

Key data from the November 2021 Household Affordability Index

The November 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, Langa, Delft and Dunoon), Pietermaritzburg and Springbok (in the Northern Cape), shows that:

- **In November 2021:** The average cost of the Household Food Basket is **R4 272,44**.
- **Month-on-month:** The average cost of the Household Food Basket **decreased** by **R45,11 (-1%)**, from R4 317,56 in October 2021 to R4 272,44 in November 2021.
- **Year-on-year:** The average cost of the Household Food Basket **increased** by **R254,19 (6,3%)**, from R4 018,25 in November 2020 to R4 272,44 in November 2021.
- **Since the start of the Household Affordability Index in September 2020:** The average cost of the Household Food Basket increased by **R416,10 (10,8%)**, from R3 856,34 in September 2020 to R4 272,44 in November 2021.

Statistics South Africa's latest Consumer Price Index for October 2021ⁱ shows that Headline Inflation is 5%, and for the lowest expenditure quintiles 1-3, it is 6,5%, 6% and 5,2% respectively. CPI Food inflation is 6,7%. The Producer Price Index for October 2021ⁱⁱ shows that agricultural inflation was 8,7%.

Table 1: Household Food Baskets showing year-on-year and month-on-month, and from September 2020 (earliest data) to November 2021 (latest data).

Household Food Basket	Sep_2020	Nov_2020	Oct_2021	Nov_2021	Oct 2021 vs. Nov 2021 [Rands]	Oct 2021 vs. Nov 2021 [%]	Nov 2020 vs. Nov 2021 [Rands]	Nov 2020 vs. Nov 2021 [%]	Sep 2020 vs. Nov 2021 [Rands]	Sep 2020 vs. Nov 2021 [%]
Joburg	R3 886,87	R4 054,94	R4 305,69	R4 333,12	R27,43	0,6%	R278,17	6,9%	R446,25	11,5%
Durban	R3 800,59	R4 022,78	R4 327,06	R4 305,23	-R21,83	-0,5%	R282,45	7,0%	R504,64	13,3%
Cape Town	R3 902,48	R3 975,28	R4 280,67	R4 197,74	-R82,93	-1,9%	R222,45	5,6%	R295,26	7,6%
Springbok	R4 061,82	R4 425,03	R4 628,01	R4 534,86	-R93,14	-2,0%	R109,84	2,5%	R473,04	11,6%
Pietermaritzburg	R3 678,32	R3 742,34	R4 189,88	R4 086,45	-R103,44	-2,5%	R344,11	9,2%	R408,13	11,1%
Average	R3 856,34	R4 018,22	R4 317,56	R4 272,44	-R45,11	-1,0%	R254,19	6,3%	R416,10	10,8%

