



PIETERMARITZBURG AGENCY FOR COMMUNITY SOCIAL ACTION

Faith in a Shared Future

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# 2014 PACSA Food Price Barometer



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# 2014 PACSA Food Price Barometer

**Julie Smith and Mervyn Abrahams**  
**October 2014**

## About PACSA

The Pietermaritzburg Agency for Community Social Action (PACSA) is a faith-based social justice and development NGO that has been in operation since 1979. PACSA operates in the uMgungundlovu region of KwaZulu-Natal, South Africa and focusses on socio-economic rights, gender justice, youth development, livelihoods and HIV & Aids. Our work and our practice seek to enhance human dignity. We are convinced that those who carry the brunt of the problem must be a part of the solution – at the heart of PACSA's core strategy is the notion "nothing about us without us."

## Thanks

We would like to extend our great appreciation to Manakhe Chiya for collecting our monthly food price data and reflecting rigorously with us on its meaning. We would like to thank all the women who participated in our conversations on food prices: Mhle Mdladla, Bonisiwe Sokhela, Thenjiwe Mankanku, Thandi Mtheku, Fikile Radebe, Makhosazane Zuma, Bongile Hlongwane, Agnes Vilakazi, Faith Mofokeng, Nomusa Khumalo, Gloria Ngubane, China Mbanjwa, Thabile Mbanjwa, Nothando Zulu, Hilda Mbaso, Eldah Mncwabe, Thandi Gabela, Maria Buthelezi, Zamekile Ngubane and Thembisile Ngubane. We would like to thank Penny Jarvie from UKZN's Department of Dietetics and Human Nutrition who continues challenging us as well as the following students participating in their Honours Programme who shared such rich data with us: Gudrun Muswizu, Ra'eesah Nakhoda, Padmini Poinosawmy, Amy Burt, Nadia Stella and Nyasha Musingwini. We would like to thank Philippa Barnard for her extraordinary contribution to developing an ideal food basket which will open up new vistas of possibilities for advocacy work and give our congratulations on the birth of Jessica Jane Barnard. We would like to thank the Food Justice Collective for inspiring us and locating the problem of food price affordability in the now. In particular, we would like to thank Ntomb'fikile Khanyile, MamNyoka, MamKhanyile, Gog'Mbaso, MamSebe and Lungisani Ngcobo. We would like to thank Cedric Nunn and Imraahn Mukaddam for our conversations around food politics and assisting our analysis. Lastly we would like to thank Madalitso Mtine for her support and for acting as a sounding board, assisting us to make connections and find meaning in the data.

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## Contents

### EXECUTIVE SUMMARY

Introduction .....	1
1. Overall food inflation on PACSA food basket: September 2013 – September 2014 .....	3
2. Food price inflation on the PACSA food basket: month on month .....	6
3. Food price inflation: the Consumer Price Index (CPI) vs. PACSA Food Basket. ....	7
4. Pricing trends on PACSA food basket: food categories .....	10
5. Pricing trends on PACSA food basket: individual foods in each food category .....	12
6. Food price spikes and consistently unpredictable fluctuations .....	15
7. What women are saying about food prices .....	16
8. The implications of high food inflation on food diversity .....	19
9. The impact of food price increases on hunger and undernutrition .....	20
10. The hunger games: supermarket shenanigans .....	22
11. The other ‘foods’ - hygiene products, electricity and water .....	24
11.1 Personal and domestic hygiene products .....	24
11.2 Electricity and water .....	25
12. The economic cost burden of food prices in the current political and socio-economic context .....	26
13. A nutritionally complete basket – the Ideal Food Basket .....	28
14. Policy recommendations .....	31

### Appendices:

Appendix 1: The 32 foods in the 2014 PACSA food basket

Appendix 2: The 34 foods in the Ideal food basket

Appendix 3: PACSA Monthly Food Price Barometer for September 2014

## EXECUTIVE SUMMARY

*The working class poor are under extreme levels of pressure because wage increases and increases in social grants are not keeping track with the rising food price inflation. This affordability crisis is being compounded by significant increases of electricity tariffs, high transport costs, and spiralling household debt. NERSA's permission to grant Eskom a further 12.7% increase next year will mean less food on the table for most poor families. Food is not the first expense which households pay but typically one of the last because food is one of the few expenses which households are able to control. The 2014 PACSA Food Price Barometer has shown that as economic pressures increase on households and certain foods became unaffordable, households substitute those foods for cheaper products. These cheaper products have now become unaffordable leaving households with no further choices but hunger (maize meal increased by 6.98%, brown bread by 8.51%, cake flour by 13.88%, potatoes by 29.42%, chicken by 17.45%, cabbage by 19.25%, fresh milk by 21.64%). The protests that are mushrooming across the country and the increasingly protracted and violent wage strikes are indicative of the situation in which workers can no longer afford to feed their families on their low wages. Unless wages can increase and food prices and the costs of electricity, transport and household debt come down the working class poor will fast approach its tipping point and we will enter a new age of hunger riots and food protests.*

South Africans are net buyers of food. Supermarkets are the main source of food for the majority of South African households. Food availability is not generally a problem. We have enough food. The problem is food price affordability. We do not have enough money to buy the food we need. Food insecurity is therefore not an agricultural problem but an economic one with social and economic affects. Income (wages and social grants) and affordability of prices (of food and other essential goods and services e.g. transport, electricity, household debt, health care and education costs) determines access to food. Access to food determines productivity, economic, social, education and health outcomes.

The Pietermaritzburg Agency for Community Social Action [PACSA] tracks the prices of a basket of 32 basic foods from four different retail stores which service the lower-income market in Pietermaritzburg, KwaZulu-Natal. PACSA has been tracking the price of the basket since 2006. The food basket is based on the foods that low-income households having an average households size of 7 said they buy. The food basket is not an indication of a nutritionally complete basket; it is a reflection of what people are buying. The basket serves as an index for food price inflation. The 2014 PACSA Food Price Barometer presents the trends of food price fluctuations of this basket of 32 foods over the period September 2013 to September 2014.

Our report is important because Statistics South Africa's Consumer Price Index (CPI), a national measure of inflation, is skewed by South Africa's extreme levels of inequality and therefore tracks the impact of food price inflation on the middle class. Our barometer includes poor households; and therefore shows the impact of food price inflation for the  $\pm 60\%$  of the working class poor excluded by the Consumer Price Index. It provides a basis for understanding why social grants and wage levels must increase substantially and why food prices and other essential goods and services must be affordable.

The Consumer Price Index stood at 6.4% in August 2014. Fuel and food prices are driving inflation levels with the upper end of the target inflation range having been breached. Inflation on food and non-alcoholic beverages [NAB] continues to climb with the August 2014 rates now at 9.4%. The 2014 PACSA Food Basket which measures food price inflation from September 2013 to September 2014 increased by **8.66% to R1640.05** (the August figure was 8.95%). The 2014 PACSA Food Basket tracks similar trends to inflation recorded by CPI-Food and NAB reinforcing the suggestion that inflation on food prices is severe. However the weighting given to food in the CPI is underestimated which means that poor households carry a greater inflation burden when food prices increase.

### Major findings

Households are under extreme pressure. This pressure is coming not only from high food inflation but is being driven by significant increases on transport costs, electricity tariffs and spiralling household debt which all collide onto the socio-economic base of extreme inequality, high levels of unemployment and low income levels. The capacity for poor households to absorb these shocks and pressures, already very eroded, is dangerously limited. We are seeing an emerging affordability crisis in the homes of the working class poor.

The monies available to spend on food are determined by the level of wages and social grants as well as the costs of other non-negotiable expenses. Food is not the first expense which households pay but typically one of the last because other expenses are subject to significant penalties for non-payment (household debt) or simply have to be paid e.g. transport and electricity. Food is one of the few expenses which households are able to control.

Households cannot afford to buy a basic basket of food every month. The cost of the 2014 PACSA Food Basket is R1640.05 per month. We are seeing that households are spending between R600 and R1000 a month on food which is not enough to cover their families' nutritional requirements.

Food price unaffordability exacerbate cycles of hunger, poverty and low-productivity in the workplace, schools and in homes; which find negative expression back into society and the economy. Our findings suggest that households are not eating enough food and the food which they are able to afford is extremely deficient in nutrients. The implications for health and well-being are serious and determine our economic, social, education and health outcomes.

The period of relative dietary diversity – where households are able to eat a relatively balanced meal – has declined from three weeks last year to two weeks this year. This means that for every two out of four weeks; households are eating an extremely limited diet – mostly of starches, salt, sugar and fat.

High unaffordability levels means that households prioritise the starches + sugar, salt and oil before they buy meat and vegetables; and depending on what is left over, the rest of the foods are bought. The price inflation on the starches therefore implicates if meat and vegetables, dairy and other foods are bought and therefore inflation on the starches directly affects dietary diversity. Our 2014 Food Price Barometer indicated an 11.96% combined increase on the major starches: maize meal (6.98%), brown bread (8.51%), cake flour (13.88%) and potatoes (29.42%). High levels of inflation on these four major starches directly impacted on the available monies to secure other essential foods.

Poor households are responding to high food prices by dropping certain foods off the plate or eating less of these particular foods:

Foods that are off the plate	Foods which much less are eaten of
Red meat	Sugar beans
Fresh milk	Tomatoes
Maas	Cabbage
Cheese	Potatoes
	Bread (for adults)

- The entire dairy products category which includes fresh milk, maas and cheese is off the plate. This has substantial health implications and may constitute a health crisis going forward.
- Sugar beans an important alternative protein is under serious pressure.
- High inflation on bread - a loaf of brown bread has increased by 8.51% and now retails at an average R9.75 – a full 76 cents more than it did in September 2013; has meant that adults rarely eat it and it is purchased mostly for children.
- The high cost of maize meal, which now retails at slightly more than rice, is putting enormous pressures on households because maize meal is the staple starch. Households have told us that they also switch more regularly to rice. Rice is not fortified and therefore the high cost of maize may act to subvert the progress of Government's successful fortification programme.
- The high price on vegetables means that households eat an extremely limited variety which has implications for fibre intake and the micronutrients.

Over the years we have been noticing that more foods within specific food categories (e.g. starches, animal protein, dairy and vegetables) are unaffordable making either the 'most' affordable food or the most 'important' food in that particular category both more inelastic (it simply has to be bought) and more price sensitive (because any inflationary pressure has greater economic consequence). This year we are starting to see that the foods which are 'most' affordable or 'most important' have decreased implicating even greater pressures to ensure that the remaining foods are affordable. We believe that any significant inflation on these particular foods will result in both major negative health implications and high levels of anger which may lead to civil protest. These foods are the following: **maize meal and flour; chicken** (the volume of brining should also be watched here as it is reducing the quantity of protein eaten); **onions and spinach**; and **sugar, salt, oil and cremora**.

Food price spikes continue and are becoming increasingly unpredictable. The drivers of high rates of inflation on food lie with the depreciation of the rand, high exposure to international market volatility, high commodity prices and increases in fuel prices. Collusion, consolidation and rampant profiteering across certain sectors in the value chain means that prices at the farm gate bear little resemblance to prices on supermarket shelves.

The affordability of foods directly impact on health and nutrition. If we want our economy to grow in the future than we have to make sure our children eat properly now. The Rand value of the Child Support Grant (R320) falls R180 short of the money needed to provide a young child with proper nutrition throughout the month. For 6 months of every year National

Treasury provides deflationary grants to our most vulnerable citizens by splitting the increases on the CSG by 3.3% in April and another 3.3% in October. Currently 24.1% of our children under the age of 5 are stunted (HSRC, 2014: 211).<sup>1</sup> We are basically removing one quarter of our future adults from contributing to the economy. We are structuring our economy to be poor.

More than half (54.3%) of all our people are either hungry or at risk of hunger (HSRC, 2014: 211). Annual increases in wages and social grants are not keeping up with the high rates of food inflation. Headline CPI which tracks lower than CPI-Food and NAB (6.4% vs. 9.4%) is generally used as a basis for annual increases. This notwithstanding that CPI underestimates the food and NAB weighting by at least 50%.

The working class poor are struggling to put food on the table. We believe that this is the cause of protracted wage strikes and what is fuelling community protests. These protests, at their base, are about food.

Our report concludes that working class poor households are under extreme levels of pressure. High inflationary pressure on transport costs, electricity tariffs and spiralling household debt in a context of low-incomes means that households are forced to manoeuvre where they can – food. This is having a serious impact on health and well-being and is exacerbating poverty and inequality and resulting in poor education, health, economic and productivity outcomes. We predict that the working class poor is quickly approaching its tipping point. Food prices will continue to rise and Eskom's 12.7% tariff increase next year coupled with fuel price hikes and increased household indebtedness will compete avariciously for the food budget. We will see increasingly protracted and violent wage strikes as workers demand wage increases which reflect the inflationary levels on food and therefore allow them to put food on the table. Community protests will escalate with reasons for going onto the streets and into the supermarkets becoming articulated for what they most certainly will be – food protests. We have a situation whereby nearly a quarter of our children are stunted and half of our entire population is either hungry or at risk of hunger yet we don't see mortuary vans pulling dead bodies out of their homes. People are resisting within the walls of their homes by compromising the foods on their plates yet the tipping point is fast approaching and this resistance will burst out into the public domain. We are on the precipice of a new age of hunger riots and food protests.

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<sup>1</sup> Human Sciences Research Council (2014). South African National Health and Nutrition Examination Survey (SANHANES-1), 2013. 2014 Edition. The Health and Nutritional Status of the Nation. HSRC Press. Cape Town, South Africa.

## Introduction

**"People go hungry today not because hunger is a necessity. It is not as a result of fate. It is not scarcity. It is not a shortage of food; rather it is a shortage of justice" (Clint Le Bruyns, 2013).<sup>2</sup>**

South Africans are net buyers of food. Supermarkets are the main source of food for the majority of South African households. Food availability is not generally a problem. We have enough food. The problem is food price affordability. We do not have enough money to buy the food we need. Food insecurity is therefore not an agricultural problem but an economic one with social and economic affects. Income (wages and social grants) and affordability of prices (of food and other essential goods and services e.g. transport, electricity, household debt, health care and education costs) determines access to food. Access to food determines economic, social, education and health outcomes.

The Pietermaritzburg Agency for Community Social Action [PACSA] tracks the prices of a basket of 32 basic foods from four different retail stores which service the lower-income market in Pietermaritzburg, KwaZulu-Natal. PACSA has been tracking the price of the basket since 2006.<sup>3</sup> The food basket is based on the foods that low-income households having an average households size of 7 said they buy. The food basket is not an indication of a nutritionally complete basket; it is a reflection of what people are buying. The basket serves as an index for food price inflation. The 2014 PACSA Food Price Barometer presents the trends of food price fluctuations of this basket of 32 foods over the period September 2013 to September 2014.

The 2014 PACSA Food Price Barometer shows the impact of food price inflation for poor households. Our report is important because Statistics South Africa's Consumer Price Index, a national measure of inflation, is skewed by South Africa's extreme levels of inequality and therefore tracks the impact of food price inflation on the middle class. The CPI approximates the consumption expenditure of households that spend R12 900 a month which is (at a very minimum) more than triple to quadruple that of a poor household's total income. The CPI food and non-alcoholic beverage weighting is 15.41% of the total CPI basket; yet poor households spend more than a third (33.5%) of their incomes on food,<sup>4</sup> double the CPI-Food weighting. The 2014 PACSA Food Price Barometer tracks food prices from supermarkets which service the lower-income market in Pietermaritzburg; the foods low-income households actually buy and from the supermarkets low-income households buy from. Our barometer includes poor households; and therefore provides insight into how food price inflation affects the approximately 60% of the population excluded by the Consumer Price Index and provides a basis for understanding why social grants and wage levels must increase substantially.

46% of South Africa's population or 23 million people live in poverty as per the latest Statistics South Africa 2011 data. Earning less than R620 per month, nearly half of South Africa's population are unable to provide for their basic needs of food, clothing or shelter. Despite the severity of these statistics, South Africa is making progress in reducing levels of poverty, with 4 million fewer people living in poverty than in 2006 (down from 57% in 2006). The major driver of poverty reduction has not been through government redistribution programmes to address apartheid injustice and inequity or developmental initiatives or economic restructuring but through the extensive social grant programme which now reaches 16.6 million people. This means that whilst social grants are able to reduce levels of poverty; extremely high levels of inequality persist. South Africa's Gini coefficient, amongst the highest in the world, registered 0.69 in 2011, down just 0.01 from the 0.70 in 2009. In 2011 the richest 20% of South Africans accounted for 61% of total national consumption; in comparison, the poorest 20% accounted for just 4.3%.

