

School Uniform Outreach

October to November 2023

Advocacy Division



competition commission
south africa

INTRODUCTION TO THE COMMISSION

- The Commission is mandated by the Competition Act to investigate and prosecute anti-competitive conduct, prevent market concentration through control, probe into the state of competition in various market and conduct advocacy.
- Anti-competitive conduct investigated and prosecuted by the Commission includes, restrictive horizontal practices, restrictive vertical practices and abuse of dominance
- Horizontal Restrictive Practices include: Price fixing, market allocation and collusive tendering
- Vertical Restrictive Practices include: Minimum resale price maintenance exclusive agreements
- Abuse of Dominance Practices include: Excessive pricing, Price discrimination, Refusal to deal, Tying & Bundling, Predatory Pricing etc.
- The Common effects of anti-competitive conduct are, the foreclosure of competitors, higher prices for goods and services and poor-quality goods and services

Functions of the Commission

1. Enforcement

- **Prosecution of anti-competitive behaviour**
 - Cartels
 - Abuse of dominance
 - Other prohibited conduct
 - Exemption Applications

2. Mergers & Acquisitions

- **Prevent concentration through control**
 - Review of Merger applications
 - Approvals, Approvals with conditions, Prohibitions

3. Market Inquiries

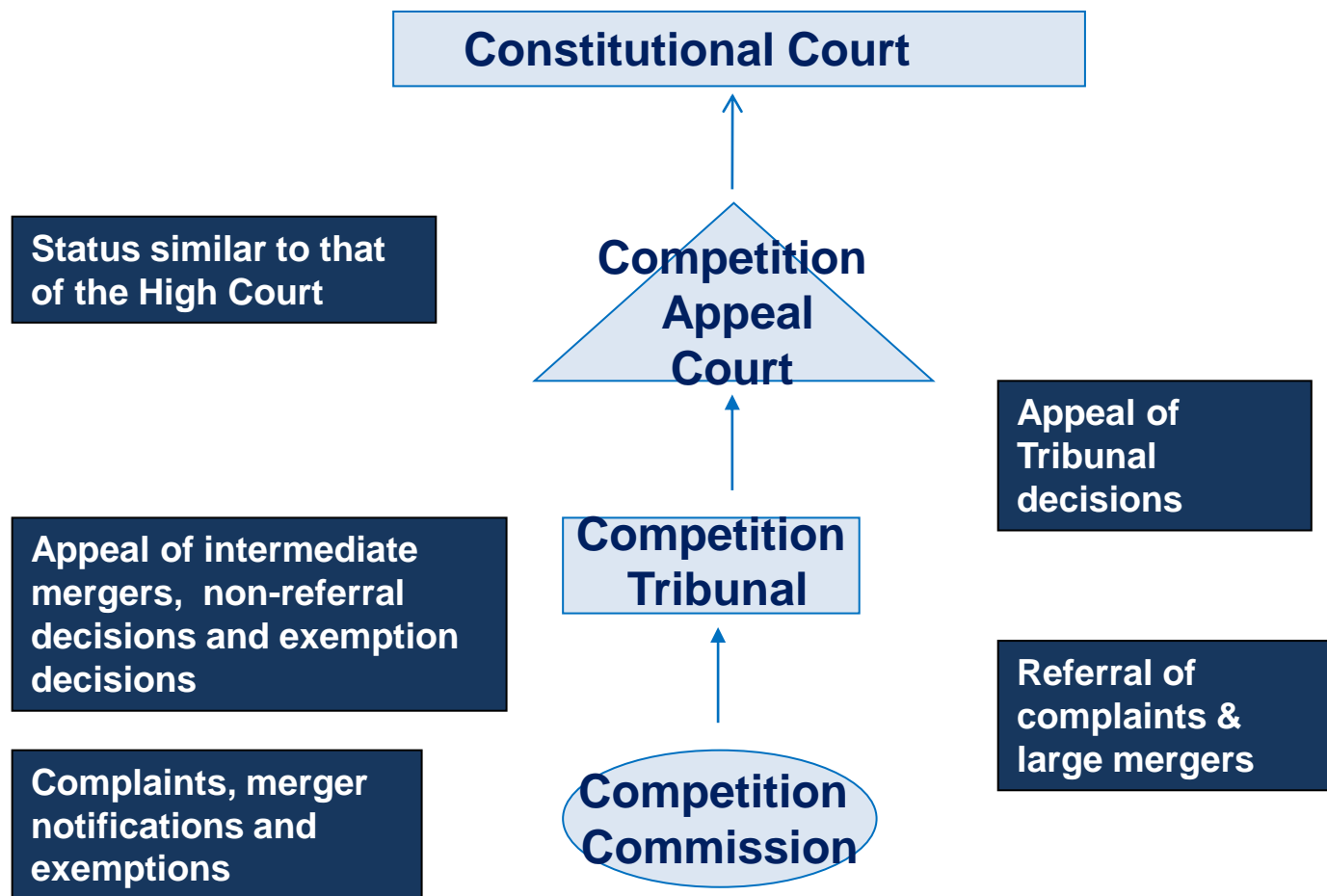
- General probe into state of competition in a market without investigating a particular firm.

