

Much needed relief for parents buying school uniforms

Any parent would undoubtedly know how expensive back-to-school necessities can be, especially new school uniforms. Schools often have exclusivity agreements with a specific supplier in terms whereof their school uniforms can only be purchased from that particular supplier. This can lead to unreasonably high prices being charged for uniforms because parents are unable to shop around for competitive prices. It is important to remember that fair competition between suppliers is vital for the economy's growth and ensures a fair, reasonable and competitive market for consumers. The good news is that parents can expect some financial relief in the future when buying new uniforms.

The Competition Commission has investigated exclusivity agreements between schools and uniform suppliers following complaints from parents burdened with high price tags in recent years. It found that exclusivity agreements prevented or reduced competition by preventing other suppliers from entering the market. This creates the risk of excessive prices being charged for the uniforms. Following this investigation, the Competition Tribunal recently confirmed, as an order, a consent agreement with a Gauteng-based company, McCullagh and Bothwell (Hyde Park) (PTY) LTD, which was the exclusive supplier of specific school uniforms in its area under various long-term exclusivity agreements with schools. In terms of this order, schools are no longer entitled to enter into exclusivity agreements with suppliers.

Although the consent agreement was concluded with this particular company, the order provides clarity on the Competition Commission's view in respect of the competition concerns arising from similar situations. The Competition Commission will monitor compliance with the consent order by all schools in the country to ensure a competitive market. This will inevitably bring much-needed relief to the parents who have been forced to buy school uniforms at high prices at exclusive uniform providers.

Est-Marie McCallaghan, Van Velden-Duffey Inc