

MEDIA STATEMENT

Eskom's 25.3% increase will be our tipping point – we call on all citizens to mobilise against it.

Eskom's application for a 25.3% increase currently being decided upon by the Energy Regulator NERSA comes at a time when the majority of working class households are struggling to put food on the table. In April 2015, the cost of the PACSA food basket was R1629.04. This is 41% or R1 138.32 less than the R2 767.36 required to secure a basket of food to meet a basic level of nutrition for health and well-being for a family of five. Between January 2015 and April 2015, the price of a 25kg bag of maize meal, the staple food for the majority of South Africans, increased by 11.05% to R164.16. In PACSA's April Food Price Barometer we argue that a 25.3% increase in electricity tariffs will have a devastating impact on South African households and our future trajectory as a nation. Eskom's excessive price hikes in electricity tariffs have long ago breached our ability to pay. The 25.3% increase will be our tipping point. Because the implications of the decision before NERSA are so far reaching and so dire, we argue that the decision cannot rest with NERSA alone. It should be made by us, citizens of South Africa, as it is us who will face its effects most directly, it is our families who will be harmed and it is our future that is at stake. PACSA therefore calls on all citizens to mobilise against it.

In Pietermaritzburg the 25.3% increase will move the monthly electricity expenditure for households on prepaid meters and using a low average of 350kWh per month from R465.50 to R584.50 – an increase of R119.00 per month (from R1.33 to R1.67 per kWh). For the majority of poor working class households in South Africa: food, electricity and transport may comprise as much as 90% of a households' monthly expenditure. All 3 costs for most households have long exceeded affordability thresholds. A 25.3% increase on electricity, in a context where low incomes remove the possibility of absorbing such increases and where most families already have reduced their electricity consumption to the most barren level will mean that monies will have to be found either by reducing food or transport. Transport is tricky as workers need to work; so monies will be sought from within the food budget. An increase in electricity at the levels which Eskom is asking for will directly impact on food purchased. Health, well-being and productivity come from the body – eating less food or foods of poorer nutritional value adversely affect our education, health and economic outcomes. We are already seeing this. Our health system is overwhelmed by common illnesses which could ordinarily have been remedied through a good plate of food; our children are struggling to learn at school; many of our workers do not eat enough energy to work.

South Africa's latest poverty lines indicate that 53.8% of South Africans live below R779 a month, of whom eleven million people or a fifth (21.7%) of our population live on less than the food poverty line of R335 a month or R11.17 a day. STATSSA's latest Quarterly Labour Force Survey for the 4th quarter (2014) shows that only 43% of the total working-age population is employed (15 million out of 35 million people). Its mid-year population figures for 2014 shows that our entire population of 54 million people is supported by just 28% of people. In February the Minister of Finance increased the CSG by 3.1% or R10, from R320 to R330 a month. The old age pension was increased by R60 (4.4%) from R1350 to R1410 a month. Cost recovery as a principle to access a public good is only just when those affected have the means to pay the costs. Increasing electricity costs by 25.3% in our current context makes cost recovery unreasonable. It might also have the effect of forcing people to tamper with electricity because they cannot afford that essential service.

We can no longer afford to pay the excessive amounts that Eskom, with increasing nonchalance, is demanding. Our pockets can no longer fund Eskom. Other sources of funding are available and must be pursued. NERSA is our regulator also. It has to consider whether a 25.3% increase is affordable for us, particularly those of us – the majority – who are struggling. If NERSA's consideration is informed by the reality in which we find ourselves; then it must reject Eskom's application. If it does not then the state must abandon the notion that tampering with electricity is a crime. It must accept responsibility that it has forced people to act outside its laws.

PACSA has warned since July 2014 that the excessive price hikes in electricity tariffs have long breached our ability to pay for it. We have warned that electricity tariffs will erode any progressive gains in wages and destroy the capacity of social grants to deliver equity and reduce poverty. We have warned that electricity tariffs increase the price of food across the food value chain and therefore the food on our tables. We have warned that because electricity is an input to ensure that food is cooked and homes are hygienic and warm; the payment of electricity is not-negotiable and therefore reduces the amount of money available to spend on food. We have warned that municipalities across the country will start falling because the extra revenue they used to rely on from the difference between the Eskom tariff and the local tariff will be reduced to zero. We have warned that electricity price hikes will destroy the progressive future South Africa imagines and instead will entrench poverty and inequality. We have warned that our affordability thresholds have long ago been breached – a 25.3% increase in electricity will be our tipping point. We can predict that it will lead to public revolt and protests.

