

Foodcorp settles with penalty of R88,5m

Foodcorp has reached a settlement with the Competition Commission relating to its investigation into collusive practices in the white maize and wheat milling industries between 1999 and 2007 and will pay an administrative penalty of R88.5m.



The penalty represents 10% of the turnover of its milling division for the 2010 financial year. It will be paid in three equal tranches of R29.5m over the next three years, the company said on Wednesday (12 December).

Foodcorp contravened the Competition Commission Act between 1999 and 2007 in that it was represented in meetings with competitors at which agreements on selling prices and the implementation dates of such prices were reached for both milled white maize as well as milled wheat products.

The senior employees who were involved in the matter are no longer with the company.

Foodcorp's share of the retail market is 3.4% for white maize and 0.1% for flour, as it primarily supplies flour to the industrial sector and not the trade directly.

Foodcorp chief executive Justin Williamson said the matter relates to behaviour which ended in 2007 and which has caused great embarrassment to the company.

"We have learnt a very unpleasant lesson and will continue to implement extensive staff training to safeguard competitive and dynamic practices across the industry to the benefit of all consumers," he said.

"As part of its ongoing employee development programmes, Foodcorp will continue to implement stringent compliance training to ensure that employees and managers, including sales and marketing staff, understand competition laws and do not engage in any contraventions of the Act.

"A sustainable future can only be achieved if companies follow responsible business practices," Williamson added.

He said Foodcorp incorporates this approach in everything it does and will continue to contribute positively to the South African economy by making the right choices, which are not solely driven by profits.

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