Unemployment rates remain extremely high with more than a quarter (25.5%) of South Africa's economically active population being unemployed as per official statistics but this figure tracks around 10% higher at the expanded figure implicating that a truer picture of unemployment is presented 1 in 3 people being unemployed. South Africa's economic growth is very low with GDP for the 2<sup>nd</sup> quarter of 2014 at 0.6% with a year on year rate at 1%.

High fuel prices mean that transport costs have increased substantially. Electricity charges, set to increase by a further 12.7% next year, are already beyond the affordability thresholds of most poor households and herald disaster going forward. Household debt levels have escalated to 75% of disposal income with the CEO of Debt Rescue, one of South Africa's largest debt management firms, concerned that indebtedness has reached such dire proportions that the middle class is starting **"to lose their middle class status and become impoverished due to the general increase in**

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<sup>2</sup> Clint Le Bruyns (2013). Pastors' breakfast. Midlands Christian Council (MCC) and PACSA. Pietermaritzburg, 20 September 2013.

<sup>3</sup> See 'A further note on methodology' on the next page.

<sup>4</sup> Statistics South Africa (2014). Poverty Trends in South Africa: An examination of absolute poverty between 2006 and 2011. Published by Statistics South Africa, Pretoria. P55

the cost of living and rising inflation.”<sup>5</sup> Increases on transport, electricity and household debt all collide onto the socio-economic base of extreme inequality, high levels of unemployment and low income levels. The capacity to absorb these shocks and pressures already very eroded, is limited.

For low-income households, food is not the first expense. Non-negotiable payments come before food, payments such as: transport, electricity, burial insurance, household debt repayments, education costs and water. The inflation on these non-negotiables and the level of indebtedness is therefore important. We are seeing that these costs are escalating dramatically and are reducing the amount of monies, already very low, households are able to spend on food. Households are under extreme strain and are therefore increasingly sensitive to price increases.

This year we have seen increasingly violent and protracted wage strikes and community protests. In July 2014, the Minister of Police<sup>6</sup> reported that there had been 13 575 community-related protests over the past year. Of these: 11 668 were conducted peacefully and 1 907 turned violent. 2 522 protestors were arrested. The Minister indicated that a key strategic priority would be to stabilise protests. Many of the community protests not about service delivery are actually about affordability – protests about not being able to afford food. People are protesting because they are hungry. Workers are withholding their labour for much longer periods because their wages are not sufficient to put food on the table. ‘Stabilising protests’ may therefore lie on the plate and not through a baton.

The statistics on hunger and stunting bear this out. The South African National Health and Nutrition Examination Survey (SANHANES-1), 2012<sup>7</sup> identifies that out of our National population 26% of people experience hunger whilst another 28.3% are at risk of hunger. Statistics for KwaZulu-Natal are worse and show that 28.3% of the population experience hunger whilst 34.4% are at risk of hunger. Combined 62.7% of the population in KwaZulu-Natal experience varying degrees of severe food insecurity. The affordability of foods directly impact on health and nutrition. The prevalence of stunting, wasting and underweight for children under 5 years of age was 21.6%, 2.5% and 5.5% respectively; combined they point to almost a 1 out of 3 children who is severely undernourished (HSRC, 2014: 211).

#### **About the report:**

PACSA tracks the impact of food price inflation on poor households. The report presents the results of price fluctuations over the year from September 2013 to September 2014. It analyses where the fluctuations are hitting hardest and the implications of high levels of inflation. It compares CPI data with PACSA food price data to show the real impact of food price inflation on poor households and why wage and social grant increases need to track increases on food prices which accurately capture the food expenditure of low-income households. It provides nutritional analysis on what households are eating given problems of affordability and presents the implications of low-levels of nutritional diversity on health, well-being and productivity. It provides an indication of the economic cost burden of food prices in the context of other non-negotiable and often complementary goods and services to provide an accurate indicator of how what households say they spend on food should not be misconstrued as what households should actually be spending on food. The report provides substantive conversations with women and highlights how food prices are being experienced by poor households; how families are responding and how they perceive the profiteering of supermarkets. A new addition to PACSA’s food basket research is the construction of a nutritionally complete basket – the Ideal Food Basket – which provides insight into what a nutritional meal costs and what households should actually be spending a month on food. Comparisons with social grants and wages, including with our 2014 PACSA Food Basket are really quite extraordinary. We close the report with our theoretical thoughts on food and end with several recommendations for food affordability.

#### **A further note on methodology:**

Since 2005 some of the foods and quantities in the basket have changed. In 2010 PACSA conducted its Household Income and Expenditure Survey with 120 households in 10 areas around Pietermaritzburg. The survey gathered new data on food consumption patterns, brands purchased and incomes. In 2011 PACSA introduced a new list of foods based on these survey results. The foods in the basket are based on what respondents said they buy. It is not a nutritionally complete basket. Food price data is collected from the 20<sup>th</sup> – 23<sup>rd</sup> of each month from 4 retail stores which service the lower-income market in Pietermaritzburg. For the purposes of consistency, we track foods based on brands and use similar quantities (see Appendix 1 for the list of foods and quantities tracked). Food prices shown in this report are an average of the food price fluctuations across the 4 retail stores for each chosen food brand and quantity.

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<sup>5</sup> Neil Roets, CEO of Debt Rescue, cited by SAPA: Repo rate increase will hit consumers hard. July 29 2014 [http://www.iol.co.za/capetimes/repo-rate-increase-will-hit-consumers-hard-1.1727311#.VDaBW\\_0aLml](http://www.iol.co.za/capetimes/repo-rate-increase-will-hit-consumers-hard-1.1727311#.VDaBW_0aLml)

<sup>6</sup> Nhleko N (2014). Speech by the Minister of Police, Mr Nathi Nhleko on the occasion of the Budget Vote, Parliament. July 21, 2014. <http://www.saps.gov.za/newsroom/msspeechdetail.php?nid=5120>

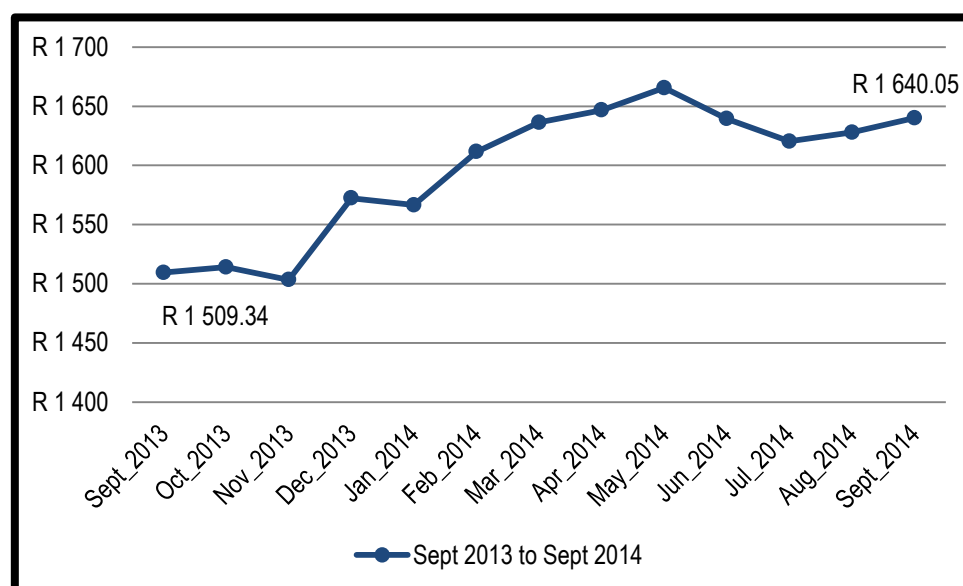
<sup>7</sup> Human Sciences Research Council (2014). South African National Health and Nutrition Examination Survey (SANHANES-1), 2013. 2014 Edition. The Health and Nutritional Status of the Nation. HSRC Press. Cape Town, South Africa.



Enriching the quantitative data in the 2014 PACSA food price barometer, this year PACSA in collaboration with UKZN's Department of Dietetics and Human Nutrition held several discussions on the meaning and implications of PACSA's data for nutrition – the results of which are presented in the report. In addition we held three focus groups with women in Pietermaritzburg on experiences of food prices, responses to high food price inflation and the meaning and power of food. The focus groups were conducted with women in areas around Pietermaritzburg (Mpumaza, Crossing [Imbali] and Hanville) from the 20<sup>th</sup> June to the 22<sup>nd</sup> July 2014. The ages of the women ranged from their late 30s to early 70s. The conversations highlighted very similar experiences and thoughts across Pietermaritzburg communities. This was to triangulate the findings from the PACSA food price barometer but also to source qualitative data to our findings as well as to start a bigger conversation around food in the city. Added to these focus groups we held numerous informal conversations with women on the street, in supermarket aisles, in homes and in a hair salon in downtown Pietermaritzburg. We also took some of our theories into the 'Food Justice Collective' a forum of community based organisations and individuals who are growing vegetables collectively for the purposes of taking back their power from the corporates and starting an economic solidarity movement. Lastly, this report draws on the work of a consulting dietician Philippa Barnard who developed an Ideal Food Basket for PACSA. Discussions held in the conceptualisation and completion of the report added substantial nutritional understanding to the report.

## 1. Overall food inflation on PACSA food basket: September 2013 – September 2014

From September 2013 to September 2014 the cost of the total PACSA Food Basket increased by 8.66% to R1640.05. This is a rand increase of R130.71 on September 2013's food basket of R1509.34. See figure 1 below.



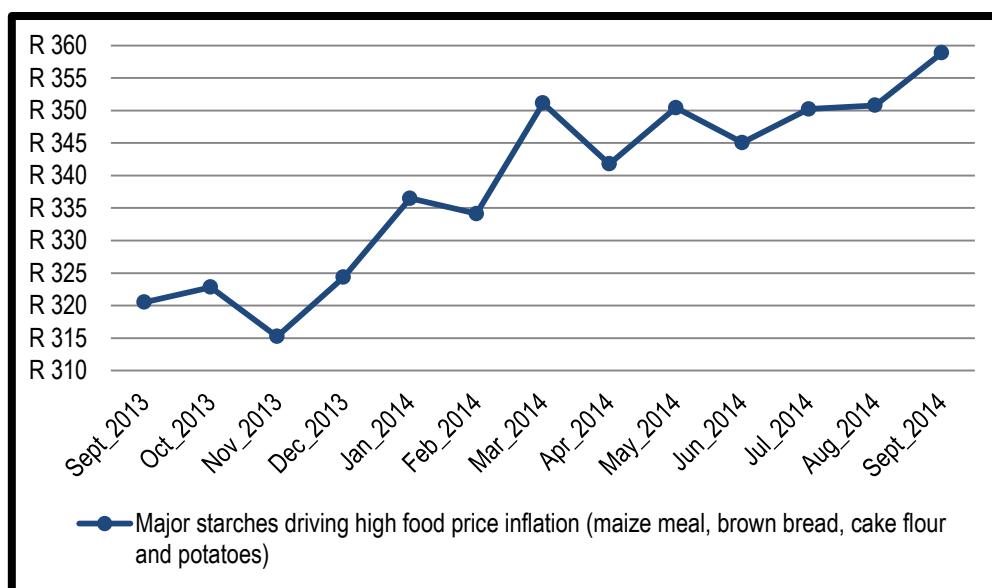
**Figure 1: Price inflation on the 2014 PACSA food basket.**

The core drivers of high levels of inflation on the 2014 PACSA Food Basket were the major starches (specifically maize meal, brown bread, cake flour and potatoes), animal protein (specifically chicken and beef) and fresh vegetables (specifically tomatoes, cabbage and onion). This section looks at these core drivers however it must be noted that there is not necessarily a logical link between prices at the farm gate and prices on supermarket shelves. The actual cost of the food on the supermarket shelf may therefore bear little resemblance to the true cost of the food at the farm gate. What this suggests is that other market and profiteering forces may be at play – forces which may have little to do with producing food for the plate.

The major starches (excluding rice) increased by 11.96% and contributed 21.88% (R358.86) to the total cost of the 2014 PACSA Food Basket (see Figure 2 below). A loaf of brown bread has increased by 8.51% and now retails at an average R9.75 – a full 76 cents more than it did in September 2013. Cake flour increased by 13.88% and a 10kg pocket of potatoes now costs R53.37, an increase of 29.42% on last year's prices. Maize meal increased by 6.98% to R69.83 per 10kg - R4.56 more than a year ago. Maize meal increased by so much per rand value that with rice's deflation of -7.41%; rice per kilogram is actually now marginally cheaper than maize meal – maize meal - South Africa's 'staple' food (R6.87 per kg vs. R6.98 per kg). There is evidence that households are starting to eat more rice because of the price of maize meal but rice is not fortified so switching to rice results in a serious loss of nutrition. The high price on maize meal may mean that government's intervention in 2003 to ensure that many of our major deficiencies through fortifying maize meal and bread with vitamin A, thiamine, riboflavin, niacin, folate, pyridoxine, iron and zinc are dealt with may now become subverted because households are unable to pay for it.

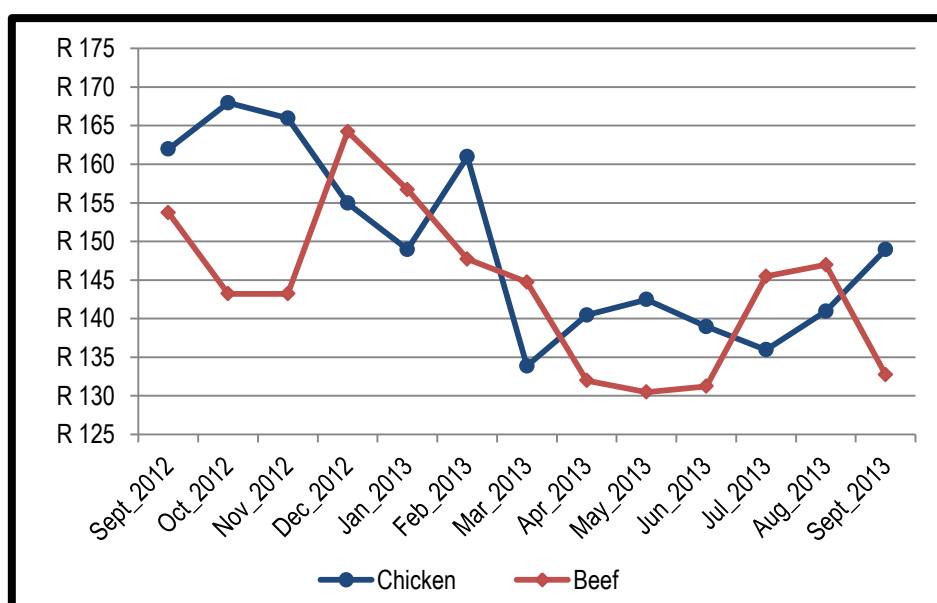
In our 2013 PACSA Food Price Barometer we foregrounded the high levels of inflation on our major starches as a serious concern. This year the trend continues. The price of major starches is significant to watch because they form the basic staple food of the majority of the working class and poor households. It also has a direct impact on dietary diversity because starches are purchased before any other food. This means that any significant price increases on starches means that households have less money to buy meat, vegetables and dairy which leads to serious nutritional deficiencies, as well as impaired growth and development and reduces resistance to diseases.

Households have told us that they buy bread only for their children and only if they can afford it. Potatoes too, an important source of dietary fibre and micronutrients, used as a thickening agent and giving substance to a meal – particularly in the absence of meat – are becoming unaffordable. Households do not buy them as frequently and instead use soups and stocks to thicken and flavour their meals – soups and stocks are made of sugar, salt and fat and do not provide any useful nutrients.

