

Massive food price spikes in Cities affected by social unrest.

Over the past month, between July 2021 and August 2021:

- The **Durban** Household Food Basket increased by **R161,60 (3,9%)** and now stands at **R4 288,51**.
- The **Joburg** Household Food Basket increased by **R143,27 (3,4%)** and now stands at **R4 331,13**.
- The **Pietermaritzburg** Household Food Basket increased by **R128,33 (3,2%)** and now stands at **R4 093,00**.

The August 2021 data shows that all baskets, regardless of region, increased in August 2021, and that all baskets, including the average cost of the basket is at the highest level since we started tracking the household food basket in September 2020, 12 months ago.

The average cost of all household baskets has increased by R384,78 or 10% to R4 241,11 over the past 12 months.

The food price spikes indicate that households are enduring great hardship and it is incumbent on the state to intervene. At the very minimum the SRD R350 grant must be paid out immediately, as well as *The Destroyed, Affected or Looted Workplaces: Temporary Financial Relief Scheme*. These measures are small and will not solve the problem but will help while the bigger economic questions are resolved.

Household living on low incomes, and workers earning low wages spend a very large portion of their incomes on food and electricity. A 10% increase on basic food stuffs and a 14,95% increase on electricity will play havoc with the ability of households to function. For workers who have recently lost their jobs in KwaZulu-Natal and Gauteng, and families who have been barely holding on during the past two years, these spikes in the costs of basic needs will precipitate a massive crisis in homes. Emergency relief is needed.

Neither the SRD Grant nor the Temporary Financial Relief Scheme have yet been dispensed.

The delay in dispensing relief to households and workers affected by the unrest in July 2021 is resulting in unnecessary suffering. The hardship that is being created now keeps the possibility of more unrest alive.

We are in the middle of an emergency food crisis. It is critical that money gets to people as soon as possible. The decision by government to start the SRD grant process from scratch when the systems are in place for immediate cash transfer is astounding. There is no need for this level of bureaucracy which is delaying money getting to where it is most needed. People could die.

All persons who have previously applied for the SRD grant, give people the grant. All mothers who receive a Child Support Grant, give mothers the SRD grant. The systems are in place.

The gazetting of *The Destroyed, Affected or Looted Workplaces: Temporary Financial Relief Scheme* on the 6th of August was crucial. Again, the systems are in place, that being the UIF/TERS platform. The portal for claiming is said to go live on the 25th of August 2021. We don't know how long it will take after this process for the monies to reach workers' pockets. The end of the month is looming. Workers who have lost their jobs, will have no means to buy food unless the TFRS pay-out is immediate.

Government is precipitating yet another crisis by its inaction. Tensions are escalating between workers and employers because workers do not trust that the monies have not yet been dispensed. The uncertainty surrounding the delays will have consequences for rebuilding. Government must move quickly. The mood

on the ground is on edge. Most workers, historically paid so little, have no more savings buffers, there is no more money to absorb shocks. Paying out the SRD grant and the TFRS grant as soon as possible, will calm things down temporarily so that the thinking that needs to happen to move things forward and better is given space.

We have been gifted yet another disaster for the ANC to show us they are capable of great leadership. The ANC keeps on telling us that they are the leaders of society. Do it now, do it quickly and simply, and do it right.

Key data from August 2021 Household Affordability Index follows over page.

Please note that the food price data in the August 2021 Household Affordability Index reflects the aftermath of the unrest following 11 July 2021, particularly in Durban, Johannesburg and Pietermaritzburg. The unrest and destruction of supermarkets and butcheries further resulted in changing some of the supermarkets and butcheries tracked. It happened that Cape Town also experienced disruption, not from the unrest but due to ongoing taxi violence which restricted access to some supermarkets and butcheries.

In Johannesburg we had to change 4 supermarkets and 3 butcheries due to these shops having been destroyed and not yet rebuilt. We were unable to find suitable replacement supermarkets for 2 shops.

In Durban we had to change 4 supermarkets and 4 butcheries due to these shops having been destroyed and not yet rebuilt. We were unable to find suitable replacement supermarkets for 1 shop.

In Cape Town we had to change 1 supermarket and 1 butchery due to taxi violence restricting access.

