



PIETERMARITZBURG
ECONOMIC JUSTICE & DIGNITY

Economic justice through the lens of human dignity



HOUSEHOLD AFFORDABILITY INDEX

AUGUST 2018

Release date: 13 August 2018

Forthcoming release: September 2018
Expected release date: 19 September 2018

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About the Household Affordability Index

The Household Affordability Index has been designed in conversation with women living on low incomes in Pietermaritzburg. Its purpose is to provide a lens into the affordability crisis facing households living on low incomes by looking at wage and social grant levels and the costs of goods and services reasonably expected to be covered by this low income. It further provides a measure of inflation as experienced by households living on low incomes.

The research conversations, data collection and analysis are located in Pietermaritzburg however the Household Affordability Index may provide a reasonable sense of the affordability crisis and inflationary pressures for working class households across South Africa.

We release the Household Affordability Index monthly. We welcome its use and distribution and hope that it may be of value in the struggle for economic justice. We would also be open to feedback on how we might make the Household Affordability Index more accessible and useful. Please contact us should you wish to have a conversation, for media enquiries and for further information, data and analysis.

About the Pietermaritzburg Economic Justice & Dignity Group

The Pietermaritzburg Economic Justice & Dignity Group is a Civil Society initiative founded in July 2018 by Mervyn Abrahams and Julie Smith, formerly from The Pietermaritzburg Agency for Community Social Action [PACSA] and responsible for the PACSA Food Price Barometer work. This initiative was founded, as an independent entity from PACSA, to focus fully on the issues of economic justice, the low-wage regime and on the increasing household affordability and food price crisis, with its attendant nutritional deficiencies, health and developmental consequences, and the lack of imaginative policy and systemic responses to deal with this crisis.

The Pietermaritzburg Economic Justice & Dignity Group envisions and work towards '*a society of solidarity, based on a politics of love and universality, and an economy which provides justice, equity, and dignity for all.*'

1. AUGUST Summary Data Reference Sheet

Summary of Pietermaritzburg Economic Justice & Dignity Household Affordability Index Data

Maximum National Minimum Wage in August 2018		
<i>Hypothetical wage income from NMW</i>		R3 520,00
2 core expenses	% of wage	Rands
Transport to work (1 taxi RTN)	16,3%	R572,00
Prepaid electricity (350kWh)	15,0%	529,34
Total: transport + electricity	31,3%	R1 101,34
<i>Money remaining to secure all other expenses</i>		R2 418,66

Cost of Household Food Basket in August 2018		
Cost of Household Food Basket (7 members)		R3 009,65
Month-on-month change	-1,0%	-R30,32
From June 2018 change	-1,3%	-R40,93

Cost of VAT on Household Food Basket in August 2018		
% of VAT on the Household Food Basket		7,2%
Total VAT on the Household Food Basket		R215,77
In August 2018, VAT equivalent to price of 32kg maize meal.		

Cost of core foods in Household Food Basket in August 2018: these foods are bought first & essential to households		
Core foods	Cost	Jul vs. Aug (%)
Maize meal (25kg + 10kg)	R 239,16	2%
Rice (10kg)	R 75,49	0%
Cake Flour (10kg)	R 71,66	-1%
White sugar (10kg)	R 124,49	-1%
Sugar beans (5kg)	R 92,66	-2%
Samp (5kg)	R 29,66	1%
Cooking oil (5L)	R 79,16	5%
Salt (1kg)	R 13,74	0%
Potatoes (10kg)	R 50,23	1%
Onions (10kg)	R 66,54	7%
Frozen chicken pieces (10kg)	R 334,98	2%
Curry powder (200g)	R 26,16	1%
Stock cubes (24 cubes x2)	R 31,65	-8%
Soup (400g x2)	R 25,98	-1%
Tea (250g)	R 23,99	2%
Subtotal of core foods	R 1 285,53	1%

Cost of Household Domestic and Personal Hygiene Products Basket	R637,25
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Cost of feeding a family a basic nutritious diet per month		
Household size with 4 members		R2 330,96
Household size with 5 members		R2 940,43
Household size with 7 members		R4 072,38
In August 2018, families with 7 members underspent on basic nutritious food by 26% .		

Cost of feeding a child a basic nutritious diet per month		
Small child aged 3-9 years		R530,48
Small child aged 10-13 years		R569,98
Girl child aged 14-18 years		R601,47
Boy child aged 14-18 years		R668,53
In August 2018, the Child Support Grant is 25% below the food poverty line and 30% below the cost to secure a basic nutritious diet for a small child aged 10-13 years.		

