

PACSA Monthly Food Price Barometer: MARCH 2017

MEDIA STATEMENT

Food prices up in March 2017: pensions, maize meal, frozen chicken pieces and other peculiarities.

The majority of workers in South Africa are not paid enough to save for their retirement whilst also struggling to secure the goods and services their families need to live at a basic level of dignity. This means that for most workers, on reaching retirement, the old-age grant is often the only source of dependable income into homes. Statistics South Africa's latest Social Profile of Older Persons Report for 2015 released on the 29th March 2017¹ shows that in 2015 3.1 million (70%) out of 4.4 million of people aged 60 years and above received an old-age grant. It also shows that of the total 4.4 million older persons; 2.3 million or 50.7% **live in households without an employed adult.**² This means that for half of our elderly citizens; the old-age grant is a critical income to support families: it is not just for the pensioner but for all persons who are loved and who live under the same roof as the pensioner. As reflected in STATSSA's report, on reaching retirement, the financial obligations of the pensioner do not necessarily decrease.

In April 2017, the old-age grant will be increased by R90 (5.96%) taking the total grant-value to R1 600 per month. R1 600 a month is R53.33 per day. Where there is no one employed – for example, the 2.3 million households indicated above – the R53.33 must support families, including children. Households relying primarily or solely on a pension or Child Support Grant [CSG] spend most of this money on food. There are other expenses to pay, important expenses like burial insurance and health care costs; electricity and transport; domestic and personal hygiene items; education costs; and debt repayments (amongst other important expenses). The value of the old-age grant in this context is not enough.

Government has failed to transform our economy, including legislating decent wages so that low-paid workers are able to save towards their retirement whilst simultaneously being able to live at a basic level of dignity. The investments government is making in big companies via exemptions, incentives and lower company tax rates in the hope that they will lead us out of our crisis has not led to increased growth and jobs and higher wages for workers. The fiscal and orthodox economic framework out of which government is working has starved the pockets of millions of South Africans and excluded them from the economy. Instead of investing in big companies and providing them with exemptions, incentives and lowering company tax; government should ensure that big companies pay higher company tax, comply with these higher tax rates; and pay workers decent wages.

STATSSA's report reinforces the importance of social grants to very large numbers of our society. Grants absorb shortfalls in wages and provide the basis to buffer against the depth of our escalating crisis in unemployment, poverty and inequality. We believe that we need to reimagine pensions as an investment in the health and wellbeing of millions of our fellow citizens. These financial investments provide a foundation on which all our current and future health, education, social and economic outcomes lie. We further believe that substantially increasing the pension value and doubling the pension value in December of each year also provides the possibility of investing money where jobs and growth have the greatest potential of being created. Many local communities only experience a flurry of economic activity on the day grants are dispersed - imagine if we could extend this period over the month? Imagine if government increased corporate tax as well as re-directed monies prioritized for big companies to local economies so that people actually had money in their pockets to create demand for goods and services which could be produced locally and therefore create jobs? This kind of investment would decentralize economic activity to the local level – it would be more inclusive, broad-based, resilient and under local control.

Government is struggling to stimulate growth and regenerate our economy – we suggest that substantially increasing social grants and particularly pensions could provide us with new possibilities of a reimagined economy and a society which dreams and acts in a way which is good for all of us and thereby providing a new trajectory where all people matter, everyone belongs and everyone is included in the economy.

Key data from the March 2017 PACSA Food Price Barometer:

For us, this month's data showing an increase in the cost of the PACSA food basket was quite shocking. After the long period of drought and high temperatures which contributed to the substantial food price hikes reflected on supermarket shelves from November 2015; it was expected that prices would come down as the agricultural sector shows definite trends towards recovery and as the rains came. We understood that the prices may not come down to levels prior to the drought because of the way our food value chain is structured; however we did expect prices to start declining from January 2017. Our March 2017 food basket shows that this has not happened. We are concerned because even if prices drop substantially this year – the majority of low-income families will still be in trouble as grants and baseline wages are far too low and in addition to being too low, annual

¹ STATSSA (2017). Vulnerable Groups Indicator Report, 2015. Report 03-19-02. Statistics South Africa. P87. See Link <http://www.statssa.gov.za/publications/Report-03-19-02/Report-03-19-022015.pdf>

² STATSSA (2017). Vulnerable Groups Indicator Report, 2015. Report 03-19-02. Statistics South Africa. P89. See Link <http://www.statssa.gov.za/publications/Report-03-19-02/Report-03-19-022015.pdf>

increment increases have also not kept pace with inflation as experienced by low-income families. Low-income families, joined now by many middle-class families, are struggling.

