

**Key data from the September 2022 Household Affordability Index**

The September 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 September 2022:** The average cost of the Household Food Basket is **R4 805,86**.
- **Month-on-month:** The average cost of the Household Food Basket **increased** by **R30,28 (0,6%)**, from R4 775,59 in August 2022 to R4 805,86 in September 2022.
- **Year-on-year:** The average cost of the Household Food Basket **increased** by **R586,39 (13,9%)**, from R4 219,48 in September 2021 to R4 805,86 in September 2022.

For the past three months fuel prices and global food commodity prices have come down, yet we do not see a corresponding drop in food prices at the retail level. Due to a lack of transparency in the local food value chains we are unable to identify where in the chain inflation remains stubbornly high. The question remains whether the industry is passing on the lower costs to the consumer or not?

The Reserve Bank has once again increased the repo rate, this time, by 0.75 basis points, arguing that it would bring down food inflation. If indeed, retailers are not passing on lower costs, than raising interest rates, will simply bring more pain to the South African consumer, make us all poorer; potentially increase unemployment and further contract the economy – without addressing the problem of lowering food price inflation. It is our submission that instead of raising interest rates; an assessment be made to identify where in the value chains food inflation remains stubborn, and deal with this through an appropriate intervention, if and where, such high inflation is not justified.

September sees higher prices (5% +) on white bread, onions, wors, tomatoes, butternut, oranges, and stock cubes. Foods which increased by 3% include: brown bread, potatoes, milk, maas (*amasi*), curry powder. Frozen chicken portions and beef increased by 2%. Cooking oil dropped by an average of R20,68 per 5 litre bottle or -9% (with the average cost of a 5-litre bottle being R210,86).

The average cost of the core foods in a household basket (foods which are prioritised and bought first) are still high in relation to ability to pay. **In September the cost of these foods is R2 654,46. Over the past year, these core foods have increased in price by 16,5% (R375,56).** (See page 3 of September 2022, Household Affordability Index). As an example of what some of these foods cost in September, see below:

30kg maize meal	R293,44
10kg rice	R135,22
10kg flour	R120,51
10kg white sugar	R175,65
5kg sugar beans	R172,66
5kg samp	R58,63
5L cooking oil	R210,86
10kg potatoes	R70,42
10kg onions	R93,95
10kg frozen chicken portions	R392,35
25 loaves of brown bread	R369,12

*In September, food baskets increased in Joburg, Durban, Cape Town, and Springbok. Pietermaritzburg decreased.*

The Joburg basket **increased** by R14,00 (0,3%) month-on-month, and **increased** by R659,97 (15,6%) year-on-year, to **R4 902,51** in September 2022.

The Durban basket **increased** by R6,55 (0,1%) month-on-month, and **increased** by R543,37 (12,7%) year-on-year, to **R4 814,32** in September 2022.

The Cape Town basket **increased** by R48,33 (1,0%) month-on-month, and **increased** by R566,77 (13,8%) year-on-year, to **R4 672,95** in September 2022.

The Springbok basket **increased** by R187,96 (3,8%) month-on-month, and **increased** by R525,13 (11,4%) year-on-year, to **R5 120,27** in September 2022.

The Maritzburg basket **decreased** by R15,28 (-0,3%) month-on-month, and **increased** by R576,75 (14,1%) year-on-year, to **R4 655,05** in September 2022.

Statistics South Africa's latest Consumer Price Index for August 2022<sup>i</sup> shows that **Headline inflation was 7,6%**, and for the **lowest expenditure quintiles 1-3, it is 9,8%, 9,2% and 8,2%** respectively. **CPI Food inflation was 11,5%.**

### **Women and children**

In September 2022, the average cost to feed a child a basic nutritious diet was **R828,64**. Over the past month, the average cost to feed a child a basic nutritious diet **increased** by **R8,37** or **1,0%**. Year-on-year, the average cost to feed a child a basic nutritious diet **increased** by **R91,76** or **12,5%**

In September 2022, the **Child Support Grant** of **R480** is **28%** below the **Food Poverty Line of R663**, and **42%** below the average **cost to feed a child a basic nutritious diet (R828,64)**.

### **Workers**

The National Minimum Wage is **R23,19** an hour and **R185,52** for an 8-hour day. In September 2022, with 22-working days, the maximum National Minimum Wage for a General Worker is **R4 081,44**.

The September 2022 cost of a basic nutritional food basket for a family of four persons is **R3 247,23** (See page 6 of September 2022, Household Affordability Index).

On our calculations, using Pietermaritzburg-based figures for electricity and transport, and the average figure for a minimum nutritional basket of food for a family of four, puts electricity, and transport, taking up **58,1%** of a worker's wage (R2 371,50/R4 081,44). Food is bought after monies for transport and electricity have been paid for or set aside (leaving only R1 709,94 – for food and everything else), and so in September 2022, PMBEJD calculates that workers' families will **underspend on food by a minimum of 47,3% (having R1 709,94 left after transport and electricity, and with food costing R3 247,23)**.

*For a worker's family of four persons, even if every remaining cent of the R1 709,94 is used to buy food only - a family will live in food poverty. The updated food poverty line is R663 per capita a month: for four persons who eat together out of the same pot, this R663 (x4) is R2 652. A worker bringing home the National Minimum Wage will see her family living in food poverty, **forced to survive at 36% below the food poverty line**. The consequences of this for productivity in the workplace, a strong and healthy immune system to resist illness, thriving at school; are all an impossibility. Each of these will hurt our economy; will hurt our health-care system; will hurt our education outcomes and education system. Each of these have long-term implications for building a solid foundation for a strong society. Each of these will cost millions and millions of rands to fix for each day we ignore the critical role food plays for all our developmental, societal, and economic aspirations. That each day, they further worsen, makes fixing them not only more expensive the longer we delay but act to undermine even those areas of our society, economy and infrastructure that are currently functioning.*

*We should all be concerned that the National Minimum Wage has failed to bring millions of workers out of poverty and into a better life.*

*It is hard to de-link productivity from health and illness of the body. Undernourished workers, particularly workers who do physical labour and expend a lot of energy, are going to struggle to be productive in the workplace. Food is core to wellness, cognitive excellence, and physical strength. In addition to a crisis of undernutrition, many workers are also constantly worrying about how to ensure homes function in a now widespread context of not having secure and consistent access to water or electricity. We are in a state of utter disruption.*

### ***Household domestic and personal hygiene products***

The September 2022 Household Domestic & Personal Hygiene Index shows an increase of **R12,66 (1,4%)** month-on-month. Year-on-year the household domestic and personal hygiene products index increased by **R165,54 (22,1%)** bringing the total average cost of basic household domestic and personal hygiene products to **R913,11 in September 2022**. (See page 5 of September 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.

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<sup>i</sup> STATSSA (2022). **Consumer Price Index August 2022**. Statistical release P0141. 21 September 2022. Statistics South Africa. Pretoria. P5, 8. See Link: <https://www.statssa.gov.za/publications/P0141/P0141August2022.pdf>