

PACSA Monthly Food Price Barometer: APRIL 2017

MEDIA STATEMENT

Drop in April food prices – but not large enough or fast enough to offer households relief.

Month-on-month the price of the PACSA Food Basket has come down by R14.37 (-0.7%) from R2 068.35 in March 2017 to R2 053.98 in April 2017. Whilst this is a good thing, the price drop is not large enough, nor is it happening fast enough for there to be any substantial relief in the pockets of the majority of South African households.

The drop of R14.37 must be seen through the lens of the price shocks over the last year and a half. Currently the April 2017 price of the PACSA Food Basket is still 24.6% or R405.88 higher than those prices in November 2015 (R2 053.98 vs. R1 648.10). As the drought recedes and as the agricultural sector recovers we should be seeing prices moving rapidly downwards towards levels recorded pre-drought (before November 2015). This is important because not only would it suggest a more linear relationship (direct) between drought and food prices (and therefore gives greater credence for prices set at the retail level) but in a context of low-baseline wages and grants, a substantial drop in food prices is what is required now for households to afford food for health, well-being and put our society and economy on a better trajectory going forward.

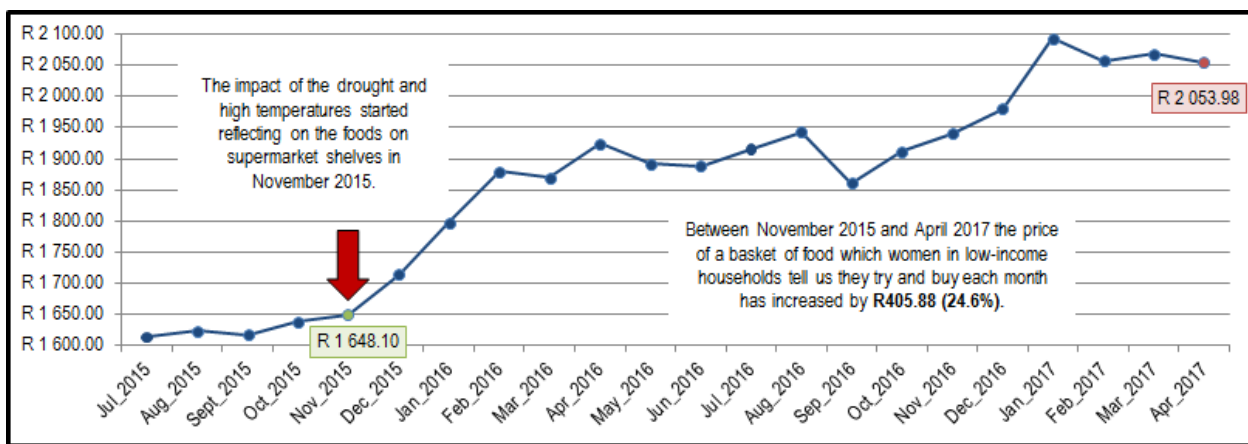


Figure 1: The price of the PACSA Food Basket: showing the impact of the drought on foods on supermarket shelves from November 2015 to April 2017.

The delay in the food price drop (too slow), and certainly the extent of the food price drop (too marginal) with no assistance to absorb inflation suggests that the majority of low-income households are still under enormous stress. The core foods which women in low-income households prioritise (buy before any other foods) cost 25% more than they did before the effects of the drought struck (see Table 1 below). The high cost on these core foods make it difficult for women to secure a diversity of food for their families as on low budgets, monies go first to secure foods which fill stomachs whilst not providing complete nutrition and therefore implicates very badly for health and well-being and the ability of bodies to resist common illnesses and diseases; and for children to grow properly.

Table 1: The price of the core foods and the extent to which they should decrease to levels pre-drought.

