

Key data from the May 2021 Household Affordability Index

The May 2021 Household Affordability Index, which tracks food price data from 44 supermarkets and 30 butcheries, in Johannesburg (Soweto, Alexandra, Tembisa and Hillbrow), Durban (KwaMashu, Umlazi, Isipingo, Durban CBD and Mtubatuba), Cape Town (Khayelitsha, Gugulethu, Philippi, Delft and Dunoon), Pietermaritzburg and Springbok (in the Northern Cape), shows that:

- **In May 2021:** The average cost of the Household Food Basket is **R4 137,11**.
- **Month-on-month** (between April 2021 and May 2021): The average cost of the Household Food Basket **decreased** by **R61,82 (-1,5%)**.
- **Over the past nine (9) months** (between September 2020 [the first data release] and May 2021): The average cost of the Household Food Basket **increased** by **R280,77 (7,3%)**, from R3 856,34 in September 2020 to R4 137,11 in May 2021.

The spikes we saw in April 2021, where the average cost of the Household Food Basket increased by R159,37 (3,9%) in one month, have subdued in May 2021 but the reduction of the basket in May of -R61,82 is still much less than the April hike. Inflation on food is still running very high and off a very high base. Whilst the Joburg (-3,1%), Durban (-0,7%) and Cape Town (-1,9%) baskets all showed a decrease in May 2021, the outliers of Pietermaritzburg (+1,8%) and Springbok (+1%) continue to rise.

The foods which brought the total cost of the basket down in May 2021 were the meats, tomatoes, oranges, and bananas. Whilst the overall cost of the average Household Food Basket has come down slightly, the core foods in the basket viz. maize meal, cake flour, sugar beans, samp, cooking oil, potatoes, onions etc. (which are bought first, and whose price determines the money remaining to secure the nutritionally-rich foods of meats, dairy and eggs, vegetables, fruits) continues to rise, albeit more slowly. The average cost of the *foods prioritised and bought first in the household food basket* came in at **R2 232,12** in May 2021. This is a month-on-month increase of 0,2% (R4,94) and a nine-month increase of **8,1% (R166,41)**.

At an average cost of **R2 232,12** in May 2021, these core foods are relatively very expensive in relation to the total money available in the household purse to buy food. The sustained high cost of core staple foods is worrying as it is resulting in a crisis of proper nutrition on the family plate. Our bodies need a diversity of good quality nutrition to function optimally. The deteriorating affordability situation in low-income families has negative consequences for overall household health and well-being, and these in turn will impact on all developmental outcomes.

Workers

The National Minimum Wage for a General Worker in May 2021 is **R3 643,92**. Transport to work and back will cost a worker an average of R1 260 (34,6% of NMW), and electricity an average of R647,50 (17,8% of NMW). **Together transport and electricity, both non-negotiable expenses, take up 52,3% (R1 907,50)** of the NMW, leaving **R1 736,42** to secure *all other household expenses*. The average cost of the *PMBEJD Basic Nutritional Food Basket* for a family of four persons in May 2021 is **R2 919,47**. On this data, if all the remaining money after transport and electricity went to food, families will still have a food shortfall of **40,5% (-R1 183,05)**.

On the 1st of March, the National Minimum Wage was increased by **4,5%** or 93 cents an hour (from R20,76 to R21,69). If the baseline wage were set at a level at which workers were able to cover their expenses and support their families, an annual increment linked to inflation would ensure that a worker's family would be able to live at a similar standard from one year to the next. This is not the case with the NMW. It is set below the poverty line when dispersed in a small family. The annual increment of 4,5% off the low base, means that workers are

worse off this year than they were last year because wages are not keeping pace with increases in the cost of living.

