

**MEDIA RELEASE**

To: All media for immediate release.

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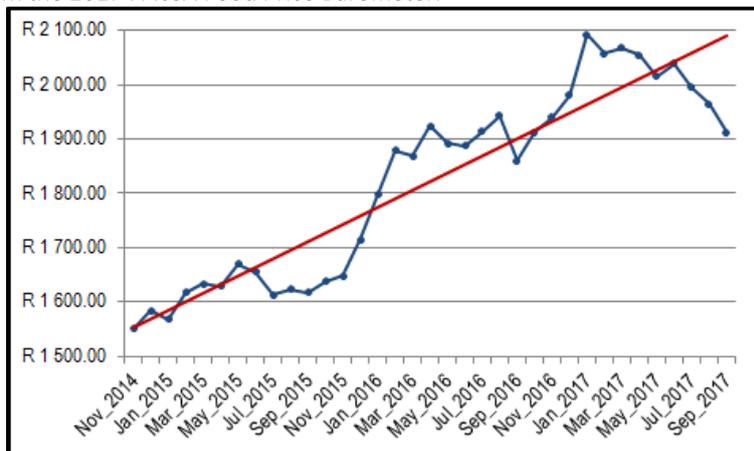
Subject: World Food Day, 16 October 2017: **The crisis of the economy is being reflected on our plates.**

***The crisis of the economy is being reflected on our plates:* the state has not intervened – millions of South Africans have been left to fend for themselves. Women are using their bodies to buffer the crisis. The economic crisis is spiralling. It is untenable and will only drive poverty and inequality deeper. Government must intervene decisively. Food is a public good – corporates should not consider food just as a profit generating commodity. Absolutely every resource and all political energy should be focused on immediately eliminating child stunting. Workers must be paid a Living Wage and the social security system must be used as an instrument to mitigate the impact of the economic crisis.**

The PACSA Food Price Barometer tracks the monthly prices of the foods in the trolleys of households living on low incomes. It is specifically designed to measure food price inflation as experienced by households living on low incomes. Households living on low incomes prioritise their expenditures on the basis of what is non-negotiable first and then see what money remains for the other expenses. Food is typically one of the only expenses which women are able to control. Because of the way women prioritise their expenditures, the food in our shopping trolleys and on our plates becomes the crudest and sharpest indicator of how poorly our economy is performing and is able to give a fairly accurate sense of what our future developmental outcomes will look like. *The crisis of the economy is not only being reflected on our plates but our plates are a reflection of the economic crisis.* The food on our plates is a critical tool to analyse the economy and the political choices being made in South Africa’s governance.

This media statement is structured as follows: (1) it provides some key data from the annual 2017 PACSA Food Price Barometer; (2) it shares some excerpts of conversations held with women living on low incomes on how they are experiencing the economic crisis; (3) it positions the deepening crisis on our plates within the economy and provides an overview of South Africa’s economic and poverty indicators to understand the extent and structure of the crisis, government’s response thus far, and how households living on low incomes are responding to the deepening economic crisis; and (4) it provides 3 core suggestions as to what needs to be done to mitigate the impact of the economic crisis.

**1. Key findings from the 2017 PACSA Food Price Barometer.**



**Figure 1:** Rand-value cost of the PACSA Food Basket over past 3 years from Nov 2014 to Sep 2017.

The PACSA Food Basket has increased by 23.3% over the past three years. See Figure 1 above.

Towards the end of 2016 parts of South Africa’s agricultural sector started to show definite trends towards recovery as the rains came. Although parts of the south-western areas are still experiencing severe drought conditions, the important north-eastern region which supplies most of South Africa’s grain (our most important starches) has largely recovered due to a good rainfall season. The effects of the recovery are starting to be felt on supermarket shelves.

The cost of the PACSA Food Basket has come down off its 2016 highs. However, prices only started dropping on supermarket shelves from July 2017 and are still reasonably marginal considering that they are coming down off the massive price shocks of the preceding year.

