

PACSA Monthly Food Price Barometer: MAY 2016
MEDIA STATEMENT
Economic data shows jobs crisis in a context of low wages creates cycle of deepening poverty, inequality and unemployment.

Talks to determine the level at which the National Minimum Wage (NMW) will be set have stalled in NEDLAC. The offer made by Business of R1 800 is just too low to make any substantial improvement to the lives of workers. The May 2016 Food Price Barometer disaggregates and analyses some of the latest labour market and socio-economic data of Statistics South Africa (STATSSA)¹ to make sense of the socio-economic context in which wage levels are set. Affordability of nutritious food is relative to employment rates, income levels, family sizes and the cost of goods and services (see Key Data from May 2016 PACSA Monthly Food Price Barometer on page 2 & 3).

The data shows that South Africa's grossly abnormal economic structure sees Black South African households experiencing the lowest employment absorption rates; being remunerated at the lowest wage levels; and supporting the highest numbers of persons on their wages. Black South African households rely on the wage income of just one worker. This wage, even where minimum wages have been set, for a household, is below the upper bound poverty line of R753 per month (2014).

South Africa's unemployment crisis off an untransformed wage base acts exponentially to deepen poverty and inequality. This is because working households have not earned enough to develop financial resilience. When a job is lost, there is nothing. As social beings, workers who lose their jobs turn to fellow workers to support their families. Because workers who are lucky enough to work already earn poverty wages, supporting friends, family and comrades who have lost their jobs, means that their poverty wages must spread further. This acts to push the worker's families into deeper poverty as they try and assist others. The crisis is emerging as a cyclical one whereby families unable to secure proper nutritious food; will see their health deteriorate, thereby exposing their wage earner to greater vulnerability of losing his/her job. The National Minimum Wage could change this, if it is set at a level which responds to South Africa's economic realities; and if it allows workers to secure sufficient nutritious food for their families.

In determining the value of wages – in addition to productivity, we should be looking at how families are being supported: number of wage earners, income levels, family sizes and the costs of goods and services. If employment levels are very high then it means that wage levels can be lower because households have lots of sources of income. If employment levels are very low then it means that wage levels must be higher because households have limited sources of income. Because unemployment in South Africa is so high; we look first at the numbers of people who are actually employed to get a sense of how many people in a household are employed and how much money is coming into a household (see Table 1 below).

Table 1: South Africa's economic structure: labour market and socio-economic variables.²

Calculations	Variables	All South Africans	Black South Africans	White South Africans
a	Total population (all ages)	54.96 million (m)	44.2 million (m)	4.5 million (m)
$b = c + d$	Working age population (15-64 years)	36.4 m	29 m	3.1 m
$c = e + f$	Labour force	24.6 m	19.6 m	2.1 m
d	Not economically active	11.8 m	9.5 m	920 thousand
e	Employed	15.7 m	11.6 m	1.9 m
f	Unemployed	8.9 m	8 m	194 thousand
g	Unemployment rate	26.7%	30.1%	7.2%
$h = f/c \times 100$	Expanded unemployment rate	36.3%	40.9%	9.1%
$i = e/b \times 100$	Absorption rate (employed/working age population)	43.0%	39.8%	63.6%
$j = a/e$	One wage supports x number of persons (total population/employed)	3.5 persons	3.8 persons	2.3 persons
k	Median monthly earning of wage earner	R 3 033	R 2 800	R 10 000
$l = k/j$	Wage value per person in household (med. wage)	R 867 per person	R 737 per person	R 4 348 per person
m	Average minimum wage where it has been set	R 2 362.00	R 2 362.00	R 2 362.00
$n = m/j$	Wage value per person in household (ave. minimum wage)	R 675 per person	R 622 per person	R 1 027 per person

STATSSA's Quarterly Labour Force Survey (QLFS) for the first quarter of 2016 showed that the working age population (people aged between 15-64) for Black South Africans totaled 29 million people: 11.6 million people were employed, 8 million were unemployed; and 9.5 million were not economically active. The wages of the employed 11.6 million Black South Africans supported the working age population who did not work + all persons aged from 0-14 and >65 years (in total = 44.2 million

¹ Including the Quarterly Labour Force Survey for the 1st Quarter of 2016 (2016); the General Household Survey 2015 (2016); the Mid-year population estimates 2015 (2015); and Labour market dynamics in South Africa 2014 (2015).