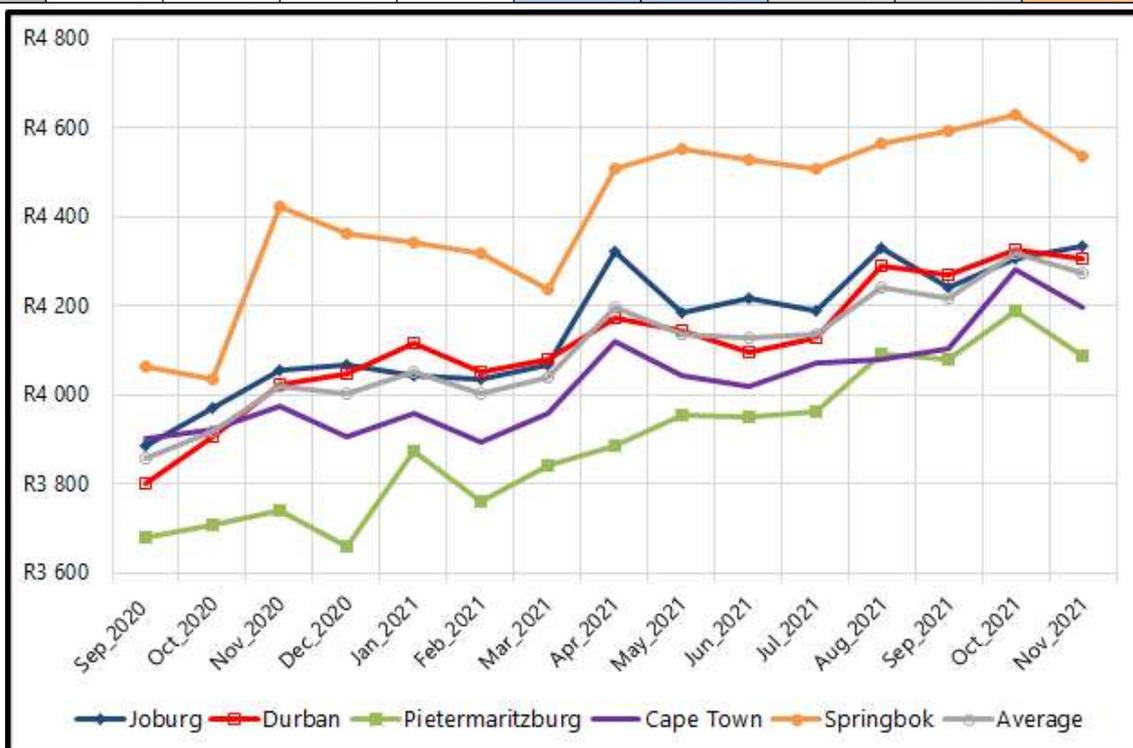


Figure 1: Household Food Baskets from September 2020 to November 2021.

In November 2021, all household food baskets except for the Joburg basket came down. Joburg saw higher vegetable prices, cooking oil and bread this month. The declines for all other baskets were off very high spikes in October, mostly driven by seasonal changes in vegetable prices, and the delayed run through of the electricity price increase. The decline in prices in November are inconsistent with past trends, albeit in most case the decreases were less than the spikes a month earlier. Food prices are extremely volatile at the moment.

The continuing run through of higher electricity prices in the long value chains, along with the cost of alternative supplies when electricity is not available; the steeper fuel price hikes and higher cost of transportation; and the weakening rand (which substantially increases the costs of agriculture as a very high proportion of inputs are imported): all work to drive food prices upwards. The Brent Crude Oil price, whilst weakening recently amid concerns of renewed global lockdowns, and if heeded may reduce global production and trade, still presents an upside risk. Last week the Reserve Bank increased the repo rate, this too will put pressure on debt servicing, and further drive prices upwards. Our analysis is that food prices will continue their upward trajectory for the foreseeable future.

The festive season always ushers in higher prices and unbelievable savings. On the balance of it, women always tell us the festive season prices are a bit of a swindle and sometimes you get lucky but most of the time you pay more. This Christmas is different from ones that have gone before us, we have been in various degrees of lockdown now for coming on two years. Many families have not seen each other for a long time. Many church and other religious gatherings and important family rituals and celebrations have been deferred. Mothers are desperate to buy their children new Christmas clothes and put together a special family meal to celebrate family, surviving the year, and building hope for the future. The festive season and being able to come together to connect, to rest, to celebrate is part of being human, it is a core moment where we can feel dignity and a sense of belonging and be home amongst the people we love. It will be important that prices remain fair during this period.

In several media statements before this we have raised concern about the growing gap between the value of money in our pockets and the cost of a basic but nutritious, and diverse basket of food. We have seen that the affordability thresholds of households to secure their very core survivalist needs of transport, electricity, food, domestic and personal hygiene products, educational expenses, school clothes, books, and socks, warm blankets and safe homes have long ago been breached. There comes a time where the gap between what financial resources families can gather and the costs of goods and services becomes so large that even moderate to substantial decreases in the cost of food (amongst other critical expenses) really makes very little difference in the lives of millions of South African households. The gap is too big. The baseline goods and services are far too high, and the baseline wages and incomes and grants are far too low.

The effort to secure food for the family table, to keep the lights on, to pay for kombi fare, to keep kids in school, to clothe and keep children safe just keeps getting more and more impossible. We are not eating properly. We are suffering. We are undermining our bodies, our dreams, our futures. We have a massive food, nutrition, health, and well-being crisis, which is impacting and threatening all our educational, economic, societal, political, and desperately needed transformational outcomes. In this context PMBEJD's work also needs to be critically assessed.

Millions of South Africans cannot afford food. Does it really matter for example if our data shows a 2,3% (or R98,17) month-on-month increase or decrease on the household food basket, or a 7,4% (or R356,85) year-on-year decrease or increase when a household food basket is so much higher that what the majority of South Africans can afford? When food has far exceeded (by exponential multiples) the household affordability thresholds of millions of households even 3 or 5 years ago? Of course, now the situation is far worse. But does it really matter? How does our data showing small or large monthly or annual increments assist families struggling to put food on the table? Perhaps it would matter if such data and that of Statistics South Africa was used to guide policy interventions? If Government took seriously the violent reality that most South Africans experience on a daily basis of not being able to feed themselves and their children properly? We don't see any sign that Government will change course.

