



Key data from the December 2022 Household Affordability Index

The December 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 December 2022:** The average cost of the Household Food Basket is **R4 853,18**.
- **Month-on-month:** The average cost of the Household Food Basket **increased** by **R17,21 (0.4%)**, from R4 835,96 in November 2022 to R4 853,18 in December 2022.
- **Year-on-year:** The average cost of the Household Food Basket **increased** by **R577,24 (13,5%)**, from R4 275,94 in December 2021 to R4 853,18 in December 2022.

The following foods increased in price

Foods which increased in price in December, by 4% or more, include: frozen chicken portions, onions, tomatoes, spinach, oranges and apples, tea, and tinned pilchards.

Foods which increased in price in December, by 2% or more, include: cake flour, sugar beans, samp, potatoes, full cream milk, beef, beef liver, chicken livers, bananas, cremora, and polony.

In December 2022, food baskets decreased in Joburg, Springbok and Pietermaritzburg. Food baskets increased in Durban and Cape Town.

The Joburg basket **decreased** by R32,86 (-0,7%) month-on-month, and **increased** by R574,74 (13,4%) year-on-year, to **R4 877,01** in December 2022.

The Durban basket **increased** by R86,45 (1,8%) month-on-month, and **increased** by R596,25 (13,8%) year-on-year, to **R4 916,00** in December 2022.

The Cape Town basket **increased** by R75,00 (1,6%) month-on-month, and **increased** by R558,16 (13,2%) year-on-year, to **R4 777,33** in December 2022.

The Springbok basket **decreased** by R136,33 (-2,6%) month-on-month, and **increased** by R539,18 (11,7%) year-on-year, to **R5 132,86** in December 2022.

The Maritzburg basket **decreased** by R3,58 (-0,1%) month-on-month, and **increased** by R588,70 (14,4%) year-on-year, to **R4 673,31** in December 2022.

Statistics South Africa's latest *Consumer Price Index* for November 2022ⁱ shows that **Headline inflation was 7,4%**, and for the **lowest expenditure quintiles 1-3, it is 10,1%, 9,6% and 8,6%** respectively. **CPI Food inflation was 12,8%**. *STATS SA's Producer Price Index* for November 2022ⁱⁱ shows **agriculture was 18%**.

Women and children

In December 2022, the average cost to feed a child a basic nutritious diet was **R843,47**. Over the past month, the average cost to feed a child a basic nutritious diet **increased** by **R4,82** or **0,6%**. Year-on-year, the average cost to feed a child a basic nutritious diet **increased** by **R95,52** or **12,8%**. In December 2022, the **Child Support Grant of R480** is **28%** below the **Food Poverty Line of R663**, and **43%** below the average **cost to feed a child a basic nutritious diet (R843,47)**.

We have in the past advocated that government provides some type of additional grant allocation every January to assist parents with their children's' new school year expenses, thereby securing a sounder foundation to support education, whilst reducing debt incurred at the beginning of the year, which haunts parents throughout the year. This special Back-to-School grant targeted directly for the new school year, would provide a focussed investment for improved education outcomes, whilst alleviating some of the financial pressures on parents.

Workers

The National Minimum Wage is **R23,19** an hour and **R185,52** for an 8-hour day. In December 2022, with 19-working days, the maximum National Minimum Wage for a General Worker is **R3 524,88**. **Workers work to support their families. Dispersed in a worker's family of 4 persons, the NMW, is reduced to R881,22 – this is below the upper-bound poverty line of R1417 per capita per month, it is also below the lower-bound poverty line of R945 per capita per month.**

The December 2022 cost of a basic nutritional food basket for a family of four persons is **R3 307,21** (See page 6 of December 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 **61,2%** of a worker's wage (R2 155,50/R3 524,88). Food is bought after monies for transport and electricity have been paid for or set aside (leaving only **R1 369,38** – for food and everything else), and so in December 2022, PMBEJD calculates that workers' families will **underspend on food by a minimum of 58,6% (having R1 369,38 left after transport and electricity, and with food costing R3 307,21)**. **In this scenario there is no possibility of a worker being able to buy proper nutritious food for her family. If the R1 369,38 all went to buy food, then for a family of 4 persons, we are looking at R342,34 per person. The food poverty line is R663.** (See page 8 of December 2022, Household Affordability Index).

The National Minimum Wage is a poverty wage – it reduces productivity in the workplace, it slows down economic growth, it damages workers health, it compromises the futures of workers children, it makes workers vulnerable, it puts workers in debt. The NMW is set too low; it is not enough to cover the three core worker expenses of food, transport, and electricity.

Previous NMW adjustments have not necessarily projected inflation for the coming year, but instead concentrate on what inflation was for the previous term (inflation tracks backwards) and then just adding on a few extra percentage points above the headline inflation at a particular moment in time. This means that wages are always playing catch-up: the previous year's wages are eroded by inflation of that year, and so using past inflation data again, simply puts the workers back where they were in 2022, without protecting wages against future inflation or improving workers' wages for the upcoming year.

Projected inflation for the 2023 term, at least for the three core worker expenses of food, transport and electricity should be considered in the annual NMW adjustments. Further, the objective for the wage increases should be clear viz. part of the original NMW mandate was to progressively improve the baseline wage of low-paid workers, and hence an element of justice to right the apartheid legacy of low wages should be considered, as well as perhaps that the millions of workers remunerated at the NMW level, not only be able to support their families at a reasonable level of dignity (and eat well and be healthy, and therefore have the physical and mental capacity to be productive), but that the adjusted wage facilitates a surplus for workers to save for their retirement, for crises, as well as to spend and invest in the economy, thereby also being part of (and having a stake in) the broader landscape of economic growth and prosperity. The NMW, if used well, could be a valuable tool to improve not only our social stability, education, and health outcomes, but also our economic prospects. The annual deliberations on where the NMW is set at, is important.

Household domestic and personal hygiene products

The December 2022 *Household Domestic & Personal Hygiene Index* shows an **increase of R13,70 (1,5%)** month-on-month. Year-on-year the household domestic and personal hygiene products index **increased by R166,57 (22,4%)** bringing the total average cost of basic household domestic and personal hygiene products to **R909,35 in December 2022** (See page 5 of December 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.

ⁱ STATSSA (2022). **Consumer Price Index November 2022**. Statistical release P0141. 14 December 2022. Statistics South Africa. Pretoria. P5, 8. See Link: <https://www.statssa.gov.za/publications/P0141/P0141November2022.pdf>

ⁱⁱ STATSSA (2022). **Producer Price Index November 2022**. Statistical release P0142.1. 15 December 2022. Statistics South Africa. Pretoria. P11. See Link: <https://www.statssa.gov.za/publications/P01421/P01421November2022.pdf>