² Please note that the calculations of 'j' and 'l' and 'n' are my own. Data from 'b-i' are from STATSSA's QLFS, Q1 2016 (using expanded unemployment rate data) and data from 'a' is from STATSSA's Mid-year population estimates 2015 (2015). Data from 'k' is from STATSSA's Labour market dynamics in South Africa 2014 (2015).

people). It means that in the first quarter of 2016, one Black South African wage supported 3.8 people (4 people). In comparison one White South African wage supported 2.3 people (2 people). Statistics South Africa (2015) in its labour market dynamics survey, found that the median monthly wage for Black South Africans was R2 800; for White South Africans it was R10 000. It means that the wage of a Black South African (R2 800) must support 3.8 people; this division results in R737 per person; for White South Africans this division results in R4 348 per person. This data is reductive but presents a picture of our economic structure.

The tragedy of how poorly we have done to protect workers means that even where the Employment Conditions Commission has set minimum wages; the average of these wages R2 362.36 (2014), for a Black South African worker **is below the poverty line** (R622 vs. R753 per month). A worker earning R2 362, the average minimum wage where it has been set, is not enough even to secure a basic basket of nutritious food for a family of 4 (R2 464 in May 2016). Transport to get to work and electricity to cook the food are not even part of it.

The General Household Survey (2015) found that there are 12.998 million Black South African households. Running off a later time frame, the QLFS showed that 11.6 million Black South Africans were employed. Conservatively, this means that most Black South African households (89%) *rely on the wage income of just one worker* (realistically, in some households 2 or more people work; meaning that many more than 11% or 1.4 million households will have no wage earner).

In the 1st quarter of 2016, the QLFS found that 298 000 Black South Africans who were employed in the 4th quarter of 2015; were no longer employed 3 months later. Because one worker typically supports one household; it means that 298 000 households lost their wage earner – multiplied by 3.8 – 1.1 million people were affected directly. Typically this is where the analysis ends; but what happens to the 1.1 million people? In real life people don't disappear. Because we are social beings, *every time one job is lost; the already very low wage given to a worker still in a job must now go even further to support his brother/sister's family who has lost their wage earner*. This pushes families deeper into poverty.

The depth of this poverty (with a household not able to secure basic nutritious food) acts directly to destabilize South Africa's economic foundation because it harms the health of the worker on whom ever more people are dependent upon, making that worker more vulnerable to lose his job through work days missed, ill health, stress and lower productivity. *South Africa's unemployment crisis off an untransformed wage base acts exponentially to deepen poverty and inequality*.

Remunerating Black South African workers at poverty wages in a cash-based economy with above inflationary increases on goods and services has not allowed Black South African households to build resilience. Our social base has been so ravaged that even the most fundamental building block of our bodies is not guaranteed. We are in a cycle of deepening poverty, inequality and unemployment and we have to find our way out of it.

The National Minimum Wage, albeit not the only instrument, could be a very important one to deal with our economic challenges. The strongest argument for a substantial NMW is that it can act (in one bold move) to correct South Africa's grossly abnormal racialized wage regime. In so doing, to secure our long term economic growth by ensuring that our human capital is not only well nourished and thus in the best physical health to work productively (physically and mentally) but that the next generation of workers receives the best possible chance to make use of the investments in secure families, education and healthcare. Ensuring that the NMW is set at a level which allows a worker to secure sufficient and nutritious food for his family is core to our economic, social development and transformative trajectory.

