



COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA

Case No: CR037Jun15/SA065May17

In the matter between:

The Competition Commission

Applicant

and

Core Relocations (Pty) Ltd

Respondent

Panel : Y Carrim (Presiding Member)
E Daniels (Tribunal Member)
F Tregenna (Tribunal Member)

Heard on : 21 June 2017

Decided on : 21 June 2017

Settlement Agreement

The Tribunal hereby confirms the settlement agreement as agreed to and proposed by the Competition Commission and Core Relocations (Pty) Ltd annexed hereto marked "A".


Presiding Member
Ms Yasmin Carrim

21 June 2017
Date

Concurring: Mr Enver Daniels and Prof. Fiona Tregenna

**IN THE COMPETITION TRIBUNAL OF SOUTH AFRICA
(HELD IN PRETORIA)**

**CT Case No. CR037Jun15
CC Case No: 2010Nov5447
2011June0069**

In the matter between:

THE COMPETITION COMMISSION

Applicant

And

CORE RELOCATIONS (PTY) LTD

Respondent

CONSENT AGREEMENT IN TERMS OF SECTION 49D AS READ WITH SECTIONS 58(1)(a)(iii) and 58(1) (b) OF THE COMPETITION ACT, 89 OF 1998, AS AMENDED, BETWEEN THE COMPETITION COMMISSION AND CORE RELOCATIONS (PTY) LTD, IN RESPECT OF CONTRAVENTIONS OF SECTION 4(1)(b) (i), (ii) AND (iii) OF THE COMPETITION ACT, 1998.

Preamble

The Competition Commission and Core Relocations (Pty) Ltd hereby agree that application be made to the Competition Tribunal for the confirmation of this Consent Agreement as an order of the Tribunal in terms of section 49D read with section 58(1)(a)(iii) and 58(1)(b) of the Competition Act, No. 89 of 1998, as amended, in respect of contraventions of section 4(1)(b) (i), (ii) and (iii) of the Act, on the terms set out below.

1. Definitions

For the purposes of this Consent Agreement, the following definitions shall apply:

- 1.1 **"Act"** means the Competition Act, No. 89 of 1998, as amended;
- 1.2 **"Commission"** means the Competition Commission of South Africa, a statutory body established in terms of section 19 of the Act, with its principal place of business at Mulayo Building (Block C), the DTI Campus, 77 Meintjies Street, Sunnyside, Pretoria, Gauteng;
- 1.3 **"Commissioner"** means the Commissioner of the Competition Commission, appointed in terms of section 22 of the Act;
- 1.4 **"Complaint"** means the complaint initiated by the Commissioner in terms of section 49B(1) of the Act under case numbers 2010Nov5447 and 2011June0069;
- 1.5 **"Consent Agreement"** means this agreement duly signed and concluded between the Commission and Core Relocations;
- 1.6 **"Cover Price"** means generally, a price that is provided by a firm that wishes to win a tender to a firm that does not wish to do so, in order that the firm that does not wish to win the tender may submit a higher price; or alternatively a price that is provided by a firm that does not wish to win a tender in order that the firm that wishes to win the tender may submit a lower price;
- 1.7 **"Core Relocations"** means Core Relocations (Pty) Ltd, a company duly incorporated as such in accordance with the applicable laws of the Republic of South Africa, with its principal place of business at 29 Linton Close, Beaconvale, Parow, Western Cape
- 1.8 **"Parties"** means the Commission and Core Relocations

1.9 "RFQ" means Request for Quotation; and

1.10 "Tribunal" means the Competition Tribunal of South Africa, a statutory body established in terms of section 26 of the Act, with its principal place of business at Mulayo building (Block C), the DTI Campus, 77 Meintjies Street, Sunnyside, Pretoria, Gauteng.