Summary of Statistics South Africa's Economic and Social Data

All South Africans	
Population size	57,7 million
Unemployment rate	27,2%
Expanded unemployment rate	37,2%
Numbers of people unemployed	9,6 million
Numbers of people employed	16,3 million
Number of people one wage supports	3,5 people
The median wage	R3 300,00
Median wage dispersed through a family	R942,86

Black South Africans	
Population size	46,7 million
Unemployment rate	30,5%
Expanded unemployment rate	41,5%
Numbers of people unemployed	8,6 million
Numbers of people employed	12,2 million
Number of people one wage supports	3,8 people
The median wage	R3 000,00
Median wage dispersed through a family	R789,47

White South Africans	
Population size	4,5 million
Unemployment rate	8,0%
Expanded unemployment rate	11,7%
Numbers of people unemployed	245 000
Numbers of people employed	1,9 million
Number of people one wage supports	2,4 people
The median wage	R12 500,00
Median wage dispersed through a family	R5 208,33

The maximum value of the National Minimum Wage [NMW]	R20 an hour
The value of the Child Support Grant [CSG]	R400,00
The value of the Old-age Grant [OAG]	R1 690,00
The number of children receiving a CSG	12,2 million
The number of pensioners receiving an OAG	3,4 million
The upper bound poverty line [UBPL]	R1 138,00
The food poverty line [FPL]	R531,00

% of people living below the UBPL (30,4m)	55,5%
% of people living below the FPL (13,8m)	25,2%
% of Black South Africans living below the UBPL (±29,9m)	64,2%

Stunting levels in <i>boy children under 5 years</i>	30%
Stunting levels in <i>girl children under 5 years</i>	25%

Estimated overall HIV prevalence rate among population (7,52m)	13,1%
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Any errors in data entry or calculations are our own. See reference page 10 for Statistics South Africa data references.

All efforts are made to source the latest data.

2. AUGUST Household Food Index

Foods tracked	Quantity tracked	Index 2018			change in Rands		change in %	
		Jun_2018	Jul_2018	Aug_2018	Jul 2018 vs. Aug 2018	Jun 2018 vs. Aug 2018	Jul 2018 vs. Aug 2018	Jun 2018 vs. Aug 2018
Maize meal	25kg + 10kg	R 227,49	R 234,99	R 239,16	R 4,17	R 11,67	2%	5%
Rice	10kg	R 74,32	R 75,83	R 75,49	-R 0,34	R 1,17	0%	2%
Cake Flour	10kg	R 70,82	R 72,49	R 71,66	-R 0,83	R 0,83	-1%	1%
White sugar	10kg	R 128,66	R 125,49	R 124,49	-R 1,00	-R 4,17	-1%	-3%
Sugar beans	5kg	R 96,82	R 94,82	R 92,66	-R 2,17	-R 4,17	-2%	-4%
Samp	5kg	R 30,99	R 29,49	R 29,66	R 0,17	-R 1,33	1%	-4%
Cooking oil	5L	R 72,66	R 75,32	R 79,16	R 3,83	R 6,50	5%	9%
Salt	1kg	R 13,74	R 13,74	R 13,74	R 0,00	R 0,00	0%	0%
Potatoes	10kg	R 50,94	R 49,52	R 50,23	R 0,71	-R 0,71	1%	-1%
Onions	10kg	R 64,75	R 62,25	R 66,54	R 4,29	R 1,78	7%	3%
Frozen chicken portions	10kg	R 327,98	R 327,98	R 334,98	R 7,00	R 7,00	2%	2%
Curry powder	200g	R 26,99	R 25,99	R 26,16	R 0,17	-R 0,83	1%	-3%
Stock cubes	24 cubes x2	R 32,31	R 34,31	R 31,65	-R 2,66	-R 0,66	-8%	-2%
Soup	400g x2	R 24,98	R 26,31	R 25,98	-R 0,33	R 1,00	-1%	4%
Tea	250g	R 23,49	R 23,49	R 23,99	R 0,50	R 0,50	2%	2%
Maas	4L	R 40,83	R 41,33	R 39,16	-R 2,17	-R 1,67	-5%	-4%
Eggs	60 eggs	R 97,99	R 96,82	R 95,66	-R 1,17	-R 2,34	-1%	-2%
Chicken feet	5kg	R 155,97	R 154,72	R 140,97	-R 13,75	-R 15,00	-9%	-10%
Gizzards	2kg	R 55,99	R 50,99	R 47,48	-R 3,51	-R 8,51	-7%	-15%
Beef	2kg	R 152,98	R 150,98	R 145,48	-R 5,50	-R 7,50	-4%	-5%
Wors	2kg	R 80,98	R 79,48	R 77,98	-R 1,50	-R 3,00	-2%	-4%
Inyama yangapakhathi	2kg	R 49,44	R 50,49	R 50,49	R 0,00	R 1,05	0%	2%
Tomatoes	6kg	R 76,58	R 64,99	R 68,38	R 3,39	-R 8,20	5%	-11%
Carrots	5kg	R 33,00	R 28,20	R 14,67	-R 13,54	-R 18,33	-48%	-56%
Butternut	10kg	R 40,94	R 49,35	R 61,90	R 12,55	R 20,96	25%	51%
Spinach	8 bunches	R 51,92	R 63,92	R 55,92	-R 8,00	R 4,00	-13%	8%
Cabbage	2 heads	R 25,32	R 23,98	R 22,33	-R 1,65	-R 2,99	-7%	-12%
Cremora	800g	R 32,49	R 32,32	R 33,66	R 1,33	R 1,17	4%	4%
Tinned pilchards	400g x6	R 87,32	R 88,32	R 89,97	R 1,65	R 2,65	2%	3%
Canned beans	410g x6	R 55,48	R 58,13	R 57,30	-R 0,83	R 1,82	-1%	3%
Bananas	4kg	R 42,63	R 40,63	R 39,96	-R 0,67	-R 2,67	-2%	-6%
Apples	1.5kg	R 17,82	R 14,83	R 17,16	R 2,33	-R 0,67	16%	-4%
Margarine	1kg x2	R 62,98	R 60,65	R 62,65	R 2,00	-R 0,33	3%	-1%
Peanut butter	400g x2	R 49,31	R 52,98	R 47,98	-R 5,00	-R 1,33	-9%	-3%
Polony	2.5kg	R 50,82	R 51,32	R 52,16	R 0,83	R 1,33	2%	3%
Apricot jam	900g x2	R 49,31	R 46,65	R 44,31	-R 2,34	-R 5,00	-5%	-10%
White bread	25 loaves	R 247,00	R 244,50	R 241,17	-R 3,33	-R 5,83	-1%	-2%
Brown bread	25 loaves	R 226,54	R 222,38	R 217,42	-R 4,96	-R 9,12	-2%	-4%
Total household food basket		R3 050,58	R3 039,97	R3 009,65	-R 30,32	-R 40,93	-1,0%	-1,3%

