Prices - General

1996 - 98
Price hikes for wine and spirits cause dismay among tipplers

By Trove Lund

Price hikes on wine and spirits have been met with dismay by retailers and consumers who believe increases over 8% cannot be justified and are unreasonable.

This follows yesterday's announcement that wholesale prices of wine and spirits will go up by between 8 and 10% from January 25.

A spokesman for the South African Liquor Store Association in Bloemfontein said the increase was an annual one required to keep pace with the increase in running expenses.

He added the wholesale price of beer and soft drinks would be adjusted early in February.

But the managing director of the Liquor Inn, Ray Cox, was adamant increases on imported wines and spirits were not justified because foreign suppliers have not increased their selling prices to South African Breweries.

Also, the exchange rate has improved and import surcharges had been dropped, he said.

He said: "The industry is used to and has developed a mindset for an annual increase but this size increase is not justifiable."

Cox said the smaller retailers would be squeezed the most as they could less and less afford to compete with large retailers. But he was confident customers would adapt to increases "as they usually do on commodity goods."

"The consumer will be paying R45 for a bottle of Bell's whisky and this will definitely translate into a drop in sales," said Johannesburg manager of Randburg's Solly Kramers, Manny Mendes.

The director of food and beverages at the Hyatt Hotel in Rosebank, Michael Brinham, said some of his suppliers were charging increases of 15% on imported items which had been reduced a month ago by the same amount when surcharges were dropped.

"It makes no sense at all. I am concerned about my local customers," he said.

Shoppers in Solly Kramers did not take kindly to the increases either. "This is way above the inflation rate. We are being ripped off," said Isobel Roche.
Low gas price hike warms consumers

STAFF WRITER (CT BR) 20/11/96

Johannesburg — It has been a relatively good year for South African commercial and industrial gas consumers. Gaskor, which supplies 95 percent of all South African gas, increased prices by only 3.7 percent against an official inflation rate of 7.5 percent.

This was the lowest Gaskor price hike ever recorded, according to the latest international gas price survey compiled by National Utility Services (NUS).

NUS, a specialist in fuel and energy cost analysis, says that services more than 35,000 clients worldwide, researched 13 countries for its gas survey, which covered 12 months to September 1995.

Rob MacKenzie, NUS's South Africa national sales manager, said cost estimates showed that gas could compete well with other energy sources.

The Fande gas field in Mozambique is expected to begin supplying gas to Gauteng and Natal next year. The field could supply our markets with 200 million cubic feet of gas over more than 20 years, while studies under way could possibly extend this to 30 years.

MacKenzie said Eskom and Shell had researched the feasibility of building power stations in the Northern Cape and Western Cape to be fuelled by gas from the huge Kudu gas field off Namibia's coast.

"But with coal still far cheaper than gas as a power source, it does not seem likely that Eskom will now choose the cleaner gas route. Several other countries, notably the US and Britain, are already operating gas-driven power stations."

Of the countries surveyed by NUS, Italy is the most expensive and Britain the cheapest. South Africa moved from the sixth most expensive in 1994 to fifth place last year.
Not the Fairest Cape for business travellers

□ Mother City prices leap past Rome, Barcelona

The Argus Foreign Service
A SURVEY reveals what many South Africans have suspected for a while — that Cape Town is becoming one of the world’s more expensive cities for the business traveller.


But Cape Town is now more expensive than Mexico City, Bangkok, Kiev, Rome or Barcelona

The survey, funded by the European Union, compared a business traveller’s costs of spending a day and a night in cities in over 100 countries

The survey added up the costs of a night in a top hotel, lunch, dinner, taxi fares, phone calls, drinks in the hotel bar, laundry of a shirt and a daily newspaper

It reveals that Moscow is the most expensive city, with a one-night stay costing R1869

Next came Tokyo, Buenos Aires, Hong Kong and Copenhagen

Minsk in Belarus is the cheapest, at just R430, followed by Tirana in Albania and Erevan in Armenia

Cape Town costs R1043 — not far behind London on R1211 and New York on R1177

And it is more expensive than Rome on R943 and Barcelona on R758.

The most expensive hotel meals are in Copenhagen, where a main course, dessert, coffee and half bottle of wine costs R234

The cheapest food is in Erevan, with a bill for the same meal coming to just R17

Eating in Cape Town is relatively good value for money, with dinner at R65

The survey gives warnings about several cities

Travellers to Tokyo are told to be careful before ordering a steak, which can cost from R296 to R688.

There are security problems in many cities including Luanda in Angola, Baku in Azerbaijan and Brazil in Brazil.

It is risky taking a taxi in Lagos, Nigeria — and if you do get safely to your hotel, you should remember not to drink the tap water

Heating, water supply and electricity is intermittent in Erevan.

It is difficult to get a phone line out of Minsk, Belarus

And you are likely to be subjected to a body search before you check into your hotel in Tel Aviv.
Diesel, paraffin price hikes likely to be short-lived

Edward West

THE 9c/l diesel and 6c/l paraffin price increases from February 7 were likely to be swiftly followed by price cuts, industry sources said at the weekend.

Statistics from the Central Energy Fund showed the prices of a basket of international paraffin and diesel spot prices dropped sharply early in January, indicating room for local price cuts in the next few months.

The February increases, announced on Friday, followed a rapid increase in demand for diesel and paraffin amid severe winter conditions in the northern hemisphere.

Government had also stepped in to cushion the full illuminating paraffin price increase because of the impact on poorer sections of the community.

Though illuminating paraffin prices should have increased 13c/l in terms of SA's pricing mechanism, government has suspended the 7c/l contribution to the Equalisation Fund for two months, at a cost to the fund of R4.9m a month.

Petrol prices, meanwhile, would fall 1c/l to 184c/l in Gauteng and 174c/l on the coast. The retail price of diesel is unregulated and the increase was applied to the wholesale margin.

A Road Freight Association spokesman said the diesel price increase would have a negative effect on inflation as statutory price increases were passed on to the consumer.

Econometrix economist Tony Twine said the diesel price increase was likely to move inflation up by 0.2%.
Heavy rains cause sharp increases in produce prices

(244) CR BR 16/2/96

Ann Grotty and James Lamont

Johannesburg — Prices of fresh produce have increased sharply as torrential rains continue to fall across most parts of the country.

Traders in the Johannesburg fresh produce market reported dramatic increases in the prices of a variety of vegetables yesterday, with more rises expected.

As rain prevented farmers from harvesting their potato crops, the price of a packet of class-one potatoes shot up 40 percent from R8.99 to R12.64.

Price movements in the Durban market were even more dramatic, with potatoes up 70 percent from R9.83 to R15.01.

In Pretoria, potato prices were up from R10.11 to R15.25.

Prices were more subdued in Cape Town, rising from R8.38 to R9.90.

Experts have predicted that prices will remain high for some time, even if the rains abate.

In the past week, unofficial estimates for the size of the maize crop have been cut by 1 million tons, from 10 million tons to 9 million tons.

Sources in the agriculture department warned yesterday that heavy rain could severely damage South Africa’s maize crop if it continued to fall throughout February and March.

Kobus Smut, the deputy director of statistics at the agriculture department, said the maize crop was entering a critical period, where heavy rain could prevent pollinisation should it continue to fall over the next six weeks.

The downpours, which initially put a smile on farmers’ faces after three years of drought, have caused alarm as the end of the summer season approaches.

Reports have arrived that potato and other crops in Mpumalanga and the Eastern Cape have been adversely affected.

Jack Raath, the executive director of the South African Agricultural Union, said crop damage had occurred and was continuing to take place.

“We are worried and have sympathy with our members,” he said.

One body of farmers with no complaint about the extraordinary weather conditions was Livestock breeders Fritz de Jager, the commodity manager of the Red Meat Producers’ Organisation, said livestock farmers welcomed the rain.

“I haven’t heard of anyone who has lost livestock from drowning and the grass can take as much rain as it likes,” he said.

Sitting Pretty — Traders at the Johannesburg fresh produce market have reported dramatic increases in the prices of some vegetables.

Photo: John Woodroffe
Bread price 'unlikely to increase'

WILLIAM GUMEDE
Own Correspondent

JOHANNESBURG. — Relief for the poor is in sight — the bread price is unlikely to increase until the end of the year, in spite of the high price of imported wheat.

Graham Simonsen, marketing manager of Blue Ribbon Bakers, said unless something unexpected happened, such as a wheat crop failure or a dramatic price change in the world market, the price of bread was unlikely to increase until November this year.

"The biggest determining factor is the world price which is usually below the local one, but South Africa still produces most of its domestic demand which means less wheat has to be imported," he said.

"If any increases should take place, it will be much smaller than last year when the price went up 15 percent.

"Any price hike this time will be kept below the rate of inflation."

Louis van Staden, general manager of the Wheat Board, said the estimated wheat crop this season was only marginally higher than last year's at 2 million tons.

Jannie de Villiers, general manager of the Chamber of Milling, said the milling industry had absorbed the costs of imports, which were likely to hit 400,000 tons this year.

The first summer crop estimates released by the agriculture department this week showed crop production had been largely unaffected by the torrential rains that hit South Africa in recent months.

The department has predicted higher than average crops for South African farmers this year.

Kobus Smit, chairman of the Committee of Crop Estimates in the department, said the yield was up on last year and the rain had been good in most of the country.

He attributed the upward trend to greater areas of maize, groundnuts, sorghum and dried beans under cultivation, as well as good rainfall.

The department said 3,289 million hectares were planted with maize, an increase of more than 11 percent of area under cultivation in 1985-86 compared with the previous year.

Despite increases in maize cultivation in the North West Province (21 percent) and the Free State (19 percent), planting dropped in Gauteng (31 percent) and in the Northern Province (20 percent).

Farmers had also shifted towards cultivating white maize rather than yellow maize, which was used mainly for animal food.

The area planted with white maize increased 35 percent from the previous year.

Significant rises took place in the Free State (48 percent), North West Province (32 percent) and Mpumalanga (31 percent).

Although continued rainfall in the east of the country endangered the pollination of the maize crop, Mr Smit said the west of the country still needed more rain.
Williams under scrutiny

Another two arrests made in Colorado election case

Sanction moves on Cuba

Don’t panic over rising food prices, say economists
Drop in food prices keeps PPI down

Mungo Sogget

A SHARP fall in food prices slammed producer inflation well below market expectations to 7.3% in January from 8.5% in December.

Economists, who had forecast 7.8% to 8.5%, welcomed the figure "as a pleasant surprise. They put the decline in the rate of increase of the producer price index down to a fall in food prices."

The agricultural food component of the PPI fell 3.6% month on month, after jumping 5.9% in December. But despite feeding the case for an interest rate cut, the figure failed to inspire a confused and directionless "capital market, which woke up far more sceptical of the Budget than it had been on Wednesday afternoon. The downbeat mood was exacerbated by Reserve Bank governor Chris Stals' exchange control comments, which hit the rand.

Economists said it appeared the heavy increase in food inflation in December had been a once-off, but were divided on the future direction of food prices. Some predicted further actual decreases with the help of the good rains, but Standard Bank's economics unit expected food prices to increase moderately over the year.

The Central Statistical Service figures showed month-on-month drops in several food categories, with the vegetable and dried bean price index plunging 18.6%.

While the domestic component of the PPI was capped by the respite from food, its imported component was inflated by seasonally high oil prices, despite the help of a stable rand. The local component was up 0.3% month on month and the imported up 0.4%.

