Prices – GENERAL

1996 – 98

Price hikes for wine and spirits cause dismay among tipplers

Star 16/1/96

By Troye 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 Branham, 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

(244)

Low gas price hike warms consumers

(244 / ~~[illegible]~~)

STAFF WRITER CT (BR) 30/1/96

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 that services more than 35 000 clients worldwide, researched 13 countries for its gas survey, which covered the 12 months to September 1995

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

"The Pande 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

ARGT 31/1/96 (288) (244)

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.

A business stay in the city is still cheaper than in Berlin, Geneva, Paris, Brussels, London, New York or Sydney

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 R750.

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 R206 to R688.

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

BD 5/2/96 (244)

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%.

SITTING PRETTY *Traders at the Johannesburg fresh produce market have reported dramatic increases in the prices of some vegetables*

PHOTO JOHN WOODROOF

Heavy rains cause sharp increases in produce prices

(244) CT(BR) 16/2/96

ANN CROTTY AND JAMES LAMONT

Johannesburg — Prices of fresh produce have increased sharply as torrents of rain 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 pocket 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 R8,83 to R15,01

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

Prices were more subdued in Cape Town, rising from R8,58 to R9,92

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 Smit, the deputy director of statistics at the agriculture department, said the maize crop was entering a critical period, where heavy rain could prevent pollination 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 Free State 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

Bread price 'unlikely to increase'

(244) ARG 24/2/96

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 Bakeries, 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 1995-96 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.

As soon as the jam occurs, – Sapa

changes taking place

Don't panic over rising food prices, say economists

Economists say there is no need to panic about food price rises yet, after expectations for a drop in the inflation rate were squashed this week with the Central Statistical Service's announcement that annual inflation remained pegged at 6,9% in January

"There is a lot of competition in the market, which should keep food price hikes to a minimum The consumer can rest assured it is unlikely there would be any dramatic rises in food prices in the immediate future," says Nedcor senior economist Kevin Lings.

The CSS figures indicated the consumer price index rose 1,3% between December and January. Economists say the continued upward trend in food prices and medical, health, transport and communication costs is to blame for the higher than expected inflation rate

Medical care and health expenses contributed 0,3% to the hike. Annual food inflation has accelerated to more than 4% – its highest level since July.

Economists say the food price rise was probably due to a spillover from the festive season, after a relatively large hike in December. Flood damage to vegetables also played a role.

Major sub-indices which added to the food price index in January were fruit and nuts (up 5,7%), vegetables (up 4,1%), meat (up 1,9%) and grain products (up 1,5%)

The rand's 5% devaluation against the dollar recently is unlikely to have any substantial impact on the consumer price index in the immediate future, economists say.

"Unless the rand depreciation continues at the current rate and falls by 10% or more, it will have very little effect on the CPI," says Standard Bank chief economist Nico Czwpyonka.

The currency's move is predicted to have an impact on the imported-goods component of the producer price index, but analysts say that would take time to show up in the CPI

"It will have an immediate effect on the producer level, with the result that one should expect some price hikes in imported items, with the petrol price and car prices likely to increase," says Lings.

He predicts a further fall in the inflation rate in the coming months – Staff Reporter

Star 2/3/96

(244)

Sanction moves on Cuba seen as US election tactic

San Salvador – Former Salvadoran guerrillas have accused US officials of playing election-year politics by calling for increased sanctions against Cuba after the downing of two small civilian planes.

Talk of toughened sanctions "has been converted into an electoral issue that the two parties are competing over", the Farabundo Marti National Liberation Front said in a statement this week

The group blamed the increasing tensions since last Saturday, when Cuba shot down two aircraft flown by members of an exile group, on "the imperial politics of the US government which does not support a social system with a different logic"

Congress and President Clinton agreed this week on a package of new sanctions against Cuba

The FMLNF urged the US to end its trade embargo on Cuba and normalise relations. The guerrilla group waged a fierce civil war against the Salvadoran government during the 1980s More than 70 000 people were killed before the conflict ended in 1992. – Sapa-AP

Another two arrests made over South Coast murders

Port Shepstone – Another two men have been arrested in connection with murders on the KwaZulu Natal South Coast, the special investigation team probing South Coast murders announced yesterday.

One of the suspects was arrested in Lamont, near Margate, in connection with an attack on a group of people in the Mvutshini area in December, in which two people were killed.

The suspect appeared in court in Port Shepstone later yesterday

Investigators arrested eight other suspects last month in connection with the Mvutshini incident, and on Wednesday another suspect was arrested in connection with an attack in the Nsimbini area in 1994.

A third man, currently in custody in Paddock, will also be charged with murder for his alleged role in the Nsimbini attack.

The special investigation team has now arrested 15 people since January in connection with 10 murder cases on the South Coast – Sapa

'Various payments' to Williams under scrutiny

Cape Town – Hard on the heels of the resignation of former minister of welfare and population development Abe Williams, it can be disclosed that the Office for Serious Economic Offences is investigating "various suspicious payments" made to Williams, and that Williams is at the centre of a controversy over clothing donated to the Department of Welfare and Population Development by a Taiwan-based charity group.

The director of the Office for Serious Economic Offences, Jan Swanepoel, said the investigation had been extended.

"We are looking at various suspicious payments made to Williams which involve the past couple of years," he said.

In another development this week, a government source alleged that Williams ordered a government 3-ton truck to cart away 80 boxes of clothing donated for distribution to the poor. – Own Correspondent

(~~247~~) (~~266~~) Star 2/3/96

Drop in food prices keeps PPI down

(244)

Mungo Soggot BD 15/3/96

A SHARP fall in food prices slammed producer inflation well below market expectations to 7,2% 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 3,5% 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's 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

Continued on Page 2

PPI

(244) BD 15/3/96

Continued from Page 1

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 19,6%.

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's comments had left the rand at R3,9425 to the dollar by the finish from R3,9020.

can afford to pay back their clear that the banks have no ria will retard development at a time when little or no low-cost including informal settlement dwellers," he says.

Bread price unlikely to rise before year-end

(244) Star 24/2/96

By WILLIAM-MERVIN GUMEDE

Relief is in sight for the poor as the bread price is unlikely to increase until the end of the year, despite South Africa having to import high-priced wheat

Graham Simonsen, marketing manager of Blue Ribbon Bakeries, a division of Premier Foods, says that unless something untoward happens, such as a wheat crop failure or a dramatic price change in the world market, the bread price is unlikely to increase until November.

"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 says

"If any increase should take place, it will be much smaller than last year, when the price rose 15%. Any price hike this time will be kept below the rate of inflation "

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

Jannie de Villiers, general manager of the Chamber of Milling, says the milling industry has absorbed the costs of imports, which are likely to reach 400 000 tons this year

The first summer crop estimates released by the Agriculture Department this week show that crop production has been largely unaffected by the torrential rains that have swamped South Africa during the past few months. The department has predicted higher than average crops for local farmers this year

Kobus Smit, chairman of the department's national crop estimates committee, says the yield is up on last year and that rain has been plentiful in most parts of the country.

"Above-normal crops can be expected compared to 1994/95," he says.

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

The department says 3 289 million hectares were planted with maize in 1995/96, representing an increase of more than 11% in the area under cultivation compared with the previous year.

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

Farmers have also shifted towards cultivating white rather than yellow maize, which is used mainly for animal feed

The area planted with white maize increased 35% from the previous year. Significant rises took place in the Free State (48%), North West (32%) and Mpumalanga (31%)

Although continued rainfall in the east of the country endangered the pollination of the maize crop, Smit says the west of the country still needs more rain for the rest of the summer season

Petrol up by 8c or 9c a litre tomorrow

(244)

The Argus Correspondent

ARG 26/3/96

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 a 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

BD 3/4/96

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 on new medium- and long-term loans, a move which was believed would benefit mainly beginner 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 in farmers an attitude to consider the loans seriously"

Agriculture department chief director Masiphula Mbongwa 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 Agricutural 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

BD 3/4/96 (244)

Samantha Sharpe

CAPE TOWN — The latest 6c hike in the diesel price to 193c, which comes 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 16% 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 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.

Taxi fares hit by petrol hike

(244)

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

Star 3/4/96

8c petrol price hike due to weak rand and Budget

(1183)(2410)

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.

Lehlabile 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

(244)

Business Editor

ARG 11/4/96

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 6,7 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 4,7 percent a year to 5,7 percent a year – a trend which is likely to continue

Food prices combat producer inflation

BD 12/4/96 (244)

Lukanyo Mnyanda

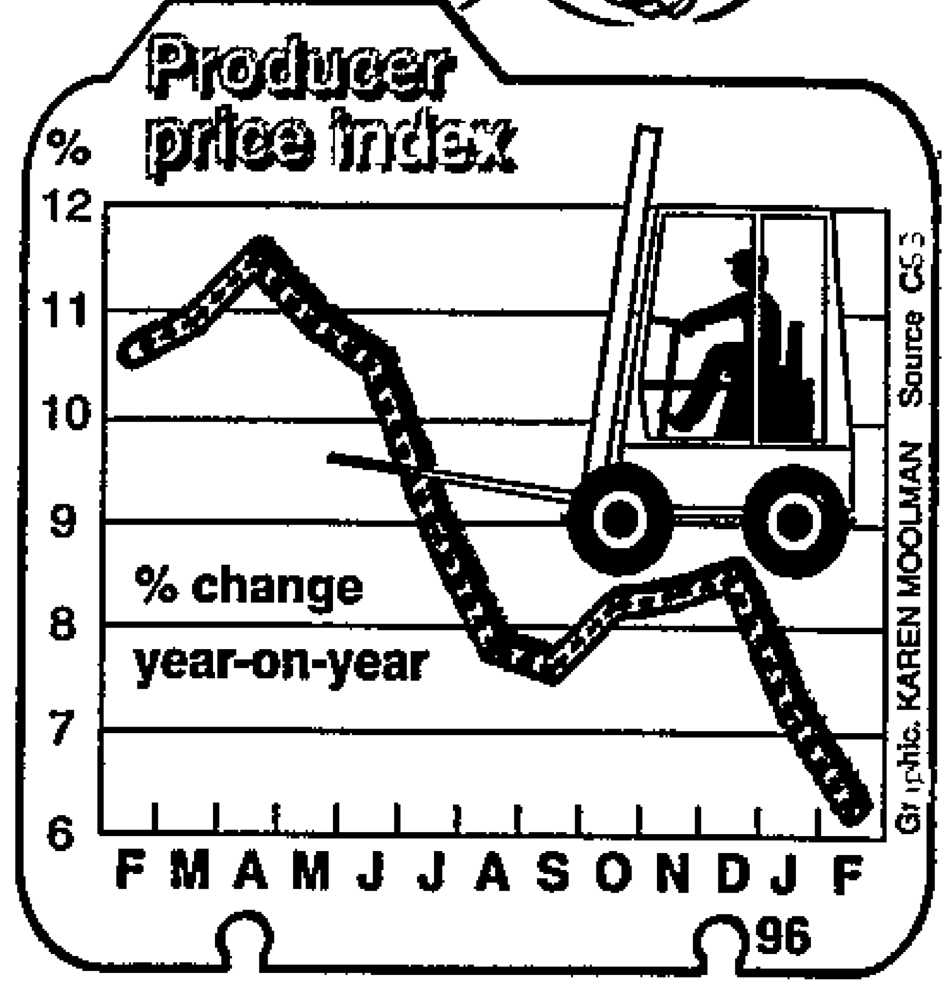
A DROP in food prices pushed producer inflation below market expectations to 6,3% in February — its lowest figure since April 1994 — compared to 7,2% in January, figures from the Central Statistical Service showed yesterday

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

(244) BD 12/4/96

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

FUEL IMPORTS

FM. 19/4/96 (244)

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 11% 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$22/barrel.

The inflationary aftershocks of the increases are expected to permeate 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.

Huysamer Stals chief economist Johan Rossouw says with petroleum prices making up about 5% 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.

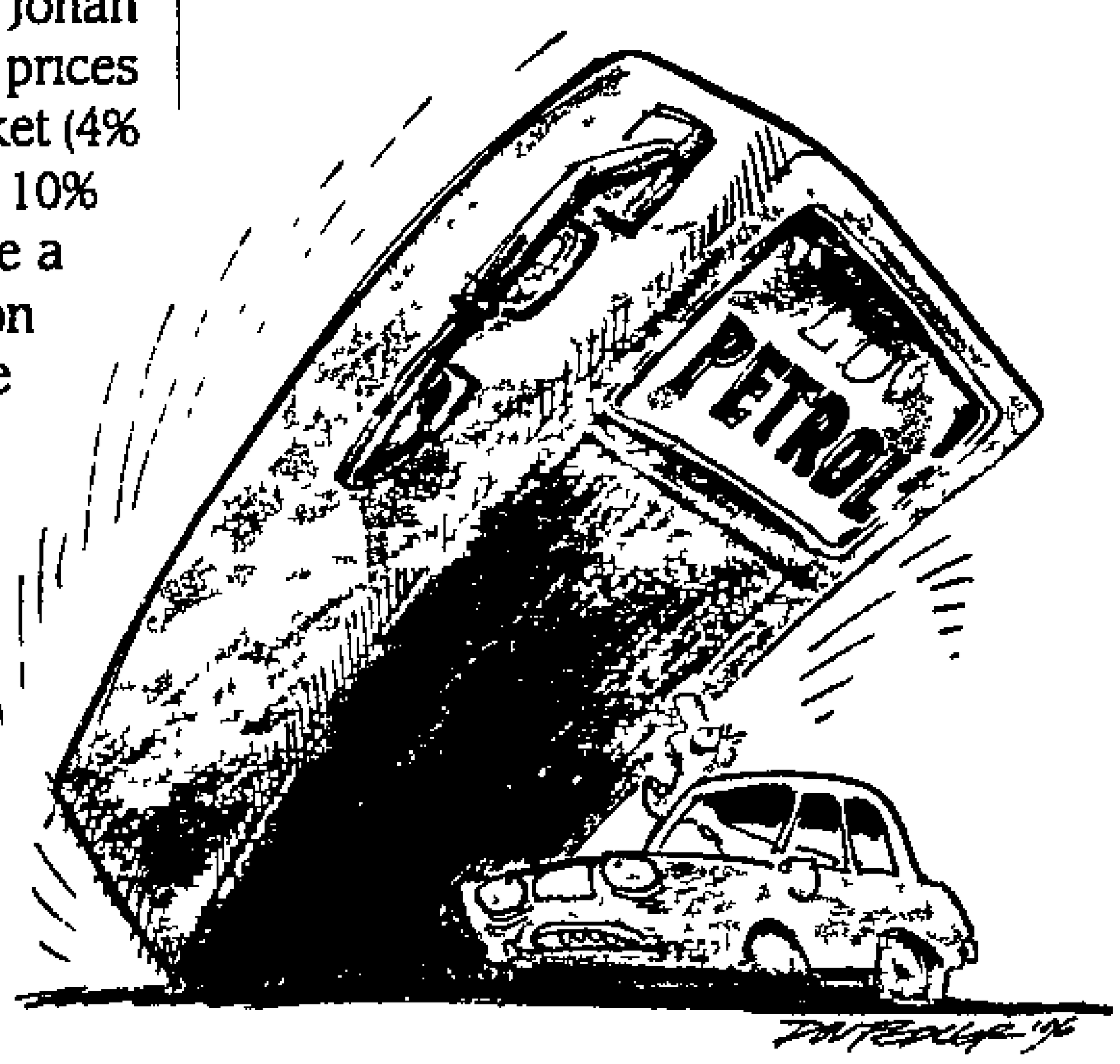
Northern refineries were caught short due to a combination of two other circumstances. With Iraq oil expected to start flowing "soon" — subject to a special oil-for-food deal being finalised with the UN — and the end of winter in sight, refineries kept stocks low. But the continuing delay with the Iraqi 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 weak rand also has some benefits — mainly that of depressing demand for more expensive imported products. Conversely, SA's exports will become at least 16% cheaper, due to the rand's depreciation since mid-February.

"Should the rand remain at current values, I expect import volumes to fall by 2%-3% over the next six months, while exports should show a similar rise as our goods become cheaper offshore."

