



*competition* **commission**  
south africa

## **Media Statement**

### **For Immediate Release**

**25 April 2021**

#### **COMPETITION COMMISSION PUBLISHES FINAL REPORT OF ITS COVID-19 IMPACT STUDY**

The Competition Commission (Commission) has published its final report of the Covid-19 impact assessment study. The report details the Commission's findings regarding the impact of the Covid-19 Block Exemptions and the Commission's enforcement work during the pandemic.

The Covid-19 Block Exemptions were granted by the Minister of the Department of Trade, Industry and Competition ("**dtic**"), after extensive consultation with the Commission, to assist key sectors of the economy in their response to the pandemic. These block exemptions allowed market players to collaborate and coordinate their response to the crisis to mitigate the negative economic and social impact of the crisis. Under normal circumstances, such coordination and/ or collaboration would have been in contravention of Section 4 and/ or Section 5 of the Act.

The Commission was also called upon by the Minister to respond to price gouging in the first wave of the Covid-19 pandemic to protect consumers and customers from unconscionable, unfair, unreasonable, unjust or improper commercial practices during the national state of disaster. The Commission responded through advocacy initiatives as well as investigation and prosecution of price gouging allegations.

The impact of the Commission's work during the pandemic was made possible by the recent amendments to the Competition Act which made possible some of the Covid-19 responses, in particular the amendments to Section 8 and Section 78 which respectively paved the way for successful prosecution of price gouging cases and the granting of block exemptions by the Minister.

#### **KEY FINDINGS**

The study found that the Commission's work had significant positive impact in the country during the pandemic, especially during Alert level 4 and 5 of the lockdown. The Commission's work played a vital role especially in the framing of the Covid-19 Block Exemptions which were granted by the Minister of the **dtic**, particularly to three key sectors, namely the Healthcare Sector, the Retail Property Sector, and the Banking Sector, to assist them in their response to the pandemic.

The study found that the Block Exemptions for the Healthcare Sector were largely a success in that the block exemptions were used extensively, and several of the intended objectives of the block exemptions were achieved. For example, due to the exemptions, patients were moved across from public hospitals to private hospitals to ensure that care was provided to them when public hospitals were capacity constrained. Further, through the exemptions, the sector collaborated on the reduction of the cost of Covid-19 tests from between R1000 and R1500 to R850, saving patients and medicals schemes over R1,5 billion per year in the process.

Similarly, the Retail Property sector and Banking sector exemptions were successful in so far as they were used as a forum for negotiations that led to landlords in the case of the former, and lenders in the case of the latter, providing the financial relief that was much needed to assist tenants and debtors that were struggling to meet their financial obligations during the pandemic.

The Commission also played a significant role, not only in the framing of the anti-price gouging Regulations, but also in enforcing them through advocacy work and investigations of price gouging allegations. These interventions had deterrent effects on price gouging as many retailers and wholesalers of essential products and basic food products were made aware of the laws that prohibit price gouging either through direct advocacy programs, word-of-mouth reaching them about the Commission's enforcement activities, or consumer activism that was fuelled by the Commission's advocacy work.

Based on a survey conducted by Nielsen on behalf of the Commission, the study revealed that respondents who were aware of or were affected by the work of the Commission refrained from increasing prices by either avoiding increasing prices, increasing prices only when suppliers increased cost prices or sought to keep profit margins at pre-disaster levels. The survey results further revealed that the Regulations were effective in achieving the objective of deterring price gouging.

The study, "*The Impact of the Covid-19 Block Exemptions and Commission's Enforcement during the pandemic*", is now available on the Commission's website <http://www.compcom.co.za/47358-2/> .

**[ENDS]**

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