2. BACKGROUND TO THE COMMISSION'S INVESTIGATION AND FINDINGS

2.1 On 3 November 2010, the Commission initiated a complaint in terms of section 49(B)(1) of the Act into alleged prohibited practices relating to collusive tendering in the market for the provision of furniture removal services in South Africa against J.H Retief Transport CC, Patrick Removals (Pty) Ltd, Cape Express Removals (Pty) Ltd, Sifikile Transport CC, Gloway Transport CC, De Wet Human CC t/a Viking Furniture, Stuttaford Van Lines (Pty) Ltd and Pro-Pack Removals CC.

2.2 On 1 June 2011, the Commission amended its complaint initiation to include other furniture removal firms as respondents in the complaint on the basis of further information obtained in the investigation of the complaint. These firms are A&B Movers CC, Advance Transport (Pty) Ltd, African Palletized Storage, Afriworld Furniture Removals CC, Core Relocations (Pty) Ltd, Crown Relocations (Pty) Ltd, De Lange Transport (Pty) Ltd, Elliot International CC, Execu-Move CC, Joel Transport (Pty) Ltd, Langs Furniture Removals, Lowe Lines CC, Majorshelf, Matthee Removals, North Western Transport CC, Pickfords Removals (Pty) Ltd, Pulse International Removals, Stanley's Removals CC, Transfreight International CC, Western Transport Services CC, JNK Transport Services, Trapezium Removals, Elite International, City to City Transport, Wiets Removals, H&M Removals, AGS Frasers International (Pty) Ltd, and all present members of the Professional Movers Association.

- 2.3 On 13 June 2013, the Commission further amended its complaint initiation to include other furniture removal firms as respondents in the complaint on the basis of further information obtained in the investigation of the complaint. These firms are Easy Moves CC, Reliable Removals CC, Deon Nel Sole Proprietorship t/a AD Transport, Bear Transport (Pty) Ltd, J&H Removals (Pty) Ltd, Mini Maxi Movers CC, Baxter International Movers CC, Louis du Preez Sole Proprietorship t/a Removals 4 Less, A to Z Relocation Services t/a The Moving Company and AKA Loading & Transport CC.
- 2.4 The firms listed in paragraphs 2.1, 2.2 and 2.3 above shall hereinafter be referred to as the Respondents.
- 2.5 The Commission's investigation revealed the following:
- 2.5.1 During or about the period 2007 to at least December 2012, Core Relocations, together with some of the Respondents tendered collusively in relation to the provision of furniture removal services.
- 2.5.2 In terms of the collusion a firm that was contacted first regarding a request for quotation for the provision of furniture removal services would offer to source two or more quotations on behalf of the customer, and would then contact two or more of its competitors and request the competitors to submit cover prices.
- 2.5.3 The cover prices would either be sent directly to the customer or to the competitor wishing to win the tender for onward submission to the customer.
- 2.5.4 Core Relocations colluded with JH Retief Transport CC, Cape Express Removals (Pty) Ltd, Pro Pack Removals CC and Sifikile Transport CC on tenders issued by the South African National Defence Force. This conduct contravened section 4(1)(b)(i), (ii) and (iii) of the Act.
- 2.5.5 The Commission further found that, pursuant to the collusive tendering set out

above, Core Relocations engaged in 44 instances of collusive tendering in contravention of section 4 (1) (b) (i), (ii) and (iii) of the Act.

3. ADMISSION

Core Relocations admits that it engaged in 44 instances of cover pricing in contravention of section 4(1)(b)(i), (ii) and (iii) of the Act.

4. FUTURE CONDUCT

Core Relocations agrees to:

- 4.1 prepare and circulate a statement summarising the contents of this Consent Agreement to its employees, managers and directors within fourteen (14) days of the date of confirmation of this Consent Agreement as an order of the Tribunal;
- 4.2 refrain from engaging in conduct in contravention of section 4 (1)(b) of the Act in future;
- 4.3 develop, implement and monitor a competition law compliance programme as part of its corporate governance policy, which is designed to ensure that its employees, management, directors and agents do not engage in future contraventions of the Act. In particular, such compliance programme should include mechanisms for the identification, prevention, detection and monitoring of any contravention of the Act;
- 4.4 submit a copy of such compliance programme to the Commission within sixty (60) days of the date of confirmation of this Consent Agreement as an order by the Tribunal; and
- 4.5 engage in competitive bidding.