Food	Quantity	Nov 2015	Mar 2017	Apr 2017	m/m change (ZAR)	m/m change (%)	Nov 2015 to Apr 2017 change (ZAR)	Nov 2015 to Apr 2017 change (%)
Maize meal	25kg	R 181.81	R 241.14	R 223.47	-R 17.67	-7%	R 41.66	23%
Rice	10kg	R 68.82	R 72.16	R 70.99	-R 1.17	-2%	R 2.17	3%
Cake Flour	10kg	R 72.65	R 85.49	R 83.49	-R 2.00	-2%	R 10.84	15%
Cooking Oil	4L	R 70.66	R 84.98	R 84.82	-R 0.16	0%	R 14.17	20%
White sugar	10kg	R 103.65	R 141.48	R 146.97	R 5.49	4%	R 43.32	42%
Sugar Beans	5kg	R 75.33	R 115.15	R 108.49	-R 6.67	-6%	R 33.16	44%
Total		R 572.91	R 740.40	R 718.23	-R 22.17	-3%	R 145.32	25%

It is important that the price of these core foods comes down quickly and substantially; and that baseline wages increase and that these increased wages then keep up with food price inflation as experienced by low-income households. For households relying on grants as a primary income source; the annual increases having already been determined and coming in at less than 6% continue to ask questions of the adequacy of the state’s social security system’s ability to respond to what appears to be a rapidly deteriorating socio-economic context with immediate and long-term risks to the future outcomes of South Africa.

Key data from the April 2017 PACSA Minimum Nutritional Food Basket: the difference in cost between the foods which low-income families try and buy each month vs. what they would like to buy and should buy to meet basic nutrition:

- In April 2017, the difference in cost between the PACSA Food Basket (not nutritionally complete) and the PACSA Minimum Nutritional Food Basket (nutritionally complete) is R2 398.66 (R2 053.98 vs. R4 452.64). It means that low-income families with 7 members are underspending on nutritious, albeit still very basic food by 54%. 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 April 2017 the cost of the PACSA Minimum Nutritional Food Basket for a family of 4 is R2 545.34, for a family of 5 is R3 216.22 and for a family of 7 is R4 452.64. Inflation on the PACSA Minimum Nutritional Food Basket for families of between 4-7 members increased by an average of 20% from November 2015 to April 2017.
- In April 2017 the cost of feeding a small child (aged 3-9 years) a diet complete in minimum nutrition is R575.88 per month. The cost of feeding a girl/boy child (aged 10-13 years) or an adult woman (aged 19-64 years) or an elderly woman (aged >65 years) a diet complete in minimum nutrition is R623.38 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 R660.54 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 breastfeeding woman a diet complete in minimum nutrition is R733.05 per month.

National Treasury's Budget 2017 grant allocations in the context of food price inflation experienced by low-income households:

- In April 2017 the Child Support Grant was increased by R20 (5.56%) to R380 and the old-age pension by R90 (5.96%) to R1 600 per month.
- The annual increments are lower than the March y/y rates of Consumer Price Index Headline inflation (6.1%) and even lower than the 8.7% in the CPI Food & Non-Alcoholic Beverages index. The latter figure is important because it provides a more accurate measure of inflationary pressures faced by low-income families because most of this income is spent on food.
- The inadequacy of the R20 (5.56%) annual monthly increase on the Child Support Grant [CSG] (totaling R380 per month or R12.67 per day) is starkly revealed when we compare it to the actual cost of securing a basic but nutritionally complete monthly diet for a boy/girl child between the ages of 10-13 years.
- The daily cost of feeding a boy/girl child aged between 10-13 years a basic but nutritionally complete diet was R20.78 in April 2017 (11 cents less per day than in March 2017, which was R20.89). If we compare this month's costs of R20.78 to the daily value of the CSG of R12.67; **it means an underspend of 39% on the plates of around 12.1 million children¹** and therefore a direct undermining of children's health, growth and development and our future education, health, social and economic outcomes.
- **We need to start looking at grants as an investment in our social base** – an investment in our future outcomes – not as a drain on our state resources. Grants are well targeted and well spent; they are a very effective usage of our resources – if increased they provide the possibility to change the trajectory of our collective future; if unchanged their inadequacy will continue to undermine all of our hopes, aspirations and development outcomes (education, health, social and economic).