The CPI Headline rate does not accurately reflect inflation as experienced by low paid workers (what workers spend most of their money on, and inflation on this proportional spend). The annual increment of 4,5% which works out in May 2020 to be **R156,24** will be gobbled up by much higher electricity, transport, and food inflation. Already in May 2020, food price inflation has eroded the increase: the **PMBEJD Basic Nutritional Food Basket for a family of four persons, over the past nine months, increased by 6,9% or an additional R188,81 per month.** In a few months' time electricity will increase by a maximum of 15,63%, and annual increases on transport will come in at around 7% to 12,5%. Our projection for food inflation for the 2021 period comes in at around 10%.

As the year pans out and the electricity and transport hikes come in, and when the hikes spread across the economy and increase the cost of all other goods and services, life is going to get even harder for workers earning at the National Minimum Wage level. This will impact severely on millions of families.

Children

In May 2021, the average cost to feed a child a basic nutritious diet cost **R743,90**. The Child Support Grant of **R460** a month is **21% below the food poverty line of R585** per capita and a further **38% below the May 2021 cost of R743,90 to feed a child a basic nutritious diet.**

Over the past 9 months the cost to feed a child a basic nutritious diet has increased by **6,9% (R48,16)**. In April 2021, National Treasury provided an annual increase of **R10** (this **2,2%** increase is well below Statistics South Africa's CPI Headline Inflation, currently sitting at **4,4%** in April 2021). Mothers and caregivers spend most of the CSG on food for their children. The annual increase of R10 (2,2%) on the CSG, is far below the rate of inflation on food: **6,9%** for a nutritious diet on our 9-month data; **6,3%** on *Statistics South Africa's CPI Food & Non-alcoholic Beverage* data in April 2021; and **9,7%** on the March data from the *National Agricultural Marketing Council*).

On our data it costs an average of R24,79 a day to provide a child with a basic nutritional diet, if the child's meal is prepared along with the family's meal (allowing for economies of scale). Families have been telling us for years that they run out of nutritious food long before the end of the month. Theoretically, for emphasis, if we suspend our good sense and pretend that raising children just means feeding them, and exclude transport, electricity to cook food, keep warm, water, soap and toothpaste, clothes and shoes, and scholar transport - if the entire CSG is spent on food, and meals are prepared only for a child alone, the R460 CSG will come to an end before 18 days.

This will not mean that most children will eat nothing for the rest of the month, as the money will be stretched out, but it does illustrate that the deficiencies in the value of the CSG means that child nutrition is compromised from day one. Because families eat out of the same pot and mothers eat last, the deficiencies in the CSG also suggest the deep cuts mothers must absorb to ensure their children receive the best possible nutrition for as long as possible.

May 2021						
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Government's decision to not prioritise the nutritional needs of our children and its choice to keep the base value of the CSG below the poverty line whilst also giving an increase which is below even Headline CPI, means that in 2021 mothers and carers of children are worse off than they were last year and will find it even more difficult to secure a proper nutritious diet for their growing children.

Disinvesting in children generally, but particularly at this time of crisis, seems to us to be inconsistent with a government which at least in rhetoric commits itself to healthy children, transformation, equity, poverty reduction and economic growth. Deliberately and directly underspending on mothers and children is not without massive negative consequences down the line.

There does not seem to us to be a credible economic argument for government to continue their stance to underspend on the nutritional needs of millions of our children. Simply saying "we don't have the money" is

a lazy response because it is a matter of allocating resources based on one's priorities in line with a broader political vision for South Africa. Financially it is short-sighted. **Not allocating sufficient resources to enable mothers to feed their children properly now will be very expensive in the long term.** The cost of education and health care will increase exponentially, as hungry children struggle to learn, get sick more often, more severely and for longer. With mothers carrying the burden of their children's nutrition by sacrificing their own nutritional needs, the inadequate CSG will lead to a deepening health crisis for South African women. A badly nourished populace will directly compromise South Africa's future economic productivity and growth.

Not allocating resources for child nutrition is no longer acceptable. It is a decision which should make all of us extremely uncomfortable and very nervous about our future and how South Africa is being governed. Not having sufficient food is different from other deprivations and disappointments – it is deeply visceral; it drives people to react in different ways. We do not know what the response is going to be if things do not change for the better.