



Media Statement
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RAILWAY CONSTRUCTION AND MAINTENANCE COMPANY TO PAY R8M FOR COLLUSION

A company specialising in railway construction and maintenance has admitted to collusion and agreed to pay R 8.4 million in settlement penalty.

The Commission reached a settlement agreement with Plasser South Africa (Pty) Ltd (Plasser), a company which provides railway lines track construction and maintenance services in South Africa. Plasser admitted to participating in a collusion with Lennings DEC Rail Service (Pty) Ltd (Lennings), a division of Aveng (Africa) Ltd in respect of tenders for railway construction and maintenance issued by Transnet (SOE) Limited between 1997 and 2013. Lennings and Plasser agreed to allocate railway construction and maintenance tenders among themselves.

As part of a settlement agreement, Plasser South Africa (Pty) Ltd (Plasser) has agreed to admit liability and pay a penalty of R8 427 625.92 (eight million four hundred and twenty seven thousand six hundred and twenty five rand and ninety two cents).

On 1 February 2014, the Commissioner initiated a complaint against Plasser and Lennings. The investigation uncovered the following:

- Lennings agreed with Plasser to engage in tender allocation and cover price arrangements, in relation to tenders for railway construction and maintenance contracts issued by Transnet;
- The last tender subjected to this arrangement was Dynacat tender which was issued by Transnet in 2004 and concluded in 2013; and
- The agreement was that the first phase of the tender would be allocated to Plasser and the second phase would be allocated to Lennings.

These arrangements are in contravention of section 4(1)(b)(ii) and (iii) of the Competition Act. In addition to paying the administrative penalty, Plasser undertook to refrain from contravening the Competition Act in future. It will also undertake to implement and monitor a competition law compliance programme.

Lennings was earlier granted leniency in line with the Commission's Corporate Leniency Policy. This settlement agreement, once confirmed by the Competition Tribunal, will conclude proceedings against the respondents in this matter.

Issued by:

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