



Media Statement

For Immediate Release

21 August 2018

**COMMISSION WELCOMES CONFIRMATION OF THE MORE THAN
R6M FINE ON THE GOVERNMENT UNIFORM SUPPLIER**

The Commission welcomes the decision of the Commission Tribunal (Tribunal) to confirm as an order a consent agreement reached with Berg River Textiles, a Division of Sargas (Pty) Ltd, previously called Seardel (“Berg River Textiles”).

In July Berg River Textiles, a textiles manufacturer, agreed to pay a fine of R6 170 045 (Six Million, One Hundred and Seventy Thousand and Forty-Five Rand) after it was found by the Tribunal to have engaged in a collusive conduct with Eye Way Trading (Pty) Ltd (“Eye Way”) in contravention of the Competition Act.

Berg River Textiles and Eye Way were referred to the Tribunal for prosecution on 10 August 2016. The Commission uncovered Berg River Textiles and Eye Way colluded with each other when bidding for two separate tenders issued by the Department of National Treasury (“Treasury”) for the supply of fabric used in the manufacture of uniforms to the Department of Correctional Services, the South African Air Force and the South African Military Health Services.

The investigation revealed that Berg River Textiles and Eye Way have discussed and agreed on the price each will submit when bidding for two tenders issued by the Treasury.

The matter was heard before the Tribunal on 11 to 14 September 2017. On 22 February 2018, the Tribunal ruled in favour of the Commission and found that Berg River Textiles and Eye Way have contravened section 4(1)(b)(iii) of the Act.

On 15 March 2018, Berg River Textiles and Eye Way lodged an appeal with the Competition Appeal Court (“CAC”) against the Tribunal’s decision. Subsequent thereto, Berg River Textiles approached the Commission in order to settle the matter. Following the settlement negotiations, the Commission and Berg River agreed to settle the matter on the following terms;

Berg River agreed to settle the matter with an admission of liability and to pay an administrative penalty totalling R6 170 045 Six Million, One Hundred and Seventy Thousand and Forty-Five Rand).

In its settlement agreement with the Commission, Berg River Textiles has agreed to refrain from engaging in cartel conduct in future. It also agreed to attend a competition law compliance training programme and to make the training materials available to all employees, managers, directors and agents annually, to ensure they comply with the Competition Act.

As a result of the settlement agreement, Berg River withdrew an appeal from the CAC on 29 June 2018.

Although the matter against Eye Way is currently referred to CAC, the Commission remains open to settlement negotiations with Eye Way.

Background

On 29 April 2014, the Commissioner of the Competition Commission initiated a complaint in terms of section 49B (1) of the Act against Berg River Textiles and Eye Way for allegedly colluding when bidding for tender number: RT60-2012T.

On 27 March 2015, the Commissioner initiated another complaint in terms of section 49B (1) of the Act against Berg River Textiles and Eye Way for allegedly colluding when bidding for tender number: RT60-2011T.

These tenders were issued by Treasury for the supply of fabric used to manufacture uniforms to the Department of Correctional Services, South African Air Force and South African Military Health Services.

[ENDS]

Issued by:

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