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Towards a free and fair economy for all

The Competition Commission:

Five years after, where to?

It has been a long five years for the Competition Commission, its staff and myself. Since 1 September 1999 when we first opened our doors we all knew that there were lots of expectations.

These related mostly to addressing economic imbalances emanating from the past political and economic dispensation. It is therefore important that after five years we look back on this period and see whether or not we made sufficient ground on which to begin to realize these expectations.

Though South Africa has a long history of competition law policy, it generally lacked a competition culture. The way the economy and business operated was divorced from the principles of competition. Instead an environment in which collegiality, closing ranks and joint negotiations formed a large part of a business culture. Therefore, changing this approach to a more competitive one was always going to be a challenge. This lack of a competition culture did not only exist within the private sector but also within government itself. Our role is therefore to address this in order to start laying the foundation for a sound competition environment within which both private and state owned firms could operate to the benefit of consumers.

From the first year of operations to date we have received in excess of 1 000 mergers. Of all these, on average the Commission and the Competition Tribunal have turned down no more than 2% which indicates that merger regulation environment in South Africa is one that is very permissive. This should bring a lot of comfort to business. I think we have done our job well over the past five years and

Adv. Menzi Simelane is humbled by the support the Commission has received from its stakeholders.

the challenge remains to continue this approach consistently, providing firms and foreign investors with a level of certainty that they are able to factor whenever they have to make investment decisions into the South African economy. At the same time, we want to give new entrants and smaller players comfort that they too can enter and function profitably in markets that were previously difficult to enter because of anti-competitive practices.

Since 1999, we have taken very tough stands against firms involved in anti-competitive practices. These practices involve collusion on prices, allocation of market, abusing dominant position in markets, engaging in price discrimination and engaging in exclusionary practices to mention a few. Entry or exit of any one firm in

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any one market should be determined purely by market forces and not by illegal conducts. Where this has happened therefore, we have taken a very hard line and strong action against those firms.

I think it has been shown that all of these can be achieved and that we should not be deterred by what appear at first value to be mountains when in fact these are small stones that can be removed when there is determination and focus. We have set ourselves a standard over the years and it is a standard we would like to maintain if not better. This will be achieved through putting more effort on our core activities, which I would like to outline as follows:

Enforcement

We will continue to rigorously investigate complaints of anti-competitive behaviour, continue to take action against those who disregard the competition laws and also continue to impose penalties against those we have found to be in breach of the law, with particular focus on cartels and abusive conduct by dominant firms. We will also communicate our newly developed Corporate Leniency Programme, which aims to encourage firms to come forward and reveal anti-competitive practices in return for immunity from prosecution. We promise to clear the South African market of all unlawful conduct that results in the distortion of competition.

Educational Awareness and Advocacy

We aim to improve our visibility by increasing communication and publicity campaigns targeting every economically active segment of our country. Through these campaigns, we hope to stimulate a culture of competition and make the public realise how cancerous anti-competitive practices are. In addition to that, we will encourage the public to whistle-blow on companies that still continue to breach the competition laws.

We will also increase our advocacy activities and continue to provide valuable input on Policies and Bills tabled in Parliament. We would also urge more consultation with government department so that clauses that distort competition do not find their way into our newly developed laws.

Research

We will promote further research into competition issues, especially in areas that have not been addressed in the past five years. The governments' report on its achievements in the first ten years of democracy will be used as a guide in this regard. This report outlines specific sectors in the economy, which have monopolistic and uncompetitive tendencies. Such sectors include chemical, ICT, paper and pulp, petroleum and transportation. Though not mentioned in the governments document, we will also focus on the financial services sector.

We will continue to measure ourselves against our government's economic objectives, which include international participation by South African companies, employment and SME, BEE firms and competitiveness.

Finally, I am very pleased with progress that we made over the past five years, having established an agency from zero and developed it to maturity within a short space of time. I am also humbled by the support that the Commission and myself have received from all stakeholders that we had an opportunity to engage with, particularly the Department of Trade and Industry, various government departments, private practitioners and partners of government, labour and businesses.

Adv. Menzi Simelane
Commissioner: Competition Commission SA

Competitiveness and job creation:

Bedfellows or enemies

The role of Competition[1]

Introduction

With strict definition unemployment in South Africa exceeding 30%,[2] and expanded definition unemployment even higher at 42,8% in 2003,[3] job creation is critical to assuage poverty and render a more equal distribution of wealth and income.[4, 5] There is heated debate amongst stakeholders as to the appropriate responding policy.

Consider the role that competitiveness and competition play in stimulating economic growth, in turn generating income and employment. Indeed, job creation requires stronger economic growth, such that more goods and services are demanded, leading to raised production levels, raised demand for factors of production (in other words from land, labour and capital), and more

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income earned.[6] This increase in income is spent in part on other goods and services, fuelling the growth cycle. True, growth does not necessarily translate into more jobs, as increased production could be obtained by using increased capital-intensive processes (such that capital replaces labour). Also, more jobs being created through economic growth does not imply that candidates are suitably skilled to fill these new positions.[7] Notwithstanding, growth can be viewed as a necessary, although not sufficient, condition for job creation.

Thinking Global

South Africa is considered a relatively small population and spending power.[8] Thus, to sell more products and services we need to expand the pool of purchasers by establishing a global, rather than solely domestic, market position. Obtaining international market share requires that our goods and services be affordable and of comparable quality to competing products, both locally and abroad, necessitating quality, cost-effective production processes. In exporting, the pressure for production cost effectiveness is aggravated by South Africa's location relative to its competitors to major trading regions of the United States, Europe, and the Far East. This raises transportation, and therefore final, cost to market. Competitiveness can be achieved by a weakening Rand, which makes our products cheaper abroad (in foreign currency terms), and foreign products cheaper in South Africa relative to imported goods. But this approach introduces other problems, like import inflation, which in turn erodes competitiveness as the nominal (Rand value) cost of production increases, particularly as capital items used in production processes are often imported. Fair access into export markets is also crucial. Trade barriers, like tariffs, hinder access into foreign markets. These further diminish competitiveness, prompting bilateral and multilateral market access agreements, for example the African Growth and Opportunity Act (AGOA) that gives preferential access to United States' markets for certain South African products.

In the struggle for global market share, a 2000 study by the European Commission for competitiveness and employment argues of thinking of competitive, rather than comparative, advantages.[9] The latter traditionally relates to factor endowments like natural resources (in South African context examples are metals, particularly gold and platinum, and steel production) and are primarily fixed, while the former is based on more qualitative factors, and can therefore be affected by both corporate strategies and public policies. On the back of isolationist apartheid policies reaching into the 1990s, South Africa's transition to a global market place has been even more rapid and pronounced.