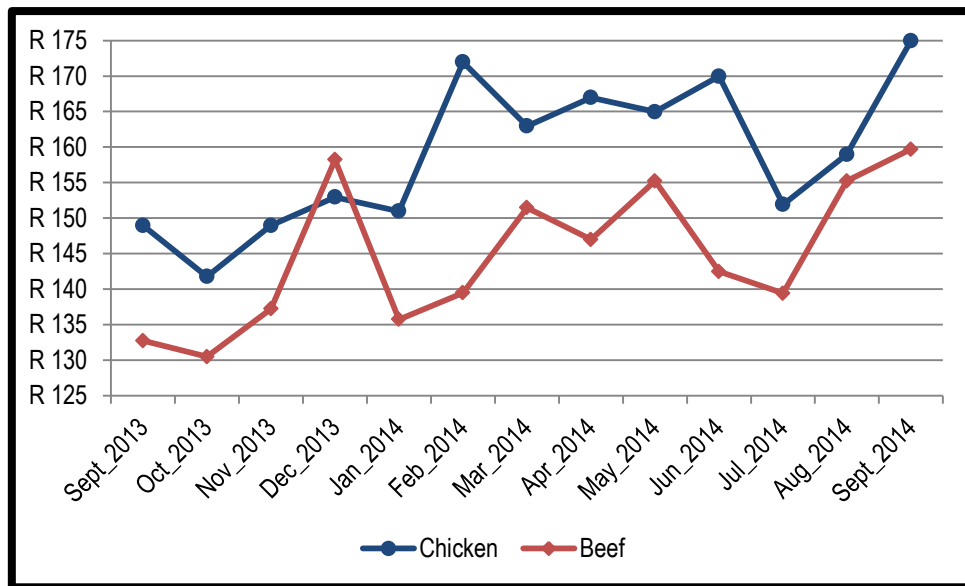


**Figure 2:** The major starches driving high food price inflation in the 2014 PACSA food basket.

Chicken and beef prices increased by 18.81% and contributed 20.40% (R334.65) to the total cost of the 2014 PACSA Food Basket. Chicken increased by R3.25 per kilogram, with a kilogram in September 2014 costing R21.87 (a 17.45% increase). Beef increased by R8.99 per kilogram, with a kilogram in September 2014 costing R53.23 (a 20.32% increase). The high prices we are seeing on chicken and beef for the September 2013 to September 2014 term are a reversal of the deflation seen last year where chicken registered a -8.03% decline and beef a -13.66% decline. See Figures 3 and 4 below:



**Figure 3:** Price inflation on chicken and beef in the 2013 PACSA Food Basket.



**Figure 4: Price inflation on chicken and beef in the 2014 PACSA Food Basket.**

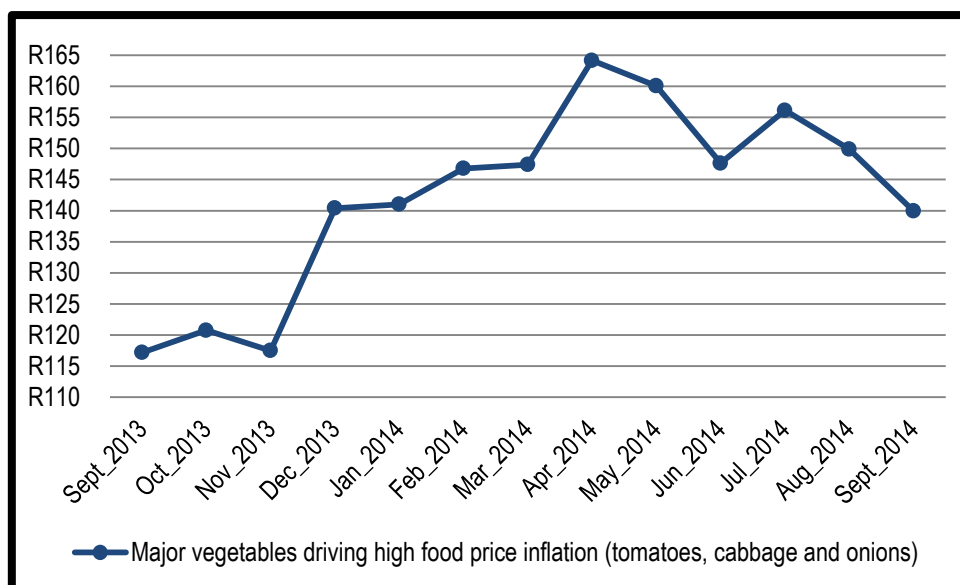
Last year when beef was experiencing significant levels of deflation; households told us that they struggled to afford it. This year, with the beef price having recovered from last year's lows (up 20.32%) - households told us it is no longer on their tables. Because beef has been dropped off the plates of low-income households; the price of chicken is very important as it provides an important source of animal protein. In our conversations with women they told us that they are struggling to afford frozen chicken portions but that they have to buy chicken regardless of the price. Some households are holding out and finding means to pay for frozen chicken portions; others have shifted to cheaper cuts of chicken – heads and feet, necks, chicken backs, gizzards and livers. Cheaper cuts of chicken are typically watery and fatty and very low in protein.

The effect of the anti-dumping tariffs for imported chicken to protect and grow the local poultry industry appears to be emerging. The prices of local frozen chicken may increase much further as the volumes of imported chicken decline. Kevin Lovell the CEO of the South African Poultry Association predicted in July 2014 that **"the cost of chicken products could slightly go up by 10-11%."**<sup>8</sup> The frozen chicken we track for our basket is locally produced; it increased sharply after July 2014. From July 2014 to August 2014 it increased by 4.63% and from August 2014 to September 2014 it increased by another 10.06%. The increases we are seeing in Pietermaritzburg suggest that mark up's at the retail level and the way chicken is marketed in the shops are adding to the rates of increased price inflation on chicken. The local poultry industry will take time to build itself up and meet higher demand if the anti-dumping tariffs work to reduce volumes of imports; and there will certainly be implications for the prices of chicken on the supermarket shelves. It appears however that there needs to be more caution in how the local industry and the retailers deal with the chicken price, given its importance as the core animal protein in the diets of the majority of low-income households.

The vegetables driving high food price inflation on the 2014 PACSA Food Basket are tomatoes, cabbage and onions (see Figure 5 below). Combined they increased by 19.45% but contribute much less to the overall basket at only 8.53% or R139.98. Tomatoes, last year, similarly to chicken and beef, registered a -10.97% deflation; this year they increased by 21.90% with a kilogram costing R12.47. Households told us that they now only buy tomatoes **'when we can get them cheap.'** Cabbage, typically considered an affordable vegetable, increased by 19.25% - with a head of cabbage costing R8.19 in September 2014.<sup>9</sup> Onions increased by 6.16%, with a kilogram now costing 45 cents more. Onions are core to most households' meals, and are increasingly important given the high price of meat and tomatoes and therefore are relatively inelastic – households try and buy onions regardless of price.

<sup>8</sup> SAPA CEO Kevin Lovell cited by Neo Motloung. The double-edged sword of anti-dumping duties. Monday 7 July 2014. <http://www.enca.com/chicken-anti-dumping-duties-creat-jobs>

<sup>9</sup> The price of a head of cabbage at the farm gate is R5 (personal communication with local farmer, 10 October 2014). The price of a bunch of spinach at the farm gate is R2 (it retails in the supermarkets we track at R5.25). There is a big difference between prices at the farm gate and the prices people are charged (and we track) on supermarket shelves.

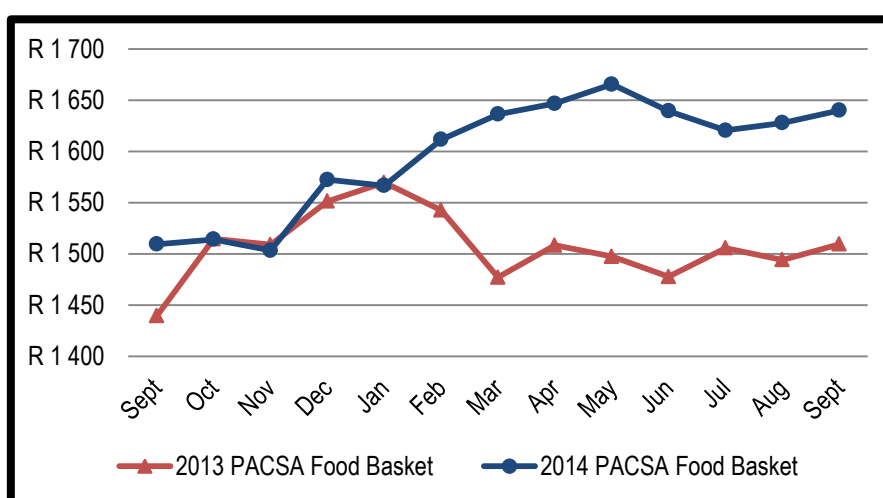


**Figure 5: The major vegetables driving high food price inflation in the 2014 PACSA food basket.**

The cost of the 2014 PACSA food basket is R1640.05. Our basket is an index of food price inflation. We track the prices of foods that women buy and the supermarkets they buy these foods from. It is what women said they buy. If the full old age pension (R1350) – every cent - was spent on our basket then it would only be able to buy 82% of it. It would take 5 child support grants to be able to purchase our basket. The households categorised by STATSSA as being poor<sup>10</sup> and spending only R707.08 a month on food would only be able to afford 43% of the 2014 PACSA food basket. Our food basket is not nutritionally complete and yet poor households are not able to afford it. This suggests a food affordability crisis and resonates with the South African National Health and Nutrition Examination Survey (SANHANES-1), 2012 which identifies that more than half of our population experience hunger or are at risk of hunger and that 1 out of 3 children is severely undernourished (HSRC, 2014: 211).

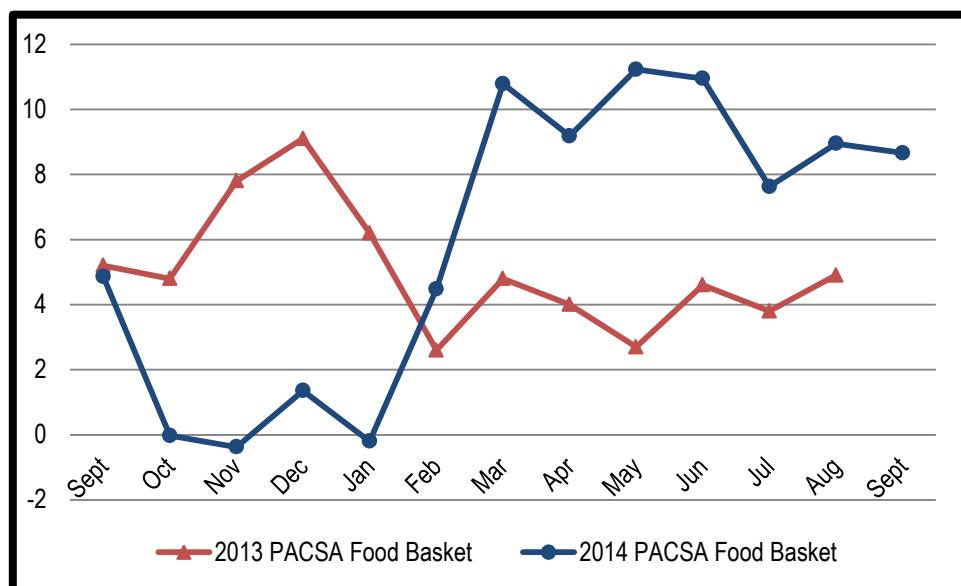
## 2. Food price inflation on the PACSA food basket: month on month

The 2014 PACSA Food Basket recorded its lowest inflation in November 2013 increasing through December 2013 to February 2014 but at a much more marginal rate than that seen in 2012-2013. Prices usually come down after the Christmas highs in February (see Figure 6 and 7 below) but this year we saw that prices continued to rise through February reaching a peak in May 2014 (11.23%). Prices declined off their high in May 2014 through August 2014 but still were at rates much higher than the peak in December 2014, averaging 9.18% for the three months of June 2014-August 2014. The month of September 2014 signalled a return to upward trends which may continue into the Christmas period highs.



**Figure 6: Comparing price inflation on the 2013 Food Basket against the 2014 Food Basket (Rand value).**

<sup>10</sup> Statistics South Africa (2014). Poverty Trends in South Africa: An examination of absolute poverty between 2006 and 2011. Published by Statistics South Africa, Pretoria. P62



**Figure 7: Comparing price inflation on the 2013 Food Basket against the 2014 Food Basket (Index).**

The upward trend from February was as a result of the Rand's depreciation and rising fuel prices. Diesel reached its peak of 1311.95 cents per litre in March 2014, followed by petrol at 1398 cents per litre in April 2014.<sup>11</sup> Both diesel and petrol are core inputs in the food value chain. Variable rains over the last two years have affected the production of South Africa's staple grains and cereals, the North West the hardest hit. Prices of RSA White and Yellow maize on commodity markets reached their peak in March 2014 with White maize at R3560 per tonne and Yellow maize at R3530 per tonne. White maize is for human consumption (maize meal and flour) but maize is also a cheap filler in most processed foods. Yellow maize is used for animal feed so price increases affect the meat, dairy and poultry and egg price. The price of RSA Soya also peaked in March 2014 at R7011 per ton; soya flour is a core component used in bread; but it – like maize – is also a cheap filler in most processed foods and it is also a core component of animal feed. The price of RSA wheat (the core staple in bread) reached a high a month later in April at R3985 per ton however South Africa imports about 50% of its wheat which means that we trade in the US Dollar. The political standoff between Russia and the Ukraine also introduced uncertainty in the market because South Africa imports cereals – mostly wheat from the Ukraine. After the highs in March; all the prices of RSA commodities started coming down decisively from May and are continuing their downward trend. The price of a barrel of crude oil has also started a downward trajectory from July 2014 and has resulted in diesel and petrol price decreases; however it is predicted that fuel prices will again experience sharp increases in the near future. South Africa's growth rate remains weak and the rand continues to be volatile with the exchange rate against the US\$ continuing to put pressure on imports.

High inflation on the 2014 PACSA Food Price Barometer was driven by the core starches, animal products and fresh vegetables. The South African commercial agricultural sector is locked into a highly industrialised corporate model. This model sees the reliance on petrochemical fertilisers, pesticides and herbicides; highly mechanised machinery and implements; a reliance of cheap labour and high levels of debt. Even here however there is not necessarily a logical link between prices at the farm gate and prices on supermarket shelves. The value chain from the seed companies, to the millers, the bakers, the packers and the retailers is highly consolidated. At every step along the chain profits are reaped. The price of grain grown on farms is determined by how much grain other farmers might grow and what the yields might be (across the globe) and this in turn is influenced by the price of grain in commodity and futures markets. Grain is a currency. It is speculated on internationally and it is subject to geo-political forces. The prices on the supermarket shelves are intricately linked to a tortuous system of global capitalism. Food is grown for profits and not for food.

### **3. Food price inflation: the Consumer Price Index (CPI) vs. PACSA Food Basket.**

The Consumer Price Index (CPI) is a measure of average price changes for consumer goods and services. Inflation refers to the overall general upward price movement of goods and services in an economy. South Africa's CPI is used to measure inflation for macroeconomic analysis and monetary policy and is used as the basis for wage negotiations and adjustments to social grants.