PACSA imagines the NMW as an instrument of justice in economic transformation: as an intervention to deal with historical racial inequities in wage levels, righting the disconnect between the wage earner and cost to support his/her family, and ensuring that all South Africans – employed or not, are able to live at a level of dignity. We have proposed a National Minimum Wage of R8 000, costed for a household of 5 persons, to provide the possibility of living at a basic level of dignity (see Affordability tables on page 8).

Key data from May 2016 PACSA Monthly Food Price Barometer:

- Month-on-month (m/m) the PACSA food basket decreased by R31.75 (-1.65%) from R1 924.06 in April 2016 to R1.892.31 in May 2016.
- Year-on-year (y/y) the PACSA food basket increased by R222.12 (13.3%) from R1 670.20 in May 2015 to R1 892.31 in May 2016.
- Foods driving prices upwards in the May food basket include: maize meal, cake flour, sugar beans and chicken pieces. Vegetable prices remain volatile, with prices down this month (spinach, apples, cabbage, onions, tomatoes and potatoes dropped by -R48.46 in total).
- Maize meal prices continue to trend upwards. A bag of 25kg maize meal increased by R7.99 m/m moving the total cost to R225.82; with the y/y increase at nearly a third more (32.8%), with a bag costing R55.83 more than it did 12 months ago (R169.99 vs. R225.82).
- In May 2016 the cost of the PACSA Minimum Nutritional Food Basket for a family of 4 is R2 464.36, for a family of 5 is R3 115.26 and for a family of 7 is R4 313.70. Inflation on a minimum nutritional food basket for families of between 4-7 members increased by 13% y/y.

- In May 2016, the difference in cost between the PACSA Food Basket (not nutritionally complete) and the PACSA Minimum Nutritional Basket (nutritionally complete) is R2 421.39 (R1 892.31 vs. R4 313.70). It means that low-income families with 7 members are underspending on nutritious, albeit still very basic food by 56.1%. This has implications for health and well-being.
- In May 2016 the cost of feeding a small child (aged 3-9 years) a diet complete in minimum nutrition is R556.72. 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 R603.81 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 R641.72 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 R709.20 per month.

