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GOVERNMENT NOTICES • GOEWERMENTSKENNISGEWINGS

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NO. 7732 **20 July 2026**

NOTICE IN TERMS OF SECTION 10(6) OF THE COMPETITION ACT NO. 89 OF 1998 (AS AMENDED)

THE COMPETITION COMMISSION OF SOUTH AFRICA

THE INDEPENDENT COMMUNITY PHARMACY ASSOCIATION ("ICPA") (2026MAY0031)

NOTICE OF APPLICATION FOR AN EXEMPTION

1. Notice is hereby given in terms of section 10(6)(a) of the Competition Act, No. 89 of 1998, as amended ("**the Act**"), that the Independent Community Pharmacy Association ("**ICPA**") has applied to the Competition Commission ("**the Commission**") in terms of section 10(1) of the Act for an exemption from certain provisions of Chapter 2 of the Act. The exemption is sought to enable ICPA and its members to engage in conduct that may otherwise contravene Chapter 2 of the Act.

2. ICPA was formed in May 2011 following the amalgamation of the United South African Pharmacies ("**USAP**"), the South African Progressive Pharmacy Association ("**SAPPA**") and owners of independent community pharmacies not aligned with either association. It is a non-profit company under the Nonprofit Organisations Act of 1997 and a public benefit organisation under the Income Tax Act of 1962. It represents independent community pharmacies and pharmacy professionals in the healthcare sector, with over 1,200 pharmacies, approximately 2,500 pharmacists, and 20,000 healthcare support personnel across metropolitan, urban, and rural South Africa.

3. ICPA intends to establish the Independent Pharmacy Network ("**IP Network**") as a collective platform for willing independent pharmacies. Through the IP Network, ICPA seeks to negotiate agreements with suppliers of non-Single Exit Price (**"SEP"**) or unscheduled medicines, medical schemes and administrators to improve procurement terms, secure designated service provider (**"DSP"**) or preferred provider status, and obtain favourable reimbursement rates for participating members. ICPA also intends to engage relevant statutory bodies on pharmacy practice and sector sustainability. The purpose of these arrangements is to address structural imbalances in the retail pharmacy market, characterised by increasing concentration among large corporate pharmacy groups and the comparatively weak bargaining position of independently owned pharmacies.

4. ICPA submits that independent pharmacies currently face the following constraints, among others:

4.1. The regulatory constraints which limit the scope for profit realisation at the retail level. This position is allegedly exacerbated by the pricing and reimbursement practices of medical schemes, as well as by the limited bargaining power of independent pharmacies in their dealings with suppliers, pharmaceutical distributors, medical schemes and medical scheme administrators. ICPA submits that these factors have made the retailing of medicines increasingly unsustainable for many independent pharmacies.

4.2. ICPA submits that these regulatory, reimbursement and bargaining-power constraints affect independent pharmacies through three principal revenue streams: margins earned on non-SEP medicines, dispensing fees charged on SEP medicines, and professional fees for pharmacy services. According to ICPA, limitations in respect of each of these revenue streams undermine the financial sustainability and competitiveness of independent pharmacies.

4.3. ICPA submits that independent pharmacies are generally small, owner-run businesses that negotiate individually with suppliers. ICPA contends that this places them at a competitive disadvantage relative to corporate pharmacy groups, which can secure more favourable procurement terms, benefit from economies of scale, and, in some instances, obtain distribution-related income streams. ICPA argues that collective procurement through the IP Network would enable independent pharmacies to obtain better purchase prices, compete more effectively and offer more sustainable prices to consumers.

4.4. ICPA submits that independent pharmacies face difficulties in securing DSP or preferred provider status and in negotiating viable dispensing fees with medical schemes and administrators. ICPA contends that medical schemes are generally less inclined to negotiate directly with individual pharmacies, whereas corporate pharmacy groups can negotiate through a single point of entry. As a result, independent pharmacies may be required to accept dispensing fees below the regulated cap or risk exclusion from DSP and preferred provider networks. ICPA submits that Regulation 8(2)(b Medical Schemes Act no. 131 of 1998 enables medical schemes to impose co-payments on members using non-DSP pharmacies, which may steer beneficiaries toward selected providers and limit pharmacy choice.

4.5. In relation to professional fees, ICPA submits that independent pharmacies are unable to negotiate adequate reimbursement for pharmacy services on an individual basis. ICPA contends that collective negotiation is necessary to secure professional fee arrangements that better reflect the cost of providing these services to medical scheme members.

5. For the reasons outlined above, ICPA seeks an exemption in respect of the following potentially anti-competitive practices and agreements:

5.1. ICPA and its members seek to engage in centralised or collective procurement, including joint negotiations with manufacturers and other suppliers, for the purpose of securing more favourable prices, rebates, discounts or trading terms in respect of non-SEP or unscheduled medicines. In this regard, the IP Network would operate as a joint purchasing arrangement or buying group on behalf of participating members;

5.2. ICPA and its members seek to engage in collective negotiations with medical schemes and/or medical scheme administrators in respect of dispensing fee rates for SEP medicines. The proposed collective engagement would include facilitating agreements to give effect to any negotiated rates, and enabling more meaningful participation by ICPA members in designated service provider and preferred provider networks; and

5.3. ICPA and its members propose to engage in collective negotiations and, where appropriate, conclude agreements with relevant statutory bodies and other organisations to support the establishment and operation of the IP Network. The stated objective of the proposed arrangement is to enhance the ability of independent community pharmacies to compete more effectively with large corporate and chain pharmacy groups.

6. ICPA submits that the practices and agreements contemplated in its application:

6.1. will promote the effective entry, participation or expansion of small and medium businesses, or firms controlled or owned by historically disadvantaged persons, in terms of section 10(3)(b)(ii); and

6.2. will result in competitiveness and efficiency gains that would promote the expansion of the medical schemes industry, in line with section 10(3)(b)(v).

7. ICPA is requesting the Commission to grant the exemption from certain provisions of Chapter 2 of the Act for a period of 5 years from the date the exemption is granted and/or conditionally granted.

8. Notice is hereby given in terms of section 10(6)(b) of the Act to allow interested parties twenty (20) business days from the date of the publication of this notice to make written representations to the Commission as to why the exemption should, or should not, be granted.

9. All representations and submissions must be directed to:

Mr Ponalo Xinishe
Competition Commission South Africa
Market Conduct Division
Email: PonaloX@compcom.co.za

Ms Mamontshi Keleme
Competition Commission South Africa
Market Conduct Division
Email: Mamontshik@compcom.co.za

Mr Tlabo Mabye
Competition Commission South Africa
Market Conduct Division
Email: TlaboM@compcom.co.za

10. Kindly use the following case number when sending correspondence in relation to this notice: **2026MAY0031**.

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