<sup>11</sup> Fuel prices are taken off the Department of Energy's website:  
<http://www.energy.gov.za/files/esources/petroleum/October2014/Fuel-Price-History.pdf>

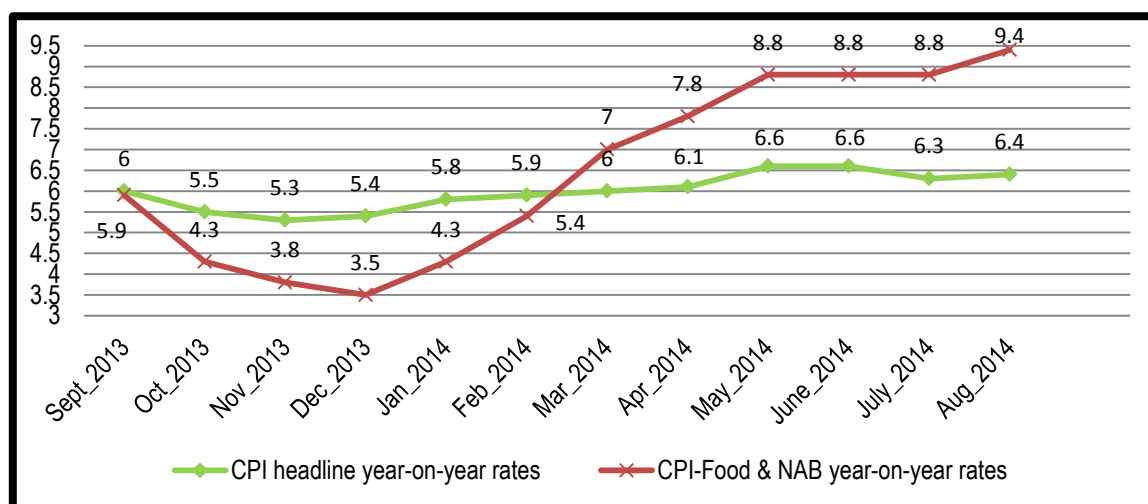
The latest Statistics South Africa's Income and Expenditure Survey 2010/2011<sup>12</sup> found that the annual consumption expenditure for average black African households for the period September 2010 to August 2011 was R55 920 (R4 660 per month); coloured households was R97 965 (R8 164 a month); Indian/Asian households was R198 695 (R16 557.92 a month) and white households was R314 524 (R26 210). The annual average for all race groups was R95 183 (R7 932 per month). 46% of South Africa's population or 23 million people live in poverty as per the latest Statistics South Africa 2011 data. Earning less than R620 per month, nearly half of South Africa's population are unable to provide for their basic needs of food, clothing or shelter.<sup>13</sup> Sixty per cent (60%) of Pietermaritzburg households earn less than R3 200 (16% earn no income; 28% earn between R1-R1 600; and 16% earn between R1 601-R3 200). The CPI is a national measure of inflation compiled by STATSSA. It tracks across a range of incomes and foods and is therefore skewed by South Africa's extreme levels of inequality, implicating that it captures the middle. The weighting in the CPI "approximates the expenditure of households that spend R12 900 a month."<sup>14</sup>

The CPI includes specific categories which are weighted as following for all urban areas (see Table 1):

**Table 1: Category weighting in CPI (August 2014).**

Category	Weighting
Food and non-alcoholic beverages	15.41
Alcoholic beverages and tobacco	5.43
Clothing and footwear	4.07
Housing and utilities	24.52
Household contents and services	4.79
Health	1.46
Transport	16.43
Communication	2.63
Recreation	4.09
Education	2.95
Restaurants and hotels	3.50
Miscellaneous	14.72
<b>Total</b>	<b>100</b>

The Consumer Price Index (CPI), as measured by Statistics South Africa (Stats SA), stood at 6.4% in August 2014. This is a slight decline from its highest recorded rate in five years of 6.6% in May and June 2014. Fuel and food prices are driving inflation levels with the upper end of the target inflation range having been breached. Whilst headline inflation has come marginally down off its May and June 2014 highs; food and non-alcoholic beverages [NAB] continues to climb with the August 2014 rates now at 9.4% (see Figure 8 below).



**Figure 8: Year-on-year headline CPI and CPI-Food from September 2013 to August 2014.**

<sup>12</sup> STATS SA (2012). Income and expenditure of households, 2010/2011. Statistics South Africa. Published by Statistics South Africa. Pretoria, South Africa.

<sup>13</sup> Statistics South Africa (2014). Poverty Trends in South Africa: An examination of absolute poverty between 2006 and 2011. Published by Statistics South Africa, Pretoria.

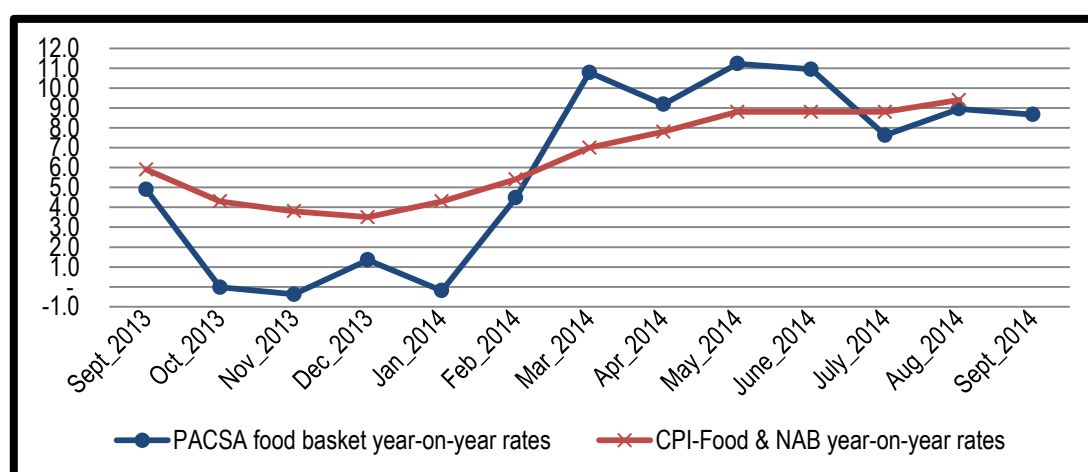
<sup>14</sup> Kelly P (2014). Perceived weakness of CPI is also its strength. Business Day Live. Opinion and Analysis. 21 August 2014. Kelly is executive manager for price statistics at Stats SA.



This means that inflation on food and NAB is higher than headline inflation. This is important to note because working class and poor households spend a much higher proportion of their money on food which means that high levels of inflation on food affect their pockets much more than inflation on other categories making up the CPI. The picture of how high food prices impact on the poor however is much more severe than that presented in the CPI because of the low weighting given to food and NAB (15.41%). Statistics South Africa's report on poverty trends in South Africa released this year and tracking poverty trends between 2006 and 2011 indicated that poor households spend 33.5% of their incomes on food.<sup>15</sup> As PACSA we dispute the methodology on which these figures are derived as they are based on what households are spending only after non-negotiable items have been bought and therefore are underestimated. We will talk to this point later, for now, let us stay with STATSSA's own research based on its own data that shows that poor households allocate 33.5% to food expenses. This figure is double the weighting given to food and NAB in the CPI. This means that the 9.4% inflation on food is weighted on the 15.41% of the CPI-Food and NAB; whereas for poor households the 9.4% (even if we would argue it doesn't accurately capture the foods low-income households buy) is weighted on 33.5% of their food expenditure.

The weighting of the food and NAB data in the CPI suggests that the CPI does not adequately reflect how low-income households – the majority of our people – spend their incomes. Neither does it accurately capture the effect of inflation on poor households. Importantly for us the CPI cannot be used as a basis for wage negotiations and social grants alone. This year we have seen a number of prolonged wage strikes. The media often covers the bosses and financial and economic analysts exasperatingly expounding how strikers demands are preposterous, asking for above level inflation increases. Strikers ask for above inflation level increases, not despite the fact that rand values of wages are criminal in many cases, but because they cannot afford to buy the food their families need because inflation level wages do not keep up with high levels of food price inflation.

The CPI is a national measure of inflation compiled by STATSSA. It tracks across a range of incomes and foods and is therefore skewed by SA's extreme levels of inequality, implicating that it captures the middle. The weighting in the CPI "approximates the expenditure of households that spend R12 900 a month."<sup>16</sup> 46% of South Africa's population or 23 million people live in poverty as per the latest Statistics South Africa 2011 data. Earning less than R620 per month, nearly half of South Africa's population are unable to provide for their basic needs of food, clothing or shelter.<sup>17</sup> Sixty per cent (60%) of Pietermaritzburg households earn less than R3 200 (16% earn no income; 28% earn between R1-R1 600; and 16% earn between R1 601-R3 200). PACSA's food price barometer tracks food prices from supermarkets which service the lower-income market; the foods low-income households actually buy and from the supermarkets low-income households buy from. The PACSA food price barometer therefore better reflects food price inflation for low-income households. Comparing the inflation on the 2014 PACSA food basket with CPI-Food and NAB we see similar inflationary trends (see Figure 9). Both show severe levels of food price inflation from January 2014 onwards. Differences in degree of fluctuations month on month can be explained by the different sampling frameworks used – PACSA only tracks foods from 4 supermarkets in Pietermaritzburg. There are only 32 foods in the PACSA basket. The CPI-Food and NAB tracks over a hundred foods which would act to moderate price spikes. PACSA only tracks foods which poor and working households said they buy; whilst many of the foods tracked by STATSSA would be considered luxury foods.



**Figure 9: Year-on-year PACSA Food Basket compared to CPI-Food and NAB.**

<sup>15</sup> Statistics South Africa (2014). Poverty Trends in South Africa: An examination of absolute poverty between 2006 and 2011. Published by Statistics South Africa, Pretoria. P55

<sup>16</sup> Kelly P (2014). Perceived weakness of CPI is also its strength. Business Day Live. Opinion and Analysis. 21 August 2014. Kelly is executive manager for price statistics at Stats SA.

<sup>17</sup> Statistics South Africa (2014). Poverty Trends in South Africa: An examination of absolute poverty between 2006 and 2011. Published by Statistics South Africa, Pretoria.

Looking at headline CPI and CPI-Food and NAB in comparison with increases on the social grants<sup>18</sup> we see the old age pension increased by 6.3% in April 2014 from R1 270 a month in 2013 to R1 350 in 2014. From April to August 2014 CPI averaged 6.4% and CPI-Food and NAB averaged 8.72% (PACSA's food basket inflation averaged at 9.59% for this same period). We know that a very high proportion of the old age pension is spent on food and we know that the food bought with the grant is eaten by the whole family. National Treasury's social wage increases for the 2014 term were well below the food price inflation (8.72%) tracked through CPI and even further below the 9.59% inflation index of PACSA. The critical importance of old-age pensions in cushioning against and in many cases alleviating poverty, enabling strong and supported families, and providing some semblance of dignity should be protected through ensuring that annual grant increases keep ahead of high levels of food price inflation.

Households relying on the child support grant are similarly short-changed but their situation is even worse given that National Treasury continues to split the annual increases over a 6-month period. For these households they had to make do with a 3.3% increase – a R10 increase on R300 – when CPI-Food and NAB averaged 8.72%. The shortfall will come in October moving the total grant from R310 to R320 – 6.6% but what this means is that for 6 months of every year National Treasury provides deflationary grants to our most vulnerable citizens. The CSG was conceptualised and implemented upon to provide food to infants and children. The CSG is a critical government intervention to safeguard and improve child nutrition, a direct intervention which will go probably further than most others to ensure our education outcomes are good; our health system is robust and that South Africa's social and economic future is bright. The rand value of CSGs should be increased; annual increases should be linked to CPI-Food and NAB (as amended) and allocations should be once-off to ensure that optimal protection is derived against high food inflation.

The weighting of the food and NAB data in the CPI suggests that the CPI does not adequately reflect how low-income households – the majority of our people – spend their incomes. The majority of households do not spend R12 900 a month on service and consumer goods. Neither does it accurately capture the effect of inflation on poor households. The food component of the CPI would have to increase substantially if the CPI is to be seen and used as a credible instrument on which monetary and economic decisions are to be made and as a basis for wage negotiations and social grants. We have to find a way to make the CPI more reflective of the income inequality in our country – one which is more democratic and accurate. We have to find a way to ensure that the working class can afford to buy the food their families need. If we do not; South Africa will continue to see food protests ('service delivery' protests which are not directly about infrastructure access are actually about food) and increasingly protracted and more intensive and violent wage strikes.

#### **4. Pricing trends on PACSA food basket: food categories**

In our conversations with women we learnt that foods are classified and purchasing is prioritised according to food categories. The prices of different food categories in the food basket and their proportion to the total food basket is important to know because households living on low-incomes prioritise their purchases to ensure that the starches are secured before the other food categories. Price increases on starches and the proportion of these starches to the total food basket impacts on the remaining monies available to purchase everything else. Food price inflation on starches therefore not only impacts on whether households are able to get enough energy every day but it also impacts on the monies available to pay for other essential foods required for adequate dietary diversity and therefore nutritional health and well-being.

**"We buy the main things first, maize meal, rice and flour – we prioritise to have the main things in the house; everything else after that we take from there."**  
(Mpumuza, 20 June 2014).

In our conversations with women, it is agreed that typically the process is to buy the big staples first: the maize meal, flour, rice, oil, sugar and salt; after that meats and vegetables; the washing stuffs – powder and bar soap; then the spices and soups and after that the domestic stuffs. Table 2 below shows the proportional contribution of each of the food categories in the 2014 PACSA food basket. As at September 2014 we can see that the greatest share of the food basket is made up of spending on starches (29.38%), followed in ascending order by animal protein (22.12%), dairy and eggs (11.98%), fresh vegetables (9.27%), bean products (8.11%), fats and oil (6.84%), coffee and tea (5%), salts, soup and spices (4.72%) and sugar (2.59%).

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<sup>18</sup> 2013 Budget Speech. Minister of Finance Pravin Gordhan. 27 February 2013. National Treasury, Pretoria, South Africa. P16-17.



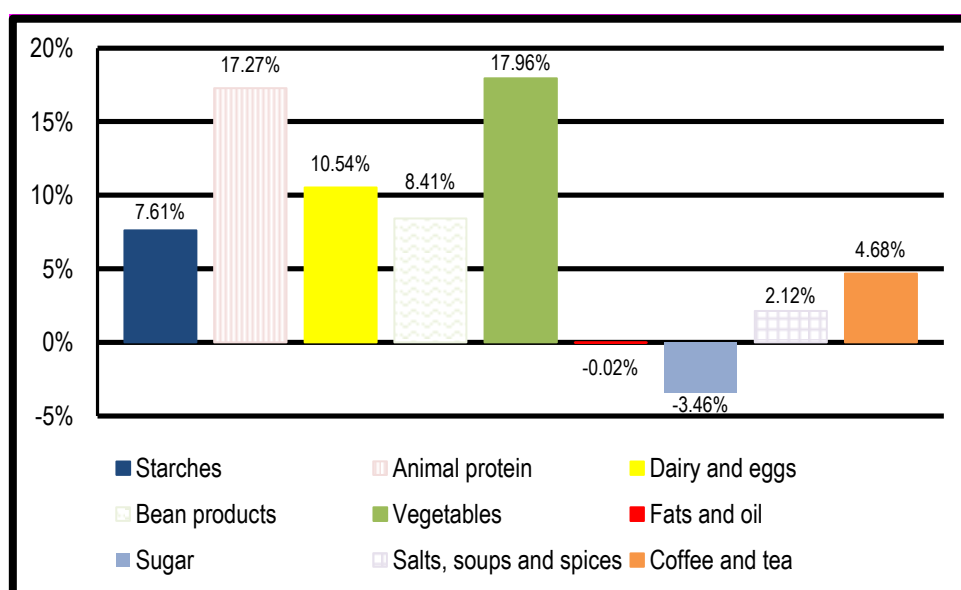
**Table 2: Food category contributions to 2014 PACSA food basket.**

Food categories	Proportion of category in 2014 total food basket (R)	Proportion of category in 2014 total food basket (%)
Starches	R 481.78	29.38%
Animal protein	R 362.86	22.12%
Dairy and eggs	R 196.40	11.98%
Fresh vegetables	R 151.99	9.27%
Bean products	R 133.03	8.11%
Fats and oil	R 112.18	6.84%
Coffee and tea	R 81.97	5.00%
Salts, soup and spices	R 77.37	4.72%
Sugar	R 42.48	2.59%
<b>Total</b>	<b>R 1 640.05</b>	<b>100.00%</b>

Starches (e.g. maize meal, rice, flour, bread, potatoes) in the 2014 PACSA food basket constitute the highest proportional expense, making up nearly 30% of the basket. Starches, together with sugar, oil and salt form the staple diet of the majority of the working class poor. Because these staples with animal protein constitute over 50% of the total food basket; any significant inflationary increase on food prices in these specific categories will have a massive impact on poor households. In addition, because of the way households prioritise the purchasing of starches and animal proteins before everything else, high price inflation on these two categories directly impacts on nutritional diversity and overall health and well-being.