The March 2017 data suggests (1) a possible delay in the expected food price decreases; (2) a hint that price decreases may be far less than expected; and (3) some strangeness around what really is going on with our food –which will continue being questioned due to the dearth of transparency across the highly consolidated and concentrated food value chains (across the seed, agro-chemical, milling, processing, packaging and retail sectors) in South Africa and globally.

- Year-on-year (y/y) the PACSA food basket increased by R198.96 (10.6%) from R1 869.39 in March 2016 to R2 068.35 in March 2017.
 - Month-on-month (m/m) the PACSA food basket increased by R10.81 (0.5%) from R2 057.54 in February 2017 to R2 068.35 in March 2017.
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- The price of a bag of 25kg **maize meal** dropped for the second consecutive month. In March 2017 the average cost of a bag of 25kg maize meal is R241.14 (ranging from R225.95 to R259.99 across the retailers tracked). M/m it came down R0.52 (0.2%) per 25kg bag (2 cents per kg) from R241.66 (Feb 2017) to R241.14 (Mar 2017). We should be seeing the price of maize meal drop however the decrease should be much more pronounced than the very marginal declines we are seeing on the supermarket shelves of retailers which target low-income households.
 - The RSA White Maize Commodity prices have been on a downward trajectory over the past year. Year-on-year RSA White Maize Commodity prices have come down 48% y/y (from R4974.40 per tonne in March 2016 to R2575.80 March 2017).³ Our data however is still showing substantial y/y increases with a 25kg bag of maize costing 15% (R31.48) more than it did a year ago – this, at the height of the drought crisis in our maize yields (R209.66 in Mar 2016 vs. R241.14 in Mar 2017).
 - The Department of Agriculture, Forestry and Fisheries' Crops Estimates Committees have forecasted the total maize crop for 2017 to be at 14.3 million tonnes – 8.5 million of which is white maize.⁴ This forecasted yield will sufficiently cover our local consumption requirements. We are therefore expecting the price of maize meal to continue dropping however we are concerned that the Rand-value of maize meal is still far too high and takes up a significant portion of the expenditures of low-income households; the drop in prices is not happening as fast as it should be; and the decrease is not as marked as it should be.
 - For us, the price of maize meal; the Rand-value expenditure on maize meal; expenditure on maize meal as a proportion of household income; and the affordability of maize meal for low-income households remains a critical concern.
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- The increases on the March 2017 PACSA food basket are driven by white sugar (increased by R10.17 on a 10kg bag, total price R141.48); cooking oil (increased by R8.49 on a 4L bottle, total price R84.98); sugar beans (increased by R6.66 on a 5kg bag, total price R115.15); and cake flour (increased by R1.67 on a 10kg bag, total price R85.49). In addition to increases on these very important staple foods; increases were also registered on frozen chicken pieces, canned fish, beef and all vegetables in the basket.
 - **Frozen chicken pieces** show an increase of 34% y/y. We track a 6kg volume in total but also track the prices of 5kg and 2kg bags. We are noticing that many retailers which target the low-income market have reduced the weights in their bags from 5kg to 4.2kgs and from 2kg to 1.7kgs. The difference in price of a 5kg bag and 4.2kg bag is R154.99 vs. R132.23; and 2kg and 1.7kg bag is R58.99 vs. R54.74. It means that kilogram by kilogram: a 5kg price is R30.99/kg; a 4.2kg price is R31.48/kg; a 2kg is R29.50/kg and a 1.7kg is R32.20/kg.
 - A 5kg bag typically had 24 pieces. The supermarkets are removing around 4/5 pieces for their 4.2kg bags and 1/2 pieces for their 1.7kg bags but as shown above, women are not paying less per kilogram and are getting fewer pieces in their bags. Women in low-income households have told us that they (1) count out the pieces of chicken per person when they prepare meals; (2) a 5kg bag for a family of five lasts around 5 days; (3) once the 5kg bag is finished, a family might buy a 2kg bag for a future weekend; but mostly the month will continue chickenless; and critically (4) women eat last – if there is a shortage of food in general and 'nice food' (proteins, dairy and vegetables) in particular, women – “ (we) mothers cut ourselves ... if we are short kumina ngizosufferisha [it is me that will suffer].”⁵
 - Chicken is an important source of animal protein. It is also a protein which has, until fairly recently, been relatively affordable. This is important because many dairy and fish products are no longer affordable and sugar beans have rocketed over the last several years. A 5kg bag of sugar beans has increased by R27.34 (31%) y/y up from R87.82 a year ago to its current average of R115.15. The cost of electricity is also taking its toll on increasing the real-value of sugar beans as it is a slow-cooking food. Many women we have spoken to are no longer able to afford sugar beans in their monthly diets thus removing this critical protein off the plates of their families. Children need protein to feed their muscles; to develop their cognitive capacities; to grow properly, to play and to learn. Low levels of protein consumption and inadequate alternatives make our immune systems vulnerable to infection and illnesses: so we get sick more often, more severely and for longer. Low protein intake also makes us feel horrible: we feel weak and we tire easily.