South Africa's Competitive Performance

A recent study assessed changing labour and total productivity in the South African economy in manufacturing over the 1980s and 1990s, relative to other newly industrialising countries in Asia and elsewhere.[10] In the more recent period, results showed dramatic labour and total factor productivity gains for certain sectors like non-ferrous metals and iron and steel, as well as more benign improvements in many other key sectors, like leather, industrial chemicals, paper and paper products, and textiles. But improved international competitiveness requires more than just improved productivity - productivity increases must outpace competing nations. In this regard, South Africa falls behind both the developed and emerging market samples of labour and total factor productivity growth rates. The authors determine South Africa's manufacturing average relative to productivity growth to be weak; labour productivity picked up in the 1990s, but total productivity and employment fell. These results are considered concerning, particularly as long-run output and employment growth depends

1 This article is a summary of an article of the same name published in "South Africa 2014: What the Future Holds, Edited by B. Bowes and S. Pennington, 3rd Ed," to be launched November 2004.
2 Given as 31,6% in 2003, up from 17% in 1995 and 22,8% in 1997.
3 Up from 29,4% in 1995 and 37,1% in 1997.
4 Unemployment by the expanded definition is important as it reflects a long-run problem, associated with a shift from cyclical to structural unemployment. Cyclical unemployment results from deficient demand for products, and thus factors that produce those products. Structural unemployment reflects a mismatch between jobs available and job seekers with the relevant skills to perform these jobs. Policies to address the former imply demand side policies; increased demand through economic growth. The latter requires supply side policies that address relevant skills development.
5 Figures calculated by D. Casale, D. Posel and C. Muller, of the Economics Division at the University of Kwa-Zulu Natal, in their 2004 research paper "Two million net new jobs: a reconsideration of the rise in employment in South Africa, 1995-2003."
6 This recognises the problem of cyclical unemployment.
7 This recognises the problem of structural unemployment.
8 This is relative to both developed and developing economies. By ways of example, compare South Africa's GDP of US$432b to that of [developed countries] United States (US$10,4t) and United Kingdom (US$1,52t), as well as [developing countries] China (US$5,7t), Brazil (US$1,34t), Mexico (US$900b) and South Korea (US$931b). Given its developed economy status, Australia has a surprisingly low GDP of US$528b. But while not much greater than South Africa's, consider that Australia has a population of only 19m, compared to South Africa's 40m. Source: CIA World Factbook.
9 White Paper on growth, competitiveness and employment: the challenges and ways forward into the 21st century COM(93) 700 final, Brussels, 5 December 1993.
10 Edwards, E. and S. Golub (2002) 'South African Productivity: An International Comparative Perspective,' article based on research conducted for the South African National Treasury.

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on raising productive efficiency, not capital substitution (for labour) and labour cuts.

Improved Competitiveness: The Role for Competition Policy

The Director-General of the South African Department of Trade and Industry, Dr Alistair Ruiters, recognises the shifting of competitiveness determinants,[11] and the implied trajectory change this implies to South African policy to advance to higher growth and reduced unemployment. High value-added products and services are increasingly more knowledge and skill intensive, and trade liberalisation, particularly with the entry of China and India into the global trading system, has intensified competition. In his address he drew attention to UNIDO's capability development schedule emphasising skills development (particularly of tertiary skills), technological capabilities, and an efficient and cost effective physical and digital infrastructure. He highlighted also the need to deal with inefficiencies and pricing structures left over from geographic isolation, and recognised the need for integration of policies and actions of high quality government, non-government and private institutions. In this context, the role for competition, supported by the Competition Authorities, cannot be over-emphasised.

Alternatively, continued economic reforms that encourage innovation, entrepreneurship, and labour and product market flexibility are also essential for added competitiveness.[12] Finding ways to incentivise local firms to improve efficiencies comes to the fore, particularly the role for an effective competition policy. Consider a causal link from competition to competitiveness, such that increasing competition across firms promotes internal[13] and allocative[14] efficiencies, which in turn raises competitiveness. Competition can be domestic and/or foreign, implicating the ever-important link between competition and trade policy. With South Africa's small domestic economy, natural monopolies are not unusual, reflecting sectors to observe positive economies of scale over the size of the domestic market, such that increased production to supply total domestic demand continues to yield lower per-unit costs. This is particularly common in sectors with large fixed and other start-up costs, like in telecommunications and steel production, and private medical care providers. As explained, the mandate of competition policy is not to prevent monopolies or oligopolies where they are the most efficient economic structure, but to contain possible abuses of market power prevalent in highly concentrated industries. This can be ensured by the availability of imported substitute products or the reduction of barriers-to-entry for new

11 'Towards a more sophisticated approach to competitiveness,' Director General's Address: DTI Competitiveness Conference, 7 June 2004.
12 Edwards, E. and S. Golub (2002) 'South African Productivity: An International Comparative Perspective,' article based on research conducted for the South African National Treasury.
13 This implies low unit costs. Inefficiency here has two main forms: buying more inputs than are necessary, and low effort levels by employees (low labour productivity).
14 Prices equal to marginal costs imply that resources are allocated to the sectors in which they are used most effectively.

firms, be they local or foreign. To the extent that trade barriers are in place, local monopolies can reap extra profits by pricing at import parity, which is the price ex-country of origin plus transport costs to get the product to South Africa, as well as taxes in the form of tariffs. Substantial barriers to entry for local firms may further support this behaviour.

The Importance of Market Structure

If one advocates that the domestic and international competitiveness of a firm is ultimately judged on its price, all else constant, then structure-type of markets is central to removing downward price rigidities.[15] Market structure pertains to market share, concentration of firms in the market, and barriers to entry into that market for potential new firms. All firms seek higher market share to gain higher profits. When these firms' struggles hold each other in check, effective competition exists, yielding low costs, low prices, rapid innovation and wider benefits to consumers. However, if one or more firms come to dominate, competition may be ineffective. Market power resulting in raised prices and restricted output imposes social costs. Inefficiency, slower innovation, unfair shifts of income and wealth and reduced freedom of choice may result. Costs associated with monopoly structures can be offset to the extent that there are substantial economies of scale or superior performance by the dominant firm. One mainstream theory says that market structure generally affects that market's performance (in terms of efficiencies, costs and prices etc.). The New-Chicago school reverses this causality, arguing that a firm can only become dominant by being efficient and is therefore not a Competition concern. But this latter hypothesis is only true to the extent that new firms can continue to enter the market, keeping the dominant firm on its toes, so to speak, and thus competitive. In a small economy like South Africa, it is relatively easy to obstruct potential new firms' entry, and in this context, highly concentrated markets render a constant threat to competition, and therefore also competitiveness.

