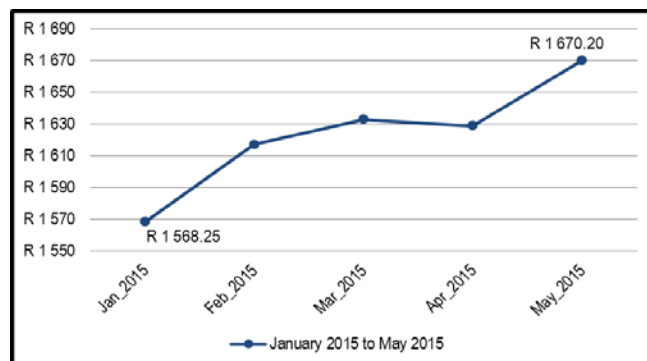


MEDIA STATEMENT

Food price inflation for working class households up 6.5% since January 2015

The May 2015 statement provides a snapshot of the trends in food price inflation since January 2015. Over the last five months, the cost of the total PACSA food basket increased by 6.5% or R101.95 from R1568.25 in January 2015 to R1670.20 in May 2015. The core drivers of inflation on the PACSA food basket were the starches (increased by 7.8%), animal proteins (increased by 7.1%), vegetables (increased by 11%) and sugar (increased by 8.7%). All four of these groups increased by levels significantly higher than CPI headline inflation – which averaged 4.3% over the last five months; as well as above the CPI indicator for food and non-alcoholic beverages, which averaged 5.7% over the last five months.



The high levels of inflation on the starchy foods are of concern because households prioritise the purchase of starches before any other category of food. High prices on the starches means that fewer monies are available to secure a diversity of food required for good health and well-being. The impact of this is serious and manifests itself in the inability to resist common illnesses and infections, limits growth and development of particularly children’s muscle and cognitive capacity and means that workers fatigue more quickly and get sick more often. We are further noticing that for a growing number of households; the possibility of securing a diverse variety of foods has long been abandoned because the burden of affordability has become overwhelming. It is for these households for whom starches form almost the entirety of the daily meal, that high inflation on the starches erodes even the ability to secure energy and keep hunger at bay. The price of a 25kg bag of maize meal, the staple food for the majority of South Africans, increased for the fifth consecutive month, to a total of 15% or R22.17 between January 2015 and May 2015 from R147.82 to R169.99. The prices of white and brown bread increased by 6.1% (an increase of R0.64 per loaf to R11.02) and 5.9% (an increase of R0.55 per loaf to R9.92) respectively.

The PACSA food basket is made up of 8 different food categories. The food price inflation on these categories from January 2015 to May 2015 is presented below:

Starches:	Increased by 7.8% (R35.65) from R455.32 to R490.97
Sugar:	Increased by 8.7% (R8.65) from R99.65 to R108.30.
Dry beans, canned beans:	Increased by 1.1% (R1.09) from R95.77 to R96.86
Fat, oil:	Increased by 3.7% (R3.52) from R96.12 to R99.64.
Milk, maas:	Increased by 1.4% (R0.74) from R51.73 to R52.47
Meat, eggs, fish:	Increased by 7.1% (R33.10) from R463.96 to R497.06
Vegetables:	Increased by 11% (R17.81) from R161.93 to R179.74
Miscellaneous:	Increased by 1% (R1.40) from R143.77 to R145.17

This increase in the cost of a basket of food has to be considered against the context of a deepening affordability crisis. Most households are under immense financial strain with 86% of South Africans in debt. The high levels of indebtedness are being driven by the situation whereby the majority of our workers earning salaries and unemployed caregivers or aged persons receiving grants do not earn enough to support their families. The average minimum wage set across sectoral determinations for 2014 was in the region of just R2362.36 per month – for a household of four people this provides R590.50 per person per month – below the upper bound poverty line of R779 a month. The R10 (3.1%) increase on a Child Support Grant and R60 (4.4%) increase on an old age pension granted by Treasury in February 2015 has already been overrun by high levels of food price inflation. Public sector workers only received a 7% increase in their salaries. The household debt to income ratio means that for every R100 income, R78 goes to repay debt and only R22 is left to buy food, public and municipal services. Our unemployment statistics for the 1st Quarter of 2015 are at 26.3%, the highest levels since 2003. The majority of South African households live on wages that are too low to absorb rising increases in food, electricity and transport and therefore remove the possibility of living at a level of basic dignity. That the dreams which shaped the Freedom Charter at Kliptown on 26 June 1955 have not been realised is an indictment for a mother who is now forced into the shame of having to tamper with her electricity because she cannot afford to feed her family or keep them warm.