Schussler says the strong dollar has had a far greater impact on the falling rand than political or domestic economic factors. ■

Petrol price rise raises doubt over new system

(244) ~~(183)~~ ARG 26/4/96

ANDREA BOTHA
Staff Reporter

THE soaring petrol price has led to criticism of the new policy of allowing monthly price adjustments instead of strict government controls

But, experts believe monthly price-fixing is the best method

Following the rand's plunge, which makes imported oil more expensive, a petrol price hike of 13c a litre will take effect on May 1 – the biggest increase in the petrol price since the new price system was introduced in October 1994

According to a spokesman for the Department of Mineral and Energy Affairs, this is the result of the failing rand and a rise in international oil prices

In February, the petrol price reached a low point but it's rocketing price now is causing some concern on the new system of fixing the price

The new system means less government control of the price and a monthly setting of the petrol price

Initially, the public responded favourably to the system The petrol price fell immediately and remained relatively stable throughout last year

But, the deregulation means the government no longer protects the petrol price which is determined by market values and no longer shores it up

When the rand began to plummet, the petrol price decline, petrol immediately rose by 8c a litre and will now rise to an all-time high

Economist Riaan le Roux, is convinced it is still the best way

He said the government would not be able to subsidise the petrol price affected by the present weak rand Subsidising the price would only mean huge financial losses for the government, which would then have to make up for it in other ways, such as income tax This would hit even those who didn't use petrol

Petrol to go up another 13c a litre

(244) ARG 31/5/96

Staff Reporters

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 R1,78/l it was in January

Unleaded fuel will rise to R2,09 a litre

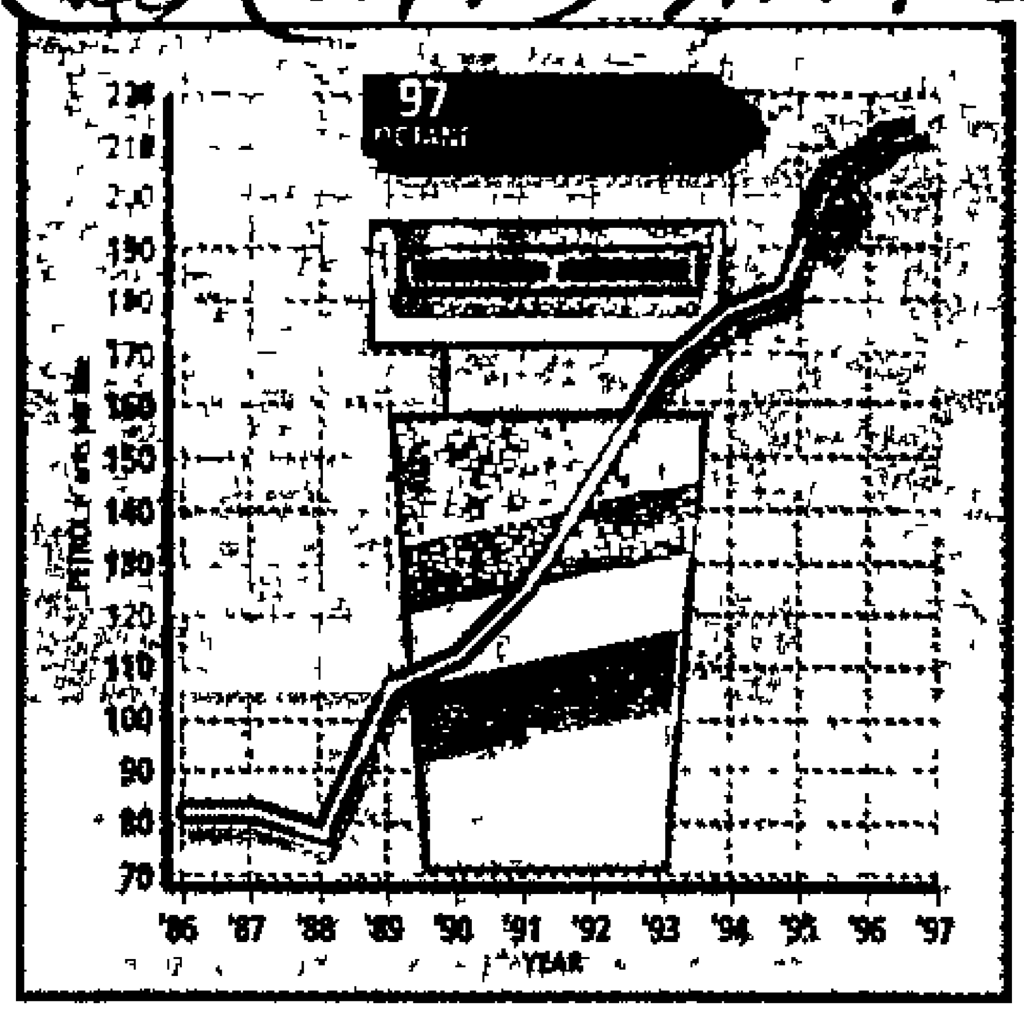
The Central Energy Fund announced the increase this morning, listing the under-recovery of each litre of petrol sold between April 26 and May 25, the drop of the rand against foreign currencies and the rise in international oil prices as the reasons

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, said economists and consumer spokesmen after today's announcement



Faiek Ariefdien, 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"

Econometrix chief Azar Jammine said the latest increase 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 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 Jammine 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 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

New blow as petrol

rises to R2,19 a litre

(244) Star 31/5/96

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

ETIENNE ROTHBART

s what captain Neil Tovey (left) and
ıalifier against Malawi in Blantyre
ly obscured) and media officer Glyn

By Shirley 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 deterioration of the rand against foreign currencies and the rise in international oil prices as the reasons for the "unavoidable" move

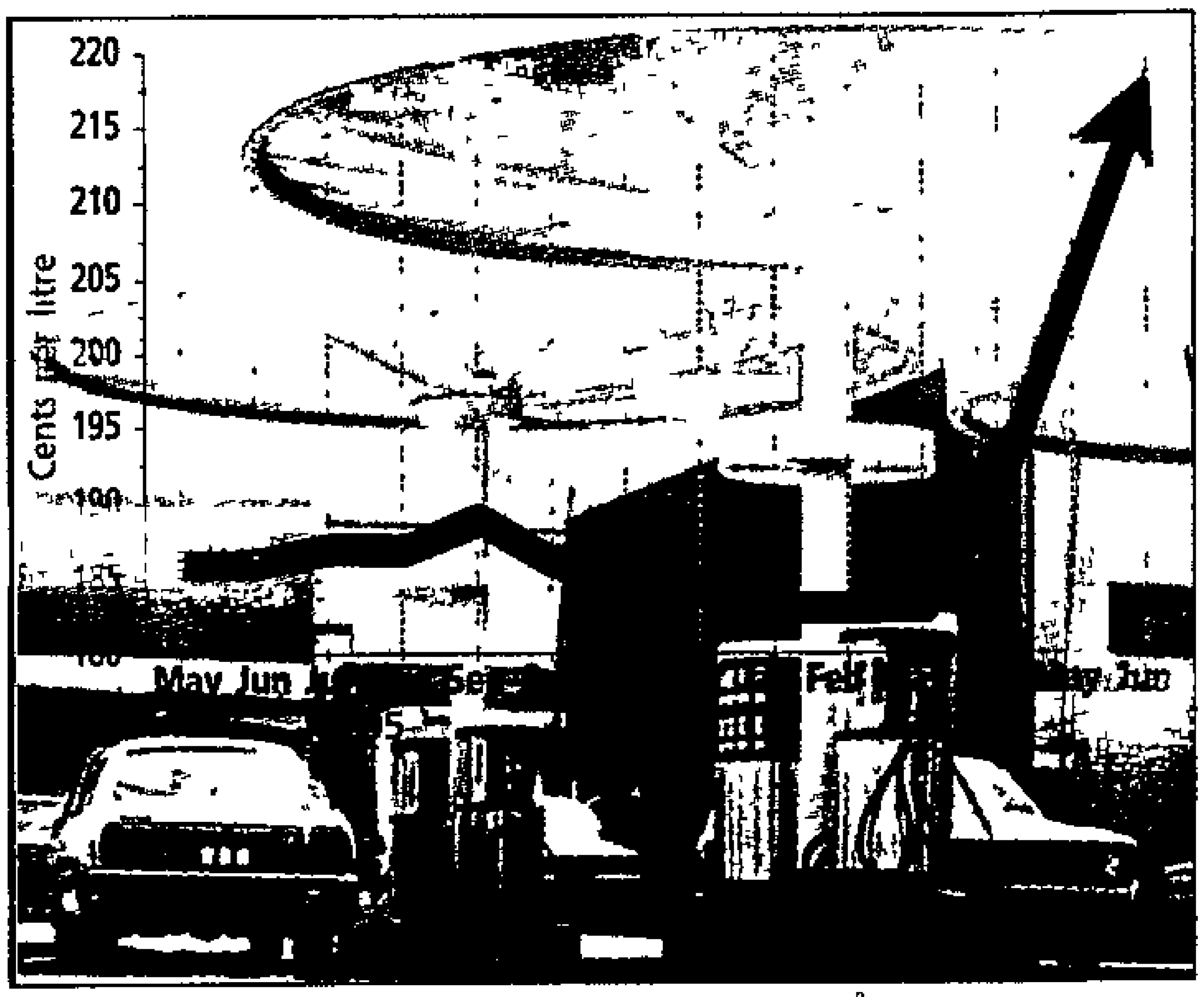
The price of diesel will rise by 5c/l to R2,02 /l and the price of illuminating paraffin by 4c/l to R125,43/l.

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.

Econometrix chief Dr Azar Jammine said the latest increase hard on the heels of last month's 14c a litre hike, would quickly push the inflation rate up from April's 24-year low of 5,5% – probably by one percentage point.

There would then 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.



Jammine 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 will have to bear the brunt of the hike, 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 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 openly, 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

(244) ARG 31/5/96

Staff Reporters

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 R1,78/l it was in January.

Unleaded fuel will rise to R2,09 a litre.

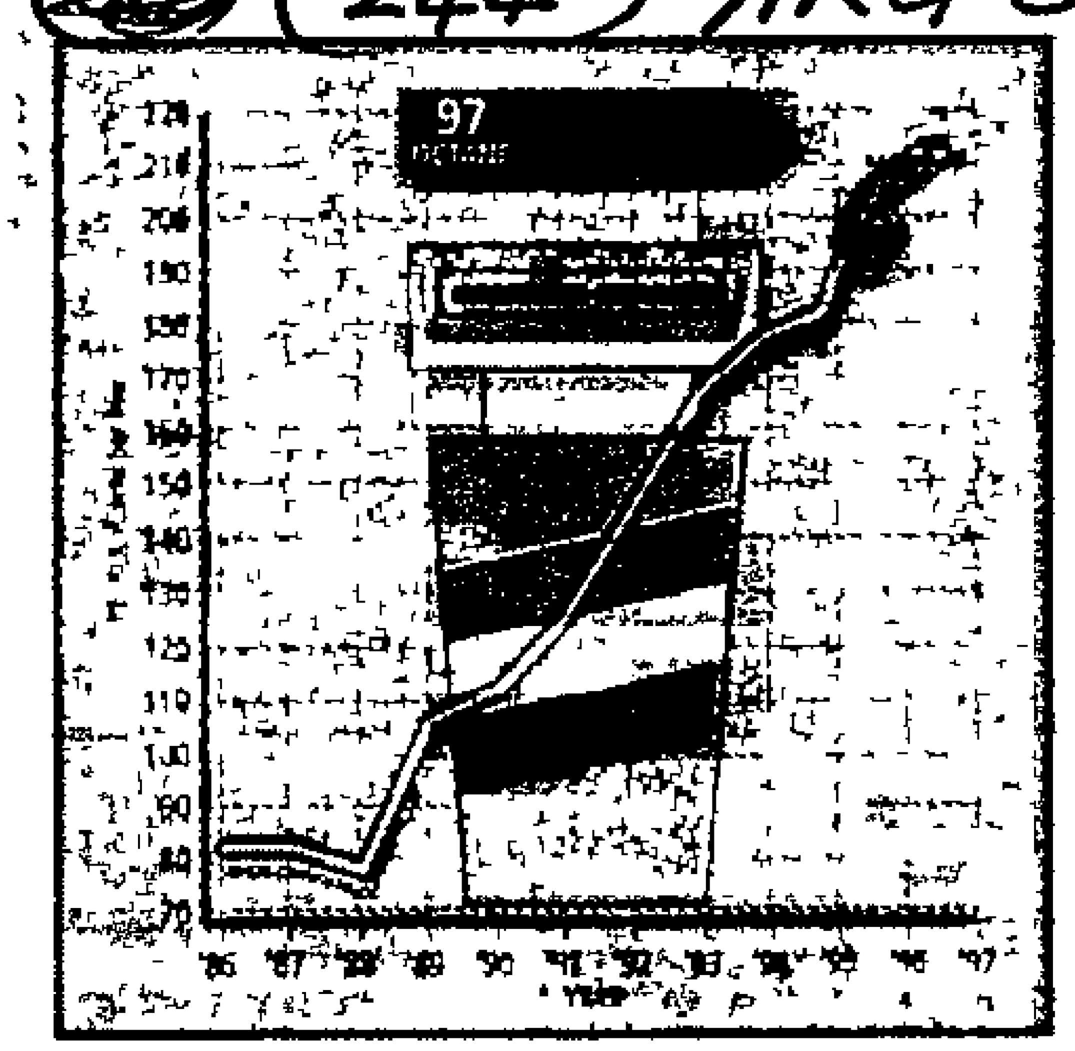
The Central Energy Fund announced the increase this morning, listing the under-recovery of each litre of petrol sold between April 26 and May 25, the drop of the rand against foreign currencies and the rise in international oil prices as the reasons.

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, said economists and consumer spokesmen after today's announcement.



Faiek Ariefdien, 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."

Econometrix chief Azar Jammine said the latest increase 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 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 Jammine 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 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.

Petrol bomb

By WILLIAM-MERVIN GUMEDE

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 R2,19 a litre – an increase of 35c this year Diesel will be go up by 5c a litre to R2,02 and illuminating paraffin by 4c a litre to R1,25 a litre

TURN TO PAGE 2

FROM PAGE 1

♦Petrol price

(244) Star 1/6/96

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 of 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% to 2% as business passes the increase to consumers."

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

Zunaid 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 once again 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.

stamp editions in relation to the world rugby champions, the Masakhane campaign, the Gandhi commemoration and the Africa Cup of Nations

(2) Future issues relate to the new Constitution, the Comrades Marathon, Youth Day, the Olympic Games, Women's Day and the Nobel Centenary Year There is a full list which I can give to the hon member

Government departments zero rate budgeting

*6 Mr M F CASSIM asked the Minister of Finance

Whether zero rate budgeting is being implemented in respect of all Government departments, if not, why not, if so, (a) to what extent and (b) when will this goal be fully achieved?

N900E

The MINISTER OF FINANCE Madam Speaker, the answer is no, because nobody knows what zero rate budgeting is We searched every textbook on fiscal management and called the IMF and the World Bank, but nobody has ever heard of zero rate budgeting That is why we have not implemented this system [Laughter] [Interjections]

Increase in applications for legal aid

*7 Mr A J LEON asked the Minister of Justice

(1) Whether there has been an increase in the number of persons applying for and receiving legal aid from the State following the commencement of the interim constitution in 1993, if so, (a) why and (b) what was the extent of the increase,

(2) whether existing schemes for providing legal aid have been adequate to meet the increased demand, if not, (a) why not and (b) what steps are being taken to rectify the inadequacies, if so, what are the relevant details?

N901E

The MINISTER OF JUSTICE Madam Speaker, I have a fairly lengthy reply, but I will read it as quickly as I can

(1) Yes

(a) It is not possible to state with certainty why there has been an increase in the number of persons applying for legal aid Some of the reasons may be the following

(i) The policy of the Legal Aid Board is to provide legal aid to the needy wherever possible

(ii) The Legal Aid Board is working to instil confidence in the legal system

(iii) The Constitution may have encouraged members of the public to seek legal representation from the State

(iv) The board has initiated disciplinary steps against lawyers for poor or inadequate representation

(v) The Board has established a network of 24 law clinics throughout the country and a public defender's office Much work has been done to promote legal awareness and the availability of legal services through these offices

(vi) Additional funds have been allocated for legal aid

(b) Legal aid instructions granted totalled

67 103 in 1992-93
79 500 in 1993-94
85 231 in 1994-95
110 992 in 1995-96

(Year 1 April to 31 March)

(2) (a) Thus far the system has coped with demand, but many people still appear in court without legal representation and others do not apply for legal aid despite such need In addition, legal aid was not available, or only available on a limited scale, in the former TBVC states Once the amendment to the Legal Aid Act, 1969 is promulgated, the operation of the Act, and therefore the operation of the Legal Aid Board, will be extended to the whole of the South African territory

(b) The board has utilised in-house legal staff through the Office of the Public Defender in Johannesburg and its 24 national clinics to expand legal representation at affordable cost Approximately 15% of legal aid matters are dealt with by this staff The balance are handled by lawyers in private practice

Funds will have to be made available for legal aid as the demand for such services increases, particularly in new fields such as matters coming before the Constitutional and Land Claims Courts Legal assistance through paralegals is also under consideration The board has already expanded legal representation in courts as required by the Constitution and has plans to further expand these services

The board also envisages the following steps to rectify inadequacies

- The expansion of its law clinics to 36
- The expansion of the Public Defender service in metropolitan areas
- The negotiation of acceptable fee structures with private practitioners to encourage lawyers to become involved in providing legal aid
- The further extension of legal aid in the former TBVC states
- The simplification of finalisation of accounts of private practitioners and payment of the moneys due

Political party: money unaccounted for

*8 Mr D H M GIBSON asked the Minister of Home Affairs

(1) Whether his attention has been drawn to allegations that an amount of money allocated by the Government to a certain political party, the name of which has been furnished to his Department for the purpose of his reply, for the purpose of providing financial assistance to the said party's campaign for the 1994 general election, is unaccounted for, if so,

(2) whether he intends taking any steps in this regard, if not, why not, if so, what steps?