At the 11am PPI release, the rate on government's benchmark R150 was already 25 points up at 15.1% after the mood had swung from post-Budget cheer, reversing Wednesday's 40-point gain. "The mood was suddenly very bearish this morning. It is a very confused market," a dealer said.

However, bond prices started to firm in the afternoon as the bears' camp shrunk. Some dealers said the PPI had helped, but others were more doubtful. "The yield on the R150 finished at 15.01% from Wednesday's 14.85% close, after a dip in US long bond rates helped push the bears off the high ground."

Analysts said the market had locked on to the move to put a 17% tax on pension funds' interest and income. Dealers said the double blow of capital market unease and Stals' comments had left the rand at R3.9425 to the dollar by the finish from R3.9020.
Bread price unlikely to rise before year-end
Petrol up by 8c or 9c a litre tomorrow

PRETORIA – Motorists will have to brace themselves for a hefty increase in their fuel bills next week, when petrol increases by 8c or 9c a litre – adding up to R4.50 to the cost of a tankful.

The increase, announced by a Department of Mineral and Energy Affairs spokesman, will include the extra 3c in tax announced in last week’s Budget.

The increased price of petrol and diesel – which will go up by 6c or 7c a litre – will come into effect tomorrow.

A decision on whether the increases will be the higher or lower amounts will depend on whether the oil companies make a profit on fuel sales this month – if they do, petrol will rise by 8c and diesel by 6c.

Brand Pretorius, chairman and chief executive of McCarthy Motor Holdings, said the increase would drive up inflation. But neither he nor Motor Industries Federation senior vice-president Errol Richardson felt it would seriously affect the motor industry.
Farmers face rise in interest rates

Louise Cook

NEARLY 7 000 commercial farmers, in arrears with debt repayments, faced sharp interest hikes on their Agricultural Credit Board (ACB) loans, threatening many with bankruptcy, sources said yesterday.

The defaulting farmers were given until April to catch up the outstanding debt of R527m following an agriculture department policy change in December. Farmers in arrears were to be penalised with a 6% increase in the interest rate on arrears to 14%.

Rates went up on arrears in medium- and long-term loans as well as on all new short-term loans.

Sources said the 8% rate would still apply to new medium- and long-term loans, a move which was believed would benefit mainly black farmers, on condition they remained up to date with repayments.

Reacting to accusations in financial circles of the ACB's high default rate, the agriculture department said it had resulted from the "structures of the past that have failed to induce farmers an attitude to consider the loans seriously."

Agriculture department chief director Masaphu Miaungwa said banks had the clout to ensure repayments which the department lacked.

He said government tended to be more sympathetic to farmers' plights, but in future it planned to move away from giving direct credit to farmers. Current thinking was the use of state funds to support banks.

"We are moving towards guarantees to banks and getting away from crowding them out and competing with them," he said.

Sources who did not want to be named said that the ACB had loaned to 8% of farmers, with the balance coming from banks and co-operatives.

SA Agricultural Union chief economist Koos du Toit said the board's decision to put up rates would cause "hundreds" of bankruptcies over the next few months.

"We can only hope that the bulk of farmers would be able to manage this radical hike," he said.

Hike in diesel price to affect agriculture

Samantha Sharpe

CAPE TOWN — The latest 6c hike in the diesel price to 193c, which came into effect today, would cost the agricultural sector R60m a year — an expense farmers could ill afford, the SA Agricultural Union warned yesterday.

Higher oil prices, the weaker rand and increased European demand for diesel over the past winter have put pressure on the diesel price, with the hike bringing the price rise to 19% in the past year.

The union's chief economist Koos du Toit said the higher cost of diesel — the diesel price is currently more expensive than petrol — would harm the agricultural sector, already struggling to raise its international competitiveness.

For every 1c increase in the diesel price, the sector pays an annualised R10m, with the latest rise translating to a R60m surge in fuel costs over 12 months.

Econometrix economist Tony Twine said: "This is a crucial period of demand for the sector and, even without an exceptionally large harvest, it spells a substantial increase in costs for farmers compared with a year ago."

Du Toit said that while fuel was the agricultural sector's fuel bill rose only 4.4% last year to R1,72bn, a much higher rate of increase was expected for this year. Fuel costs currently make up about 15% of the sector's total intermediary goods and services bill.

But nothing could be done to change the current situation, with diesel prices now market-regulated and the agricultural sector a victim of fluctuations in the oil price, changes in demand and the strength or weakness of the rand, he said.

EXECUTIVE CONSUMER CONSULTANT

We require an Executive Consultant with a proven track record of more than five years in the commercial credit collection environment which would have included experience in writing of credit policies, handling receiverships, budgeting and training of staff.
Taxi fares hit by petrol hike

JOHANNESBURG: Today’s eight cents a litre increase in the petrol price would add to the suffering of taxi commuters who would have to pay higher fares, Lehlabile Taxi Organisation spokesman Mr Jacob Ledwaba said yesterday.

The R40-million financial assistance package promised to the taxi industry by Transport Minister Mac Maharaj from April 1 would cost the government nothing because of the petrol increases, he said.

“We have the government giving with one hand but taking everything they give with the other.” — Sapa

CT 3/4/96
8c petrol price hike due to weak rand and Budget

The price of petrol shot up by 8c/l from today, a heavy hike which has stirred the ire of taxi drivers and prompted many motorists to pull in at pumps before midnight last night.

The steep climb is partly due to the 3c/l increase in the fuel levy announced in last month’s Budget combined with international market forces which affect the fuel price each month.

This means for every litre of petrol, motorists will now be paying 65,9c towards Government coffers.

Inland pump prices are now R1,92/l for 93 octane and R1,88/l for unleaded petrol.

Motorists at the coast pay slightly less because there are no fuel transport costs.

Lehlalele Taxi Organisation spokesman Jacob Ledwaba said the hike would add to the suffering of taxi commuters, who would have to pay higher fares.

The R40-million financial assistance package promised to the taxi industry by Transport Minister Mac Maharaj which started on April 1 would cost the Government nothing because of petrol increases, he said.

Peter van Eekelen, a Melville service station manager, said people seemed to accept price increases more easily now than in the days of National Party rule.

Staff Reporter.
Producer price inflation falls

PRODUCER price inflation in February fell to its lowest level in nearly two years, the Central Statistical Service has reported. Figures released today show the producer price index (PPI) rose 6.3 percent over the year, compared with 7.2 percent in the year to January.

Consumer prices usually follow the same trend as producer prices, though with varying time lags. But further drops in inflation are likely to be tempered by the fall in the value of the rand, which makes imported goods more expensive.

Prices of goods produced in South Africa rose 8.7 percent over the year to February compared with 7.8 percent over the year to January.

"But the rate of increase of prices of imported goods rose from 43 percent a year to 5.7 percent a year - a trend which is likely to continue..."
Food prices combat producer inflation

Lukanyo Mnyanda

A DROP in food prices pushed producer inflation below market expectations to 6,3% in February — its lowest figure since April 1994 — compared to 7,2% in January, figures from the Central Statistical Service showed yesterday.

Economists welcomed the figure which they attributed mostly to a post-Christmas easing off in food prices. They said a drop in interest rates might be on the cards, provided that currency markets stabilised.

The figures had been compiled before the start of the rand's downward spiral in mid-February and the currency's stability until then had contributed to lower producer inflation figures.

Some believed that the currency collapse would start showing up in the March figure which they expected to be about 7%. Also adding to upward pressure in future would be recent petrol price hikes.

According to the February statistics, the imported component of the producer price index (PPI) increased 0,4% to reach a yearly rate of 5,2% compared to 4,7% in the previous month.

The local component of the PPI also rose 0,4% to bring the annual rate of change to 6,7%.

The agricultural food component of the producer price index (PPI) fell 2%.

Continued on Page 2

Food

Continued from Page 1

following a 3,5% drop in January. Mathison & Hollidge economist Liz Farquharson said good rains between December and January might have contributed to the lower food prices. She was also encouraged by the small increase (0,9% month on month) in manufactured food prices.

Farquharson said she expected the currency fall to start showing a major effect only in April's figures, depending on how long it continued to weaken.

The depreciation could lead to an increase in car and oil prices. Nedcor chief economist Dennis Dykes said the rand's collapse would come into the equation during the next few months, but its effects would be offset by the phasing out of tariff reform.
SECOND PETROL PRICE SHOCK

With oil prices spiking at a five-year high and the battered rand bumping along at record lows, motorists can expect to be hit by at least a 12c/l petrol price increase on May 1. The increase follows the 8c/l rise on April 3, making an 11c/l price increase or 20c/l within a month.

The sharp petrol price rise results from the dual blows of the rand plummeting to R4.24/dollar on Tuesday, while sweet North Sea Brent crude oil prices simultaneously surged to over US$222/barrel.

The inflationary aftershocks of the increases are expected to percolate the economy for months to come, as the transport and energy sectors push the escalating costs on to customers.

While the petrol price hike is expected to push the PPI rate 1% higher over the next six months, the CPI rate should follow closely with a 0.9% increase.

Huysamen Stals chief economist Johan Rossouw says with petroleum prices making up about 6% of the PPI basket (4% in the case of CPI), a sustained 10% petroleum price increase will have a 0.5% direct impact on the inflation rate (0.4% in the case of CPI), while the longer term, "indirect" impact will add another 0.5% to both the PPI and CPI rates.

Optimists say the rand should recover some of its lustre soon. But, though other analysts say the end is not yet in sight, crude oil prices, at least, are showing some signs of bottoming out.

The tight global market conditions should return to normality over the next two to three months, with the northern hemisphere's petroleum inventories being topped up as refineries step up production.

Northern refineries were caught short due to a combination of two other circumstances. With Iraq oil expected to start flowing "soon" — subject to a special oil-for-food deal being finalised with the UN — and the end of winter in sight, refineries kept stocks low. But the continuing delay with the Iraq deal, coupled with the longest and harshest winter in decades, caught everyone short, leading to the oil price hitting five-year highs.

Crude oil futures trends signify that prices should return to more "normal" levels within the next two months. Brent spot prices started coming off their highs on Monday.

Meanwhile, SA's regulated liquid fuels pricing structure is adding to motorists' woes. SA Petroleum Industry Association spokesman Colin McClelland says SA's petrol prices are linked to international refined petrol prices, which are now rising as more motorists take to the roads in the post-winter thaws.

"In the northern winter, paraffin, diesel and heating oil prices are high, while the converse applies to petrol prices. SA's domestic liquid fuels prices reflect these northern trends."

Highveld motorists using 93 octane leaded petrol now selling at 192c/l will have to fork out at least R2.04/l from May 1. Unleaded petrol will still be available at a 4c/l discount.

Transnet economist Mike Schussler says even if oil prices recover, the low rand will keep petrol prices higher than before the latest hikes. And the inflationary impact of the increases will be felt up to July.

Fortunately, the week rand also has some benefits — mainly that of depress-
Petrol price rise raises doubt over new system

ANDREA BOTHA
Staff Reporter

The soaring petrol price has led to criticism of the new price system, which was introduced in October last year. But experts believe monthly fixing of the petrol price, which is the best way to stabilise the price, has led to higher prices since the new system was introduced.

According to the spokesman for the Department of Minerals and Energy, although the government has tried to stabilise the price, the public's perception of the petrol price has been damaged. The new system has led to a monthly rise in the petrol price, which has caused some concern among the public.

Following the rand's plunge, which makes imported oil more expensive, a relatively stable firm of petrol prices is still the best option for the government. This would mean huge financial losses for the government, which would have to make up for the losses through taxes.