³ Department of Agriculture, Forestry and Fisheries. Weekly Price Watch (1st Friday of every month) See Link <http://www.daff.gov.za/daffweb3/Portals/0/Price%20Watch/Price%20Watch%202017-03-06.pdf>

⁴ Department of Agriculture, Forestry and Fisheries. Crop Estimates Committee. 28 March 2017. See Link <http://www.nda.agric.za/docs/Cropsestimates/Media%20March%202017.pdf>

⁵ See conversations with women (pg 41 & 39) in 2016 PACSA Food Price Barometer, Annual Report, October 2016. See Link http://www.pacsa.org.za/images/food_barometer/2016/2016_PACSA_Food_Price_Barometer_REDUCED.pdf

Key data from the March 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 March 2017, the difference in cost between the PACSA Food Basket (not nutritionally complete) and the PACSA Minimum Nutritional Food Basket (nutritionally complete) is R2 412.41 (R2 068.35 vs. R4 480.76). 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 March 2017 the cost of the PACSA Minimum Nutritional Food Basket for a family of 4 is R2 562.38, for a family of 5 is R3 237.08 and for a family of 7 is R4 480.76. Inflation on the PACSA Minimum Nutritional Food Basket for families of between 4-7 members is 6% y/y (See Table 4).
- In March 2017 the cost of feeding a small child (aged 3-9 years) a diet complete in minimum nutrition is R578.45 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 R626.57 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 R665.24 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 R740.25 per month.

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

- Minister Gordhan, in the 2017 Budget, announced that in April 2017, the Child Support Grant would be increased by R20 (5.56%) to R380 and the old-age pension by R90 (5.96%) to R1 600 per month.
- The annual increments came in lower than the February y/y rates of Consumer Price Index Headline inflation (6.3%) and even lower than the 9.9% 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 their income is spent on food.
- The inadequacy of the R20 (5.56%) annual monthly increase on the Child Support Grant [CSG] which will come into effect in April 2017 (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. Between February 2017 and March 2017, the cost of feeding a boy/girl child aged between 10-13 years a basic but nutritionally complete monthly diet increased by R16.30, from R610.27 in February 2017 to R626.57 in March 2017. This month-on-month increase almost entirely nullifies the annual monthly CSG increase of R20.
- The daily cost of feeding a boy/girl child aged between 10-13 years a basic but nutritionally complete diet was R20.89 in March 2017. This month, even if we compare it against the CSG value as of April 2017 of R12.67 per day; **it means an underspend of 39% on the plates of around 12 million children** and therefore a direct undermining of children's health, growth and development and our future education, health, social and economic outcomes.
- Food is core to all our developmental outcomes. Below inflation increases on already far too low social grants will undermine the ability of millions of South Africa's low-income families to secure proper nutritional food this year; and will further undermine all other investments in health, education and economic growth.

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.
- 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.⁶
- Black South African households typically rely on just one wage earner and this wage must support an average of 3.8 persons. However even this figure of 3.8 is deceptive as most low-income households typically support larger numbers of persons on their wages.
- 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 March 2017 PACSA Minimum Nutritional Food Basket for a family of 4 persons (R2 562.38) 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 616.08 a month in March 2017** (R2 562.38 + 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 7, page 8).