The price of the PACSA Food Basket in September 2017 is still 16.1% (R264.88) higher than pre-drought levels recorded on supermarket shelves in November 2015 (from R1 648.10 in November 2015 to R1912.98 in September 2017). See *Appendix 1 on page 7 for full price movements on the PACSA Food Basket.*

The delay in the drop of food prices and the lower decrease in food prices meant that the year-on-year inflation on the foods which households on low incomes try and buy each month averaged 10.1% from September 2016 to September 2017.

This scale of inflation is extraordinary. Households on low incomes have been under enormous strain over the past year. The ability of households to absorb the pressures of higher food prices for longer periods found no support as the buffers needed in times of such acute crisis were not in place.

The current price of the PACSA Food Basket is R1 912.98 in September 2017. This is more than half (55%) of the yet to be implemented National Minimum Wage (R3 500 a month) and two-thirds (66%) of the latest median wage figures for Black South African Workers (R2 900 a month in 2015).

Last year food prices rocketed. In response to high levels of food price inflation particularly on the big ticket items of maize meal, rice, flour, sugar, sugar beans and cooking oil; women had to cut back on nutritious food. Since July 2017 the prices of all major starches and most of the important foods women must have in their trolleys have come down but women are not buying more food. The trolley is still very limited.

Women are saying that although food prices have started coming down since July 2017, these decreases have not made food more affordable. This is because:

- The level of income coming into homes has decreased. Women say that members in their families have lost their jobs. Piece work has all but dried up. The value and flow of remittances has decreased. Family members are sitting at home with no work. Annual increment increases on wages, old-age grants, disability grants and child support grants, off a low baseline has not been enough to keep up with the inflation levels on goods and services experienced by households living on low incomes.
- Because of the way expenditures are prioritised, food expenditure is a derivative of what is left over after essential non-negotiable goods and services have been secured. If income decreases then the entire expenditure budget decreases but because of the way food is positioned; the food budget faces the most severe cuts. It means that women have less money to spend on food and more debt is being taken on to cover food shortfalls.
- The level of underspend on food is so substantial that small decreases in food prices do not qualitatively improve the affordability of food;
- Supermarkets are gaming their customers. The extraordinary levels of food price inflation driven by the drought over the past two years has provided retailers extensive scope to manipulate weights, packaging sizes and prices. Women tell us that supermarkets are short-weighting their products, tampering with expiry dates and selling old and poor quality food. Generally women say that the quality of food in the supermarkets has deteriorated significantly.

Households are underspending on food by 54% a month. This gives a sense of the deep crisis we are in. Imagine what this looks like on the plate? *Imagine what your plates would look like if you were to remove half the foods from your trolley every month? What would you take out? What would you keep?*

Women are faced with impossible choices. They are forced to prioritise the starchy foods which provide energy and other foods which are essential in making meals. These foods are what women term the: *“Must have foods; others we will see”* and include maize meal, rice, flour, sugar, sugar beans, samp, cooking oil, salt, potatoes, onions, frozen chicken portions, curry, Knorrox cubes (stock), soup, teabags and yeast. Apart from sugar beans and frozen chicken portions, most of these foods have very little nutritional value and provide only carbohydrates (energy/sugar), salt and fat. These foods will keep families alive but there is nothing really healthful in them.

Women use what is left in the food budget after these foods have been secured to purchase nutritionally-rich foods of meats, dairy, eggs, vegetables and fruit. The volumes of these nutritionally-rich foods are so low that women prioritise the bulk of these foods for their children's plates.

Women are telling us that their affordability situation has deteriorated. It means that households are actually under more pressure now than they were last year, and this higher pressure is cascading onto a base which has been thoroughly decimated over the past several years. Women are telling us that their safeguards to buffer against any more shocks no longer exist, there is very little left to offer up any resistance.

Women absorb the food shortfalls in the trolley in their bodies by not eating nutritionally-rich foods as an attempt to lengthen the period of relatively better nutrition for their children. It is a critical approach to secure their children's growth and development, health and well-being. If they did not employ this drastic approach, their children would be deprived of critical proteins, fats, fibre, calcium and other minerals, and vitamins for too long a period and the implications of the prolonged period of deprivation would have both immediate and long-term effects. For women, a reasonable diet lasts around two weeks, after that, women's plates hollow out. Women's diets are severely limited in dietary diversity. In the last week of the month however, even children eat very poorly although women still eat the worst of whatever food is left.