No changes were made in Pietermaritzburg. The supermarkets and butcheries which target the low-income market, and the ones where most people shop in and tracked in Pietermaritzburg are all in Pietermaritzburg's downtown streets, they are not in a mall. The whole downtown area, when the unrest started, was immediately cordoned off and put under massive security. No one was allowed in or out of the cordoned off area throughout the duration of the unrest. None of the supermarkets tracked in Pietermaritzburg were looted or destroyed.

In August, food prices were collected from 41 supermarkets (out of a usual 44), and as normal the 30 butcheries. In total 9 supermarkets and 8 butcheries were replaced with new ones in August.

Food price data was collected from Monday the 2nd of August to 10th of August (we had to delay collection in some stores as women waited for these to restock rather than going to another supermarket).

Please note in changing supermarkets and butcheries we monitored where women shifted to do their shopping over a period of two weeks prior to collection. We held conversations with women to understand the rationale for the selection of new shops and were guided by their decisions (variables being ease of transport access, cost of transport, time to wait for return transport, distance between shops and the taxi rank, knowledge of the area, perception of safety). We then followed women to these new shops and butcheries.

The aftermath of the unrest in Durban, Joburg and Pietermaritzburg has cost women more money, more time and resulted in more anxiety. Women must shop in supermarkets which are not their preferred supermarkets which specially target the low-income market. The very long queues into the fewer shops have meant that women cannot shop around as usual to seek out the cheapest prices. More money must be spent to travel further to outlying supermarkets. Shopping takes longer because of the long queues but also the shortage of transport options. The stress on women to navigate the changing shopping procedures, with less money in their pockets, including concerns over unknown safety environments has taken its toll.

Key data from the August 2021 Household Affordability Index

The August 2021 Household Affordability Index, which tracks food price data from 41 supermarkets and 30 butcheries, in Johannesburg (Soweto, Alexandra, Tembisa and Hillbrow), Durban (KwaMashu, Umlazi, Isipingo, Durban CBD and Mtubatuba), Cape Town (Khayelitsha, Gugulethu, Philippi, Langa, Delft and Dunoon), Pietermaritzburg and Springbok (in the Northern Cape), shows that:

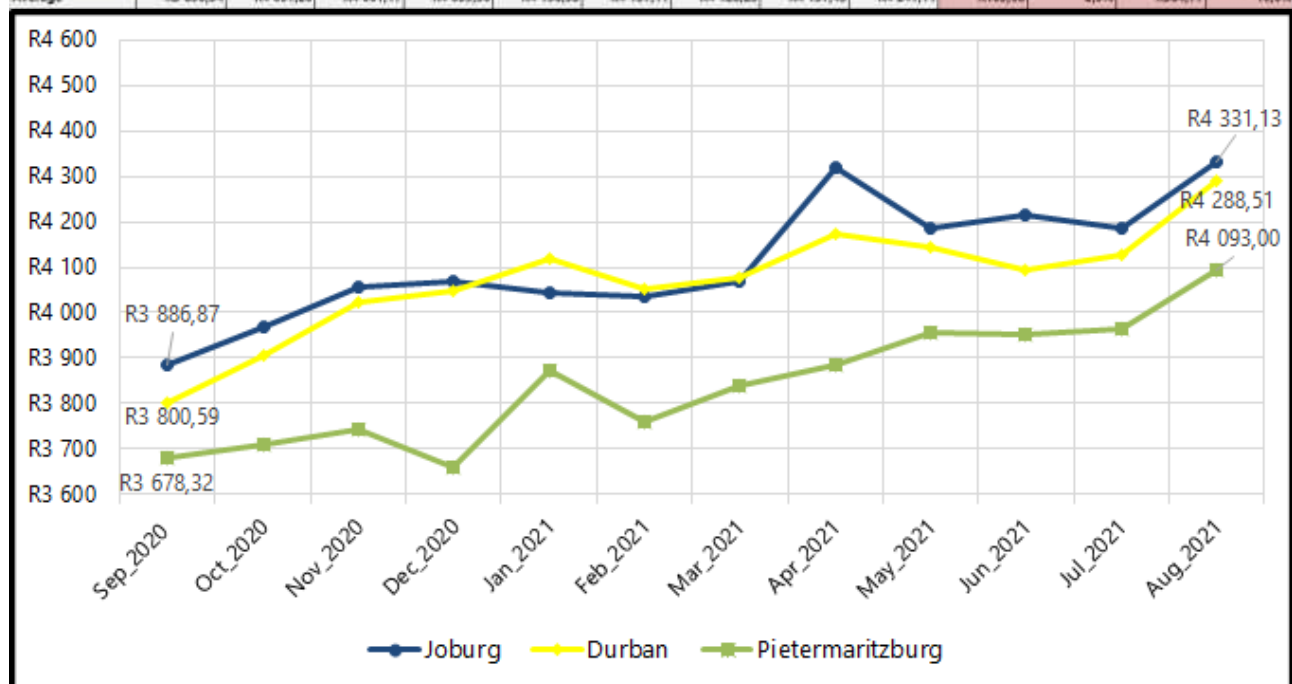
- **In August 2021:** The average cost of the Household Food Basket is **R4 241,11**.
- **Month-on-month** (between July 2021 and August 2021): The average cost of the Household Food Basket **increased** by **R103,69 (2,5%)**.
- **Over the past twelve (12) months** (between September 2020 – when we released our first publication, and August 2021): The average cost of the Household Food Basket **increased** by **R384,78 (10%)**, from R3 856,34 in September 2020 to R4 241,11 in July 2021.