Concentration is the combined market share of the leading firms, commonly based on the top four firms. It is used to show the degree of oligopoly.[16] Tight oligopoly[17] structures enable firms to coordinate their behaviour, thereby acting as if they are a genuine monopoly. Indeed, their combined market share may be considered a diluted version of the dominance that a single firm with that market power can exert. In South Africa, academics and practitioners alike acknowledge a strong correlation between industrial concentration and profitability.[18] While keeping in mind that there are strong reasons to believe that institutional differences cause the concentration-profit relationship to differ across sector types, for example consumer good industries over producer good industries, the correlation means that more concentrated industries typically make greater profits than those that are less concentrated. The 1996 South African manufacturing census[19] reveals that almost 20% of the major sectors are a tight oligopoly, for example the petroleum, glass, and iron and steel sectors. At the sub-group level, this increases substantially to about 50%, coming from key sectors like dairy, beverages, textiles, paper and paper products, chemicals and motor vehicles, as well as the major groups already mentioned. Moving forward, sophisticated and enforceable competition becomes all the more important to monitor the affect of market structures on competition, prices and output. Herewith consider again the role of South Africa's competition legislation, particularly its effect on promoting competitiveness through competition.

Concluding Remarks

In an attempt to align employers and employees in the job creation quest, policy makers want two things. First, economic growth is required to stem from labour intensive sectors, so that growth will be matched with job creation. The difficulty here is that such has to be paralleled with high (and growing) demand sectors if it is to be sustainable. Indeed, more research is needed to table these links between high employing and high growth sectors. It also means that South African labour must be cost effective against machine equipment locally and abroad, as well as labour in other countries. Second, labour must raise productivity, so that earnings per person, vis-à-vis income, increase. This too implies the need for increased labour competitiveness.

Beyond controlling input costs, market structures must be governed such that market forces are able to work effectively. In this regard, regulation by a competition authority is not seeking to dictate market outcomes in terms of resource allocation, output or price, but rather to govern the actions of market players, striving to prevent market failures that may lead to distorted outcomes. This should facilitate competitive prices and output levels at all stages of the production processes, in turn facilitating improved domestic and international competitiveness, and stimulating production growth and employment.

Contributed by Katherine Gibson

15 For example, economies of scale benefits are repeatedly used to motivate to the competition authority for merger approvals, and yet rarely are these 'savings' observed to pass along to the product customer through price cuts. There may be other customer advantages derived, but for the sake of time we simply note these without further elaboration.

16 Where a monopoly market structure implies a single firm supplying the market (market share = 100%), oligopoly implies few, large firms supplying the market (implies market shares typically greater than 20%). Compare this to the ideal of perfect competition, where a large number of low market share firms compete.

17 While the combined market share boundaries may differ by definition, tight oligopoly generally refers to the four largest firms in the defined market having a market share at least equal to 50%. Loose oligopoly generally refers to the four largest firms in the defined market having a market share of between 25% and 50%.

18 See, for example, a 1996 study by Andrew Smith entitled 'Does industrial concentration matter in South Africa? A cross section analysis of the manufacturing sector.'

19 Statistics South Africa's 'Census of manufacturing, 1996, Statistics according to major groups and subgroups: South Africa,' Report No. 30-01-01 (1996).

The birth of a new era in telecommunications

Background

The telecommunications (telecoms) industry has undergone many changes since the early 1990s. These include the licensing of the first value added network service (VANS) providers in 1993 and the entry of the first mobile network operators in 1994. A White Paper on Telecommunications Policy (the White Paper) was passed in 1996 followed by the promulgation of the Telecommunications Act, No 103 of 1996 (the Telecoms Act) as amended. In keeping with international trends in the industry, especially the move towards convergence, the separate industry regulators of the time were merged to form the Independent Communications Authority of South Africa (ICASA) with regulatory powers over both the telecommunications and broadcasting sectors. Following the 1996 White Paper, government adopted a policy of managed liberalization in terms of which competition in the sector would be phased in gradually. In terms of this policy, Telkom would be granted a five-year exclusivity period (to be the only licensed fixed line telephone service provider), between 1997 and 2002. The central goal of exclusivity was the building out of the basic network as quickly and as extensively as possible. To achieve this, Telkom had to be shielded from the vagaries of full-scale competition. Whether the protectionist policy achieved its intended objectives is highly debatable. What is clear, however, is that the new landscape mapped by the Minister of Communications will surely benefit telecommunications users a great deal.

The new policy

On 2 September 2004, the Minister of Communications, Dr Ivy Matsepe-Casaburri announced a policy directive that has generally been met with applause[1]. The announcement has also allayed the fears and uncertainty surrounding the draft Convergence Bill (the Bill) that has been in limbo for some time now. In terms of the policy directive, as of 1 February 2005:

- Mobile operators may utilise any fixed lines that may be required for the provision of their services including fixed lines made available by Telkom or any other person providing a public switched telecommunication service. This includes self-provision of such facilities by mobile operators.
- Value added network service providers may carry voice using any protocol.
- Value added network services may also be provided by means of telecommunications facilities other than those provided by Telkom and the Second National Operator (SNO) or any of them.
- Value added network service providers shall be entitled to cede or assign the right to use, or to sublet or part with control or otherwise dispose of the telecommunications facilities used for the provision of the value added network service.
- Private telecommunications network operators shall be entitled to resell spare capacity and facilities or to cede or assign their rights to use such facilities or to sublet or otherwise part with control thereof.
- Persons may apply for a licence to provide public pay phone services in any area of the Republic.

Fierce competition is expected in the area of voice provision where VANS will be able to compete with fixed line and mobile operators without any restrictions. The ability to offer voice over any protocol, coupled with facilities based competition is expected to bring down telecommunications costs significantly in South Africa. It is also anticipated that the opening up of the sector will facilitate its growth because the restrictive environment under which telecoms service providers have operated in the past has been growth inhibiting. Moreover, with heightened competition among mobile operators, VANS and fixed line operators should come greater choice, lower prices and better product quality for consumers.

Interpreting the policy directive

Whereas the policy directive comes from the Minister, the implementation thereof is the sector regulator's duty. It is paramount, therefore, for ICASA to correctly interpret the policy before implementation. For this reason, ICASA hosted an industry colloquium to discuss the implications of these changes. Not surprisingly, the colloquium exposed the divergent views industry players have on the interpretation of the policy, lending credence to the

1 Department of Communications. Press statement. Policy announcement by the Minister of Communications, Dr Ivy Matsepe-Casaburri, 2 September, 2004.

dictum that 'what you see depends on where you are standing'. For some the policy directive represents a great opportunity whilst for others it poses a threat and a risk. There are many areas of great debate where there are divergent views including the following:

Regulation of quality

Industry players are divided when it comes to the necessity or otherwise of regulating service quality. From a competition perspective, it must be pointed out that besides price, companies also compete on product quality. Just as there might be no need for price regulation where there is effective competition, so there might be no need to regulate quality where there is adequate competition, except where there are safety concerns. Those companies offering substandard services are likely to lose market share. Logically, companies will want to better their products in a bid to out-shine each other and be the best. The motivation to stay ahead spurs innovation and productive efficiency. Better product quality should be a natural by-product of competition. What may be needed in such circumstances, instead, is proper information dissemination to aid consumers in making informed decisions.