May 2015
PACSA Monthly Food Price Barometer

Table 1: PACSA Monthly Food Price Barometer: showing prices for the last three months - from March to May 2015.

Food grouping	Foods tracked	Quantity tracked	Mar_2015 Price	Apr_2015 Price	May_2015 Price	Change from Feb_2015 to Mar_2015	Change per month (in food group)
Starchy foods	Maize meal	25kg	↑ R 158.99	↑ R 164.16	↑ 169.99	R 5.83	R 21.29
	Rice	10kg	↓ R 65.58	↑ R 65.74	↑ 67.66	R 1.92	
	Cake Flour	10kg	↓ R 72.48	↑ R 73.48	↑ 76.15	R 2.67	
	White bread	8 loaves	↑ R 83.39	↓ R 80.99	↑ 88.17	R 7.19	
	Brown bread	4 loaves	↓ R 36.49	↓ R 36.33	↑ 39.69	R 3.36	
	Samp	5kg	↓ R 27.66	↔ R 27.66	↑ 28.32	R 0.67	
	Pasta	1kg	↔ R 21.15	↑ R 21.32	↓ 20.99	-R 0.33	
Sugar	White sugar	10kg	↑ R 102.97	↑ R 104.64	↑ 108.30	R 3.67	R 3.67
Dry beans, canned beans	Sugar beans	5kg	↓ R 74.82	↓ R 71.66	↑ 72.66	R 1.00	R 1.25
	Canned beans	3 cans	↑ R 24.20	↓ R 23.95	↑ 24.20	R 0.25	
Fat, oil	Cooking oil	4L	↑ R 62.81	↑ R 63.14	↓ 62.32	-R 0.82	R 1.85
	Margarine	1kg	↑ R 36.48	↓ R 34.65	↑ 37.32	R 2.67	
Milk, maas	Fresh Milk	2L	↑ R 25.40	↑ R 25.68	↓ 25.40	-R 0.28	-R 0.12
	Maas	2L	↑ R 26.91	↔ R 26.91	↑ 27.07	R 0.16	
Meat, eggs, fish	Eggs	30 eggs	↑ R 38.65	↓ R 33.82	↑ 36.82	R 3.01	R 13.99
	Canned fish	4 cans	↓ R 54.60	↓ R 55.58	↑ 58.60	R 3.02	
	Chicken pieces	6kg	↓ R 143.93	↓ R 138.97	↑ 141.95	R 2.98	
	Chicken feet	4kg	↓ R 69.28	↓ R 64.96	↑ 70.28	R 5.32	
	Chicken necks	6kg	↑ R 113.94	↓ R 105.94	↔ 105.94	R 0.00	
	Beef	1kg	↓ R 47.15	↑ R 49.32	↓ 47.98	-R 1.33	
	Polony	2.5kg	↑ R 34.98	↓ R 34.48	↑ 35.48	R 0.99	
Vegetables	Carrots	2kg	↑ R 16.73	↑ R 19.30	↓ 17.63	-R 1.67	-R 2.09
	Spinach	4 bunches	↔ R 16.23	↑ R 22.64	↑ 23.98	R 1.34	
	Apples	1.5kg	↓ R 13.57	↓ R 12.98	↓ 12.15	-R 0.83	
	Cabbage	2 heads	↓ R 10.65	↑ R 17.58	↓ 16.57	-R 1.01	
	Onions	10kg	↑ R 39.66	↓ R 36.33	↑ 37.91	R 1.58	
	Tomatoes	3kg	↑ R 34.33	↑ R 35.67	↑ 38.17	R 2.50	
	Potatoes	10kg	↓ R 34.49	↑ R 37.33	↓ 33.33	-R 4.00	
Miscellaneous	Salt	1kg	↑ R 11.07	↔ R 11.07	↑ 11.23	R 0.16	R 1.32
	Yeast	4 X 7g pkts	↑ R 12.82	↓ R 11.95	↔ 11.95	R 0.00	
	Beef stock	240g	↑ R 13.82	↑ R 14.29	↓ 13.45	-R 0.84	
	Soup	600g	↓ R 21.10	↓ R 20.85	↓ 20.52	-R 0.33	
	Curry powder	200g	↓ R 19.15	↑ R 20.15	↓ 19.98	-R 0.17	
	Rooibos tea bag	200g	↓ R 15.31	↓ R 14.65	↑ 15.32	R 0.67	
	Coffee	100g	↓ R 15.40	↔ R 15.40	↔ 15.40	R 0.00	
Cremora	1kg	↑ R 36.65	↓ R 35.48	↑ 37.32	R 1.83		
Monthly cost of PACSA food basket			↑ R 1 632.85	↓ R 1 629.04	↑ R 1 670.20	R 41.16	

