



competition commission
south africa

Media Statement

For Immediate Release

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COMMISSION REFERS SAPS SUPPLIER TO THE TRIBUNAL FOR EXCESSIVE PRICING OF HAND SANITISERS

On Wednesday, 17 May 2023, the Competition Commission (Commission) referred a third COVID-19-related public procurement case to the Competition Tribunal (“Tribunal”) for prosecution. This follows the conclusion of the Commission’s investigation of complaints lodged by the South African Police Service (“SAPS”) for its procurement of Personal Protective Equipment (“PPE”) during the national state of disaster. The Commission has found that Red Roses Africa (Pty) Ltd (“Red Roses”), previously registered as Mainstreet 669 (Pty) Ltd, charged excessive prices to the SAPS when responding to a request for a quote for the supply of bulk hand sanitisers in 25-liters.

In March 2020, Tshwane-based Red Roses responded to a SAPS request for quotes for the supply of bulk hand sanitiser in 25-litre containers. Hand sanitisers were required by SAPS to combat the spread of the COVID-19 pandemic. Red Roses was subsequently appointed and supplied SAPS with 90 000 25-litre containers of hand sanitisers at a price of R4 700 per 25-litre container with a gross markup of 236%.

The Commission’s investigations found the price Red Roses charged SAPS during the national state of disaster is excessive and contravene section 8(1)(a) of the Competition Act, read with Regulation 4 of the Consumer Protection Regulations and National Disaster Management Regulations and Directions in Government Notice No. 350 of Government Gazette no. 43116 (Consumer Protection Regulations).

The Commission also found that Red Roses’ price does not correspond to the increase in the cost of providing these 25-litre hand sanitisers. “The excessive price was exploitative and directed at taking advantage of the SAPS at a time when PPEs, and particularly hand sanitisers, were in high demand,” Commissioner Doris Tshepe explained.

Two other cases in the context of a public procurement process have been successfully prosecuted by the Commission and determined by the Tribunal. The first prosecution of price gouging in relation to public procurement relates to the April 2022 matter where another SAPS supplier, Tsutsumani Business Enterprises (“Tsutsumani”), was found guilty of price gouging in its supply of face masks in 2020. Tsutsumani was fined R3.4 million in administrative penalties by Tribunal. The Tsutsumani matter is

currently under review before the Competition Appeal Court. In April this year, BlueCollar Occupational Health (Pty) Ltd (“BlueCollar”) acting on behalf of and/or within its partnership with Ateltico Investments (Pty) Ltd (“Ateltico”), was found guilty of excessive pricing of hand sanitiser during the COVID-19 pandemic. The Tribunal also imposed an administrative penalty of R3 550 000 for overcharging the SAPS for the bulk supply of 10 000 25 litre containers of hand sanitisers in 2020.

[ENDS]

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BACKGROUND

On 5 May 2020, the Commission received a complaint against several firms that responded to RFQs issued by the SAPS. There were four suppliers, including Red Roses that were contracted by SAPS for the supply of 25Lt hand sanitizers. These suppliers offered to supply SAPS with varying quantities of 25Lt hand sanitizers and SAPS accepted quotations from all of them. The allegations against these firms are that they charged SAPS excessive prices for PPEs in contravention of section 8(1)(a) of the Act.

Red Roses Africa (Pty) Ltd is one of the firms that the complaint is against. Red Roses is a diverse services firm involved in construction, procurement and supply chain, import and export, and logistics services which include the provision of products such as PPE, tractors, and agricultural implements.