May 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	May_2015 Price	Mar_2016 Price	Apr_2016 Price	May_2016 Price	m/m change (Rands)	y/y change (Rands)	y/y change (%)
Starchy foods	Maize meal	25kg	R 169.99	↑ R 209.66	↑ R 217.82	↑ R 225.82	R 7.99	R 55.83	32.8%
	Rice	10kg	R 67.66	↓ R 79.82	↓ R 79.15	↓ R 76.98	-R 2.17	R 9.33	13.8%
	Cake Flour	10kg	R 76.15	↑ R 82.82	↓ R 81.99	↑ R 87.16	R 5.17	R 11.01	14.5%
	White bread	8 loaves	R 88.17	↓ R 87.37	↔ R 87.37	↑ R 87.64	R 0.27	-R 0.53	-0.6%
	Brown bread	4 loaves	R 39.69	↓ R 39.25	↔ R 39.25	↔ R 39.25	R 0.00	-R 0.44	-1.1%
	Samp	5kg	R 28.32	↑ R 40.99	↑ R 42.33	↓ R 39.99	-R 2.33	R 11.67	41.2%
	Pasta	1kg	R 20.99	↔ R 22.15	↑ R 22.49	↓ R 21.82	-R 0.67	R 0.83	4.0%
Sugar	White sugar	10kg	R 108.30	↑ R 117.98	↑ R 120.14	↓ R 118.80	-R 1.34	R 10.50	9.7%
Dry beans, canned beans	Sugar beans	5kg	R 72.66	↑ R 87.82	↑ R 92.81	↑ R 94.65	R 1.84	R 21.99	30.3%
	Canned beans	3 cans	R 24.20	↓ R 23.47	↑ R 23.97	↑ R 24.22	R 0.25	R 0.02	0.1%
Fat, oil	Cooking oil	4L	R 62.32	↓ R 89.98	↓ R 83.32	↑ R 83.82	R 0.50	R 21.51	34.5%
	Margarine	1kg	R 37.32	↓ R 35.49	↓ R 32.65	↑ R 33.15	R 0.50	-R 4.17	-11.2%
Milk, maas	Fresh Milk	2L	R 25.40	↔ R 24.66	↑ R 27.99	↔ R 27.99	R 0.00	R 2.59	10.2%
	Maas	2L	R 27.07	↑ R 26.82	↑ R 28.32	↓ R 27.82	-R 0.51	R 0.75	2.8%
Meat, eggs, fish	Eggs	30 eggs	R 36.82	↓ R 38.32	↑ R 38.82	↓ R 38.15	-R 0.67	R 1.33	3.6%
	Canned fish	4 cans	R 58.60	↓ R 58.94	↑ R 59.61	↑ R 60.61	R 1.00	R 2.01	3.4%
	Chicken pieces	6kg	R 141.95	↑ R 136.47	↓ R 135.97	↑ R 139.47	R 3.50	-R 2.48	-1.7%
	Chicken feet	4kg	R 70.28	↑ R 62.62	↑ R 69.28	↓ R 68.28	-R 1.00	-R 2.00	-2.8%
