

Key data from the May 2022 Household Affordability Index

The May 2022 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 May 2022:** The average cost of the Household Food Basket is **R4 609,89**.
- **Month-on-month:** The average cost of the Household Food Basket **increased** by **R66,96 (1,5%)**, from R4 542,93 in April 2022 to R4 609,89 in May 2022.
- **Year-on-year:** The average cost of the Household Food Basket **increased** by **R472,78 (11,4%)**, from R4 137,11 in May 2021 to R4 609,89 in May 2022.

Food baskets increased in all areas tracked, except Springbok.

The Joburg basket increased by R63,43 (1,4%), and R440,88 (10,5%) year-on-year, to R4 626,51 in May 2022.

The Durban basket increased by R126,54 (2,8%) and R563,53 (13,6%) year-on-year, to R4 709,59 in May 2022.

The Cape Town basket increased by R14,10 (0,3%) and R400,63 (9,9%) year-on-year, to R4 444,52 in May 2022.

The Springbok basket decreased by R32,65 (-0,7%) and increased by R372,39 (8,2%) year-on-year, to R4 927,36 in May 2022. *Note that last month, April 2022, the Springbok basket increased by R225,37.*

The Maritzburg basket increased by R128,13 (3%) and R509,10 (12,9%) year-on-year, to R4 463,96 in May 2022.

28/44 foods in the basket increased in price.

The significant increases (5% and above) are: cooking oil (by an average of R24,67 (14%) on a 5L bottle, with average price in May R201,90), potatoes, onion, chicken livers, inyama yangaphakathi (beef offal), carrots and spinach. Increases, also including maize meal, cake flour, frozen chicken portions, stock cubes, wors, tomatoes, cabbage, white bread.

All the factors driving food prices upwards continue. Much higher commodity prices, production and logistical costs will continue to drive prices upwards and are likely to continue rising for the rest of 2022.

Long supply lines make us vulnerable to food insecurity at both global and local levels. Covid 19 and now the Russia/Ukraine conflict (pandemics and geopolitical tensions – both potential features of our future), including local climatic disasters (recent flooding in KZN) and social unrest (July 2021 and general daily protests) which disrupt logistics and production, suggest that we need to seriously re-think our levels of exposure to global commodity price movements and speculation, and/in the long food supply chains, which impact negatively on household food security. Our over-exposure to global supply lines suggest that we need to build national capacity and reserves as an immediate and long-term mitigation strategy, including to invest more in local agricultural input capacity, and small-scale farmers to produce food closer to the table where it is consumed. Ensuring household food security is a primary function of government.

There is a direct correlation between household food security and societal stability and with increasing household food insecurity the risk of social instability has increased significantly.

Reinstating the R1.50 of the General Fuel Levy, when the conditions which called for the reduction have not improved, will deepen the household affordability crisis.

Statistics South Africa's latest *Producer Price Index* for April 2022¹ shows that the PPI for Agriculture, Forestry and Fishing is **17,8%** in April. There has been a steady incline from February: February showed an 8% year-on-year

increase, and March an 14,9% increase. The escalating inflation trends in producing food at the farm, will mean higher prices on supermarket shelves.

The recent flooding in KwaZulu-Natal (for the second time in a matter of weeks) have forced yet another spike in the baskets of Pietermaritzburg and Durban (the Maritzburg basket spiked by R128,13 and the Durban basket by R126,54). These come on top of the extremely high April increases, in both cities. This month the Pietermaritzburg basket (typically an outlier and the lowest priced basket in the index), has passed the cost of the Cape Town basket (R4 463,96 vs. R4 444,52).

Heavy rains and flooding impact on agricultural production and produce. The immediate impact however is on transporting goods on roads. The flooding has caused severe infrastructural damage to a sizeable portion of KwaZulu-Natal's transportation systems, as well as worsening the already poor road system in parts of the rural agricultural province.

We have seen examples over the past 18 months of why a functioning railway system offers food safeguards and security. This time, we saw it with the KZN floods. Effective and efficient railways are a buffer against disaster (climatic and social unrest), but with the soaring diesel price, railways also offer more efficient, more reliable, and cheaper modes of transportation. South Africa's long value chains, which see food that is now grown very far from our tables and having to be transported very long distances to reach our tables, are being put under severe stress from a variety of variables. The long food value chains make us vulnerable to food insecurity, but especially if our fuel prices continue to escalate, and if our transportation systems and governance system are vulnerable.

