

Bakers take another slice from reeling consumers

By [Nicola Mawson](#), Consumer Industries Correspondent

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Far from keeping the bread price at the present level, given the fact that they were recently fined R99 million for their role in colluding on the price of bread, Tiger Brands was expected yesterday to raise the price by about 40c a loaf, adding to the already heavy burden on the poor. And another price rise could be in the offing.

South African consumers, already reeling from rising inflation, will have to dig deeper into their pockets for a loaf of bread from today.

Bread producer Tiger Brands is set to raise the price of bread from today by about 40c a loaf. Moreover, the fast-moving consumer goods company will not be the only baker implementing the price hikes.

Jannie de Villiers, executive director of the SA Chamber of Baking, said rising wheat prices were resulting in bakers under-recovering by about 50c. He said that increases of 70c-75c a loaf were possible in the first half of the year.

Tiger Brands said its decision to raise prices was made independently of other producers, and had nothing to do with a recent R99m fine it agreed to pay after admitting to competition authorities that it had been involved in bread and milling cartels.

"You would have to be a fool to do that, people would see through that right away," said Jimmy Manyi, corporate affairs executive at the company, which owns the Albany brand.

The rationale behind the increase was the rising price of wheat and rising fuel costs.

Manyi said the increase should have been passed on to consumers last year but the company had tried to absorb "exponential" input cost increases.

Pioneer milling and baking executive Tertius Carstens said Sasko would increase prices in Western Cape today as it moved ahead with incremental price increases.

By the middle of next month, this round of price increases would have been implemented nationally, making the price of a Sasko loaf 35c-40c more expensive.

Carstens said the rise came to about 9% on a wholesale basis. The price increase was mainly a result of the galloping wheat price, which had almost doubled in the past year.

Wheat made up about 15% 20% of bread's input cost. The increased cost of distribution and baking due to rising fuel prices was also a factor, he said.

Carstens said there were two price increases last year and the company would still be short on forward recovery of the wheat price. He said that if supply was still tight in August and September when the northern hemisphere harvest came through, there would be another price increase.

"Everything does depend on the wheat price." Demand for wheat had outstripped supply for the past three to four years, he said.

De Villiers said the industry hoped for some relief in the third quarter as it was expecting a good crop from the northern hemisphere.

Premier, which produces Blue Ribbon bread, would be raising prices in about two weeks but had not yet determined by how much because it was still studying input costs, said corporate affairs manager Steven Mallach.

Russell Lamberti, an economist at ETM, said the increase would equate to bread being about 5%-6% more expensive on the shelves, although this was difficult to quantify as the price of bread varied.

He said the increase would "hurt the poor more than the rich" and would have an effect on inflation.

The Independent Democrats have called on the government to regulate bread prices. Rodney Lentit, national local government liaison officer, said rising bread prices were "hurting the poor and the unemployed the most".

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