

FACE MASK DISTRIBUTOR TO PAY R11 MILLION FOR INFLATING PRICES

The Competition Commission has referred to the Competition Tribunal for confirmation as an order a consent agreement with a distributor of face masks and personal protection gear, among others, after the company inflated prices of essential hygienic items during the Covid 19 disaster.

In terms of the agreement, MATUS, a company with offices in Johannesburg, Cape Town and Durban and satellite branches in Port Elizabeth and Mbombela, has agreed to pay an administrative penalty of R5.9 million after it admitted to inflation of its gross profit margins with regards to essential hygienic products.

The company will also contribute R5 million to the Solidarity Fund for Covid-19 to the Solidarity Fund of Covid 19. Further, it will, with immediate effect, to reduce its gross profit margin on dust masks to acceptable levels for the duration of the state of national disaster.

The company undertook, for the duration of the state of national disaster, to ensure that its gross profit margins for essential products will not be increased above what was applicable on 16 February 2020, for as long as such products remain as essential in terms of the Consumer Protection Regulations or any subsequent amendment or replacement of these regulations.

This follows an investigation conducted by the Commission after it obtained information against MATUS in relation to the inflated prices of dust masks (FFP1 and FFP2 masks). Subsequently, the Commission found that MATUS unreasonably increased the prices of dust masks resulting in excessively inflated gross profit margins in contravention of the Competition Act and Regulation 4 of the Consumer Protection Regulations.

MATUS supplies and distributes personal protection equipment such as dust masks (including FFP1 and FFP2 masks), overalls, hand sanitizers, fire protective gear and first aid kits, among other. These are procured from local and overseas manufacturers.

Meanwhile, the Commission has concluded numerous consent settlements with small independent retailers and pharmacies with regards to Covid 19 cases emanating from contraventions of Competition Act and Regulation 4 of the Consumer Protection Regulations.

The small companies, largely pharmacies and hardware stores, excessively inflated their prices of essential hygienic products like sanitisers and face dust masks who only sold in March 2020 with excessive mark-ups or gross profit margins. Most of these shops did not sell these products before March this year.

These retailers, as part of the settlement, will reduce prices appropriate levels and will contribute various amounts or essential hygienic items, based on the merits of each case, to charity organisations nominated or approved by the Commission, including the Solidarity Fund for Covid-19. In some cases, some retailers have

agreed to freeze price increases and/or run specials.

[ENDS]

Issued by:

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On behalf of: The Competition Commission of South Africa