Month-on-month: the cost of the household food basket *decreased* by R30,32 (-1,0%) to R3 009,65 in August 2018.

From June 2018: the cost of the household food basket *decreased* by R40,93 (-1,3%) from R3 050,58 in June 2018 to R3 009,65 in August 2018.

The household food basket has been designed together with women living on low incomes in Pietermaritzburg. It includes the foods and the volumes of these foods which women living in a household with seven members (the average low-income household size in Pietermaritzburg) tell us they typically try and secure each month. Food prices are sourced from supermarkets (6) and butcheries (4) that target the low-income market and which women identified as those they shop at. Food selection at the supermarket shelves mirrors how women themselves make decisions at the supermarket shelves *viz.* that the foods are chosen on relative affordability and reasonable quality. The date for data collection is between the 1st and 4th day of each month. There are 38 foods in the household food basket.

The household food index is designed with women living on low incomes to provide a sense of what the food baskets of low-income households cost in Pietermaritzburg and is specifically designed to measure food price inflation as experienced by households living on low incomes. Although located in Pietermaritzburg, the household food index may provide a picture into food price inflation as experienced by households living on low incomes in South Africa.

3. AUGUST Household Food Index: zero-rated vs. VAT

Foods tracked	Quantity tracked	Index 2018			change in Rands		change in %	
		Jun_2018	Jul_2018	Aug_2018	Jul 2018 vs. Aug 2018	Jun 2018 vs. Aug 2018	Jul 2018 vs. Aug 2018	Jun 2018 vs. Aug 2018
Zero-rated foods								
Maize meal	25kg + 10kg	R 227,49	R 234,99	R 239,16	R 4,17	R 11,67	2%	5%
Rice	10kg	R 74,32	R 75,83	R 75,49	-R 0,34	R 1,17	0%	2%
Samp	5kg	R 30,99	R 29,49	R 29,66	R 0,17	-R 1,33	1%	-4%
Sugar beans	5kg	R 96,82	R 94,82	R 92,66	-R 2,17	-R 4,17	-2%	-4%
Cooking oil	5L	R 72,66	R 75,32	R 79,16	R 3,83	R 6,50	5%	9%
Maas	4L	R 40,83	R 41,33	R 39,16	-R 2,17	-R 1,67	-5%	-4%
Eggs	60 eggs	R 97,99	R 96,82	R 95,66	-R 1,17	-R 2,34	-1%	-2%
Potatoes	10kg	R 50,94	R 49,52	R 50,23	R 0,71	-R 0,71	1%	-1%
Onions	10kg	R 64,75	R 62,25	R 66,54	R 4,29	R 1,78	7%	3%
Tomatoes	6kg	R 76,58	R 64,99	R 68,38	R 3,39	-R 8,20	5%	-11%
Carrots	5kg	R 33,00	R 28,20	R 14,67	-R 13,54	-R 18,33	-48%	-56%
Butternut	10kg	R 40,94	R 49,35	R 61,90	R 12,55	R 20,96	25%	51%
Spinach	8 bunches	R 51,92	R 63,92	R 55,92	-R 8,00	R 4,00	-13%	8%
Cabbage	2 heads	R 25,32	R 23,98	R 22,33	-R 1,65	-R 2,99	-7%	-12%
Tinned pilchards	400g x6	R 87,32	R 88,32	R 89,97	R 1,65	R 2,65	2%	3%
Bananas	4kg	R 42,63	R 40,63	R 39,96	-R 0,67	-R 2,67	-2%	-6%
Apples	1.5kg	R 17,82	R 14,83	R 17,16	R 2,33	-R 0,67	16%	-4%
Brown bread	25 loaves	R 226,54	R 222,38	R 217,42	-R 4,96	-R 9,12	-2%	-4%
Subtotal of zero-rated foods		R1 358,85	R 1 356,95	R 1 355,38	-R 1,57	-R 3,47	-0,1%	-0,3%
VATable foods								
Cake Flour	10kg	R 70,82	R 72,49	R 71,66	-R 0,83	R 0,83	-1%	1%
White sugar	10kg	R 128,66	R 125,49	R 124,49	-R 1,00	-R 4,17	-1%	-3%
Frozen chicken portions	10kg	R 327,98	R 327,98	R 334,98	R 7,00	R 7,00	2%	2%
Chicken feet	5kg	R 155,97	R 154,72	R 140,97	-R 13,75	-R 15,00	-9%	-10%
Gizzards	2kg	R 55,99	R 50,99	R 47,48	-R 3,51	-R 8,51	-7%	-15%
Beef	2kg	R 152,98	R 150,98	R 145,48	-R 5,50	-R 7,50	-4%	-5%