Workers

The National Minimum Wage for a General Worker in November 2021 is **R3 643,92**. Transport to work and back will cost a worker an average of R1 344 (36,9% of NMW), and electricity an average of R731,50 (20,1% of NMW). **Together transport and electricity, both non-negotiable expenses, take up 57% (R2075,50)** of the NMW, leaving **R1 568,42** to secure *all other household expenses*. The average cost of the *PMBEJD Basic Nutritional Food Basket* for

a family of four persons in **November 2021** is **R2 921,36**. On this data, if all the remaining money after transport and electricity went to food, families will still have a food shortfall of **46,3% (-R1 352,94)**.

The National Minimum Wage is a poverty wage - it hurts workers & slows down economic growth. The maximum wage of R3 643,92 in November 2021 when disbursed in a Black South African family of 4,3 persons is R847,42. This is below the upper-bound poverty line of R1 335 per capita per month. Set at such a low level, the NMW works to institutionalise the low-baseline wage regime and lock millions of workers into poverty. Small annual increments off such a low base, and which do not reflect inflation levels as experienced by workers (including not projecting inflation forward for workers in the entire 2021 term), means that workers on the NMW are getting poorer and poorer each year. This at a time when workers who do have a job have to support more people (who have lost their jobs) on their wages. The minimum shortfall on food for a family is 46,3% in November 2021. Put another way, after securing transport and electricity workers are left with R1 568,42. If all this money went to food, then for a family of 4,3, it would provide R364,75 per person per month. This is 40% below the Food Poverty Line of R624 per person per month.

Women and children

In November 2021, the average cost to feed a child a basic nutritious diet cost **R744,96**. As children grow older their nutritional needs increase, and the cost to feed a growing child increases. For example, on the PMBEJD Basic Nutritional Food Basket:

- It cost **R653,70** to feed a small child aged *3-9 years of age per month*.
- It cost **R712,18** to feed a small child aged *10-13 years of age per month*.
- It cost **R756,43** to feed a girl child aged *14-18 years of age per month*.
- It cost **R857,52** to feed a boy child aged *14-18 years of age per month*.

In April 2021, Government, admitting Covid-19 presented the worst crisis we have ever seen, provided an annual increase on the Child Support Grant of **R10 for the 2021/22 term**. The Child Support Grant is a uniform grant of **R460**, it does not account for the growth of a child or the gender of a child.

In November 2021, the Child Support Grant of **R460 is 26%** below the Food Poverty Line of **R624**, and **38%** below the average cost to feed a child a basic nutritious diet of **R744,96**.

When Covid-19 first emerged governments around the world, including ours, did not at first imagine the social and economic devastation it would bring. Initial responses were primarily welfare-based concessions. In time, when it became clear that Covid-19 would result in massive economic disruption and destruction, particularly for small economies like South Africa, most governments around the world responded with a combination of expanded welfare concessions + economic investment.

Government can describe Covid-19 as the most devastating crisis our country has faced for a very long time and yet Government is not able or willing to courageously steer us forward out of the crisis. Key to moving forward is to accept where we are. Accept the dire reality we face and then intervene wisely, justly, confidently, decisively. Government has not managed the Covid-19 and economic catastrophe well. Delays in intervening via welfare, and with a proper-valued welfare concession, has now meant that we are in a situation where we must substantially increase the welfare concession (because families have now fallen into even deeper and desperate poverty) and introduce an economic investment transfer for people to invest in a livelihood. The most important question facing us is how do we create a new economic path?

Covid-19 is now primarily an economic problem. We must deal with it with economic interventions. Welfare concessions can play a supportive role, but the primary intervention must be economic. It is the economic interventions that will most likely provide us with the best shot at getting out of the deep crisis we are in, and onto a more stable path.

ⁱ STATSSA (2021). **Consumer Price Index October 2021**. Statistical release P0141. 17 November 2021. Statistics South Africa. Pretoria. P5 and 8. See Link: <http://www.statssa.gov.za/publications/P0141/P0141October2021.pdf>

ⁱⁱ STATSSA (2021). **Producer Price Index October 2021**. Statistical release P0142.1. 25 November 2021. Statistics South Africa. Pretoria. P3 and 11. See Link: <http://www.statssa.gov.za/publications/P01421/P01421October2021.pdf>