The price of the PACSA food basket increased by R41.16 or 2.53% from its April price of R1629.04 to R1670.20 in May 2015.

What is the PACSA Food Basket?

The PACSA Food Basket is an index for food price inflation. It 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 PACSA Food Basket tracks the prices of a basket of 36 basic foods which working class poor households, with 7 people in their households, said they buy every month (based on conversations with women between June-August 2014). The food basket is not nutritionally complete; it is a reflection of reality - what people are buying. Food prices are tracked from six different retail stores which service the lower-income market in Pietermaritzburg, KwaZulu-Natal. The PACSA food basket tracks the foods working class poor households buy, in the quantities they buy them in and from the supermarkets they buy them from.

Data is collected from the 6 retail stores on the same day between the 21st and 24th of each month. Women have told us that they base their purchasing decisions on price and whether the quality of the food is not too poor. Women are savvy shoppers and so foods and their prices in each store are selected on this basis. Food prices shown in this barometer are an average of the food price fluctuations across the 6 retail stores for each chosen food item and selected quantity. PACSA has been tracking the price of the basket since 2006.

We release our Food Price Barometer monthly and consolidate the data for an annual report to coincide with World Food Day annually on the 16th October. All of our reports are available off www.pacsa.org.za.

May 2015

PACSA Monthly Minimum Nutritional Food Price Barometer

Table 2: PACSA Monthly Minimum Nutritional Food Basket for May 2015.