N903E

The MINISTER OF CORRECTIONAL SERVICES (for the Minister of Home Affairs)

(1) Neither my department nor I has been involved with or has responsibility for the administration of the State Electoral Fund That is the responsibility of the IEC, which advised me as follows

In accordance with the provisions of the Electoral Act, 1993, full audited statements have been requested from all political parties which received contributions from the State Electoral Fund In a number of cases, including that of the PAC, the statements submitted were initially neither complete nor satisfactory The matter has been followed up on an ongoing basis and some of these deficiencies have been rectified or are in the process of being rectified The present position of the PAC, as with some other parties, is that their audited statements do not yet meet all the requirements set by the Electoral Act, 1993, and the Independent Electoral Commission

It is expected that the Independent Electoral Commission will be in a position to wind up the State Electoral Fund towards the end of August 1996 A report will then be submitted to the Auditor-General

(2) Political parties will be requested to return such funds (if any) not accounted for in the prescribed way It must, however, be pointed out that the Electoral Act, 1993, provides no legal sanctions If any such request indeed eventuates and fails to elicit a favourable response, it would be up to the Auditor-General and Parliament to deal with the matter

The MINISTER OF JUSTICE Madam Speaker, the Minister of Health apologises for her absence and asks that Question 9 stand over

*9 Mr M J ELLIS—Health [Question standing over]

*10 Mr K M ANDREW—Finance [Withdrawn]

Price of diesel fuel

*11 Mr J A JORDAAN asked the Minister of Mineral and Energy Affairs

(244)

(1) Whether the price of diesel fuel oil was increased in the past three months, if so, (a) how many times, (b) by what total amount during this period and (c) what was the reason for the increase in each case,

(2) whether he will make a statement on the matter?

N906E

The MINISTER OF MINERAL AND ENERGY AFFAIRS

(1) (a) Yes, three times

(b) The total amount of the increase was 13 cents per litre (c/ℓ) It increased by 3 c/ℓ in March 1996, by 7 c/ℓ in April 1996, which incorporated a fuel tax increase of 3 c/ℓ, and by 3 c/ℓ in May 1996

(c) Except for the 3 c/ℓ increase in the fuel tax in April 1996 the reason for the increases was the same in each case an increase in the international oil and product prices and a drop in the value of the rand against the collar, from US $1 = R3,93 to US $1 = R4,37

(2) The Liquid Fuels Industry Task Force (LFITF) with representation from business, labour and Government, recommended in 1994 that fuel price adjustments in respect of controlled fuel products, namely petrol diesel and illuminating paraffin, be adjusted, if required on the first Wednesday of each month based on the prevailing international market price of these products and the rand/dollar exchange rate The Cabinet approved this recommendation on 28 September 1994 and on Wednesday, 5 October 1994 the first adjustment was effected in terms of the new mechanism The fuel pricing mechanism as agreed to by the LFITF is administered by the Central Energy Fund (Pty) Ltd and audited on a monthly basis by an independent audit firm

Cef releases a monthly media statement in respect of fuel price adjustments Information in respect of the daily and average unit over/underrecoveries on petrol, diesel and illuminating paraffin are also published in the media on a daily basis

Business interrupted in accordance with Rule 199(3) of the Standing Rules for the National Assembly

SABC: certain person employed

*12 Ms M SMUTS asked the Minister for Posts, Telecommunications and Broadcasting

(1) Whether a certain person, whose name has been furnished to his Department for the purpose of his reply, is employed by the SABC, if so, (a) what is his annual salary, (b) in what capacity is he employed and (c) what are his principal responsibilities,

(2) whether the said person has been charged with or convicted of any crimes, if so, what are the relevant details,

(3) whether he will make a statement on the matter?

N907E

The MINISTER FOR POSTS, TELECOMMUNICATIONS AND BROADCASTING

The Chairperson of the SABC has informed me as follows

(1) The said person (Dr Adam Klein) is not a permanent employee of the SABC

(a) Consultancy fees 1 March 1995-31 October 1995 = Total R861 840

(b) The said person did perform consultancy services to the Corporation during 1995

(c) Management consultancy

(2) The said person had been charged and convicted in November 1995 for contravening the foreign exchange regulations

(3) Dr Adam Klein is visiting the USA and is not available for comment The SABC has no intention of employing the said person in the future, either as a full-time employee or as a consultant On a related matter, the SABC now has a "Consultants Policy" in place to ensure that proper procedures are followed prior to the appointment of consultants

Houses built by public sector

*13 Mr K M ANDREW asked the Minister of Housing

(a) How many houses were built by the public sector during the period 27 April 1994 up to 27 April 1996 and (b) how many of these houses were built by small and emerging businesses?

N908E

The MINISTER OF HOUSING

(a) and (b)

Record is kept only of houses which are being erected with the assistance of state funds The details required are not readily available within housing departments at national or provincial level To provide these details, the nine provincial administrations will have to approach local authorities This will entail a very time-consuming process that will not be economically justifiable

However, since the implementation of Government's Housing Subsidy Scheme on 15 March 1994 until 30 April 1996, 47 191 individual ownership subsidies were approved by the nine provincial housing boards within the framework of the subsidy scheme in respect of beneficiaries who had bought residential properties Once individual ownership subsidies are approved, conveyancers are instructed to register transfer of the residential property in the name of the subsidy beneficiary In the case of existing homes and completed homes in projects, this means that the beneficiary can take occupation of the home soon after registration of transfer or earlier if the agreement of sale so provides Where the housing unit is still to be constructed, indications are that construction is completed within two to three months after registration of transfer

*14 Mr A J LEON—Public Service and Administration [Question standing over]

SA criminal law system: corruption

*15 Mr D M BAKKER asked the Minister of Justice †

(1) Whether his Department intends instituting an investigation into possible corruption in the South African criminal law system, if not, what is the position in this regard, if so, what sections are to be investigated,

(2) whether he will make a statement on the matter?

N910E

The MINISTER OF JUSTICE

(1) and (2) I had already indicated in my budget vote speech in the Senate on 15 May 1996 that steps are in the pipeline for an independent investigation and appropriate action in respect of corruption in our criminal justice system I want to emphasise that in my speech I did not refer to "corruption in the Department of Justice" as reported by *The Citizen* newspaper of 16 May 1996 but to corruption in the criminal justice system In this regard I referred to the folowing examples

(a) The failure to arrest gangsters and members of crime syndicates because of elements in the criminal justice system who co-operate with them

(b) The lack of successful prosecutions because of—

(i) poor investigations,

(ii) disappearance of policedockets,

(iii) non-appearance of witnesses at court, and

(iv) the failure to place all the evidence before the courts

As indicated in my speech I had informed my counterpart in Safety and Security of my view I am of the view that a toothless commission of enquiry would be wholly inappropriate Therefore legislation is envisaged to provide for the establishment of special investigating units for the purpose of investigating serious malpractices or maladministration in connection with the administration of state institutions, state assets or public money, which includes an investigation into corruption in the criminal justice system Such legislation will also provide for the establishment of special tribunals so as to deal speedily with cases arising out of such investigations Such draft legislation will be made available for public discussion soon

In addition and in co-operation with the SA Police Services, steps have been taken to eradicate corruption wherever it rears its head in the criminal justice system Control measures to prevent corruption are also being implemented

Unions threaten mass action

(244)

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 Unions Confederation said yesterday.

Stayaways likely

Spokesman Success Mataitsane told reporters in Pretoria such demonstrations would be hostile and might involve stayaways and strike action.

SAITUCO comprises 11 trade unions and claims a membership of 200 000.

Mataitsane 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 percent of the amount paid by motorists was for unknown purposes," he said

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

Mataitsane said outgoing Energy and Mineral Affairs Minister Pik Botha had agreed to meet SAITUCO on the matter.

"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 filling stations.

Confident

Mataitsane doubted whether the leadership of the Congress of SA Trade Unions would back the protest, but said he was confident Cosatu members would join in the demonstrations – *Sapa.*

Sowetan 12/6/96

(244)

Unions, taxi bodies to protest at fuel price hike

(332) 21/6/96 Star

By Mandla Mthembu

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 (Tusatco), will be held at the offices of the Departments 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 Tusatco 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, Tusatco spokesman Jacob Ledwaba said the body was opposed to "all unilateral petrol price hiking".

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

(244) CT 21/6/96

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 (Saituco) and the Transitional United South African Taxi ... (Tusatco), 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 Tusatco demanded that taxis be exempted from petrol price increases The total increase for the year so far amounts to 35c up from a price of R1,84/litre in January

Warning that the increases are going to provoke "a series of protests", Tusatco spokesman Mr Jacob Ledwaba criticised the government for continuing to increase petrol prices as if South Africa 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

(~~483~~)(244)

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 taxis 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 practicality. – Sapa

Star 24/6/96

Transport bodies slam fuel hike plan

(244)

By Mandla Mthembu

Star 25/6/96

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 Transitional United SA Taxi 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 Maitatsane 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

ALIDE 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

ARG 27/6/96

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

(244)

Petrol price cut a mere drop in the ocean

Star 28/6/96

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 R1,50/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

(244)

CT 12/7/96

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 (SFW) and Gilbey's, yesterday confirmed they will 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, SFW's director of corporate and industrial affairs, said that considering the costs to his company, an eight percent hike would have been justified.

SFW 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 scams 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 influence," he added.

Mr Butch Wykerd, chairman of the Western Province branch of the South African Liquor Store Association, said the increase had been expected — with only the March budget increase affecting liquor since January

Star 15/7/96 (244)

Bread prices have gone up, up, up since de-regulation

By Melanie-Ann Feris

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.

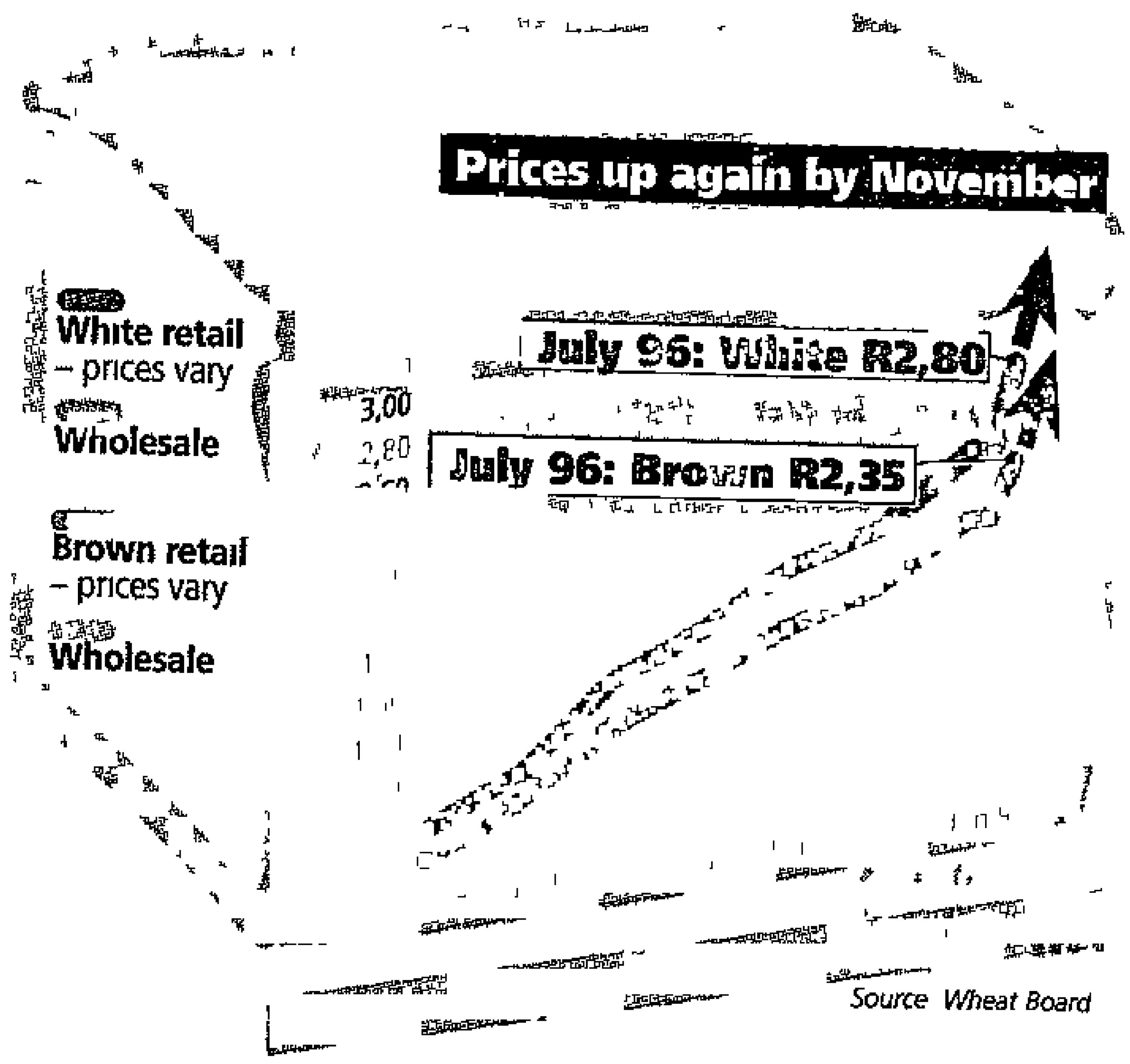
With the new bread prices announced last week, a loaf of white bread will cost 22c more and a loaf of brown bread 24c more.

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

(244)

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

Star 22/7/96

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 Yussuf 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 86% 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

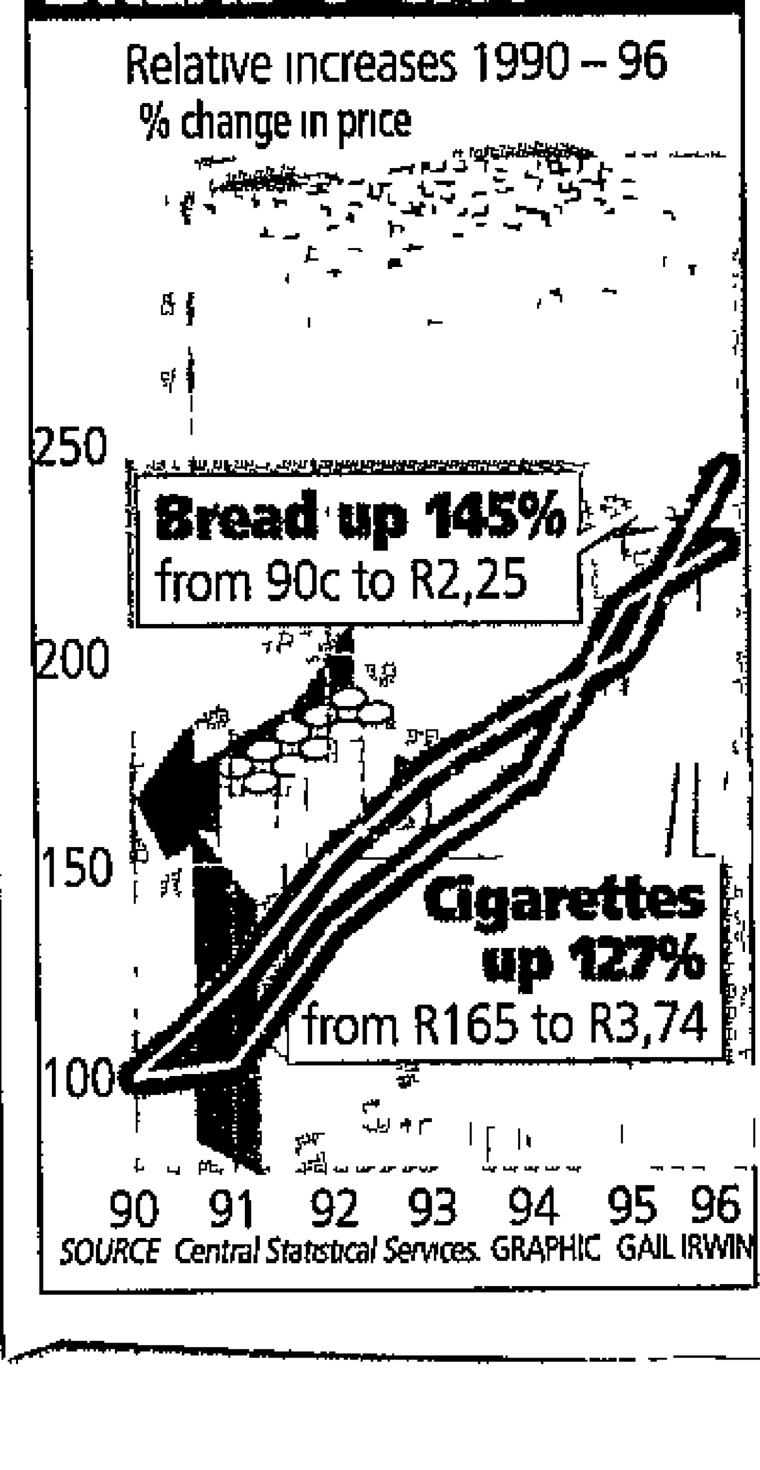
Cigarette prices were directly related to consumption, he added

In real terms the price dropped 37% between 1970 and 1989, while tobacco consumption rose more than 100% 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 spent on sports sponsorships.

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.