⁶ 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>

March 2017
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	Mar_2016 Price	Jan_2017 Price	Feb_2017 Price	Mar_2017 Price	m/m change (Rands)	y/y change (Rands)	y/y change (%)
Starchy foods	Maize meal	25kg	R 209.66	↑ R 244.32	↓ R 241.66	↓ R 241.14	-R 0.52	R 31.48	15%
	Rice	10kg	R 79.82	↑ R 80.82	↓ R 77.32	↓ R 72.16	-R 5.16	-R 7.66	-10%
	Cake Flour	10kg	R 82.82	↑ R 84.15	↓ R 83.82	↑ R 85.49	R 1.67	R 2.67	3%
	White bread	8 loaves	R 87.37	↑ R 91.21	↓ R 85.88	↓ R 79.68	-R 6.20	-R 7.69	-9%
	Brown bread	4 loaves	R 39.25	↑ R 41.94	↓ R 39.81	↓ R 36.37	-R 3.43	-R 2.87	-7%
	Samp	5kg	R 40.99	↑ R 48.32	↓ R 43.82	↓ R 42.82	-R 1.00	R 1.83	4%
	Pasta	1kg	R 22.15	↑ R 23.99	↓ R 21.65	↑ R 21.98	R 0.33	-R 0.17	-1%
Sugar	White sugar	10kg	R 117.98	↑ R 143.65	↓ R 131.31	↑ R 141.48	R 10.17	R 23.50	20%
Dry beans, canned beans	Sugar beans	5kg	R 87.82	↑ R 117.82	↓ R 108.49	↑ R 115.15	R 6.66	R 27.34	31%
	Canned beans	3 cans	R 23.47	↑ R 27.88	↑ R 28.64	↔ R 28.64	R 0.00	R 5.17	22%
Fat, oil	Cooking oil	4L	R 89.98	↑ R 81.16	↓ R 76.49	↑ R 84.98	R 8.49	-R 4.99	-6%
	Margarine	1kg	R 35.49	↑ R 36.48	↓ R 35.48	↑ R 36.82	R 1.34	R 1.34	4%
Milk, maas	Fresh Milk	2L	R 24.66	↑ R 27.98	↑ R 27.99	↓ R 27.16	-R 0.83	R 2.50	10%
	Maas	2L	R 26.82	↑ R 28.49	↑ R 29.16	↓ R 27.99	-R 1.17	R 1.17	4%
Meat, eggs, fish	Eggs	30 eggs	R 38.32	↑ R 45.32	↓ R 40.82	↓ R 40.16	-R 0.67	R 1.83	5%
	Canned fish	4 cans	R 58.94	↑ R 63.60	↓ R 62.29	↑ R 63.63	R 1.33	R 4.69	8%
	Chicken pieces	6kg	R 136.47	↑ R 176.47	↑ R 180.47	↑ R 183.18	R 2.71	R 46.71	34%
	Chicken feet	4kg	R 62.62	↑ R 85.93	↑ R 97.94	↔ R 97.94	R 0.00	R 35.32	56%
	Chicken necks	6kg	R 95.95	↑ R 162.85	↑ R 185.94	↓ R 157.14	-R 28.80	R 61.19	64%
	Beef	1kg	R 59.32	↓ R 61.16	↑ R 63.82	↑ R 67.32	R 3.50	R 8.00	13%
	Polony	2.5kg	R 38.98	↓ R 42.82	↔ R 42.82	↓ R 38.16	-R 4.67	-R 0.82	-2%
Vegetables	Carrots	2kg	R 22.65	↑ R 19.30	↑ R 21.97	↑ R 25.65	R 3.68	R 3.00	13%
	Spinach	4 bunches	R 39.96	↓ R 13.32	↑ R 31.96	↑ R 39.96	R 8.00	R 0.00	0%
	Apples	1.5kg	R 17.16	↑ R 19.82	↓ R 12.99	↑ R 15.99	R 3.00	-R 1.17	-7%
	Cabbage	2 heads	R 29.29	↑ R 20.97	↑ R 21.63	↑ R 25.66	R 4.03	-R 3.62	-12%
	Onions	10kg	R 50.66	↑ R 38.49	↓ R 31.99	↑ R 37.49	R 5.51	-R 13.16	-26%
	Tomatoes	3kg	R 35.38	↑ R 35.49	↓ R 33.32	↑ R 33.83	R 0.51	-R 1.55	-4%
	Potatoes	10kg	R 60.32	↑ R 55.49	↓ R 37.82	↑ R 40.65	R 2.83	-R 19.66	-33%
Miscellaneous	Salt	1kg	R 10.89	↑ R 12.15	↔ R 12.15	↔ R 12.15	R 0.00	R 1.26	12%
	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 15.48	↑ R 18.16	↓ R 16.32	↑ R 16.99	R 0.67	R 1.51	10%
	Soup	600g	R 23.54	↑ R 25.97	↓ R 20.31	↓ R 19.81	-R 0.50	-R 3.73	-16%
	Curry powder	200g	R 22.48	↑ R 29.65	↓ R 26.66	↑ R 27.99	R 1.33	R 5.51	24%
	Roobos tea bags	200g	R 16.64	↑ R 20.32	↓ R 17.49	↓ R 17.16	-R 0.33	R 0.51	3%
	Coffee	100g	R 15.99	↔ R 18.32	↔ R 18.32	↔ R 18.32	R 0.00	R 2.33	15%
	Cremora	1kg	R 37.28	↑ R 36.32	↓ R 36.16	↓ R 34.49	-R 1.67	-R 2.79	-7%
Total cost of PACSA food basket			R 1 869.39	R 2 092.95	R 2 057.54	R 2 068.35	R 10.81	R 198.96	10.6%