Protecting USALs

There are calls in the industry for the protection of under-serviced area licensees (USALs). The rationale is that these operators were invited to bid for licences to provide services in less attractive areas where existing operators were not willing to venture. Therefore, goes the rationale, these USALs must be shielded from competition in order for them to recoup the investments they have made in these areas. This sounds pretty much like the 1990s reasoning behind granting exclusivity to Telkom. The results of that policy speak for themselves. The protective policy route should by all means be avoided. The purpose of the ministerial directive is for the benefit of consumers and not for the protection of individual operators in the market. If consumers can surely benefit from having to choose from a USAL, a VAN, a mobile operator or a fixed line operator, why limit them to service by a USAL only? Operators should not be barred from serving particular markets on account of protecting investment in those areas.

Conclusion

None of the changes that have taken place in the telecommunications sector over the past decade or so are as profound as the recent announcement made by the Minister. However, the question of whether the desired outcome will be obtained depends on how ICASA will interpret and implement the policy changes. It is thus imperative for ICASA in interpreting and applying the policy to focus on the impact thereof on the final consumer. Also of particular importance is that ICASA should ensure a level playing field among competitors. To do this, regulations and guidelines may still be needed in areas such as access to facilities, number portability, interconnection and career pre-selection. Continued tariff regulation will depend on the effectiveness of competition. Getting the SNO running as soon as possible should be another priority if consumers are to witness the benefits of competition. Overall, from a competition perspective, the Ministerial directive is a step in the right direction, one which consumers and operators alike have long awaited.

Contributed by Fungai Sibanda

Komatiland/Bonheur merger under the spotlight

The Commission recently prohibited a proposed merger between Bonheur 50 General Trading (Pty) LTD (Bonheur) and Komatiland Forests (Pty) Ltd (KLF). The Commission found that this merger was likely to substantially prevent or lessen competition and that the alleged efficiency gains resulting from the proposed merger were not likely to offset its anti-competitive effects. Furthermore, the Commission found that the proposed merger could not be justified on substantial public interest grounds.

The transaction

The proposed transaction entailed an acquisition by Bonheur of control over the business of KLF. Bonheur is a special purpose vehicle established for the purpose of acquiring KLF. KLF is controlled by South African Forestry Ltd ("Safcol"), which is wholly owned by the government of South Africa. The transaction entails the privatisation of KLF by government.

Activities of the parties

Via Bonheur, the ultimate acquiring party is involved in the forestry industry through Global Forest Products (Pty) Ltd ("GFP") and Global Sawmills (Pty) Ltd ("Global Sawmills"). GFP is a vertically integrated operator in the forestry industry. It operates softwood and hardwood plantations, while Global Sawmills operates three sawmills in the Mpumalanga province. GFP is also involved in the production of seed and seedlings, softwood and hardwood saw logs and sawn timber.

KLF is involved in the production of seed, seedlings, softwood saw logs, softwood woodchips and sawn timber and is therefore also vertically integrated.

The Commission found overlaps in the activities of the parties in the production of seedlings, softwood saw logs, sawn timber and softwood woodchips.

Horizontal analysis

KLF is one of only two producers and suppliers of seeds to seedling growers in South Africa. Mondi Ltd ("Mondi") is the other producer and supplier of seeds. GFP is not involved in this market. However, GFP manages Mondi's production and supply of seeds. The merger would not result in a change in the market for the supply of seeds and the Commission therefore had no concerns in this regard.

Both KLF and GFP are involved in the market of the production and supply of softwood seedlings in South Africa. There are a number of competitors in the market. In addition, barriers to entry into the seedlings market are low. The Commission, therefore, had no concerns in this regard.

Both KLF and GFP produce softwood saw logs in Mpumalanga. However, GFP's saw logs are used in-house, whilst KLF primarily supplies saw logs to independent saw millers. GFP has, however, in the recent past supplied some softwood saw logs to the open market. GFP's stated intent is to use its softwood saw log supply to manufacture sawn timber. The Commission therefore did not consider GFP as a competitor of KLF in the market for the supply of softwood saw logs. However, GFP's production of softwood saw logs was important in the vertical analysis of the effects of the transaction, discussed further below.

The Commission's investigation revealed that saw logs are generally transported within a radius of approximately 100km. Beyond 100km it becomes expensive to transport saw logs. The Commission thus concluded that the geographic market for the supply of saw logs was Mpumalanga and Limpopo (“Mpumalanga”). GFP and KLF respectively produce approximately 24.8% and approximately 50.4% of the softwood saw logs in Mpumalanga. Numerous small producers provide the balance of the supply of softwood saw logs. The merged entity will produce approximately 75.2% of sawlogs in Mpumalanga post-merger. This presents vertical concerns, which are discussed further below.

Saw logs can be processed into veneer, plywood, softwood pulpwood and woodchips. Both GFP and KLF are involved in the production of veneer. However, the veneer produced by GFP and KLF are used for different applications. The Commission therefore considered this not to be an overlap.

In respect of plywood, GFP is involved in the production of plywood, while KLF is not. The Commission therefore found that there was no overlap between the parties in this respect. However, the Commission considered vertical concerns arising from the merger, which are discussed below.

Both GFP and KLF produce softwood pulpwood, a product used for the production of pulp, which in turn is used for the production of paper. The market for the production of softwood pulpwood is competitive, as there are many suppliers. The Commission therefore had no concerns in this regard.

Both GFP and KLF produce softwood woodchips, a by-product of their sawmilling operations. However, the Commission's investigation revealed that there are numerous suppliers of softwood woodchips. The Commission therefore had no concerns in this regard.

Saw millers process softwood saw logs into sawn timber. Both GFP and KLF produce and supply sawn timber in South Africa. The parties contended that the market for the supply of sawn timber is international as it is possible to import sawn timber. However, the Commission's investigation revealed that the landed cost of imports is significantly higher than the domestic price for sawn timber and that imports constituted a small percentage of the market. In addition, imported structural sawn timber would require SABS certification and to be cut to the correct dimensions, giving rise to volume losses. The Commission therefore concluded that imports do not pose a competitive constraint on the domestic suppliers of sawn timber, and therefore concluded that the market for the supply of sawn timber is national.

The parties' post-merger combined market share in the national market for the supply of sawn timber will be approximately 15.4% with GFP and KLF having market shares of approximately 11.6% and 3.8% respectively. The merged entity's involvement in the sawn timber market is important in the vertical analysis of the effect of the merger and is discussed below.

Vertical analysis

As stated above, both GFP and KLF are vertically integrated firms in that both produce softwood saw logs (upstream) and process this into sawn timber (downstream).

The merger will result in a combined post-merger market share for the parties in the upstream market of approximately 75.2% (50.4% and 24.8% for KLF and GFP respectively) of the production of softwood saw logs in Mpumalanga. In respect of the downstream market for the production and supply of sawn timber, the parties' combined market share in the national market will be approximately 15.4%.