BREAD V CIGS



SOURCE Central Statistical Services. GRAPHIC GAIL IRWIN

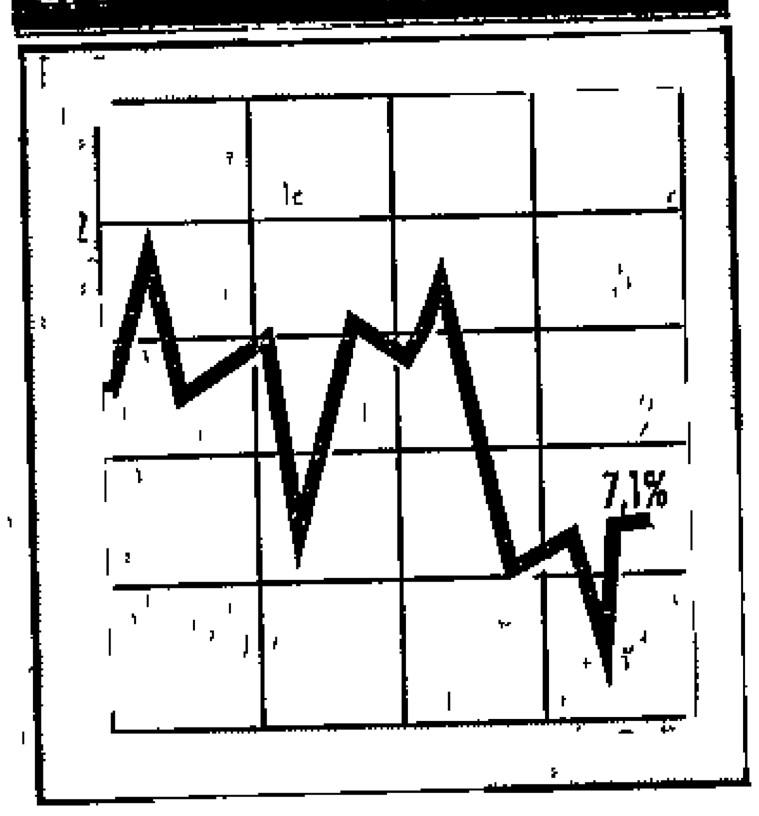
Consumer price index reaches 7,1% in July

Food pushes inflation to year's high

CT (BR) 22/8/96 (244)

By Christo Volschenk
ECONOMICS EDITOR

CPI



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 economic unit 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 biannually 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 9,3 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

(244) M+G (BM) 2-8/8/96

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 fall 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 Schussler said the collapse of the rand should rule out a decrease next month.

New price hikes in sight for motorists

BD 5/8/96 (244)

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 Mogul 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 Booysen 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 (MMF) levies by 1,5c/l on petrol and 1c/l on diesel The hikes lift total tax on 91 octane unleaded petrol to 65,4c/l, on 93 octane leaded to 71,6c The MMF levy now totals 10,5c for petrol and 6,8c for diesel

Airlines to resist 'high' fuel prices

BD 12/8/96 (244)

Reinie Booysen

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

A meeting with previous minister, Pik Botha, produced a commitment to take action against the oil companies, provided airlines could substantiate their case. Botha resigned in June, and the airlines will have to start afresh.

The airlines, represented by the Airlines 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 80% of the 850-million 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 80%.

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 railed up from refineries in Durban by other oil companies.

Sasol sets the price for its fuel at "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 Bahrain-Caltex refinery, the notional costs of moving the material to Durban are added, including shipping, insurance, wharfage and other fees. This produces the IBLC, to which Sasol adds an 11,695c/l pipeline charge to pump the fuel from Durban to Johannesburg. In truth, no jet fuel passes through state pipeline operator Petronet's pipeline from the coast.

The toll on fuel prices is heavy, es-

Continued on Page 2

Fuel prices

(244)

Continued from Page 1

pecially as the other oil companies — Total, BP, Shell, Caltex and Engen — use the same pricing structure for the fuel they rail up from Durban.

Johannesburg prices are now 25c/l to 30c/l above the levels at large European airports, with SAA near the bottom of this range in view of its immense volumes (it buys about 350-million litres a year at Johannesburg and 600-million litres nationwide).

According to one foreign airline fuel buyer, the average visiting airline paid about 100c/l to 105c/l at Johannesburg International last week, against 75c/l to 80c/l at London's Heathrow. While he acknowledged that Johannesburg prices were unlikely to drop as low as Heathrow's, he said the disparity was excessive. "We feel that import parity pricing is outdated and retrogressive," the official said at the weekend.

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".

BD 12/8/96

Food price jump bumps inflation

(244)

ALIDE DASNOIS
Business Editor

ARG 19/9/96

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 8,6 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

(245)

Sowetan 7/2/96

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 Maleka, 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 knowing

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 did not. He made purchases to the value of R700 out of his R1 400 credit

His wife still did not 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

"Time the OK started sending cards by registered mail"

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 inquiries, 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 time 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

Consumer CORNER by Musa Zondi

Banks urge overhaul of consumer laws

(245)

BD 22/2/96

Adrienne Giliomee

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 Danie Cronjé 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 Cronjé 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".

Cronjé 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

(245)

legislation

ARG 23/3/96

BRUCE CAMERON

CRUCIAL negotiations start in Cape Town today between the ministry of Trade and Industry and the provinces on the future protection of consumers

In terms of the existing constitution, consumer protection passes into the hands of the provinces, but Minister of Trade and Industry, Trevor Manuel, is concerned that the proliferation of legislation and control will result in the "crooks slipping between the cracks"

Instead of fly-by-night operations there will be "fly-by-province scams" as shady business operations are moved from one region to another

South Africa's consumer protection legislation is weak in comparison with other developed countries and Manuel fears it could be weakened further.

Manuel told Personal Finance he was concerned about the potential for abuse that currently existed. There was an urgent need to tighten up on consumer-protection legislation and control

The minister would like to see consumers given greater protection and the scope of legislation consolidated, toughened and broadened

At the moment there are 10 separate laws, which to a greater or lesser degree affect consumer protection and are controlled by the Department of Trade and Industry These are

- The Harmful Business Practices Act
- The Usury Act,
- The Trade Practices Act
- The Estate Agents Act
- The Alienation of Land Act
- The Property Time Sharing Control Act
- The Housing Development Schemes for Retired Persons Act
- The Credit Agreements Act
- The Sale and Service Matters Act and,
- The Protection of Business Act.

Manuel said the constitution created problems in this regard

"If there is an inquiry against a bank, how will this be carried out across the provincial boundaries?

"If a company is black-listed in one province under the Harmful Business Practice legislation, how will it be prevented from trading in another province?"

"The problem is that the dishonest will take advantage of any loophole," Manuel said The meeting would be the start of a process to work through the problems

Consumer affairs court may be established in Gauteng

BD 6/3/96 (245)

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 Caine 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

(245)

ARG 30/8/96

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 spokesman 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 spokesman 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

Reneé Grawitzky

(345) BD 6/9/96

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 R200 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

BD 15/4/97

(246)

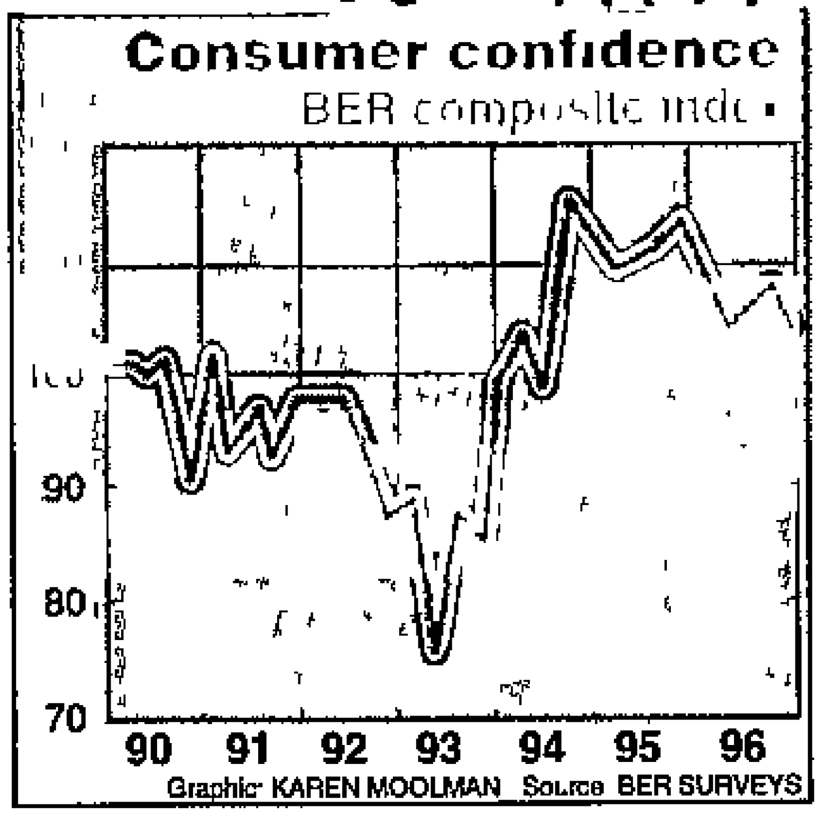
Samantha Sharpe

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 2 508 households, representing 92% 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 on 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

Sowetan 31/7/97 (245)

By Shadrack Mashalaba

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 adds 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 Soshanguve," 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"

In a situation where the court does not get the co-operation 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 Willie 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) 355-8008 or send a fax to (011) 355-8091

Gauteng consumer affairs assistant director Eric Mathabathe.

Food prices to smile about

Cape Argus trolley load costs just 3,8% more

(244)

ARG 15/9/97

LENORE OLIVER
STAFF REPORTER

Consumers have reason to smile with the results of an "Argus Shopping Basket" survey that shows food prices have remained fairly stable during the past year.

A trolley of 28 household products were selected which were considered a fair representation of what most people buy in a week We avoided luxury goods and have not catered specifically for those who live on or close to the bread line

Items and prices at Pick 'n Pay were chosen and it is important to note that some were temporary special offers Specials are a part of the store's pricing policy and occur regularly for different products

Recordings were also made of fluctuations in the petrol price to see whether this had any impact on food price increases

The items included 1kg lean beef mince, 500g Eskort pork sausages; 2kg County Fair braai cuts, 1kg hake fillets, 1kg potatoes, 1kg Tastic rice; 1kg carrots, 1 lettuce, 1kg tomatoes; 1kg I&J frozen peas; 1kg Golden Delicious apples, 1 loaf wholewheat bread, 500g No Name margarine, 250g Marmite; 1kg cheddar cheese, 185g No Name shredded tuna, 100 Five Roses tagless teabags, 6 eggs, 1 litre Homestead full cream milk; 1kg Huletts white sugar, 1kg Snowflake white bread flour, 500g Kellogg's Corn Flakes, 2 litres Oros orange squash, 750ml No Name sunflower oil, 1 bar of Palmolive bath soap, 10 No Name 2-ply toilet rolls, 1kg Omo washing powder and 750ml Sunlight dishwashing liquid

Our first comparison was between July 1996 and July 1997 In July last year, this trolley would have cost R213,91 The petrol price at that time was R2,06 a litre

In July this year, the same trolley would have cost the consumer R222,08, with the petrol price 1c up to R2,07 This means a percentage increase of 3,8% over the year with inflation at 8,8%

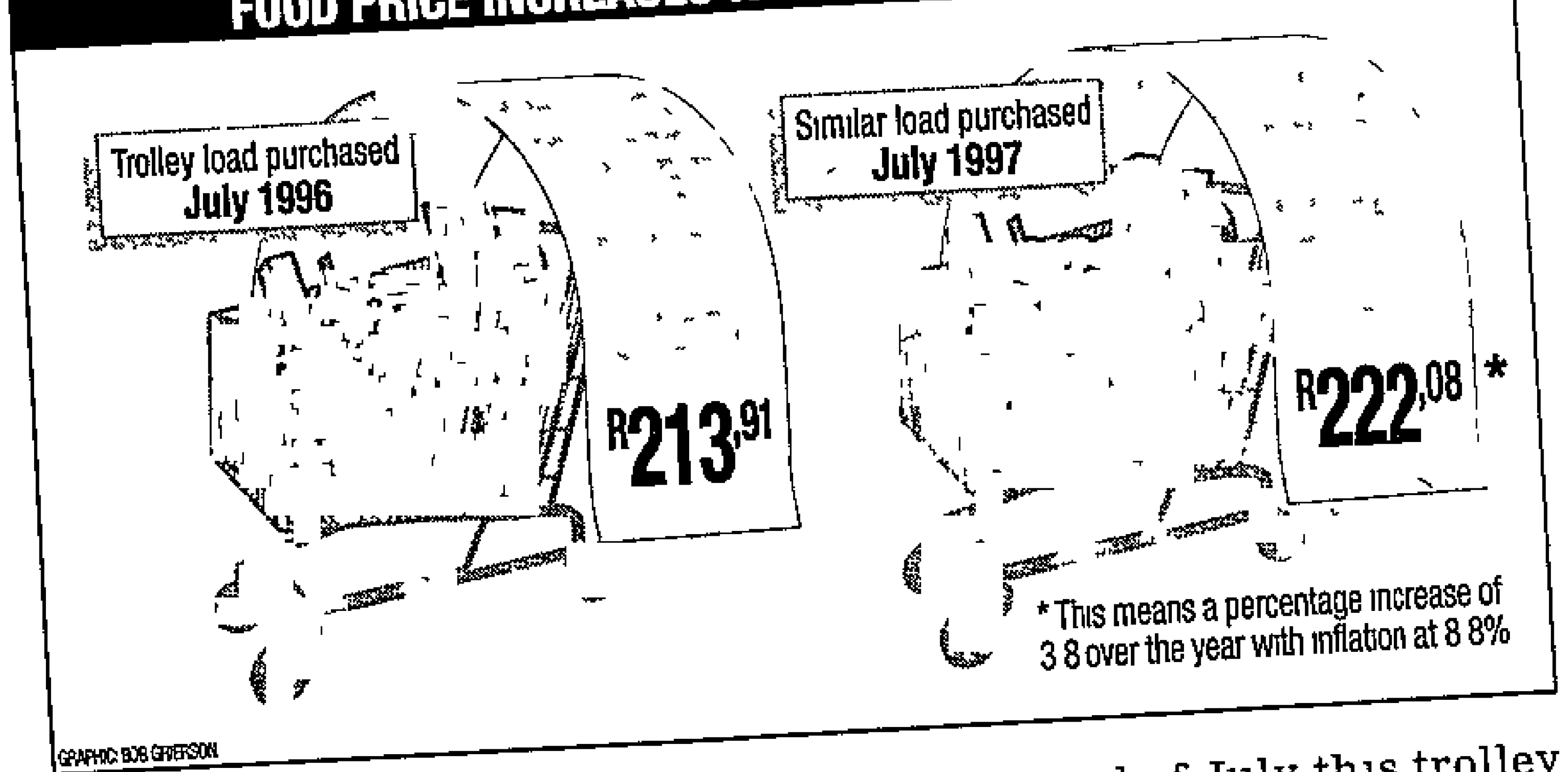
The second comparison was carried out during a 40-day period from the end of July to September 9 1997

The same trolley of food was priced in this test, except for the 1kg I&J hake fillets which were not available leaving a total of 27 products

At the end of July this trolley would have cost R204,09 and R211,13 on September 9 The petrol price is now R2,12 a litre and the latest official consumer price index puts inflation at 9,1%

Most of the increases have been well under inflation Cape Argus will carry out similar surveys regularly.

FOOD PRICE INCREASES WELL UNDER INFLATION RATE



Consumers short-sliced on bread purchases

Star 3/10/97 (244)

BELOW THE BREADLINE
Who's selling you short

Bread	Supplier	Weight	Price
	Engen Quick Shop	680g	R2,90
	Shop-rite	700g	R2,73
	Spar	720g	R2,60
	Blue Ribbon	760g	R2,90
	Albany	780g	R2,95
	Pick 'n Pay (Sasko)	780g	R2,85

Value for your dough

Bread	Supplier	Weight	Price
	Wool-worths	800g	R3,19
	Cafe (own bakery)	800g	R2,90
	Friendly Grocer	820g	R2,70
	Bakery	840g	R2,60

Graphic: Jignasa Diar

SHRINKING SIZE, RISING PRICE OF GOV LOAF

1938	908g	6c
1946	908g	6c
1955	908g	8c
1961	900g	9c
1974	900g	16c
1985	850g	65c
1990	850g	R1,20
1991	800g	R1,27
1995	800g	R2,27
1997	680g	±R2,83 (proposal)

~~By Anso Thom~~

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 Cownie, said the SACB was proposing a 680g 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 Chappie 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 QuickShop weighed 680g, a Shoprite loaf 700g and a Spar loaf 720g.

▶ **Bread probe** ... Page 2

Discrepancies in bread weight sparks product-control probe

(244) Star 3/10/97

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 760g, 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 890g, which should produce a baked product of between 805g and 808g.

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 Pierr Roodt 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 Koertzen, 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," Koertzen said.

> "We'll make sure it's an isolated problem"

A Mayfair, Johannesburg bakery came out tops in terms of weight (840g) and price (R2,60).

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.

SA's high chicken prices coming home to roast

(244) ~~[illegible]~~ ARG 6/12/97

Johannesburg – South African consumers pay the highest chicken prices in the world, according to Jim Sumner, president of the United States Poultry & Egg Export Council based in Atlanta, Georgia.

For example, he said, whole fresh chickens sold for R6,98/kg in the US, while they sold for R11/kg or more in South Africa. Quality boneless, skinless chicken breasts sold at R19/kg in the US, while the equivalent product in South Africa sold for R25/kg.