Food group	Foods tracked	Unit (Kg/L/Loaves)	Prices per unit	Energy Group 1 6 500 kJ		Energy Group 2 8 500 kJ		Energy Group 3 10 500 kJ		Energy Group 4 12 000 kJ	
				AP Weight	Cost	AP Weight	Cost	AP Weight	Cost	AP Weight	Cost
Starchy Foods	Maize meal	Kilogram	R 6.80	3.2	R 21.93	3.9	R 26.52	5.7	R 38.76	6.0	R 40.80
	Oats porridge	Kilogram	R 23.98	0.2	R 5.76	0.2	R 5.76	0.4	R 8.63	0.4	R 8.63
	Brown bread	Loaves (700g)	R 9.92	1.8	R 17.86	3.0	R 29.77	3.6	R 35.72	5.7	R 56.55
	Rice	Kilogram	R 6.77	0.9	R 6.02	1.3	R 9.02	1.9	R 13.03	1.9	R 13.03
	Samp	Kilogram	R 5.66	0.4	R 2.45	0.8	R 4.28	0.9	R 4.89	1.0	R 5.51
	Potatoes	Kilogram	R 3.33	0.4	R 1.23	0.7	R 2.46	0.7	R 2.46	0.7	R 2.46
Vegetables	Onion	Kilogram	R 3.79	2.8	R 10.57	2.8	R 10.57	2.8	R 10.57	2.8	R 10.57
	Tomato	Kilogram	R 12.72	1.4	R 17.47	1.4	R 17.47	1.4	R 17.47	1.4	R 17.47
	Carrot	Kilogram	R 8.82	0.1	R 1.23	0.1	R 1.23	0.1	R 1.23	0.1	R 1.23
	Spinach	Kilogram (500g bunch)	R 6.00	0.5	R 2.91	0.5	R 2.91	0.5	R 2.91	0.5	R 2.91
	Cabbage	Kilogram (1.5kg head)	R 8.29	2.3	R 19.46	2.3	R 19.46	2.3	R 19.46	2.3	R 19.46
	Green pepper	Kilogram	R 17.99	1.2	R 21.53	1.2	R 21.53	1.2	R 21.53	1.2	R 21.53
	Butternut	Kilogram	R 5.98	0.4	R 2.10	0.4	R 2.10	0.4	R 2.10	0.4	R 2.10
Fruit	Orange	Kilogram	R 6.98	1.9	R 12.97	1.9	R 12.97	1.9	R 12.97	1.9	R 12.97
	Apple	Kilogram	R 8.10	1.3	R 10.57	1.3	R 10.57	1.3	R 10.57	1.3	R 10.57
	Banana	Kilogram	R 8.15	2.7	R 21.71	2.7	R 21.71	2.7	R 21.71	2.7	R 21.71
Dry beans, canned beans	Sugar beans	Kilogram	R 14.53	0.7	R 9.68	0.7	R 9.68	0.7	R 9.68	2.0	R 29.03
	Baked beans, tinned	Kilogram	R 19.67	0.6	R 11.07	0.5	R 8.85	0.5	R 8.85	1.4	R 26.56
Fish, chicken, lean meat, eggs	Eggs	each (50g each)	R 1.23	24.0	R 29.46	24.0	R 29.46	24.0	R 29.46	24.0	R 29.46
	Beef, neck, stewing	Kilogram	R 47.98	0.4	R 19.23	0.4	R 19.23	0.4	R 19.23	0.4	R 19.23
	Pilchards, tinned	Kilogram	R 36.63	0.6	R 23.24	0.6	R 23.24	0.6	R 23.24	0.6	R 23.24
	Chicken pieces	Kilogram	R 23.66	1.0	R 23.71	1.0	R 23.71	1.0	R 23.71	1.0	R 23.71
	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
Milk, maas	Low fat milk	Litre	R 12.66	4.2	R 53.17	4.2	R 53.17	4.2	R 53.17	4.2	R 53.17
	Maas	Litre	R 13.53	7.8	R 105.57	7.8	R 105.57	7.8	R 105.57	7.8	R 105.57
Fat, oil	Margarine, soft tub	Kilogram	R 37.32	0.2	R 6.72	0.2	R 8.96	0.3	R 11.20	0.3	R 12.31
	Oil, sunflower	Litre	R 15.58	0.3	R 4.91	0.5	R 8.18	0.8	R 11.92	0.7	R 11.45
	Peanut butter	Kilogram	R 63.69	0.03	R 1.91	0.03	R 1.91	0.03	R 1.91	0.03	R 1.91
	Mayonnaise	Kilogram	R 25.08	0.2	R 4.51	0.2	R 6.02	0.2	R 6.02	0.2	R 6.02
Sugar	Sugar, white	Kilogram	R 10.83	0.3	R 2.73	0.8	R 8.97	0.8	R 8.97	0.8	R 8.97
	Jam	Kilogram	R 21.74	0.1	R 2.61	0.2	R 5.22	0.2	R 5.22	0.2	R 5.22
Miscellaneous	Tea	each (250g = 100 bags)	R 0.15	60.0	R 9.19	60.0	R 9.19	60.0	R 9.19	60.0	R 9.19
	Salt	Kilogram	R 11.23	0.1	R 1.35	0.1	R 1.35	0.1	R 1.35	0.1	R 1.35
	Soup powder	Kilogram	R 34.21	0.1	R 3.08	0.1	R 3.08	0.1	R 3.08	0.1	R 3.08
Total cost per person per month				R 493.57		R 535.47		R 567.15		R 628.35	
Total cost per person per day				R 16.45		R 17.85		R 18.90		R 20.94	

