

PACSA Monthly Food Price Barometer: NOVEMBER 2016

MEDIA STATEMENT

A 13th cheque for pensioners?

Old-age grants play a critical role in supporting families. Pensions are used to teach, clothe and feed children. Over the last year, pensioners have told us how they are using the monthly grant to access friendlier forms of credit to cover food shortfalls and extricate their families from more punitive unsecured debt. Women are moving some of their grant monies into stokvels which have been restructured from primarily savings instruments to that of providing interest-free loans which assist in protecting families when money runs out before the end of the month.

Currently the pension is valued at R1 510. Pensions are dispersed in regular monthly tranches. They provide a dependable income into homes and albeit too low have a rand-value that allows households to plan and manage their monies. At PACSA we have been thinking about different possibilities around social grants. One of which is that it makes sense to increase pensions generally, but another is to provide a 13th cheque in December. The end of the year is hard. It comes as the debt burden is strongest and when the new school year fast approaches, and with it the pressures to secure school fees, new clothes and shoes, books and stationery. December is also a special moment where families come together and for a few days experience their full humanity. Savings to finance this moment come not from excess but from months of cutting the body of essential expenditures. The sacrifices families make for these moments reflect the importance of Christmas and New Year to ground families in broader social solidarity and joint humanity whilst unlocking energy to tackle the struggles ahead.

2016 has been a hard year, and it seems that each New Year is harder than the one that came before it. A 13th cheque for pensioners in a month which carries with it the hardest burden might allow pensioners to pay off some of the debt that has accumulated throughout the year to enable the New Year to be one which provides the possibility of moving into more useful debt arrangements. It could ensure that children are better able to start the new school year with the basic resources they need, and contribute to the purchasing of stationery, books, clothes and shoes whilst securing the first tranche of school fees and transport. January is a long and horrible month and increasingly hard for families to navigate. The pension could provide a strategic intervention to allow families the scope to plan their finances better and wrestle greater control of the year ahead.

Yes, the 13th cheque would require from us a small extra tax burden, and yes many of us are under financial strain but the benefits that we will all reap in our education, health and economy will far out way the small extra tax burden. It will mean healthier, prepared and resourced kids in our classrooms and more families positive, prepared and more secure at the start of a new year. R1 510 is not a lot of money but in the hands of grandmothers, brutally prudent and financially savvy, the benefits could be exponential. Right now millions of families are struggling because we just don't have enough money in our pockets to allow the possibilities for planning and creativity; and taking control of our lives. A 13th cheque might change that. We wouldn't have to put new systems in place to deliver the 13th cheque. We have the systems in place. We will just need to double it in December.

There are also other possibilities of funding the 13th cheque. As at 29 February 2016, just fewer than 3.2 million persons were receiving a monthly old-age grant.¹ A 13th cheque of R1 510 would cost around 4.8 billion rand. If we take the figures from the recent Bloomberg Survey on the Global CEO Pay Index², average compensation for South African CEOs is \$7.14 million. At today's exchange rate of around R13.80 to the dollar, this pay is R98.5 million. At purchasing power parity we are looking at \$13.194 which is almost double at R182 million. Using the first figure of close to R100 million, it would mean that funding the 13th cheque is equivalent to the annual compensation of 48 CEOs. What we are looking at then is a once-off R1 510 payout for 3.2 million persons which dispersed through a household (at 3.8 persons per household) could benefit 12 million people directly, whilst resulting in exponential benefits to our education, health and economy with benefits to all of us or R100 million each for 48 CEOs (with family maybe 182 people) with close to zero benefits and a lot of that money leaving our shores. The CEOs could compensate themselves by 45% less and still walk away with the purchasing power parity of around R80 million each. It is time perhaps that we started looking at the harm that our wage inequality is causing; and perhaps also how scandalous levels of individual wealth can start to be used positively to get us out of the socio-economic mess we are in. The extreme wealth gap is becoming increasingly unsustainable and is a huge barrier to South Africa's ability to wrestle control of its socio-economic future. A 13th cheque for pensioners could begin to unlock the possibilities for justice, humanity, equity and dignity.