April 2015

PACSA Monthly Food Price Barometer



PACSA food basket From February 2015 to April 2015

Food group	Foods tracked	Quantity tracked	February Price	March Price	April Price	Month-on-month change (R)	Month-on month change (per food group)
Starchy foods	Maize meal	25kg	↑ R 150.82	↑ R 158.99	↑ R 164.16	R 5.17	R 3.94
	Rice	10kg	↑ R 66.64	↓ R 65.58	↑ R 65.74	R 0.17	
	Cake Flour	10kg	↑ R 75.48	↓ R 72.48	↑ R 73.48	R 1.00	
	White bread	8 loaves	↓ R 82.97	↑ R 83.39	↓ R 80.99	-R 2.40	
	Brown bread	4 loaves	↓ R 36.69	↓ R 36.49	↓ R 36.33	-R 0.17	
	Samp	5kg	↑ R 28.32	↓ R 27.66	↔ R 27.66	R 0.00	
	Pasta (Macaroni)	1kg	↑ R 21.15	↔ R 21.15	↑ R 21.32	R 0.17	
Sugar	White sugar	10kg	↑ R 102.14	↑ R 102.97	↑ R 104.64	R 1.67	R 1.67
Dry beans, canned beans	Sugar Beans	5kg	↑ R 75.16	↓ R 74.82	↓ R 71.66	-R 3.17	-R 3.42
	Canned beans	3 cans	↔ R 23.45	↑ R 24.20	↓ R 23.95	-R 0.25	
Fat, oil	Cooking Oil	4L	↓ R 61.14	↑ R 62.81	↑ R 63.14	R 0.33	-R 1.50
	Margarine	1kg	↑ R 35.15	↑ R 36.48	↓ R 34.65	-R 1.83	
Milk, maas	Fresh Milk	2L	↑ R 25.24	↑ R 25.40	↑ R 25.68	R 0.28	R 0.28
	Maas	2L	↔ R 26.74	↑ R 26.91	↔ R 26.91	R 0.00	
Meat, eggs, fish	Eggs	30 eggs	↑ R 38.48	↑ R 38.65	↓ R 33.82	-R 4.83	-R 19.47
	Canned fish	4 cans	↔ R 57.27	↓ R 54.60	↑ R 55.58	R 0.98	
	Frozen chicken portions	6kg	↑ R 146.45	↓ R 143.93	↓ R 138.97	-R 4.96	
	Chicken feet	4kg	↑ R 71.95	↓ R 69.28	↓ R 64.96	-R 4.32	
	Chicken necks	6kg	↑ R 95.94	↑ R 113.94	↓ R 105.94	-R 8.00	
	Beef	1kg	↑ R 52.98	↓ R 47.15	↑ R 49.32	R 2.17	
	Polony	2.5kg	↑ R 34.65	↑ R 34.98	↓ R 34.48	-R 0.50	
Vegetables	Carrots	2kg	↑ R 14.38	↑ R 16.73	↑ R 19.30	R 2.57	R 16.16
	Spinach	4 bunches	↔ R 16.23	↔ R 16.23	↑ R 22.64	R 6.41	
	Apples	1.5kg	↑ R 15.74	↓ R 13.57	↓ R 12.98	-R 0.59	
	Cabbage	2 heads	↓ R 15.37	↓ R 10.65	↑ R 17.58	R 6.93	
	Onions	10kg	↑ R 35.16	↑ R 39.66	↓ R 36.33	-R 3.33	
	Tomatoes	3kg	↓ R 29.80	↑ R 34.33	↑ R 35.67	R 1.33	
	Potatoes	10kg	↑ R 36.90	↓ R 34.49	↑ R 37.33	R 2.84	
Miscellaneous	Salt	1kg	↔ R 10.68	↑ R 11.07	↔ R 11.07	R 0.00	-R 1.47
	Yeast	4 X 7g pkts	↑ R 12.65	↑ R 12.82	↓ R 11.95	-R 0.87	
	Beef Stock	240g	↓ R 13.48	↑ R 13.82	↑ R 14.29	R 0.47	
	Soup	600g	↑ R 21.19	↓ R 21.10	↓ R 20.85	-R 0.25	
	Curry Powder	200g	↔ R 19.32	↓ R 19.15	↑ R 20.15	R 1.00	
	Rooibos Tea Bags	200g	↓ R 15.48	↓ R 15.31	↓ R 14.65	-R 0.66	
	Coffee	100g	↓ R 15.74	↓ R 15.40	↔ R 15.40	R 0.00	
	Cremora	1kg	↑ R 36.31	↑ R 36.65	↓ R 35.48	-R 1.17	
Cost of total food basket			↑ R 1 617.26	↑ R 1 632.85	↓ R 1 629.04	-R 3.81	