4. Advocacy

- **Advocacy for pro-competitive conduct**
 - Case/ Sector Advocacy
 - Stakeholder Relations (incl. international)
 - Policy Reviews

STRUCTURE OF COMPETITION AUTHORITIES

- The Competition Commission is one of three statutory bodies constituted in terms of the Competition Act, No 89 of 1998.



Purpose of the Competition Act

- The purpose of this Act is to promote and maintain competition in the Republic in order-
 - (a) to promote the efficiency, adaptability and development of the economy;
 - (b) to provide consumers with competitive prices and product choices;
 - (c) to promote employment and advance the social and economic welfare of South Africans;
 - (d) to expand opportunities for South African participation in world markets and recognise the role of foreign competition in the Republic;
 - (e) to ensure that small and medium-sized enterprises have an equitable opportunity to participate in the economy; and
 - (f) to promote a greater spread of ownership, in particular to increase the ownership stakes of historically disadvantaged persons.

The Competition Commissions intervention in School Uniforms

a growing, deconcentrated and inclusive economy



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south africa

Timeline of the Commissions intervention in School Uniforms

Date	Activity
2006	DBE published the National Guidelines on School Uniform
2010	The Commission noticed hike in complaints regarding the prices of school uniform. Commission began engagements with the DBE
2015	DBE issued a circular which set out the guidelines on school uniform procurement
2017	Commission undertook survey to assess compliance with the DBE guideline
2017	DBE issued another circular which set out the guidelines on school uniform procurement
2017	Following findings of survey, Commission initiated an investigation
2018	The Commission completed its investigation
2019	The Commission concluded settlements with the big school groups (Curro, AdvTech, St Andrews and Reddford) as well as with GRIT Procurement (supplier at Curro)
2019	The Commission concluded an MOU with FEDSAS
2020	The DBE and Commission issued a joint circular which set out the guidelines on school uniform procurement
2021	The Commission concluded a settlement agreement with McCullagh & Bothwell (largest supplier of school uniform)

COMMISSION'S SCHOOL UNIFORM INTERVENTIONS

- Since 2010, the Commission has been inundated with complaints varying from parents who are forced by schools to purchase school uniforms from exclusively selected suppliers, and suppliers who are foreclosed as a result of the exclusive agreements between the schools and the exclusively selected suppliers.
- Subsequent to receiving these complaints, the Commission initiated investigations against several schools and school uniform manufacturers/ and or suppliers for possible contraventions of Section 5(1), 8(1)(a) and/ or 8(1)(c) of the Competition Act no. 89 of 1998, as amended.
- Further to the investigations initiated by the Commission, the Commission has also undertaken extensive advocacy initiatives targeted at raising awareness and educating parents, school governing body associations, retailers, and schools on the anticompetitive effects that are likely to arise in the procurement process of school uniform and other learning-related goods and services.

COMMISSION'S SCHOOL UNIFORM INTERVENTIONS

- Outcomes of Commission's investigation:
 - Schools have exclusive agreements with specific suppliers.
 - The exclusive agreements are for long durations, (Some being in existence for more than 40 years).
 - Most schools that had entered into exclusive agreements for the supply of school uniform had not engaged in any form of competitive process e.g. open tenders or bidding process when selecting the chosen supplier.
 - Less than half of both private and former model c schools intended on engaging in some form of competitive process before selecting a supplier going forward.
 - Concerns that procurement practices of schools may lead to anti-competitive outcomes, such as a reduction of choices for parents of learners, and/or higher prices of school uniforms and other goods and services procured by schools.