5. ADMINISTRATIVE PENALTY

- 5.1 Having regard to the provisions of sections 58(1)(a)(iii) as read with sections 59(1)(a), 59(2) and 59(3) of the Act, Core Relocations is liable to pay an administrative penalty.
- 5.2 Core Relocations agrees and undertakes to pay a cumulative administrative penalty in the amount of **R211 750.56 (Two Hundred and Eleven Thousand, Seven Hundred and Fifty Rand and Fifty Six Cents)**. This amounts to 9% of Core Relocations' annual turnover in the Republic of South Africa for the financial year ended 29 February 2016.
- 5.3 The administrative penalty, individually and in respect of each incidence of prohibited practices, does not exceed 10% of Core Relocations' annual turnover in the Republic of South Africa for the financial year ended February 2016.
- 5.4 This cumulative administrative penalty represents the total penalty levied against each of the Forty-four (44) incidences of prohibited practices engaged in by Core Relocations.
- 5.5 Core Relocations will settle the administrative penalty set out in paragraph 5.2 above to the Commission by paying the initial instalment in the sum of **R5881.96 (Five Thousand Eight Hundred and Eighty One Rand and Ninety Six Cents)**, within thirty (30) days of this Consent Agreement being made an order of the Tribunal. The balance shall be paid in thirty-five (35) monthly instalments thereafter.
- 5.6 The subsequent instalments shall be paid on the first of each month following thereto.
- 5.7 No interest will be levied upon the administrative penalty for the first year from the date on which this Consent Agreement is made an order of the Tribunal. Thereafter

interest will be levied on the remaining outstanding balance at the prevailing interest rate on debts owing to the State as prescribed by the Minister of Finance in terms of section 80(1)(b) of the Public Finance Management Act, 1 of 1999 as amended. At the time of the signature of this Consent Agreement, the applicable interest rate is 10,5%

- 5.8 The administrative penalty must be paid into the Commission's bank account which is as follows:

Name: The Competition Commission

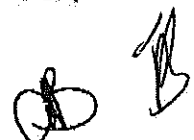
Bank: Absa Bank, Pretoria

Account Number: 4087641778

Branch Code: 632005

Ref: 2011June0069/ Core Relocations

- 5.9 The administrative penalty will be paid over by the Commission to the National Revenue Fund in accordance with the provisions of section 59(4) of the Act.

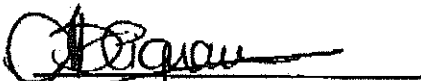
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6. FULL AND FINAL SETTLEMENT

Notwithstanding the fact that the penalty is calculated on forty-four (44) incidences of prohibited practices, this agreement, upon confirmation as an order of the Tribunal, is entered into in full and final settlement of all prohibited practices engaged in by Core Relocations and its competitors as set out in paragraph 2.5 above and concludes all proceedings between the Commission and Core Relocations in respect of all prohibited practices spanning from 2007 up to and including December 2012.

Dated and signed at Poraw on the 26 day of April 2017

For Core Relocations (Pty) Ltd

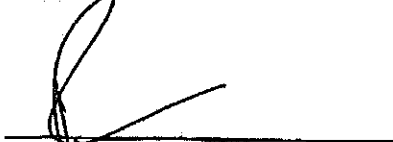


Managing Director

Name in Full: Hannelle M. Blignaut

Dated and signed at PRETORIA on the 4th day of MAY 2017

For the Commission



Tembinkosi Bonakele

Competition Commissioner