Indicators and commodity prices from February 2015 to April 2015

Indicators	Feb 2015	Mar 2015	April 2015
Total PACSA food basket	R 1 617.26	R 1 632.85	R 1 629.04
PACSA month-on-month change (R)	R 49.01	R 15.59	-R 3.81
PACSA month-on-month change (%)	3.13%	0.96%	-0.23%
CPI-Food & NAB month-on-month rates	0.4%	0.8%	0.5%
CPI-Food & NAB year-on-year rates	6.4%	5.8%	5.0%
CPI headline year-on-year rates	3.9%	4.0%	4.5%
Commodities			
Exchange rate R/\$	R 11.53	R 12.04	R 11.96
Oil price per barrel (\$)	\$53.00	\$59.73	\$57.82
Petrol (Inland) per litre	R 10.09	R 11.05	R 12.61
Diesel (Reef) per litre	R 9.26	R 10.00	R 11.23
RSA White Maize per ton	R 2 410.00	R 2 658.00	R 2 559.00
RSA Yellow Maize per ton	R 2 228.00	R 2 405.00	R 2 396.00
RSA Wheat per ton	R 3 803.00	R 3 910.00	R 3 869.00
RSA Soybeans per ton	R 5 300.00	R 4 960.00	R 4 816.00
RSA Sunflower seed per ton	R 5 060.00	R 5 000.00	R 4 860.00

Data for PACSA food basket sourced from:

Six different retail stores which service the lower-income market in Pietermaritzburg, KwaZulu-Natal. The 36 foods and the specific volumes are based on the foods that households having an average of 7 members each, said they buy (based on 2014 focus groups). The food basket is not nutritionally complete; it is a reflection of reality. Data is collected from the 6 retail stores on the same day between the 21st and 24th of each month.

Data for indicators and commodities sourced from:

1. Statistics South Africa. Consumer Price Index. <http://www.statssa.gov.za/publications/P0141/P0141April2015.pdf>
2. Department of Energy. Fuel Price History 2015. <http://www.energy.gov.za/files/esources/petroleum/May2015/Fuel-Price-History.pdf>
3. Department of Agriculture, Forestry and Fisheries. Weekly Price Watch 06 February 2015. <http://www.daff.gov.za/daffweb3/Portals/0/Price%20Watch/PriceWatch%202015-04-02%20.pdf>

