

# Competition watchdog probes R10-billion school uniform monopoly

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*The Competition Commission is poised to get tough on South Africa's school uniform monopolies, which force parents to cough up thousands of rands for new school kit even though similar items can usually be bought elsewhere at a fraction of the cost.*



Picture: [Sunday Times](#)

At the heart of the commission's proposed investigation into the R10bn school uniform industry are long-standing 'exclusive supplier' arrangements entered into between school governing bodies, principals and retailers and manufacturers.

The commission's warning comes as parents start shelling out thousands of rands for new uniforms for the 2017 school year - and amid allegations that senior school executives get paid for exclusive supplier contracts.

The school uniform industry caters for about 15m pupils from private and government schools.

The commission has received nearly a dozen complaints from parents forced by schools to buy uniforms from selected suppliers, a practice prevalent in both government - mainly former Model C - and private schools.

The commission has already met with executives from private-school company Curro Holdings, which is partly owned by Jannie Mouton's PSG.

It has intervened at Bergvliet High School in Cape Town, Alrapark Secondary in Nigel, Vezimfundo Primary in Delmas, Emmarentia Primary in Johannesburg and Phateng Secondary in Mamelodi, where parents lodged complaints that uniforms were unaffordable - and only available through one supplier.

In the case of Bergvliet High, a parent complained that a single clothing retailer supplied schoolwear and sportswear for more than 60 schools in the Western Cape, and that parents could not look for cheaper clothing elsewhere. The school has committed to revising the agreement within 18 months.

"The Competition Act empowers the commission to impose an administrative penalty of up to 10% of a firm's annual turnover for the previous financial year," commissioner Tembinkosi Bonakele told the Sunday Times.

"In the face of continued defiance, we shall have no option but to invoke the provisions of the act.

"In many instances these agreements are indefinite and some companies have had the exclusive rights for decades," he said.

Curro CEO Chris van der Merwe was unavailable for comment.

As some schools move to terminate their exclusive supplier contracts, the commission has vowed to take action against those that have not yet acted. The commission has also consulted with some suppliers about allegations that kickbacks are paid to schools.

"This is the consequence of the absence of a fair and competitive bidding process," Bonakele said.

"You compromise quality, efficiency and better prices. The one into whose lap the tender falls has a free rein and mark-ups are shameful. There's no regard for the struggling parents. That's why we need open and transparent bidding. The consumer will be the biggest beneficiary of a competitive process."

One Curro parent has spent R1,500 for a single set of the summer and winter uniforms. The summer uniform includes a skirt, short-sleeved blouse, socks and sleeveless jersey, and the winter uniform consists of a long-sleeved jersey, pants, socks, rain jacket and fleece jacket. The cost excludes shoes and VAT.

The price of similar goods at a Gauteng retailer, without the school branding, is R515 .

"This is the cost for only a single day and obviously you cannot just have one uniform. This is madness. Curro owns a school clothing company called Grit. They determine their own prices and then force parents to buy from them," the parent said.

A Durban dad whose son is going to Glenwood High School next year said he paid more than R3,000 for a blazer, tie, tracksuit and sports shirts and shorts.

"The blazer is your typical green blazer that I could have picked up from a regular store that stocks uniforms but I had to pay for the branded one at the school shop. It's the same with the tracksuit and sports gear - which in addition to carrying the school logo, are a sports brand. There is no reason for this. Of course, I still need to spend more money on the basics of the grey pants and white shirts. I'm broke," he said.

A spokesman for the Department of Basic Education, Elijah Mhlanga, said officials had tried to intervene, often in conjunction with the commission.

"We work together on this matter and we have both spoken out against it, and even went further to place newspaper advertisements in which the commission warned against anti-competitive practices," he said.

A major Gauteng school uniform manufacturer, who sells only to retailers, said kickbacks to principals by retailers was 'common practice'.

"Bribery of principals to ensure retailers get the business has been going on for a number of years. It's a mutually beneficial relationship - and the victims are the parents.

"You will find that instead of standardising the uniform to make it more economical for the parents, there are unnecessary colour changes or new uniform - sometimes in the middle of the year. The competition is very high for retailers and that is why you find these exclusive monopolies exist," the manufacturer said.

He said, however, that while uniform manufacturers and retailers were guaranteed business, fluctuating exchange rates impacted on the cost of fabric, which could account for inflated prices of uniforms. He said the quality of fabric accounted for expensive uniforms.

South African Democratic Teachers Union general secretary Mugwena Maluleke commended the commission for taking a tough stance against the exclusive school uniform supply agreements.

"Poor parents are finding themselves messed up in terms of these uniform stories and therefore it's critical that this must come to an end.

Consumers must take it upon themselves to challenge these type of practices. It's something that we as Sadtu don't support. It's totally wrong that schools are colluding with suppliers in order to raise their profits," he said.

However, Tim Gordon, CEO of the Governing Body Foundation, said that while the commission should take action in the event of untoward practices, uniform suppliers did not generate much profit.

He said what the commission was doing was laudable, but it should not go so far as dismissing the concept of school uniforms.

"I would like to see the general uniform items, like the longs, shirts and skirts be available anywhere and just restrict distinguishing uniform items like sports kit, ties and pocket badges," said Gordon.

Major uniform retailer McCullagh & Bothwell, which sells uniforms for more than 100 schools, including Crawford, Hilton College and St John's College, also supplies uniforms directly to schools, which sell them on to the parents and pocket a handling fee.

McCullagh & Bothwell owner David Walker did not respond to queries.

South African Clothing and Textile Workers Union media officer Nazmia Leite said the body would co-operate with the commission.

"Our main concern is that whatever decision gets taken, it must have no detrimental effects on jobs in the industry," said Leite.

**Source:** Sunday Times

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