“Let there be justice for all. Let there be peace for all. Let there be work, bread, water and salt for all. Let each know that for each the body, the mind and the soul have been freed to fulfill themselves. Never, never and never again shall it be that this beautiful land will again experience the oppression of one by another ...” (Mandela, Inaugural Speech, 1994).

¹ See link: <http://www.sassa.gov.za%2Findex.php%2Fknowledge-centre%2Fstatistical-reports%3Fdownload%3D518%3Astatistical-report-no-2-of-2016&usq=AFQjCNHJHTQLuMh-ZSVhkiwbCyOpWKzpw&bvm=bv.139782543,d.ZGg>

² See link: <http://www.bloomberg.com/news/articles/2016-11-16/ranking-where-to-work-to-be-a-rich-ceo-or-richer-than-neighbors>

Key data from November 2016 PACSA Monthly Food Price Barometer:

- Month-on-month (m/m) the PACSA food basket increased by R28.43 (1.5%) from R1 911.86 in October 2016 to R1 940.29 in November 2016.
- Year-on-year (y/y) the PACSA food basket increased by R292.19 (17.7%) from R1 648.10 in November 2015 to R1 940.29 in November 2016.
- In November 2016, the price of the ‘big foods,’ (25kg maize meal, 10kg rice, 10kg cake flour, 10kg white sugar and 4 L cooking oil) which women in low-income households identify as foods they must secure every month for basic energy and enable meals to be cooked came to R606.95. This is an increase of R109.36 or 22% y/y (R497.59 vs. R606.95). The price of the ‘big foods’ determines dietary diversity on the plate. High increases means that low-income households cut-back on foods which are important for balanced nutrition, such as meats, fish and eggs, dairy and vegetables. High increases on the big foods results in compromised nutrition; which impact most severely on women because women eat last and make sure nutritionally-rich foods, when they are short, are prioritized for children and men in the house.
- Frozen mixed chicken portions are driving prices upwards in the November food basket. M/m the price of 5kg frozen mixed chicken portions increased by 29% (R33.66), from R115.83 in October 2016 to R149.49 in November 2016.³ The price of frozen chicken increased across all six of the retail supermarkets tracked and ranged from R136.99 at the lowest price to R160 at the highest (see Table 1). On 5kg’s, monthly data shows that the price per one kilogram has increased by R6.73 (from R23.17 to R29.90 per kg).

Table 1: Month-on-month price changes on 5kg frozen mixed chicken portions (Oct 2016-Nov 2016).

	Store_1	Store_2	Store_3	Store_4	Store_5	Store_6	Average across 6 stores
October_2016	R 120.00	R 110.00	R 104.99	R 110.00	R 125.00	R 124.99	R 115.83
November_2016	R 136.99	R 149.95	R 149.99	R 149.99	R 160.00	R 149.99	R 149.49
m/m change (ZAR)	R 16.99	R 39.95	R 45.00	R 39.99	R 35.00	R 25.00	R 33.66
m/m change (%)	14%	36%	43%	36%	28%	20%	29%