April 2015: PACSA Monthly Minimum Nutritional Food Basket

		Monthly Food Totals For Families	ENERGY GROUP 1 6500 kJ		ENERGY GROUP 2 8500 kJ		ENERGY GROUP 3 10500 kJ		ENERGY GROUP 4 12000 kJ		
FOOD GROUPING	FOOD ITEM	UNIT (KG/L/LOAVES)	Price per unit	AP WEIGHT	COST	AP WEIGHT	COST	AP WEIGHT	COST	AP WEIGHT	COST
Starchy Foods	Maize meal	Kilogram	R 6.57	3.2	R 21.18	3.9	R 25.61	5.7	R 37.43	6.0	R 39.40
	Oats porridge	Kilogram	R 24.15	0.2	R 5.80	0.2	R 5.80	0.4	R 8.69	0.4	R 8.69
	Brown bread	Loaves (700g)	R 9.08	1.8	R 16.35	3.0	R 27.25	3.6	R 32.69	5.7	R 51.77
	Rice	Kilogram	R 6.57	0.9	R 5.85	1.3	R 8.77	1.9	R 12.67	1.9	R 12.67
	Samp	Kilogram	R 5.53	0.4	R 2.39	0.8	R 4.18	0.9	R 4.78	1.0	R 5.38
	Potatoes	Kilogram	R 3.73	0.4	R 1.38	0.7	R 2.75	0.7	R 2.75	0.7	R 2.75
	Onion	Kilogram	R 3.63	2.8	R 10.13	2.8	R 10.13	2.8	R 10.13	2.8	R 10.13
Vegetables	Tomato	Kilogram	R 11.89	1.4	R 16.33	1.4	R 16.33	1.4	R 16.33	1.4	R 16.33
	Carrot	Kilogram	R 9.65	0.1	R 1.35	0.1	R 1.35	0.1	R 1.35	0.1	R 1.35
	Spinach	Kilogram (500g bunch)	R 5.66	0.5	R 2.75	0.5	R 2.75	0.5	R 2.75	0.5	R 2.75
	Cabbage	Kilogram (1.5kg head)	R 8.79	2.3	R 20.65	2.3	R 20.65	2.3	R 20.65	2.3	R 20.65
	Green pepper	Kilogram	R 18.98	1.2	R 22.72	1.2	R 22.72	1.2	R 22.72	1.2	R 22.72
	Butternut	Kilogram	R 6.82	0.4	R 2.39	0.4	R 2.39	0.4	R 2.39	0.4	R 2.39
	Orange	Kilogram	R 9.49	1.9	R 17.63	1.9	R 17.63	1.9	R 17.63	1.9	R 17.63
Fruit	Apple	Kilogram	R 8.66	1.3	R 11.30	1.3	R 11.30	1.3	R 11.30	1.3	R 11.30
	Banana	Kilogram	R 9.82	2.7	R 26.15	2.7	R 26.15	2.7	R 26.15	2.7	R 26.15
	Sugar beans	Kilogram	R 14.33	0.7	R 9.54	0.7	R 9.54	0.7	R 9.54	2.0	R 28.63
Fish, chicken, lean meat, eggs	Baked beans, tinned	Kilogram	R 19.47	0.6	R 10.95	0.5	R 8.76	0.5	R 8.76	1.4	R 26.29
	Eggs	each (50g each)	R 1.13	24.0	R 27.05	24.0	R 27.05	24.0	R 27.05	24.0	R 27.05
	Beef, neck, stewing	Kilogram	R 49.32	0.4	R 19.77	0.4	R 19.77	0.4	R 19.77	0.4	R 19.77
	Pilchards, tinned	Kilogram	R 34.74	0.6	R 22.04	0.6	R 22.04	0.6	R 22.04	0.6	R 22.04
	Chicken pieces	Kilogram	R 23.16	1.0	R 23.21	1.0	R 23.21	1.0	R 23.21	1.0	R 23.21
	Chicken livers	Kilogram	R 32.97	0.2	R 5.69	0.3	R 11.37	0.3	R 11.37	0.3	R 11.37
	Low fat milk (fresh or UHT)	Litre	R 12.74	4.2	R 53.52	4.2	R 53.52	4.2	R 53.52	4.2	R 53.52
Milk, maas, yoghurt	Maas	Litre	R 13.45	7.8	R 104.94	7.8	R 104.94	7.8	R 104.94	7.8	R 104.94
	Margarine, soft tub	Kilogram	R 34.65	0.2	R 6.24	0.2	R 8.32	0.3	R 10.40	0.3	R 11.43
	Oil, sunflower	Litre	R 15.78	0.3	R 4.97	0.5	R 8.29	0.8	R 12.08	0.7	R 11.60
	Peanut butter	Kilogram	R 55.79	0.03	R 1.67	0.03	R 1.67	0.03	R 1.67	0.03	R 1.67
Sugar	Mayonnaise	Kilogram	R 25.09	0.2	R 4.52	0.2	R 6.02	0.2	R 6.02	0.2	R 6.02
	Sugar, white	Kilogram	R 10.46	0.3	R 2.64	0.8	R 8.66	0.8	R 8.66	0.8	R 8.66
	Jam	Kilogram	R 22.66	0.1	R 2.72	0.2	R 5.44	0.2	R 5.44	0.2	R 5.44
Miscellaneous	Tea	each (250g = 100 bags)	R 0.15	60.0	R 8.79	60.0	R 8.79	60.0	R 8.79	60.0	R 8.79
	Salt	Kilogram	R 11.07	0.1	R 1.33	0.1	R 1.33	0.1	R 1.33	0.1	R 1.33
	Soup powder	Kilogram	R 34.75	0.1	R 3.13	0.1	R 3.13	0.1	R 3.13	0.1	R 3.13
TOTAL					R 497.05		R 537.61		R 568.14		R 626.96
Per person per day					R 16.57		R 17.92		R 18.94		R 20.90

*Note that AP Weight means As Purchased Weight (dry weight) – the figure is rounded off.