In February, the petrol price fell to a multi-month low, following a rise to an all-time high in December. This was even more significant for those who didn't use petrol.
Petrol to go up another 13c a litre

THE petrol price is to shoot up by 13c a litre next Wednesday, sending the price soaring to R2.13 a litre for 97 octane, a move which has shocked motorists already reeling from a 14c a litre rise at the beginning of this month.

This brings the total increase for the year to 35c from the R1.781 it was in January Unleaded fuel will rise to R2.09 a litre.

The Central Energy Fund announced the increase this morning, listing the under-recovery of each litre of petrol sold between April 26 and May 25, the drop of the rand against foreign currencies and the rise in international oil prices as the reasons.

The price of diesel will rise by 5c a litre and the price of illuminating paraffin by 4c a litre.

Sarel Cilliers of the Central Energy Fund said the international price of petrol had increased substantially on average during the past few months. "On average, the international price of diesel has increased marginally while the average price of illuminating paraffin has decreased. "The sharp deterioration of the average rand/US dollar exchange rate has contributed to the under-recoveries for the period under review."

"The quality of life in South Africa was steadily being eroded by regular fuel price increases, and economists and consumer spokesmen were today's announcement passed the increase on to the consumer. He said it appeared the formula used to calculate the change in the petrol price did not take the full effect of the fall in the rand combined with the rise in the oil price into account when the cost of petrol was last raised.

Mr Jammie said it was likely this would be the last big fuel price rise for the moment, but the immediate effect was that consumers would have to spend less on other commodities if they had to pay more for petrol.

The taxi associations which are embroiled in a fight with government for subsidies will be forced to consider whether consumers should bear the brunt of the rise and increases may be in the pipeline for millions of commuters countrywide.

Housewive's League president Pauline Keet said "Nobody believes the producer or supplier absorbs the increases. It all comes down to the consumer, and it is the poorest people who are being hardest hit as they have no resources to fall back on."

Sapa reports the Consumer Council said the price hike would have a devastating effect on consumer spending patterns.

Consumer Council director Ina Wilken said it would create a ripple effect on all commodity prices. She condemned the latest increase and said it would undoubtedly have a negative effect on the consumer price index and an increase in the inflation rate was inevitable.

Econometrix chief Azar Jammie said the latest increase would take the average price hard on the heels of last month's 14c a litre rise, would push the inflation rate up from April's 24-year low of five-and-a-half, by a further one percent.

There would be a knock-on effect of another point two percent as business

Faek Arefifien, secretary of the Western Cape Taxi Task Team, said while the industry had not yet had time to discuss the latest increase, the news would seriously affect the industry. "It is unfortunate that the slumping rand has not recovered sufficient so as to avoid yet another increase. The price hike will be hard on us, but in the longer term it will affect the commuters more as our only recourse to absorb the increase is to pass it on to the taxi-users."

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New blow as petrol rises to R2,19 a litre

Increase since January has been 35c: inflation will rise 1% immediately with knock-on effects to follow, say economists

BY Shirel Woodgate and Nikki Whitfield

The price of petrol will rise by 13c/l next Wednesday to a new high of R2.19/l, just one month after motorists and transport managers were shocked by a previous hike of 14c/l that led to loud protests.

The total increase for the year so far amounts to 35c, up from a price of R1.84/l in January.

The Central Energy Fund announced the increase this morning, listing the under-recovery of each litre of petrol sold between April 26 and May 25, the determination of the rand against foreign currencies and the rise in international oil prices as the reasons for the “unavoidable” move.

The price of diesel will rise by 5c/l to R2.02/l and the price of illuminating paraffin by 4c/l to R1.25/43/l.

The quality of life in South Africa was steadily being eroded by regular fuel price increases, said economists and consumer spokesmen after today’s announcement.

Economist Xhoba Azar Jammie said the latest increase was hard on the heels of last month’s 14c/l hike, would quickly push the inflation rate up from April’s 24-year low of 5.5% — probably by one percentage point.

There would be a knock-on effect as business-passed the increase on to the consumer.

He said it appeared the formula used to calculate the change in the petrol price did not take the full effect of the fall in the rand, combined with the rise in the oil price, into account when the cost of petrol was last raised.

Jammie said it was likely this would be the last big fuel price rise for the moment, but the immediate effect was that consumers would have to spend less on other commodities if they had to pay more for petrol.

The fuel associations — which are embroiled in a fight with Government for subsidies — will be forced to consider whether consumers will have to bear the brunt of the hike, and increases may be in the pipeline for millions of commuters nationwide.

Housewives’ League president Pauline Kellett said: “Nobody benefits the producer or supplier who absorbs the increases. It all comes down to the consumer, and it is the poorest people who are being hardest hit as they have no resources to fall back on.”

She said it was irresponsible that the issue of in-house credit cards backed by banks was being encouraged at this stage.

The move could only increase the debt load of people who were already in debt, and to their ultimate cost, encouraged to obtain easy credit through plastic money.

The more you owe, the less cash you have. Therefore you speed up the spiral of debt as you are forced to pay more at the store where you have your credit card,” she warned.

Increasing cost of living spelled the end of brand loyalty for the richer customers, which posed a new set of problems for the stores.

Kellett said the only way to beat the higher cost of living was to spend more time learning to budget properly.

It could also be argued that the last increase was not as great as it should have been.
Petrol to go up another 13c a litre

THE petrol price is to shoot up by 13c a litre next Wednesday, sending the price soaring to R2.13 a litre for 97 octane, a move which has shocked motorists already reeling from a 10c a litre rise at the beginning of this month.

This brings the total increase for the year to 53c from the R1.70/l it was in January.

Unleaded fuel will rise to R2.29 a litre.

The Central Energy Fund announced the increase this morning, listing the under-recovery of each litre of petrol sold between April 28 and May 25, the drop of the rand against foreign currencies and the rise in international oil prices as the reasons.

The price of diesel will rise by 5c a litre and the price of illuminating paraffin by 4c a litre.

Sarel Cilliers of the Central Energy Fund said the international price of petrol had increased substantially on average during the past few months. "On average, the international price of diesel has increased marginally while the average price of illuminating paraffin has decreased."

"The sharp deterioration of the average rand/US dollar exchange rate has contributed to the under-recoveries for the period under review."

The quality of life in South Africa was steadily being eroded by regular fuel price increases, said economists and consumer spokesmen after today's announcement.

"It is unfortunate that the slumping rand has not recovered sufficient so as to avoid yet another increase. The price hike will be hard on us, but in the longer term it will affect the commuters more as our only recourse to absorb the increase is to pass it on to the taxi-users."

Economist Azar Jammie, secretary of the Western Cape Taxi Task Team, said while the industry had not yet had time to discuss the latest increase, the news would seriously affect the industry.

"Econometraxx chief Azar Jammie said the latest increase had come at a time when the inflation rate was 6.1% in May. The inflation rate for April was 5.5%. The latest increase would bring the inflation rate to 6.6%."

There would be a knock-on effect of another point two percent as business passed the increase on to the consumer.

He said it appeared the formula used to calculate the change in the petrol price did not take the full effect of the fall in the rand combined with the rise in the oil price into account when the cost of petrol was last raised.

Mr Jammie said it was likely this would be the last big fuel price rise for the moment, but the immediate effect was that consumers would have to spend less on other commodities if they had to pay more for petrol.

The taxi associations - which are embroiled in a fight with government for subsidies - will be forced to consider whether consumers should bear the brunt of the rise and increases may be in the pipeline for millions of commuters countrywide.

Housewives League president Pauline Kellett said: "Nobody believes the producer or supplier absorbs the increase it all comes down to the consumer, and it is the poorest people who are being hardest hit as they have no resources to fall back on."

SAPA reports the Consumer Council said the price hike would have a devastating effect on consumer spending patterns.

Consumer Council director Innis Wilken said it would create a ripple effect on all commodity prices. She condemned the latest increase and said it would undoubtedly have a negative effect on the consumer price index and an increase in the inflation rate was inevitable.
Petrol bomb

By WILLIAM-MERVYN GUMADE

The 13c-a-litre petrol price increase on Wednesday — following close on a 14c-a-litre hike in April — has drawn outrage from consumer bodies and the public.

Analysts predict that, as a result of the petrol increase and the hike in banks' interest rates, inflation will soar.

The inflation rate, down to a 24-year low of 5.5% after peaking at 11% in April last year, is expected to swing back to 10% by the year's end.

And it has been predicted the petrol price could remain above R2 a litre for all time.

The new cost of petrol will be R2.10 a litre — an increase of 35c this year. Diesel will be up by 5c a litre to R2.02 and illuminating paraffin by 4c a litre to R1.25 a litre.

Petrol price

The increase comes as consumers are still trying to recover from the recent devaluation of the rand and last month's interest rate rise.

On Thursday the Competition Board cleared the banks of collusion. But chairman Pierre Brooks said a bank rate increase was a sensitive matter which affected most citizens.

"In the circumstances one could have expected the banks to have advised and informed consumers of their actions in a more comprehensive way."

Dennis Dykes, senior economist at Nedcor, said the petrol price increase would push the inflation rate up.

The hike would have a ripple effect on the economy.

"Inflation is likely to up by a further 1%, and another 1% or 2% as business passes the increase to consumers."

Dykes said that, taking the petrol increase into consideration, inflation at the year-end should be around 10%. Inflation peaked at 11% in April last year and has been on a declining trend since.

Zainul Moola, senior economist at the National Institute for Economic Policy, said the current low inflation figure was meaningless. "It means nothing if there is no creation of jobs, the value of the rand has declined and we have dismal economic growth."

Moola said the petrol hike would filter through to the economy in the long term. "The petrol increase will appreciably increase the inflation rate."

Mike Schussler, a petrol expert from Transnet, said the petrol price would "most probably never again be below the R2 mark."

'Insensitive to the poor'

He said a decrease in the petrol price was possible in the future if the rand stabilised and international oil prices fell.

The Consumer Council condemned the petrol price hike. Council director Ina Wilken said: "It seems as if both business and Government are insensitive to the plight of consumers and one wonders whether the professed empowerment of the poorest of the poor means anything at all."

She complained that the latest price increase would have a ripple effect on the prices of all consumer goods.

The taxi industry also lashed out at the increase, calling it "insensitive and ruthless."

Wesley Mpawu, spokesman for the South African Long Distance Taxi Association, said: "This unilateral decision to raise the petrol price will destroy the taxi industry, which is already crippled after April's increase."

"We are going to send a strongly worded memorandum to the Government next week expressing our disgust with the increase," he said. "This petrol hike forces us to consider raising taxi fares."

David Sekgobela of the SA Commuters' Organisation said commuters would now have to bear the brunt of the hike as they would inevitably have to fork out more. He said the standard of living of the poor would be brought down further.

The Automobile Association said the hike should be seen as an opportunity to urgently examine the deregulation of the oil industry.

Pump prices for petrol in Gauteng from Wednesday will be R2.15 for 91-octane unleaded petrol, R2.19 for 93-octane leaded petrol and R2.02 for diesel.

At the coast, 93-octane petrol will cost R2.09 and diesel R1.92.
Unions threaten mass action

MASS action against the current cost of petrol would hit the country later this month if the price was not reduced to R1.50 a litre, the SA Independent Trade Union Confederation said yesterday.

Stayaways likely

Spokesman Success Matatsane told reporters in Pretoria such demonstrations would be violent and might involve stayaways and violence.