Wors	2kg	R 80,98	R 79,48	R 77,98	-R 1,50	-R 3,00	-2%	-4%
Inyama yangapakhathi	2kg	R 49,44	R 50,49	R 50,49	R 0,00	R 1,05	0%	2%
Salt	1kg	R 13,74	R 13,74	R 13,74	R 0,00	R 0,00	0%	0%
Stock cubes	24 cubes x2	R 32,31	R 34,31	R 31,65	-R 2,66	-R 0,66	-8%	-2%
Soup	400g x2	R 24,98	R 26,31	R 25,98	-R 0,33	R 1,00	-1%	4%
Curry powder	200g	R 26,99	R 25,99	R 26,16	R 0,17	-R 0,83	1%	-3%
Tea	250g	R 23,49	R 23,49	R 23,99	R 0,50	R 0,50	2%	2%
Cremora	800g	R 32,49	R 32,32	R 33,66	R 1,33	R 1,17	4%	4%
Canned beans	410g x6	R 55,48	R 58,13	R 57,30	-R 0,83	R 1,82	-1%	3%
Margarine	1kg x2	R 62,98	R 60,65	R 62,65	R 2,00	-R 0,33	3%	-1%
Peanut butter	400g x2	R 49,31	R 52,98	R 47,98	-R 5,00	-R 1,33	-9%	-3%
Polony	2.5kg	R 50,82	R 51,32	R 52,16	R 0,83	R 1,33	2%	3%
Apricot jam	900g x2	R 49,31	R 46,65	R 44,31	-R 2,34	-R 5,00	-5%	-10%
White bread	25 loaves	R 247,00	R 244,50	R 241,17	-R 3,33	-R 5,83	-1%	-2%
Subtotal of VATable foods		R1 691,73	R 1 683,02	R 1 654,27	-R 28,75	-R 37,46	-1,7%	-2,2%
Vatable foods (excl. VAT)		R1 471,07	R1 463,50	R1 438,49	-R 25,00	-R32,58	-1,7%	-2,2%
VAT total		R220,66	R219,52	R215,77	-R3,75	-R4,89	-1,7%	-2,2%
Total household food basket		R3 050,58	R3 039,97	R3 009,65	-R30,32	-R40,93	-1,0%	-1,3%

Month-on-month: the **zero-rated foods** in the household food basket **decreased** by R1,57 (-0,1%) to R1 355,38 in August 2018.

From June 2018: the **zero-rated foods** in the household food basket **decreased** by R3,47 (-0,3%) from R1 358,85 in June 2018 to R1 355,38 in August 2018.

Month-on-month: the **foods subject to VAT** in the household food basket **decreased** by R28,75 (-1,7%) to R1 654,27 in August 2018.

From June 2018: the **foods subject to VAT** in the household food basket **decreased** by R37,46 (-2,2%) from R1 691,73 in June 2018 to R1 654,27 in August 2018.

20/38 foods in the total household food basket are subject to VAT. Foods subject to VAT make up **55%** of the total cost of the household food basket. VAT on the total household food basket came to **R215,77** in August 2018. This means that **7,2%** of the household food basket is made up of VAT.

4. AUGUST Household Domestic & Personal Hygiene Index

Products tracked	Quantity tracked	Index 2018			change in Rands		change in %	
		Jun_2018	Jun_2018	Aug_2018	Jul 2018 vs. Aug 2018	Jun 2018 vs. Aug 2018	Jul 2018 vs. Aug 2018	Jun 2018 vs. Aug 2018
Green bar soap	8 bars	R 44,81	R 47,31	R 49,98	R 2,67	R 5,17	6%	12%
Washing powder	3kg	R 61,32	R 59,99	R 62,66	R 2,67	R 1,33	4%	2%
Dishwashing liquid	750ml	R 22,99	R 22,66	R 21,66	-R 1,00	-R 1,33	-4%	-6%
Handy Andy	750ml	R 20,49	R 21,49	R 21,99	R 0,50	R 1,50	2%	7%
Jik	750ml	R 21,99	R 21,49	R 21,49	R 0,00	-R 0,50	0%	-2%
Jeyes Fluid	500ml	R 34,66	R 34,66	R 34,82	R 0,17	R 0,17	0%	0%
Toilet paper	24 rolls	R 82,32	R 81,66	R 82,49	R 0,83	R 0,17	1%	0%
Bath soap	500g x 2	R 25,65	R 26,65	R 22,31	-R 4,33	-R 3,33	-16%	-13%
Toothpaste	100ml x3	R 34,47	R 34,97	R 31,97	-R 3,00	-R 2,50	-9%	-7%
Vaseline	500g	R 27,82	R 26,49	R 25,82	-R 0,67	-R 2,00	-3%	-7%
Cream	big bottle x2	R 35,31	R 35,31	R 35,31	R 0,00	R 0,00	0%	0%
Roll-on deodorant	x4	R 54,97	R 59,30	R 56,63	-R 2,67	R 1,66	-4%	3%
Spray-on deodorant	big spray x 3	R 66,97	R 73,97	R 68,98	-R 5,00	R 2,01	-7%	3%
Sanitary pads	2 big packs	R 81,31	R 81,65	R 80,31	-R 1,33	-R 1,00	-2%	-1%
Shoe Polish	100ml	R 20,99	R 20,82	R 20,82	R 0,00	-R 0,17	0%	-1%
Total household domestic and hygiene products		R 636,09	R 648,41	R 637,25	-R 11,16	R 1,17	-1,7%	0,2%