Month-on-month: the PACSA food basket increased by R10.81 or 0.5% (R2 057.54 in Feb 2017 to R2 068.35 in Mar 2017).

Over the last 3 months: the PACSA food basket decreased by -R24.60 or -1.2% (R2 092.95 in Jan 2017 to R2 068.35 in Mar 2017).

Year-on-year: the PACSA food basket increased by R198.96 or 10.6% (R1 869.39 in Mar 2016 to R2 068.35 in Mar 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.

March 2017
PACSA Monthly Food Price Barometer

TABLE 2: PACSA Monthly Minimum Nutritional Food Basket for March 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 9.65	3.2	R 31.11	3.9	R 37.62	5.7	R 54.98	6.0	R 57.87
	Oats porridge	Kilogram	R 27.82	0.2	R 6.68	0.2	R 6.68	0.4	R 10.02	0.4	R 10.02
	Brown bread	Loaves (700g)	R 9.09	1.8	R 16.37	3.0	R 27.28	3.6	R 32.74	5.7	R 51.83
	Rice	Kilogram	R 7.22	0.9	R 6.42	1.3	R 9.62	1.9	R 13.90	1.9	R 13.90
	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 4.07	0.4	R 1.50	0.7	R 3.00	0.7	R 3.00	0.7	R 3.00
Vegetables	Onion	Kilogram	R 3.75	2.8	R 10.45	2.8	R 10.45	2.8	R 10.45	2.8	R 10.45
	Tomato	Kilogram	R 11.28	1.4	R 15.49	1.4	R 15.49	1.4	R 15.49	1.4	R 15.49
	Carrot	Kilogram	R 12.83	0.1	R 1.79	0.1	R 1.79	0.1	R 1.79	0.1	R 1.79
	Spinach	Kilogram	R 9.99	0.5	R 4.86	0.5	R 4.86	0.5	R 4.86	0.5	R 4.86
	Cabbage	Kilogram	R 12.83	2.3	R 30.14	2.3	R 30.14	2.3	R 30.14	2.3	R 30.14
	Green pepper	Kilogram	R 13.32	1.2	R 15.95	1.2	R 15.95	1.2	R 15.95	1.2	R 15.95
	Butternut	Kilogram	R 8.32	0.4	R 2.92	0.4	R 2.92	0.4	R 2.92	0.4	R 2.92
Fruit	Orange	Kilogram	R 13.49	1.9	R 25.06	1.9	R 25.06	1.9	R 25.06	1.9	R 25.06
	Apple	Kilogram	R 10.66	1.3	R 13.91	1.3	R 13.91	1.3	R 13.91	1.3	R 13.91
	Banana	Kilogram	R 12.99	2.7	R 34.61	2.7	R 34.61	2.7	R 34.61	2.7	R 34.61
Dry beans, canned beans	Sugar beans	Kilogram	R 23.03	0.7	R 15.34	0.7	R 15.34	0.7	R 15.34	2.0	R 46.01
	Baked beans	Kilogram	R 23.28	0.6	R 13.10	0.5	R 10.48	0.5	R 10.48	1.4	R 31.43
Fish, chicken, lean meat, eggs	Eggs	each (50g each)	R 1.34	24.0	R 32.13	24.0	R 32.13	24.0	R 32.13	24.0	R 32.13
	Beef, neck, stewing	Kilogram	R 67.32	0.4	R 26.98	0.4	R 26.98	0.4	R 26.98	0.4	R 26.98
	Pilchards, tinned	Kilogram	R 39.77	0.6	R 25.23	0.6	R 25.23	0.6	R 25.23	0.6	R 25.23
	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 13.58	4.2	R 57.03	4.2	R 57.03	4.2	R 57.03	4.2	R 57.03
	Maas	Litre	R 14.00	7.8	R 109.16	7.8	R 109.16	7.8	R 109.16	7.8	R 109.16
Fat, oil	Margarine, soft tub	Kilogram	R 36.82	0.2	R 6.63	0.2	R 8.84	0.3	R 11.05	0.3	R 12.15
	Oil, sunflower	Litre	R 21.25	0.3	R 6.69	0.5	R 11.15	0.8	R 16.25	0.7	R 15.62
	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 26.88	0.2	R 4.84	0.2	R 6.45	0.2	R 6.45	0.2	R 6.45
Sugar	Sugar, white	Kilogram	R 14.15	0.3	R 3.57	0.8	R 11.71	0.8	R 11.71	0.8	R 11.71
	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 0.17	60.0	R 10.29	60.0	R 10.29	60.0	R 10.29	60.0	R 10.29
	Salt	Kilogram	R 12.15	0.1	R 1.46	0.1	R 1.46	0.1	R 1.46	0.1	R 1.46
	Soup powder	Kilogram	R 33.01	0.1	R 2.97	0.1	R 2.97	0.1	R 2.97	0.1	R 2.97
Total cost per person per month					R 578.45		R 626.57		R 665.24		R 740.25
Total cost per person per day					R 19.28		R 20.89		R 22.17		R 24.67

