



**competitiontribunal**  
SOUTH AFRICA

**COMPETITION TRIBUNAL  
REPUBLIC OF SOUTH AFRICA**

**Case No: CR086Aug19/SA026May22**

In the matter between:

Competition Commission of South Africa

**Applicant**

And

Cross Fire Management (Pty) Ltd

**Respondent**

Panel: Y Carrim (Presiding Member)  
I Valodia (Tribunal Member)  
A Ndoni (Tribunal Member)

Heard on: 20 May 2022

Decided on: 20 May 2022

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**Settlement Agreement**

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The Tribunal hereby confirms the settlement agreement as agreed to and proposed by the Competition Commission and Cross Fire Management (Pty) Ltd annexed hereto.

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**Presiding Member  
Ms Yasmin Carrim**

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**20 May 2022**  
**Date**

**Concurring: Prof Imraan Valodia and Ms Andiswa Ndoni**

**IN THE COMPETITION TRIBUNAL OF SOUTH AFRICA  
(HELD IN PRETORIA)**

**CT CASE NO: CR086AUG19**

**CC CASE NO: 2017JUL0013**

In the matter between:

**COMPETITION COMMISSION OF SA**

Applicant

and

**CROSS FIRE MANAGEMENT (PTY) LTD**

Seventh Respondent

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**CONSENT AGREEMENT IN TERMS OF SECTION 49D READ WITH SECTION 58(1)  
(b) OF THE COMPETITION ACT, NO. 89 OF 1998, AS AMENDED, BETWEEN THE  
COMPETITION COMMISSION AND CROSS FIRE MANAGEMENT (PTY) LTD, IN  
RESPECT OF AN ALLEGED CONTRAVENTION OF SECTION 4(1)(b)(ii) OF THE  
COMPETITION ACT 89 OF 1998**

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**Preamble**

The Competition Commission ("Commission") and Cross Fire Management (Pty) Ltd ("Cross Fire Management") hereby agree that an application be made to the Competition Tribunal for the confirmation of this Consent Agreement as an order of the Tribunal in terms of section 49D read with section 58(1)(b) of the Competition Act no. 89 of 1998 ("the Act"), as amended, in respect of a contravention of section 4(1)(b)(ii) of the Act.



## 1. DEFINITIONS

For the purposes of this consent agreement the following definitions shall apply

- 1.1 **“Act”** means the Competition Act No. 89 of 1998, as amended.
- 1.2 **“ASIB”** means the Automatic Sprinkler Inspection Bureau (Pty) Ltd a private company duly incorporated in accordance with the laws of the Republic of South Africa, with its principal place of business situated at 1407 Cnr Louis Botha and Tudhope Avenue, Houghton Estate, Johannesburg.
- 1.3 **“Commission”** means the Competition Commission of South Africa, a statutory body established in terms of section 19 of the Act, with its principal place of business at 1st Floor, Mulayo Building (Block C), the DTI Campus, 77 Meintjies Street, Sunnyside, Pretoria, Gauteng.
- 1.4 **“Commissioner”** means the Commissioner of the Competition Commission (the Commissioner) in terms of section 24(1) of the Act.
- 1.5 **“Investigation”** means investigation of the Complaint.
- 1.6 **“Complaint”** means the complaint initiated by the Commissioner on 5 July 2017 in terms of section 49B(1) of the Act under case number 2017Jul0013.
- 1.7 **“Complaint Referral”** means the complaint referred by the Commission to the Tribunal under case number CR086Aug19.
- 1.8 **“Consent Agreement”** means this agreement duly signed and concluded between the Commission and Cross Fire Management.

- 1.9 **“Cross Fire Management”** means Cross Fire Management (Pty) Ltd, a Private Company, duly incorporated in accordance with the laws of the Republic of South Africa, with its registered office situated at 65 Homestead Avenue, Block C, Homestead Office Park, Bryanston, 2191.
- 1.10 **“Parties”** means the Commission and Cross Fire Management.
- 1.11 **“Listed Installers”** means fire protection service providers registered with ASIB.
- 1.12 **“Tribunal”** means the Competition Tribunal of South Africa, a statutory body established in terms of section 26 of the Act, with its principal place of business at the 1<sup>st</sup> Floor, Mulayo building (Block C), the DTI Campus, 77 Meintjies Street, Sunnyside, Pretoria, Gauteng.

## **2. THE COMMISSION’S INVESTIGATION AND FINDINGS**

- 2.1 On 05 July 2017, the Commissioner initiated a complaint in terms of section 49B of the Act against ASIB and all sprinkler installers registered with ASIB. This complaint is being investigated under case number 2017Jul0013.
- 2.2 On 03 August 2017, the Commission conducted a search and seizure operation at the premises of ASIB and 22 of its Listed Installers and seized documents and electronic data from these premises.
- 2.3 On 16 August 2019, the Commission filed the Complaint Referral, citing certain Listed Installers as respondents. Cross Fire Management was cited as the Seventh Respondent.