Mr Sumner said accusations that the US dumped poultry in South Africa were "completely untrue". He said US chicken producers had no incentive to dump chicken anywhere, especially when demand far outstripped supply as it did at present.

He said the South African market accounted for less than one percent of US chicken exports.

"South African sources claim that the import of US products is disadvantaging the local producers," he said. "About 10 000 tons of poultry product is coming into South Africa each month. Last year imports represented only about 14% of total local production."

Mr Sumner said the US government did not subsidise the production or export of poultry. The domestic price of US poultry determined its export price.

"Market preference is one of the factors which enables us to export poultry at a good price," he said.

"In the US, consumers have an overwhelming preference for breast meat and also are prepared to pay premium prices for a fresh and further processed product.

'Regardless of local costs, if import prices go up, so do local prices'

"South African consumers tend to prefer the darker meat of the chicken and we are therefore able to sell our chicken leg quarters as a commodity item at an exceptionally good price."

But, he said this price would apply worldwide.

He said the entire poultry market in South Africa was smaller than the poultry market in California alone and much smaller than the market in Russia. This gave South African importers little leverage in negotiating a good price.

He said when he met major importers and distributors in South Africa a few months ago, the unanimous view was that the new higher chicken tariffs would only provide local producers with the justification to increase local prices.

"Their prediction was that, within a few weeks of tariffs being increased, the local industry would raise its prices. The only one to lose would be the South African consumer.

"We should also point out that America does not have a board on tariffs and trade to control prices. In America, prices are purely the result of supply and demand."

Mr Sumner said South African producers had allowed imports to become the price-market leaders and maintained a policy of pricing their products at just under the import price.

Regardless of the operating costs of local producers, if imports went up in price, so did local market prices.

This had the effect of steadily driving up prices for South African consumers, without any increase in quality or competitiveness for the industry, he said. – Sapa

Parents learn the three Rs

(244)

With the prices of school uniforms varying widely at different chain stores, it pays to shop around

SIBUSISO BUBESI, BABALWA SHOTA and GWEN GILL

PARENTS beware Shop around for school uniforms this year because prices vary enormously from shop to shop

A Sunday Times survey of the cost of 1998 uniforms in four major nationwide stores shows parents can pay as much as R377,35 (at Woolworths) and R372,50 (at Sales House) for just seven items, or not much more than half those amounts (R198,94) at Pep Stores

The survey is based on the items a primary school pupil needs to start the term — long grey trousers, white shirt, shoes and two pairs of socks for boys, and school skirt, dress, shoes and two pairs of socks for girls

We chose the cheapest items sold by each store chain Buy the most expensive items and you can add about half to the totals in the accompanying table

Some items in particular are worth serious price and quality comparisons — boys shoes at Sales House for R90 can be bought at OK for R49,95 or at Pep for R34

We have also calculated what customers will pay in total at each store to outfit a primary school girl — with dress, skirt, shoes and one pair of socks — and a boy, with trousers, shirt, socks and shoes This shows Woolworths (at R186,95) is the most expensive store to shop for girls' uniforms and Sales House (R160,75) for boys' The lowest total for outfits for both boys and girls is at Pep Stores

Despite Woolworths being the most expensive of the four stores surveyed, it is their policy to freeze prices for the new year", said schoolwear department planner Wardieya Mohamed

THE COST OF SCHOOL CLOTHES FOR 1998

ITEM OF CLOTHING	PEP STORES	OK STORES	SALES HOUSE	WOOLWORTHS
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	R198,94	R278,70	R372,50	R377,35

START-UP COST OF BOYS' AND GIRLS' UNIFORMS

	PEP STORES	OK STORES	SALES HOUSE	WOOLWORTHS
[illegible]	R104,97	R131,95	R160,75	R152,95
Girls uniform	R95,97	R171,95	R175,75	R186,95

Graphic: FIONA KRISCH

"Our clients are ordinary men and women on the streets. They are important and we try to give them the best quality in our service and schoolwear," she said

Even though Sales House is almost as expensive as Woolworths, the schoolwear manager at its headquarters in Johannesburg, Neil Retief, says today's prices are lower than last year's

"And they will continue to remain low in the coming year

"We have relaunched our uniform business to compete with other major shops which sell uniforms — and from now on our schoolwear will be known by its new brand name, Class Act."

It is interesting to note that the two most expensive shops have credit customers

The price you pay for schoolwear may seem a lot of money, specially when at least two of each item are required for a child, but are uniforms expensive in the long run?

Grace Makhosi, an Alexandra mother of two primary school children, doesn't believe they are.

"Think how many sets of clothes each child would need if they didn't wear uniforms And think, too, of all those little girls wanting to be the best-dressed kid in class and the competition that would go on."

But, says Makhosi, parents must weigh up the value of schoolwear "It's not always worth buying the most expensive item on the shop shelf, however good the quality, because a child will outgrow it in a few months"

Maureen Seeger, mother of six-year-old Sharon, says her biggest gripe about uniforms is school shoes, which cost more than a pair of walking shoes

"I just bought my daughter a pair of good sandals for only R14, but I have to pay about R70 for school shoes It is unfair on us but we have no choice Something simpler like a pair of black or navy takkies would be much more affordable," said Seeger

'I just bought my daughter a pair of sandals for only R14, but have to pay about R70 for school shoes. Something simpler like a pair of black or navy takkies would be much more affordable'

East Rand headmaster George Marolen, of Hulwazi Secondary School, also does not consider school uniforms expensive

"Parents may have this perception but prices are market related," he said.

Some parents have an extra uniform problem to face Schools, particularly those in cities, demand a more specific uniform and emblem so they are forced to go to specialist shops These are often a lot more costly than chain stores.

The manager of Essays Fashions in Benoni, which sells specialised schoolwear for various schools on the East Rand, says they will not be increasing prices

A Mr Seedat of Essays, which kits out most schools on the East Rand, admitted his uniforms were more expensive than the more basic ones sold at other stores, but said parents were happy to pay the higher prices because of the good quality of the clothing sold in his shop

FIRST GRADE: Siyabonga Mbatha and Lerato Gule, both six, gear up for the new school year Picture: ELIZABETH SEJAKE

ST 4/1/98

Cheaper fuel set to accelerate the economy

Star 3/3/98 (244)

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 Jammine 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 5,5% in April 1996).

It all adds up to good news for consumers

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 rate and interest rates on home loans.

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

Jammine 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.

Jammine's optimism was backed by analyst Tony Twine, 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.

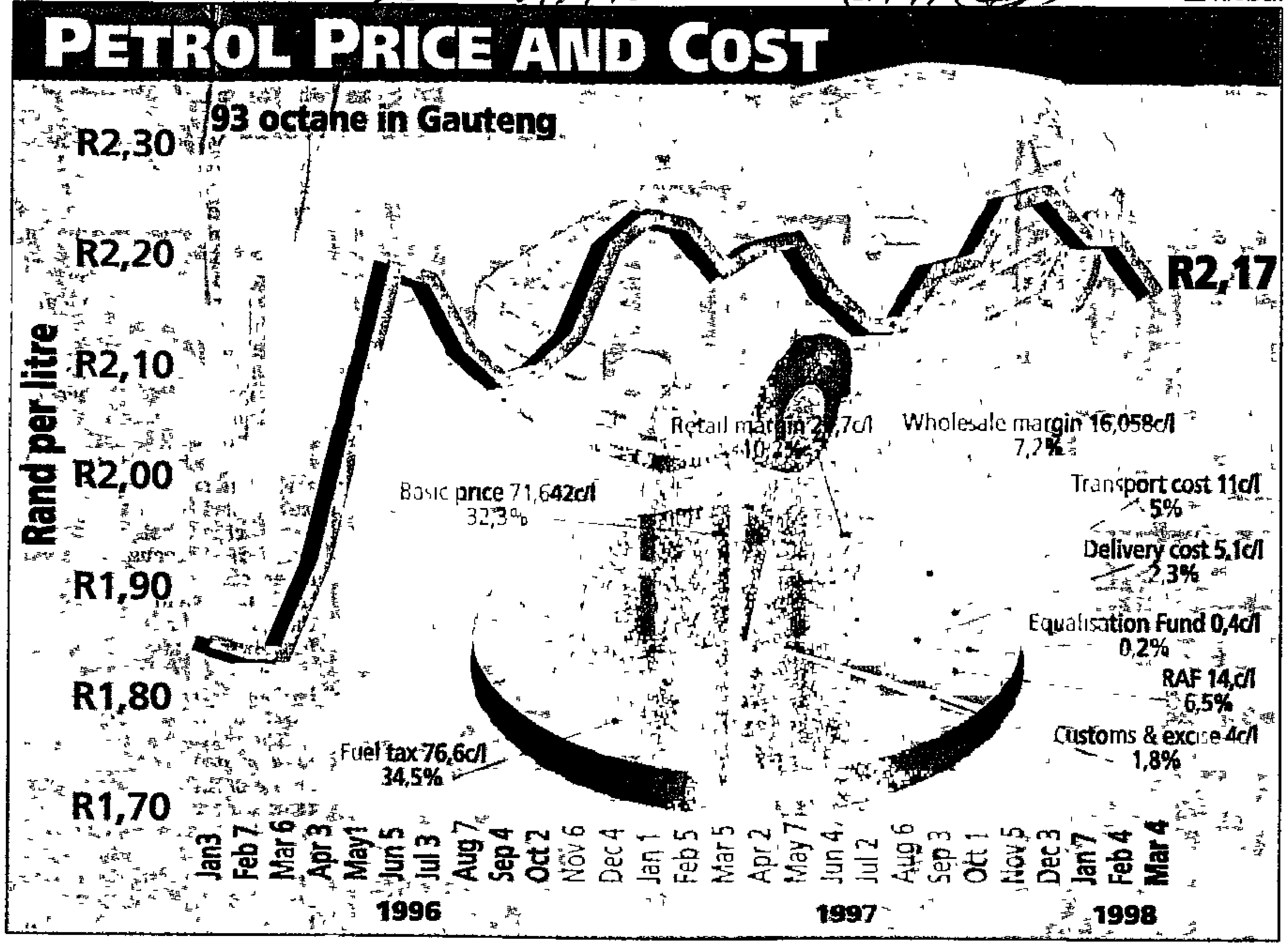
"By 1999 we should see very firm growth returning to the economy," he added.

Notching up the third decrease in price in a row since reaching a 27-month high of R2,26c/litre in December, unleaded petrol will cost R2,13c/litre and leaded R2,17c/litre in Gauteng, thanks mainly to a drop in international prices of oil to below $15 a barrel compared with $24 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 176,8c/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.

LIZ WARDER



Ups and downs ... the graph shows what happened at the pumps over the years, while the pie chart gives a breakdown of the cost of petrol and how the money is split between costs, profits, levies and taxes.

This month's retail price of R2,13c/litre for unleaded fuel is calculated on a wholesale margin of 16,058c/litre, service differential 5,1; dealer's margin 22,7, zone differential in Gauteng 11c; equalisation fund levy 0,4, fuel tax 70,4, customs and excise duty 4; and the Road Accident Fund levy 14. There is a 68,842c/litre contribution to the basic fuel price.

The weakening of the average rand/dollar exchange rate from 4,9303 to 4,9272 was offset by the drop in the fuel price, the department said. Over- or under-recoveries of funds are corrected the following month.

External factors which contributed to an average over-recovery of 5,177c/litre during the 23 weekdays from January 26 to February 25 were a combination of a drop in the fuel price and the stability of the exchange rate over the past month, the department added.

Cheaper fuel set to accelerate th

Star 3/3/98

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 Jammine 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 5,5% in April 1996)

It all adds up to good news for consumers

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 rate and interest rates on home loans.

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

Jammine 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

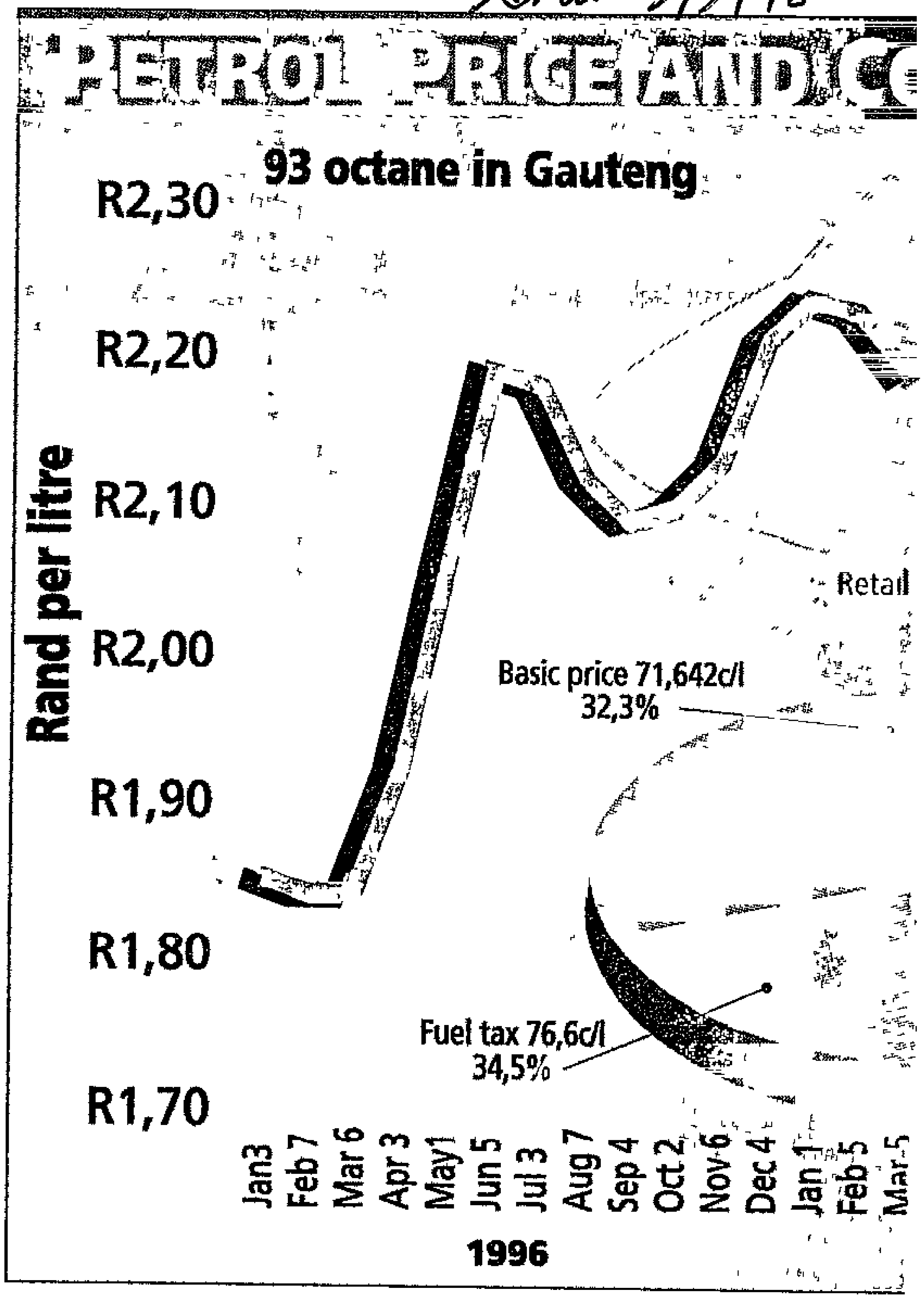
Jammine's optimism was backed by analyst Tony Twine, who predicted that the long-awaited economic recovery would start slowly in the second half of this year, when lower interest rates started kicking in and helped consumers out of the doldrums

"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 R2,26c/litre in December, unleaded petrol will cost R2,13c/litre and leaded R2,17c/litre in Gauteng, thanks mainly to a drop in international prices of oil to below $15 a barrel compared with $21 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 176,8c/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.



Ups and downs ... the graph shows what happened at the pumps over th of petrol and how the money is split between costs, profits, levies and ta

This month's retail price of R2,13c/litre for unleaded fuel is calculated on a wholesale margin of 16,058c/litre, service differential 5,1, dealer's margin 22,7; zone differential in Gauteng 11c; equalisation fund levy 0,4; fuel tax 70,4, customs and excise duty 4; and the Road Accident Fund levy 14 There is a 68,842c/litre contribution to the basic fuel price.

The weakening of the average rand/dollar exchange rate from 4, by the departi der-rec rected t

Exte tribut

BUDGET RESPONSE

Rise called a 'calculated move' by the government aimed at boosting domination of trains and buses

(244)

Taxi industry slams 10c a litre fuel levy increase

NKABA HLOPHE

Johannesburg — The 10c a litre rise in the fuel levy announced in the Budget was a calculated move by the government to squeeze minibus taxi operators out of the market and boost the domination of buses and trains, Bob Baleni, the general secretary of the National African Federated Transport Organisation (Nafto), said yesterday

He said the levy would result in the collapse of many operators who did not receive the subsidies enjoyed by bus operators and train operators

"The minibus taxi industry is not subsidised, and each operator has to bear the brunt of such levy increases without any support from the government," Baleni said

There are an estimated 130 000 taxis in the country, with about 60 000 operating illegally. The industry's turnover is about R3 billion a year

Ketso Gordhan, director-general of the department of transport, said that although the taxi industry had a valid concern, it had to appreciate that the fuel levy was used by governments worldwide as a general tax to fund their expenditure

The increase in the petrol levy is expected to raise an additional R1,7 billion for the fiscus but add less than 0,5 percent to consumer inflation

Herman Lemmer, the chief executive officer of the Road Freight Association (RFA), said the increased petrol levy would cripple the road transportation industry's competition against rail transportation.