*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.

Continued on page 6

March 2017
PACSA Monthly Food Price Barometer

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 March 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 562.38	R3 237.08	R4 480.76

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.

TABLE 4: Monthly costs of PACSA Minimum Nutritional Food Basket showing prices over the last three months; month-on-month; and year-on-year.

Energy Group & Household size	Mar_2016 Price	Jan_2017 Price	Feb_2017 Price	Mar_2017 Price	m/m change (ZAR)	y/y change (ZAR)	y/y change (%)
Girls/Boys 3 - 9 yrs	R 544.90	R 589.00	R 562.06	R 578.45	R 16.39	R 33.55	6%
Girls/Boys 10-13 yrs Adult women 19-64 yrs Elderly women > 65 yrs	R 592.38	R 640.19	R 610.27	R 626.57	R 16.30	R 34.19	6%
Girls 14-18 yrs Very active women 19-64 yrs Adult men 19-64 yrs Elderly men > 65 yrs	R 629.62	R 680.23	R 648.96	R 665.24	R 16.28	R 35.62	6%
Boys 14-18 yrs Very active men 19-64 yrs Pregnant & lactating women	R 694.59	R 758.49	R 724.05	R 740.25	R 16.20	R 45.66	7%
4 members	R 2 414.01	R 2 616.71	R 2 497.13	R 2 562.38	R 65.25	R 148.37	6%
5 members	R 3 053.86	R 3 308.10	R 3 155.61	R 3 237.08	R 81.47	R 183.22	6%
7 members	R 4 228.38	R 4 577.32	R 4 366.63	R 4 480.76	R 114.13	R 252.38	6%

March 2017
Key indicators and commodities

TABLE 5: Key indicators.