- 2.4 The allegations against ASIB and its Listed Installers, including Cross Fire Management are that they agreed to allocate to each other specific services in terms of which ASIB would provide inspection and certification services while the Listed Installers, including Cross Fire Management would provide automatic sprinkler installation services.
- 2.5 It is further alleged that the Listed Installers agreed and were prohibited from conducting business in territories (provinces/regions) in which they are not listed and that they should only conduct business in territories (provinces / regions) where they are listed / registered.
- 2.6 The Investigation revealed the following:
- 2.6.1 ASIB is a private company which has an arrangement with other private companies that are installers of fire sprinklers in terms of which ASIB is fashioned as an association and the installers of fire sprinklers are fashioned as members of ASIB.
- 2.6.2 The arrangement further entails that on becoming a Listed Installer of ASIB, each of the Listed Installers agreed to adhere to ASIB rules which entailed that inspection services would be performed by ASIB only whilst the Listed Installers would be provide installation services only.
- 2.6.3 The ASIB rules enabled Listed Installers to divide the market by allocating territories in that a Listed Installer registered in a particular area is limited to render its service in its registered area.

2.6.4 This conduct between ASIB and Listed Installers amounts to market division by allocation of specific types of services and territories in contravention of section 4(1)(b)(ii) of the Act.

### **3. ADMISSION**

3.1 Cross Fire Management does not admit that it has acted in contravention of section 4(1)(b)(ii) of the Act as described in part 2 above.

3.2 The Commission has agreed to enter into the Consent Agreement without an admission of liability based on a combination of the following factors:

3.2.1 The Commission is incentivising Cross Fire Management to discontinue from adhering to any ASIB rule that divide the markets, as part of its strategy to end the anticompetitive conduct occasioned by these rules in the markets for installation and inspection of automatic fire sprinklers.

### **4. AGREEMENT REGARDING FUTURE CONDUCT**

4.1 Cross Fire Management undertakes not to adhere to any ASIB rule which would preclude it from operating in any geographic region.

4.2 Should Cross Fire Management determine that it wishes to enter the market for the provision of inspection services, it undertakes not to restrict its right to do so by agreeing with any actual or potential competitors in that market, or with ASIB, to restrict such activities.

4.3 Cross Fire Management undertakes not to restrict its sourcing of inspection services from only ASIB, provided it is commercially viable to do so, and provided any alternative meets the quality and specification requirements of Cross Fire Management's clients.

- 4.4 Cross Fire Management will develop, implement and monitor a competition law compliance programme as part of its corporate governance policy, which is designed to ensure that all employees, members and management do not engage in contraventions of the Act. Such compliance programme will include mechanisms for the identification and prevention of any contraventions of the Act.
- 4.5 Cross Fire Management undertakes to submit a copy of such compliance programme to the Commission within 60 days of the date of confirmation of this Consent Agreement as an order to the Tribunal.
- 4.6 Cross Fire Management shall circulate a statement summarizing the contents of this Consent Agreement to all management and operation staff employed by Cross Fire Management within 60 (sixty) calendar days from the date of confirmation of this Consent Agreement by the Tribunal.
- 4.7 Cross Fire Management hereby commits itself to competitive practices and refraining from engaging in any anti-competitive conduct in contravention of the Act.

## **5. ADMINISTRATIVE PENALTY**

- 5.1 In order to bring the matter to conclusion, Cross Fire Management agrees to pay an administrative penalty in the amount of R750 000.00 (Seven Hundred and Fifty Thousand Rand) in settlement of the Complaint Referral. This amount does not exceed 10% of Cross Fire Management's annual turnover for the financial year ended February 2021.
- 5.2 Cross Fire Management agrees to pay the administrative penalty, as the amount stipulated in the above paragraph, in 12 (twelve) monthly instalments, with the first instalment being made within 30 days from confirmation of this

Consent Agreement by the Tribunal.

- 5.3 The payment shall be made into the Commission's bank account, details which are as follows:

**Bank name:** Absa Bank  
**Branch name:** Pretoria  
**Account holder:** Competition Commission Fees Account  
**Account number:** 4087641778  
**Account type:** Current Account  
**Branch Code:** 632005  
**Reference:** 2017JUL0013 Cross Fire Management

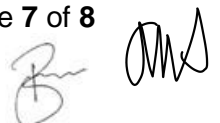
- 5.4 The penalty will be paid over by the Commission to the National Revenue Fund in accordance with section 59(4) of the Act.

## 6. MONITORING

- 6.1 All reports in relation to conditions set out in this agreement, including but not limited to Compliance programmes, Proof of payment(s) etc. shall be submitted to the Commission at [CartelSettlements@compcom.co.za](mailto:CartelSettlements@compcom.co.za).

## 7. FULL AND FINAL SETTLEMENT

- 7.1 This Consent Agreement is entered into in full and final settlement of the Commission's investigations defined in the definitions clause and, upon confirmation as an order of the Tribunal, concludes all proceedings between the Commission and Cross Fire Management relating to the conduct that is the subject of the Commission's investigation defined in the definitions clause.

Two handwritten signatures in black ink are located at the bottom right of the page. The first signature is a stylized 'B' or similar character, and the second is a more complex, cursive signature.



**Cross Fire Management (Pty) Ltd**



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**Signed and dated at** Bryanston **on the** 18th **day of** May **2022.**

**Name in Full:** Catherine Margaret Stewart

**Designation:** Managing Director

**For the Competition Commission**

**Signed and dated at** PRETORIA **on the** 18th **day of** May **2022.**



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**Name in Full:** TEMBINKOSI BONAKELE

**Designation:** COMMISSIONER OF THE COMPETITION COMMISSION