Despite the strategies women use, food still runs out before the end of the month because there was not enough food in the trolley in the beginning of the month. In the last week of the month there is very little in the way of variety or nutrition. It is really just a rotating wheel of starches and a limited number of cheaper cuts of low protein meats, onion, cabbage, sugar and salt.

What we are seeing then is not so much a change in the foods in the trolley but changes in the plates, and particularly on the plates of women. The sacrifices that women are making by using their bodies to buffer the economic crisis are coming at great cost to women's health, well-being and sense of freedom.

Statistics South Africa's latest *Mortality and causes of death in South Africa 2015 Report* (2017) shows that Non-Communicable Diseases [NCDs] (diabetes, hypertensive diseases, cerebrovascular diseases and other forms of heart disease) account for the leading causes of death in women and these numbers are rising. NCDs are an effect of the inability of households to afford proper nutrition and are highest in women because of the way women use their bodies to absorb the food shortfalls. We are seeing an escalation in deaths directly related to the plate. Women tell us they are getting sicker; they feel tired all the time and are always hungry. Women are dying. The impact of the growing number of women patients seeking chronic medication for NCDs has a massive impact on the public health sector, already under enormous strain.

## **2. How women living on low incomes are experiencing the economic crisis.**

The following are excerpts from conversations we had with women from communities across Pietermaritzburg (Mpumuza, Snathing, Haniville, Crossing, Sobantu and Madiba) on how they were experiencing the deepening economic crisis. The conversations took place in early September 2017.

*"This year has been very hard. The stress on our shoulders is just unbelievable. It is unbearable."*

*"The situation of the economy is terrible. There are no jobs."*

*"The money that comes in is lower now and it finishes more quickly"*

*"Bekubheda kodwa manje kuworse"* [Last year was really bad but this year is worse].

*"Umsebenzi awukho noma ukhona usheshe uphele"* [There is no work; if you happen to get a piece job it quickly finishes].

*"There is no help from government. Government knows the prices of food and other things have gone up. It knows that there are no jobs. We are struggling but government has not done anything to help us over the past two years. Government does not give us enough to live on. How are we supposed to cope with this crisis?"*

*"This year has been very hard. It is my responsibility. You can't run away from it. It doesn't matter how but you have to do it. You have to find a way"*

*"The pressure has got worse. As mothers we have to think really what are we going to eat? We have to keep thinking what are we going to eat, what are we going to eat? What are we going to eat tomorrow? Where will you get the food tomorrow? Where will I get it from?"*

*"For two weeks we eat the nutritious foods with our families but when we see that these foods are reaching a certain level; we either eat just a very little of these foods or stop eating them completely so our children can eat better for longer."*

*"If there are nice foods it is not eaten by omama. All the maas, the eggs, the fruits, the good veggies and meat; all of these we prioritise for our kids."*

*"Siyababekela bona; sishiya thina ngaphandle"* [We make sure our children have food; we leave ourselves].

*"If I also eat the good things in the house then they will finish quickly and I know my kids will not have enough. I sacrifice my body for my kids to be as healthy as possible and even then, with all this sacrifice I still can't get my kids through to the end of the month but God I try."*

*"We are eating mostly starches with nothing useful like proteins and veggies and calcium. There is nothing there that is useful for our bodies. It is making us sick. You can't just eat starches and expect to be healthy. You need other healthy things with them. This is finishing our bodies. We are always hungry. We are tired and we are getting more and more sick with arthritis and BP and sugar and then all of the stress. It is just killing us."*

*"I am really angry. Government does not come to us. It does not listen to us. It does not look at the cost of things. Government has absolutely no idea about how much things cost."*

*"We are struggling so much. Things have gotten so expensive. Government is supposed to help us. It has a chance to do this but look at what it has done again. It has not helped us. It has given us nothing to help us. Does government even know how much maize meal costs? Why doesn't government help us to be able to put food on the table? When last did government go downtown and see the prices in the supermarkets? Does government even speak to people anymore? Government just does not listen or care about us. There is no help from them. We are on our own."*

*"We cannot cut back any more. We can't. We are already eating the least that is possible."*

*"Our debts are really killing us this year. I borrow more than the money coming into my house."*

*"Our debts are getting worse with omashonisa [loan sharks]. I was borrowing less last year, now I am borrowing more."*

*"God we are being killed by omashonisa. Omashonisa abanazwelo"* [they have no mercy].