"This is an indication of unequal treatment between road and rail transportation, and the timing was bad because the freight industry is facing greater competition," Lemmer said

But Tony Twine, a senior economist at Econometrix, said there were no grounds for the minibus taxi industry to complain about the levy because petrol prices had been rising at a slower rate than consumer inflation for the past 10 years.

IN A JAM *Nafto has warned that the 10c a litre increase in the fuel levy will result in the collapse of the mini-bus taxi industry*

10c/l fuel levy hike will boost revenue by R1,7bn

(244)

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 76,6c/l in respect of leaded petrol, 70,4c/l for unleaded petrol and 66,1c/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 said in his budget speech the fuel levy increase would come into effect from April 1, coinciding with the monthly fuel price adjustment, if any

While the levy constituted 7,4% of total revenue collections accruing to the national revenue account, the latest increase would bring the total to 8,1% of national revenue

Manuel said this would add less than 0,5% to consumer price inflation, making it a good means of improving revenue

The 1998/9 budget also includes a R662,1m allocation to the department of transport for national road maintenance, translating into a 4c/l 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 appropriations for road construction and maintenance, converted to a dedicated assignment of part of the existing fuel levy

BD 12/3/98

Government is to clamp down on evasion of value-added tax, particularly prevalent in the export of cigarettes to neighbouring countries

Duties on luxury consumer goods reduced by 5%

BD 12/3/98

Linda Ensor

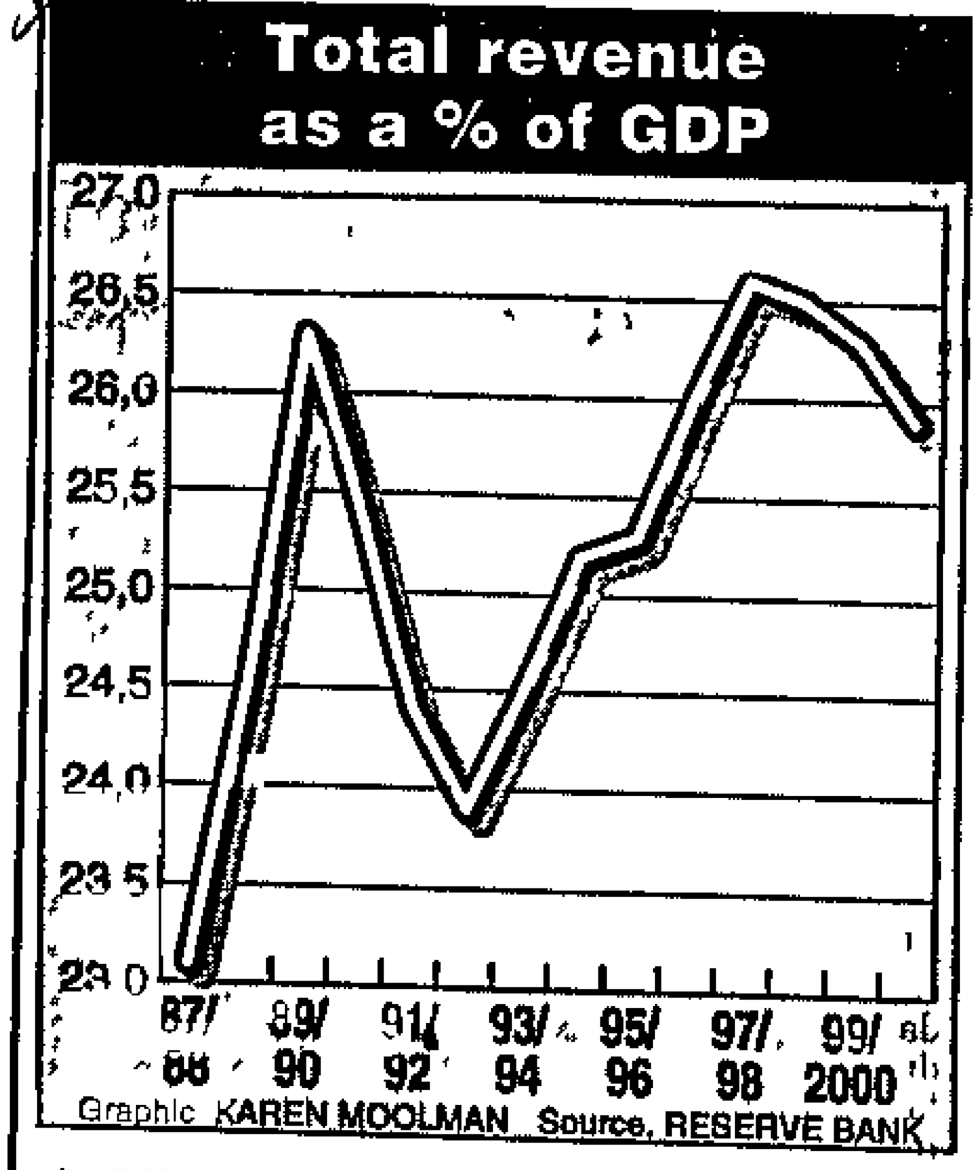
CAPE TOWN — Ad valorem duties on a range of consumer goods were reduced from 15% to 10% in yesterday's budget with immediate effect

Goods including perfumes, beauty products and electronic, camera and sound equipment would be cheaper and the temptation to avoid paying tax by undervaluing imported goods would lessen, the budget review stated

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 items subject to ad valorem duties was extended to goods such as cordless telephone sets, cellular phones, video cameras, caravans, boats and dishwashers.

The addition of new luxury items was kept to a minimum in line with a finding of the Katz Commission that to extend it excessively would result in ad valorem excise duties having to be administered alongside VAT

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



Graphic KAREN MOOLMAN Source, RESERVE BANK

Officials plans to clamp down on VAT evasion

Samantha Sharpe

BD 12/3/98

CAPE TOWN — Government intends clamping down on "serious VAT evasion", which the finance ministry said yesterday was taking place through the false declaration of exports into neighbouring countries

Finance Minister Trevor Manuel said in the budget review that VAT evasion, particularly prevalent in the export of cigarettes and liquor to neighbouring countries, cost the country R150m in lost revenue

The severity of the problem had forced government to propose the exclusion of liquor and tobacco products from the current export incentive scheme, he said.

The proposed measures meant traders from neighbouring countries would not be able to buy these products free of VAT in SA or obtain a refund of the tax at a land border post

"The zero-rating in respect of such products will only apply in relation to exports where an SA vendor consigns or delivers goods to purchasers outside SA," Manuel said

The proposals enjoyed the full support of the liquor and tobacco industries, with implementation to take place with immediate effect, and a Government Gazette published to announce the necessary changes in the scheme

However, Manuel said if the proposals did not curb current evasion levels, additional measures could follow

"Advisory notes in this regard were also posted to vendors with their returns," he said

Convicted tax offenders face public exposure

BD 12/3/98

Samantha Sharpe

CAPE TOWN — Taxpayers failing to furnish annual tax returns could find themselves blushing in the glare of public scrutiny following a proposal in the 1998/99 Budget to publish the names of convicted tax law offenders

While the receiver 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 whose tax default they are paying for It is accordingly proposed that the tax laws should be amended to provide for the publication (of the names) of persons convicted of offences in terms of these laws," Manuel said.

In keeping with reforms in other countries and SA's more open new democracy, government also intended examining the current secrecy provision contained in various tax legislation, Manuel said

This would include an investigation into how these secrecy provisions could be amended to enhance tax morality and effective revenue collections, which remained the driving force behind tax reform in SA, he said.

Improved tax collection and a broader tax base would net the fiscus an estimated R2bn in revenues in the new financial year, with government firmly committed to broadening the tax net. Teams had already been established in each revenue office under close supervision by SA Revenue Service regional offices to undertake this task.

This project was a long-term measure to decrease the default rate, change the culture of nonpayment and attain acceptable levels of tax compliance, Manuel said

"Activities have included information-gathering, cross-checking tax information and business-to-business inspections and street walks using up to 1 500 revenue service personnel at a time"

As at October 1 last year, about 33% of the entities evaluated for income tax purposes were unregistered

Look at it this way: it's now 2,3c more for a cigarette

(244) (##)

ARG 13/3/98

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 and tobacco – 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 R13,75.

Beer drinkers get off a lot lighter.

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

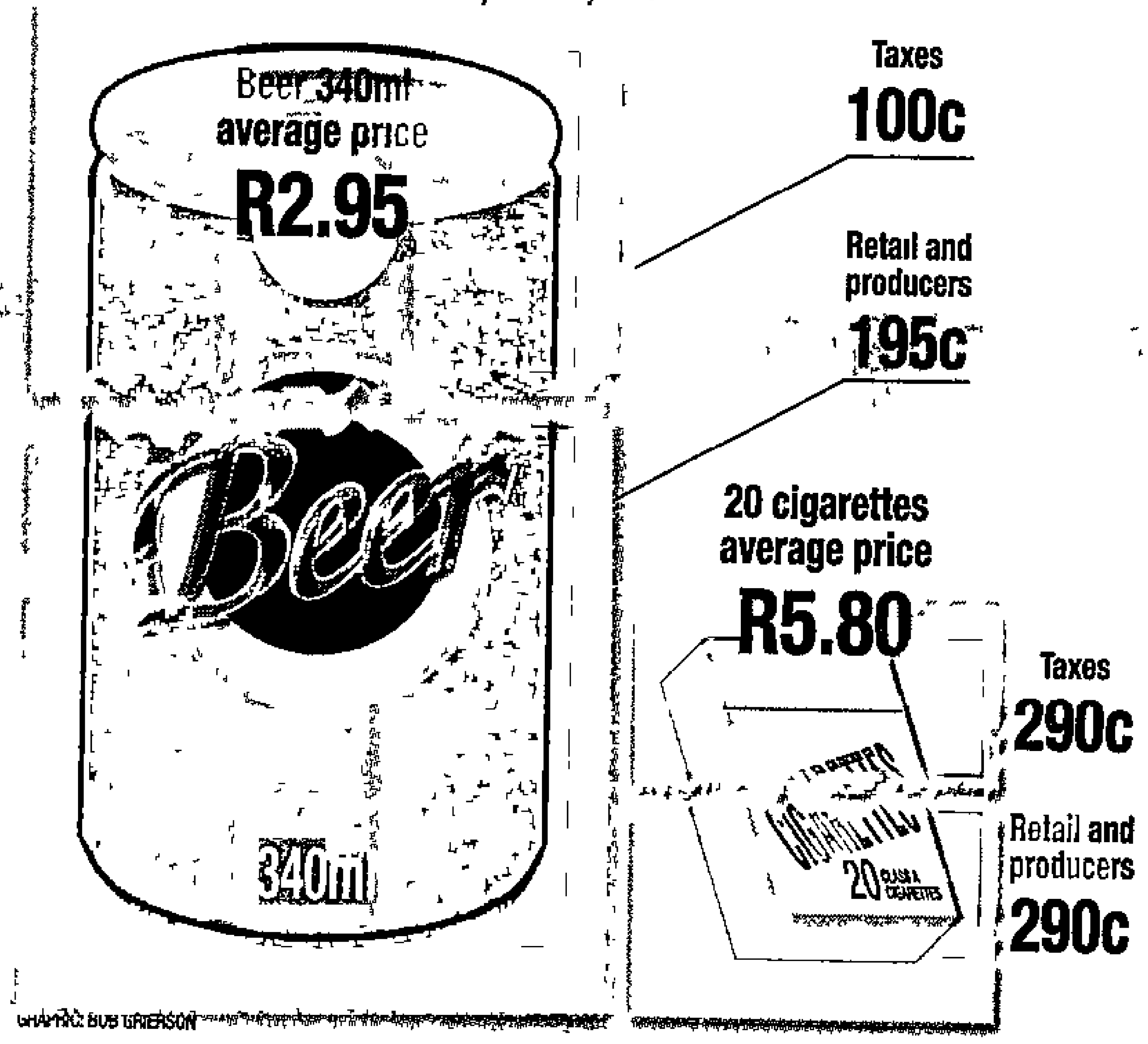
This means beer is still relatively cheap in world terms. World industry figures show that South Africa is one of the cheapest, if not the cheapest, producer of beer

Add the fact that South African excise tax on beer at 34% 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 at 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%.



Taste bugs: drinkers and smokers are now effectively among SA's top taxpayers

The Star Monday May 4 1998

Bakers taking a bigger slice out of your loaf

Star 4/5/98 (WHEAT (244)

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

By Melanie-Ann Feris

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 Claasen, 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 800g stipulation, in most cases between 710 and 730g a loaf, Claasen 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 1938 a 908g loaf of bread cost just 6 cents, in 1961 the weight dropped to 900g for 9 cents, and in 1985 it dropped a further 50g to 850g for 65c.

By 1990 a loaf weighed 850g 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 R2,83 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," Claasen 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, Claasen 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 129 million tons.

Bigger fines urged for bakers ripping off consumers

(244)(246)

By Melanie-Ann Feris

Bakeries which don't comply with the required bread weight standards face maximum fines of R1 000 – if they ever get caught. Star 5/5/98

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

"There is a problem. the government does not fund pro-active inspections We are training people at provincial level, but this will take some time," Beard 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 700g – 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 Lillibeth Moolman, a case could take up to two years before reaching a court.

Star survey finds loaves now heavier, more pricey

Star 7/5/98 (244)

By Gasant Abarder

A new survey conducted by The Star on the price and weight of bread has found that, while supermarkets and bakeries have increased the weight of their loaves, the 800g standard is still not maintained, despite steep price hikes

Research conducted by The Star in October last year found that loaves from various supermarkets and large bakeries were well below the prescribed 800g

Supermarket chains were contacted and the management of many outlets gave assurances that steps would be taken to increase the weight of loaves.

In a comparative study this week, The Star bought six different brands of brown and white breads and put the outlets' promises to the test.

The 12 loaves of bread looked identical in size but varied in weight

Since the last survey, Spar has increase[illegible]f by about 60g, with a price increase of 25c

The Woolworths loaf, which in the last survey was the best buy with a weight of 800g, now weighs 820g, with a 30c increase

Shoprite has achieved a 40g weight increase but has added 23c to the price.

Blue Ribbon has brought its loaf up to the 800g standard but its price has increased by 40c.

The weight of Albany loaves has decreased from an underweight 760g to 720g but they are 46c cheaper, and the bakery has standardised the price of brown and white loaves.

Sasko takes honours with 800g bread at only 11c more

Sasko seemed to be the pick of the bunch with an 800g loaf, up from 780g, and a price increase of only 11c

National Consumer Forum spokesman Lilibeth Moolman said there was no price control on bread

"It's a free market because there is a great variety of breads. It is up to the consumer to be alert and not get ripped off, by checking the weight or even weighing loaves when they buy. Scales should be in every store, but at spaza shops they may be too expensive."

The South African Chamber of Baking's Peter Cownie said the chamber had requested the Government to drop the standard bread weight from 800g to 700g.

"The Department of Trade and Industry has agreed to publish the recommendation in the *Government Gazette* for public opinion.

"We are waiting for this to happen," he said.

Cownie said the move would be a levelling of the playing fields, as larger bakeries were having to compete with smaller ones that were producing underweight loaves.

"A 700g loaf of bread can be baked to look exactly like an 800g loaf," Cownie added.

Moolman agreed with Cownie's sentiments, saying the bigger bakeries had been "the good guys".

"They were conforming to the 800g standard while everybody else was producing 700g loaves. But consumers should now rather choose a brand they like and stick to it so that they get value for money," she said.

Be part of the upper crust Page 1

ARE YOU GETTING VALUE FOR YOUR DOUGH?

Supermarket	Bread: White	Bread: Brown
Woolworths (Weight, Price)	820g R3,49	820g R3,49
SPAR	780g R2,85	760g R2,55
Shoprite/ Checkers	740g R2,96	780g R2,49
Blue Ribbon	800g R3,30	760g R3,00
Sasko	800g R2,96	780g R2,49
Albany	720g R2,49	800g R2,49

Bakeries feel the heat as loaves found to be underweight

Star 8/5/98 (2444)

By Gasant Abarder

The SA Bureau of Standards, spurred by reports in The Star that underweight bread loaves were being sold to the public, yesterday checked on three bakeries and supermarkets in central Johannesburg – and only one outlet fully passed the test.

The offenders were told to sell the underweight bread at reduced prices

SABS spokesman Erno Botes said the bread sold at the OK in Eloff Street met the 800g weight requirement. But the Fontana KwikSpar in Jeppe Street met the grade on white bread only. Loaves of brown bread were underweight by about 50g.

The Butterfields Bread outlet on the corner of Bree and Joubert streets was selling both white and brown loaves weighing between 625 and 641g.

André van Dalen of the SABS said that although the branch had baked dozens of loaves, the manager had been told that legal steps could be taken if that batch were sold at the usual price.

Van Dalen was pleased with OK, and found similar results at an OK branch in Silverton, Pretoria. He added that the OK bakers used 900g of dough to reach the 800g standard.

The Butterfields outlet in East Lynne, Pretoria, showed almost identical results to its Johannesburg branch.