However, as the merged entity would produce approximately 51% of the total softwood saw logs in South Africa, the Commission's concern was that the merged entity would be able to leverage this upstream production to a 51% share in the downstream market for the supply of sawn timber in South Africa through self dealing, thereby foreclosing input of saw logs to independent saw millers. Alternatively, the merged entity would be able to raise rivals' costs by increasing the prices for saw log inputs.

The parties argued that the merged entity would not be able to foreclose input to the independent saw millers, as the saw millers could turn to hardwood saw logs as an alternative to softwood saw logs. However, the end products for the two types of saw logs differ significantly. Sawn timber from softwood is a commodity product, whilst sawn timber from hardwood is used for higher value purposes. Moreover, the capital and variable costs of establishing and running a hardwood operation are higher than for the softwood saw log mills.

The Commission's investigation revealed that even if hardwood saw logs were included in the relevant market, such an inclusion would not significantly dilute the parties' sawn timber production, as the supply of hardwood saw logs in South Africa was limited.

The parties further argued that steel could be a viable alternative for (structural) sawn

Merger in the forestry industry prohibited continued…

timber, specifically with regard to roof trusses, and would thus constrain the behaviour of the parties post-merger. The Commission's investigation, however, revealed that steel is not an economic alternative to sawn timber. Steel is mainly used in large construction projects, whereas sawn timber is used in the construction of residential properties. Furthermore, steel roof trusses are more expensive than structural timber trusses. Steel price increases have also been higher than corresponding price increases in wood roof trusses, widening the price gap between the two products.

The Commission was concerned that the merged entity's command of 51% of the market for sawn timber in South Africa would enable it to increase prices to customers. Competitors to the merged entity in the sawn timber market would be unable to react to price increases by expanding production and capturing market share, as they would not have access to the saw log quantities required for such an expansion. This is compounded by high barriers to entry in the market for the production of saw logs. Further, there are regulatory barriers into the production of saw logs (plantations), which include long lead times for the plantations to grow to the size where they can be harvested for saw milling purposes. The lead time is 25 - 30 years. Thus, even in the event of securing a new forestry permit, no competitive constraint could be exercised by a new entrant within the first 30 years of production.

In addition, a permit from the Department of Water Affairs and Forestry (“DWAF”) for establishing a saw log plantation is required. The investigation also revealed that there is a limited availability of land for plantations, that the DWAF has decided to reduce the planned forestry surface and has identified exit areas, i.e. areas not suitable for commercial forestry, as a result of environmental concerns, in particular scarce water resources and the land being too marginal to secure proper returns on a commercial scale.

The Commission thus found that the transaction was likely to substantially prevent or lessen competition in the market for sawn timber in South Africa.

Efficiencies

The parties stated that the transaction would result in the following efficiency gains: rationalisation, economies of scale and scope, technological progress, slack reduction and social benefits.

The parties did not provide data to quantify the alleged efficiency gains. The Commission found that some of the efficiencies could be achieved by means other than the merger. The Commission further found that in the post-merger market structure, it was unlikely that the alleged efficiency gains resulting from the proposed merger would be passed on to customers. The alleged efficiency gains are thus not likely to offset the anti-competitive effects of the proposed merger.

Public interest

The Commission identified three public interest concerns resulting from the merger, namely the effects of the transaction on employment, the ability of small businesses to become competitive and the effect on the particular industrial sector or region.

As stated above, the transaction is likely to lead to the foreclosure of saw logs to saw millers, some of whom are small businesses. The foreclosure of saw logs would result in the saw millers exiting the market. The estimated job losses resulting from the exit of the independent saw millers are approximately 2 000.

Regarding the effect of the merger on a particular industrial sector or region, the Commission's investigation revealed that the forestry industry is a significant source of employment and economic activity in the Mpumalanga region. Employment losses and the exit of small businesses would have a significant effect on the local communities. The small businesses and employees affected by the transaction would not likely be absorbed into alternative economic activities in the area, as such activities are limited.

The parties claimed that the merger would have a positive effect on the public interests provided for in the Competition Act. They argued that through the shareholding in Bonheur by a firm owned by previously disadvantaged persons, the transaction would lead to broad based black economic empowerment. In addition, the parties undertook to place a three-year moratorium on retrenchments in KLF, thereby protecting employees in KLF. The parties also submitted that jobs would likely be created, and that the transaction would have a positive effect on the region in terms of tourism and the development of downstream-related activities.

The Commission found that the public interest arguments presented by the parties did not justify the anti-competitive effects of the proposed transaction. In addition, the Commission found that the transaction was likely to have a negative effect on employment, small businesses and the industrial sector or region.

Remedies

The parties proposed remedies purporting to address the Commission's concerns about the transaction. The parties proposed that the Commission should approve the merger, in essence, subject to conditions that secure a supply of saw logs to the independent saw millers and bolster the black economic empowerment component of the transaction. These conditions included:

- In each KLF financial year KLF will

supply to third party saw millers an amount of saw logs equal to at least the lower of fifty percent of KLF's actual production of saw logs in the KLF financial year in question; or 675 000 m^3; for a period of 25 years;

- Any offer submitted to KLF by a third party for the purchase of saw logs other than by virtue of long-term log-supply agreements at a price that is 5% or more below the prevailing price at which KLF sells saw logs in terms of long-term log-supply agreements at the time when such offer is received by KLF will not be counted as an offer by a third party; and
- At least 49% of the issued share capital of Bonheur must be owned directly of indirectly by a firm or firms controlled by historically disadvantaged persons.

The Commission found that the proposed condition regarding the supply of saw logs to independent saw millers would not adequately address the concerns raised by the merger. First, the proposed quantity is less than the pre-merger saw log use of independent saw millers, thereby still leading to a partial foreclosure of the market under circumstances where expansion in the upstream saw log market is highly unlikely given the significant barriers to entry. The Commission, however, found that the proposed remedy would maintain the existence of a number of independent saw millers in the market.

Second, the Commission found that the parties would post-merger still be able to raise independent saw millers' costs, who would not have adequate alternative sources of supply, by charging higher prices for saw logs. The condition thus did not adequately address the Commission's concerns that the transaction is likely to substantially prevent or lessen competition in the market for sawn timber.

The Commission considered whether a further condition attempting to maintain competitive prices in the upstream market would alleviate the concerns in the downstream market, but came to the conclusion that price regulation is undesirable as it impedes the optimal functioning of the market.

Regarding the increased shareholding in Bonheur by firms controlled by historically disadvantaged persons, the Commission found that the public interest condition did not justify the anti-competitive effects of the proposed transaction.

The Commission also considered the following alternative remedies:

- The divestiture of GFP's plantations and saw milling operations; and
- The divestiture of GFP's plantations coupled with a condition that the merged entity supplies a minimum quantity of saw logs to independent saw millers and a condition that the merged entity be precluded from purchasing supply from the divested GFP plantations.

