R2 220 603 (two million two hundred and twenty thousand six hundred and three rand).

Independent has also agreed to the following remedies:

- It will contribute R799 417 (seven hundred and ninety nine thousand four hundred and seventeen rand) to the Economic Development Fund over a three year period;
- The company will provide 25% bonus advertising space for every rand of advertising space bought by qualifying small agencies, over three years and capped at R5 000 000 (five million rand) per annum;
- Independent will also obtain its own credit insurance so that small agencies are not required to commit any securities or guarantees in order to book airtime and/or advertising space.

The Economic Development Fund seeks to develop black owned small media or advertising agencies which require assistance with start-up capital and will assist black students with bursaries to study media or advertising, among others. The fund will be managed by the Media Development and Diversity Agency (MDDA) and audited annually.

Background

The matter relates to a November 2011 investigation which found that, through the Media Credit Co-ordinators (MCC), various media companies agreed to offer similar discounts and payment terms to advertising agencies that place advertisements with MCC members. MCC accredited agencies were offered a 16.5% discount, while non-members were offered 15%.

In addition, the Commission found that the implicated companies employed services of an intermediary company called Corex to perform risk assessments on advertising agencies for purposes of imposing a settlement discount structure and terms on advertising agencies.

The Commission found that the practices restricted competition among the competing companies as they did not independently determine an element of a price in the form of discount or trading terms. This amounts to price fixing and the fixing of trading conditions in contravention of the Competition Act.

In May 2017, DStv Media Sales (Pty) Ltd also admitted to price fixing and the fixing of trading conditions, as signed a consent agreement with the Commission. The company agreed to pay an administrative penalty amounting to R22 262 599 (twenty two million, two hundred and sixty two thousand, five hundred and ninety nine rand) and also agreed to pay R8 000 000 (eight million rand) to the Economic Development Fund over three years.

The company further agreed to provide 25% in bonus airtime for every Rand of airtime bought by qualifying small agencies for three years, subject to a total annual airtime maximum of R50 000 000 (fifty million rand).

****Note To Editors****

- “Qualifying small agencies” refers to those agencies which meet the criteria set out in the Broad Based Black Economic Empowerment Act 53 of 2003 and the codes of good practice issued thereunder; and
- “Small agencies” means media or media related agencies or organisations with a turnover not exceeding R50 000 000 (fifty million rand) and which are majority owned by black people.

[ENDS]

Issued by:

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