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

Table 3: Monthly costs of PACSA Minimum Nutritional Food Basket for families of various sizes, ages and life stages for May 2015

Total family size	4	5	7
Number of adults and children in family	2 adults & 2 children	3 adults & 2 children	3 adults & 4 children
Ages and lifestages of family members	1 very active man, 1 very active woman, 2 children aged between 3-9 years.	1 very active man, 1 very active woman, 1 elderly woman, 1 child aged between 10-13 years and 1 child aged between 3-9 years.	1 very active man, 1 very active woman, 1 elderly woman, 1 girl child between 14-18 years, 1 child aged between 10-13 years, 2 children aged between 3-9 years.
Number of family members in Energy group 1: 6 500 kJ	2	1	2
Number of family members in Energy group 2: 8 500kJ	0	2	2
Number of family members in Energy group 3: 10 500 kJ	1	1	2
Number of family members in Energy group 4: 12 000 kJ	1	1	1
Total cost of food to meet basic nutritional requirements per family per month:	R 2 182.63	R 2 760.01	R 3 820.73

* Note that Table 3 provides an example of how the data in the PACSA Minimum Nutritional Basket can be used. By changing family member variables and linking these variables to the energy groups, it is possible to calculate the monthly costs of a basic but nutritional basket of food for any family.

What is the PACSA Minimum Nutritional Food Basket?

The PACSA Food Basket is assessed every 3 years to see if the foods and the quantities of these foods in our basket are still being purchased by women living in working class poor families. Consistent with previous assessments women told us that purchasing patterns change in response to affordability. Last year however we noticed a significantly starker change in purchasing patterns due to much steeper increases in electricity and transport coupled with higher food prices. The foods women identified as being in their trolleys were increasingly limited in their diversity. Some nutritionally-rich foods such as high quality proteins and calcium and vegetables were dropping out of their trolleys altogether or being reduced. Similarly, women told us that they were buying starches in greater volumes and switching to cheaper meats as well as buying more sugar, salts and fats. Because households are forced to buy foods with poorer nutritional value; the gap between what households are buying and what they would like to and indeed should be buying for basic nutrition is widening. In early 2014 PACSA, in consultation with a Registered Dietician, formulated a *Minimum Nutritional Food Basket*. The rationale was to keep tracking what households are actually able to afford to buy but not to lose sight of the actual cost of foods required in terms of balanced nutrition, in order to grow and develop properly. The PACSA *Minimum Nutritional Food Basket* provides data on which we can start talking realistically about adequacies in wages and social grants and ensures that current food expenditure patterns are not conflated with the food expenditure required to secure a nutritional basket of food. The PACSA *Minimum Nutritional Food Basket* includes a greater variety of nutritionally-rich foods to provide a family with a basic but nutritionally complete monthly diet. The basket can be amended to respond to families of various sizes, ages and lifestyles through its connection to 4 energy groups. Food price data for the PACSA *Minimum Nutritional Food Basket* is collected with the PACSA Food Basket and conforms to the same methodology. The full report and methodologies on which the PACSA *Minimum Nutritional Food Basket* is based is accessible off www.pacsa.org.za

May 2015
Key indicators and commodities

Table 4: Key indicators

Indicators	Jan_2015	Feb_2015	Mar_2015	Apr_2015	May_2015
Total PACSA food basket	R 1 568.25	R 1 617.26	R 1 632.85	R 1 629.04	R 1 670.20
PACSA month-on-month change (R)	-R 15.42	R 49.01	R 15.59	-R 3.81	R 41.16
PACSA month-on-month change (%)	-1.0%	3.13%	0.96%	-0.23%	2.53%
CPI-Food & NAB month-on-month rates	0.9%	0.4%	0.8%	0.5%	0.6%
CPI-Food & NAB year-on-year rates	6.5%	6.4%	5.8%	5.0%	4.7%
CPI headline year-on-year rates	4.4%	3.9%	4.0%	4.5%	4.6%

Data sourced from: Statistics South Africa. Consumer Price Index. <http://www.statssa.gov.za/publications/P0141/P0141May2015.pdf>

Key Indicators: The Consumer Price Index (CPI) is a national measure of inflation compiled by STATSSA. It is a measure of average price changes for consumer goods and services. South Africa's CPI is used to measure inflation for macroeconomic analysis and monetary policy and is used as the basis for wage negotiations and adjustments to social grants.

