

Key data from the July 2023 Household Affordability Index

The July 2023 Household Affordability Index, which tracks food price data from 47 supermarkets and 32 butcheries, in Johannesburg (Soweto, Alexandra, Tembisa and Hillbrow), Durban (KwaMashu, Umlazi, Isipingo, Durban CBD, Hammarsdale and Pinetown), Cape Town (Khayelitsha, Gugulethu, Philippi, Langa, Delft and Dunoon), Pietermaritzburg, Mtubatuba (in Northern KwaZulu-Natal), and Springbok (in the Northern Cape), shows that:

- **In July 2023:** The average cost of the Household Food Basket is **R5 081,94**.
- **Month-on-month:** The average cost of the Household Food Basket **increased** by **R25,48 (0,5%)**, from R5 056,45 in June 2023 to R5 081,94 in July 2023.
- **Year-on-year:** The average cost of the Household Food Basket **increased** by **R333,07 (7,0%)**, from R4 748,87 in July 2022 to R5 081,94 in July 2023.

The following foods increased in price.

Foods which increased in price in July 2023, by **5% or more**, include: white sugar (7%), salt (5%), potatoes (8%), curry powder (6%), eggs (5%), beef liver (6%), fish (7%), butternut (14%), green pepper (9%), *cremora* (5%), apples (5%), and polony (5%).

Foods which increased in price in July 2023, by **2% or more**, include: maize meal (2%), cake flour (4%), sugar beans (4%), soup (2%), tea (2%), full cream milk (4%), *amasi* [maas] 3%, gizzards (2%), chicken livers (2%), and peanut butter (3%).

Statistics South Africa's latest *Consumer Price Index* for June 2023ⁱ shows that **Headline inflation was 5,4%**, and for the **lowest expenditure quintiles 1-3, it is 9,1%, 8,6% and 7,6%** respectively. **CPI Food inflation was 11,1%** (for CPI Food & NAB it was 11,0%, we use the figure excluding non-alcoholic beverages). STATS SA's *Producer Price Index* for May 2023ⁱⁱ shows **agriculture was 2,2%** (June PPI to be released on 27th July 2023).

In July 2023, food baskets increased in Joburg and Cape Town. Food baskets decreased in Durban, Springbok, Pietermaritzburg and Mtubatuba.

The Joburg basket **increased** by R118,57 (2,4%) month-on-month, and **increased** by R380,02 (8,0%) year-on-year, to **R5 151,51** in July 2023.

The Durban basket **decreased** by R54,27 (-1,1%) month-on-month, and **increased** by R169,79 (3,5%) year-on-year, to **R5 021,67** in July 2023.

The Cape Town basket **increased** by R70,32 (1,4%) month-on-month, and **increased** by R406,53 (8,7%) year-on-year, to **R5 054,79** in July 2023.

The Springbok basket **decreased** by R95,97 (-1,8%) month-on-month, and **increased** by R381,19 (7,7%) year-on-year, to **R5 300,32** in July 2023.

The Maritzburg basket **decreased** by R1,32 (-0,0%) month-on-month, and **increased** by R379,78 (8,3%) year-on-year, to **R4 944,72** in July 2023.

The Mtubatuba basket **decreased** by R117,46 (-2,2%) month-on-month, and **increased** by R384,95 (8,0%) year-on-year, to **R5 169,28** in July 2023.

Workers

The National Minimum Wage is **R25,42** an hour and **R203.36** for an 8-hour day. In July 2023, with 21-working days, the maximum National Minimum Wage for a General Worker is **R4 270,56**. Workers work to support their families. The wage workers earn is not just to sustain themselves alone, it is used to support the entire family. For Black South African workers, one wage typically must support 4 people. **Dispersed in a worker's family of 4 persons, the NMW, is reduced to R1 067,64 per person – this is below the upper-bound poverty line of R1 417 per person per month.**

The July 2023 cost of a basic nutritional food basket for a family of four persons is **R3 527,61** (See page 6 of July 2023, 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 **56,6%** of a worker's wage (R2 418,92/R4 270,56). Food is bought after monies for transport and electricity have been paid for or set aside (leaving only **R1 851,64** – for food and everything else), and so in July 2023, PMBEJD calculates that workers' families will **underspend on food by a minimum of 47,5% (having R1 851,64 left after transport and electricity, and with food costing R3 527,61)**. In this scenario there is no possibility of a worker being able to afford enough nutritious food for her family.

