

Woolworths Fined \$9m for Cartel Price Fixing and Ripping Off Customers

by Michael Janda via jess - Oz ABC Friday, Jun 3 2016, 10:50am

international / prose / post

Woolies caught yet again for ripping customers off, this time for cartel price fixing of laundry products. When will governments get serious with corporate fraud? \$9 million is a drop in the ocean for these large corporate rogues. Malcolm Turnbull remains powerless to challenge his largest support base, the corporate and financial sectors -- after all, he is one of them!



The Federal Court has ordered Woolworths to pay penalties totalling \$9 million for its involvement in a laundry detergent cartel.

Woolworths admitted to effectively colluding with laundry detergent giants Colgate-Palmolive, PZ Cussons and Unilever over how they would switch from standard concentrates to ultra concentrates.

The companies all agreed that they would stop supplying standard concentrates to Woolworths in early 2009 and supply only ultra concentrates.

The more concentrated detergents are cheaper to produce, store and ship and therefore should have been cheaper per wash than the standard detergents, but the competition watchdog alleged that the agreement meant those savings were not passed on to customers.

The ACCC's chairman Rod Sims said Woolworths benefited from the arrangement through a range of logistical cost savings.

"We certainly reached agreement that they achieved a range of logistical benefits in terms of transport, storage, shelf space and the like," he told the ABC's PM program.

Mr Sims also said the scheme would not have been possible without the supermarket's involvement which was the reason the ACCC was so keen to see it penalised.

Cartel may have cost consumers \$150m in lost savings

Colgate has already been ordered to pay \$18 million in penalties for admitted breaches of the Competition and Consumer Act (CCA) in relation to the cartel conduct.

Unilever applied for immunity protection in the matter as an informer and action is still underway in the Federal Court against Cussons.

While the companies have faced some of the stiffest penalties handed down for anti-competitive conduct, Mr Sims acknowledged that the four firms may still have come out ahead.

"There certainly was discussion among the parties at an early stage of around about a \$150 million benefit, but you never know how much prices would've gone down without this activity," he told PM.

However Mr Sims defended the agreed outcome.

"In this case the penalties are appropriate, we wouldn't have settled for them otherwise," he added.

Mr Sims also admitted the ACCC did not know if prices had fallen as a result of the court case.

"I hope they have, the honest answer is I haven't been following them recently, I hope they have come down," he said.

Woolworths blames rogue buyer

For its part, Woolworths has blamed the conduct of a former staff member for its breach of the CCA.

"Woolworths acknowledges that the behaviour of one of its former buyers was not consistent with the high standards of competition law compliance we seek to achieve," the company said in a statement.

"The proceedings have been settled with Woolworths making limited admissions in relation to one of the claims made by the ACCC."

However, Mr Sims said the blame goes far beyond individuals at the companies involved.

"We believe, with senior staff members, other people can observe what they're doing and we believe ultimately companies have got to have compliance systems in place to prevent that sort of thing happening," he responded.

Woolworths said it has updated its compliance program and training to help avoid such situations in the future.

© 2016 ABC



Malcolm Turnbull, ignore the people but always favour the Corporates with Tax and other Breaks.

<http://www.abc.net.au/news/2016-06-03/woolworths-penalised-9m-dollars-over-laundry-detergent-car>

[tel/7475838](tel:7475838)

Jungle Drum Prose/Poetry. <http://jungledrum.lingama.net/news/story-2252.html>