The CPI is constructed on a range of expenditure levels and spending patterns. Because all South African data is skewed by our extreme structural inequality, national measures tend to capture the middle – the middle is not the majority. The CPI approximates the expenditure of households that spend R12 900 a month. Similarly the weighting given to the 12 categories making up the total CPI basket do not capture the reality of the majority of our people. Workers earning low wages spend money on fewer items in the CPI basket and the proportion of money spent on these items is higher e.g. food, transport and electricity account for ± 90% of the expenditure for the majority of Pietermaritzburg low-income households. In the CPI however; food, transport and electricity are weighted at less than 50% of the total basket of household expenditure.

The PACSA Food Price Barometer tracks the expenditure patterns specifically of low-income households. It tracks the foods low-income households actually buy and the supermarkets low-income households buy from. Because our data is specifically focused on working class poor households, it is able to capture the reality of food price inflation for low-income households.

Table 4: Presents the CPI-headline inflation (the full basket making up the CPI), the CPI-food component (just the food and non-alcoholic beverage category) and the PACSA food price barometer. Comparing CPI with CPI-food is useful because food prices typically drive overall inflation (CPI-food is higher than CPI); and wages and social grant increases are often granted on CPI-headline inflation and not CPI-food. This distinction is important because food price inflation is borne highest by low-income households because most household monies are spent on food. Similarly comparing CPI-food with the PACSA food price barometer is useful because our barometer specifically shows the impact of food price inflation for poor working class households. Hence although both indicators will follow similar trends, the PACSA food price barometer provides a starker indication of the immediate reality of food price inflation.

Table 5: Key commodities

Commodities	Jan_2015	Feb_2015	Mar_2015	Apr_2015	May_2015
Exchange rate	R 11.59	R 11.53	R 12.04	R 11.96	R 11.90
Oil price per barrel (\$)	\$49.28	\$53.00	\$59.73	\$57.82	\$65.39
Petrol (Inland) per litre	R 11.02	R 10.09	R 11.05	R 12.61	R 12.61
Diesel (Reef) per litre	R 10.28	R 9.26	R 10.00	R 11.23	R 11.17
RSA White Maize per ton	R 1 974.00	R 2 410.00	R 2 658.00	R 2 559.00	R 2 681.00
RSA Yellow Maize per ton	R 1 993.00	R 2 228.00	R 2 405.00	R 2 396.00	R 2 370.00
RSA Wheat per ton	R 3 920.00	R 3 803.00	R 3 910.00	R 3 869.00	R 3 819.00
RSA Soybeans per ton	R 5 670.00	R 5 300.00	R 4 960.00	R 4 816.00	R 4 807.00
RSA Sunflower seed per ton	R 4 970.00	R 5 060.00	R 5 000.00	R 4 860.00	R 4 840.00

Data sourced from: Department of Energy. Fuel Price History 2015. <http://www.energy.gov.za/files/esources/petroleum/April2015/Fuel-Price-History.pdf> and Department of Agriculture, Forestry and Fisheries. Weekly Price Watch <http://www.daff.gov.za/daffweb3/Portals/0/Price%20Watch/PriceWatch%202015-04-02%20.pdf>

Commodity prices: Most of our food is planted for profits and not for the plate. Analysing food prices is difficult because we need to consider the logic of the market and not a logic which would follow if food was grown for people. Most of the food on supermarket shelves is grown through agro-industrial methods. The crude oil price and exchange rate and are key drivers of food prices locally. Our basic staple foods are commodified and speculated upon on international markets. The price of maize meal in our local supermarket tracks international commodity prices e.g. if the price per tonne of USA maize increases than South African farmers may choose to export their harvest to make more profits, so the price of local South African maize increases. Table 5 includes some of the core drivers of food price inflation as well as our core staple foods subject to international commodity speculation.