Indicators	Nov_2016	Dec_2016	Jan_2017	Feb_2017	Mar_2017
Total PACSA food basket	↑ R 1 940.29	↑ R 1 980.18	↑ R 2 092.95	↓ R 2 057.54	↑ R 2 068.35
PACSA month-on-month change (ZAR)	↓ R 28.43	↑ R 39.89	↑ R 112.77	↓ -R 35.41	↑ R 10.81
PACSA month-on-month change (%)	↓ 1.49%	↑ 2.06%	↑ 5.69%	↓ -1.69%	↑ 0.53%
PACSA year-on-year rates change (ZAR)	↑ R 292.19	↓ R 266.00	↑ R 295.91	↓ R 178.30	↑ R 198.96
PACSA year-on-year rates (%)	↑ 17.73%	↓ 15.52%	↑ 16.47%	↓ 9.49%	↑ 10.64%
CPI-Food & NAB month-on-month rates	↓ 0.5%	↑ 0.8%	↑ 1.6%	↓ 0.7%	Not yet available
CPI-Food & NAB year-on-year rates	↓ 11.6%	↑ 11.7%	↓ 11.4%	↓ 9.9%	Not yet available
CPI headline year-on-year rates	↑ 6.6%	↑ 6.8%	↓ 6.6%	↓ 6.3%	Not yet available

CPI data sourced from: Statistics South Africa. Consumer Price Index. <http://www.statssa.gov.za/publications/P0141/P0141February2017.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 5 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 6: Key commodities.

Commodities	Nov_2016	Dec_2016	Jan_2017	Feb_2017	Mar_2017
Exchange rate	↓ R 13.62	↑ R 13.88	↓ R 13.75	↓ R 13.34	↓ R 13.01
Oil price per barrel (\$)	↓ \$44.63	↑ \$48.78	↑ \$55.90	↓ \$55.32	↓ \$54.40
Petrol (Inland) per litre	↑ R 12.79	↓ R 12.59	↑ R 13.09	↑ R 13.38	↓ R 13.30
Diesel (Reef) per litre	↑ R 11.34	↓ R 11.02	↑ R 11.41	↑ R 11.62	↓ R 11.60
RSA White Maize per ton	↑ R 3 613.40	↑ R 3 947.00	↓ R 3 613.75	↓ R 2 943.80	↓ R 2 575.80
RSA Yellow Maize per ton	↑ R 3 149.60	↑ R 3 221.40	↑ R 3 321.25	↓ R 2 907.20	↓ R 2 439.00
RSA Wheat per ton	↓ R 3 919.00	↓ R 3 913.20	↑ R 3 939.75	↑ R 3 980.00	↓ R 3 948.00
RSA Soybeans per ton	↑ R 6 210.20	↑ R 6 520.00	↓ R 6 262.50	↑ R 6 485.00	↓ R 5 957.60
RSA Sunflower seed per ton	↓ R 6 045.60	↓ R 5 848.80	↓ R 5 543.00	↓ R 5 204.00	↓ R 4 587.80

Data sourced from: Department of Energy. Fuel Price History 2017 <http://www.energy.gov.za/files/esources/petroleum/March2017/Fuel-Price-History.pdf> and Department of Agriculture, Forestry and Fisheries. Weekly Price Watch (1st Friday of every month) <http://www.daff.gov.za/daffweb3/Portals/0/Price%20Watch/Price%20Watch%202017-03-06.pdf> and Exchange Rates ZAR vs USD. Exchange-Rates.Org. <http://www.exchange-rates.org/Rate/USD/ZAR/3-3-2017> (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 6 includes some of the core drivers of food price inflation as well as our core staple foods subject to international commodity speculation.

March 2017
Affordability tables

TABLE 7: Income and expenditure for households of various socio-economic scenarios: March 2017.

Household socio-economic scenarios	Household A	Household B	Household C	Household D	Household E	Household F	Household G
Total household income	R 1 800.00	R 2 230.00	R 2 362.00	R 3 500.00	R 4 500.00	R 6 000.00	R 8 000.00
Number of household members	5	5	5	5	5	5	5
MINUS Minimum Nutritional food basket	R 3 237.08	R 3 237.08	R 3 237.08	R 3 237.08	R 3 237.08	R 3 237.08	R 3 237.08
Monies left over AFTER FOOD to buy some essential household requirements*	R -1 437.08	R -1 007.08	R -875.08	R 262.92	R 1 262.92	R 2 762.92	R 4 762.92
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 562.15	R 562.15	R 562.15	R 562.15	R 562.15	R 562.15	R 562.15
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 -4 909.59	R -4 479.59	R -4 347.59	R -3 209.59	R -2 209.59	R -709.59	R 1 290.41

* 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 7 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 8: Comparing PACSA Monthly Food Basket with PACSA Monthly Minimum Nutritional Food Basket: Mar 2017