Month-on-month: the cost of the household domestic and personal hygiene products basket *decreased* by R11,16 (-1,7%) to R637,25 in August 2018.

From June 2018: the cost of the household domestic and personal hygiene products basket *increased* by R1,17 (0,2%) from R636,09 in June 2018 to R637,25 in August 2018.

Domestic and personal hygiene products are critical expenses for safe food preparation and overall household health, well being and for dignity. It means that, like food, these must be secured every month. Women living on low incomes tell us that the money needed to secure domestic and personal hygiene products are sourced from within the food budget. It means that these products compete with the food budget. Because of this, a more realistic cost of the monthly household food basket should add domestic and personal hygiene products to the food costs.

5. AUGUST Basic Nutritional Food Index: families

By number of family members	Index 2018			change in Rands		change in %	
	Jun_2018	Jul_2018	Aug_2018	Jul 2018 vs. Aug 2018	Jun 2018 vs. Aug 2018	Jul 2018 vs. Aug 2018	Jun 2018 vs. Aug 2018
Four (4)	R2 382,64	R2 344,16	R2 330,96	-R 13,20	-R 51,68	-0,6%	-2,2%
Five (5)	R3 006,46	R2 957,48	R2 940,43	-R 17,05	-R 66,03	-0,6%	-2,2%
Seven (7)	R4 163,65	R4 095,40	R4 072,38	-R 23,02	-R 91,27	-0,6%	-2,2%

Month-on-month: the cost of the **basic nutritional food basket for a family of 7 members decreased** by R23,02 (-0,6%) to R4 072,38 in August 2018.

From June 2018: the cost of the **basic nutritional food basket for a family of 7 members decreased** by R91,27 (-2,2%) from R4 163,65 in June 2018 to R4 072,38 in August 2018.

In August 2018 the difference in cost between the foods which families living on low incomes try and buy each month (the household food basket) and the foods which families would like to buy and should buy to meet basic nutrition (the basic nutritional food basket) was **R3 009,65 vs. R4 072,38** (-R1 062,73).

It means that in August 2018, families with seven members underspent on basic nutritional food by **26%** (R1 062,73).

6. AUGUST Basic Nutritional Food Index: children

By age of child	Index 2018			change in Rands		change in %	
	Jun_2018	Jul_2018	Aug_2018	Jul 2018 vs. Aug 2018	Jun 2018 vs. Aug 2018	Jul 2018 vs. Aug 2018	Jun 2018 vs. Aug 2018
Small child aged 3-9 years	R542,96	R533,32	R530,48	-R 2,84	-R 12,48	-0,5%	-2,3%
Small child aged 10-13 years	R583,39	R573,32	R569,98	-R 3,34	-R 13,41	-0,6%	-2,3%
Girl child aged 14-18 years	R614,24	R604,61	R601,47	-R 3,14	-R 12,77	-0,5%	-2,1%
Boy child aged 14-18 years	R682,49	R672,92	R668,53	-R 4,39	-R 13,96	-0,7%	-2,0%

Month-on-month: the cost of a feeding **a small child aged 10-13 years a basic nutritious diet decreased** by R3,34 (-0,6%) to R569,98 in August 2018.

From June 2018: the cost of a feeding **a small child aged 10-13 years a basic nutritious diet decreased** by R13,41 (-2,3%). From R583,39 in June 2018 to R569,98 in August 2018.

As children grow older, their nutritional requirements increase. It means that the cost of feeding a child increases in price as a child grows older and is also different for teenage girls and boys.

For the 2018/19 term the Government Child Support Grant is **R400** per month. This is a fixed value and does not increase as a child grows older.

The food poverty line calculated by Statistics South Africa is **R531** per capita per month (latest April 2017).

In August 2018 it cost **R569,98** to feed a small child aged 10-13 years a basic nutritious diet per month.

The Child Support Grant of R400 per month is set **below** the food poverty line and **further below** the cost to secure a basic nutritious diet for a small child.

In August 2018, the Child Support Grant is **25%** below the food poverty line and **30%** below the cost to secure a basic nutritious diet for a small child. This percentage deficit is higher for older children.

