



competition commission
south africa

Media Statement
For Immediate Release
22 June 2018

UNITED STATIONS SETTLEMENT AGREEMENT FOR ITS PART IN ADVERTISING CARTEL

The Commission welcomes the Competition Tribunal's confirmation as an order the administrative penalty of R423 920.73 imposed against United Stations.

This follows United Stations admission', in a consent agreement with the Commission, to participating in a cartel after being involved in price fixing and the fixing of trading conditions, in contravention of the Competition Act. The company entered into a settlement agreement with the Commission after 28 media companies were referred to the Tribunal for prosecution.

The case 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.

In terms of the United Stations settlement agreement, the company agreed to the following remedies:

1. It will contribute R162 611.46 to the Economic Development Fund over a three year period;
2. The company will also provide 25% bonus advertising space for every rand of advertising space bought by qualifying small agencies, over three years and capped at R1 500 000 annually;
3. They also agreed to charge a 50% cancellation fee in respect of all adverts that advertising agencies withdrew 24 hours before publication.

Settlement agreements

To date, the following media companies have concluded settlement agreements with the Commission and agreed, among other things, to pay administrative penalties (fines):

	MEDIA COMPANY	ADMINISTRATIVE PENALTY (FINE)
1	DStv Media Sales (Pty) Ltd	R22 262 599.00
2	Independent Media (Pty) Ltd	R2 220 603.00
3	United Stations (Pty) Ltd	R423 920.73
4	Caxton & CTP Publishers and Printers Ltd	R5 806 890.14
5	Provantage Media	R1 094 222.00
6	Media24	R13 828 892.26
7	MTV Networks Africa (MTV)	R966 692.83
8	Mediamark (Pty) Ltd	R1 013 803.94

Tribunal Prosecutions

On 27 February 2018, 28 media companies were referred to the Tribunal for prosecution on charges of price fixing and the fixing of trading conditions in relation to this matter.

Background

MCC accredited agencies were offered a 16.5% discount for payments made within 45 days of the statement date, while non-members were offered 15%. In addition, the Commission's investigation found that the implicated companies, as MCC members, 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 the discounts and thereby fixed the price and trading terms in contravention of the Competition Act.

Media companies listed in the matter

- SABC (SOC) Limited;
- Media 24 Ltd; Media 24 Magazines; (*settled*)
- Independent Newspapers (Pty) Ltd; (*settled*)
- The Mail & Guardian (Pty) Ltd;
- Avusa Media Limited;
- DSTV Media Sales (Pty) Ltd; (*settled*)
- MTV Networks Africa (Pty) Ltd; (*settled*)
- Primedia (Pty) Ltd;
- Primedia Outdoor (Pty) Ltd;
- Cinemark (Pty) Ltd;
- Comutanet (Pty) Ltd;
- Conde Nast Independent Magazine;
- Caxton and CTP Publishers and Printers Ltd and the Citizen 1978 (Pty) Ltd; (*settled*)
- Spark Media (Pty) Ltd;
- Apurimac Media;
- Provantage Media (Pty) Ltd; (*settled*)
- Mediamark (Pty) Ltd; (*settled*)
- Carpe Diem Media;
- Rodale And Touchline;
- Mandla-Matla Publishing (Pty) Ltd;
- Ramsay Media;
- Lugan Investments (Pty) Ltd;
- Associated Media (Pty) Ltd;
- Associated Hearst (Pty) Ltd;
- Capro (Pty) Ltd;
- Trudon (Pty) Ltd;
- United Stations (Pty) Ltd; (*settled*)
- Continental Outdoor (Pty) Ltd;

- Apurimac Media CC; and
- Media Credit Co-Ordinators (MCC).

[ENDS]

Issued by:

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