*"Isikweleti asiboli"* [The debts are never ending].

### **3. Food cannot be analysed outside the economy and the economy cannot be analysed outside of food.**

The crisis on our plates is being driven by the deepening crisis in our economy. South Africa has been in an economic crisis for several years. There are no jobs. The scale of unemployment for Black South Africans is untenable and has stagnated at shockingly high levels. The racialized structural inequity in our labour market has not changed. Black South African workers who do have jobs are paid poverty wages. Black South African households have been under severe financial strain for several years. The economic crisis has deepened markedly over the past two years. Cycles of poverty have now escalated and accelerated. The household affordability crisis has deepened.

*Statistics South Africa* shows that:

- Black South Africans constitute 45.7 million or 80.8% of South Africa's population.
- Only 4 out of 10 Black South Africans of working age have a job (the labour absorption rate is 40.4%).
- The expanded unemployment rate for Black South African workers is 40.9%. 8.3 million Black South Africans of working age are unemployed.
- In Black South African households typically only one person has a job and this wage must support 3.8 persons.
- The median wage for Black South African workers is R2 900 a month in 2015. Dispersed through families this wage is a poverty wage (R763.16 per capita per month).
- 64.2% of Black South Africans live below the Upper Bound Poverty line of R992 per capita per month in 2015.
- 27% of South African children under the age of five years are stunted, and 10% are severely stunted in 2016. Nearly a third of boy children are stunted (30%) and a quarter of girl children are stunted (25%).

Government adopted an apparently inviolable economic framework entirely unsuited to serve a society where transformation had not yet been achieved. Economic crises under capitalism are not unexpected. They happen and

they happen often. Because they happen certain safeguards need to be in place. What we are seeing however is that many of the safeguards that are needed in times of economic crisis under capitalism are not there. The structural problems in our economy, many of them historical and which have yet to be transformed, have worked to escalate the damage caused by our current period of economic crisis.

The most critical safeguard to economic crisis is that workers are paid a living wage. In times of crisis, workers are then in a position to absorb it and move through it by drawing on their savings; and if jobs do not come are able to use the savings to invest in capital to create work. A living wage is not just an imperative of the principle of justice, equity and dignity; it is a safeguard to economic crisis. Paying workers poverty wages has removed the possibility of this fundamental safeguard.

In the midst of a deepening economic crisis the state has not used its power and the instruments that are available to it to mitigate the crisis *viz.* increasing all baseline wages to a living wage; transforming power and ensuring redistributive justice thereby ensuring households have access to the means of production to create their own work; investing and expanding spending and employment in the public sphere; and substantially increasing the value of social grants at specific acute periods of crisis. It has not stepped in to crack the acute consolidation of the few big players across our food value chains or even attempted to regulate the practices, profits and power of big agriculture, the processors and retailers. Instead, the only solution offered by the state is the very same one which led to the crisis in the first place: jobs are the solution! We must create more low-paid jobs! There is no evidence in official statistical data that South Africa has been able to create jobs over the past several years or to pay workers higher wages. In effect, the state has done nothing to buffer the economic crisis – it has offered no help to its citizens.

By not intervening, the state has allowed the economic crisis to unravel; it has become so prolonged, so entrenched and so severe that it is now driving itself. Consumer spending has dried up – there is no money left in people’s pockets to support the economic activity that remains. The state has shifted its responsibility to mitigate the impact of the crisis onto households in a context which provides no support. Whilst households wait for the ever more mythical jobs to come they have simply been left to fend for themselves. All reasonable household reserves to buffer the crisis have already been reached or are close to reaching the point of exhaustion.

With few buffers to the economic crisis, households living on low incomes have been forced into an invidious position. Most have already cut back consumption to levels that are damaging. Food is typically one of the only expenses which women are able to control. The food budget is low and food runs short before the end of the month, debt is taken on to cover food shortfalls.