Food price inflation on starches in our 2014 PACSA Food Price Barometer was 7.61%. This is significant inflationary pressure and is above overall headline inflation (CPI) and the social grant increases (3.3% to 7.1%) for the 2014 term. **It means that for the majority of poor households grant and wage increases are not keeping up with the inflation on starches which form the staple diet of the majority of our people.**

High food price inflation on starches (the food group that is prioritised before any other) means that there is less money for everything else. Because there is less money, the prices of the major foods for 'everything else' become even more important. The major foods next in the prioritisation list increased substantially (see Figure 10 below). Animal protein increased by 17.27%, fresh vegetables by 17.96%; dairy and eggs by 10.54%; and bean products by 8.41%. Lower increases were recorded on coffee and tea (4.68%) and salts, soups and spices (2.12%); with fats and oils declining by -0.02% and brown sugar by -3.46%. The lower increases on salt, oil and sugar are important as all three are core to the cooking process and making food palatable but they lose their value in the absence of maize meal, meat or vegetables.



**Figure 10: Inflation per food category from September 2013 to September 2014.**

The inflation per food category provides an indication of overall pressures on households to secure a diverse meal but the inflation on the individual foods tells us what is on the plate. If, for example only a few foods within the category are driving inflation; then households may be in a better position as they can 'choose' alternative substitutes within the category. If however all or most of the foods within the category are experiencing high levels of inflation; then households may not be able to secure a diverse diet as they may drop that particular category entirely off their plates or eat very little of those foods. In the cases such as maize meal and salt, sugar and oil, these foods are not readily substitutable - they being an absolutely core staple. Price inflation on these particular foods is likely to result in great difficulties in not being able to prepare even the most basic of meals and may result in severe hunger and wretchedness. Households would therefore make enormous compromises to at least secure these foods.

As a woman in Mpumzu commented, "There are certain foods that we must buy regardless if the price goes up. It doesn't matter if we cannot afford it. We simply must buy it. We will do everything we can. Everything. At least we must be able to feed our families something" (Mpumzu, 20 June 2014).

## 5. Pricing trends on PACSA food basket: individual foods in each food category

Taking a closer look at the price inflation on individual foods within the food categories the findings are stark (see Table 3 over page). More than half of the foods (18) out of 32 foods in the 2014 PACSA food basket increased by more than 6%. What we are seeing thus is a continuation of significant increases on core staples over a period of several years. What is becoming evident and deeply concerning is that in many categories high food price inflation is putting severe pressures on a very limited quantity of category substitutes as other foods in the category have far exceeded affordability thresholds. In the starches category we see increased pressure on maize meal and bread and in the animal products category we see increased pressure on chicken. The dairy products category (limited to milk and maas) we see that this whole category has fallen off the table; a similar trajectory may start appearing in the bean products category where beans (sugar beans and baked beans) are no longer affordable. The vegetable category sees onions, spinach and carrots the only affordable vegetables, with high food prices on tomatoes and cabbage meaning that these two foods are regularly left off the plate. The situation above means that the prices on certain staple foods becomes extremely significant. Any significant increases on these foods – particularly maize meal, flour, chicken, onion, oil, salt and sugar may result in severe levels of hunger and therefore people moving out of their households and onto the streets.

Five out of the seven foods making up the **starches category** increased by more than 6% (potatoes, cake flour, brown bread, maize meal and pasta all increased with samp and rice experiencing negative inflation). The highest percentage increase out of all the foods making up the food basket was in the starches category and this was potatoes which increased by 29.42%. Cake flour increased by 13.88%, brown bread by 8.51%, pasta by 8.16% and maize meal the basic staple starch, increased by 6.98%. Maize meal increased so much that it's Rand per kilogram value is now slightly more expensive than rice – traditionally a luxury starch – at R6.98 per kg vs R6.87 per kg. There is evidence that households are starting to eat more rice because of the price of maize meal however households say that rice does not fill them up like maize meal does, rice is not as versatile as maize meal is and rice is not fortified so switching to rice results in a serious loss of nutrition.

The high food price inflation on both cake flour and brown bread is a further concern. Brown bread like maize meal is fortified – cake flour is not. In our conversations with women, we were told that families do not buy brown bread as often and if they do it is mostly children that are provided it. Instead women say they make more amagwinya and ujeqe. However with the price of both bread and cake flour both increasing, making your own bread as a substitute for purchased bread is becoming increasingly difficult. Bread is an important energy food, being fortified it further offers nutritional benefits and also provides variety to maize meal. Purchased bread further provides a release on the burden of cooking at least some meals. The high food price inflation we are seeing on bread therefore has significant implications for households – on their pockets, on nutrition, and on their time. It is something that is acutely felt. Because the price of the major foods in the starch category are increasing so significantly, and because even potential substitutes (bread for maize meal as an example) are similarly increasing – the price of maize meal is crucially important.

The high price inflation on potatoes is another important trend. Last year potatoes increased by 51.40%. This year they increased by a further 29.42%. Potatoes play an important role in providing energy, they provide an important 'substitute for meat' but they also provide substance (thickening) to meals. The absence or reduced consumption of potatoes thus is noticed in the homes of the working class poor.

**Table 3: Food price inflation in the 2014 PACSA food basket compared with the 2013 PACSA food basket.**

Foods	Quantity	2014 Food Basket		2013 Food Basket	
		Food price inflation (R)	Food price inflation (%)	Food price inflation (R)	Food price inflation (%)
Potatoes	10kg	R 12.13	29.42%	R 14.00	51.40%
Canned beans	3 cans	R 4.44	23.24%	R 1.13	6.30%
Tomatoes	8kg	R 17.92	21.90%	R -10.08	-10.97%
Fresh Milk	2L	R 4.54	21.64%	R 2.32	12.42%
Beef	3kg	R 26.97	20.32%	R -21.00	-13.66%
Cabbage	3 pieces	R 3.97	19.25%	R 1.89	10.10%
Cremora	1kg	R 5.25	17.65%	R 0.75	2.59%
Chicken	8kg	R 26.00	17.45%	R -13.00	-8.03%
Cake Flour	10kg	R 10.20	13.88%	R 5.75	8.49%
Tea Bags	250g	R 1.66	12.03%	R 1.13	8.88%
Maas	2L	R 2.27	9.54%	R 1.99	9.15%
Soup	400g	R 1.25	9.46%	R 0.30	2.32%
Brown bread	12 Loaves	R 9.18	8.51%	R 11.10	11.47%
Macaroni (pasta)	1kg	R 1.51	8.16%	R 0.75	4.23%
Curry Powder	200g	R 1.29	7.07%	R 0.63	3.55%
Maize meal	15kg	R 6.83	6.98%	R 5.18	5.58%
Eggs	42 eggs	R 3.23	6.39%	R -0.50	-0.98%
Onions	2kg	R 0.91	6.16%	R 0.75	5.36%
Sugar Beans	5kg	R 5.88	5.67%	R -0.87	-0.84%
Coffee	750g	R 2.00	3.10%	R 9.50	17.28%
Carrots	1kg	R 0.16	2.34%	R 0.63	10.43%
Canned fish	2 cans	R 0.48	1.73%	R 4.75	20.67%
Stock knorrox	240g	R 0.07	0.44%	R 0.55	3.90%
Cooking Oil	4L	R -0.54	-0.82%	R 4.74	7.80%
Samp	5kg	R -0.30	-0.87%	R 1.67	5.36%
Salt	500g	R -0.13	-1.12%	R -2.54	-18.61%
Brown sugar	4kg	R -1.52	-3.46%	R 6.28	16.63%
Cheese	1 kg	R -3.99	-4.19%	R 24.97	35.56%
Yeast	70g	R -0.88	-4.73%	R 0.35	1.93%
Rice	10kg	R -5.50	-7.41%	R 12.50	20.25%
Margarine	500g	R -4.74	-27.90%	R -0.76	-4.28%

The price inflation on the **animal product category** which in our basket includes 8kg of frozen mixed chicken portions, 3kg of stewing beef or chuck, and 2 tins of pilchards was 17.27%. The highest price inflation was on beef which increased by 20.32% and closely followed by chicken which increased by 17.45%. Tinned pilchards increased by a marginal 1.73% but this is on the back of a 20.67% last year. The high food price inflation in the animal product category, as we started noticing last year, is already resulting in changed diets with potential serious nutritional consequences. Households have switched decisively from beef to chicken and pilchards are eaten rarely. The switch from beef is not surprising because last year even though the beef price had deflated by -13.66%, households had stopped buying it which again reinforces our findings from last year that beef prices have exceeded the capacity of households to afford it. What is becoming alarming however is that last year households told us they were struggling to afford frozen chicken portions and this year it appears the situation is becoming entrenched. In our conversations with women, they told us that they are losing the struggle to afford chicken and are now much more regularly choosing cheaper cuts, including heads and feet, necks, gizzards and chicken backs. We may start seeing an emerging crisis of lowering protein levels in the diets of poor households as the cheaper cuts chosen tend to be very low in protein, are watery and fatty. Again similarly to the trend in the starches, this means that the price and the quality of chicken becomes extremely important because households must be able to afford some form of animal protein and because consumption may be reduced, the quality of the chicken regardless of its delivery must be adequate to provide the nutrition required.

The highest inflation rate per category was found in the **vegetable category** which increased by 17.96%. The price increases were driven by tomatoes which increased by 21.90% and cabbage which increased by 19.25%. Onions increased by 6.16% and spinach and carrots increased by a marginal 3.71% and 2.34% respectively. Households have

responding to the higher price on tomatoes by “only buying them when they are cheap.” Tomatoes are good sources of vitamin C assisting in the absorption of iron when consumed with iron-rich foods and are high in the antioxidant lycopene which may prevent prostate cancer. Cabbages, not only a common vegetable on plates, is cooked with potatoes as a meat ‘substitute.’ Given the substantial price inflation on meat; the high price on cabbage is limiting this option and as we indicated earlier potatoes experienced the highest price inflation of all foods in the 2014 PACSA food basket. Cabbage does not contain any real significant nutritional value however it is considered an important traditional food and similarly its absence is noted on plates particularly because it was always an affordable vegetable. In our conversations with women, we learnt that the variety and quantity of vegetables on family plates has decreased over the last year. Onions and carrots remain an important additive to stews, and are bought consistently. Spinach mostly purchased from street vendors and not in supermarkets remains an important source of green vegetable.

The **dairy and eggs category** increased by 10.54%. The dairy part of the category presents a serious crisis of affordability, with dairy dropping out of the trolleys of poor households. Last year we noted that cheese was not purchased at all. This year cheese experience deflation of -4.19%. Despite its decrease in price and providing an excellent source of calcium, households told us they stopped buying it last year and that despite it not having increased cheese is still not being bought. Going forward we will remove it from our 2015 basket. The only other two dairy products in our basket are milk which increased by a substantial 21.64% and maas by 9.54%. In our conversations with women, they told us they no longer buy maas and they have switched milk for the non-dairy product Cremora. This category thus has been completely dropped out of the trolley. Low-income households can no longer afford dairy products. These findings are supported by the South African Milk Processors’ Organisation (SAMPRO), which indicate that consumer demand for fresh milk declined by -3.4% from June 2013 to June 2014 whilst the price of fresh milk increased by 9.1% in the same period and the competition of non-milk substitutes also was fierce.<sup>19</sup>

“Also the consumer market consists of different segments in terms of criteria such as income. For some market segments any particular product (such as milk) can be a necessity which is used daily but for other (typical lower income segments), the dairy product concerned can be a “treat” or “luxury” which is used in lesser quantities or with lower frequency. If the price of the dairy product concerned increases, some of the consumers in the last mentioned segment will simply reduce or halt their consumption of the product and the same will happen if the income of the consumers concerned decreases” (South African Milk Processors’ Organisation, 2014: 89).

Serious deficiencies in calcium uptake may constitute a health crisis going forward. Dairy products are a good source of protein and micronutrients, especially Vitamin A and calcium. Calcium is needed for strong bones and teeth but it is also protects against hypertension, heart disease and inflammation associated with overweight and obesity. Although all the mechanisms are not fully understood, there is evidence to support the role of calcium and vitamin D in bone health, especially in children (Vorster, Wenhold, Wright, Wentzel-Viljoen, Venter & Vermaak, 2013).<sup>20</sup> An important calcium food in the form of tinned pilchards, which provides an important source of protein, oils and especially calcium, as we indicated previously, is becoming expensive and is no longer consumed as frequently or at all.

**Eggs** increased by 6.39% with a single egg now averaging at R1.28. The 6.39% increase is significant taken that price inflation of eggs for the 2013 term was -0.98%. Eggs are considered a cost effective alternative source of animal protein and micronutrients. Substantial increases on animal protein means that eggs as an alternative substitute grow in importance but because of the increases now may remove the substitutable option and therefore leave people more vulnerable to protein deficiencies.

In the **fats and oil category** we see significant decreases in margarine (-27.90%) and more marginal deflation on cooking oil (-0.82%). Margarine continued its typical deflationary trend having also decreased last year by -4.28%. Margarine a peculiar product whereby its main seed oils can be swapped out for the cheapest oils<sup>21</sup> remains a very cheap fat. It appears that the price decrease may also be influenced by the fact that low-income households in Pietermaritzburg are not buying bread in the quantities of previous years, with – as indicated above – some households not buying it at all and instead eating more maize meal. An interesting ‘food’ in the fats and oil category is Cremora, so-called powdered ‘milk.’ Cremora

<sup>19</sup> Key Market Signals for the Dairy Industry, August 2014. South African Milk Processors’ Organisation (SAMPRO). No 5, 8 September: 85-89.

<sup>20</sup> Vorster H, Wenhold F, Wright H, Wentzel-Viljoen E, Venter C, Vermaak M (2013). Have milk, maas or yoghurt every day: A food-based dietary guideline for South Africa. *S Afr Clin Nutr* 26(3)(Suppl).

<sup>21</sup> Vegetable oils: sunflower seed or rapeseed or linseed or soya bean oil and hydrogenated fats: palm or palm kernel or coconut. A typical margarine tub also contains around 49% of water.

increased by 17.65%. Despite this substantial increase, households have switched decisively to using it because fresh milk climbed by an even higher 21.64%. Cremora is mostly used in tea and coffee although it is also added to other types of meals. Because of cremora's form it appears easier to regulate its usage and coupled with its characteristics of not being a dairy product and therefore not requiring refrigeration, it offers a more affordable alternative to milk even though it is not milk at all. Cremora holds an interesting position within the food basket. Because all the other 'dairy "substitutes"' are no longer affordable; it moves cremora to be a 'food' which must be bought regardless of price. High price inflation on cremora thus is very significant.

The deflation on cooking oil is important because not only is it an essential cooking agent but because oil provides energy dense nutrients and is essential for energy and optimal brain functioning. The commodity price of RSA Sunflower Oil declined by -22.66% year-on-year (Department of Forestry and Fisheries, Weekly Price Watch data) whilst our 2014 PACSA Food Price data registers a much smaller -0.87% decline in price. The first week of September sees commodity prices of RSA Sunflower Oil at its lowest for the past 12 months, although the prices have starting edging up again in October.

The **bean products category** which includes sugar beans and 3 cans of baked beans increased by 8.41%. The high inflation was driven not by the sugar beans – the core product in a can of baked beans but the canned baked beans. Sugar beans increased by 5.67% and baked beans by more than four times as much: 23.24%. In 2012 sugar beans increased by 142%, last year they did not go up any further, experiencing a -0.84% drop but this year they moved up by 5.67%. Women were telling us last year that they were simply not affordable but when taken together with the increasing costs of electricity; their consumption had drastically declined. Last year baked beans experienced a 6.3% increase, which although high still provided within them an affordable protein alternative, not as good as red meat, but still offering good nutrition and ensuring that beans were still accessible. Tinned baked beans are a convenient source of dietary fibre and protein. They can be added to meals as a meat extender or replace meat for a vegetarian meal option. Baked beans require no cooking and therefore save on cooking time and electricity costs. The 23.24% increase this year means that even baked beans may no longer be affordable meaning that the entire bean product category – like the dairy product category – may be off the plate.