South Africa's labour market, economic and poverty indicators and PACSA's affordability data:

- Statistics South Africa's 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 (note: this figure is now a year old – it means that the current poverty lines will be higher than these referenced).
- Statistics South Africa's latest Quarterly Labour Force Survey for the 4th quarter of 2016 shows that the unemployment rate for Black South African workers is 30% and the expanded unemployment rate is 40.1%. The labour absorption rate for Black South African workers is 40.5%, meaning that out of 10 Black South Africans of working age; only 4 are employed.²
- Black South African households typically rely on just one wage earner and this wage must support an average of 3.8 persons. For lower income households more than 3.8 persons would require to be supported off the wage.
- The R3 500 proposed National Minimum wage, when dispersed through a family of 4 persons is R875 per person. This is below the current upper bound poverty line of R1 077 per month.
- For Black South African households, the April 2017 PACSA Minimum Nutritional Food Basket for a family of 4 persons (R2 545.34) would take up **73% of the R3 500 proposed National Minimum Wage**. If we add just two critical household expenditures to the food costs: water and electricity (R573.70 at Pietermaritzburg 2016/17 tariffs) and transport to get to work (20 direct return trips at R24 = R480 at Pietermaritzburg 2016/17 tariffs), **combined these total R3 599.04 a month in March 2017** (R2 545.34 + R573.70 + R480). The low proposed National Minimum Wage will trap working families in ever deeper cycles of poverty; ill-health and debt (see affordability scenarios: Table 6, page 7; this month we have included the wage demand of R12 500 articulated by mine workers in Marikana in 2012 and more recently by NUMSA).

¹ SASSA (2017). **Fact sheet: Issue no 4 of 2017 – 30 April 2017**. A statistical summary of social grants in South Africa. Strategic Monitoring, Branch: Strategy and Business Development. See link: <http://www.google.co.za/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0ahUKEwipgZCVtuLTAhXkLMAKHc7UBIEQFgagMAA&url=http%3A%2F%2Fwww.sassa.gov.za%2Findex.php%2Fknowledge-centre%2Fstatistical-reports%3Fdownload%3D644%3Astatistical-report-4-of-2017-30-april-2017&usq=AFQjCNH45xm7ltpv71SFbFeNJgkWICXaw>

² STATSSA (2016). **Quarterly Labour Force Survey, Quarter 4, 2016**. Statistical release P0211. Statistics South Africa. Pretoria. P4 & 22. See link <http://www.statssa.gov.za/publications/P0211/P02114thQuarter2016.pdf>