	Chicken necks	6kg	R 105.94	↑ R 95.95	↔ R 95.95	↑ R 97.95	R 2.00	-R 7.99	-7.5%
	Beef	1kg	R 47.98	↓ R 59.32	↓ R 56.82	↓ R 56.66	-R 0.16	R 8.67	18.1%
	Polony	2.5kg	R 35.48	↔ R 38.98	↑ R 40.32	↔ R 40.32	R 0.00	R 4.85	13.7%
Vegetables	Carrots	2kg	R 17.63	↓ R 22.65	↑ R 28.31	↑ R 29.30	R 0.99	R 11.67	66.2%
	Spinach	4 bunches	R 23.98	↓ R 39.96	↔ R 39.96	↓ R 27.96	-R 12.00	R 3.98	16.6%
	Apples	1.5kg	R 12.15	↑ R 17.16	↓ R 14.82	↓ R 13.82	-R 1.00	R 1.67	13.7%
	Cabbage	2 heads	R 16.57	↑ R 29.29	↑ R 29.95	↓ R 28.63	-R 1.32	R 12.06	72.8%
	Onions	10kg	R 37.91	↓ R 50.66	↑ R 65.33	↓ R 52.82	-R 12.51	R 14.91	39.3%
	Tomatoes	3kg	R 38.17	↓ R 35.38	↑ R 55.67	↓ R 43.33	-R 12.34	R 5.17	13.5%
	Potatoes	10kg	R 33.33	↓ R 60.32	↑ R 61.33	↓ R 52.03	-R 9.30	R 18.71	56.1%
Miscellaneous	Salt	1kg	R 11.23	↑ R 10.89	↓ R 10.23	↑ R 10.74	R 0.51	-R 0.49	-4.4%
	Yeast	4 X 7g pkts	R 11.95	↔ R 12.82	↔ R 12.82	↔ R 12.82	R 0.00	R 0.87	7.3%
	Beef stock	240g	R 13.45	↓ R 15.48	↑ R 16.32	↓ R 16.15	-R 0.17	R 2.70	20.1%
	Soup	600g	R 20.52	↑ R 23.54	↓ R 22.87	↓ R 22.76	-R 0.11	R 2.24	10.9%
	Curry powder	200g	R 19.98	↓ R 22.48	↓ R 21.48	↑ R 22.48	R 1.00	R 2.50	12.5%
	Rooibos tea bags	200g	R 15.32	↓ R 16.64	↓ R 16.45	↓ R 15.79	-R 0.66	R 0.47	3.1%
	Coffee	100g	R 15.40	↓ R 15.99	↑ R 16.16	↑ R 16.48	R 0.33	R 1.08	7.0%
	Cremona	1kg	R 37.32	↓ R 37.28	↓ R 35.99	↑ R 36.65	R 0.66	-R 0.67	-1.8%
Total cost of PACSA food basket			R 1 670.20	R 1 869.39	R 1 924.06	R 1 892.31	-R 31.75	R 222.12	13.30%

Month-on-month the PACSA food basket decreased by R31.75 or -1.65% (R1 924.06 in April 2016 to R1 892.31 in May 2016).

