

SAB keeps cap on beer price hikes

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Consumers, already hit by petrol price increases, soaring food prices and several successive interest rate hikes, will now have to pay more for their pint after SAB implemented its annual price increase.

However, despite inflation of 7,9% by November last year, the country's largest brewer contained price increases to an average 5,08%.

Spokeswoman Janine van Stolk said price increases experienced by SAB were usually aligned with — or even ahead of — producer price inflation, recently in double digits. Inflation in retail liquor prices is about 7,8%.

Last year, the company announced a 2,84% increase, also below inflation, but input costs have rocketed recently.

Van Stolk said the increased costs were felt in the brewing, packaging and transport stages of beer production.

Production costs had been affected by higher raw material prices, packaging costs and wage increases.

Operational costs had also increased.

In the past year, malt prices have increased more than 50%, hops prices more than 25% and packaging about 10%.

Higher fuel prices have affected both production and distribution. Chris Gilmour, an analyst at Absa Asset Management Private Clients, said South Africans were getting off lightly in comparison.

The Financial Times recently reported that the average price of a pint in the UK could rise 60%, from £2,34 to £3,74, on rising commodity prices.

Historically, SAB had kept price increases below inflation to avoid being seen as monopolistic, which would place its licence in jeopardy, Gilmour said.

SAB's containment of its price increase was “superb”, Gilmour said.

The price increase came at a time when world commodity prices were rocketing as energy prices moved up dramatically.

Van Stolk said the company's global presence helped it in obtaining materials, and keeping price increases contained.

The company also aimed to keep price increases in check through productivity gains and growth.

Price increases were expected to vary from brand to brand and place to place.

SAB could not say how much of the increase would be passed on to consumers — or when — as prices were set by resellers.

However, Finance Minister Trevor Manuel could push prices upwards again if he raised the “sin” tax in his budget speech next month.

Last year, tax on a 340ml can of beer went up by 5c.

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