Confident

Matatsane said outgoing Energy Trade, Unions would back the action, and thatCosatu members would join in the protest, said he was confident the unions would join in the protest. Botha had agreed to meet SAITUCO andCosatu members would join in the protest.

On the matter.

Matatsane said the recent price hike of 14 cents a litre was unjustified and had caused further hardship to workers.

"Our own analysis of the Central Energy Fund's calculation of the petrol price has shown that about 40% of the amount paid by filling stations motorists was for unknown purposes," he said.

"A hike of petrol should cost no more than R1.50."

"We have asked for a meeting around June 18," he said. "Should we not get a positive response in this discussion, our protest will go ahead."

SAITUCO hoped to get the support of other interested parties such as taxi associations and the owners of percent of the amount paid by filling stations.

Matatsane doubted whether the leadership of the Congress of SA and Mineral Affairs Minister Pik Botha had agreed to meet SAITUCO on the matter.
Unions, taxi bodies to protest at fuel price hike

BY MANDLA MTHUNGE

Many commuters could be stranded next week when transport organisations embark on a national protest action against the fuel price.

The protest action, called by the SA Independent Trade Union Confederation and the Transitional United SA Taxi Council (Tusato), will be held at the offices of the Department of Mineral and Energy Affairs, Transport and Finance countrywide.

The organisations have also called on all motorists to stop for 15 minutes, regardless of where they may be, to protest against the increases.

The action follows this week's meeting between the organisations and the Government at which Tusato demanded that taxis be exempted from petrol price increases.

The increase in the price of petrol so far this year amounts to 35c/litre, from a price of R1,84/litre in January.

Although the Government has made it clear that economic constraints made it difficult for taxis to be exempted, Tusato spokesman Jacob Ledwaba said the body was opposed to "all unilateral petrol price hikes".

Ledwaba claimed the "pump price fixing and generous, guaranteed profits" for oil companies had been designed to reward them for defying international oil sanctions.
Snarl-up likely over protest

OWN CORRESPONDENT

THOUSANDS of commuters and motorists could be stranded on Thursday when transport organisations embark on a national protest action against the fuel price rise.

Next week's protest action, called by the South African Independent Trade Union Confederation (Sactuco) and the Transitional United South African Taxi Alliance (Tusato), would be held countrywide outside the offices of the departments of Mineral and Energy Affairs, Transport and Finance.

The organisations have also called on all motorists to stop for 15 minutes, regardless of where they may be, to protest against the increases. The action follows this week's meeting between the organisations and the government in which Tusato demanded that taxis be exempted from petrol price increases. The initial increase for the year was to amount to 35c up from a price of R1.84/litre in January.

Warning that the increases are going to provoke "a series of protests", Tusato spokesman Mr Jacob Ledwaba criticised the government for continuing to increase petrol prices as "SADC is still hit by sanctions".

However, Mineral and Energy Affairs Ministry spokesman Mr Ronald Darroll challenged the organisations to come up with a plan to help the government to address the situation.
Petrol price should be put up to keep diesel and paraffin cheaper – Maharaj

Newcastle – Petrol should be made more expensive and the revenue used to subsidise diesel and paraffin, Transport Minister Mac Maharaj said last night.

"If you look at our key productive activities, public transport and farming, they all use diesel," he told an ANC local government election campaign meeting in Newcastle.

His remarks are likely to increase the controversy over the recent increases in the price of petrol which have led taxi associations to threaten national road blockades this week.

Maharaj said he believed so-called luxury fuels such as petrol should be made more expensive to subsidise the more economic fuels like diesel and paraffin, which are used by disadvantaged communities and key productive sectors.

The Government would also encourage taxes to switch to diesel, as this would be cheaper in the long-run.

Using the United Kingdom as an example, he said all taxis in London used diesel.

Maharaj said taxi owners would probably complain about the costs involved in converting their vehicles to run on diesel, but he had commissioned a study on its practicability.

SAPA
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Transport bodies slam fuel hike plan

By Mandla Mthembu

Transport organisations which plan to embark on nationwide protest action on Thursday against increases in the fuel price have reacted angrily to another price rise proposal by Transport Minister Mac Maharaj.

The SA Independent Trade Union Confederation (Saituco) and the Transnational United SA Tax Council have warned that Maharaj's remarks will have the effect of intensifying their protest action.

Both bodies said the proposal to raise the petrol price to subsidise diesel and paraffin, which comes only a few weeks after the Government had recommended an increase in fuel levies for a dedicated road fund, indicated that the Government was dealing with the petrol and subsidy issues as if public transport was in good order.

Maharaj, who had commissioned a study on the practicality of taxis to convert to diesel, yesterday proposed that the country should consider a price differential of about 40% between diesel and petrol.

He said diesel was considered to be an economic fuel because it was used by vehicles conducting public and goods freight transport, while petrol was considered a luxury fuel because it was used mainly for private transport.

Saituco spokesman Success Mafatsane called on all motorists to stop for 15 minutes at 1pm on Thursday, regardless of where they might be, to protest against the petrol price increase.
Food price fall limits inflation rate increase

Aude Dasnois, Business Editor (244)

Food prices fell in May, limiting the inflation rate increase, which was boosted by higher housing and transport prices.

Central Statistical Service (CSS) figures show inflation for the year to May at 5.9 percent, compared with 5.5 percent for the year to April – an increase that was lower than expected.

Higher house prices, as the result of the one percent rise in mortgage bond rates at the beginning of May, and higher transport costs, after a petrol price increase of 14c, were offset by a fall in food prices.

Food prices dropped 0.6 percent in May, with vegetables down 5 percent.

Some food prices rose. Fish, grain products, milk, cheese, eggs, sugar and oil were all more expensive. Prices in supermarkets fell faster than in smaller outlets.

But for the year as a whole, the CSS figures showed food prices in big stores rose more than in small shops. Chain stores up 2.1 percent over the year and at other retailers by only 1.2 percent.

Food prices in the Cape Peninsula fell 0.3 percent in May.
Petrol price cut a mere drop in the ocean

BY NIKKI WHITFIELD

The price of high octane petrol is to drop by 1c a litre on Wednesday, from R2.19 to R2.18 the Central Energy Fund (CEF) has announced.

The drop could have been 2c a litre, but there has been a 1c/l increase in the fuel tax. The pump prices of 87 octane and unleaded fuel will drop by 3c/l, from R2.15 to R2.12.

Diesel prices will drop by 2c/l, to R2.00 while illuminating paraffin will come down by 6c/l.

The CEF said, international fuel prices had decreased on average during the period in review - May 26 to June 25 - while the rand/dollar exchange rate had improved slightly.

This is the first time this year the price has moved downwards, after rocketing alarmingly since March.

But it is unlikely to put smiles on the faces of many motorists or trade unions.

A 1c drop is far from the R1.30/l price demanded by members of the SA Independent Trade Unions Confederation (Saituco) when they marched on the Pretoria offices of the Ministry of Mineral and Energy Affairs yesterday.

"The present pricing structure is unacceptable and tends to be inflationary as the actual cost is not considered," said Saituco, which claims a membership of 200 000 members.
Weak-kneed rand raises liquor prices

CHRIS BATEMAN

PUNCH drunk consumers, having suffered several body blows, will stagger further when the price of imported liquor — mainly whisky — increases by about R4 a bottle later this month.

Two of the country's major liquor distributors, Stellenbosch Farmer's Winery (SFV) and Gilbey's, yesterday confirmed they would increase the price of all their imported products by between five and six percent on July 22 and August 1 respectively.

This is a direct result of the weak rand.

Mr Bob Turnbull, chief executive officer of Gilbey's, said yesterday his company, which exports mainly Scotch whisky, cognacs and champagnes, had been "fighting against this (the weak rand) for too long".

Mr Andre Steyn, SFV's director of corporate and industrial affairs, said that considering the costs to his company, an eight percent hike would have been justified.

SFV would increase the price of all their products imported from the United Kingdom. It had been "a matter of not wanting to pass it on for as long as possible in the hope that the rand would appreciate", Steyn said.

He cautioned local traders and said: "We're in an environment when we must think very carefully before passing anything on."

Referring to a Cape Times investigation which showed that millions of rands in excise duties were being lost due to export fraud and Steyn warned that the hike would spur illegal exporters of spirits to new heights of fraudulence.

"It's certainly hurting us — when you look at white spirits, there's no way on earth they could be sold without some sort of excise duty evasion," it's a destabilising factor," he added.

Mr Butch Wykard, chairman of the Western Province branch of the South African Liquor Stores Association, said the increase had been expected — with only the March budget increase affecting liquor since January.
Bread prices have gone up, up, up since de-regulation

By Melanie-Ann Ferss

When the bread price was de-regulated on March 1 1991, competing companies predicted that the price of bread would drop drastically. They were wrong.

Statistics released by the Wheat Board have indicated that - with the 10% increase in bread prices announced last week - the price of bread has increased by 162% since 1989.

The general manager of the Wheat Board, Koot Louw, said that before March 1 1991, the price of bread had been controlled and bread prices subsidised by the government.

"Today, however, the price of bread is determined by the individual baking group and the retailer. Through this system there is no control over just how high the bread price can go," he said.

With the new bread prices announced last week, a loaf of white bread will cost 22c more and a loaf of brown bread 24c more.

Statistics reveal that, just two months after the bread price was deregulated, the first of three price increases for 1991 was announced, bringing the price of a loaf of white bread up to R1,59 by November that year.

At the end of 1995 the price of a loaf of white bread had increased to R2,27 and a loaf of brown had risen to R1,98.

On January 1 this year consumers were paying just under R2,50 for a loaf of white bread, and brown bread cost R2,08.

By May this year the retail price of white bread had dropped to R2,40 while that of brown bread had dropped to R2,07.
Bread price rises outstrip cigarettes over last six years

Indictment of Government's fiscal policies, says anti-smoking chief

BY JANINE SIMON
Medical Correspondent

Bread price rises have outstripped those of cigarettes by 18% over the past six years, yet the Government refuses to raise excise taxes on cigarettes, says Dr Yusuf Saloojee, executive director of the National Council Against Smoking.

Bread shot up 145% from 90 cents a loaf in 1990 to R2.25 now. Cigarettes rose 127% from R1.64 in 1990 to R3.74 now.

"It's an indictment of Government fiscal policy. The price of staple food has been allowed to increase faster than that of a harmful addictive drug like tobacco," Saloojee said.

Despite recent increases, South Africa's taxes on cigarettes are among the lowest in the world, comprising only 42% of the retail price of a packet of 20, compared to 85% in Denmark, 76% in the UK and 73% in Germany.

In 1960, excise taxes comprised 60% of the local retail price. Taking inflation into account, taxes comprised only 20% of retail price in 1990, Saloojee said.

Cigarette prices were directly related to consumption, he added.

In real terms the price dropped 37% between 1970 and 1989, while tobacco consumption rose more than 105% in the same period.

The Government could raise R10-million for every one cent increase in excise tax, Saloojee said.

A 15 cent increase could set up a R150-million health promotion fund like that used in countries like Peru and Australia, and, for example, could easily take over the estimated R8-million tobacco companies currently spend on sports sponsorship.

The World Health Organisation estimates that by 2025, one in seven deaths will be caused by smoking-related illnesses. Seven million people will die in developing countries.
Consumer price index reaches 7.1% in July

Food pushes inflation to year’s high

By Christo Volschenk

Cape Town—Inflation hit 7.1 percent last month from 6.9 percent in June. Its highest level of inflation in a year, largely because of a bigger-than-expected jump in food prices, the Central Statistical Service (CSS) said yesterday.