COMMISSION'S SCHOOL UNIFORM INTERVENTIONS

- In 2020- the Commission entered into MoUs with SGB Associations:
 - Federation of Governing Bodies of South Africa (“FEDSAS”)
 - the National Association of School Governing Bodies (“NASGB”), and
 - the Governing Body Association (“GBF”),
 - South African National Association for Specialised Education (“SANASE”)
- In 2021, continued Education and awareness initiatives:
 - Published educational pamphlet for schools, parents and School Governing Bodies on Guidelines
 - Available in electronic version and hardcopy in four languages: English, Afrikaans, Sesotho and IsiZulu can be found on the Commissions website (www.compcom.co.za)
 - Aim:
 - **help schools, parents and SGB’s understand the benefits of competition in the sale of school uniform and learning material;**
 - **help schools foster competition between school uniform and learning material suppliers;**
 - **encourage parents to get involved and to exercise their right to choose value for money; and**
 - **encourage SGB’s to develop policies that promote pro-competitive procurement practices.**

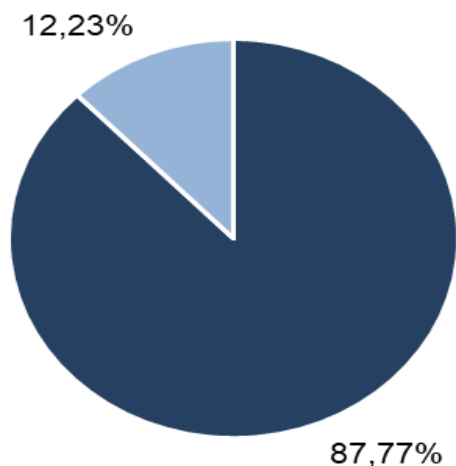
COMMISSION'S SCHOOL UNIFORM INTERVENTIONS

- In 2022- continued Education and awareness initiatives:
- The Commission continued to commit itself to a series of continuous advocacy initiatives which seek to raise awareness and assess compliance of the circular guiding schools and stakeholders, some of which included:
 - i. Site Visits: In January 2022, the Commission went to various schools in the Eastern Cape, Limpopo, Kwa-Zulu Natal and Gauteng.
 - The objective:
 - raise awareness to both private and public schools about the School Uniform Guidelines in line with Circular No. 11 of 2020 issued by the Department of Basic Education jointly with the Competition Commission in December 2020 and to also encourage schools to commit to procompetitive procurement processes. In September 2022, the Commission embarked on a second round of school visitations. The Commission went to 24 schools in Limpopo, Kwa-Zulu Natal and Gauteng.
 - ii. Site visits (September 2022):
 - Firstly the visits sought to at assess and promote compliance to the Guidelines and the Circular and the secondly to encourage schools to sign the “Undertaking to Comply with Competition Principles in School Uniform Procurement” as a commitment to practice pro-competitive procurement.
 - Signing of undertakings: As means to harness compliance, it became imperative that schools are encouraged to sign an undertaking as a form of its commitment to the circular.

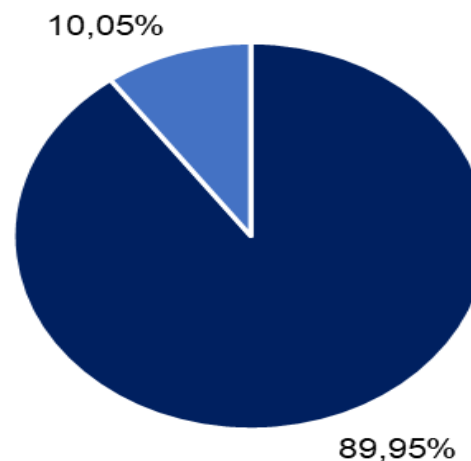
COMMISSION'S SCHOOL UNIFORM INTERVENTIONS

iii. Nationwide survey: In July 2022 the Commission rolled out a survey in which it sought to monitor compliance nationally (urban and rural areas).

- The survey targeted about 500 schools nationwide from both private and public schools. As previously highlighted, the survey results revealed the increased cooperation and compliance from schools of both private and public schools.
- The survey also revealed some concerning themes relating to the school awareness on the joint circular and the school uniform guidelines. See figure 1 below:



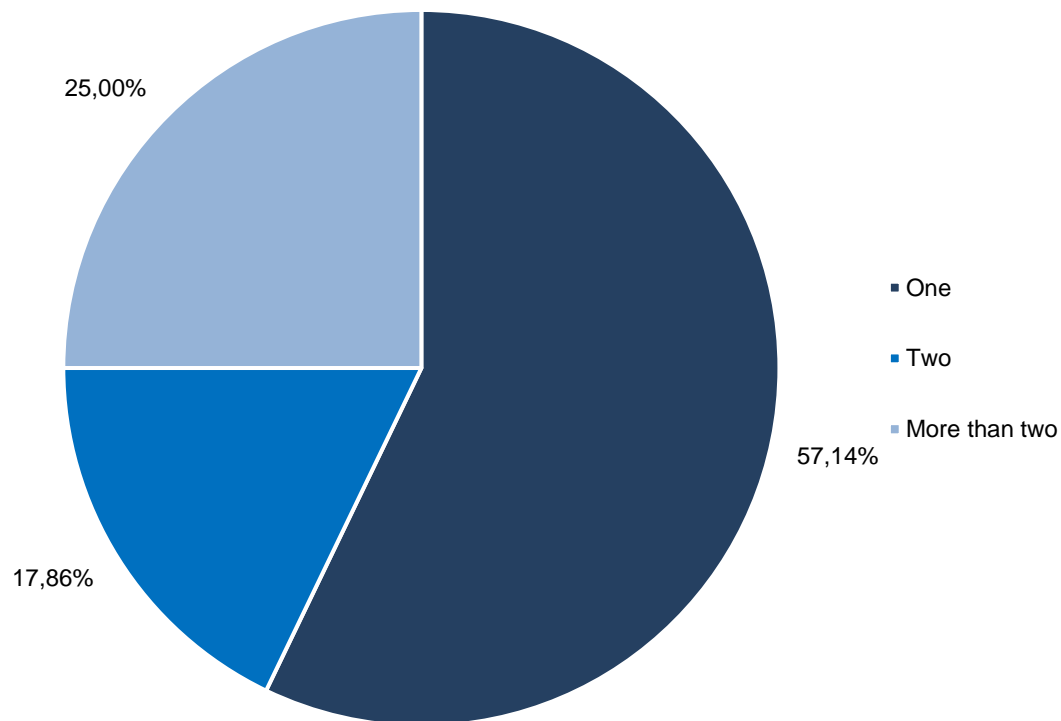
- Aware of the Circular
- Not aware of the Circular



- Aware of the Guidelines
- Not aware of the Guidelines

COMMISSION'S SCHOOL UNIFORM INTERVENTIONS

- The survey also revealed that a large number of schools continue to appoint one supplier for stationery and other learning related materials. This is depicted in figure 2 below:



COMMISSION'S SCHOOL UNIFORM INTERVENTIONS

- In 2023, the Commission continued to receive and investigate complaints against public and private schools across the country. The complaints are about schools entering into exclusive supply agreements with specific selected suppliers of school uniform; or that schools force parents to buy uniform only at the school's uniform shop. The exclusive supply agreements were entered into without any transparent, or competitive bidding process, which resulted in substantial prevention or lessening of competition in the market. Consequently, parents had to pay higher prices for school essential items due to long-term exclusive agreements.
- 2023 school uniform outreach: the Commission is conducting an outreach to all provincial departments of education across the nation to raise awareness on competition principles applicable to the supply of school uniform and related learning materials. The outreach programme is also aimed at sensitising the departments on the level of compliance with the Competition and the national Guidelines on School Uniform in their respective provinces.

NOTABLE SCHOOL UNIFORM COMPLAINTS IN GAUTENG

Name of school	Concern(s)
Kiddies Playhouse Day Care and Pre-School	Exclusive Supplier and Excessive Pricing
Birch Acres Primary School	Exclusive Supplier and Excessive Pricing
Sunnyridge Primary School	Exclusive Supplier and Excessive Pricing
IH Harris	Excluding a Supplier of School Uniform
Denver Primary School	Excluding a Supplier of School Uniform
Ratanda Secondary School	Exclusive Supplier and Excessive Pricing
Khanya Lesedi	Exclusive Supplier and Excessive Pricing
Bertha Gxowa Primary	Exclusive Supplier and Excessive Pricing
Fountain Five Primary	Exclusive Supplier and Excessive Pricing
All 18 Schools in Jouberton	Exclusive Supplier and Excluding Other Suppliers of school cleaning products

NOTABLE SCHOOL UNIFORM COMPLAINTS IN KWA-ZULU NATAL

Name of school	Concern(s)
Woodview Primary School	Exclusive Supplier and Excessive Pricing
Prince Alfred Primary School	Exclusive Supplier and Excessive Pricing
Muzikayise Primary School	Exclusive Supplier and Excessive Pricing
Amakhuze High School	Exclusive Supplier and Excessive Pricing
Casino Primary School	Exclusive Supplier and Excessive Pricing
Nazareth Primary	Exclusive Supplier and Excessive Pricing
Raisethorpe Secondary School	Exclusive Supplier and Excessive Pricing
Bramley Primary	Exclusive Supplier and Excessive Pricing
Mdumezulu Primary School	Exclusive Supplier and Excessive Pricing

NOTABLE SCHOOL UNIFORM COMPLAINTS IN KWA-ZULU NATAL CONT...