The **salts, soup and spices category** increased by a very marginal 2.12%. In this category, the highest inflation was on soup which increased by 9.46% and curry powder which increased by 7.07%. Stock increased by a very marginal 0.44%, with salt deflating by -1.12% and yeast by -4.73%. Most of these foods are additives but not particularly useful if the foods they 'enhance' are unaffordable. When we look at the monthly fluctuations on these products however we see that many of them spike. This suggests that they are often foods which retailers 'play with' to try and ensure their customers actually come back the following month to buy again. Soups and stocks are also flogged when the prices of meat go awry, a trick that poor households apparently willingly conspire with in to ensure an illusion of meat in their stews.

The **coffee and tea category** increased by a modest 4.68%. Tea was the major driver here increasing by a high 12.03% and coffee a very modest 3.10%. Tea increased on last year's 8.88% whilst coffee declined off its high of 17.28%. Hot beverages of tea or coffee are an important every day drink. They provide a solace of normality but they also accompany meals and are therefore important. The sweetener in the deal is **brown sugar** which experience deflation of -3.46%; this reduction of price inflation must be seen off very high increases from the past period, whereby sugar stood at 16.63%.

## 6. Food price spikes and consistently unpredictable fluctuations

In our conversations with women, women were indicating that the prices of most foods changed, some quite substantially, month-to-month. This year women identified that oil, rice, margarine and chicken was spiking. The 2014 PACSA Food Basket presents most of its data based on the difference in price between September 2013 and September 2014. It does not highlight the difference in prices across the month for individual foods generally in the report. This means that it is difficult to see what actually happens between months in the year. This section looks at specific variations in food prices across the year to better identify a true picture of food price spikes and their influence on increasing the affordability burden on households where these foods must be bought regardless of price. An additional aspect we wish to foreground is that it is extremely difficult to budget when you cannot actually predict all of the movements within the basket; and when the budget has a ceiling it has implications for what foods actually get into the trolley at the end of each month, from what food categories they cover, and in what volumes.

Table 4 below presents price fluctuations in a sample of foods in the 2014 PACSA Food Basket. Take note of the difference between 'Sparklines A' and 'Sparklines B.' Sparklines A presents an overall picture of whether the food increased or not whereas Sparklines B shows the variations in prices across the months. As indicated previously, women identified that oil, rice, margarine and chicken was spiking. Table 4 confirms this. Margarine, whose annual inflation was -27.90% shows that the price fluctuations between its lowest price and highest price stood at 34.14%. Cooking oil, whose annual inflation was -0.82% fluctuated by 12.97%; rice whose annual inflation was -7.41% fluctuated by 14.25% and chicken, whose annual inflation was 17.45% fluctuated by 23.42%.

**Table 4: Price fluctuations on foods within the 2014 PACSA food basket from September 2013 to September 2014.**

Foods	Quantity	Sept_2013	Sept_2014	Price fluctuation Sept_2013 & Sept_2014 (R)	Price fluctuation Sept_2013 & Sept_2014 (%)	Sparklines (A)	Price fluctuation between highest & lowest price from Sept_2013 to Sept_2014 (R)	Price fluctuation between highest & lowest price from Sept_2013 to Sept_2014 (%)	Sparklines (B)
Tomatoes	8kg	R 81.84	R 99.76	R 17.92	21.90%		R 38.04	47.60%	
Onions	2kg	R 14.73	R 15.64	R 0.91	6.16%		R 5.76	39.09%	
Cabbage	3 pieces	R 20.61	R 24.58	R 3.97	19.25%		R 7.86	38.14%	
Margarine	500g	R 16.98	R 12.24	R -4.74	-27.90%		R 4.55	34.14%	
Stock	240g	R 14.67	R 14.73	R 0.07	0.44%		R 3.25	25.51%	
Cake Flour	10kg	R 73.49	R 83.69	R 10.20	13.88%		R 16.95	25.40%	
Chicken	8kg	R 148.96	R 174.96	R 26.00	17.45%		R 33.20	23.42%	
Beef	3kg	R 132.72	R 159.69	R 26.97	20.32%		R 29.22	22.40%	
Soup	400g	R 13.24	R 14.49	R 1.25	9.46%		R 2.43	20.12%	
Eggs	42 eggs	R 50.48	R 53.70	R 3.23	6.39%		R 9.28	18.38%	
Sugar Beans	5kg	R 103.62	R 109.49	R 5.88	5.67%		R 17.48	16.87%	
Cooking Oil	4L	R 65.48	R 64.94	R -0.54	-0.82%		R 8.42	12.97%	
Rice	10kg	R 74.24	R 68.74	R -5.50	-7.41%		R 9.26	14.25%	

Onions, which we noted previously in the report as playing an important role in most household meals and typically considered an affordable vegetable spiked by 39.09% across the months in comparison to its year on year price inflation of 6.16%. Eggs, which we highlighted as a typical affordable protein substitute and a complete nutritional meal fluctuated by 18.38%. Sugar beans, which despite more moderate annual price inflation, fluctuated by 16.87% between months. Cake flour, an increasingly important food because of the high increases in bread and which saw annual inflation a high 13.88%, actually fluctuated by more than 25% across months.

If we look at stock and soup our comments in section 5 regarding how their prices are manipulated by the retailers in relation to price increases on beef and chicken, we can see that although stock experienced an annual inflation of 0.44%; the monthly fluctuations meant that the price of stock could increase by as high as 25% month to month. The trends on soup were similar, fluctuating by as much as one-fifth of its value.

It is important to note that there should be fluctuations in certain foods and some of them spike naturally for example specific seasonal vegetables (for example potatoes, spinach, tomatoes and cabbage) and beef and dairy in winter. However there should also be foods where the prices are reasonably stable because of the way staple foods are stock piled (white and yellow maize, wheat and oil) or the way the food is produced (for example chicken and eggs) and therefore price fluctuations should be fairly marginal. Unless something dramatic happens therefore, we should not be seeing such extreme fluctuations in price from month to month. What these substantial fluctuations suggest therefore is that there is something that happens between the prices of foods at the farm gate and the price of foods which end up on our supermarket shelves. It suggests that something bigger is at play and that thing is not about ensuring that people have enough food to eat but that corporates across the agricultural sector (from seed and fertilizer companies, to big commercial farmers, to millers, to packers to retailers), the commodity markets, giant food companies, big bankers and international speculators are playing a bit of a nasty game with us.

In our conversations with women they told us that they get really angry when foods spike. The anger stems from an increasing irritation and impatience with the pervasive rapaciousness of big men who hurt people through their seemingly endless quests for profit accumulation. But the anger is felt most acutely when women are unable to provide their families with a plate of food. Poor households cannot simply respond to unpredictable food price spikes by absorbing the extra costs. They respond by changing what and how they eat. Either a cheaper brand of food is bought (and typically poorer quality); and/or less of the food is bought; or a food category substitute is bought; or a different food category is bought or the food is simply dropped off the table with no substitute. Household responses to food price spikes typically result in negative implications as the quality of the food deteriorates, families do not eat sufficient food and dietary diversity is threatened – all of which threaten health and well-being.

## 7. What women are saying about food prices

*"We have changed the size of our pots. We have switched from bigger pots to smaller pots. Food in the smaller pots looks more"* (Hanville, 22 July 2014).

When we asked women who participated in our focus groups about which foods they put into their trolleys each month, we noticed that the responses included not just the foods purchased but also the prices of each food. Some women could even tell us how much the foods cost in the different supermarkets, which supermarket was cheaper for which food and which

supermarket was having a sale on a particular food. The cost of food was something women knew - very well. They responded to food price increases. All women we spoke to said that food prices are becoming more unaffordable. They said that families are struggling to cope with the increases and that this is not an isolated phenomenon but becoming increasingly widespread. They also highlighted the costs of electricity and transport which they said were exacerbating the food affordability crisis they were facing.

In our focus group discussions, we asked the question "what foods have you noticed are becoming more expensive?" The first responses to this question were not particularly useful as they included:

"Everything!" (Crossing, Imbali, 17 July 2014).

"Ayi, everything has gone up. Really everything" (Haniville, 22 July 2014).

Okay, everything has gone up – "Which foods have gone up more than others?"

"Chicken pieces, maize meal, beef, potatoes, bread, fresh milk and cremora. Rice is okay. And they're becoming clever with the cremora, now they open up the box – the box has 2 packets, now they selling the packets out of the box, one by one" (Crossing, Imbali, 17 July 2014).

"Look we can't talk about high food prices without talking about transport and electricity - it is killing us" (Crossing, Imbali, 17 July 2014).

Our focus groups in Haniville and Mpumuza resonated with what the women in Crossing had identified. Red meat had gone up, chicken portions, maize meal and beans were identified as having both gone up very much, fresh milk was 'too expensive' and cremora had gone up, 'Raja' (curry powder) had also gone up. Potatoes were very expensive and tomatoes were only bought if very cheap. Oil, rice, margarine and chicken spiked.

The foods women identified as becoming unaffordable were consistent with the foods which had experienced high price inflation in the 2014 PACSA food basket. Potatoes increased 29.42% year-on-year, tomatoes by 21.90%, Canned beans by 23.24%, beef increased by 20.32% and chicken by 17.45%; fresh milk had increased by 21.64%; brown bread went up by 8.51% and maize meal by 6.98%.

In our discussions with women, we were able to paint a picture of what we were seeing. Red meat as we saw last year was already falling out of the trollies but what makes this year different is that last year the beef price had dropped -13.66%, whereas this year the beef price climbed by 20.32%. Beef is extremely infrequently bought. If bought just very small amounts of stewing beef, wors, tripe, ox liver and kidneys are purchased. Beef bones are bought as they are cheaper. Mutton is cheaper than beef, and is bought but also extremely infrequently.

"We don't buy beef. Beef is too expensive" (Mpumuza, 20 June 2014).

"We really don't buy beef a lot or at all. Beef is too expensive. We buy more beef offal and we sometimes buy wors if we can find it cheap. It sometimes happens though where we just have to have it but even in that case it is too expensive now for all of us to have a good portion of beef on the plate like in the past, if we do get it then it is really only as a flavour – there is no more of everyone having a piece on their plates. The truth is that most of us here only really have red meat at traditional ceremonies now" (Crossing, Imbali, 17 July 2014).

With the price of beef having increased beyond the affordability thresholds of many poor households, and the price of chicken too having grown by 17.45% off its low of -8.03% last year, households were struggling:

"We don't buy the red (meat) it is too expensive; we buy chicken portions" (Haniville, 22 July 2014).

"Chicken is also expensive but we must have it" (Haniville, 22 July 2014).

"Chicken portions are too expensive; we buy chicken feet and heads" (Haniville, 22 July 2014).

"It is true, we eat more chicken but some of us eat a lot more chicken feet 'cause even chicken portions are too expensive" (Crossing, Imbali, 17 July 2014).

Women were telling us that they were eating chicken instead of beef, but they were also telling us that chicken was expensive and so were forced to choose cheaper cuts or buy cheaper and poorer quality chicken pieces. The quality of the chicken worried them and they knew that often the cuts that they bought, including chicken heads and feet, necks, gizzards and livers, seemed fatty and watery and they worried that the chicken that they were eating was not good meat. Exploring this further and looking at other types of white meat, the women told me that:

"Look if turkey is cheaper (than chicken); we buy the tray. There is no picking and choosing. We buy the cheapest meat" (Mpumuza, 20 June 2014).

What is clear from the discussions is that the quantity and quality of animal protein is poor and this is a direct result of food price increases. Cheaper protein sources may contribute fewer beneficial micronutrients. Cheaper cuts of meat may require a longer cooking time and may be higher in fat which can also have negative health implications. It was also clear that a protein alternative, not as good as red meat, but still offering good nutrition – beans were no longer affordable. In 2012 sugar beans increased by 142%, last year they did not go up any further, experiencing a -0.84% drop but this year they moved up by 5.67%. Women were telling us last year that they were simply not affordable but when taken together with the increasing costs of electricity; their consumption had drastically declined.

"Beans! We don't cook as much beans. Beans are too expensive and they also take too long to cook. Where you going to cook it?! Electricity is too expensive also" (Mpumuza, 20 June 2014).

Because of the cost of electricity, canned beans were still being purchased however this year canned beans increased by 23.24% meaning that even the canned alternative may be out of reach.

From our discussions with women we have also noticed that high food prices have substantially reduced calcium intake. Households have told us that most have stopped buying fresh milk and maas completely. Both have increased significantly over the current term – the average price of a 2 litre container of milk is R25.49 (an increase of 21.64%) and a 2 litre container of maas is R26.00 (an increase of 9.54%). Households have switched decisively to cremora. Cremora is not a dairy product, it is not a protein and it does not provide calcium – it is sugar and fat.

"We use cremora milk. Fresh milk is very expensive. Cremora is also expensive but we need it for our tea. We don't like our tea black and when people come and visit we must give them cremora otherwise it is not good. They will think we are struggling" (Haniville, 22 July 2014).

"Fresh milk is expensive and it is not like before. It is watery and weak. Cremora is strong and doesn't make tea cold. If prices on cremora go up we buy it regardless, we don't have a choice; we must have it" (Haniville, 22 July 2014).

High food price inflation on bread and maize meal are a significant worry for households because they are the basic of the basic staple foods. Last year women told us that they were already starting to drop bread off the tables. This year it appears that for many and for more families, this is continuing. Women told us that they buy bread for their children but the rest of the family seldom eats it – high food price inflation has meant that bread – bread – is no longer a staple food having become unaffordable.

"We only buy bread if we have money; but others buy bread because they must buy it. Particularly for the children. They must have bread with rama" (Haniville, 22 July 2014).

Households tend to rather make more ujeqe and amadombolo but the price of flour has increased substantially (this year by 13.88%) making this option too, difficult. Women were saying that this means that they eat more maize meal in the form of porridge and phuthu. They also told us that phuthu fills you up better than bread.

Because the price of bread has increased (8.51%) with a loaf of brown bread now costing an average of R9.75, and because many households now rely almost exclusively on maize meal to feed their families; the price of maize meal becomes significant. Maize meal increased by 6.98%. Maize meal must be bought regardless of cost.



**"We still have to buy certain foods whether the price goes up or not and if we can afford the foods or not. Maize meal is one of those foods"** (Mpumuza, 20 June 2014).

In one of our discussions on which foods had become unaffordable, we had taken each of the foods identified it turn and really elaborated around what is happening and what the response of households was. In our discussions at Crossing, Imbali it appeared that we had moved too quickly on the issue of potato price increases and that the women had detected that we really hadn't understood the problem sufficiently. After reviewing the 2014 PACSA Food Price Barometer, we can see that the price of potatoes like that of the previous year's barometer has the highest rate of inflation. This year it is 29.42% on the back of last year's 51.40% increase. Similarly to the price inelasticity of maize meal expressed above, women were telling us that potatoes are not just potatoes – they play a cooking role – they provide form (a thickening agent), they provide substance, particularly if the quantity of meat has dried up and they are filling (and they are good for you). Potatoes are a core starch like maize meal. But potatoes are becoming extremely expensive and high price increases were impacting substantially on how women fed their families.

**"Potatoes are very expensive. We don't cook as much with them. Instead we use soups to thicken our meals"** (Crossing, Imbali, 17 July 2014).

Women, very reluctantly, were buying fewer potatoes. Meals were increasingly being thickened with soups and spiked with spices and stocks. The soups themselves were taking on an illusory panacea for all the deficits in meat and potatoes and vegetables which high food prices wrought.

**"We use soups and knorrox because we can't afford red meat and our pots have smaller amounts of chicken and very little or no potato"** (Mpumuza, 20 June 2014).

**"You know that knorrox ad? The one where the woman goes to buy meat and the butcher guy says 'I'm sorry the price of meat has gone up again.' And the woman says 'Don't worry I know what to do' and goes and buys some knorrox and then goes home and we see her family loving the knorrox meat-flavoured meatless stew? As much as I hate to say it. It is true. We are that woman. We are tricksters. Fraudsters. Cheats. We find ways to trick our families' everyday"** (Mpumuza, 20 June 2014).