The Commission considered the divestiture of GFP's plantations and saw milling operations as a possible remedy for the competition concerns, as it would maintain the pre-merger market structure. However, given the parties' stated intention to increase their downstream production of sawn timber, they are likely to expand their saw milling capabilities and self supply saw logs, thereby effectively foreclosing independent saw millers from the supply of saw logs. Thus, the Commission's concerns with the effects of the transaction on employment losses, small businesses and the industrial sector or region resulting from the exit of independent saw millers from the market remained. In addition, the parties stated that the proposed condition was not acceptable to them.

The Commission also considered the divestiture of GFP's plantations (alternatively an equivalent portion of the KLF plantations) coupled with a condition that the merged entity supply a minimum quantity of saw logs to independent saw millers, and a condition that the merged entity be precluded from purchasing supply from the divested GFP plantations, as a possible remedy. The Commission was of the view that the divestiture of plantations to a third party would likely secure a supply of saw logs in the market. However, the Commission took cognisance that the third party could vertically integrate and enter the sawn timber market, therefore utilising the saw logs for its own purposes. This would foreclose independent saw millers from supply, thereby failing to address the concerns raised by the merger.

The Commission attempted to address the foreclosure concerns with the additional condition that the merged entity supply saw logs to independent saw millers. This, however, raised issues of placing the merging parties in a position that they would have access to less saw logs than they had pre-merger, a situation not intended by merger regulation.

In the light of the parties indicating that divesting of plantations would not be a suitable remedy to them, this was not pursued.

Conclusion

The Commission found that the transaction was likely to substantially prevent or lessen competition in the market for sawn timber in South Africa and that the alleged efficiency gains were not likely to offset the anti-competitive effects of the proposed merger. The Commission further found that the public interest arguments presented by the parties did not justify the anti-competitive effects of the proposed transaction and that the transaction was likely to have a negative effect on employment, small businesses and the industrial sector or region of Mpumalanga.

The Commission considered alternative remedies for the negative effects of the transaction, but found no remedies that adequately addressed the concerns raised. While some of the remedies partially addressed the competition concerns, they failed to address public interest concerns, and vice versa. The transaction was therefore prohibited. The parties have subsequently appealed to the Tribunal to re-look the matter. The Tribunal is still to hear the matter.

Cases

Merger in the music industry approved

The Commission has approved without conditions an intermediate merger between Sony Corporation of America (SCA), herein referred to as Sony and Bertelsmann AG (BMG), which will result in a 50/50 joint venture in an entity named Sony BMG, on the grounds that it is unlikely to change the competitive landscape of the music industry in South Africa.

The merger is highly influenced by activities happening internationally in the music industry where music-recording companies have been seen to cut costs in order to ensure their survival. BMG for example has already closed down its operations in Greece, Turkey and India as part of its cost saving strategy.

Sony is globally active in music recording and publishing, industrial and consumer electronics and entertainment. BMG on the other hand is an international media company, with worldwide activities ranging from electronics to print media. Locally, the two are part of the value chain in the music industry, starting from identifying talent to ensuring that the final product reaches the consumer. The proposed merger will result in a combined market share of just above 27%, which does not raise significant competition concerns. Even so, the Commission has found that competition does not necessarily take place at this level but at consumer level where factors such as taste and preference come into play.

The merging entities expect to benefit from the economies of scale and scope after combining their activities, given the current drop in music sales.

This is against the background that the parties internationally are already cutting costs to ensure that they remain profitable.

Though concerns were raised by interested record label companies to the effect that the merger will result in the big company overlooking the promotion of black artists, the Commission has found that the anticipated major economies of scale to be gained from the merger would offset this concern.

Further, the merger is unlikely to raise substantial public interest concerns. The possible adverse effect on employment, if any, resulting from this merger would not be the same as when a company exits the market completely. The Commission therefore approved the merger without conditions.

MTO Forestry acquisition by Cape Timber Resources approved

The Commission has approved unconditionally an intermediate merger between Cape Timber Resources (CTR), and MTO Forestry (MTO), on the grounds that the merger is unlikely to significantly lessen or prevent competition in the markets concerned. There are also no significant public interest concerns that arise from it. This followed the Commission's recent decision to prohibit the acquisition of the Komatiland Forest by the Bohneur Consortium.

CTR is a special purpose vehicle established to acquire 75% of the issued share capital and claims in MTO, a government owned entity. CTR has to date not traded as it is a newly formed entity. However, its shareholders, Catwalk, an investment holding company; CSM, involved in the business of veneer peeling, blockboard, plywood, laminated beam and broom handling plants; and Airton, which is involved in the sale of timber and timber related products, have been in operation.

MTO is involved in the business of softwood saw logs, pulpwood, poles, veneer logs and non-forestry activities. The merger will see the two companies having a market share of just over 24% nationally, which in the Commission's view is unlikely to substantially prevent or lessen competition. The Commission also looked at possible foreclosure, but concluded that the downstream market was unlikely to be negatively affected by the merger.

Further, the Commission concluded that there were no significant public interest concerns. Any possible job losses that may arise at saw mills due to self-dealing would adequately be addressed by new investments by CSM. The parties also confirmed that there would be no retrenchments for a period of three years and that employment would be increased through training, attempts to develop business opportunities with other firms, and by promoting businesses that utilise forest waste.

The merger also has the potential to benefit small business and previously disadvantaged persons and to enhance the ability of national industries to compete in international markets.

Conditional approval of Xstrata/Egalite and International Carbon Holdings merger

The Commission recommended to the Tribunal that a large merger between Xstrata South Africa (Pty) Ltd ("Xstrata SA")/Egalite Investments (Pty) Ltd ("Egalite") and International Carbon Holdings (Pty) Ltd ("ICH"), referred to as African Carbon, be approved subject to conditions to address possible supply concerns in the market for char.

This transaction involves Xstrata SA, a ferrochrome producer, acquiring the entire issued share capital of African Carbon, which is the only company that currently supplies char to ferrochrome producers. The relevant markets here are those involved in the production and supply of ferrochrome, and the market for char and gas coke.

The Commission's market enquiry indicated that customers were concerned that the proposed merger would lead to possible foreclosure of an input necessary for the production of ferrochrome. Ferrochrome producers also indicated that they would be opposed to the deal if it would result in them not being able to secure suitable supply agreements, which some of them are in the process of negotiating with African Carbon.

The enquiries in the market revealed that there is a likelihood of a new entrant for the supply of char within the next three years. Apparently, the potential new entrant has been in contact with the ferrochrome producers already. If the new entrant actually enters that market, the competitive landscape could be restored within the next three years.

Therefore, the Commission is of the view that though the proposed transaction is unlikely to lead to a substantial lessening of competition in the long term, there is potential to foreclose customers or raise rivals' costs in the short term before a new entrant emerged for the production or supply of char.