PACSA Food Baskets	Cost of Basket for household size of 7
PACSA Monthly Minimum Nutritional Food Basket	R 4 480.76
PACSA Monthly Food Basket	R 2 068.35
Difference between Baskets	R 2 412.41

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 8 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 7

Total household income

We have selected 7 total household income scenarios:

- Household A:** R1 800 = Business's proposal to set the National Minimum Wage level at the lowest existing sectoral determination.
- Household B:** R2 230 = 1 old-age pension of R1 510 + 2 child support grants (R360 x 2) of R720 (National Treasury, 2016. Budget Speech: 22).
- Household C:** R2 362 = the average minimum wage set by the Employment Conditions Commission across sectoral determinations for 2014 was R2362.36.
- Household D:** R3 500 is the National Minimum Wage level proposed by the Nedlac Advisory Panel.
- Household E:** R4 500 = Cosatu has called for a National Minimum Wage of between R4 500 and R6 000.
- Household F:** R6 000 = see above.
- Household G:** R8 000 is where we think the National Minimum Wage should be located if households are to have the possibility of living at a basic level of dignity.

Burial insurance

This figure of R200 presents basic family burial insurance costs for a low-income household registered with insurance companies which serve the low-income market (2016). Burial insurance has been included as an essential and prioritized expense because interviews with households reveal that burial insurance is typically paid before any other expense and very seldom defaulted as a mechanism to ensure food is secured.

Electricity and water

The **electricity** cost is calculated on 350kWh per month. This is the average consumption for low-income households in Pietermaritzburg. We use the prepaid electricity tariff because prepaid meters are installed in the homes of low-income households. Electricity increased by 7.64% for the 2016/17 term. The cost per kWh was R1.3773. No VAT has been levied on the 2016/17 price by Msunduzi Municipality. The total rand value for 350kWh is R482.05 per month (excluding transport and time costs of buying tokens). Households on prepaid meters in Pietermaritzburg are excluded from accessing free basic electricity.

The **water** expense is calculated on a fixed monthly charge for a non-metered household. This is a typical scenario for low-income households living in RDP housing in Pietermaritzburg. Water increased by 11.15% for the 2016/17 term. The 2016/17 charges on an unmetered water supply is R91.65 per month (includes VAT). **The figure in the table (R573.70) is the sum of electricity and water.**

Transport costs

The transport cost is calculated for a household living outside the CBD, given that apartheid geography has not changed and low-income Black African households still live outside the CBD and far from places of work. It is calculated on 1 kombi trip at R12 or R24 return inside Pietermaritzburg; and 1 kombi trip at R60 or R120 return to Durban (Pietermaritzburg kombi charges, September 2016). The R720 is calculated as follows: 20 trips to work [20 X R24 = R480] + 5 trips to town for work/study /shopping/church etc. [5 X R24 = R120] + 1 long

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

Education

This figure has been derived from a focus group (2015), it has its basis in the experience of women with children; it provides the possibility for stationery (± R500 per annum); Carlton paper and toilet paper (R50 once or twice a year); School fees (± R250 once or twice a year); School computer access (± R100 a month); contribution to transport costs.

Communication and media

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

Clothing and footwear

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

Domestic and household hygiene products

This figure presents the monthly price of personal and domestic hygiene products tracked through PACSA's monthly barometer.

Personal hygiene products tracked include:

toilet paper [1ply x 20 rolls], bath soap [200g x 6], toothpaste [100ml x 3], sanitary pads [pack of 10 x 2], Vaseline [250ml x 2], face & body cream [big bottle x2], roll-on [normal x 4], spray deodorant [big sprays x2], shoe polish [100ml x1].

Domestic hygiene products tracked include:

dishwashing liquid [750ml x1], washing powder [2kg x1], green bar soap [bars x4], toilet cleaner [750ml x 1], kitchen cleaner [750ml x1] and jik [750ml x1].

Cultural obligations

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

About PACSA

The Pietermaritzburg Agency for Community Social Action (PACSA) is a faith-based social justice and development NGO that has been in operation since 1979. PACSA operates in the uMgungundlovu region of KwaZulu-Natal, South Africa and focusses on socio-economic rights, gender justice, youth development, livelihoods and HIV & Aids. Our work and our practice seek to enhance human dignity.