The jump in food prices more than offset the downward pressure on the consumer price index by the 1 percentage point drop in mortgage bond rates early last month.

Standard Bank’s economist said yesterday that the biggest food price increases came from fruit and vegetables, with meat and egg prices contributing to the pressure.

After the food price index dropped in June, the steep rise last month surprised economists who expected a smaller increase.

Standard Bank said: the main impetus for the inflation jump came from food prices and a number of price surveys, which were done quarterly and annually by the CSS. These included a biannual survey on gas and electricity prices, a quarterly survey on domestic workers’ wages and other household expenses, and a survey on property rates and taxes.

Economists said the weaker rand had a remarkably small effect on prices last month.

The jump in inflation to 7.1 percent and the most recent drop in the value of the rand have not convinced economists of the necessity to revise their forecast for the average yearly inflation rate.

Standard Bank said yesterday its average for the year remained at a little above 7 percent. Johan Rossouw, Huysamer Stals’s chief economist, said his average remained 7.4 percent.

Average inflation would be well below last year’s average of 8.7 percent at those levels. Economists described that as remarkable, given the sharp weakening of the rand since the beginning of the year.

Standard Bank measured core inflation, which excludes food and housing, at 6.7 percent, unchanged from June. “We expect inflation to continue upwards for the remainder of the year to about 8.5 percent,” Standard Bank said.

Rossouw expected inflation to peak at the year end at 8.3 percent.

Trevor Manuel, the finance minister, said in parliament yesterday that he expected average inflation to remain below 8 percent this year.

Closing a three-day debate on the 1996-97 Appropriation Bill, Manuel reiterated his assurance on Tuesday that the economy was on track to achieve the target of a 5.1 percent deficit in fiscal 1996-97. He said the economy was on course to grow more than 3 percent this year and average inflation would be contained below 8 percent, despite the depreciation of the currency.
Petrol to fall 8c

Mungo Soggot

The petrol price is expected to drop 8c/litre from Wednesday in the wake of a stable rand for most of last month and a softening in international fuel prices.

Motorists would have enjoyed a 9.5c a litre decrease, but it is understood Transport Minister Mac Maharaj has taken advantage of the favourable rand and secured a 1.5c/l increase in the levy on the fuel price which feeds the state accident insurance fund, the Multilateral Motor Vehicle Finance Fund (MMF).

South Africa's regulated fuel price includes various fuel levies, fixed margins for retailers and wholesalers — the rest of it is based on movements in international fuel prices and the fate of the rand.

The MMF levy on the diesel price is expected to go up 1c/l, while the diesel price itself will drop 4c/l in line with currency and price movements.

The Transport Department could not be reached for comment, but it is understood the decision took place after consultation with the Minerals and Energy Affairs and Finance ministries.

The department has complained that the MMF is heavily in need of cash to meet outstanding claims. Maharaj is planning a controversial revamp to the way the state accident insurance scheme works. He is proposing a "no-fault" scheme, which the MMF will administer as there will no longer be a need to prove negligence. For actuarial reasons, the scheme is expected to cost much more, and will require several increases in the levy. In the draft White Paper, Maharaj works on the assumption the levy will stand at 12c/l from May. The latest increase has brought the levy to 10.5c/l.

It is understood the fuel companies were hoping the government would take advantage of the drop to increase their wholesale margin, which has remained static for 18 months.

Transnet economist Mike Schlesler said the collapse of the rand should rule out a decrease next month.
New price hikes in sight for motorists

Edward West

SA MOTORISTS must brace themselves for rising transport costs — in spite of this week's cut in petrol prices — as vehicle insurance and spare parts prices are likely to rise in coming months because of the rand's recent declines, industry sources said.

Spokesmen from short-term insurance companies said on Friday there was a real possibility that insurance premiums would have to increase later this year due to the effect of the rand's depreciation — 20% against the dollar this year — on the price of spares.

The relative stability in premiums over the past 18 months was likely to come to an end, they said.

Santam said it had prevented a general premium increase on its personal insurance business for the past 20 months — mainly through stepped up security measures such as requiring the installation of anti-theft devices in vehicles, but selective premium increases existed in areas where branches became unprofitable.

Mutual and Federal said it had not increased rates over the past 18 months on some insurance portfolios, though there were instances where some portfolio rates were increased. The level of crime was still high, though the level of escalation had stabilised.

Two thirds of all vehicle claims related to accidents, for which spare parts were bought.

Rolf Gudegast, director of leading automotive and accessories retailer Midas, said only a substantial improvement in the rand's value over the next month could prevent the prices of imported vehicle parts from rising sharply.

Federal Magal finance director Mark Levy said the only reason spare parts prices had not yet increased substantially was because most companies had excess stock at the beginning of the year and had been feeding it to the consumer at lower prices.

A number of crucial vehicle parts are imported from the Far East and Europe. These include many engine parts, water and fuel pumps, CV joints and various valves, while many of the locally manufactured parts contain imported components.

Reinie Booyzen reports that petrol prices will fall by 6c/l on Wednesday, while diesel will be 4c/l cheaper.

The falls would have been even greater if government had not decided to increase tax on petrol by 1,5c/l, and the Multilateral Motor Vehicle Fund (MMP) levy by 1,5c/l on petrol and 1c/l on diesel. The hikes left total tax on 91 octane unleaded petrol to 68,4c/l, on 93 octane leaded to 71,8c. The MMP levy now totals 10,6c for petrol and 6,6c for diesel.
Airlines to resist 'high' fuel prices

Reinie Booyzen

AIRLINES operating in and out of SA are to present Mineral and Energy Affairs Minister Pemuel Maduna with evidence that they pay about 30% more for fuel in SA than at typical airports abroad — boosting oil company profits at the passenger’s expense.

A meeting with previous minister, Pek Boora, produced a commitment to take action against the oil companies, provided at least a 30% substantiation of their case. Botha resigned in June, and the airlines have had to start afresh.

The airlines, represented by the Airline Association of SA — which will also represent the International Air Transport Association — will argue that the higher ticket prices are inhibiting tourism, undermining its ability to generate foreign exchange for SA.

Fuel prices represent about a third of most airlines' operating expenses.

Airline officials said at the weekend the root cause of the high price structure at Johannesburg International Airport was Sasol's tight grip on that market. In terms of the secret supply agreement between Sasol and the rest of the oil industry, at least 50% of the 10.5 billion litres of fuel supplied at the airport has to be bought from the Natref refinery, in which Sasol has a 64% and Total a 36% interest, unless Natref cannot supply the full 50%.

In practice, because of the phenomenal growth in demand in recent years, Natref is now able to supply only about 60% of the airport's needs. The rest is sourced from refineries in Durban by other oil companies.

Sasol sets the price for its fuel at an in-bond landed cost (IBLC), based on the assumption that finished jet fuel is imported from Singapore and the Middle East. However, oil companies rarely import fuel from Singapore, the world's most expensive market.

After averaging a mix of posted and spot prices from three Singapore refineries and the Bahram-Caltex refinery, the global cost of moving the material to Durban are added, including shipping, insurance, wharfage and other fees. This produces the IBLC, to which Sasol adds an 11.6% of pipeline charge to pump the fuel from Durban to Johannesburg. In truth, no jet fuel passes through state pipeline operators' terminals from the coast.

The toll on fuel prices is heavy, say experts.

Continued on Page 2

Fuel prices

Continued from Page 1

A Sasol spokesman said Durban prices were "very much in line with international prices, confirming that the import parity pricing system gives fair wholesale market prices." Johannesburg International prices were higher than the international average for two reasons: Firstly, its location 600km from the coast necessitates, in the case of Natref, the cost of crude transportation from Durban and the further cost of transporting products from Natref to the airport. The pipeline charge is in fact a very real charge.

Johannesburg International did not enjoy the economies of scale Heathrow did. High quality requirements for jet fuel demanded dedicated and expensive logistical infrastructure. In addition, Sasol's "commercial, not secret, agreement with the other oil companies does not specify the prices they should charge the airlines."
Food price jump bumps inflation

ALI DE DASNOIS
BUSINESS EDITOR

A sharp rise in food prices last month sent food price inflation spiralling from 4.8 percent a year in July to nearly 8 percent a year in August.

Figures released today by the Central Statistical Service (CSS) show food prices jumped 7.9 percent between August 1995 and August 1996.

This had dragged the annual rate of consumer price inflation up to 7.5 percent.

Consumers in Cape Town had a hard time, with food prices in the city rising faster than the national average – at a rate of 8.8 percent during the year.

Food prices for the country as a whole jumped 1.7 percent last month, while the price of all other goods monitored by the CSS rose only 0.2 percent.

Main culprits were vegetables, up 6.4 percent in August; milk, cheese and eggs, up 1.7 percent during the month, and meat, up 1.5 percent.

Prices of fish and other seafood dropped in August, the CSS said.
Pretoria group trying to protect consumers against rip-off artists

AN ENERGETIC group of workers is trying hard to improve the lot of consumers – especially in the Pretoria area.

Consumer Excellence, staffed and led by people who used to work for the Consumer Union, is based in Pretoria and handles complaints ranging from problems with construction companies to those with credit agreements.

They also handle issues dealing with mail orders and lay-bys.

One of the most important functions they perform is to look at contracts before consumers sign, to see if there are any pitfalls.

They advise people whether it is wise or not to sign and therefore to commit themselves.

Trevor Malela, one of CE’s directors, says they have plans to expand to other parts of the country as there is a strong demand for their services.

“We are thinking of opening an office in Durban, possibly later this month.”

This service comes at a fee, however. If you want to be a member of the organisation, you have to pay subscriptions of R25 a month and R50 for registration.

That means whatever your problem, they will try and deal with it. If you do not want permanent membership and just need help in one specific area, you will have to pay R100 for administration purposes.

For credit problems, you would have to pay R200.

When their client decides to take a particular company to court, CE helps with expert evidence as well.

If you want to know more about the company, you can call them at (012) 322-8370/1.

"If you are an OK Card holder, it would be advisable to be careful because a number of people have been victims of fraud – their cards were used without their knowledge.

This was confirmed by Cardholder Services, who say they are aware of a number of customers who were defrauded when their cards were used without their knowledge.

The inquiry to the OK was spurred by one of our readers who has a problem with a card.

After he applied for a card for himself and his wife, his duly arrived, but his wife’s didn’t. He made purchases to the value of R700 out of his R1 400 credit.

His wife still didn’t get her card. He phoned to check on the card and was told it had been posted but had been returned to the sender.

That was curious. I have a private post box which I check at least weekly. So how could the OK Card have returned to the sender without my having noticed it?" he asked.

At the beginning of the year, he went shopping – only to discover that he did not have credit anymore. It had all been used up.

When he phoned OK, he was told his wife used it twice on December 24, both times in Hammanskraal.

When he went to the store to make inquires, he was shown vouchers. The signature on them was forged, it was not his wife’s signature and, anyway, she did not have a card.

"This could mean that, as Cardholder Services claim, the card was sent - but was in the wrong hands. However, I cannot be held responsible for payment of purchases other than my own. Even if it is claimed that they were made by my wife, she does not have a card," he wrote.

He said he has since received a statement from OK which indicates that he has to pay R1 402 “even though I only made purchases of R700.”

OK Cardholder Services have since promised to rectify the matter if the client writes a letter and explains the problem. Its representative said they were still having problems with some stores, which did not demand identity documents before allowing people to make purchases.