Women are carrying the burden of the economic crisis in their bodies. Women absorb food shortfalls by cutting back their nutritional intake. The sacrifice that women are making with their bodies is massive. It is coming at a great cost to women’s health, well-being and sense of freedom. Women are under enormous pressure. Their reserves are gone. They are struggling. They are getting through each day by sheer guts, mad calculations, miserable caution and financial ingenuity. It should not be like this. It is not acceptable. Black South African women living on low incomes and caring for families should not have to bear the total burden of a political and economic crisis that they had no part in creating.

#### **4. What needs to be done?**

We are in a terrible mess. The state must take responsibility. It must intervene. It must act decisively with its available instruments and resources. It cannot continue abandoning its citizens.

We are of the opinion that the crisis which we face is of such a grave nature and of such depth that it is incumbent on the state to review and reprioritise its entire budgetary allocations to intervene decisively to mitigate the impact of the economic crisis. We are also of the opinion that the economic framework must be immediately reviewed – we can find a framework which serves society and we can make political decisions on the basis of what is best for all of us. In doing so the state would send a clear signal that it has a sense of the crisis that the majority of our people are facing. It might also arrest the downward spiral into ever deeper cycles of debt, poverty and inequity; and put South Africa on a better path.

*Commit absolutely every resource and all political energy in the effort to immediately eliminate child stunting.* This should be the only objective government has. We can have no future if a third of our children are already stunted and government does not think this is the biggest political crisis it has yet had to face. We would suggest that all resources get channelled into this effort. If eliminating stunting is not achieved any investments in education, health, the economy, society, community, solidarity and social relationships will not only be directly and viciously undermined but we will spiral into a dystopian cycle that we will not be able to get out of.

*Urgently revise upwards the National Minimum Wage to the level of a Living Wage.* R3 500 dispersed through a household of 3.8 persons is still a poverty wage (providing R921.05 per capita per month; this is less than the current 2017 Upper Bound Poverty line of R1 138 per capita per month). Poverty level wages are destroying our social and economic base because they do not provide workers with enough money to support their families; are not sufficient to support economic activity, and allow for productive investment. A living wage is the greatest buffer against economic crisis. The state's political decision not to push through a substantial increase in the baseline wage level is incredibly short-sighted. PACSA has suggested that a Living Wage be set above R8 000 a month for a household of five family members.

*Urgently increase the value of the old-age grant and the child support grant.* This is within the immediate control of the state. In August 2017 combined these grants reached 12.1 million children and 3.4 million pensioners. Because grants are shared across families their reach is exponential. The state must use the social security instrument to immediately and decisively mitigate against the impact of the economic crisis. This intervention must be seen as an investment in the social base and the future developmental outcomes of South Africa. It could also be a decisive intervention that could kick-start a recovery in the economy because the money will be used to start spending and to start creating local work. PACSA has suggested that the old-age grant be set at R5 000 a month and the child support grant be set at R1 000 a month.

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**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.

*Please note that the release of the 2017 PACSA Food Price Barometer has been postponed to the 25<sup>th</sup> of October 2017. The data coming through from conversations with women this year have been both extraordinarily rich and terrifying. A briefing will be held from 11:00 – 12:30 on 25<sup>th</sup> October 2017 at Protea Hotel Imperial, 224 Jabu Ndlovu Street (entrance to parking on Burger Street), Pietermaritzburg. The report will be available on this date.*

**Appendix 1:** Food price inflation on the 2017 PACSA Food Basket – comparing year on year prices, and when the drought started impacting on supermarket shelves from Nov 2015.