- There are around 24 pieces in a 5kg bag. Women in our 2016 focus groups told us that a 5kg bag for a family of five lasts around 5 days. After the 5kg bag is finished a family might buy a 2kg bag for a future weekend; but mostly the month will continue chickenless. Chicken is an important source of animal protein. It is also a protein which has been relatively affordable. This has been important because many dairy products are no longer affordable and sugar beans have rocketed over the last several years (with a 5kg bag now over R100 ... R104.66 which is 39% more than its cost last November of R75.33). Children need protein to feed their muscles; to grow properly, to play and to learn. Low levels of protein consumption and inadequate alternatives make our immune systems vulnerable to infection and illnesses.
- We have argued before that it is important that low-income South African families are able to secure affordable protein. The chicken price increase may be due to the effect of the 15% brining cap which makes sense given that now a 5kg bag contains mostly chicken and not water. It may also be due to the drought which has affected the price of yellow maize; and the exchange rate which affects the cost of imported veterinary inputs and genetic stock. Importing more frozen chicken pieces will not assist us to strengthen our local poultry industry and secure South Africa’s protein (and thus our future). In most cases, already it undercuts and undermines it; and is not sustainable or healthy or clever really if we think about transporting millions of tonnes of frozen lamthuthu across the seas when we do have our own local producers, who given a fair chance (which does mean protection) should be able to secure our protein. There would also be a question here around retailers cashing in on the Christmas season – and how possible increases in prices in a context where there are few affordable animal and vegetable protein alternatives; actually work to hurt the health of low-income households.
- In November 2016 the cost of the PACSA Minimum Nutritional Food Basket for a family of 4 is R2 452.95, for a family of 5 is R3 102.58 and for a family of 7 is R4 291.96. Inflation on a minimum nutritional food basket for families of between 4-7 members is 15.5% y/y.
- In November 2016, the difference in cost between the PACSA Food Basket (not nutritionally complete) and the PACSA Minimum Nutritional Food Basket (nutritionally complete) is R2 351.67 (R1 940.29 vs. R4 291.96). It means that low-income families with 7 members are underspending on nutritious, albeit still very basic food by 54.8%. This has implications for health and well-being because there is a direct connection between the food we eat and how our bodies function.
- In November 2016 the cost of feeding a small child (aged 3-9 years) a diet complete in minimum nutrition is R550.74 per month. The cost of feeding a girl/boy child (aged 10-13 years) or an adult women (aged 19-64 years) or an elderly women (aged >65 years) a diet complete in minimum nutrition is R600.19 per month. The cost of feeding a girl child (aged 14-18 years) or a very active woman (aged 19-64 years) or an adult man (aged 19-64 years) or an elderly man (aged >65 years) a diet complete in minimum nutrition is R638.64 per month. The cost of feeding a boy child (aged 14-18 years) or a very active man (aged 19-64 years) or a pregnant or lactating woman a diet complete in minimum nutrition is R712.82 per month.

³ M/m the price of 6kg frozen chicken portions increased by 18.7% (R24.52), from R130.95 in October 2016 to R155.47 in November 2016. The PACSA Food Basket tracks 6kgs; we have used the price of a 5kg bag in this statement because this volume’s price is generally more reliable than 2kg bags.

In comparison with PACSA's data; it is useful to note that:

- The current 2016 value of a Child Support Grant is R360 per month and an old-age pension is R1 510 per month. The annual increment on the CSG was R30 (9.1%) and on the pension was R90 (6.3%).
- In comparison with the R30 (9.1%) increase on the Child Support Grant (totaling R360); the cost of feeding a small boy/girl child aged between 10-13 years old a basic but nutritionally complete monthly diet increased by 15.3% or R79.54 y/y (from R520.65 to R600.19).
- Statistics South Africa's (StatsSA) inflation adjusted poverty lines (latest for April 2016) put the food poverty line [FPL] (the level below which individuals cannot secure enough food) at R498 per month and the upper bound poverty line [UBPL] (the level below which individuals cannot secure food and non-food items) at R1 077 per month.
- Statistics South Africa's (StatsSA) latest Quarterly Labour Force Survey for the third quarter of 2016 shows that the unemployment rate for Black South African workers is 30.5% and the expanded unemployment rate is 40.6%. The labour absorption rate for Black South African workers is 40.1%, meaning that out of 10 Black South Africans of working age; only 4 are employed.
- Black South African households typically rely on just one wage earner and this wage must support 3.8 persons.
- The proposed R3 500 National Minimum wage, when dispersed through a family of 3.8 persons is R921 per person. This is below the current upper bound poverty line of R1 077 per month.
- For Black South African households, the November 2016 PACSA Minimum Nutritional Food Basket for a family of 4 persons (R2 452.95) would take up 70% of the proposed R3 500 National Minimum Wage. Families are not able to meet this high food cost and also secure transport, electricity, education and burial insurance (all prioritized before food). It means that families will continue cutting back on nutritious food and taking on ever greater levels of more expensive debt. The low proposed National Minimum wage will trap working families in ever deeper cycles of poverty.

November 2016
PACSA Monthly Food Price Barometer

TABLE 1: PACSA food basket showing prices over the last three months; month-on-month; and year-on-year.