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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	Apr_2016 Price	Feb_2017 Price	Mar_2017 Price	Apr_2017 Price	m/m change (Rands)	y/y change (Rands)	y/y change (%)
Starchy foods	Maize meal	25kg	R 217.82	↓ R 241.66	↓ R 241.14	↓ R 223.47	-R 17.67	R 5.65	3%
	Rice	10kg	R 79.15	↓ R 77.32	↓ R 72.16	↓ R 70.99	-R 1.17	-R 8.16	-10%
	Cake Flour	10kg	R 81.99	↓ R 83.82	↑ R 85.49	↓ R 83.49	-R 2.00	R 1.50	2%
	White bread	8 loaves	R 87.37	↓ R 85.88	↓ R 79.68	↓ R 77.95	-R 1.73	-R 9.43	-11%
	Brown bread	4 loaves	R 39.25	↓ R 39.81	↓ R 36.37	↓ R 35.84	-R 0.53	-R 3.41	-9%
	Samp	5kg	R 42.33	↓ R 43.82	↓ R 42.82	↔ R 42.82	R 0.00	R 0.50	1%
	Pasta	1kg	R 22.49	↓ R 21.65	↑ R 21.98	↑ R 21.99	R 0.00	-R 0.50	-2%
Sugar	White sugar	10kg	R 120.14	↓ R 131.31	↑ R 141.48	↑ R 146.97	R 5.49	R 26.83	22%
Dry beans, canned beans	Sugar beans	5kg	R 92.81	↓ R 108.49	↑ R 115.15	↓ R 108.49	-R 6.67	R 15.68	17%
	Canned beans	3 cans	R 23.97	↑ R 28.64	↔ R 28.64	↓ R 28.39	-R 0.25	R 4.42	18%
Fat, oil	Cooking oil	4L	R 83.32	↓ R 76.49	↑ R 84.98	↓ R 84.82	-R 0.16	R 1.50	2%
	Margarine	1kg	R 32.65	↓ R 35.48	↑ R 36.82	↓ R 35.16	-R 1.67	R 2.51	8%
Milk, maas	Fresh Milk	2L	R 27.99	↑ R 27.99	↓ R 27.16	↓ R 26.32	-R 0.83	-R 1.67	-6%
	Maas	2L	R 28.32	↑ R 29.16	↓ R 27.99	↓ R 25.16	-R 2.83	-R 3.17	-11%
Meat, eggs, fish	Eggs	30 eggs	R 38.82	↓ R 40.82	↓ R 40.16	↓ R 39.82	-R 0.33	R 1.00	3%
	Canned fish	4 cans	R 59.61	↓ R 62.29	↑ R 63.63	↑ R 66.96	R 3.33	R 7.35	12%
	Chicken pieces	6kg	R 135.97	↑ R 180.47	↑ R 183.18	↔ R 183.18	R 0.00	R 47.21	35%
	Chicken feet	4kg	R 69.28	↑ R 97.94	↔ R 97.94	↔ R 97.94	R 0.00	R 28.66	41%
	Chicken necks	6kg	R 95.95	↑ R 185.94	↓ R 157.14	↔ R 157.14	R 0.00	R 61.19	64%
	Beef	1kg	R 56.82	↑ R 63.82	↑ R 67.32	↑ R 68.65	R 1.33	R 11.83	21%
	Polony	2.5kg	R 40.32	↔ R 42.82	↓ R 38.16	↔ R 38.16	R 0.00	-R 2.17	-5%
Vegetables	Carrots	2kg	R 28.31	↑ R 21.97	↑ R 25.65	↑ R 27.32	R 1.67	-R 1.00	-4%
	Spinach	4 bunches	R 39.96	↑ R 31.96	↑ R 39.96	↓ R 35.98	-R 3.98	-R 3.98	-10%
	Apples	1.5kg	R 14.82	↓ R 12.99	↑ R 15.99	↓ R 15.82	-R 0.17	R 1.01	7%
	Cabbage	2 heads	R 29.95	↑ R 21.63	↑ R 25.66	↑ R 29.31	R 3.65	-R 0.64	-2%
	Onions	10kg	R 65.33	↓ R 31.99	↑ R 37.49	↓ R 36.83	-R 0.67	-R 28.50	-44%
	Tomatoes	3kg	R 55.67	↓ R 33.32	↑ R 33.83	↑ R 39.33	R 5.50	-R 16.34	-29%
	Potatoes	10kg	R 61.33	↓ R 37.82	↑ R 40.65	↓ R 39.83	-R 0.83	-R 21.50	-35%
Miscellaneous	Salt	1kg	R 10.23	↔ R 12.15	↔ R 12.15	↑ R 12.65	R 0.50	R 2.43	24%
	Yeast	4 x 7g pkts	R 12.82	↔ R 12.82	↔ R 12.82	↔ R 12.82	R 0.00	R 0.00	0%
	Beef stock	240g	R 16.32	↓ R 16.32	↑ R 16.99	↑ R 17.82	R 0.83	R 1.50	9%
	Soup	600g	R 22.87	↓ R 20.31	↓ R 19.81	↓ R 19.31	-R 0.50	-R 3.56	-16%
	Curry powder	200g	R 21.48	↓ R 26.66	↑ R 27.99	↑ R 28.82	R 0.83	R 7.33	34%
	Roobos tea bags	200g	R 16.45	↓ R 17.49	↓ R 17.16	↑ R 20.15	R 2.99	R 3.70	22%
	Coffee	100g	R 16.16	↔ R 18.32	↔ R 18.32	↑ R 18.49	R 0.17	R 2.33	14%
	Cremora	1kg	R 35.99	↓ R 36.16	↓ R 34.49	↑ R 35.82	R 1.33	-R 0.17	0%
Total cost of PACSA food basket			R 1 924.06	R 2 057.54	R 2 068.35	R 2 053.98	-R 14.37	R 129.92	6.8%

Month-on-month: the PACSA food basket decreased by R14.37 or -0.7% (R2 068.35 in Mar 2017 to R2 053.98 in Apr 2017).

Over the last 3 months: the PACSA food basket decreased by -R3.56 or -0.2% (R2 057.54 in Feb 2017 to R2 053.98 in Apr 2017).