To guard against any potential constraint before the new entrant comes on board, the Commission recommended that the proposed transaction be approved subject to the conditions that there be an amendment to Clause 3: Date Of Commencement and Duration of the current char supply contract between African Carbon Producers (Pty) Ltd and Hernic Ferrochrome (Pty) Ltd to read as follows:

- This Agreement shall commence on the effective date and shall endure for an initial period of 3 (three) years ("the initial term"). After the expiry of the initial term the Agreement shall continue indefinitely until such time as any one of the parties gives 6 (six) months' written notice to the other party of the termination of the Agreement, provided that African Carbon Producers (Pty) Ltd and/or the merged entity shall not exercise this option earlier than 31 March 2007.
- The merged entity shall submit proof of the amendment referred to in 1.1 above to the Commission within 10 business days after the amendment has been made.

The merger does not, however, raise any significant public interest concerns.

Competition Commission puts a stop to 7.5% Estate Agents Commission

The Competition Commission has investigated the Institute of Estate Agents of South Africa ("IEASA"), following a complaint initiated by the Commissioner of the Competition Commission. The Commission has found that IEASA has contravened the Competition Act 89 of 1998, in that it indirectly fixed the selling prices of the various services rendered by estate agents.

IEASA is a non-profit organisation representing the interests of affiliated real estate agents in South Africa which consists of a group of eight regional section 21 companies co-ordinated by a national body. IEASA members operate in the market for the supply of estate agent services to consumers.

The investigation revealed that between 1999 and 2002, IEASA recommended professional fees and commissions for estate agents' services by publishing a tariff book for use by its members. The tariff book recommended minimum fees, hourly rates and sales commissions to be charged by estate agents who are IEASA members for property administration services, sales of immovable property, sales of businesses, partnerships and shares in a company, procuring and negotiating leases, administration of sectional title developments and shareblock company buildings etc. The tariff book recommended a 7.5% commission on residential property sales. The 7.5% rate therefore served as a benchmark in the estate agency industry for residential property sales.

In addition to the recommended 7,5% commission, the tariff book also recommended certain charges, miscellaneous fees, management fees and commissions to be charged or paid to managing agents. The tariff book, in most instances, also differentiated between the different regions in respect of the recommended fee structures. Commissions and rates were fixed at different levels for each respective region. The 7,5% commission in respect of residential sales was however, the same countrywide.

The price at which estate agents' services were available in the market was to a large extent determined or influenced by tariffs contained in the tariff book. This resulted in indirect price fixing in contravention of the Act. As competitors, estate agents should have individually determined their prices and those prices should have been based on the service each estate agent offered to the consumer without being influenced by set tariffs of the nature of those contained in the tariff book. Conduct or practices like these eliminated the competitive process in the industry. Through the tariff book estate agents were in a position to determine how much their competitors

would probably charge for property sales. It therefore disinclined estate agents to set individualized fees. Price competition then becomes non-existent in the industry. It also results in firms becoming less innovative as there is no incentive to compete. This is generally bad for economic growth. In addition, consumers are at the receiving end throughout as price fixing by competitors deprives consumers of competitive prices.

The impugned recommended tariffs, which have no statutory backing, by their very nature have the effect of becoming the ruling prices for the estate agents' services concerned. The tariffs stifle competition in the relevant market. The prices of goods and services in any given market must be determined by factors of supply and demand and not by collusive schemes (or arrangements) of competitors. The Act is clear, that where a professional association deems it necessary to set prices in the interest of maintaining professional standards or the ordinary functioning of that profession, such a professional body can apply for an exemption.

The Commission has decided to prosecute IEASA for the contravention of the Act, and is presently involved in discussions with IEASA to enter into a consent order incorporating an administrative penalty which could be up to 10% of its annual turnover and the turnovers of its members.

Commission investigation reveals SAA practices to be anti-competitive

The Competition Commission's investigation into SAA's practice of paying travel agents overriding incentives revealed this practice to be anti-competitive, and has referred the matter to the Tribunal for determination. The Commission has recommended an imposition of an administrative penalty of up to 10% of SAA's annual turnover.

This follows a complaint lodged by Comair against SAA whereby Comair alleged that SAA has been engaged in anti-competitive practices from 1 September 1999 to the present.

Comair operates a passenger airline service in South Africa and the southern Africa region. SAA operates an extensive airline passenger service in South Africa, the southern Africa region and internationally. Both airlines compete in the market for the provision of domestic passenger flights. The Commission identified the relevant product market as the market for reservation and sales of domestic airline tickets through travel agencies. The Commission's investigation has revealed that SAA's market share is clearly dominant in this relevant market.

The investigation has revealed that SAA has abused its dominant position by engaging in a pattern of anti-competitive practices. It is alleged that SAA awards travel agents with "override" commissions to book passengers to SAA flights in addition to the standard commissions of 7% provided by airlines to travel agents for bookings.

Furthermore, SAA annually pays a lump sum amount to travel agents, termed "trust payments", which is based on the amount of SAA tickets sold and on set targets achieved which are based on various criteria during a particular year. In essence the complaint constitutes an abuse of dominance in terms of both Section 8(c) and Section 8(d)(i) of the Competition Act.

The investigation revealed further that through the practices mentioned above, SAA induced travel agents to favour SAA over other airlines. In addition, these practices made it virtually impossible for a consumer who books a flight using a travel agent to get a cheaper flight with an airline other than SAA.

From the above, it was the Commission's view that the complaint did raise competition concerns. The impact of our referral will ensure that travel agents do not favour one airline over another in order to acquire financial or other personal gains. Further to this, consumers will be assured of receiving unbiased advice on their various options when flying.

Co-operation with Kenya holds promise for the future

The sharing of ideas and experiences has been a longstanding practice for specialists of all fields of work. More so for Competition authorities since their main objective is to promote and oversee the existence of competition, not just within their national boundaries, but externally as well. The Commission has an understanding with the Monopolies and Prices Commission (MPC), its Kenyan counterpart, wherein officers from the two institutions are exchanged for a given period. Subsequent to the MPC seconding its 'exchangees' to the Commission during 2002 and 2003, the Commission sent its first delegates to Kenya during the month of August 2004.

The MPC has a staff complement of about 30 people, mostly economists. It is mandated to enforce Competition Principles and Rules in accordance with the provisions of the Restrictive Trade Practices, Monopolies and Price Control Act, Cap 504 of the Laws of Kenya. The Act was enacted in 1988 and came into force in February 1989. It covers restrictive trade practices, mergers and takeovers, unwarranted concentrations and price control. Unlike its South African counterpart, the MPC is not an autonomous regulatory institution. However, Kenya's competition policy will be reviewed in 2005 and will result in the MPC functioning as an independent institution.

The MPC investigates all anticompetitive practices and makes recommendations to the Minister. The decision of the Minister can be appealed to the Restrictive Trade Practices Tribunal (RTPT), which is an independent adjudicating arm that operates as the court of first instances. However, administratively the RTPT falls

under the Ministry for Finance and therefore its decisions can be appealed to the High Court of Kenya, which is the final court of appeal in all matters relating to competition law.