Statistics South Africa's latest *Consumer Price Index* for April 2022ⁱⁱ shows that **Headline inflation was 5,9%**, and for the **lowest expenditure quintiles 1-3, it is 6,4%, 6,1% and 5,7%** respectively. **CPI Food inflation was 6,3%**.

Household domestic and personal hygiene products

The May 2022 Household Domestic & Personal Hygiene Index shows an increase of **R21,46 (2,7%)** month-on-month. This is the second consecutive big monthly jump in the index. Significant increases were seen on green bar soap (up 14%), toothpaste (up 5%) and shoe polish (up 5%). Other increases included: Vaseline and deodorants. The higher crude oil price and edible vegetable oil prices are driving up the costs of our soaps and shoe polish, toothpastes, and Vaseline.

Year-on-year the household domestic and personal hygiene products index increased by **R86,01 (11,9%)** bringing the total average cost of basic household domestic and personal hygiene products to **R807,30 in May 2022**. (See page 5 of May 2022, Household Affordability Index). The cost of basic hygiene products is high. These products compete in the household purse with food. These products are essential for good health and hygiene.

Workers

The National Minimum Wage is **R23,19** an hour and **R185,52** for an 8-hour day. The annual increment of **R1.50** per hour which came into effect in March 2022, increased the monthly wage of full-time workers by **R252** in May 2022. The May 2022 cost of a basic nutritional food basket for a family of four persons is up **R230,56** year-on-year. The annual NMW wage increment of 2022 will not be enough to cover the surge in food prices, and the upcoming transport fare increases and electricity tariff increases. Workers again, in 2022, will be poorer than they were last year. The National Minimum Wage is set too low and its annual increments do not track the real inflation on workers expenses. The National Minimum Wage continues to deepen poverty in workers homes.

In May 2022, with 21-working days, the maximum National Minimum Wage for a General Worker is **R3 895,92**. Transport to work and back will cost a worker an average of **R1 344**. Electricity will cost a worker an average of **R731,50**. A basket of basic but nutritious food, for a family of four persons, will cost a worker **R3 150,03**. Together these three core expenses come to **R5 225,53**.

Because food is bought after monies for transport and electricity have been paid for or set aside, in May 2022, PMBEJD calculates that workers' families will **underspend on food by a minimum of 42,2%** this month (See pages 7 and 8 of May 2022, Household Affordability Index). *South African workers, mostly remunerated on extremely low wages, are under enormous stress.*

Women and children

In May 2022, the average cost to feed a child a basic nutritious diet was **R803,46**. **Year-on-year**, the cost to feed a child a basic nutritious diet has **increased by R59,56 or 8%**.

In April 2022, the annual government increment on the Child Support Grant has come into effect. The Child Support Grant has been increased by **R20**, from R460 to R480 per child. **This is an increase of 4,3%**.

In May 2022, the Child Support Grant of R480 is 23% below the Food Poverty Line of R624, and 40% below the average cost to feed a child a basic nutritious diet of R803,46. *Annual increments do not close the gap between the actual cost of feeding a child a basic nutritious diet per month (on our data R480 vs R800), nor do the increments keep up with the actual inflationary increase on food.*

The reality is, that on R480, a mother has no chance to feed her child properly. The state has enough money to draw on so that all children can eat. No child needs to go hungry. No child needs to be malnourished. No child needs to be stunted. No child needs to die.

ⁱ STATSSA (2022). **Producer Price Index April 2022**. Statistical release P0142.1. 26 May 2022. Statistics South Africa. Pretoria. P5. See Link: <https://www.statssa.gov.za/publications/P01421/P01421April2022.pdf>

ⁱⁱ STATSSA (2022). **Consumer Price Index April 2022**. Statistical release P0141. 18 May 2022. Statistics South Africa. Pretoria. P5 and 8. See Link: <https://www.statssa.gov.za/publications/P0141/P0141April2022.pdf>