The reader suggested it was true OK started sending cards by registered mail to eliminate fraud. When he inquired about this, he was told a lot of people do not fetch their cards from the post office, so it was decided to send them by ordinary mail.

If you do have a card, make sure it does not fall into the wrong hands. Or if you still intend applying for one, make sure you collect it yourself. It could save you a lot of trouble.

"Time the OK started sending cards by registered mail."

By Musa Zondi
Banks urge overhaul of consumer laws

Adrienne Gillomes

THE Council of Southern African Bankers (Cosab) has called for all existing consumer protection legislation to be reviewed and to be replaced by simple legislation such as the Harmful Business Practices Act.

Chairman Dante Cronje said in the council's annual report that the objective was to give consumers protection "without their having to pay for the maintenance of a bloated bureaucracy which administers this legislation".

The council also believed there should be national legislation to ensure consistency of procedures across SA.

The SA banking industry, with assets under management of almost R400bn, was committed to playing a pivotal role in housing provision, but Cronje said it was government's responsibility to create an environment in which the business sector could operate with confidence.

"The rule of law must be strictly and fairly upheld and executed to make it clear to borrowers that defaulting will result in firm action being taken against them."

CE Piet Liebenberg said "banks cannot hope to assist the estimated 65% of the population earning less than R1 500 a month and who are unable to service debts of any nature".

Cronje said banks had to serve both the developed and undeveloped markets "without increasing the industry's risk profile to levels that will create concern within the international financial community."
Manuel wants to plug the gaps in consumer protection.
Consumer affairs court may be established in Gauteng

Ingrid Salgado

A CONSUMER affairs court with powers to convict and sentence offenders could be set up soon in Gauteng in an effort to protect consumers from being defrauded by harmful business practices.

The court forms part of proposals in the Consumer Affairs (Harmful Business Practices) Bill, to be published for comment next week and due to be tabled in the provincial legislature by the end of the month.

The nine provinces have each agreed to establish such a court using uniform provincial legislation. Gauteng and Northern Cape are the most far-advanced in passing the legislation.

The Bill proposes establishing an office for investigating harmful business practices, and consumer advice offices through which the public can lay complaints against offenders. Six advice offices would be set up across Gauteng. The consumer court would be based in Johannesburg, but could travel to outlying areas.

Gauteng consumer affairs and business regulation head Collette Caines said yesterday the legislation would send a strong message to offenders.

It would also, for the first time, give the majority of Gauteng’s population access to the law on consumer matters. The consumer affairs court was more focused than the Small Claims Court, allowing it to act quickly and decisively, she said.

Complaints from the public that could not be resolved through dispute-resolution mechanisms would be referred to the court, while more serious offences could be referred to the Office for Serious Economic Offences or other appropriate bodies. The vast majority of complaints were not expected to reach the court.

The court would be permitted to prohibit a person from performing any act connected with the relevant harmful practice and would be able to attach money or property held by that person.

It could also appoint a curator to make payments or transfer property to the business’ creditors; cancel agreements between the business and any other party, enter into agreements on behalf of the business; and dispose of the business’ assets.

Offenders who disregarded the court’s rulings could be sentenced to a maximum R200 000 fine, five years imprisonment or both. Offenders who failed to comply with court proceedings could face a year’s imprisonment, a R200 000 fine or both.
Office shut as W Cape loses Consumer Council

Anger at staff retrenchment in provincial takeover

MAUREEN MARUD
Consumer Reporter

THE Western Cape branch of the autonomous Consumer Council closed its Bellville office today and its four staff have been retrenched.

Consumer protection is to become the responsibility of the various provincial departments of economic affairs.

The council's assistant director, Geoffrey van Zyl, said he was feeling "very aggravated" amid the removal of furniture and files from the office.

A spokesperson for the Western Cape Department of Economic Affairs confirmed that the functions of the Consumer Council had been devolved to the department. He said a deputy director for consumer affairs had yet to be appointed.

"This is in terms of a decision made by national government in consultation with all provincial ministers for economic affairs, to devolve to the provinces the powers of three Acts that fall under the banner of consumer protection," the spokesperson said.

Consumers needing help could contact Lyndon Johnson at 483 3910.

Mr Van Zyl said he had been told of the decision to close his office a week ago.

"We had high hopes throughout discussions with the department that we were going to be taken over by the department, not just closed down," he said.

Other provinces were keeping council staff on.

"The consumer office should have a free hand to deal with consumer problems," Mr Van Zyl said.

He feared consumers would now be in disarray because "I don't think the new department will be able to perform the functions we did."
Consumer Bill an early Christmas bonus for Gauteng

Renee Graveline

A CONSUMER court and an office for investigating unfair business practices would be up and running in Gauteng in time for Christmas, when most consumer violations tended to occur, Gauteng finance and economic affairs MEC Jabu Moleketi said yesterday.

The Consumer Affairs (Unfair Business Practices) Bill was passed in the provincial legislature yesterday. It provides for the establishment of a consumer court which is able to impose fines of up to R300 000 and maximum sentences of five years' imprisonment if a person is found guilty of an unfair business practice.

The court has the status of an administrative tribunal and the Bill also sets up an investigative arm for the court.

The consumer protector's office has powers to issue orders to prohibit unfair business practices and to negotiate and conclude arrangements to stop such practices. It can refer matters to the court.

Moleketi hailed the Bill as a turning point for consumer affairs legislation. It was the first step in introducing additional legislation to protect consumers, in particular the poor, who were the "grazing grounds" of unscrupulous businessmen, speculators and fly-by-night operations.

The Bill was a curative mechanism to protect consumers and long-term preventative legislation could be introduced within a year.

Gauteng is the first province to pass such legislation. The other provinces are in various stages of promulgating similar laws.

The court, was able to convene at short notice and order the temporary closure of businesses under investigation, would speed up the process of seeking redress.

Moleketi said the court's functions would not overlap those of ordinary courts of law. It would not award damages — although it could reimburse consumers — or settle contractual disputes.

Whether practices were unfair would not be wholly based on law.
Consumers gloomier, says survey

Samantha Sharpe

CAPE TOWN — SA consumer confidence dipped in the first quarter, breaking a six-month run of rising confidence during the second half of last year, the latest survey by Stellenbosch University’s Bureau for Economic Research shows.

The bureau measures consumer confidence on a scale of zero to 200, where zero depicts an extreme lack of confidence and 200 extreme confidence. The first three months of this year registered 103 points, from 107 in the previous quarter. The latest survey sample comprised 2508 households, representing 82% of the urban adult population of SA.

The bureau said while consumer confidence had declined in the first quarter, the current level was still relatively high.

The erosion in confidence was attributed to the increase in the prime overdraft and mortgage rates in November, with a decline in the net majority (the difference between the negative and positive responses) of consumers expecting an improvement in their financial situations over the next year.

People with a monthly income of more than R2 000 a month continued to expect no change in their financial position, and those earning less than R2 000 a month had adjusted expectations downward.

This was attributable to a decline in employment levels, with layoffs affecting low-income earners more, and the deterioration of prospects in the informal sector.

Unrealised previous expectations of large wage increases were also responsible for the lowered expectations. The bureau said the decline in consumer confidence and depressed second-quarter sales expectations pointed to a further slackening in the growth of private consumption expenditure over the next six months.

Measured year to year, this could pick up towards the end of the year following real personal disposable income growth in the wake of a reduction in fiscal drag and a possible reduction in interest rates, the bureau said.
Consumer affairs court will benefit the public

By Shadrack Mashabola

CONSUMER problems may be more easily settled when the Gauteng Consumer Affairs Court sits for its first case in a month's time.

The court was established last September in accordance with the Gauteng Consumer Affairs (Unfair Business Practices) Act to hear cases against companies or persons accused of conducting unfair business practices.

Assistant director for consumer affairs Eric Mathabathe said his office has been receiving an average of 100 complaints a day since the court's establishment.

He added that the office took over the activities of the now defunct South African Co-ordinating Consumer Council, which at that time had about 3,000 cases of complaints.

The cases that the court has heard so far range from complaints in the housing sector, motor vehicles, financial institutions and pyramid schemes.

Cases that are reported to Mathabathe's court but do not fall under their jurisdiction are referred to relevant organisations, he added.

To date, we have managed to install a network system linked with other provinces which is now up- and-running. Our next target is to establish satellite offices across the province.

"Two have already been established — in Soweto and Soshangwe," Mathabathe said.

Train staff

Mathabathe said they were exploring a co-operative relationship with Canada to train their staff.

Another official, Collette Caine, said the consumer court took a co-operative approach when dealing with cases to bring offenders into line.

"The Consumer Affairs Office is not the court of law. It is an administrative tribunal to arbitrate on consumer matters. Ours will be to play a pro-active role. We have mobilised resources which will help us to focus more on preventative measures and these include educating consumers through mass campaigns," Caine said.

In a situation where the court does not get the cooperation from the two disputing parties during a case, Caine explained that "we ensure that the council's powers are exercised".

The Gauteng consumer affairs office is part of the Gauteng Department of Finance and Economic Affairs.

The office's objectives are to help resolve consumer complaints and educate them about their consumer rights.

Companies or persons who ignore a court order to discontinue an unfair business practice can be fined a maximum of R200,000 or be sentenced to a maximum of five years in prison or both.

Caine said it was within the consumer office's jurisdiction to summon people to appear before the court or to produce documents.

The court has also the right to issue temporary orders to cease an unfair business practice, empower an investigative officer to search premises and seize documents, hear, consider and make a decision on any matter before the court.

The five-member court is chaired by Dr Wilhe Seriti. Any consumer inquiries can be directed to the office at 94 Main Street, The postal address is Private Bag X091, Marshalltown 2107. For more information about the office call (011) 355-8088 or send a fax to (011) 355-8091.
Food prices to smile about

Cape Argus, Tuesday, July 9, 2019

Food price increases will under INFLATION RATE

Food price increases will under INFLATION RATE

Food prices to smile about

News
Consumers short-sliced on bread purchases

**BETWEEN THE BREADLINE**

Who's selling you short

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<thead>
<tr>
<th>Bread</th>
<th>Supplier</th>
<th>Weight</th>
<th>Price</th>
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<tbody>
<tr>
<td>Engen Quick Shop</td>
<td></td>
<td>680g</td>
<td>R2,90</td>
</tr>
<tr>
<td>Shoprite</td>
<td></td>
<td>700g</td>
<td>R2,73</td>
</tr>
<tr>
<td>Spar</td>
<td></td>
<td>720g</td>
<td>R2,60</td>
</tr>
<tr>
<td>Blue Ribbon</td>
<td></td>
<td>760g</td>
<td>R2,90</td>
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<tr>
<td>Albany</td>
<td></td>
<td>780g</td>
<td>R2,95</td>
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<tr>
<td>Pick 'n Pay (Sasko)</td>
<td></td>
<td>780g</td>
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**SHRINKING SIZES & PRICES**

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Consumers are unwittingly getting less daily bread than they bargain for, according to claims by wheat organisations representing both farmers and bakers as well as findings of a random survey conducted by The Star.

By law, a standard loaf of brown or white bread has to weigh 800g. But the Wheat Producers' Association (WPA), which represents wheat farmers, says the average is closer to 712g, which translates into a shortfall of about four slices of bread a loaf. This means that the consumer ends up paying the full price for a lighter loaf.