7. AUGUST Basic Nutritional Food Index: adults

By sex, activity level & lifestage	Index 2018			change in Rands		change in %	
	Jun_2018	Jul_2018	Aug_2018	Jul 2018 vs. Aug 2018	Jun 2018 vs. Aug 2018	Jul 2018 vs. Aug 2018	Jun 2018 vs. Aug 2018
Adult women and Elderly women >65 yrs	R583,39	R573,32	R569,98	-R 3,34	-R 13,41	-0,6%	-2,3%
Very active women, Adult men and Elderly men >65 yrs	R614,24	R604,61	R601,47	-R 3,14	-R 12,77	-0,5%	-2,1%
Very active men and Pregnant & lactating women	R682,49	R672,92	R668,53	-R 4,39	-R 13,96	-0,7%	-2,0%

8. AUGUST Household Affordability Scenarios

Number of working days in August 2018 = 22 days

Affordability, in its simplest form, is relative to income levels and the cost of goods and services (expenses). Workers work to support their families. Workers, reasonably expect to cover the costs of goods and services needed for dignity and household functionality off their wages. In most Black South African households, only one family member works. This one wage must support, a reductive average of 3,8 persons in August 2018. The baseline wages remunerated to most Black South African workers are very low. Divided by 4 persons, the wage becomes a poverty wage. The National Minimum Wage, currently in the process of implementation, set at R20 an hour for general workers, R18 for farmworkers and R15 for domestic workers is not going to be enough to change the low-wage trajectory. The affordability crisis faced by Black South African households will continue to deepen.

The tables below provide various income scenarios for households with persons receiving a social grant and/or for workers remunerated at various wage and National Minimum Wage levels (*which are hypothetical as the NMW has not yet been implemented*) for different categories of workers, as well as for different number of days and hours worked. Because of our largely unchanged apartheid geography, the costs of transport to get to work and back home eats away at the value of the low wage, leaving very little money to secure food and other critical expenses. Prepaid electricity costs also are a major household expense. Both services have increased markedly, with Pietermaritzburg taxi fares increasing by ±8,3% in August 2018 and electricity costs increasing by 6,84% in July 2018. By subtracting transport to work and electricity costs, we are then able to see the money remaining to secure other essential goods and services costs [highlighted in tables as *money remaining to secure all other expenses*].

Households do not prioritise paying for food first out of the remaining goods and services which households need to secure. However we include food costs in the calculations because all other critical expenses, some of which households deem non-negotiable like debt servicing, scholar transport and education and burial insurances, and other important expenses like those of household domestic and personal hygiene products all compete viciously for the money remaining in the household purse. The last row in the tables highlights the *minimum surplus/shortfall on food costs*: it is this figure which shows the extent of the shortfall in wages because in most of the scenarios shown in the tables below, workers and their families do not earn enough money to secure enough nutritious food to eat, let alone all the other critical expenses which we have excluded from our calculations. The percentages shown as minimum food shortfall mean that households will be spending far less on food because other expenses must also be paid out of this remaining money. If households are not able to secure even food out of the money remaining than it is a stark indication of the deficiencies in low baseline wages and grants.

The data in the tables are derived from the latest available Pietermaritzburg-based costs for expenses, relevant as at August 2018.

9. National Minimum Wage Scenarios (*these are hypothetical until the NMW is implemented*)

General Workers (all, excluding NMW defined workers) **R20 an hour**

Income	Wage scenario 1	Wage scenario 2	Wage scenario 3
Number of days worked	22	15	15
Number of hours worked	8	8	5
Remuneration rate	R20,00	R20,00	R20,00
Wage income	R3 520,00	R2 400,00	R1 500,00

The first table includes scenarios which calculate transport to work on 1 taxi fare, return; and the second table includes scenarios which calculate transport to work on 2 taxi fares, return. The electricity charge is based on Msunduzi Municipality's prepaid tariffs.

	Wage scenario 1	Wage scenario 2	Wage scenario 3
Wage income	R3 520,00	R2 400,00	R1 500,00
Household expenses			
	% of wage	% of wage	% of wage
Transport to work (1 taxi, return)	R572,00 16,3%	R390,00 16,3%	R390,00 26,0%
Prepaid electricity (350kWh)	R529,34 15,0%	R529,34 22,1%	R529,34 35,3%
Total for transport + electricity	R1 101,34 31,3%	R919,34 38,3%	R919,34 61,3%
<i>Money remaining to secure all other expenses</i>	R2 418,66	R1 480,66	R580,66
Subtract: food (4 persons)	R2 330,96	R2 330,96	R2 330,96
Minimum surplus/shortfall on food costs	R87,70 3,8%	-R850,30 -36,5%	-R1 750,30 -75,1%

	Wage scenario 1	Wage scenario 2	Wage scenario 3
Wage income	R3 520,00	R2 400,00	R1 500,00
Household expenses			
	% of wage	% of wage	% of wage
Transport to work (2 taxis, return)	R1 144,00 32,5%	R780,00 32,5%	R780,00 52,0%
Prepaid electricity (350kWh)	R529,34 15,0%	R529,34 22,1%	R529,34 35,3%
Total for transport + electricity	R1 673,34 47,5%	R1 309,34 54,6%	R1 309,34 87,3%
<i>Money remaining to secure all other expenses</i>	R1 846,66	R1 090,66	R190,66
Subtract: food (4 persons)	R2 330,96	R2 330,96	R2 330,96
Minimum surplus/shortfall on food costs	-R484,30 -20,8%	-R1 240,30 -53,2%	-R2 140,30 -91,8%

