

Bread producers face class-action suits

By [Michael Bleby](#)

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Pioneer Food Group 's public bread-breaking with the Competition Commission earlier this month may turn out to be half-baked, with two proposed class action suits threatening to increase the R855,7 million burden the company already faces.



Applicants in two separate actions will today, Tuesday 23 November, ask the Cape High Court for standing to sue Pioneer, along with Tiger Brands and Premier Foods, on behalf of two groups, all the consumers of the Western Cape and all bread distributors affected by the companies' collusive behaviour.

The extent of damages they are seeking is not known.

Pioneer said it was notified on Friday about the action.

"We have noticed their affidavits and will be stating our case," spokesman Johannes van Niekerk said. Tiger Brands declined to comment on Monday. Premier Foods could not be reached.

Seeking damages

Non-governmental organisations the Children's Resources Centre, Black Sash and the National Consumer Forum, together with the Congress of South African Trade Unions' Western Cape branch, will ask for standing to seek damages on behalf of all people in the province.

"The four organisations (along with five individual consumers) are launching a massive consumer class action ... following the Competition Commission's findings that they all participated in a cartel that colluded to fix the price of bread," the Black Sash said on Monday.

Cape Town-based Imraahn Ismail-Mukaddam, who led a group of small-scale distributors in making the initial complaint that led to the Competition Commission's investigation of the producers, will bring the second application to ask for standing to sue them on behalf of all affected distributors.

Further frustration for Pioneer

If the court grants certifications to the applicants, they will be able to issue summonses against the bread makers in the names of their class.

Pioneer faces further frustration with a number of parties lining up to make submissions at the Competition Tribunal's public hearing on its proposed settlement with the commission on Wednesday.

The tribunal's approval is required to make enforceable the agreement, which includes a R250 million fine, the payment of R250 million to fund a new agro-processing start-up fund and a R160 million deduction from its profit on the sale of bread and flour products.

The company has already paid a R195.7 million fine imposed over its bread price-fixing activities.

The provisions of the settlement may be challenged, however, with both the Black Sash and Ismail-Mukaddam having requested to make submissions.

The Treasury has also asked to make a submission which, *Business Day* understands, relates to the agro- processing fund, which is to be managed by the Industrial Development Corporation.

Treasury spokesman Jabulani Sikhakhane declined to comment on the submission before it was made to the tribunal. Additional reporting by Franny Rabkin.

Source: *Business Day*

For more: [Breadmakers' dough wanted](#) The Children's Resources Centre, Black Sash, Cosatu's Western Cape branch, the National Consumer Forum and five individual bread consumers have launched a class action against Pioneer Foods, Tiger Consumer Brands and Premier Foods.

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