Name of school	Concern(s)
Ricardia Primary School	Exclusive Supplier and Excessive Pricing
Bay Primary	Exclusive Supplier and Excessive Pricing
Castle Hill Primary	Exclusive Supplier and Excessive Pricing
Khethokuhle Primary School	Exclusive Supplier and Excessive Pricing
Windy Heights Primary School	Exclusive Supplier and Excessive Pricing
Mawele High School	Exclusive Supplier and Excessive Pricing
Morning Side Primary	Exclusive Supplier and Excessive Pricing
Canaan School	Exclusive Supplier and Excessive Pricing
Mkhandi Primary School	Exclusive Supplier and Excessive Pricing

NOTABLE SCHOOL UNIFORM COMPLAINTS IN KWAZULU NATAL CONT

Name of school	Concern(s)
Hlange High School	Exclusive Supplier and Excessive Pricing
Sampofu Primary School	Exclusive Supplier and Excessive Pricing
Wendy Height Primary School	Exclusive Supplier and Excessive Pricing
Msimbu High School	Exclusive Supplier and Excessive Pricing
Ogwini Comprehensive High School	Exclusive Supplier and Excessive Pricing
Gert Maritz Primary School	Exclusive Supplier and Excessive Pricing

NOTABLE SCHOOL UNIFORM COMPLAINTS IN WESTERN CAPE

Name of school	Concern(s)
Welgemoed Primary School	Exclusive Supplier and Excessive Pricing
Zwelethemba High School	Exclusive Supplier and Excessive Pricing
Wallacedene Primary School	Exclusive Supplier and Excessive Pricing
Jonga High School	Exclusive Supplier and Excessive Pricing
Laerskool Dirkie Uys (Unresponsive)	Exclusive Supplier and Excessive Pricing
Delft-North Primary School (Unresponsive)	Exclusive Supplier and Excessive Pricing

NOTABLE SCHOOL UNIFORM COMPLAINTS IN EASTERN CAPE

Name of school	Concern(s)
Holy Cross Senior Secondary	Exclusive Supplier and Excessive Pricing
Zinyosini School	Exclusive Supplier and Excessive Pricing
Southernwood Primary School	Exclusive Supplier and Excessive Pricing
Imbewu School	Exclusive Supplier and Excessive Pricing
Parsons Primary School	Exclusive Supplier and Excessive Pricing
King Williams Town Primary School	Exclusive Supplier and Excessive Pricing
Dale College Boys Primary School	Exclusive Supplier and Excessive Pricing
Mehlo Makhulu School	Exclusive Supplier and Excessive Pricing
Ebenezer Nyati School	Exclusive Supplier and Excessive Pricing

NOTABLE SCHOOL UNIFORM COMPLAINTS IN FREE STATE

Name of school	Concern(s)
Onze Rust Primary School	Exclusive Supplier and Excessive Pricing
Mamafubedu Primary School	Excluding a Supplier of School Uniform
Ikaheng Zakheni Secondary School	Excluding a Supplier of School Uniform
Kwetlisong Secondary School	Excluding a Supplier of School Uniform
Thebe Primary School	Excluding a Supplier of School Uniform

NOTABLE SCHOOL UNIFORM COMPLAINTS IN NORTHWEST

Name of school	Concern(s)
Dingateng Primary School (unresponsive)	Exclusive Supplier and Excessive Pricing
Mountain Cambridge School	Exclusive Supplier and Excessive Pricing
Xanadu Private School	Exclusive Supplier and Excessive Pricing

NOTABLE SCHOOL UNIFORM COMPLAINTS IN MPUMALANGA

Name of school	Concern(s)
Pine Ridge Combined School	Exclusive Supplier and Excessive Pricing

NOTABLE SCHOOL UNIFORM COMPLAINTS IN LIMPOPO

Name of school	Concern(s)
Dr Dixon Mphahlele Primary	Exclusive Supplier and Excessive Pricing
Flora Park Comprehensive Primary School	Exclusive Supplier and Excessive Pricing
Lehwelere Secondary School	Exclusive Supplier and Excessive Pricing
Mbilwi Secondary	Exclusive Supplier and Excessive Pricing
Balalila Primary	Exclusive Supplier and Excessive Pricing
Laerskool Pietersburg Beheerliggaam	Excluding a supplier, Exclusive Supplier and Excessive Pricing
Pietersburg Hoerskool	Excluding a supplier, Exclusive Supplier and Excessive Pricing
HTS Tom Naude	Excluding a supplier, Exclusive Supplier and Excessive Pricing
Laerskool Pietersburg Oos	Excluding a supplier, Exclusive Supplier and Excessive Pricing
ST George College	Exclusive Supplier and Excessive Pricing

Thank You

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