Over the last 3 months the PACSA food basket increased by R22.92 or 1.23% (R1 869.39 in March 2016 to R1 892.31 in May 2016).

Year-on-year the PACSA food basket increased by R222.12 or 13.30% (R1 670.20 in May 2015 to R1 892.31 in May 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.

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PACSA Monthly Food Price Barometer

TABLE 2: PACSA Monthly Minimum Nutritional Food Basket for May 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 9.03	3.2	R 29.13	3.9	R 35.23	5.7	R 51.49	6.0	R 54.20
	Oats porridge	Kilogram	R 27.65	0.2	R 6.64	0.2	R 6.64	0.4	R 9.95	0.4	R 9.95
	Brown bread	Loaves (700g)	R 9.81	1.8	R 17.66	3.0	R 29.44	3.6	R 35.32	5.7	R 55.93
	Rice	Kilogram	R 7.70	0.9	R 6.85	1.3	R 10.27	1.9	R 14.83	1.9	R 14.83
	Samp	Kilogram	R 8.00	0.4	R 3.46	0.8	R 6.05	0.9	R 6.91	1.0	R 7.77
	Potatoes	Kilogram	R 5.20	0.4	R 1.92	0.7	R 3.84	0.7	R 3.84	0.7	R 3.84
Vegetables	Onion	Kilogram	R 5.28	2.8	R 14.72	2.8	R 14.72	2.8	R 14.72	2.8	R 14.72
	Tomato	Kilogram	R 14.44	1.4	R 19.84	1.4	R 19.84	1.4	R 19.84	1.4	R 19.84
	Carrot	Kilogram	R 14.65	0.1	R 2.04	0.1	R 2.04	0.1	R 2.04	0.1	R 2.04
	Spinach	Kilogram	R 6.99	0.5	R 3.40	0.5	R 3.40	0.5	R 3.40	0.5	R 3.40
	Cabbage	Kilogram	R 14.32	2.3	R 33.63	2.3	R 33.63	2.3	R 33.63	2.3	R 33.63
	Green pepper	Kilogram	R 21.98	1.2	R 26.31	1.2	R 26.31	1.2	R 26.31	1.2	R 26.31
	Butternut	Kilogram	R 8.48	0.4	R 2.98	0.4	R 2.98	0.4	R 2.98	0.4	R 2.98
Fruit	Orange	Kilogram	R 6.74	1.9	R 12.52	1.9	R 12.52	1.9	R 12.52	1.9	R 12.52
	Apple	Kilogram	R 9.21	1.3	R 12.02	1.3	R 12.02	1.3	R 12.02	1.3	R 12.02
	Banana	Kilogram	R 10.15	2.7	R 27.04	2.7	R 27.04	2.7	R 27.04	2.7	R 27.04
Dry beans, canned beans	Sugar beans	Kilogram	R 18.93	0.7	R 12.61	0.7	R 12.61	0.7	R 12.61	2.0	R 37.82
	Baked beans	Kilogram	R 19.69	0.6	R 11.08	0.5	R 8.86	0.5	R 8.86	1.4	R 26.58
Fish, chicken, lean meat, eggs	Eggs	each (50g each)	R 1.27	24.0	R 30.52	24.0	R 30.52	24.0	R 30.52	24.0	R 30.52
	Beef, neck, stewing	Kilogram	R 56.66	0.4	R 22.71	0.4	R 22.71	0.4	R 22.71	0.4	R 22.71
	Pilchards, tinned	Kilogram	R 37.88	0.6	R 24.03	0.6	R 24.03	0.6	R 24.03	0.6	R 24.03
	Chicken pieces	Kilogram	R 23.25	1.0	R 23.29	1.0	R 23.29	1.0	R 23.29	1.0	R 23.29
	Chicken livers	Kilogram	R 33.64	0.2	R 5.80	0.3	R 11.60	0.3	R 11.60	0.3	R 11.60
Milk, maas	Low fat milk	Litre	R 14.00	4.2	R 58.78	4.2	R 58.78	4.2	R 58.78	4.2	R 58.78
	Maas	Litre	R 13.91	7.8	R 108.49	7.8	R 108.49	7.8	R 108.49	7.8	R 108.49
Fat, oil	Margarine, soft tub	Kilogram	R 33.15	0.2	R 5.97	0.2	R 7.96	0.3	R 9.95	0.3	R 10.94
	Oil, sunflower	Litre	R 20.96	0.3	R 6.60	0.5	R 11.00	0.8	R 16.03	0.7	R 15.40
	Peanut butter	Kilogram	R 62.03	0.03	R 1.86	0.03	R 1.86	0.03	R 1.86	0.03	R 1.86
	Mayonnaise	Kilogram	R 26.65	0.2	R 4.80	0.2	R 6.40	0.2	R 6.40	0.2	R 6.40
Sugar	Sugar, white	Kilogram	R 11.88	0.3	R 2.99	0.8	R 9.84	0.8	R 9.84	0.8	R 9.84
	Jam	Kilogram	R 23.87	0.1	R 2.86	0.2	R 5.73	0.2	R 5.73	0.2	R 5.73
Miscellaneous	Tea	each bag	R 0.16	60.0	R 9.47	60.0	R 9.47	60.0	R 9.47	60.0	R 9.47
	Salt	Kilogram	R 10.74	0.1	R 1.29	0.1	R 1.29	0.1	R 1.29	0.1	R 1.29
	Soup powder	Kilogram	R 37.93	0.1	R 3.41	0.1	R 3.41	0.1	R 3.41	0.1	R 3.41
Total cost per person per month					R 556.72		R 603.81		R 641.72		R 709.20
Total cost per person per day					R 18.56		R 20.13		R 21.39		R 23.64