The increased pressures on households has taken on an additional slant this year, particularly around vegetables. Women have noticed that they are not able to buy the variety of vegetables they used to buy. They indicated that vegetables along with meat are becoming unaffordable to the point that they have become 'additions' something 'to add' to the meal. In previous focus groups it has become more evident that the sishebo type foods are becoming less and less as staple foods of maize meal, sugar, rice and flour, oil are becoming more expensive. Invariably the sishebo becomes smaller, is reduced and in many cases drops off the plate. When we ask questions around food diversity throughout the month it is the sishebo that is reduced or dropped; it is why women are saying that the maize meal or rice appears to take on mountainous proportions next to the reduced meat and vegetables. This year women told us that they don't buy tomatoes unless they can get it cheaply and that the quantity and variety of vegetables accompanying the meal is very limited. Here onions and cabbages and spinach are more common with tomatoes, butternut and green pepper having become too expensive.

## **8. The implications of high food inflation on food diversity**

**"Towards the end of the month the only things we have in our cupboards is maize meal and salt, the only thing in our fridge is water"** (Haniville, 22 July 2014).

The perennial question of "what's for dinner?" depends on the time of the month. Last year we foregrounded major problems around food diversity – this included two components: what was purchased at the beginning of the month and how long this food lasted. We noted that the variety of food purchased by households in their major monthly shop was extremely limited and that households experienced a significant lack of dietary diversity for the last 7-10 days of the month. This year we are noticing that both of these problems have deepened. The variety of foods has shrunk and the period of relative diversity has been reduced to just 2 weeks.

In a focus group with women from Haniville on 22 July 2014, we asked **"how long do the nice foods last?"** The 'nice' we were referring to should not actually by right be accorded a type of luxury status, by nice we were referring to a diversity of vegetables, meat, milk, fruits and bread which by their combinations should make for a meal which meets the basic requirements of a nutritional meal.

The response ... "It doesn't happen. We don't eat like that. There is nothing nice. It is always like this" (Haniville, 22 July 2014).

"There is no nice meal with beetroot salad, and coleslaw, sishebo, nice pieces of meat, butternut mash - colour, delicious ...no my sister, it is not like that" (Haniville, 22 July 2014).

The Haniville experience was not reflected as strongly with women from Mpumuza and Crossing, Imbali. Here women did still experience periods of relative diversity but what was worrying for us was that the periods of lack of dietary diversity had expanded from struggles in the last 7-10 days of the month to a full 2 weeks.

"Things are reasonably okay for the first two weeks; after that, things are not good" (Crossing, Imbali, 17 July 2014).

Struggles to secure a diversity of food were explained to us via portion sizes of different foods which change substantially over the month.

"It is like this. Our portions are very different. Most of the plate is uphuthu with a small chicken piece on the side and a tablespoon of butternut or spinach. These portions differ across the month as the nice food is eaten and the money runs out. We try first to keep everything on the plate, so the food is there it just gets smaller. After two weeks the spoons of uphuthu seem to grow like a mountain because everything else shrinks away to almost nothing" (Mpumuza, 20 June 2014).

Women were telling us that they don't really sit and plan a complete nutritious meal; they eat what they have. They don't have the luxury of sitting and planning around having veggies and salads, chicken and rice, some fruit or a glass of milk. They simply don't have those options.

"We don't eat to be healthy; we eat so we are not hungry - we just eat to get full" (Mpumuza, 20 June 2014).

"Really we are like pigs now! Whatever is available to eat; we eat" (Mpumuza, 20 June 2014).

As the discussions progressed, we dreaded asking the question about "what must you absolutely have in your house?" We dreaded it because it was clear that high food prices were hitting poor households very hard and that the stories we were hearing now were worse than the ones we heard last year. Because the period of relative diversity had narrowed to just two weeks this question that we asked would provide the answer to what most poor households were eating for two weeks out of every four.

"If I have maize meal and salt in the house than it is okay, everything else is gone but I must have maize meal." (Haniville, 22 July 2014).

"We absolutely must have maize meal, sugar, oil and salt. If we run short of these then we must find the money to get them. If rice or flour run out then we just leave it, we don't buy them, we wait until we have money." (Crossing, Imbali, 17 July 2014).

"Towards the second half of the month we try to have maize meal, sugar, salt and oil in the house, if we can, we get a cabbage, some potatoes and meat bones" (Mpumuza, 20 June 2014).

## **9. The impact of food price increases on hunger and undernutrition**

The South African National Health and Nutrition Examination Survey (SANHANES-1), 2012<sup>22</sup> identifies that out of our National population 26% of people experience hunger whilst 28.3% are at risk of hunger. Statistics for KwaZulu-Natal are

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<sup>22</sup> Human Sciences Research Council (2014). South African National Health and Nutrition Examination Survey (SANHANES-1), 2013. 2014 Edition. The Health and Nutritional Status of the Nation. HSRC Press. Cape Town, South Africa.

worse and show that 28.3% of the population experience hunger whilst 34.4% are at risk of hunger. Combined 62.7% of the population in KwaZulu-Natal experience varying degrees of severe food insecurity.

Problems with food price affordability impact on what people buy and eat and how they prepare their meals. Price determines what is purchased. Consistent with our findings last year where women said that their only consideration when choosing which foods to buy is affordability; this year the situation is the same **"we look at the price – can we afford it?"**<sup>23</sup> **We buy what we can afford to buy and leave the other things"** (Crossing, Imbali, 17 July 2014).

The affordability of foods directly impact on health and nutrition. The prevalence of stunting, wasting and underweight for children under 5 years of age was 21.6%, 2.5% and 5.5% respectively; combined they point to almost a 1 out of 3 children who is severely undernourished (HSRC, 2014: 211). The prevalence of obesity for children between the ages of 2-5 was 4.6% (HSRC, 2014: 210). The South African National Health and Nutrition Examination Survey (SANHANES-1), 2012 highlights a dual problem of chronic under nutrition and rising trends in obesity in children (HSRC, 2014: 213). In adults we are also seeing higher incidences of diabetes, hypertension and heart disease.

It is important to understand the link between the inability to afford food, particularly nutritious, sufficient and diverse food, and health outcomes. The picture of high food price inflation that we present in this report is affecting the ability of working class and poor households to ensure that their diets are able to deliver sufficient macronutrients of energy, protein, carbohydrates and fat, including the micronutrients<sup>24</sup> of iron, calcium, zinc, vitamin A, Vitamin C.

If households cannot afford to buy the energy they need then adults will not have enough energy to work and do ordinary everyday tasks; children will not have enough energy to develop to their full potential mentally and physically – to study and learn and think at school. High starch diets in the absence of sufficient vegetables and fruits may result in very low levels of fibre intake and lead to digestive problems. The impact of very low levels of protein consumption and inadequate alternatives is that our immune systems are vulnerable to infection and illnesses. Our muscles are not being fed; children need protein to grow properly, to play and to learn. High price inflation on fats and oils has significant implications for proper growth and development, as well as the absorption of fat soluble Vitamins, such as Vitamins A, Vitamin D, Vitamin E, and Vitamin K. Low fat intake will result in reduced absorption of essential Vitamins important for the maintenance of our immune systems, eyesight, bone development and growth, antioxidant generation, and wound healing.

Low protein intake and limited consumption of Vitamin-rich vegetables means that households may face deficiencies of Vitamin A, iron and zinc. Although all 3 are fortified in maize meal and bread flour (like the B Vitamins), they are all more bioavailable in animal products, so this explains deficiencies despite fortification. Children are particularly prone to deficiencies because they only eat small portions. Vitamin A is important for immunity, eye health, normal growth and development and assists the body in using iron. Deficiencies of Vitamin A<sup>25</sup> can result in eye diseases, decreased defence against infections, and poor growth and development. Iron which is gotten from red meats, liver and green leafy vegetables like spinach is important for our mental functioning – deficiencies will impair memory and affect our ability to learn. Low iron levels can result in anaemia and make the sufferer easily fatigued. Iron is particularly important for pregnant women; low intakes will increase the risk of premature labour which can result in infant morbidity and mortality. Low iron intakes can also result in low birth weights in babies and delay the normal motor skill development in infants and small children. Zinc is important for growth and development. It is particularly important in pregnant women, who require Zinc for the growth of their babies, and in men to improve fertility. Zinc is also important with regard to the maintenance of hair, skin and nails. High price inflation of dairy products which has seen dairy dropping off the plate has a significant impact on calcium, potassium and magnesium intake. Calcium is important for bone growth and development, and is especially important in teenagers who experience a large amount of growth during their teenage years. Low intake can result in poor bone development and osteoporosis later in life. Calcium, potassium and magnesium are important for heart muscle health, particularly decreasing blood pressure, as well as immunity, so low intakes could result in increased vulnerability to infections.

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<sup>23</sup> This is consistent with the South African National Health and Nutritional Examination Survey (SANHANES-1), where they found that the price of the food item was the primary determining factor influencing the food selected by 64.5% of the women interviewed.

<sup>24</sup> We don't have a major problem with deficiencies in the B Vitamins (thiamine, riboflavin, niacin, Vitamin B6 and folate) because the staple maize meal is fortified and this is still the main staple in Pietermaritzburg and throughout South Africa (regardless of price). Bread flour and bread is also fortified but as noted previously many households can no longer afford bread and cake flour is usually purchased instead of bread flour. The concern with the B Vitamins will only become a serious problem if households start purchasing less of it and switching more substantially to rice (not fortified). Although households are saying they do switch more frequently between the two; it is unlikely that maize meal will be replaced.

<sup>25</sup> Good sources of Vitamin A are butternut, carrots, sweet potatoes, liver and spinach.

Our engagements with women suggest that as food prices increase households eat more starches and dramatically reduce the range of foods eaten across different food categories. This may have long term and irreversible effects on health, productivity and well-being, particularly if higher prices lead to reduced food consumption by infants and preschool children. Even temporary interruptions in intake of energy, protein, fats Vitamins and minerals during the first one thousand days of a child's life can lead to permanent reductions in cognitive capacities. If children are unable to access sufficient quantities of nutritious and diverse food then they will not thrive. They are more likely to get serious infections and common childhood illnesses will be more severe (diarrhoea, measles, pneumonia, colds and flu). These children, if they survive, will often be less able to concentrate in school and their bones and muscles will not grow as well. When these children grow up they will be less able to perform well in the workforce as adults, so their economic prospects and their earnings potential will diminish. When they have children of their own, their children too will be more likely to suffer from under-nutrition than the children of healthier parents. This is the intergenerational cycle of hunger and poverty.

South Africa is structuring its policy outcomes to fail. With 24.1% of our children stunted now we are removing a quarter of our future workforce from contributing to our economic growth. More than half our population is either hungry or experiencing hunger yet big business complains about low productivity. Workers are not eating enough food. Productivity levels will increase if our workers are able to eat enough energy and have the correct nutrition to allow them to be productive. Our education outcomes continue to be poor because our children are not eating enough nutritious foods to allow them to optimise the learning spaces. The National Health Insurance policy which is aimed at ensuring good quality and free service at the point of access will be bankrupted if our health system continues to be burdened by patients who simply are not eating properly and therefore are unable to resist common ailments. Hunger and poverty must be dealt with for our national policies to bear fruit; and for our national budgets to be well spent. It begins on the plate.

We all need strong bodies and strong minds to be able to grow, develop, learn, earn an income and thrive. Without sufficient nutrition the majority of our households will continue to be trapped in poverty. Investing in ensuring that all people have access to affordable and sufficient quantities of a diverse range of food and eliminating poverty is not only core to equity and justice but because every developmental goal is hinged on the ability of people being able to think and learn, to be physically fit and healthy – it is suggested that it is an effective use of money.

## 10. The hunger games: supermarket shenanigans

*"To be cheated, fooled, bamboozled, cajoled, deceived, pettifogged, demagogued, hypnotised, manicured and chiropodized are privileges dear to us all ..."* (Harvey Washington Wiley, 1894)<sup>26</sup>

In the early 2000's friends of mine invited me to a friend of a friend's place to have a braai outside Pietermaritzburg. The 'friend' turned out to be a butcher who operated his establishment downtown Pietermaritzburg and sold his meat to the low-income market. I don't know if it was the beautiful sunny weather or a chance for the host of the braai to show-off to his new 'friends' but filled with grandeur he took us on a tour around his place, a rather large farm of types, which included his meat cutting and packing factory. I was reluctant; not being so impressed by such displays of accumulated wealth, but followed dutifully along. The factory was spotless however I soon realised that it was not the cleanliness that was on display but a range of rather other worldly mechanical instruments with a myriad of spike-like protuberances which our host had marshalled us to view and flanked proudly. "Thhhhissssss ..." he said (enunciating thhhhissssss and throwing out his arms like a modern day Willy Wonka), "is our magic machine. We take a kg of a good side of beef, sometimes also steak or T-bone, and we put it in this machine (like this). It goes through it (like this), the needles pump it with water and spices (like this) and it comes out the other end (like this) almost double its weight!" This was not my first experience of corporate shenanigans, but it stuck with me.<sup>27</sup>

I knew that supermarkets were not benevolent entities and I knew that shoppers knew this too. I wanted to find out how women were perceiving the supermarkets they shopped at. Last year we had had extensive discussions around 'cheap' food and how this food was perceived as making women and their families sick and that they felt that they were being robbed simply because they were poor. I wanted to take this discussion a bit deeper but I also did not want to influence the conversation. It appeared however that any pussyfooting on my side was unnecessary. Women were angry. I barely had enough time to finish my question asking the fairly innocuous question "what are your experiences at the supermarket?" when a woman shouted back at me, "They trick you! You can't relax at the supermarket! You have to be so sharp, checking, reading, sorting ... everything!" (Mpumuza, 20 June 2014).

<sup>26</sup> Harvey Washington Wiley (1894) cited by JH Young (1989). Pure Food: Securing the Pure Food and Drugs Act of 1906. Princeton University Press, Princeton. p99

<sup>27</sup> If you are curious about the meat on the braai, the butcher told us that he kept aside meat that didn't go through that machine for special clients, which included himself and his family and friends.

From this outburst I received a barrage of evidence to back the statement up. "I was at Supersave yesterday, there was a special on tinned pilchards - 2 for R30 but 1 tin cost R13.99. When I got to the counter I had to tell the cashier to put the tins I wanted through one by one - separately. No they playing" (Mpumuza, 20 June 2014).

"What makes me angry is that the supermarkets charge more for small volumes than they do for big ones. If you have money you save; but if you don't - you pay more. Look at White Star (maize meal) - I went buying yesterday - 10kg costs R59.99 but 5kg costs R40.99. The exact same thing happens if you look at sugar or eggs or flour. The smaller volumes should at least be equivalent per unit volume - but they are not" (Mpumuza, 20 June 2014).

"And all this nonsense about 'buy one get one free' and competitions to win a car or airtime or something and the so-called 'specials' when they selling us old meat and 'Checkers has saved their customers 1 billion Rand last year!' Nonsense! If Checkers saved us 1 billion Rand last year then they were overcharging us - they stole the money from us to give it back to us! Instead of all the advertising and tricks and 'saving us money' why don't they actually just save us money. No the supermarkets are crooking" (Mpumuza, 20 June 2014).

The conversations we had were typically filled with ironic laughter but a major theme that came out in all the focus groups took on a more serious note. This was the issue of packaging sizes and weights. Women had noticed how the weights indicated on the packaging were not reflective of the actual volumes inside the package for example maize meal and sugar:

"Before when you went to buy 10kg of sugar; when you opened the packet there was 10kg of sugar in the packet. The same when you went to buy 12.5kg. You could see when you opened the packet that there was a full 12.5kg of sugar. The same happened with maize meal. Now when you open up the 10kg; you can see that it is not really 10kg" (Crossing, Imbali, 17 July 2014).

Potatoes took on a more insidious character whereby women had noticed that the 10kg pocket of potatoes had now changed to a 7kg pocket of potatoes. The packaging size was the same but the weight had changed:

"10kg pocket of potatoes are now 7kg pockets." "And even if you are not tricked by the kgs than very often the 7kg pocket is not full" (Mpumuza, 20 June 2014).

Another generally held view across focus groups was that the quality of the food purchased had deteriorated to such an extent that even if there was integrity in the volumes; the quality meant that you had to use more to get the same amount of cooked food:

"I have noticed that when I buy White Star maize meal; when I cook it, it is not White Star. I need to put more cups in to get what I used to get. It is not what it used to be like. It is the same with Nyala maize meal. It doesn't cook as nicely. It is darker now also, not the white it used to be. It doesn't taste as nice. It doesn't cook as nicely" (Crossing, Imbali, 17 July 2014).