Table 6: Income and expenditure for households of various socio-economic scenarios

Household socio-economic scenarios	Household A	Household B	Household C	Household D	Household E
Total household income	R 1 410.00	R 2 362.00	R 3 200.00	R 4 660.00	R 8 000.00
Number of HH members	5	5	5	5	5
MINUS MINIMUM NUTRITIONAL food basket	R 2 760.01	R 2 760.01	R 2 760.01	R 2 760.01	R 2 760.01
Monies left over AFTER FOOD to buy some essential household requirements*	R -1 350.01	R -398.01	R 439.99	R 1 899.99	R 5 239.99
MINUS Burial insurance	R 200.00	R 200.00	R 200.00	R 200.00	R 200.00
MINUS Electricity + Water	R 541.74	R 541.74	R 541.74	R 541.74	R 541.74
MINUS Transport	R 660.00	R 660.00	R 660.00	R 660.00	R 660.00
MINUS Education	R 500.00	R 500.00	R 500.00	R 500.00	R 500.00
MINUS Communication and media	R 150.00	R 150.00	R 150.00	R 150.00	R 150.00
MINUS clothing and footwear	R 416.66	R 416.66	R 416.66	R 416.66	R 416.66
MINUS domestic & household hygiene items	R 532.54	R 532.54	R 532.54	R 532.54	R 532.54
MINUS Cultural obligations	R 350.00	R 350.00	R 350.00	R 350.00	R 350.00
Monies left over AFTER FOOD & some essential household requirements secured	R -4 700.95	R -3 748.95	R -2 910.95	R -1 450.95	R 1 889.05

* Please note expenditures in Table 6 exclude monies for debt repayments, health care, education, rent, emergencies, amongst others.

** Our research in Pietermaritzburg has shown that a household of five needs at least R8 000 a month to afford the expenditures that allow a family to live at a basic level of dignity (see "Household E").

Food Price Affordability: Table 6 shows the impact of low incomes and high food and other essential goods and service costs on the ability of households with different incomes and socio-economic scenarios to secure food. Please refer to Appendix 1 for the justification of income, household size, food indicator, and quantity and value of goods and services presented in the table above. All figures are purposive to present a realistic picture of the socio-economic situation affecting a wide range of low-income households and the costs of goods and services in Pietermaritzburg.

South Africans are net buyers of food. Supermarkets are the main source of food for the majority of households. Food availability is not generally a problem. We have enough food. The problem is food price affordability. We do not have enough money to buy the food we need. Food insecurity therefore has its basis not in agriculture but is caused by economic and political choices.

For households living on low incomes, food expenditure is not the first priority. Households typically prioritise the non-negotiable expenses before food – such as those expenses which incur penalties for non-payment (e.g. household debt repayments) and those that simply have to be paid (e.g. transport to work, electricity and burial insurance). Food is one of the few expenses which households are able to control. To analyse food price affordability we therefore need to consider not only the level of wages and social grants but also the inflation on other non-negotiable goods and services as well as that of food.

Table 7: Comparing PACSA Monthly Food Basket with PACSA Monthly Minimum Nutritional Food Basket

PACSA food baskets	Cost of basket for household size of 7
PACSA Monthly Minimum Nutritional Food Basket	R 3 820.73
PACSA Monthly Food Basket	R 1 670.20
Difference between Baskets	R 2 150.53

How affordability affects nutrition: Food is typically one of the few expenses which low-income households are able to control and because of this other non-negotiable expenses take precedent. This is the reason why we tend to see such low expenditure on food. It is not because that expenditure is what households' reasonably need to or wish to spend to secure sufficient quantities of a diverse range of food for adequate nutrition; it is because this is the amount of money households are able to spend on food. The comparison between the PACSA Food Basket and PACSA Minimum Nutritional Food Basket in Table 7 above shows the severity of the impact of food price affordability on household nutrition. Low-income households are unable to secure sufficient nutritious food to ensure minimum nutrition, health, well-being and productivity.