August 2021 has seen massive hikes in the household food baskets of Joburg, Durban and Pietermaritzburg, where most of the unrest was located. This is linked to the two-weeks in July and the severe disruption of transportation routes, burning of trucks on the highways, closed off roads, looting and destruction of supermarkets and other shops, processing and packaging houses, ports, and disruption of agricultural activities.

The Durban Household Food Basket increased by R161,60 (3,9%) between July 2021 and August 2021, followed by the Joburg Basket which increased by R143,27 (3,4%), and the Pietermaritzburg Basket which increased by R128,33 (3,2%).

The food price hikes are severe, as shown below:

Household Food Basket	Sep_2020	Jan_2021	Feb_2021	Mar_2021	Apr_2021	May_2021	Jun_2021	Jul_2021	Aug_2021	Jul 2021 vs. Aug 2021 [Rands]	Jul 2021 vs. Aug 2021 [%]	Sep 2020 vs. Aug 2021 [Rands]	Sep 2020 vs. Aug 2021 [%]
Joburg	R3 886,87	R4 042,49	R4 034,38	R4 067,23	R4 320,60	R4 185,63	R4 216,31	R4 187,86	R4 331,13	R143,27	3,4%	R444,26	11,4%
Durban	R3 800,59	R4 117,13	R4 051,78	R4 076,48	R4 173,84	R4 146,06	R4 095,04	R4 126,91	R4 288,51	R161,60	3,9%	R487,92	12,8%
Cape Town	R3 902,48	R3 957,19	R3 893,37	R3 960,44	R4 121,75	R4 043,89	R4 020,04	R4 071,32	R4 080,72	R9,40	0,2%	R178,24	4,6%
Springbok	R4 061,82	R4 343,30	R4 318,48	R4 238,41	R4 510,53	R4 554,97	R4 528,87	R4 507,84	R4 564,82	R56,98	1,3%	R503,00	12,4%
Pietermaritzburg	R3 678,32	R3 872,21	R3 759,35	R3 840,90	R3 886,18	R3 954,86	R3 952,63	R3 964,67	R4 093,00	R128,33	3,2%	R414,68	11,3%
Average	R3 856,34	R4 051,20	R4 001,17	R4 039,56	R4 198,93	R4 137,11	R4 128,23	R4 137,43	R4 241,11	R103,68	2,5%	R384,77	10,0%



The August 2021 data shows that all baskets, regardless of region, increased in August 2021, and that all baskets, including the average cost of the basket is at the highest level since we started tracking the household food basket in September 2020, 12 months ago.

The 12-month hikes on the household food basket are frightening.

- The Durban basket has increased by **R487,92 or 12,8% to R4 228,51** over the past 12 months.
- The Joburg basket has increased by **R444,26 or 11,4% to R4 331,13** over the past 12 months.
- The Pietermaritzburg basket has increased by **R414,68 or 11,3% to R4 093,00** over the past 12 months.
- The Springbok basket has increased by **R503,00 or 12,4% to R4 564,82** over the past 12 months.
- And the Cape Town basket, which has seen the lowest increases over the past 12 months, is also at its highest level in August 2021: the basket has increased by **R178,24 or 4,6% to R4 080,72** over the past 12 months.

The average cost of all household baskets has increased by R384,78 or 10% to R4 241,11 over the past 12 months.