Foods tracked	Quantity tracked	Nov_2015	Sep_2016	Sep_2017	Sep_2016 to Sep_2017 (change in Rands)	Sep_2016 to Sep_2017 (change in %)	Nov_2015 to Sep_2017 (change in Rands)	Nov_2015 to Sep_2017 (change in %)
Maize meal	25kg	R 181.81	R 225.82	R 191.15	-R 34.67	-15%	R 9.34	5%
Rice	10kg	R 68.82	R 80.16	R 73.66	-R 6.50	-8%	R 4.84	7%
Cake Flour	10kg	R 72.65	R 81.66	R 79.32	-R 2.33	-3%	R 6.67	9%
White Bread	8 loaves	R 82.03	R 85.27	R 76.75	-R 8.52	-10%	-R 5.28	-6%
Brown Bread	4 loaves	R 37.30	R 38.97	R 35.17	-R 3.79	-10%	-R 2.13	-6%
Samp	5kg	R 33.99	R 51.66	R 35.32	-R 16.33	-32%	R 1.33	4%
Pasta	1kg	R 21.82	R 23.99	R 23.99	R 0.00	0%	R 2.17	10%
White Sugar	10kg	R 103.65	R 136.82	R 139.65	R 2.83	2%	R 36.00	35%
Sugar Beans	5kg	R 75.33	R 99.48	R 93.83	-R 5.66	-6%	R 18.50	25%
Canned Beans	3 cans	R 23.37	R 25.47	R 26.98	R 1.51	6%	R 3.61	15%
Cooking Oil	4L	R 70.66	R 77.99	R 73.99	-R 4.00	-5%	R 3.33	5%
Margarine	1kg	R 32.15	R 31.32	R 30.66	-R 0.67	-2%	-R 1.49	-5%
Fresh Milk	2L	R 23.48	R 28.65	R 25.82	-R 2.83	-10%	R 2.34	10%
Maas	2L	R 23.65	R 29.48	R 27.32	-R 2.16	-7%	R 3.67	16%
Eggs	30 eggs	R 36.82	R 39.32	R 41.32	R 2.00	5%	R 4.51	12%
Canned Fish	4 cans	R 57.29	R 61.93	R 60.63	-R 1.30	-2%	R 3.34	6%
Frozen Chicken Portions	6kg	R 133.47	R 130.95	R 178.47	R 47.52	36%	R 45.00	34%
Chicken Feet	4kg	R 67.28	R 68.63	R 102.63	R 34.01	50%	R 35.35	53%
Chicken Necks	6kg	R 98.95	R 108.46	R 155.95	R 47.49	44%	R 57.00	58%
Beef	1kg	R 53.66	R 54.49	R 68.82	R 14.34	26%	R 15.16	28%
Polony	2.5kg	R 38.48	R 41.66	R 39.99	-R 1.67	-4%	R 1.52	4%
Carrots	2kg	R 14.30	R 12.65	R 13.48	R 0.83	7%	-R 0.82	-6%
Spinach	4 bunches	R 21.92	R 11.33	R 21.92	R 10.59	93%	R 0.00	0%
Apples	1.5kg	R 14.48	R 15.74	R 14.82	-R 0.91	-6%	R 0.34	2%
Cabbage	2 heads	R 15.97	R 12.98	R 19.16	R 6.19	48%	R 3.19	20%
Onions	10kg	R 27.33	R 45.18	R 29.50	-R 15.68	-35%	R 2.17	8%
Tomatoes	3kg	R 39.50	R 24.58	R 32.83	R 8.25	34%	-R 6.67	-17%
Potatoes	10kg	R 35.00	R 51.20	R 34.99	-R 16.21	-32%	R 0.00	0%
Salt	1kg	R 10.65	R 11.33	R 13.49	R 2.17	19%	R 2.85	27%
Yeast	4 X 7g pkts	R 12.15	R 12.82	R 12.82	R 0.00	0%	R 0.67	5%
Beef Stock	240g	R 13.49	R 17.16	R 16.66	-R 0.50	-3%	R 3.17	23%
Soup	600g	R 20.54	R 23.54	R 19.31	-R 4.23	-18%	-R 1.23	-6%
Curry Powder	200g	R 18.15	R 27.15	R 25.99	-R 1.16	-4%	R 7.84	43%
Tea	200g	R 15.49	R 18.66	R 18.66	R 0.00	0%	R 3.17	20%
Coffee	100g	R 15.66	R 17.15	R 18.32	R 1.17	7%	R 2.67	17%
Cremora	1kg	R 36.82	R 36.99	R 39.60	R 2.61	7%	R 2.78	8%
<b>Total cost of PACSA Food Basket</b>		<b>R 1 648.10</b>	<b>R 1 860.60</b>	<b>R 1 912.98</b>	<b>R 52.38</b>	<b>2.8%</b>	<b>R 264.88</b>	<b>16.1%</b>