Year-on-year: the PACSA food basket increased by R129.92 or 6.8% (R1 924.06 in Apr 2016 to R2 053.98 in Apr 2017).

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.

April 2017
PACSA Monthly Food Price Barometer

TABLE 2: PACSA Monthly Minimum Nutritional Food Basket for April 2017.

				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 8.94	3.2	R 28.83	3.9	R 34.86	5.7	R 50.95	6.0	R 53.63
	Oats porridge	Kilogram	R 27.99	0.2	R 6.72	0.2	R 6.72	0.4	R 10.08	0.4	R 10.08
	Brown bread	Loaves (700g)	R 8.96	1.8	R 16.13	3.0	R 26.88	3.6	R 32.26	5.7	R 51.07
	Rice	Kilogram	R 7.10	0.9	R 6.31	1.3	R 9.47	1.9	R 13.68	1.9	R 13.68
	Samp	Kilogram	R 8.56	0.4	R 3.70	0.8	R 6.47	0.9	R 7.40	1.0	R 8.32
	Potatoes	Kilogram	R 3.98	0.4	R 1.47	0.7	R 2.94	0.7	R 2.94	0.7	R 2.94
Vegetables	Onion	Kilogram	R 3.68	2.8	R 10.27	2.8	R 10.27	2.8	R 10.27	2.8	R 10.27
	Tomato	Kilogram	R 13.11	1.4	R 18.01	1.4	R 18.01	1.4	R 18.01	1.4	R 18.01
	Carrot	Kilogram	R 13.66	0.1	R 1.91	0.1	R 1.91	0.1	R 1.91	0.1	R 1.91
	Spinach	Kilogram	R 9.00	0.5	R 4.37	0.5	R 4.37	0.5	R 4.37	0.5	R 4.37
	Cabbage	Kilogram	R 14.66	2.3	R 34.42	2.3	R 34.42	2.3	R 34.42	2.3	R 34.42
	Green pepper	Kilogram	R 18.66	1.2	R 22.33	1.2	R 22.33	1.2	R 22.33	1.2	R 22.33
	Butternut	Kilogram	R 8.82	0.4	R 3.10	0.4	R 3.10	0.4	R 3.10	0.4	R 3.10
Fruit	Orange	Kilogram	R 9.99	1.9	R 18.56	1.9	R 18.56	1.9	R 18.56	1.9	R 18.56
	Apple	Kilogram	R 10.55	1.3	R 13.77	1.3	R 13.77	1.3	R 13.77	1.3	R 13.77
	Banana	Kilogram	R 14.83	2.7	R 39.50	2.7	R 39.50	2.7	R 39.50	2.7	R 39.50
Dry beans, canned beans	Sugar beans	Kilogram	R 21.70	0.7	R 14.45	0.7	R 14.45	0.7	R 14.45	2.0	R 43.35
	Baked beans	Kilogram	R 23.08	0.6	R 12.98	0.5	R 10.38	0.5	R 10.38	1.4	R 31.15
Fish, chicken, lean meat, eggs	Eggs	each (50g each)	R 1.33	24.0	R 31.86	24.0	R 31.86	24.0	R 31.86	24.0	R 31.86
	Beef, neck, stewing	Kilogram	R 68.65	0.4	R 27.51	0.4	R 27.51	0.4	R 27.51	0.4	R 27.51
	Pilchards, tinned	Kilogram	R 41.85	0.6	R 26.55	0.6	R 26.55	0.6	R 26.55	0.6	R 26.55
	Chicken pieces	Kilogram	R 30.53	1.0	R 30.59	1.0	R 30.59	1.0	R 30.59	1.0	R 30.59
	Chicken livers	Kilogram	R 35.59	0.2	R 6.14	0.3	R 12.28	0.3	R 12.28	0.3	R 12.28
Milk, maas	Low fat milk	Litre	R 13.16	4.2	R 55.28	4.2	R 55.28	4.2	R 55.28	4.2	R 55.28
	Maas	Litre	R 12.58	7.8	R 98.11	7.8	R 98.11	7.8	R 98.11	7.8	R 98.11
Fat, oil	Margarine, soft tub	Kilogram	R 35.16	0.2	R 6.33	0.2	R 8.44	0.3	R 10.55	0.3	R 11.60
	Oil, sunflower	Litre	R 21.21	0.3	R 6.68	0.5	R 11.13	0.8	R 16.22	0.7	R 15.59
	Peanut butter	Kilogram	R 69.96	0.03	R 2.10	0.03	R 2.10	0.03	R 2.10	0.03	R 2.10
	Mayonnaise	Kilogram	R 24.65	0.2	R 4.44	0.2	R 5.92	0.2	R 5.92	0.2	R 5.92
Sugar	Sugar, white	Kilogram	R 14.70	0.3	R 3.70	0.8	R 12.17	0.8	R 12.17	0.8	R 12.17
	Jam	Kilogram	R 27.20	0.1	R 3.26	0.2	R 6.53	0.2	R 6.53	0.2	R 6.53
Miscellaneous	Tea	each bag	R 0.20	60.0	R 12.09	60.0	R 12.09	60.0	R 12.09	60.0	R 12.09
	Salt	Kilogram	R 12.65	0.1	R 1.52	0.1	R 1.52	0.1	R 1.52	0.1	R 1.52
	Soup powder	Kilogram	R 32.18	0.1	R 2.90	0.1	R 2.90	0.1	R 2.90	0.1	R 2.90
Total cost per person per month				R 575.88		R 623.38		R 660.54		R 733.05	
Total cost per person per day				R 19.20		R 20.78		R 22.02		R 24.43	