Food grouping	Foods tracked	Quantity tracked	Nov_2015 Price	Sep_2016 Price	Oct_2016 Price	Nov_2016 Price	m/m change (Rands)	y/y change (Rands)	y/y change (%)
Starchy foods	Maize meal	25kg	R 181.81	↓ R 225.82	↑ R 228.32	↓ R 227.49	-R 0.83	R 45.68	25%
	Rice	10kg	R 68.82	↓ R 80.16	↓ R 78.99	↓ R 78.66	-R 0.33	R 9.84	14%
	Cake Flour	10kg	R 72.65	↓ R 81.66	↑ R 84.66	↓ R 82.66	-R 2.00	R 10.01	14%
	White bread	8 loaves	R 82.03	↓ R 85.27	↔ R 85.27	↑ R 89.23	R 3.96	R 7.20	9%
	Brown bread	4 loaves	R 37.30	↓ R 38.97	↔ R 38.97	↑ R 40.92	R 1.95	R 3.62	10%
	Samp	5kg	R 33.99	↑ R 51.66	↓ R 48.16	↔ R 48.16	R 0.00	R 14.17	42%
	Pasta	1kg	R 21.82	↑ R 23.99	↓ R 23.65	↔ R 23.65	R 0.00	R 1.83	8%
Sugar	White sugar	10kg	R 103.65	↔ R 136.82	↓ R 136.32	↑ R 140.16	R 3.83	R 36.51	35%
Dry beans, canned beans	Sugar beans	5kg	R 75.33	↑ R 99.48	↑ R 104.83	↓ R 104.66	-R 0.17	R 29.33	39%
	Canned beans	3 cans	R 23.37	↑ R 25.47	↑ R 26.73	↑ R 28.11	R 1.38	R 4.74	20%
Fat, oil	Cooking oil	4L	R 70.66	↓ R 77.99	↑ R 79.16	↓ R 77.99	-R 1.17	R 7.33	10%
	Margarine	1kg	R 32.15	↓ R 31.32	↑ R 32.16	↑ R 35.65	R 3.49	R 3.50	11%
Milk, maas	Fresh Milk	2L	R 23.48	↔ R 28.65	↓ R 28.15	↓ R 27.82	-R 0.33	R 4.33	18%
	Maas	2L	R 23.65	↔ R 29.48	↓ R 26.82	↑ R 27.98	R 1.16	R 4.33	18%
Meat, eggs, fish	Eggs	30 eggs	R 36.82	↓ R 39.32	↓ R 38.99	↓ R 38.66	-R 0.33	R 1.84	5%
	Canned fish	4 cans	R 57.29	↑ R 61.93	↓ R 59.63	↓ R 58.63	-R 1.01	R 1.33	2%
	Chicken pieces	6kg	R 133.47	↑ R 130.95	↔ R 130.95	↑ R 155.47	R 24.52	R 22.00	16%
	Chicken feet	4kg	R 67.28	↓ R 68.63	↑ R 77.97	↑ R 87.27	R 9.31	R 19.99	30%
	Chicken necks	6kg	R 98.95	↓ R 108.46	↑ R 146.58	↓ R 139.08	-R 7.50	R 40.13	41%
	Beef	1kg	R 53.66	↓ R 54.49	↓ R 52.15	↑ R 53.49	R 1.34	-R 0.17	0%
	Polony	2.5kg	R 38.48	↔ R 41.66	↔ R 41.66	↑ R 41.99	R 0.33	R 3.52	9%
Vegetables	Carrots	2kg	R 14.30	↓ R 12.65	↓ R 11.65	↑ R 13.98	R 2.33	-R 0.32	-2%
	Spinach	4 bunches	R 21.92	↓ R 11.33	↑ R 15.75	↓ R 14.20	-R 1.55	-R 7.72	-35%
	Apples	1.5kg	R 14.48	↑ R 15.74	↓ R 15.49	↓ R 14.65	-R 0.84	R 0.17	1%
	Cabbage	2 heads	R 15.97	↓ R 12.98	↑ R 13.66	↔ R 13.66	R 0.00	-R 2.31	-14%
	Onions	10kg	R 27.33	↓ R 45.18	↓ R 34.00	↓ R 30.49	-R 3.50	R 3.16	12%
	Tomatoes	3kg	R 39.50	↑ R 24.58	↑ R 32.16	↓ R 31.16	-R 1.00	-R 8.34	-21%
	Potatoes	10kg	R 35.00	↓ R 51.20	↓ R 49.66	↓ R 46.99	-R 2.67	R 12.00	34%
Miscellaneous	Salt	1kg	R 10.65	↔ R 11.33	↔ R 11.33	↑ R 11.49	R 0.17	R 0.85	8%
	Yeast	4 X 7g pkts	R 12.15	↔ R 12.82	↔ R 12.82	↔ R 12.82	R 0.00	R 0.67	5%
	Beef stock	240g	R 13.49	↓ R 17.16	↓ R 16.99	↑ R 18.15	R 1.16	R 4.66	35%
	Soup	600g	R 20.54	↓ R 23.54	↑ R 24.98	↓ R 24.70	-R 0.27	R 4.16	20%
	Curry powder	200g	R 18.15	↓ R 27.15	↑ R 29.16	↓ R 27.66	-R 1.50	R 9.51	52%
	Rooibos tea bags	200g	R 15.49	↓ R 18.66	↑ R 19.49	↓ R 16.99	-R 2.50	R 1.50	10%
	Coffee	100g	R 15.66	↔ R 17.15	↑ R 17.65	↔ R 17.65	R 0.00	R 1.99	13%
	Cremera	1kg	R 36.82	↑ R 36.99	↔ R 36.99	↑ R 37.98	R 0.99	R 1.16	3%
Total cost of PACSA food basket			R 1 648.10	R 1 860.60	R 1 911.86	R 1 940.29	R 28.43	R 292.19	17.73%

