

Tribunal upholds Tiger Brands' R99m fine

The Competition Tribunal upheld the R99m penalty Tiger Brands agreed to pay for its role in bread and milling cartels, despite pressure from interest groups at a tribunal hearing.

By Nicola Mawson, Consumer Industries Correspondent^{30 Nov 2007}

The Competition Tribunal upheld the R99m penalty Tiger Brands agreed to pay for its role in bread and milling cartels, despite pressure from interest groups at a tribunal hearing yesterday.

The Congress of South African Trade Unions (Cosatu), the Black Sash and the Human Rights Commission urged a more severe penalty.

Tiger Brands' consent order negotiated with the Competition Commission earlier this month was for 5,7% revenue from its national bread operations. It also had to take remedial steps.

The tribunal cannot change the agreement. It can ratify or deny it, or make an alternative recommendation to the commission.

Cosatu was not satisfied with the fine because of "rocketing" food prices, the union's Jones Mosia saying was a "slap on the wrist" and that Tiger Brands would pass the cost on to "poor" consumers.

The Human Rights Commission said illegal behaviour such as cartels could violate South Africans' constitutional right to sufficient food. The commission's Christine Jesseman said any penalty should "be proportionate to the human cost of the illegal activities".

The Black Sash's Ratula Beukman questioned the calculation of the fine and said a fine was not enough.

"It does not get to the root of the price fixing." She called for the fine to be imposed for each of the 12 years during which bread producers colluded.

National Consumer Forum chairman Thami Bolani said the bread that was "stolen" from consumers should be returned to them.

However, Thulani Kunene, the Competition Commission's enforcement and exemptions manager, said Tiger Brands had co-operated with the commission and had provided extra information. The commission found that bread prices were raised 35c by all three big producers last December, and that the discount to independent distributors was dropped to a maximum of 75c a loaf. It concluded that the bread producers had colluded on a regional and national level to fix bread prices.

Tiger Brands CEO Nick Dennis repeated the company's apology, and denied knowledge of the cartel. He said the company had taken steps to prevent such behaviour in future. Premier Foods has requested immunity in return for helping the investigation. Pioneer Foods is in discussions.

Source: *Business Day*

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