Executive director of the SA Chamber of Baking (SACB), which represents bakers, Peter Cowane, said the SACB was proposing a 660g loaf to meet consumer demands. He admitted many bakers were already selling lighter loaves without adjusting the price. "There are an awful lot of loaves being sold under 800g anyway," he said.

It had become increasingly difficult for bakers "playing the game" to compete with less scrupulous competition.

Chairman of the WPA Chapelle Ferreira said wheat farmers were opposing the proposal of a lighter loaf which would lead to 100 000 tons less wheat being sold.

He said loaves were already much lighter. "Where will this all end? One thing is sure, the consumer will continue to pay the same price even though the bread is lighter," he said.

The Star's survey found that six out of 10 loaves weighed less than 800g. Of the six, three were below the SA Bureau of Standards limit of 760g.

An unmarked loaf bought at an Engen Quick Shop weighed 880g, a Shoprite loaf 700g and a Spar loaf 780g.

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**Value for your dough**

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<th>Bread</th>
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<th>Price</th>
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<td>R3,19</td>
</tr>
<tr>
<td>Cafe (own bakery)</td>
<td></td>
<td>800g</td>
<td>R2,90</td>
</tr>
<tr>
<td>Friendly Grocer</td>
<td></td>
<td>820g</td>
<td>R2,70</td>
</tr>
<tr>
<td>Bakery</td>
<td></td>
<td>840g</td>
<td>R2,60</td>
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**Bread probe**
Discrepancies in bread weight sparks product-control probe

BY ANSO THOM

Although by law, a standard loaf of brown or white bread has to weigh 800g, and the SA Bureau of Standards limit is 780g, a survey by The Star this week found a wide weight disparity among different stores’ loaves.

Shoprite’s loaf weighed 700g. Spokesman Sarita van Wyk said the bread dough in the independent bakery was scaled at 690g, which should produce a baked product of between 805g and 809g.

She said Evan Poulos of HotBake put the incident down to human error and gave the assurance that an immediate investigation would be launched into product control.

Shoprite Checkers marketing director Brian Weyers said the supermarket group had issued an immediate communique to all stores to audit the controls implemented when scaling. He agreed that the variance was unacceptable.

Engen Quick Shop’s weighed 680g. National buying and distribution manager Piet Roos said Engen was negotiating a deal with a reputable bakery to allow outlets to bypass independent bakeries.

"We are looking seriously at doing a national baking deal which would make it easier to monitor the situation," he said.

Spar’s loaf weighed 720g. Retail and operations director Neville Koetzen said the group tried to monitor the situation as far as possible. "We take it very seriously and will make sure that this is an isolated problem rather than an ongoing one," Koetzen said.

A Mayfair, Johannesburg bakery came out tops in terms of weight (840g) and price (R2.50).

Deputy director at the Department Trade Metrology at the SABS, Stuart Carstens, confirmed that the bureau did random checks. "We go to the bakery to conduct the tests," he said.

He said the SABS worked on a weight variance of between 760g and 880g.

The entire batch is also weighed with the average determined at 800g or more.

Carstens said the SABS followed several options if the baker had not complied with the stipulations.

These included freezing the entire stock and barring the baker from selling it, fining or warning the offender (depending on the circumstances), or publicising the name of the offender.
Says high chicken prices coming home to roast

Johnquaint - South African

...on the South African market.

In this article, we'll focus on the South African market. The South African poultry industry has been experiencing high prices for chicken products. The reasons for this include increased costs of production, especially for feed and labor. Farmers are struggling to make ends meet as they try to stay competitive in the market. As a result, we can expect prices to remain high for some time. Despite the challenges, there are efforts being made to ensure sustainable and ethical practices in the poultry industry. This includes reducing the use of antibiotics and increasing investment in research to develop more efficient and sustainable production methods. Overall, while high prices may be a concern for consumers, the South African poultry industry is working towards improving conditions for both farmers and consumers.
Parents learn the three Rs

With the price of school uniforms varying widely at different chain stores, it pays to shop around.
Cheaper fuel set to accelerate th…

Drop in inflation could put the brakes on overdraft and home-loan rates while recovery heads for top gear

BY SHIRLEY WOODGATE

The petrol and other fuel prices drop by five cents a litre at midnight tonight, heralding the advent of good news for consumers countrywide.

In Johannesburg yesterday, Econometrix chief Dr Azar Jammie viewed the downward petrol-price trend with cautious optimism.

He said it would help to keep the current 5.6% inflation rate down to almost its lowest level in 27 years (falling briefly to

It all adds up to good news for consumers

5.5% in April 1986).

The likely upshot of a sustained low inflation rate (based largely on food prices and interest rates) was a continuing drop in banks' prime overdraft rates and interest rates on home loans.

He predicted they would come down by as much as one percentage point or more next week.

Jammie said this would mark the start of an even more substantial decline in interest rates over the rest of the year.

"Some of the benefits will be immediate, and the full impact this will have on increasing consumers' desire to spend more will probably start filtering through into the economy next year," he said.

Jammie's optimism was backed by analyst Tony Twone, who predicted that the long-awaited economic recovery would start slowly in the second half of this year, when lower interest rates started kicking in and helped consumers out of the doldrums.

"By 1999 we should see very firm growth returning to the economy," he added.

Notching up the third decrease in price in a row since reaching a 27-month high of R3.26c/litre in December, unleaded petrol will cost R2.19c/litre and leaded R2.17c/litre in Gauteng, thanks mainly to a drop in international prices of oil to below $13 a barrel compared with $34 at its peak at the end of 1996.

Coinciding with the decrease in the price of all grades of petrol will be a 5c drop in the wholesale price of diesel to 178,8c/litre in Gauteng, and a 7c drop in paraffin to 105,73c/litre on the Highveld, the Mineral and Energy Department announced yesterday.

Only a third of the petrol price is related to the oil price.

This month's retail price of R2.13c/litre for unleaded fuel is calculated on a wholesale margin of 16,06c/litre, service differential 5.1, dealer's margin 23,7; zone differential in Gauteng 11c; equalisation fund levy 0,4; fuel tax 70c, customs and excise duty 4; and the Road Accident Fund levy 14. There is a 68,94c/litre contribution to the basic fuel price.

The weakening of the average rand/dollar exchange rate from 4.

(Source: Departed reddirect.com Extextribut)
Taxi Industry Slams 10c a litre fuel levy increase

obby called a 'calculated move' by the Government aimed at boosting distribution of fuels and buses

Budget Response
SAMANTHA SHARPE

CAPE TOWN — The fuel levy has been increased by 10c/l, which is expected to boost government revenue by R1.7bn in the new financial year.

Finance Minister Trevor Manuel said the levy was one of the largest components of retail fuel prices, being fixed at 76c/l in respect of unleaded petrol, 70c/l for unled petrol and 66c/l for diesel.

However, in the context of the recent slide in international oil prices, the hike will not necessarily translate into a commensurate increase in petrol prices.

It was more likely to provide a soft revenue source for the finance ministry.

Manuel added that the budget would also try to go into fuel price adjustment, if any.

While the levy constituted 7.4% of total revenue collections, the latest revenue base stood the test to 8.1% of government revenue.

Manuel said there would add 0.6% to government revenue, making it a good measure of improving revenue.

The 1999/2000 budget also included a R655.5bn allocation to the department of transport for national road maintenance, translating into a 4.5% share of the total fuel levy rate.

The allocation followed a cabinet decision at the end of last year that the National Road Agency would in future receive appropriate funds for road maintenance.

The levy is expected to provide the National Road Agency with the resources to undertake its role.

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SAMANTHA SHARPE

CAPE TOWN — The government has clamped down on waives-add tax, particularly prevalent in the export of cigarettes to neighbouring countries.

LINDA EMOR

CAPE TOWN — Ad valorem duties on a range of consumer goods were reduced from 16% to 15% in yesterday’s budget with immediate effect.

Goods including perfumes, beauty products and electronics, cameras and sound equipment would be cheaper and the temptation to avoid paying tax by using underground operators reduced by 5%.

The duty on computers and related equipment was cut by 1% to 5%. To counteract the effects of a single rate of VAT, the range of luxury goods subject to ad valorem duties was extended to goods such as cordless telephone sets, cellular phones, video cameras, caravans, boats and furniture.

The addition of new luxury stones was kept to a minimum at least with the finding of the Katz Commission that to extend it excessively would result in ad valorem excise duties having to be administered across the VAT.

The net effect of broadening the consumption tax base by adding to the last offset by the lowering of rates on existing products. The overall effect would therefore be revenue-neutral.

SAMANTHA SHARPE

CAPE TOWN — Taxpayers failing to breach annual tax returns could find themselves blushing at the gates of public scrutiny following a proposal in the 1999/2000 Budget to publish the names of convicted tax offenders.

While the recover of revenue has the power to release the names of guilty VAT Act offenders, those flouting the Income Tax and Customs and Excise Act have so far, remained nameless.

Finance Minister Trevor Manuel warned that guilty parties would no longer be awarded the privilege of anonymity, with all those convicted of tax law offences to be publicly exposed as part of government’s drive to improve tax morality.

"It is only right that those who pay their due should know when tax default they are paying for it," he said.

Manuel added that the electricity board was also concerned about the problem of non-payment and how the government’s records were being misused.

Manuel said that the government had already established in each revenue office under close supervision by SA Revenue Services regional offices to undertake this task.

The project was a long-term measure to control the default rate, change the employment and retention procedures and comply with compliance, Manuel said.

Manuel said, "Activities have included information gathering, cross-checking tax information and business-to-business inspections and street walks using up to 1 000 revenue service personnel at a time."

As at October 1 last year, about 30% of the entities evaluated for income tax purposes were unreported.
Look at it this way: it's now 2,3c more for a cigarette

LLEWELLYN JONES
BUSINESS REPORTER

Cigarette smokers will have to cough up another 46c for a pack of 20 - or 2,3c for each cigarette - from today, taking the average price to about R5,80.

This was one of a range of increases in sin taxes - on liquor, tobacco, and sugar - announced by Finance Minister Trevor Manuel in his Budget this week.

The 29% increase in tax on cigarettes will bring the total, recommended by the Ministry of Health, to 50% of the selling price.

But smokers who may choke on the price should feel fortunate that they don't live in Europe.

British smokers pay the equivalent of nearly R20 for a pack of 20, while French smokers pay nearly R15. Smokers in the United States pay about R8.75.

Beer drinkers get off a lot lighter.

Mr Manuel increased excise duty on beer nearly 5% to R1.14 a litre, which comes to 1,6c more on a 340ml can.

This means beer is still relatively cheap in world terms. World industry figures show that South Africa is one of the cheapest, if not the cheapest, producer of beer.

Add the fact that South African excise tax on beer at 84c is just under the world average, beer drinkers can keep raising their glasses to a cheap and plentiful supply.

Excise tax on wine - way below the world average - will increase by about 15% in line with other countries in the southern hemisphere.

Nearly 22% of the price of a bottle of wine will go into state coffers.

Excise tax on spirits, which is already present divided into seven categories, and is almost the lowest in the world, will be consolidated into one tax category.

The new duty level will be R27 a litre of absolute alcohol, which means the tax on blended brandies will rise by 13,6%.
Bakers taking a bigger slice out of your loaf

The price keeps going up, the weight is coming down, and there’s a world surplus of wheat anyway

BY MELANIE-ANNE FERRIS

Bread prices around the country have increased dramatically over the past few weeks, but loaves are continuing to fall below the required weight standards, the Wheat Producers’ Organisation claimed yesterday.