*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 May 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 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 464.36	R3 115.26	R4 313.70

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.

May 2016
Key indicators and commodities

TABLE 4: Key indicators.

Indicators	Jan_2016	Feb_2016	Mar_2016	Apr_2016	May_2016
Total PACSA food basket	R 1 797.04	R 1 879.24	R 1 869.39	R 1 924.06	R 1 892.31
PACSA month-on-month change (R)	R 82.86	R 82.20	-R 9.85	R 54.67	-R 31.75
PACSA month-on-month change (%)	4.80%	4.60%	-0.52%	2.90%	-1.65%
PACSA year-on-year rates (%)	14.59%	16.20%	14.49%	18.11%	13.30%
CPI-Food & NAB month-on-month rates	1.9%	2.1%	1.6%	1.9%	0.2%
CPI-Food & NAB year-on-year rates	6.9%	8.6%	9.5%	11.0%	10.5%
CPI headline year-on-year rates	6.2%	7.0%	6.3%	6.2%	6.1%

CPI data sourced from: Statistics South Africa. Consumer Price Index. <http://www.statssa.gov.za/publications/P0141/P0141May2016.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	Jan_2016	Feb_2016	Mar_2016	Apr_2016	May_2016
Exchange rate	R 16.00	R 15.88	R 15.67	R 14.75	R 14.92
Oil price per barrel (\$)	\$37.53	\$35.13	\$38.32	\$38.67	\$45.25
Petrol (Inland) per litre	R 12.09	R 12.15	R 11.46	R 12.32	R 12.44
Diesel (Reef) per litre	R 10.05	R 9.43	R 9.58	R 10.53	R 10.52
RSA White Maize per ton	R 4 670.00	R 4 972.00	R 4 917.00	R 4 641.00	R 4 718.00
RSA Yellow Maize per ton	R 3 700.00	R 3 947.00	R 3 359.00	R 3 034.00	R 3 220.00
RSA Wheat per ton	R 4 866.00	R 4 660.00	R 4 689.00	R 4 393.00	R 4 827.00
RSA Soybeans per ton	R 5 149.00	R 6 830.00	R 6 400.00	R 5 734.00	R 6 350.00
RSA Sunflower seed per ton	R 7 200.00	R 7 820.00	R 7 800.00	R 6 445.00	R 6 495.00

Data sourced from: Department of Energy. Fuel Price History 2016 <http://www.energy.gov.za/files/esources/petroleum/May2016/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/PriceWatch%202016-05-06.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.

May 2016
Affordability tables

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

Household socio-economic scenarios	Household A	Household B	Household C	Household D	Household E	Household F	Household G
Total household income	R 1 500.00	R 1 800.00	R 2 362.00	R 3 200.00	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 3 115.26	R 3 115.26	R 3 115.26	R 3 115.26	R 3 115.26	R 3 115.26	R 3 115.26
Monies left over AFTER FOOD to buy some essential household requirements*	R -1 615.26	R -1 315.26	R -753.26	R 84.74	R 1 384.74	R 2 884.74	R 4 884.74
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 589.95	R 589.95	R 589.95	R 589.95	R 589.95	R 589.95	R 589.95
MINUS Transport	R 660.00	R 660.00	R 660.00	R 660.00	R 660.00	R 660.00	R 660.00
MINUS Education	R 500.00	R 500.00	R 500.00	R 500.00	R 500.00	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 560.15	R 560.15	R 560.15	R 560.15	R 560.15	R 560.15	R 560.15
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 -5 042.02	R -4 742.02	R -4 180.02	R -3 342.02	R -2 042.02	R -542.02	R 1 457.98

* 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.

PACSA Food Baskets	Cost of Basket for household size of 7
PACSA Monthly Minimum Nutritional Food Basket	R 4 313.70
PACSA Monthly Food Basket	R 1 892.31
Difference between Baskets	R 2 421.39

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 500 = 1 old-age pension (National Treasury, 2016. Budget Speech: 22).
- Household B:** R1 800 = Business's proposal to set the National Minimum Wage level at the lowest existing sectoral determination.
- 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 200 was selected because 60% (98 680) of all Pietermaritzburg households earn between zero and R3200 a month (STATSSA, Census 2011). This total household income figure provides for 1 employed member receiving minimum wages (earning R1200 – R2000 a month), see URL <http://www.mywage.co.za/main/salary/minimum-wages> with the additional income found by unemployed members through alternative and insecure means.
- Household 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 (2015). 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 of R1.45 per kWh because prepaid meters are installed in the homes of low-income households. The 2015/16 rand value is R507.50 per month (excluding transport and time costs of buying tokens). Households on prepaid meters in Pietermaritzburg are excluded from accessing free basic electricity.

The **water** expense is calculated on a fixed monthly charge for a non-metered household. This is a typical scenario for low-income households living in RDP housing in Pietermaritzburg. The 2015/16 charges on an unmetered water supply is R82.45 per month (includes VAT). **The figure in the table (R589.95) is the sum of electricity and water.**

Transport costs

The transport cost is calculated for a household living outside the CBD, given that apartheid geography has not changed and low-income Black African households still live outside the CBD and far from places of work. It is calculated on 1 kombi trip at R11 or R22 return (Pietermaritzburg kombi charges, July 2015).

The R660 is calculated as follows:

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

Education

This figure has been derived from a focus group (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. We are convinced that those who carry the brunt of the problem must be a part of the solution – at the heart of PACSA's core strategy is the notion “nothing about us without us.”