Van Dalen said moisture had to be considered when bread was tested. Oven-fresh bread would have a higher moisture content and weigh more. He said bakery bread could also lose weight during delivery.

Tests would continue in the coming weeks, Botes warned.

Prices to make you ill

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

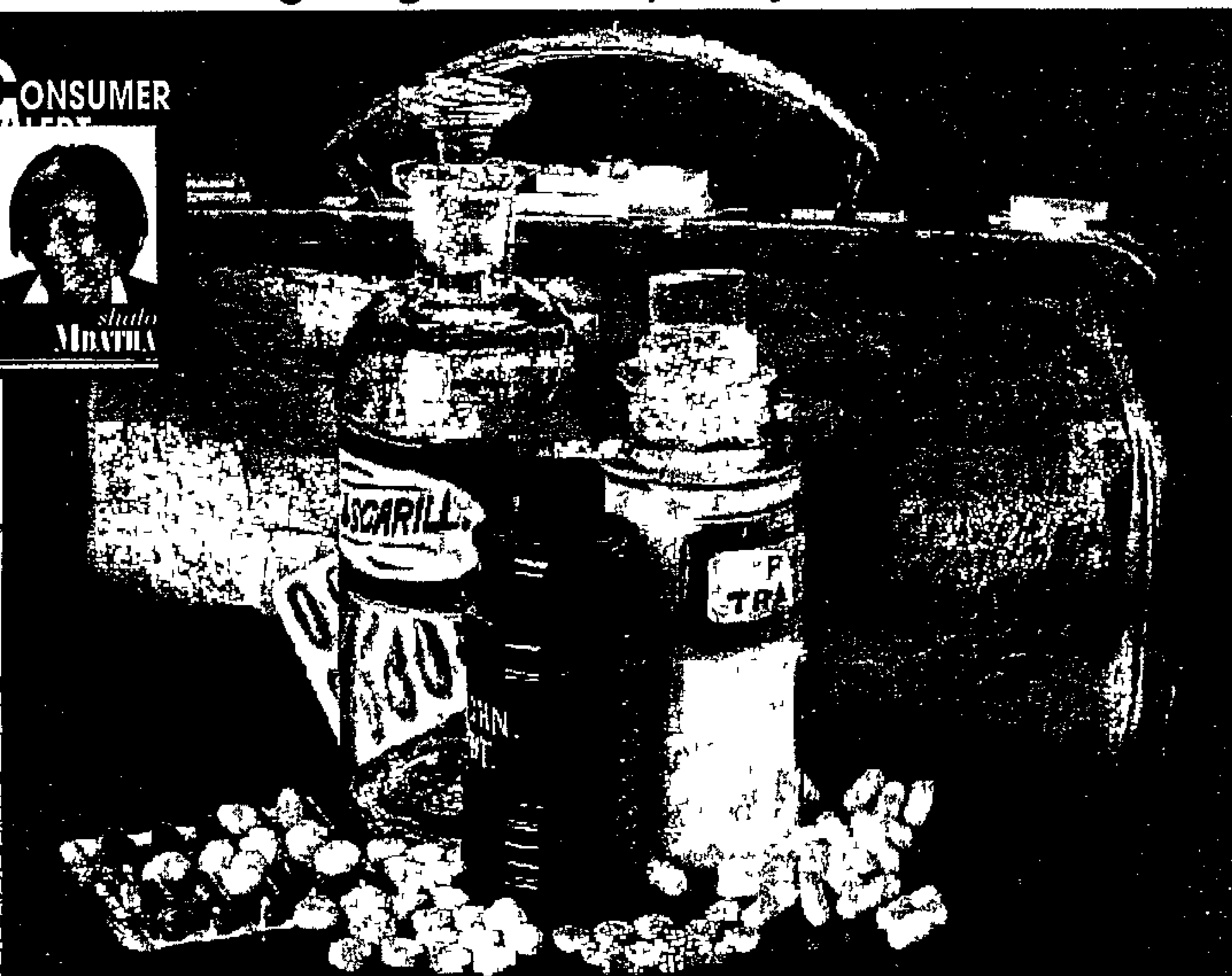
(244)

Mar 27/6/98

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 Zuma wants to bring down these costs but a number of her proposed new laws have generated heated controversy Group Consumer Writer Shalo Mbatha continue her investigation into the reaso we pay as much as we do

CONSUMER ALERT

Shalo MBATHA



The Government has ed a law allowing it t up a pricing comm for the health sector committee will ensu transparent pricing system fo medicines and scheduled s stances, as well as setting a appropriate dispensing fee t charged by authorised dispense

It is believed that medicine p will automatically be reduce this new system. The pricing mittee will be a statutory body, com prised of stakeholders as well as other people chosen by the minister

The new Medicines and Related Substances Control Act seeks to eliminate inflated prices to the con sumer through the current system where dispensing doctors, wholesalers and pharmacists buy their medicines directly from manufacturers and are charged different prices These prices are published in what is known as the "blue book", or electronically via computer.

The dispensing doctors, wholesalers and pharmacists add their markup and also charge VAT – all of which increase the price paid by the consumer

Pharmaceutical manufacturing companies make it lucrative for dispensers to prescribe expensive drugs by offering them incentives. Also, the higher the price of the medicine, the bigger the markup and profit, and therefore the more incentive to prescribe or sell it.

How Does South Africa Measure Up?

We looked at some commonly prescribed drugs and preparations, comparing retail prices in South Africa with those in our northern neighbour, Zimbabwe In only one case would South African consumers be paying less than their counterparts north of the Limpopo

Medicine	Purpose	South Africa	Zimbabwe
Amoxycillin *250mg*	common antibiotic	R1,87 per tablet	R0,12 per tablet
Captopril *25mg*	blood pressure	R1,80 per tablet	R4,06 per tablet
Glibenclamide *5mg*	diabetes treatment	R0,92 per tablet	R0 64 per tablet
Paracetamol *250m*	painkiller	R0,42 per tablet	R0,28 per tablet
Loperamide Syrup *50ml*	anti-diarrhoea	R3,80 per 5ml	R1,26 per 5ml
Betamethasome Cream *15g*	steroid cream	R17,30 per tube	R11,57 per tube

An investigation by the Representative Association of Medical Schemes (Rams) revealed that most of the prices published in the "blue book" or on computer bear little relationship to the true cost of drugs.

Rams policy director Dr Aslam Dasoo told Consumer Alert that his organisation believed the manufacturers are also making excessive profits by inflating their "exit" or wholesale prices. He added that the manufacturing costs of medicines were substantially lower than the "exit" prices.

Dasoo believes the changes in the law will provide for a true reflection of the cost of medicines and help to alleviate the problem of dispensers being overcharged.

Twice a year, Rams is to publish the manufacturers' cost prices for drugs and the appropriate professional dispensing fee. The medical aid societies will pay only for the published prices. The dispensing fee will be adjusted regularly to keep it in line with inflation.

The dispensing fee would eliminate the "padding" of prices by dis- ho would argue that they e for professional services. ocess will also eliminate ive to sell expensive drugs generic equivalents and urage dispensing doctors nacists to inform patients ilable generics as required e Department of Health.

the Government manages pass the law – it is current being challenged in court he Pharmaceutical Manu rers' Association – the s on the health industry d be revolutionary.

he effects of medication be made clearer and con ners will be able to make ore-informed decisions bout their well being, assisted by a pharmacist or a dispensing doctor.

Pharmacists told Consumer Alert they believe they will have more im ortance in society as pro sionals because they feel are now regarded only as ified salespeople"

e new law does not mean ofessionalism or indepen loctors will be challenged. rescription has the phrase it, dispensers or pharma not substitute it without tion from a doctor How he prescription does not ' on it, it is mandatory that the pharmacist or dispenser inform the consumer about generic alternatives which may be cheaper.

Doctors and pharmacists who do not abide by the new regulations could be prosecuted.

The National Association of Pharmaceutical Manufacturers – which represents mainly the makers of generic products – has told the parliamentary health committee that the publication of price lists would be misleading as "they will only show the highest price for each product and not tell the full picture of discounts of bulk buying"

The view of the Pharmaceutical Manufacturers' Association is that the Government buys high volumes of medicines at very low prices and that the private sector buys low volumes and pays higher prices.

"What is the point of the act other than to make sure that we do not profit from the 20% sold to the private sector?" asked a member of the association.

If it's cheap you want, try Jo'burg

(244) Star 30/6/98

BY SIMON ZWANE 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 6th 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

BY CATHY POWERS

Consumers, caught in the ever-tightening vice of rising living costs in the face of a weakening rand, will have to dig a bit deeper when the petrol price increase takes effect on Wednesday.

Aside from the harsh direct rise in travel costs, the petrol and diesel price increase, announced by the Central Energy Fund this week, is likely to have a marginal effect on most consumer product prices, manufacturers and retail outlets predicted

Because of the rand, which was trading at just over R6 to the US dollar late yesterday, petrol is going up by 10 or 11c to R2,43 or R2,44 a litre, and diesel will cost 7c a litre more.

Pick 'n Pay's national grocery buyer, Gary Kruger, said fuel was factored in by 2 to 5% of the total cost price of food, depending on delivery distances, and a 10c or 11c rise would thus marginally increase the price of groceries.

The managing director of Blue Ribbon, Peter Gannon, said he didn't foresee an immediate increase in the bread price because of a rise in the fuel price.

"I'm afraid that bread is becoming less and less affordable – and we need somehow to hold on to the existing price," he said

Fuel costs in transporting bread were minor – less than half a percent, he added.

Where consumers will see an impact in the next couple of months is in the price of petroleum-based products.

According to Doug Bailey, managing director of Lever Ponds, consumers are likely to see an 8 to 12% increase in the cost of cleaning agents, skin creams, washing powder and anything in plastic packaging

He stressed that the price increase of consumer goods was more a result of the 30% devaluation of the rand, which in turn had driven up the price of imported raw materials, as well as petrol

Inflation is also likely to rise marginally as a result of the fuel price increase

The accumulated effect of the petrol price rise would cause the consumer price index to rise by 0,3 percentage points, said Tony Twine, economist at Econometrix.

The consumer price index is a basket of more than 400 household items, including petrol and house mortgage payments

The prices of these items are measured on an ongoing basis. "This means that you will be paying 0,3% more for your monthly shopping than at the same time last year," Twine said

Merchant bank economist Mike Schussler added: "We've been both lucky and unlucky. Lucky because international oil prices are at 12-year lows and unlucky because of the falling rand."

(244) Star 11/8/98

MOTORISTS WARNED

Petrol stations run on empty

(244)

CT 4/8/98

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 Pheiffer confirmed that a picket 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," Pheiffer 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 Clucas, 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 "

Clucas said employers in the industry had moved from their original offer of 6,4% 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 CWIU 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 Nowethu Impathi said· "This increase is justifiable 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 Critics who believe 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?"

New beer index could embitter SA's tipplers

ARG 22/8/98 (244)

ALIDE DASNOIS

If you're looking for a beer, you'll get much better value for your money in most African countries than in South Africa

A dedicated team of Investec researchers has come to this conclusion after extensive fieldwork in Botswana, Ghana, Kenya, Malawi, Mauritius, Namibia, Zambia and Zimbabwe, as well as in South Africa.

The results of their work are published in the Investec Beer Index, a quarterly measure of the purchasing power of some of Africa's major currencies

John Clemmow, of Investec Securities in London, says the Beer Index is an "unashamed rip-off" of the famous Big Mac index devised by the Economist But it's much more useful, he says "First, most of Africa has not yet had the chance to sample the toothsome delights of a Big Mac and secondly, our researchers like the on-the-spot fieldwork required when we compile a beer index."

The Investec Beer Index, started as a light-hearted exercise 15 months ago, has now shown "phenomenal forecasting accuracy", Clemmow says

The hard-working Investec researchers are asked to drink a 375 millilitre beer in a bar and note the price They are instructed not to frequent hotel bars used by tourists where prices are not typical and where Investec expense accounts are too easily breached, but bars used by ordinary citizens

"For example, we do not frequent the up-market Gabarone Sun in Botswana but rather the next-door establishment known to us as the 'Hoof Bar' where not only can you enjoy Castle for 2,10 pula a shot, but you are able to sample stewed cow's hoof for a reasonable 15 pula a leg"

By the end of July the price of a Castle in the Hoof Bar had gone up to 2,20 pula but at 0,48 US dollars this was still much better than the 0,61 dollars the same brew cost in South Africa or Namibia, the Investec Beer Index shows

Best of all for beer drinkers was Zambia, where the price of the ubiquitous Castle fell from 1 000 Zambian kwacha to 800 Zambian kwacha, or 0,44 US dollars, possibly because the researchers had "discovered the joys of the Rumba Club in Lusaka"

Over the past three months South Africa had the worst performing currency in the region, closely followed by Botswana, Clemmow says

Three months ago, he says, Investec cautioned that the South African rand was looking increasingly expensive in the region. The drop in its value has helped to rectify the most glaring examples of over-valuation, he says But Botswana, Zambia and Zimbabwe still have a competitive advantage over South Africa.

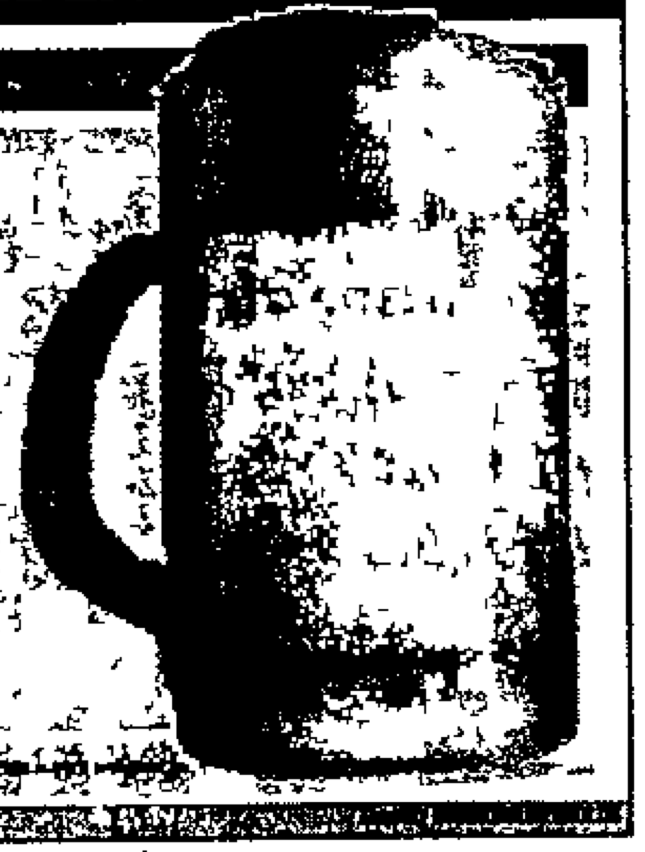
Kenya, on the other hand, is on the way to becoming one of the most expensive countries in Africa, with the local (Tusker) beer costing the equivalent of 0,70 US dollars, even in the bar chosen by the Investec researchers which, says Clemmow, is "even more disreputable" than their previous Nairobi haunt.

Though Clemmow admits the Beer Index does have some drawbacks – "for example our Botswana correspondent seems to be incapable of remembering the price of just one beer and prefers to sample 10 units at a time" – the overall approach is valid, he says.

"The price of a beer in a bar is set by a host of factors of which the most significant are the cost of production, the country's taxation policy and the price of retail premises and labour It is thus far more representative of the overall state of the economy than just the retail price of a commodity in a shop"

THE INVESTEC ALL BEER INDEX

	Beer	Price (local currency)	Price ($)	Price (R)
Botswana	Castle	2.20	0.48	2.93
Ghana	Star	13.00	0.57	3.49
Kenya	Tusker	41.25	0.70	4.29
Malawi	Carling Green	16 00	0 60	3.69
Mauritius	Phoenix	14.00	0 58	3.54
Namibia	Windhoek	3 75	0 61	3.75
South Africa	Castle	3 75	0.61	3.75
Zambia	Castle	8 00	0.44	2.69
Zimbabwe	Castle	9.00	0.44	2.71



PRICES - GENERAL
1999

Cost of uniforms now a nightmare

Weary parents dig deep

ARG 14/1/99 (244)

ANDREA BOTHA
STAFF REPORTER

Most parents have barely recovered from buying Christmas presents – and from New Year parties and holidays – before they are hit with a new spending nightmare school uniforms.

At the start of every year, parents have to dig deep into threadbare pockets

But this year, due to escalating school fees and some parents having to help pay for extra teachers, textbooks and sporting facilities, the added cost of buying school uniforms may hit harder than usual.

A manager at a local school outfitter said weary parents were this year holding off.

"Parents are definitely spending less and rather taking old uniforms to tailors or to the granny for a mending job"

The prices of uniforms vary dramatically – from the standardised uniform of a township school which can be bought at almost any hypermarket or clothing store, to those of some upmarket schools, which have to be bought from specialised outfitters

A standard uniform for a 14-year old boy, consisting of grey pants, a white shirt, a basic blazer jersey and shoes, will cost a parent about R430 at a local chain

And this price doesn't make allowance for the extra shirts, shorts and socks needed.

Tracksuits, ties, caps and badges are usually bought from the school.