Helgaard Claassen, chairman of the Free State WPO, said research done in the Free State and the Western Cape had shown that many retailers had increased their prices by up to 40c a loaf.

Consumers are paying more than R3 for a loaf in certain places.

Most loaves weighed by the WPO have fallen well short of the 600g stipulation, in most cases between 710 and 730g a loaf, Claassen added.

A survey done by The Star last year showed that while the weight of a loaf of bread had decreased steadily over the years, consumers were being burdened with regular price increases.

In 1958 a 900g loaf of bread cost just 6 cents, in 1961 the weight dropped to 900g for 9 cents, and in 1965 it dropped a further 50g to 850g for 65c.

By 1980 a loaf weighed 680g at a cost of R1.20; a year later an 800g loaf cost R1.27; and by 1995 the price had risen to R2.27 for an 800g loaf.

Last year bread rose on average to about R2.63 for a 680g loaf.

"There is no bread regulatory body, so shops and bakeries can sell it at any price they want. Consumers are being cheated," Claassen said.

He also said that because the WPO had no power to put the brakes on bread price increases, they were encouraging consumers to demand that loaves of bread be weighed before being purchased.

The fear is that if bread prices increase any further, consumers will look to other, cheaper substitutes such as mealie meal or rice.

A source of irritation for wheat producers, Claassen said, was that they were getting the same price for wheat as two years ago, so the increases could not be blamed on rising producer prices.

The WPO said low wheat prices worldwide were the result of millions of tons of excess wheat.

In South Africa alone there was a 450 000-ton wheat excess, which had contributed to a worldwide excess of 125 million tons.
Bigger fines urged for bakers ripping off consumers

By Melanie Allen Fritz

Bakeries which don’t comply with the required bread weight standards face maximum fines of R1 000 if they ever get caught.

According to Brian Bead of the South African Bureau of Standards, the SABS does not have enough staff to make proactive inspections on bakeries. They are able to make inspections only where complaints have been received.

"There is a problem. the government does not fund proactive inspections. We are training people at provincial level, but this will take some time," Bead said yesterday.

A furore has erupted over research figures released by the Wheat Producers’ Organisation which shows that while prices have increased by up to 40c a loaf over the past few weeks, bakeries are continuing to produce loaves well below the weight standards. Some consumers are paying more than R3 for a loaf which could weigh as little as 300g – well short of the 800g stipulation.

The National Consumers Forum has asked for fines against bakeries that do not comply with stipulations to be increased to as much as R20 000. According to the forum's Lilith Moolman, a case could take up to two years before reaching a court.
Bakeries feel the heat as loaves found to be underweight

The government was told to

look into what steps could be

taken to reverse the trend.

The situation could get worse if immediate action is not taken.

The federation of bakers said that although the

quality of bread had improved, it was

still not up to the mark.

The government should take

appropriate steps to ensure that

bread is of the required quality.

The federation also demanded

that the prices of bread be

cut.

The situation was described as

serious.

The government was asked to

take necessary steps to ensure

that bread is of the required

quality.

The federation also demanded

that the prices of bread be

cut.
Prices to make you ill

The cost of medicine is galling - but help may be at hand soon

Why are we paying so much for our medicines? South Africa spends the second highest amount in the world after Portugal on medicines (calculated as a percentage of gross domestic product). Health Minister Dr Nkosazana Dlamini wants to bring down these costs, but a number of her proposed new laws have generated heated controversy. Dr. Morris Mokotha continues her investigation into the reasons we pay as much as we do.

The Government has set up a pricing committee for the health sector that will examine the pricing system for medicines and scheduled services, as well as setting a new fee. It is hoped that this will reduce the cost of medicines. The new system will be a significant change for those in the pharmaceutical industry.

The new Medicines and Related Substances Control Act seeks to eliminate inflated prices to the consumer through the current system where doctors order and dispense drugs. The act will also introduce a new fee system for doctors. The current fee system is that doctors charge the patient for the cost of the medicine and then make a profit on the difference.

The new system will reduce the cost of medicine to the consumer. However, doctors will have to charge a new fee to the patient. This fee will be based on the cost of the medicine and the dispensing fee. The dispensing fee is a fixed fee that is charged for each prescription.

An investigation by the Representative Association of Medical Schemes (Rams) revealed that most of the prices published in the "blue book" or computer-based list of medicines were lower than the "exit" prices. The investigation showed that the "exit" prices were higher than the actual cost of the medicine. The investigation also showed that the dispensing fee was higher than the cost of the medicine.

A national task force on medical schemes has made recommendations that will help to reduce the cost of medicine. The task force has recommended that the government should implement a new fee system for doctors. The new fee system will reduce the cost of medicine to the consumer and will also help to reduce the cost of dispensing doctors.

The new fee system will also help to reduce the cost of medicine to the consumer. The new fee system will reduce the cost of dispensing doctors. The dispensing fee will be reduced to a maximum of 15% of the cost of the medicine. This will help to reduce the cost of medicine to the consumer.

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If it’s cheap you want, try Jo’burg
(244) May 30 1998

By Simon Zware and Sapa

It may be cold comfort for hard-pressed locals, but Johannesburg has become one of the cheapest cities to live in for expatriates, according to a survey of 150 cities published by the Geneva-based Corporate Resources Group.

The survey, which ranked cities according to the local price of 200 goods and services as of March 1998, has placed Johannesburg (ranked 141) among the 10 cheapest cities in the world and in Africa.

The Angolan capital Luanda is the most expensive city in Africa while Kinshasa, Blantyre, Harare and Johannesburg are the cheapest.

The Japanese cities of Tokyo and Osaka remained the most expensive places in the world. Hong Kong went from fifth to third most expensive city in the world.

London saw an increase in its ranking in the survey, jumping to sixth place from 10th in December last year.

New York is the most expensive city in the US. Atlanta is still the cheapest US city and is on a par with Lisbon and Casablanca. Rio de Janeiro is on the level of Frankfurt, Hamburg and Munich, and Sao Paulo is more expensive than Perth and Milan.

In the Middle East, Tel Aviv is the most expensive city. Bahrain and Cairo are on a par with Washington DC and New Zealand’s cities. Abu Dhabi and Dubai are level with Toronto and Santiago.
Petrol price rise will affect many products, including food.
MOTORISTS WARNED

Petrol stations run on empty

NOT ONLY WILL THE PETROL PRICE INCREASE at midnight tonight but motorists may be lucky to fill their vehicle tanks at all if a pay dispute between employers and workers in the chemical industry is not resolved. TROYE LUND reports.

If your car is low on petrol there is a chance you may have to catch a bus till workers in the chemical industry stop an indefinite nationwide strike while employers spent yesterday applying for urgent interdicts to remove picketing workers from blocking access to refineries and making contingency plans to distribute petrol, some filling stations said they did not have enough "juice" to last until the end of today.

Petrol station managers were waiting on tenterhooks last night for petrol tankers to arrive. The situation may be exacerbated as motorists fill up to beat the 11 cent price increase that comes into effect at midnight tonight.

Members of the Chemical Workers' Industrial Union are on strike in a bid to force employers to agree to their demand for a 10,5% salary increase.

Oil companies said contingency plans to deliver petrol had been made, but warned consumers that they would be affected if the strike action was prolonged or if negotiations with other unions in the industry failed.

One city petrol station manager who, like others, advised motorists to fill up, said: "We will run out of petrol very soon. We are living on mercy. Petrol usually takes two hours to arrive after ordering it. It has now been 24 hours."

However, a Waterfront petrol station last night said it had plenty of fuel and was not expecting difficulties.

By last night some airlines flying between Cape Town, Durban and Johannesburg had started diverting to George and Port Elizabeth for refuelling.

South African Airways spokesperson Mike Phleffer confirmed that a pocket at the aviation fuel depot at Cape Town International Airport had delayed the departure of flight SAA 203 to Miami by over 23 minutes yesterday, and that problems relating to the strike at Johannesburg International had delayed a plane to Zimbabwe.

"Our depots have enough fuel for a long period, but we have a serious manpower problem filling the aircraft," Phleffer said.

Cape Town International's information centre advised passengers to double-check arrival and departure times should the strike continue throughout the week.

A spokesperson for employers in the petrol industry, Chris Lucas, said: "So far the strike has not impacted on consumers. Manufacturing and distribution is running as normal. We anticipated the strike and made contingency plans. So far it is only the workers who are being negatively affected because of the no work, no pay clause."

Lucas said employers in the industry had moved from their original offer of 6,5% to 8%: "We simply cannot meet the 10,5% demand. The other three unions in the industry have agreed to negotiate with us and have dropped below the 10% mark."

The Mine Workers Union (MWU), South African Workers' Union (SAWU) and SA Chemical Workers' Union (SACWU) are still negotiating. While the MWU and SAWU have not been on strike, SACWU has returned to negotiations after members endured three weeks of strike action without pay. The CWU has not returned to negotiations.

Though the minimum wage in the chemical and petroleum industry is R2 000 a month, the average starting wage is R4 000. Pension, medical aid, housing and education benefits are included in workers' packages.

Cosatu, the umbrella organisation for the striking unions, has supported the 10,5% demand.

Spokesperson Noxolile Imathi said: "This increase is justified under the present socio-economic situation where apartheid's wage gap has to be narrowed. It is also justifiable considering the risk and skill required to work with petrol and chemicals. Cosatu believes the demand is greedy need to look at the reality of the circumstances these workers find themselves in, especially at what things cost. What can one do with R2 000 a month?"
Prices - General
1999
Vary parents the deep
now a nightmare
Cost of uniforms

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Return all IDs is illegal.

New consumer chic is work himself out of a job.

You rights educated.

Moses aims to get

CITY PRESS 1999 1999

January 17, 1999
Productivity on rise, at last

ROY COKAYNE

Pretoria — South Africa's productivity was improving, particularly in global competitiveness, Jan Visser, the executive director of the National Productivity Institute (NPI), said yesterday.

Visser said South Africa's unit labour costs decreased 2.5 percent between 1996 and 1997 compared with a 1 percent decline in the US and a 7 percent increase in Britain.

However, Japan (down 12.7 percent), Sweden (down 14 percent) and Germany (down 16.2 percent) had fared much better than both the US and South Africa in the same period, he said.

Visser added that between 1970 and 1980, South African factories had a growth rate of 8.7 percent a year in salary and wage cost per unit produced, compared with 7.4 percent in the US, 13.3 percent in Britain, 13.9 percent in Japan, 12.8 percent in Sweden and 13 percent in Germany.

His comments came after the publication of Productivity Statistics 1998, the NPI's annual statistical review which shows macro productivity trends.

Visser said South Africa's salary and wage costs per unit in manufacturing had increased 231 percent from 1970 to 1997, which was worse than the US's increase at 134 percent, Sweden's at 194 percent and Italy's at 212 percent.

But he said South Africa beat industrial giants such as France (269 percent), Britain (386 percent), Germany (429 percent) and Japan (557 percent).

Visser said South Africa came out the leader in the labour productivity index in the period from 1996 to 1997, with a growth rate of 8.9 percent.

This rate was ahead of those of Sweden (6.8 percent), France (6.4 percent), Germany (6.1 percent), Japan (6.5 percent), the US (5.2 percent), Denmark (3 percent) and Britain (0.9 percent).

He admitted that it could be argued that South Africa was growing from a lower base, but he said that if the country could repeat its achievements of the recent past, it would catch up.

He said South Africa's relatively high inflation rate remained a stumbling block for competitiveness.
How they impact on you