

## Wise men once said...

**1952 : “A HUNGRY MAN IS NOT A FREE MAN.”**

— Adlai Ewing Stevenson II

**1985 : “ONLY A FREE MAN CAN NEGOTIATE.”**

— Nelson Mandela

### **2015 : OUR OWN PRODUCERS SHOULD FEED OUR NATION - OR IT COULD COST YOU 50% MORE.**

South African food is among the cheapest.

The cost of a basic basket of food (23 000 calories) is nearly R2 000 cheaper in South Africa (R1 963) compared to the USA (R3 794) according to November 2014 figures. It is also R1 000 cheaper than our SADEC neighbour Zambia (R2 928).

The Big Mac index compares the cost of a basic McDonald's burger across 45 countries. According to this index we are the third cheapest, being bested only by the Big Mac burgers of the Ukraine and India.

The Economist magazine (publisher of the Big Mac index) also published the Food Security Index in late 2014 which is based on a wide range of measures including availability, affordability and agricultural policy. The research showed that South Africa is the country in Sub-Saharan Africa with the highest index for food security, ranking 46<sup>th</sup> in the world.

Of course, the cost of a basic food basket has to be seen in perspective with the level of development and per capita income in the different countries. This however does not detract from the fact that SA has among the cheapest food. The available research from the NAMC published in September 2014 indicates that the cost of a basket of basic food products for the poorest 30% of the population, was equal to about 46% of their average monthly income. The cost of a basic food basket for the 30% wealthiest people in the country, was equivalent to about 1.8% of their average monthly income.

A 2009 study showed that South Africa has the cheapest bread in the world, but the producer's share of the shelf price of a standard loaf is only about 20% of the total price. The remaining 80% represents the gap between the shelf price in store and the price at the producer's gate. This gap is increasing for basic food products as a result of cost escalations in transport, processing, handling, labour,



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packaging and electricity, with these costs comprising a progressively larger portion of the shelf price.

In effect, the producer's relative share is decreasing as the increasing costs beyond the farm gate are rising faster than that of the producer's. Statistics SA figures show that over a five-year period (2008 – 2013) the producer price index for locally produced agricultural products only increased by 13.4%, whereas food products increased by 34.6% (what the consumer pays) over the same five years.

This shows that producers are committed to delivering well priced food products to the market and laying the blame for food price increases at the producer's door are both misdirected and may lead to erroneous decision-making.

**WE SUPPORT THE PEOPLE  
WHO FEED OUR COUNTRY. DO YOU?**