Buying a complete uniform – with tracksuit, blazer and jersey – for a former Model C schoolboy can easily cost a parent close to R1 000

The cost of a uniform at a private school is about R1 500 due to special hats, PT gear, swimwear and other special clothes

And, as every parent knows once you've kitted your child out, that's not the end of it.

Growth means they need a change of uniform at least three times during their primary school life And high school children will probably need two changes of school uniform.

Most schools have second hand school clothes stores where cheaper uniforms can be bought.

Principal Ragery Steenberg of Heideveld High said uniforms were important as they helped to create and maintain an identity and instilled pride

Education department spokesman Tony Eaton said it was up to each school to decide on its uniform.

This was a decision that should be reached between the parents, the governing body and the principal.

"Our whole approach is to move more to a schools-based management."

Parents unhappy with the price of uniforms should be able to sort this out with their governing body

Mr Eaton said it was interesting that schools in some parts of the world – such as in the United States – were moving back towards wearing uniforms as they felt that this helped to maintain discipline and order in schools

It also protected children from others who might want to steal their designer clothes or shoes.

PRICE OF A BASIC SCHOOL UNIFORM FOR A 14-YEAR-OLD

Boy

Item	Price
Navy blazer	R180
Grey pants	R75
White shirt (short sleeves)	R34
Shoes	R100
Pullover	R50
TOTAL	R439

Girl

Item	Price
Navy blazer	R180
Navy skirt	R70
White shirt (short sleeves)	R34
Shoes	R100
Jersey	R50
Total	R434

Prices are from major stores, and rounded-off to the nearest rand. Note that the prices of uniforms vary dramatically from the standardised uniform – reflected above – which can be bought at almost any hypermarket or clothing store, to those of some upmarket schools which have to be bought from specialised outfitters

LEON LESTRADE

Ready for school. Chadwin Lewis, of Bonteheuwel, tries on a new tie with the help of Shahieda Benjamin

PREVENTION STRATEGY... Moses Moeletsi, the new director of the Gauteng Office of Consumer Affairs

Moses aims to get you 'rights educated'

CP 17/1/99 (246)

New consumer chief to 'work himself out of a job'

MOSES Moeletsi plans to be so efficient in his calling that he and his staff could soon be out of work.

It may sound like a ridiculous statement, but the new director of the Gauteng Office of Consumer Affairs wants to enlighten the public to such an extent that they will no longer need the services of his office

Moeletsi says many consumers are oblivious of their rights and it is the duty of his office to make the public aware of their basic rights

Moeletsi, who is also in charge of Business Regulation and Gambling in Gauteng, is no newcomer to the consumer industry He started his career in this field in the early 1990s, in the former Bophutatswana.

He was appointed director of the Gauteng Consumer Office late last year and immediately put in place mechanisms aimed at consumer education.

"We are focussed on educating consumers, because we believe prevention is better than cure," he said

He said his office was targeting schools Officials from his office will be holding seminars and workshops at schools in Gauteng

Moeletsi said the Consumer Affairs Office currently has two regional offices, one in Soweto and the other in Pretoria. They will soon open another three regional offices, in the Vaal and East Rand

The regional office at the Dube Post Office Centre will cater for the people of Soweto

"We realised that many consumers had to travel from Soweto to our head office in Johannesburg Because of a lack of money, some of them could not get to our offices and we decided to open regional offices," he said

He said the Gauteng Office of Consumer Affairs was excited that the Con sumer Court will finally start operating in two months time

"The Consumer Court will assist us in our work, as many culprits will be brought to book," he said

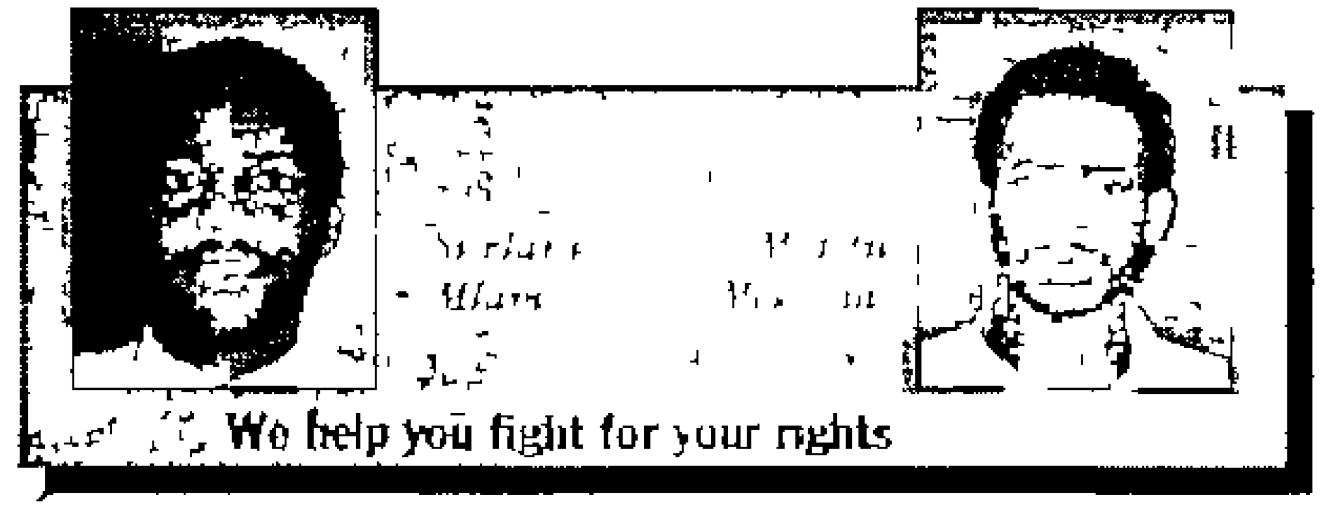
He said the Gauteng Office of Consumer Affairs has already attended to 2 139 cases since its inception in 1996

His office has also forged relation ships with other organisations that do consumer-related work

One of these is the partnership between Moeletsi's office and City Press Hotline, an alliance that has achieved many noteworthy results

He said they are planning to forge similar deals with non-governmental organisations who are involved in con sumer awareness work.

Moeletsi said his office would also look at implementing legislation in a further bid to protect the consumer



'Retaining IDs is illegal'

HOTLINE readers who in the past complained about loan companies who took their identity documents as surety should be happy at the announcement by the government that this practice is illegal.

Many people complained last year that they could not open accounts with shops and banks as the cash lenders had taken their ID documents as surety

The loan companies would keep the ID documents until the borrower had paid off the loan.

The Department of Trade and Commerce announced that this practice was preventing people from registering for the coming general elections.

It said according to the Identification Act, "no person shall, having come in possession of an identity document, a certificate of particulars of birth or a temporary identity certificate belonging to another person, represent it as his own or belonging to any person other than the person to whom it belongs"

Any person who contravenes this Act is guilty of an offence and liable, on conviction, to a fine or imprisonment for a period not exceeding five years

"It is therefore a criminal offence to retain IDs

"All IDs must be returned to clients as soon as possible to enable voter registration," the department said

The department warned that criminal proceedings would be instituted against any cash lender who refuses to return IDs

Readers have been advised to report any cash lender who refuses to return IDs to their nearest police station or their nearest Consumer Affairs office

Productivity on rise, at last

CT (BR) 20/1/99 (247)

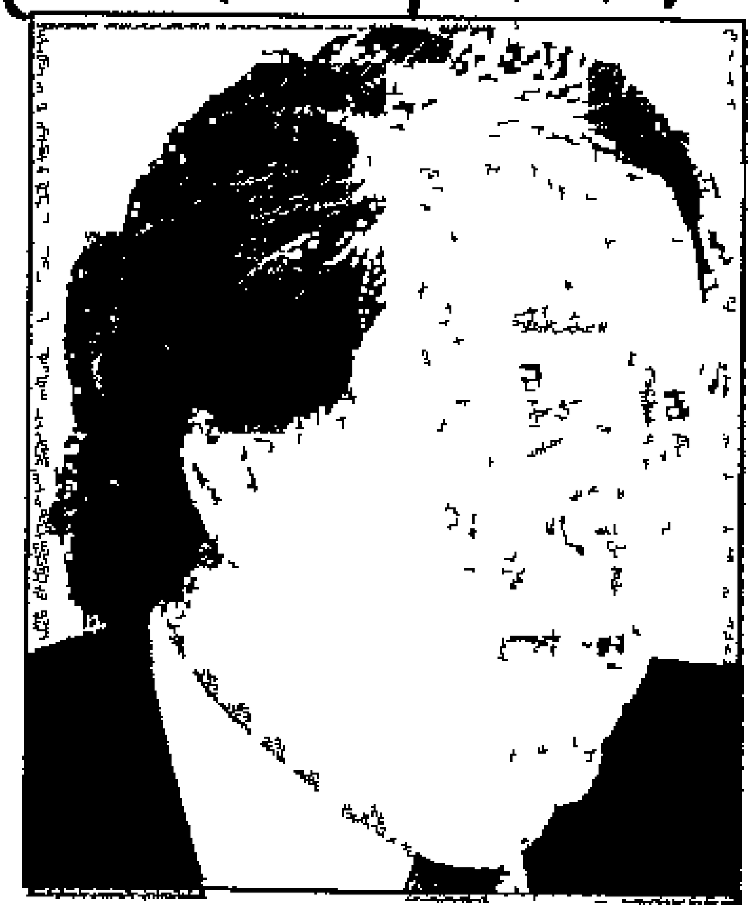
Roy Cokayne

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, 12,3 percent in Sweden and 13 percent in Germany



COMPETITIVE *Jan Visser of NPI reports shrinking labour costs*

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 (396 percent), Germany (439 percent) and Japan (557 percent).

Visser said South Africa came out the leader in the labour productivity stakes in the period from 1996 to 1997, with a growth rate of 8,9 percent

This rate was ahead of those of Sweden (6,6 percent), France (6,4 percent), Germany (6,1 percent), Japan (5,5 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

Price hikes don't end at pumps

ARG 10/6/99 (244) ~~(128)~~

How they impact on you

MAUREEN MARUD
CONSUMER EDITOR

When petrol prices go up, everything costs more – but the good news is a prediction that the price will go down by 3c to 4c a litre in July.

ARGUS ACTION CONSUMER DESK

Argus Action did a spot check in the marketplace to gauge the likely impact on consumers of the latest hike in petrol and diesel prices

Mike Schussler of FBC Fidelity says petrol will cost less in July, thanks to an expected drop in the oil price and a strengthening rand (which has to buy dollars to pay for oil)

Mr Schussler says the lower petrol price will probably be announced on June 28

In the meantime, taxi fares are likely to go up, says Stephen Williams, president of the Cape Amalgamated Taxi Association

"We don't want to increase our fares because we transport many poor people from the townships," said Mr Williams

"But we have kept our fares the same through four increases in petrol prices, and we are losing money"

Out of every R100 the average consumer spends on goods and services, R4,10 goes on petrol

He said Cata's executive would meet on Monday to discuss a possible fare rise The average motorist who uses 100 litres of petrol will now be paying R39 a month more than in February, says Mr Schussler

There is no immediate prospect of higher bus fares, says Golden Arrow, but the company is "monitoring the situation"

"Every time there is a fluctuation in the fuel price, the company has to decide whether to adjust fares," says spokeswoman Jeanne Welsh.

The company has not changed its fares since January, although the price of diesel has increased by 12,2% since then, she says

"Naturally we won't be able to absorb increases like this indefinitely, but we will continue to do so for as long as possible"

The Bureau for Economic Research at Stellenbosch University says shopkeepers have little scope to pass on higher delivery costs to consumers who are not spending

Faced with a rise in the cost of transporting goods from harbours and factories, manufacturers will pass the increase on to retailers, who are likely to factor only half the extra expense into the product price to consumers, predicts George Kershoff, an economist with the bureau

"If the manufacturer of margarine adds 2c to the price because of the petrol price hike, the retailer usually passes that 2c on to the consumer," says Mr Kershoff

"But demand is low because people are not really spending at the moment, and they are likely to spend even less if prices start increasing"

He says the retailer is consequently forced to absorb some of the increase by reducing profits by 1c and passing only 1c on to the consumer, for example

The latest increase in the price at the pumps effectively ends all hope of a lower inflation rate by June, says Mr Kershoff "Taking into account the hike in the petrol price, we project inflation to decline only marginally from 7,7% in April to 7,6% in June," he says, adding that as inflation goes up, disposable income drops

Spending figures economists use to calculate inflation show that out of every R100 the average consumer spends on goods and services, R4,10 goes on petrol People who spend R49 500 a year and more, allocate about R5,04 of every R100 to petrol.

"As petrol is essential for most people, higher petrol prices imply that consumers will have less to spend on other goods and services," says Mr Kershoff

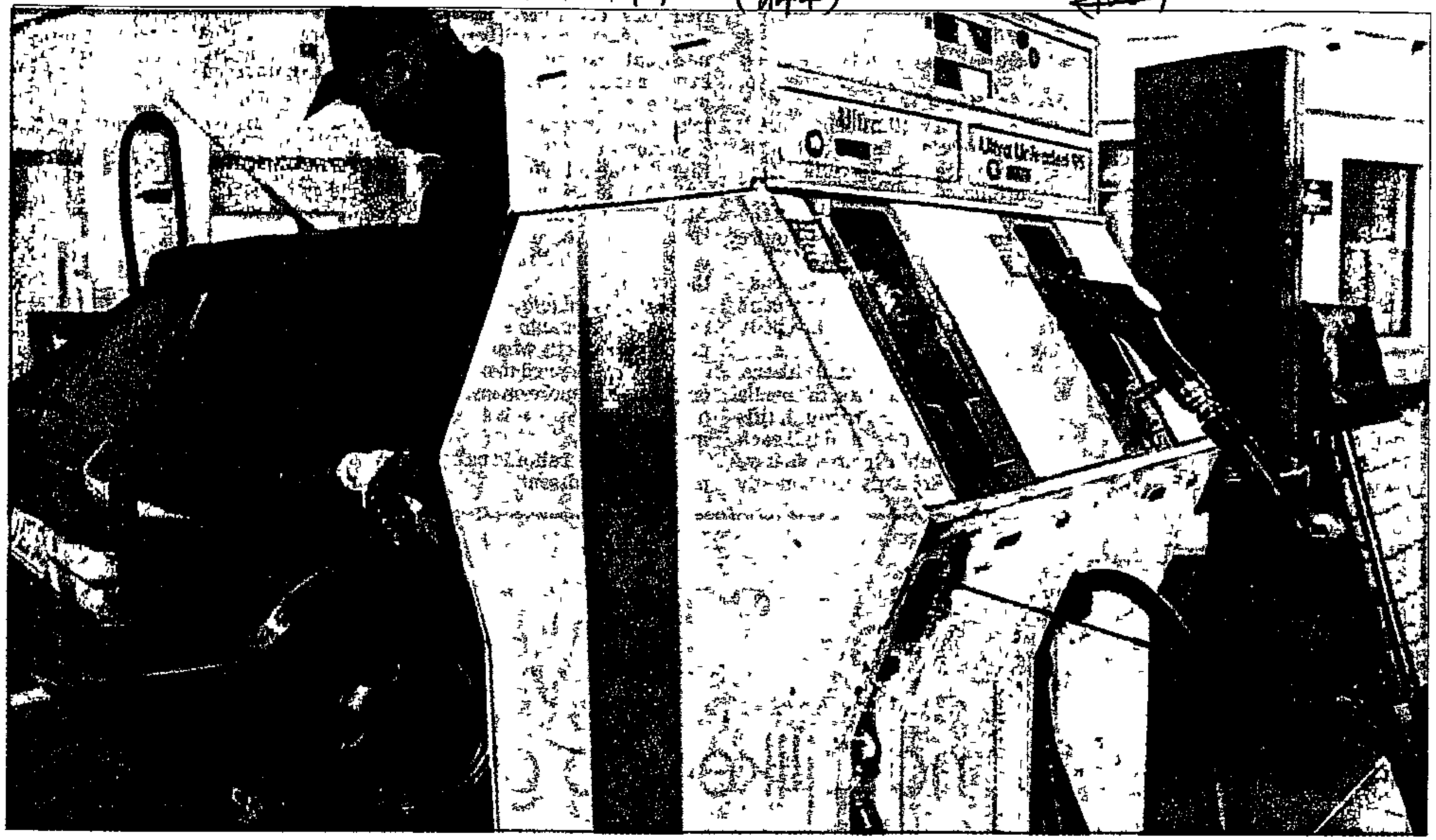
In June the petrol price will be more than 18% higher than a year ago, a rise which can mainly be attributed to a weak rand and rising oil prices worldwide, he says

"The price of 97 petrol at the coast increased from R2,49 in May to R2,61 in June 1999 In June 1998, the petrol price was R2,21 The higher cost of petrol will add 0,2 percentage points directly to the month-on-month increase in overall inflation," he said.

After that, the inflation rate will come down slightly, mainly because of an expected drop in interest rates, says Mr Schüssler in Johannesburg

"If everything goes according to plan, we will have an interest rate drop at the end of June, beginning July So obviously with the interest rates dropping the inflation rate will still come down – but not as much as it should have"

He bases his prediction of a drop in petrol prices on a strengthening rand and the strong likelihood that oil prices will come down as oil producing firms make more oil available



Vital commodity the average consumer who uses 100 litres of petrol a month will now be paying R39 more than in February – but a price cut is in sight