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**31 March 2016**

**Two wholesalers in bicycle price-fixing charges get R4m administrative fines each**

Today, Tuesday 31 May, the Tribunal has issued both its order and its reasons in the Omnico and Coolheat Cycle case. It has awarded an administrative penalty to Omnico of R4627412 and to Coolheat Cycles a penalty of R4250612. The Tribunal has already confirmed six consent orders by wholesalers and 11 retailers in the bicycle sector who were implicated in a price-fixing investigation by the Competition Commission.

The two wholesalers, Omnico and Coolheat, however, chose to oppose the charges and the matter was heard last year by the Tribunal.

The Commission relied for its case primarily on a meeting held on 10 September 2008 where about 200 bicycle wholesalers and retailers attended a meeting at Midrand Conference Centre in Gauteng to discuss increasing their markup on bicycles to 50% from 35%, and the markup on cycling accessories to 75% from 50%. The wholesalers would give the retailers a higher mark-up by increasing the Recommended Retail Price to consumers. Prices to consumers would be increased so that retailers could make higher margins. Prices were set to increase on 1 October 2008, as it was the beginning of the new cycling season and new bicycles and accessories were usually launched at this time and new price lists issued. Details of these discussions had been posted on an online discussion forum called The Hub and was brought to the attention of the Commission.

Evidence presented at the hearing revealed that both Omnico and Coolheat had attended the September meeting that there was agreement among wholesalers to increase the mark-up on wholesale prices for bicycles and cycling accessories in co-ordination.

In determining the penalties the Tribunal took into account some mitigating factors for Omnico. However, it found no such mitigating factors for Coolheat, who had elected not to give evidence at the Tribunal and to explain its subsequent price increases.

The other 17 companies who settled early with the Commission were not fined for the offence as they had admitted they had contravened section 4(1)(b) of the Competition Act. The Commission had withdrawn its case against one of the companies, Fritz Pienaar Cycles, because the business was liquidated.

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