*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 April 2017.

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 lifestyles 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 545.34	R3 216.22	R4 452.64

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.

April 2017
Key indicators and commodities

TABLE 4: Key indicators.

Indicators	Dec_2016	Jan_2017	Feb_2017	Mar_2017	Apr_2017
Total PACSA food basket	↑ R 1 980.18	↑ R 2 092.95	↓ R 2 057.54	↑ R 2 068.35	↓ R 2 053.98
PACSA month-on-month change (ZAR)	↑ R 39.89	↑ R 112.77	↓ -R 35.41	↑ R 10.81	↓ -R 14.37
PACSA month-on-month change (%)	↑ 2.06%	↑ 5.69%	↓ -1.69%	↑ 0.53%	↓ -0.69%
PACSA year-on-year rates change (ZAR)	↓ R 266.00	↑ R 295.91	↓ R 178.30	↑ R 198.96	↓ R 129.92
PACSA year-on-year rates (%)	↓ 15.52%	↑ 16.47%	↓ 9.49%	↑ 10.64%	↓ 6.75%
CPI-Food & NAB month-on-month rates	↑ 0.8%	↑ 1.6%	↓ 0.7%	↓ 0.5%	Not yet available
CPI-Food & NAB year-on-year rates	↑ 11.7%	↓ 11.4%	↓ 9.9%	↓ 8.7%	Not yet available
CPI headline year-on-year rates	↑ 6.8%	↓ 6.6%	↓ 6.3%	↓ 6.1%	Not yet available

CPI data sourced from: Statistics South Africa. Consumer Price Index. <http://www.statssa.gov.za/publications/P0141/P0141March2017.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	Dec_2016	Jan_2017	Feb_2017	Mar_2017	Apr_2017
Exchange rate	↑ R 13.88	↓ R 13.75	↓ R 13.34	↓ R 13.01	↑ R 13.75
Oil price per barrel (\$)	↑ \$48.78	↑ \$55.90	↓ \$55.32	↓ \$54.40	↑ \$57.16
Petrol (Inland) per litre	↓ R 12.59	↑ R 13.09	↑ R 13.38	↓ R 13.30	↓ R 13.08
Diesel (Reef) per litre	↓ R 11.02	↑ R 11.41	↑ R 11.62	↓ R 11.60	↓ R 11.50
RSA White Maize per ton	↑ R 3 947.00	↓ R 3 613.75	↓ R 2 943.80	↓ R 2 575.80	↓ R 2 091.25
RSA Yellow Maize per ton	↑ R 3 221.40	↑ R 3 321.25	↓ R 2 907.20	↓ R 2 439.00	↓ R 2 163.00
RSA Wheat per ton	↓ R 3 913.20	↑ R 3 939.75	↑ R 3 980.00	↓ R 3 948.00	↑ R 4 403.00
RSA Soybeans per ton	↑ R 6 520.00	↓ R 6 262.50	↑ R 6 485.00	↓ R 5 957.60	↓ R 4 957.75
RSA Sunflower seed per ton	↓ R 5 848.80	↓ R 5 543.00	↓ R 5 204.00	↓ R 4 587.80	↓ R 4 540.00