Farmworkers

R18 an hour

Income	Wage scenario 1	Wage scenario 2	Wage scenario 3
Number of days worked	22	15	15
Number of hours worked	9	9	5
Remuneration rate	R18,00	R18,00	R18,00
Wage income	R3 564,00	R2 430,00	R1 350,00

The first table includes scenarios which exclude transport to work costs; and the second table includes scenarios which include 'other' transport costs which farmworkers will have to pay for to access supermarkets and public health care services. The electricity charge is based on Umgeni Municipality's prepaid tariffs. The food costs may be more than reflected as farmworkers will buy more food in local towns and from local suppliers, which will be more expensive than those prices tracked in Pietermaritzburg.

	Wage scenario 1	Wage scenario 2	Wage scenario 3
Wage income	R3 564,00	R2 430,00	R1 350,00
Household expenses	% of wage	% of wage	% of wage
Transport to work	R0,00 0,0%	R0,00 0,0%	R0,00 0,0%
Prepaid electricity (350kWh)	R458,16 12,9%	R458,16 18,9%	R458,16 33,9%
Total for transport + electricity	R458,16 12,9%	R458,16 18,9%	R458,16 33,9%
Money remaining to secure all other expenses	R3 105,84	R1 971,84	R891,84
Subtract: food (4 persons)	R2 330,96	R2 330,96	R2 330,96
Minimum surplus/shortfall on food costs	R774,88 33,2%	-R359,12 -15,4%	-R1 439,12 -61,7%

	Wage scenario 1	Wage scenario 2	Wage scenario 3
Wage income	R3 564,00	R2 430,00	R1 350,00
Household expenses	% of wage	% of wage	% of wage
Transport other	R246,00 6,9%	R246,00 10,1%	R246,00 18,2%
Prepaid electricity (350kWh)	R458,16 12,9%	R458,16 18,9%	R458,16 33,9%
Total for transport + electricity	R704,16 19,8%	R704,16 29,0%	R704,16 52,2%
Money remaining to secure all other expenses	R2 859,84	R1 725,84	R645,84
Subtract: food (4 persons)	R2 330,96	R2 330,96	R2 330,96
Minimum surplus/shortfall on food costs	R528,88 22,7%	-R605,12 -26,0%	-R1 685,12 -72,3%

Domestic workers

R15 an hour

Income	Wage scenario 1	Wage scenario 2	Wage scenario 3
Number of days worked	22	15	15
Number of hours worked	8	8	5
Remuneration rate	R15,00	R15,00	R15,00
Wage income	R2 640,00	R1 800,00	R1 125,00

The first table includes scenarios which calculate transport to work on 1 taxi fare, return; and the second table includes scenarios which calculate transport to work on 2 taxi fares, return. The electricity charge is based on Msunduzi Municipality's prepaid tariffs.

	Wage scenario 1	Wage scenario 2	Wage scenario 3
Wage income	R2 640,00	R1 800,00	R1 125,00
Household expenses	% of wage	% of wage	% of wage
Transport to work (1 taxi, return)	R572,00 21,7%	R390,00 21,7%	R390,00 34,7%
Prepaid electricity (350kWh)	R529,34 20,1%	R529,34 29,4%	R529,34 47,1%
Total for transport + electricity	R1 101,34 41,7%	R919,34 51,1%	R919,34 81,7%
Money remaining to secure all other expenses	R1 538,66	R880,66	R205,66
Subtract: food (4 persons)	R2 330,96	R2 330,96	R2 330,96
Minimum surplus/shortfall on food costs	-R792,30 -34,0%	-R1 450,30 -62,2%	-R2 125,30 -91,2%

	Wage scenario 1	Wage scenario 2	Wage scenario 3
Wage income	R2 640,00	R1 800,00	R1 125,00
Household expenses	% of wage	% of wage	% of wage
Transport to work (2 taxis, return)	R1 144,00 43,3%	R780,00 43,3%	R780,00 69,3%
Prepaid electricity (350kWh)	R529,34 20,1%	R529,34 29,4%	R529,34 47,1%
Total for transport + electricity	R1 673,34 63,4%	R1 309,34 72,7%	R1 309,34 116,4%
Money remaining to secure all other expenses	R966,66	R490,66	-R184,34
Subtract: food (4 persons)	R2 330,96	R2 330,96	R2 330,96
Minimum surplus/shortfall on food costs	-R1 364,30 -58,5%	-R1 840,30 -79,0%	-R2 515,30 -107,9%

10. Social Grant Scenarios

Pensioners and mothers caring for children

The first scenario includes a household receiving an old-age grant and two child support grants; and the second scenario includes just an old-age grant. Under expenses we have included burial insurance and transport costs to town to collect grant monies, shop and access public health care services.

