

Competition commission takes a hard line: Developers, insurers, all

In May this year, the Competition Tribunal fined a well-known construction group of companies the sum of R15,7 million after they were found guilty of price-fixing, market allocation and collusive bidding in construction-related markets for geotechnical services. These services include piling, lateral support, grouting and geotechnical drilling investigations. These offences occurred as far back as the 1970's and appears to have continued until to 2015.

The complaint was initiated by the Commission as far back as March 2009 and subsequently referred to the Tribunal in March 2011. The Tribunal found that the construction cartel formalised what was known as the Piling Group or the Book Club which was an arrangement to fix prices and collusively tender for geotechnical projects.

The Competition Commission clearly has teeth and is using these. Earlier this month, the Commission reported that it was investigating eight insurance companies for collusive practices. In this regard, the Competition Commission said it had 'reasonable grounds' to suspect the insurers had worked together to fix prices and/or trading conditions regarding fees for investment products such as retirement annuities and premiums for risk-related products. In theory, these entities could face a class-action suit by affected clients, if found guilty – in addition to facing a fine by the Tribunal and the unmeasurable reputational damage.

Role players in all industries should keep their score sheets clean and be careful to align themselves with role players who do the same.

Contact STBB on info@stbb.co.za or an attorney in the Development Law Unit for assistance.

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