Data sourced from: Department of Energy. Fuel Price History 2017 <http://www.energy.gov.za/files/esources/petroleum/April2017/Fuel-Price-History.pdf> and Department of Agriculture, Forestry and Fisheries. Weekly Price Watch (typically 1st Friday of every month, none for 07/04/2017 used week 15: 10/04 - 13/04) <http://www.daff.gov.za/daffweb3/Portals/0/Price%20Watch/Price%20Watch%202017-04-26.pdf> and Exchange Rates ZAR vs USD. Exchange-Rates.Org. <http://www.exchange-rates.org/Rate/USD/ZAR/4-7-2017> (1st Friday of each month).

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.

April 2017
Affordability tables

TABLE 6: Income and expenditure for households of various socio-economic scenarios: April 2017.

Household socio-economic scenarios	Household A	Household B	Household C	Household D	Household E	Household F	Household G
Total household income	R 2 360.00	R 2 900.00	R 3 500.00	R 4 500.00	R 6 000.00	R 8 000.00	R 12 500.00
Number of household members	5	5	5	5	5	5	5
MINUS Minimum Nutritional food basket	R 3 216.22	R 3 216.22	R 3 216.22	R 3 216.22	R 3 216.22	R 3 216.22	R 3 216.22
Monies left over AFTER FOOD to buy some essential household requirements*	R -856.22	R -316.22	R 283.78	R 1 283.78	R 2 783.78	R 4 783.78	R 9 283.78
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 567.82	R 567.82	R 567.82	R 567.82	R 567.82	R 567.82	R 567.82
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 -4 334.40	R -3 794.40	R -3 194.40	R -2 194.40	R -694.40	R 1 305.60	R 5 805.60

* Please note expenditures in Table 6 above are the actual Pietermaritzburg-based costs of some important goods and services which PACSA calculates in conversations with women living in low-income households and tracks and updates through various research interventions. The expenditures reflected in the table are incomplete and exclude other important monies for debt repayments, health care, rent and emergencies amongst others; including monies for savings and investments.

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: April 2017

PACSA Food Baskets	Cost of Basket for household size of 7
PACSA Monthly Minimum Nutritional Food Basket	R 4 452.64
PACSA Monthly Food Basket	R 2 053.98
Difference between Baskets	R 2 398.66

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:** R2 360 = 1 old-age pension of R1 600 + 2 child support grants (R380 x 2) of R760 (National Treasury, 2017. Budget Speech: 22).
- Household B:** R2 900 = the median monthly earnings by Black South Africans in 2015 (Statistics South Africa [2016]. Labour market dynamics in South Africa, 2015. Statistics South Africa. Pretoria. P 4-24 (71), see link: <https://www.statssa.gov.za/publications/Report-02-11-02/Report-02-11-022015.pdf>
- Household C:** R3 500 is the National Minimum Wage level proposed by the Nedlac Advisory Panel.
- Household D:** R4 500 = Cosatu has called for a National Minimum Wage of between R4 500 and R6 000.
- Household E:** R6 000 = see above.
- Household F:** R8 000 is a minimum wage level which PACSA identified in February 2015 as an entry point to affordability for Pietermaritzburg families for the possibility of living at a basic level of dignity. Our R8 000 figure is incomplete and excludes the costs of many other important goods and services e.g. monies for debt repayments, health care, rent and emergencies amongst others; including monies for savings and investments. R8 000 therefore is not a wage level which we would consider transformative. It may allow households to better absorb shocks but it is not enough to change the trajectory of households.
- Household G:** R12 500 is the wage level called for by NUMSA. This figure was first put out by mine workers in Marikana. Workers died for this in August 2012.

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 (Msunduzi Municipality). 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. 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.