The increases in the Joburg, Durban and Pietermaritzburg basket were across the board and drove the prices of most foods in the basket higher. In the National Basket, this is reflected where only 6/44 foods came down, 5 foods had zero change, and 33/44 foods (75%) increased.

The cost of the core foods prioritised and bought first by a household remains a concern. Over the past 12 months, this basket of 17 foods, which should ordinarily be affordable and found in everyone's home and which includes maize meal, rice, flour, sugar, sugar beans, oil, bread, onions, potatoes, chicken portions, salt, stock, soup, and tea, now costs **R2 292,98 in August 2021 and has increased by R227,27 or 11% over the past year.**

Statistics South Africa's Consumer Price Index for Food and Non-alcoholic Beverages was unchanged at **6,7%** in July 2021.ⁱ Headline inflation for this same period is **4,6%**. The value of the money we have in our pockets is being eroded by higher levels of inflation on basic goods and services *viz.* food, electricity, and transport. High inflation levels on food are especially harmful for households living on low incomes as families spend a much higher proportion of their income on food.

Workers

Statistics South Africa's latest Quarterly Labour Force Survey, for Quarter 1: 2021ⁱⁱ shows that unemployment levels have increased. The expanded unemployment rate for Black South Africans is **47,9%**. **Ten million two hundred and ninety-nine thousand (10 299 000) Black South Africans are unemployed.** A worker's wage must now spread further to support **4,3 persons**. With baseline wages so low, and the cost of food, electricity, and transport, so high; workers struggle to support their families even at the very basic level required to function, be productive and be healthy.

The National Minimum Wage for a General Worker in August 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 R731,50 (20,1% of NMW). **Together transport and electricity, both non-negotiable expenses, take up 54,7% (R1 991,50) of the NMW, leaving R1 652,42 to secure all other household expenses.** The average cost of the *PMBEJD Basic Nutritional Food Basket* for a family of four persons in **August 2021** is **R2 930,93**. On this data, if all the remaining money after transport and electricity went to food, families will still have a food shortfall of **43,6% (-R1 278,51)**. See page 8 of August 2021 Household Affordability Index.

Note that the price of electricity went up by **14,59%** in Pietermaritzburg, Durban and Johannesburg and 13,4% in Cape Town on the 1st of July. In Pietermaritzburg, workers **are now paying R84 more** for electricity than we did in June. The NMW increase of **4,5%** resulted in a total **monthly wage increase of R163,68** (on a 22-day working day month). **The massive electricity hikes have eroded 51% of the NMW annual incremental increase implemented from the 1st of March 2021.**

In addition to the electricity hikes of an additional R84 on to the household electricity bill, between March 2021 and August 2021 the **PMBEJD Basic Nutritional Food Basket for a family of 4 persons increased by R93,46. This means that electricity hikes + food hikes = R177,46.** This is before the annual taxi fare hike comes in, in September 2021. **It means that the 4,5% annual increment on the NMW has already been eroded (it being a 4,5% increase or R163,68 per month).**

We have made several calls over the past few years to the National Minimum Wage Commission and the Department of Employment and Labour, that the determinations of the annual NMW increase must be forward looking and consider the projected annual increases on electricity, food, and transport for the year ahead to avoid exactly what has again happened – the erosion of the value of the NMW by massive spikes in the three core worker expenses of electricity, transport, and food. The insufficient annual increase on the NMW means that workers are poorer this year than they were last year.

Women and children

In August 2021, the average cost to feed a child a basic nutritious diet cost **R747,30.**

- **Between July 2021 and August 2021**, the cost to feed a child has increased by **R23,59 (3,3%).**
- **Over the past 12 months** (between September 2020 and August 2021), the cost to feed a child has increased by **R51,56 (7,4%).**

Government increased the value of the Child Support Grant by only **R10** in April 2021 to **R460** per child per month.

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 August 2021 cost of R747,30 to feed a child a basic nutritious diet.**

ⁱ STATSSA (2021). **Consumer Price Index July 2021.** Statistical release P0141. August 18, 2021. Statistics South Africa. Pretoria. P8. See Link: <http://www.statssa.gov.za/publications/P0141/P0141July2021.pdf>

ⁱⁱ STATSSA (2021). **Quarterly Labour Force Survey, Quarter 1, 2021.** Statistical release P0211. Statistics South Africa. Pretoria. P28-29, 46-47. See Link: <http://www.statssa.gov.za/publications/P0211/P02111stQuarter2021.pdf>