Month-on-month: the PACSA food basket increased by R28.43 or 1.5% (R1 911.86 in Oct 2016 to R1 940.29 in Nov 2016).

Over the last 3 months: the PACSA food basket increased by R79.69 or 4.3% (R1 860.60 in Sept 2016 to R1 940.29 in Nov 2016).

Year-on-year: the PACSA food basket increased by R292.19 or 17.7% (R1 648.10 in Nov 2015 to R1 940.29 in Nov 2016).

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 members, said they buy every month (based on conversations with women). The food basket is not nutritionally complete; it is a reflection of reality - what people are buying. Data is collected on the same day between the 21st and 24th of each month from six different retail stores which service the lower-income market in Pietermaritzburg, KwaZulu-Natal. 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. The PACSA Food Basket tracks the foods working class households buy, in the quantities they buy them in and from the supermarkets they buy them from. PACSA has been tracking the price of the basket since 2006. We release our Food Price Barometer monthly.

November 2016
PACSA Monthly Food Price Barometer

TABLE 2: PACSA Monthly Minimum Nutritional Food Basket for November 2016.

				Energy Group 1		Energy Group 2		Energy Group 3		Energy Group 4	
				6 500 kJ		8 500 kJ		10 500 kJ		12 000 kJ	
				Girls/Boys 3 - 9 yrs		Girls/Boys 10-13 yrs Adult women 19-64 yrs Elderly women > 65 yrs		Girls 14-18 yrs Very active women 19-64 yrs Adult men 19-64 yrs Elderly men > 65 yrs		Boys 14-18 yrs Very active men 19-64 yrs Pregnant & lactating women	
Food group	Foods tracked	Unit (Kg/L/Loaves)	Prices per unit	AP Weight	Cost	AP Weight	Cost	AP Weight	Cost	AP Weight	Cost
Starchy Foods	Maize meal	Kilogram	R 9.10	3.2	R 29.35	3.9	R 35.49	5.7	R 51.87	6.0	R 54.60
	Oats porridge	Kilogram	R 28.48	0.2	R 6.84	0.2	R 6.84	0.4	R 10.25	0.4	R 10.25
	Brown bread	Loaves (700g)	R 10.23	1.8	R 18.41	3.0	R 30.69	3.6	R 36.83	5.7	R 58.31
	Rice	Kilogram	R 7.87	0.9	R 6.99	1.3	R 10.49	1.9	R 15.15	1.9	R 15.15
	Samp	Kilogram	R 9.63	0.4	R 4.16	0.8	R 7.28	0.9	R 8.32	1.0	R 9.36
	Potatoes	Kilogram	R 4.70	0.4	R 1.73	0.7	R 3.47	0.7	R 3.47	0.7	R 3.47
Vegetables	Onion	Kilogram	R 3.05	2.8	R 8.50	2.8	R 8.50	2.8	R 8.50	2.8	R 8.50
	Tomato	Kilogram	R 10.39	1.4	R 14.27	1.4	R 14.27	1.4	R 14.27	1.4	R 14.27