Appendix 1: Notes and References for Table 6

Total household income

We have selected 5 total household income scenarios:

Household A: R1 410 = 1 old-age pension (National Treasury, 2014. Budget Speech: 13).

Household B: R2 362 = the average minimum wage set by the Employment Conditions Commission across sectoral determinations for 2014 was R2362.36.

Household C: R3 200 was selected because 60% (98 680) of all Pietermaritzburg households earn between zero and R3200 a month (STATSSA, Census 2011). This total household income figure provides for 1 employed member receiving minimum wages (earning R1200 – R2000 a month, see URL <http://www.mywage.co.za/main/salary/minimum-wages>) with the additional income found by unemployed members through alternative and insecure means.

Household D: R4 660 is the average monthly consumption expenditure for Black South African Households (STATSSA, 2012).

Household E: R8 000 is where we think the national minimum wage should be located if households are to have the possibility of accessing a basic level of dignity.

Burial insurance

This figure of R200 presents basic family burial insurance costs for a low-income household registered with insurance companies which serve the low-income market (2014). Burial insurance has been included as an essential and prioritised expense because interviews with households reveal that burial insurance is typically paid before any other expense and very seldom defaulted as a mechanism to ensure food is secured.

Electricity and water

The **electricity** cost is calculated on 350kWh per month. This is the average consumption for low-income households in Pietermaritzburg. We use the prepaid electricity tariff of R1.3301 per kWh because prepaid meters are installed in the homes of low-income households. The 2014/15 rand value is R465.54 per month (excluding transport and time costs of buying tokens). Households on prepaid meters in Pietermaritzburg are excluded from accessing free basic electricity.

The **water** expense is calculated on a fixed monthly charge for a non-metered household. This is a typical scenario for low-income households living in RDP housing in Pietermaritzburg. The 2014/15 charges on an unmetered water supply is R76.20 per month (includes VAT).

The figure in the table is the sum of electricity and water.

Transport costs

The transport cost is calculated for a household living outside the CBD, given that apartheid geography has not changed and low-income Black African households still live outside the CBD and far from places of work. It is calculated on 1 kombi trip at R11 or R22 return (Pietermaritzburg kombi charges, July 2014). The R660 is calculated as follows:

20 trips to work [20 X R22 = R440] + 5 trips to town for work/study /shopping/church etc. [5 X R22 = R110] + 1 long distance trip (we use Durban as the destination) [1 X R110].

Education

This figure has been derived from a focus group, it has its basis in the experience of women with children; it provides the possibility for stationery (± R500 per annum); Carlton paper and toilet paper (R50 once or twice a year); School fees (± R250 once or twice a year); School computer access (± R100 a month); contribution to transport costs.

Communication and media

This figure is arbitrary; it provides R150 per household per month – for newspapers, airtime, photocopying etc.

Clothing and footwear

This figure is arbitrary; it provides roughly R1 000 each for each member in a family of five. The annual figure of R5000 is divided by 12 months to give R416.66 per household per month. *Note that for children, the R1 000 allocated may cover school clothes and shoes for a year but will exclude other clothes worn at home.*

Domestic and household hygiene products

This figure presents the monthly price of personal and domestic hygiene products tracked through PACSA's barometer. This data and the products tracked were reweighted from October 2014. The new weights are based on conversations held with women, conducted from June-August 2014. Personal hygiene products tracked include: toilet paper [1ply x 20 rolls], bath soap [200g x 6], toothpaste [100ml x 3], sanitary pads [pack of 10 x 2], Vaseline [250ml x 2], face & body cream [big bottle x2], roll-on [normal x 4], spray deodorant [big sprays x2], shoe polish [100ml x1]. Domestic hygiene products tracked include: dishwashing liquid [750ml x1], washing powder [2kg x1], green bar soap [bars x4], toilet cleaner [750ml x 1], kitchen cleaner [750ml x1] and jik [750ml x1].

Cultural obligations

This figure is arbitrary; it provides R350 per month - includes monies for contributions to funerals, weddings, religious and cultural ceremonies, and possible intra and inter family and community financial assistance.

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."