Energy groups and monthly cost per group for April 2015

Energy group	KJ value	Age, gender and life stage groups	Monthly cost
Energy group 1	6 500	Girls/Boys 3 - 9 years	R497.05
Energy group 2	8 500	Girls/Boys 10 - 13 years Adult women 19 - 64 years Elderly women > 65 years	R537.61
Energy group 3	10 500	Girls 14 - 18 years Very active women 19 - 64 years Adult men 19 - 64 years Elderly men > 65 years	R568.14
Energy group 4	12 000	Boys 14 - 18 years Very active men 19 - 64 years Pregnant & lactating women	R626.96

Example of monthly cost for families with 7 and 5 members for April 2015

	Family of 7 members	Family of 5 members
Energy group 1 (6 500 kJ)	2	1
Energy group 2 (8 500 kJ)	2	2
Energy group 3 (10 500 kJ)	2	1
Energy group 4 (12 000 kJ)	1	1
Total family members	7*	5**
Total cost for family for month	R 3 832.54	R 2 767.36

Note that this table provides examples. It shows how the final costs are derived. By changing the energy groups and household numbers it is possible to calculate the basic minimum nutritional costs of the basket for any individual or family.

*Total monthly food costs for a family of 7 (3 adults and 4 children): 1 very active man, 1 very active woman, 1 elderly woman, 2 children under the age of 9, 1 girl child of 16 years and 1 boy child of 10 years) = **R3 832.54**.

Total monthly food costs for a family of 5 (3 adults and 2 children): 1 very active man, 1 very active woman, 1 elderly woman, 1 boy child aged between 10-13 years and 1 girl child aged between 3-9 years) = **R2 767.36.

Please note that the full document on PACSA's Minimum Nutritional Food Basket can be accessed off the PACSA website: www.pacsa.org.za.

Notes and References

About this media statement and barometer

The Pietermaritzburg Agency for Community Social Action [PACSA] **Food Price Barometer** tracks the price of a basket of 36 basic food items from six different retail stores servicing the lower-income market in Pietermaritzburg, KwaZulu-Natal. The barometer serves as an index for food price inflation and provides insight into the affordability of food and other essential household requirements for working class households in a context of low wages, social grants and high levels of unemployment. The Minimum Nutritional Food Basket tracks the price of a basket of basic foods required for good quality but basic nutrition. The Minimum Nutritional Food Basket report can be accessed at www.pacsa.org.za. For further information on the monthly food price barometers and food affordability research, contact Julie Smith on julie@pacsa.org.za or 033 342 0052.

PACSA food basket

This figure presents the monthly price of the PACSA food basket. PACSA tracks the prices of a basket of 36 basic foods from six different retail stores which service the lower-income market in Pietermaritzburg, KwaZulu-Natal. PACSA has been tracking the price of the basket since 2006. The food basket is based on the foods that households having an average of 7 members each, said they buy (based on 2014 focus groups). The food basket is not an indication of a nutritionally complete basket; it is a reflection of what people are buying. The basket serves as an index for food price inflation. Data is collected from the 6 retail stores on the same day between the 21st and 24th of each month.

PACSA Minimum Nutritional Food Basket

Given that the PACSA food basket is not nutritionally complete; the PACSA Minimum Food Basket provides a nutritionally complete basket which can be amended to include a range of different energy requirements, ages and life stages. The minimum food basket has been designed by a registered Dietician. The minimum food basket provides valuable data on which we can start talking realistically about the value of wages and social grants. The full report and methodologies on which the Minimum Nutritional Food Basket is based is accessible off the PACSA website.

Food price affordability

Supermarkets are the main source of food for the majority of Pietermaritzburg households. In a cash-based economy it is income and affordability of prices that determines access to goods and services. The main determinant for access to food for net buyers is sufficient money and affordability of food prices. Household income and the prices of food are therefore crucial in determining access to affordable and sufficient quantities of a diverse range of food for adequate nutrition. Food price inflation must remain low and income levels must increase.

About PACSA

The Pietermaritzburg Agency for Community Social Action (PACSA) is a faith-based social justice and development NGO that has been in operation since 1979. PACSA operates in the uMgungundlovu region of KwaZulu-Natal, South Africa and focusses on socio-economic rights, gender justice, youth development, livelihoods and HIV & Aids. Our work and our practice seek to enhance human dignity. We are convinced that those who carry the brunt of the problem must be a part of the solution – at the heart of PACSA’s core strategy is the notion “nothing about us without us.”