	Carrot	Kilogram	R 6.99	0.1	R 0.98	0.1	R 0.98	0.1	R 0.98	0.1	R 0.98
	Spinach	Kilogram	R 3.55	0.5	R 1.73	0.5	R 1.73	0.5	R 1.73	0.5	R 1.73
	Cabbage	Kilogram	R 6.83	2.3	R 16.05	2.3	R 16.05	2.3	R 16.05	2.3	R 16.05
	Green pepper	Kilogram	R 29.98	1.2	R 35.89	1.2	R 35.89	1.2	R 35.89	1.2	R 35.89
	Butternut	Kilogram	R 10.65	0.4	R 3.74	0.4	R 3.74	0.4	R 3.74	0.4	R 3.74
Fruit	Orange	Kilogram	R 6.99	1.9	R 12.98	1.9	R 12.98	1.9	R 12.98	1.9	R 12.98
	Apple	Kilogram	R 9.77	1.3	R 12.75	1.3	R 12.75	1.3	R 12.75	1.3	R 12.75
	Banana	Kilogram	R 12.32	2.7	R 32.83	2.7	R 32.83	2.7	R 32.83	2.7	R 32.83
Dry beans, canned beans	Sugar beans	Kilogram	R 20.93	0.7	R 13.94	0.7	R 13.94	0.7	R 13.94	2.0	R 41.82
	Baked beans	Kilogram	R 22.85	0.6	R 12.85	0.5	R 10.28	0.5	R 10.28	1.4	R 30.85
Fish, chicken, lean meat, eggs	Eggs	each (50g each)	R 1.29	24.0	R 30.93	24.0	R 30.93	24.0	R 30.93	24.0	R 30.93
	Beef, neck, stewing	Kilogram	R 53.49	0.4	R 21.44	0.4	R 21.44	0.4	R 21.44	0.4	R 21.44
	Pilchards, tinned	Kilogram	R 36.64	0.6	R 23.25	0.6	R 23.25	0.6	R 23.25	0.6	R 23.25
	Chicken pieces	Kilogram	R 25.91	1.0	R 25.96	1.0	R 25.96	1.0	R 25.96	1.0	R 25.96
	Chicken livers	Kilogram	R 35.26	0.2	R 6.08	0.3	R 12.16	0.3	R 12.16	0.3	R 12.16
Milk, maas	Low fat milk	Litre	R 13.91	4.2	R 58.43	4.2	R 58.43	4.2	R 58.43	4.2	R 58.43
	Maas	Litre	R 13.99	7.8	R 109.14	7.8	R 109.14	7.8	R 109.14	7.8	R 109.14
Fat, oil	Margarine, soft tub	Kilogram	R 35.65	0.2	R 6.42	0.2	R 8.56	0.3	R 10.70	0.3	R 11.76
	Oil, sunflower	Litre	R 19.50	0.3	R 6.14	0.5	R 10.24	0.8	R 14.92	0.7	R 14.33
	Peanut butter	Kilogram	R 69.56	0.03	R 2.09	0.03	R 2.09	0.03	R 2.09	0.03	R 2.09
	Mayonnaise	Kilogram	R 26.88	0.2	R 4.84	0.2	R 6.45	0.2	R 6.45	0.2	R 6.45
Sugar	Sugar, white	Kilogram	R 14.02	0.3	R 3.53	0.8	R 11.60	0.8	R 11.60	0.8	R 11.60
	Jam	Kilogram	R 27.03	0.1	R 3.24	0.2	R 6.49	0.2	R 6.49	0.2	R 6.49
Miscellaneous	Tea	each bag	R 0.17	60.0	R 10.19	60.0	R 10.19	60.0	R 10.19	60.0	R 10.19
	Salt	Kilogram	R 11.49	0.1	R 1.38	0.1	R 1.38	0.1	R 1.38	0.1	R 1.38
	Soup powder	Kilogram	R 41.17	0.1	R 3.71	0.1	R 3.71	0.1	R 3.71	0.1	R 3.71
Total cost per person per month					R 550.74		R 600.19		R 638.64		R 712.82
Total cost per person per day					R 18.36		R 20.01		R 21.29		R 23.76

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

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.