	Wage scenario 1		Wage scenario 2	
	1 OAG + 2 CSGs		1 OAG	
Wage income	R2 490,00		R1 690,00	
Household expenses		% of wage		% of wage
Burial insurance	R250,00	10,0%	R250,00	14,8%
Transport other*	R143,00	5,7%	R143,00	8,5%
Prepaid electricity (350kWh)	R529,34	21,3%	R529,34	31,3%
Total for insurance + transport + electricity	R922,34	37,0%	R922,34	54,6%
<i>Money remaining to secure all other expenses</i>	R1 567,66		R767,66	
Subtract: food costs (4 persons)	R2 330,96		R2 330,96	
Minimum surplus/shortfall on food costs	-R763,30	-32,7%	-R1 563,30	-67,1%

11. Other Wage Scenarios

For households with a worker who is paid at a higher rate than the NMW or for households with more than one worker or for households with multiple income streams

	Wage scenario 1		Wage scenario 2		Wage scenario 3	
Wage income	R3 000,00		R3 520,00		R4 500,00	
Household expenses		% of wage		% of wage		% of wage
Transport to work (1 taxi, return)	R572,00	19,1%	R572,00	16,3%	R572,00	12,7%
Prepaid electricity (350kWh)	R529,34	17,6%	R529,34	15,0%	R529,34	11,8%
Total for transport + electricity	R1 101,34	36,7%	R1 101,34	31,3%	R1 101,34	24,5%
<i>Money remaining to secure all other expenses</i>	R1 898,66		R2 418,66		R3 398,66	
Subtract: food (4 persons)	R2 330,96		R2 330,96		R2 330,96	
Minimum surplus/shortfall on food costs	-R432,30	-18,5%	R87,70	3,8%	R1 067,70	45,8%

	Wage scenario 1		Wage scenario 2		Wage scenario 3	
Wage income	R6 000,00		R8 000,00		R12 500,00	
Household expenses		% of wage		% of wage		% of wage
Transport to work (1 taxi, return)	R572,00	9,5%	R572,00	7,2%	R572,00	4,6%
Prepaid electricity (350kWh)	R529,34	8,8%	R529,34	6,6%	R529,34	4,2%
Total for transport + electricity	R1 101,34	18,4%	R1 101,34	13,8%	R1 101,34	8,8%
<i>Money remaining to secure all other expenses</i>	R4 898,66		R6 898,66		R11 398,66	
Subtract: food (4 persons)	R2 330,96		R2 330,96		R2 330,96	
Minimum surplus/shortfall on food costs	R2 567,70	110,2%	R4 567,70	196,0%	R9 067,70	389,0%

12. Expenses for Households Living on Low incomes

The scenarios above used a few limited expenses (transport, electricity and food) to show the deficiencies in low baseline wages and social grants. In the NMW and Social Grant scenarios most households could not secure food whilst also securing the typically non-negotiable expenses of transport and electricity. However, the affordability crisis facing households is worse than reflected in the NMW and Social Grant scenarios because households require a myriad of other goods and services to live at a dignified level. It means that if there is a shortfall on food costs, then for sure the money available to be spent on food will be much lower than reflected in the scenario tables as all other expenses have to compete with the remaining money after transport to work and prepaid electricity tokens have been paid, and only some of this money will be allocated to secure food.

Women living on low incomes have told us that expenses are relative to families, viz. families have different priorities on how they spend their money. However, women agreed that there are a number of expenses which are typically common to most families living on low incomes. Here women identified and prioritised what they said were typical non-negotiable expenses, these include: transport (to work, for scholar transport to school, to go to town to shop, and to access public health care services), electricity (to cook food, keep the lights on, keep warm and for security), education for children (so children can have a brighter future than their parents experienced), burial insurance (so that at least in death there can be a semblance of dignity) and the repayment of debt because households cannot get through the month on the level of income coming into the home and so servicing debt is critical to secure credit going forward. After these expenses, there are a myriad of other essential expenses which households must cover, not least of all food and domestic and personal hygiene products.

Below we provide several Pietermaritzburg-based costs of a range of goods and services expenses which households on low incomes may typically be expected to cover. The cost data is not complete and excludes many potential expenses. Its purpose is however to provide a sense of what some important household expenses cost in Pietermaritzburg for households living on low incomes and further provides insight into what level of income households living on low incomes may require to live at a basic level of dignity.

The table below provides a picture of what a more extensive expense list may look like and cost for a family of four (4) members living on a low income in Pietermaritzburg.

Several typical household expenses	For	Cost
Burial insurance	Family	R250,00
Transport to work (1 taxi, return)	1 Adult	R572,00
Transport to shops and to access public health services	Family	R143,00
Transport to school (omalume)	1 Child	R550,00
Prepaid electricity (350kWh)	Family	R529,34
Debt servicing on food (minimum)	Family	R300,00
School fees (reasonable quality primary school)	1 Child	R1 000,00
Water (flat rate, unmetered households)	Family	R120,06
Food	Family	R2 330,96
Domestic and personal hygiene products	Family	R637,25
Airtime	Family	R300,00
'Savings' into stokvels/mholiswano, stamps etc.	Family	R200,00
Total for typical expenses		R6 932,61

The tally of the cost of some typical household expenses which households living on low incomes tell us they reasonably expect to cover is **R6 932,61** in August 2018. It is clear that on low wages and low grants, these expense costs are well beyond the affordability capacity of most households living on low incomes.

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