

Foodcorp invests R46m in new ECape factory

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Foodcorp, SA's third largest food producer, will invest R46m in a new 8,000m² factory in the Eastern Cape, despite costs associated with retaining a presence in Molteno, CEO Justin Williamson said.

Last year the company considered moving the production of Ouma Rusks to its Randfontein operations in Gauteng, a move that would result in a R6m saving in transport and associated costs.

Intermittent electricity supply, poor water quality combined with poor road conditions reinforced the need to move, the company said.

However, to protect the 250 workers employed by the company, Foodcorp and the Eastern Cape government have developed a public-private partnership to keep Ouma Rusks in its original home.

"We have a strong connection with Molteno and understand our role and responsibilities as active participants in the local economy. And so I persuaded my board to agree to us reinvesting in Molteno on moral and ethical grounds -financially it is a poor decision, but it was absolutely necessary," Williamson said.

As part of the deal, Eskom will deliver power directly to the factory while the municipality and the government have invested in a water purification system.

The government will also provide R4m towards the laying of the new factory foundations provided by incentives from the national departments while the department of roads and public works is working towards providing a grader at Molteno municipality to clear roads following heavy snowfalls chronically blocking the access to the town during the winter months.

The production capacity of the factory will increase by 25% to 23 tons per day, the company said. It will be completed in December.

"Geared for expansion in a category that has seen year-on-year organic growth of 16%, the new facility is built to accommodate a third production line in the future," it said.

Eastern Cape MEC for economic development, environmental affairs and tourism, Mcebisi Jonas, said the partnership proved private enterprises and the government could successfully work together to the benefit of the communities that they serve.

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