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What is the PACSA Minimum Nutritional Food Basket? *(continued)*

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.

TABLE 3: Monthly costs of PACSA Minimum Nutritional Food Basket for families of various sizes, ages and life stages for November 2016

Total family size		4	5	7
Number of adults and children in family		2 Adults and 2 Children	3 Adults and 2 Children	3 Adults and 4 Children
Ages and lifestages of family members	Energy group 1	2 children (3-9 years)	1 child (3-9 years)	2 children (3-9 years)
	Energy group 2	None	1 child (10-13 years) 1 elderly woman	1 child (10-13 years) 1 elderly woman
	Energy group 3	1 very active woman	1 very active woman	1 girl (14-18 years) 1 very active woman
	Energy group 4	1 very active man	1 very active man	1 very active man
Number of members in Energy group 1: 6 500 kJ		2	1	2
Number of members in Energy group 2: 8 500 kJ		0	2	2
Number of members in Energy group 3: 10 500 kJ		1	1	2
Number of members in Energy group 4: 12 000 kJ		1	1	1
Total cost of food to meet basic nutritional requirements per family per month:		R2 452.95	R3 102.58	R4 291.96

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.

November 2016
Key indicators and commodities

TABLE 4: Key indicators.

Indicators	Jul_2016	Aug_2016	Sep_2016	Oct_2016	Nov_2016
Total PACSA food basket	R 1 914.29	R 1 942.42	R 1 860.60	R 1 911.86	R 1 940.29
PACSA month-on-month change (R)	R 26.46	R 28.13	-R 81.82	R 51.26	R 28.43
PACSA month-on-month change (%)	1.40%	1.46%	-4.21%	2.76%	1.49%
PACSA year-on-year rates (%)	18.69%	19.63%	15.07%	16.69%	17.73%
CPI-Food & NAB month-on-month rates	0.5%	0.8%	0.2%	0.9%	Not yet available
CPI-Food & NAB year-on-year rates	11.3%	11.3%	11.3%	11.7%	Not yet available
CPI headline year-on-year rates	6.0%	5.9%	6.1%	6.4%	Not yet available

CPI data sourced from: Statistics South Africa. Consumer Price Index. <http://www.statssa.gov.za/publications/P0141/P0141October2016.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; 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	Jul_2016	Aug_2016	Sep_2016	Oct_2016	Nov_2016
Exchange rate	R 14.73	R 13.40	R 14.47	R 13.91	R 13.62
Oil price per barrel (\$)	\$50.83	\$43.00	\$46.19	\$53.55	\$44.63
Petrol (Inland) per litre	R 13.07	R 12.08	R 11.90	R 12.34	R 12.79
Diesel (Reef) per litre	R 11.70	R 10.96	R 10.48	R 10.71	R 11.34
RSA White Maize per ton	R 4 587.00	R 4 084.00	R 4 144.00	R 3 439.40	R 3 613.40
RSA Yellow Maize per ton	R 3 427.00	R 3 159.00	R 3 144.00	R 3 019.80	R 3 149.60
RSA Wheat per ton	R 4 720.00	R 4 207.00	R 4 165.80	R 4 172.80	R 3 919.00
RSA Soybeans per ton	R 7 865.00	R 6 486.00	R 6 623.40	R 6 187.80	R 6 210.20
RSA Sunflower seed per ton	R 6 469.00	R 5 603.00	R 6 342.60	R 6 187.80	R 6 045.60

Data sourced from: Department of Energy. Fuel Price History 2016 <http://www.energy.gov.za/files/esources/petroleum/November2016/Fuel-Price-History.pdf> and Department of Agriculture, Forestry and Fisheries. Weekly Price Watch (1st Friday of every month) <http://www.daff.gov.za/daffweb3/Portals/0/Price%20Watch/Price%20Watch%202016-11-04.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 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 then 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.