Between 1989 and 2002 the MPC considered 164 Restrictive Trade Practices cases and 216 Merger cases. Unlike the Commission which charges filing fees for merger notifications, the MPC does not charge fees for mergers brought to its attention. In the process of evaluating a merger, the MPC considers the following:

- whether or not the merger will be advantageous to Kenya;
- whether or not the merger will be disadvantageous to the extent that it reduces competition in the domestic market, and;
- whether or not the merger will be disadvantageous to the extent that it will reduce labour intensive technology.

Based on these tests, the MPC would then decide on whether a merger should or should not be approved.

South African delegates were involved in numerous activities during their stay in Kenya. Amongst others, they carried out an investigation into Kenya's tea sector. The investigative team visited tea-growing areas in the Mount Kenya Region and other relevant stakeholders in the sector, including the Mombasa Tea Auction Centre. It was a fruitful exercise and formed part of an ongoing investigation by the MPC. They also participated in the review of cases investigated by the MPC, with one interesting case being a complaint lodged by the South African Breweries Limited against the Kenya Breweries Limited.

The delegates also identified areas in which the Commission can be of assistance to its Kenyan counterpart. These areas are outlined in a report delegates submitted to both the MPC and the Commission. Amongst other things, the Commission may possibly be able to provide some technical assistance during the review of Kenya's competition law in 2005.

The exchange programme is valuable in that it presents a platform through which formal cooperation between African countries on competition issues can be facilitated. In addition, it presents an opportunity for both institutions to monitor the conduct of firms originating in the two countries. This may ease the burden associated with the investigation of anti-competitive conduct which has an effect in both markets, provided regional or bilateral agreements on competition between the two countries are reached.

The transfer of skills and other competencies related to capacity building between the Commission and MPC officers is but one of the contributions towards further cooperation between the two regulatory bodies.

Contributed by Charles Mabuza

Commission employees honoured

Staff members are the engine and the backbone of any organization, without whom organizations cannot perform effectively. Annually, the Commission recognizes its employees for their dedicated service through a programme of service awards.

The Commission held its third Employee Awards Ceremony on 30 September 2004 at the CSIR Convention Centre in Pretoria to honour and reward staff for their contributions to reaching the goals and objectives of the Commission. This event was combined with celebrating the Commission's 5-year anniversary. Staff and their partners, and special guests attended the function.

The following Commission employees received awards:

- Service Excellence - Brian Moeng
- Top Performer of the Year - Adelaide Ruiters
- Team Player of the Year - Charmaine Neves
- Manager of the Year - Maleho Nkomo and Geoff Parr
- Commissioner's Award - Pascalia Kunaka


Commissioner's Award - Pascalia Kunaka


Top Performer of the Year - Adelaide Ruiters


Manager of the Year - Maleho Nkomo (absent) and Geoff Parr

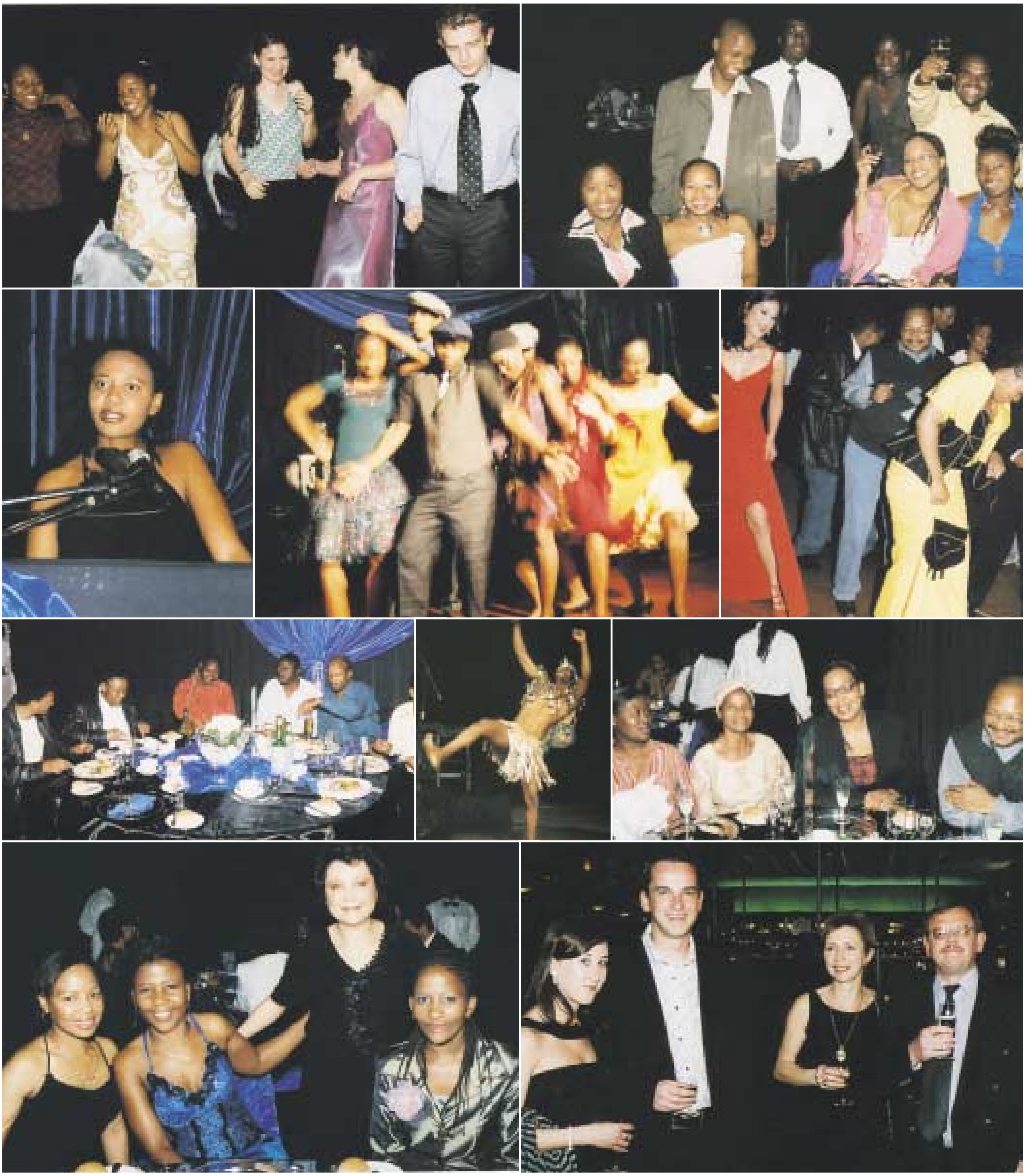

Service Excellence - Brian Moeng


Team Player of the Year - Charmaine Neves


Dr Alistair Ruiters
Director- General
Department of Trade and Industry


Mr Norman Manoim (Competition Tribunal), Ms Thandi Orleyn (Competition Tribunal Member) and Mr Dave Lewis (Chairperson Competition Tribunal)

... and the party went on ...



Towards a free and fair economy for all

Where to get hold of us

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