If the entire R1 851,64 all went to buy food, then for a family of 4 persons, we are looking at R462,91 per person per month. This is below the food poverty line of R663 (See page 8 of July 2023, Household Affordability Index).

The new electricity tariff and the National Minimum Wage

The annual increase on the National Minimum wage was R2,23 per hour. On 21-working days this is an increase of R374,64. The annual electricity tariff increase which came into effect now on the 1st of July 2023, and based on Pietermaritzburg figures of a 15.1% increase, increased a workers' electricity expense by R119,00 (with 350kWh costing R906,92, previously R787,92). **The new electricity tariff has removed R119,00 (31,8%) from the R374,64 increment in July, to R255,64. Thus eroding a 9,6% NMW increment to 6,6% (from the initial R2,23/hour increase to R1,52/hour).**

Annual electricity tariff hikes continue to be an extraordinary threat to annual NMW increases – this year, the Eskom tariff hike has eroded nearly a third [31,8%] off the annual NMW increase. It is a significant depletion off the wages of millions of our lowest paid workers, whose wages are already insufficient to secure the very basics of life's needs.

It is also important to consider the total cost of a very humble consumption of 350kWh of electricity per month as a proportion of the NMW for a full working-day month. **This month, the electricity cost takes up just over a fifth (21,2%) of the monthly wage (R906,92/R4 270,56)**. See page 8 of July 2023, Household Affordability Index. This is a substantial amount of money, relative to the very low NMW value, which families must set aside to secure electricity.

All our staple foods need to be cooked, we need energy to keep warm and clean, to keep our lights on, for our appliances, and for security – electricity payments are a non-negotiable expense. The higher electricity tariffs remove even more food off the plates of hardworking South Africans and their children.

We know now that the annual Eskom tariff hike poses a serious threat by reducing the value of the annual NMW increment. To protect the annual NMW increment going forward, the National Minimum Wage Commission with the Department of Employment and Labour, would need to know what the annual Eskom tariff hike will be for the 2024/25 term, and absorb it as much as possible within the annual NMW increment to protect the wages of workers.

Women and children

In July 2023, the average cost to feed a child a basic nutritious diet was **R899,54**. Over the past month, the average cost to feed a child a basic nutritious diet **increased** by **R5,76** or **0,6%**. Year-on-year, the average cost to feed a child a basic nutritious diet **increased** by **R75,41** or **9,1%** (See page 6 of July 2023, Household Affordability Index).

In July 2023, the **Child Support Grant** of **R500** is **25%** below the **Food Poverty Line** of **R663**, and **44%** below the average **cost to feed a child a basic nutritious diet (R899,54)**.

Household domestic and personal hygiene products

The July 2023 Household Domestic & Personal Hygiene Index shows an **increase** of **R8,82 (0,9%)** month-on-month. Year-on-year the household domestic and personal hygiene products index **increased** by **R87,17 (9,9%)** bringing the total average cost of basic household domestic and personal hygiene products to **R963,78 in July 2023** (See page 5 of July 2023, 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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- ⁱ STATSSA (2023). **Consumer Price Index June 2023**. Statistical release P0141. 19 July 2023. Statistics South Africa. Pretoria. P4, 7.
See Link: <https://www.statssa.gov.za/publications/P0141/P0141June2023.pdf>
- ⁱⁱ STATSSA (2023). **Producer Price Index May 2023**. Statistical release P0142.1. 29 June 2023. Statistics South Africa. Pretoria. P12.
See Link: <https://www.statssa.gov.za/publications/P01421/P01421May2023.pdf>