November 2016
Affordability tables

TABLE 6: Income and expenditure for households of various socio-economic scenarios: November 2016.

Household socio-economic scenarios	Household A	Household B	Household C	Household D	Household E	Household F	Household G
Total household income	R 1 800.00	R 2 230.00	R 2 362.00	R 3 500.00	R 4 500.00	R 6 000.00	R 8 000.00
Number of household members	5	5	5	5	5	5	5
MINUS MINIMUM NUTRITIONAL food basket	R 3 102.58	R 3 102.58	R 3 102.58	R 3 102.58	R 3 102.58	R 3 102.58	R 3 102.58
Monies left over AFTER FOOD to buy some essential household requirements*	R -1 302.58	R -872.58	R -740.58	R 397.42	R 1 397.42	R 2 897.42	R 4 897.42
MINUS Burial insurance	R 200.00	R 200.00	R 200.00	R 200.00	R 200.00	R 200.00	R 200.00
MINUS Electricity and water	R 573.70	R 573.70	R 573.70	R 573.70	R 573.70	R 573.70	R 573.70
MINUS Transport	R 720.00	R 720.00	R 720.00	R 720.00	R 720.00	R 720.00	R 720.00
MINUS Education	R 500.00	R 500.00	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	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	R 416.66	R 416.66
MINUS Domestic & household hygiene items	R 583.84	R 583.84	R 583.84	R 583.84	R 583.84	R 583.84	R 583.84
MINUS Cultural obligations	R 350.00	R 350.00	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 -4 796.78	R -4 366.78	R -4 234.78	R -3 096.78	R -2 096.78	R -596.78	R 1 403.22

* Please note expenditures in Table above exclude monies for debt repayments, health care, 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 G").

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: Nov 2016

PACSA Food Baskets	Cost of Basket for household size of 7
PACSA Monthly Minimum Nutritional Food Basket	R 4 291.96
PACSA Monthly Food Basket	R 1 940.29
Difference between Baskets	R 2 351.67

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.

TABLE 7 shows the severity of the impact of food price affordability on household nutrition when comparing the PACSA Food Basket to the PACSA Minimum Nutritional Food Basket. Low-income households are not able to secure sufficient nutritious food to ensure minimum nutrition, health, well-being and productivity.

Appendix 1: Notes and References for Affordability Table 6

Total household income

We have selected 7 total household income scenarios:

- Household A:** R1 800 = Business's proposal to set the National Minimum Wage level at the lowest existing sectoral determination.
- Household B:** R2 230 = 1 old-age pension of R1 510 + 2 child support grants (R360 x 2) of R720 (National Treasury, 2016. Budget Speech: 22).
- Household C:** R2 362 = the average minimum wage set by the Employment Conditions Commission across sectoral determinations for 2014 was R2362.36.
- Household D:** R3 500 is the National Minimum Wage level proposed by the Nedlac Advisory Panel.
- Household E:** R4 500 = Cosatu has called for a National Minimum Wage of between R4 500 and R6 000.
- Household F:** R6 000 = see above.
- Household G:** R8 000 is where we think the National Minimum Wage should be located if households are to have the possibility of living at 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 (2016). Burial insurance has been included as an essential and prioritized 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 because prepaid meters are installed in the homes of low-income households. Electricity increased by 7.64% for the 2016/17 term. The cost per kWh was R1.3773. No VAT has been levied on the 2016/17 price by Msunduzi Municipality. The total rand value for 350kWh is R482.05 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. Water increased by 11.15% for the 2016/17 term. The 2016/17 charges on an unmetered water supply is R91.65 per month (includes VAT). **The figure in the table (R573.70) 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 R12 or R24 return inside Pietermaritzburg; and 1 kombi trip at R60 or R120 return to Durban (Pietermaritzburg kombi charges, September 2016). The R720 is calculated as follows: 20 trips to work [20 X R24 = R480] + 5 trips to town for work/study /shopping/church etc. [5 X R24 = R120] + 1 long

distance trip return (we use Durban as the destination) [1 X R120 = R120].

Education

This figure has been derived from a focus group (2015), 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 monthly barometer.

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.