"I noticed a similar experience with Auntie Caroline's Rice. It is not the nice white colour it used to be. It doesn't taste as nice. It takes a lot longer to cook and we have to put more cups of rice in the pot because it doesn't grow as much as it used to" (Crossing, Imbali, 17 July 2014).

"I think also that the shops sell us old foods. That might be one of the reasons why we are noticing the maize meal and rice not to be as white and nice, and tasty, and cooking better; because they (supermarkets) are selling us the old foods. The food looks old" (Crossing, Imbali, 17 July 2014).

Similar expressions were held about milk and maas - it was a shadow of its former self - watery, weak and not like it used to be. Red meat tasted different today - it is bland, not 'meaty'. Then the discussions moved on to chicken ... and I realised

then the extent of the scandal. Chicken is the one animal protein that families have simply refused to give up on as they grip onto a semblance of dignity in the idea of a family meal which has meat in it and yet it is also the meat which appears to be core to corporate skulduggery.

**"Chicken just tastes watery, it is full of water. It stays so long in the fridges at the supermarkets"** (Haniville, 22 July 2014).

**"The chicken has water in it. It is not meat anymore. You pay for chicken but you get water and chicken"** (Haniville, 22 July 2014).

These views are not incorrect. Frozen chicken is being brined at an alarming proportion. Next time you go to the supermarket, look in the freezers. The frozen chicken you see will be 25% to 40% brined. In all of our focus groups, held in peoples' homes, when the discussion around chicken began, and it was inevitable, we asked our host if she had any frozen chicken in the freezer. In all cases the 2kg packet was whipped out or hastily fetched from a neighbour and passed around for all to read the labelling. Playing devil's advocate we usually asked "what are the ingredients in the chicken?" The response was typically, "what do you mean 'what are the ingredients in chicken?! What is chicken made of!'"

**"The pieces look so nice and big ... but drumsticks are the worst! You put them in the pan, they looking ncaa. Nice and big. But wait ... they shrinking there in the pan! They playing tricks with us. Rainbow chicken is bad; Goldi is much better but more expensive"** (Mpumuza, 20 June 2014).

**"Goldi is the best and it has only 70% chicken"** (Haniville, 22 July 2014).

The brining story makes me angry, it reminds me of that sunny day in the early 2000's with the butcher. If one whole quarter of a bag of chicken is just water; it is not chicken; then you should be paying a quarter less. But you aren't paying a quarter less, you might be paying slightly, a teeny tiny amount less but you are not paying 25% less. But the worst is that for most people, you don't even know that a quarter is water; because you are not looking for that, you expect that a 2kg bag of chicken; is a 2kg bag of chicken. Regulation around brining has stopped at winning the labelling war. Producers must now label the percentage of brine but there is no regulation around the volume of brine. So if the chicken is 60% brined that is fine, as long as it is on the label.

## **11. The other 'foods' - hygiene products, electricity and water**

When we talk about food prices we also need to talk about hygiene products, electricity and water. All three play a critical role in preparing, cooking and keeping our food, our bodies and our environment safe. Food cannot be secured in the absence of these three essential aspects. All three – hygiene products, electricity and water – are subjected to cost recovery. They must be paid for. They cannot be forgone. This means that their cost competes with the monies available for food. The affordability of hygiene products, electricity and water is therefore important.

### **11.1 Personal and domestic hygiene products**

In the 2012-2013 term, PACSA started tracking inflation on personal and domestic hygiene products. We created an index similar to that of the food basket.<sup>28</sup> For the 2013-2014 term we found significant increases on both personal hygiene (15.86%) and a deflation on domestic hygiene (-3.23%) products. Taken together the combined price increase for both was 4.65% however it is not the percentages which are important here but the rand value (see Table 5). Despite a low inflation on personal and domestic hygiene products, the rand value presents a significant expense.

Personal hygiene products (soap, toothpaste, sanitary pads, toilet papers, body cream etc.) typically form part of the food budget – these also have a major affect on health and dignity – and create a false competition between food versus ensuring that children are able to brush there teeth, bath, be clean and put cream on before going to school; that young women can continue their lives fairly unaffected when menstruating; that there is toilet paper to wipe with and soap to wash hands. These personal hygiene products assist with preventing the spreading of diseases – with people getting sick and even dying.

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<sup>28</sup> Please note that the personal and domestic hygiene index is not a fair reflection of the quantities of products required or the total cost of product required. It is an index of price inflation. For example, the personal hygiene products would have to be exponentially expanded for a large family and further influenced by the gendered make-up of the home.

Domestic hygiene products (dishwashing liquid, kitchen cleaner, washing powder, toilet cleaner, disinfectant etc.) also form part of the food budget and also have a major affect on health and dignity and also are subject to this false competition. These products are complementary of a healthy food and domestic environment. Kitchen utensils, pots, surfaces and hands must be clean and disinfected to ensure that food is safe to eat. The dignity of having a clean home and a safe environment; and the gender burden of ensuring this is directly related to available monies after food is purchased. This is not an “either/or” scenario – both food AND domestic hygiene products are essential for good health and dignity.

**Table 5: Price fluctuations on personal and domestic hygiene products from September 2013 to September 2014.**

Hygiene products	Quantity	Sept_2013	Sept_2014	Annual change (R)	Annual change (%)
<b>Personal Hygiene</b>					
Toilet paper	1ply of 10 rolls	R 37.24	R 45.49	R 8.25	22.16%
Bath soap	200g	R 9.62	R 10.24	R 0.63	6.50%
Toothpaste	100ml	R 8.07	R 8.82	R 0.75	9.30%
Sanitary pads	10s	R 30.99	R 34.99	R 4.00	12.91%
<b>Total for personal hygiene</b>		<b>R 85.91</b>	<b>R 99.54</b>	<b>R 13.63</b>	<b>15.86%</b>
<b>Domestic Hygiene</b>					
Dishwashing liquid	750ml	R 21.49	R 22.49	R 1.00	4.66%
Washing powder	2kg	R 46.74	R 38.98	R 7.76	-16.60%
Toilet cleaner	750ml	R 21.94	R 22.87	R 0.93	4.22%
Kitchen cleaner	750ml	R 15.37	R 17.24	R 1.88	12.20%
Disinfectant	750ml	R 16.74	R 16.74	R 0.00	0.01%
<b>Total for domestic hygiene</b>		<b>R 122.28</b>	<b>R 118.32</b>	<b>R 3.95</b>	<b>-3.23%</b>
<b>Total for all hygiene products</b>		<b>R 208.19</b>	<b>R 217.86</b>	<b>R 9.68</b>	<b>4.65%</b>

The inflation on personal and domestic hygiene products is cause for serious concern as not only is the false competition being exacerbated by significant levels of food price inflation but the very high Rand value of personal and domestic hygiene products mean that either less food must be bought or households must forgo essential personal and domestic hygiene products which are required to make the food that is purchased safe for consumption. The impact of such a scenario crashes down hardest on women who must bare the responsibility of keeping their families healthy, clean and safe in a context of increasingly limited capacity.

## 11.2 Electricity and water

The access to sufficient quantities of affordable water and electricity is further core to the health and dignity of households. These two services are similarly subject to false competition. They too do not fit into an “either/or” scenario. Water and electricity are an essential part of food preparation and personal and domestic hygiene: we need water to wash our hands with soap, to clean our surfaces with disinfectant, to wash our clothes with detergent. We need water to drink, to clean and boil our vegetables, to fill our sinks. Electricity cooks our foods and kills germs. It keeps us warm and prevents us from getting sick. It lights up our kitchens and facilitates our access to information via radios and televisions; electricity shines light at night for us to read and learn and think.

For the 2014/15 NERSA granted Eskom permission to raise electricity tariffs by 7.6%. This meant that prepaid electricity tariffs in Pietermaritzburg increased at one kilowatt hour costing R1.33. The average low-income household consumption in Pietermaritzburg was 350kWh meaning that securing this electricity cost R465.54 per month. The Pietermaritzburg municipality (Msunduzi Municipality) has been waging a war with poor households on prepaid meters since 2003. It refuses to implement National Government’s policy of Free Basic Electricity to poor households on prepaid meters. It also charges poor households the highest electricity tariffs out of all residents. For example Msunduzi Municipality charges household's on prepaid meters 50 cents more than it charges its wealthier residents on credit meters (R1.33 per kWh vs. R0.82).

Working class and poor households in Pietermaritzburg cannot afford to pay for the electricity they need. When the municipality institutes credit control and debt collection processes, households typically take food off their plates to keep their lights on and the water flowing. The staple foods eaten by working class South Africans – maize meal, rice, potatoes, flour, and meat – must be cooked. Electricity is an essential component of preparing food. It is not an either or – we can’t have food or electricity; we need both food and electricity. Many households are unable to adjust their budgets upwards to absorb electricity increases because they have no extra money – money meant to pay for other essential requirements is diverted to pay for electricity. For others, traditional more nutritious foods are replaced by quicker cooking foods, highly processed foods (which are more expensive) or other sources of energy are gotten – paraffin, candles, coal or wood (none

of which are safe). Struggles to cope with high electricity prices typically mean less food diversity; greater exposure to burning; greater burden on women and increased indignity.

"High electricity prices are changing what we eat and how food is prepared. We used to eat a lot more maize meal than rice, now it's about half and half. We eat more rice because it is quicker to cook [rice is not fortified]. We cook less sugar beans, ujeqe and samp because they use lots of electricity [beans are an important source of protein]. We would like to cook these foods more often but we don't because they use lots of electricity and so if we want these foods, and we can find wood, we cook it outside on a fire" (S'nathing, 5 April 2013).

NERSA's decision to allow Eskom a 12.7% increase for the 2015/16 term is nothing short of disaster. It will have a devastating impact on the working class and poor households. In Pietermaritzburg, for households on prepaid meters, it will mean their monthly electricity expenses will increase by a minimum of R59.14 to R525 per month. Households have been telling us for the last several years that electricity charges have far exceeded their ability to pay for it. Unless NERSA intervenes at municipal level to ensure that tariffs are restructured to ensure affordability at low consumption volumes and free basic electricity volumes are increased substantially and provided to all low-income households (particularly households in Pietermaritzburg on prepaid meters who are currently excluded); then the increases must be resisted. Eskom's increases will erode any wage victories striking workers have won. High electricity tariffs are a direct threat to the ability of working class households to secure sufficient and nutritious food. It will result in massive protests across the country as ordinary people will be forced to fight to put food on their tables.

## 12. The economic cost burden of food prices in the current political and socio-economic context

In a cash-based economy it is income and affordability of prices that determines access to goods and services. For low-income households, food is not the first expense. Non-negotiable payments come before food, payments such as: transport, electricity, burial insurance, household debt repayments, education costs and water. The inflation on these non-negotiables and the level of indebtedness is therefore important. We are seeing that these costs are escalating dramatically and are reducing the amount of monies households are able to spend on food. This section considers the pressures on the income available to purchase food in its socio-economic context of extreme inequality. We therefore start with considering the demographics, political and socio-economic characteristics of the context in which low-income Pietermaritzburg households live. Although our data is tailored to Pietermaritzburg; the picture gives a sense of the main pressures facing low-income households beyond our boundaries.

Msunduzi Municipality has a total population of 618 536 people living in 163 993 households (see Table 6). Sixty per cent (60%) of our households earn less than R3 200 (16% earn no income; 28% earn between R1-R1 600; and 16% earn between R1 601-R3 200). The 2014 PACSA food basket was R1640.05. This means that more than 44% (71 604) of our households or 71% (439 649) of our population will struggle to afford a basic basket of food for their families (44% of households in the city earning from zero to R1 600 per month). Note further that typically household sizes are very large – from 6 to 11 members each. Before we look closer at some calculations on the costs of goods and services, let us continue discussing some of the major socio-economic characteristics of our people in Pietermaritzburg to better understand the economic pressures households face.

**Table 6: Msunduzi Municipality - monthly income categories per household and population.<sup>29</sup>**

Monthly income	No income	R1 - R400	R401 - R800	R801 - R1 600	R1 601 - R3 200	R3 201 - R6 400	R6 401 - R12 800	R12 801 - R25 600	R25 601 - R51 200	R51 201 - R102 400	R102 401 - R204 800	R204 801 or more	Unspecified	Total
Households (#)	26 358	7 607	11 186	26 453	27 076	20 615	16 810	14 368	9 323	2 881	747	560	9	163 993
Households (%)	60%					23%			17%					100%
Population (#)	265933	86728	19780	67208	35007	27588	26520	18236	6347	1557	710	521	62401	618536
Population (%)	77%					8%			15%					100%

A significant number (45.2%) of our households are female-headed. Female-headed households are typically the most vulnerable sector of our society, women being the lowest paid and shouldering the highest burden of care. Almost half of all

<sup>29</sup> This data is based on the most recent STATSA Census for 2011.



people of working age are unemployed,<sup>30</sup> many having given up hope of ever finding a job. Many of our workers, lucky enough to find work, earn low wages. One wage earner supports her/himself plus four dependents. The extreme pressures on the wage earner have been used to explain the phenomenon of more frequent and violent union strikes – workers are under immense pressure to ensure that their wage is able to cover the economic cost burden of daily requirements, not just for themselves and their ratio of dependents but also assisting extended family members facing the crush of no jobs.

A significant problem facing the working class is the cost of transport which captures a large proportion of their monthly wage. Unchanged apartheid spatial planning has seen the majority of workers still living outside the city boundaries and therefore having to commute to work daily by public transport. Frequent petrol price hikes have seen most local kombi fares climbing to approximately R11 one-way. This means that workers must spend approximately R22 a day to get to and back from work. This works out to be R440 a month<sup>31</sup> based on 20 working days and does not include coming into the CBD or going anywhere else either after hours or during the weekend. This figure is for one person. Transport is not an optional payment. Without money for transport – workers cannot work. Transport costs compete viciously with the food budget.

An additional challenge facing many of our households is that of a very high prevalence of HIV/Aids. KwaZulu-Natal has the highest prevalence of HIV/Aids in the country – with an estimated 19% prevalence rate and typically doubling in densely populated low-income areas.<sup>32</sup> HIV adds a further burden to the household costs due to frequent health facility visits (to collect medication and for medical check-ups, or loss of income for those not well enough to work or loss of the wage earner as a result of HIV-related deaths. In addition HIV increases nutrient requirements and decreases dietary intake (due to - amongst other things - loss of appetite, side effects of medication, opportunistic infections, diarrhoea and vomiting, nutrient malabsorption and nutrient losses) which weakens the body and the immune system.

**For low-income households, food is not the first expense;** it is not the second, the third, fourth or even the fifth. The way our neo-liberal economy is structured means that other essential non-negotiable payments come before food. Expenses like transport costs (workers cannot work and get paid if they cannot get there), electricity (food must be cooked), burial insurance, furniture repayments, education costs and water. When households are forced to make payments on other essential and non-negotiable expenses where credit control and debt collection is ruthless, there is no choice; households are forced to modify where they can manoeuvre, where they have control and this is typically food. Food is typically one of the few expenses which low-income households are able to control and because of this other non-negotiable expenses take precedent. This is the reason why we see such low expenditure on food. It is not because that expenditure is what households reasonably need to spend; it is because this is the amount of money households are able to spend on food (and this is our gripe with Statistics South Africa).

"I get my pension [R1350]. I have to pay R320 for the burial insurance and the kitchen so that there will be a meal for people at the funeral. They are two charges. I then must make the repayment on the chairs and table that is R300. That is R620. The money that is left must go to food and transport to get the food and also for my grandchildren's schooling and for me to go to church" (Haniville, 22 July 2014).

"My pension must pay for school things, school fees, the funeral insurance, the stokvel, then what is left over I use for the important food and everything else. Sometimes the kids take a lunch box to school and sometimes they don't. That is how it is" (Crossing, Imbali, 17 July 2014).

"I get R2000. From that I pay R270 for burial insurance, if I like it or not. I first pay them. That's already R300 gone. R30 is the transport. That leaves me with R1700. I buy maize meal, sugar, oil, rice, flour and salt. After that I buy bar soap and washing powder - I must have those in my house. I then buy electricity. Then I buy the vegetables, soups and salts. I am okay for meat because I sell meat bones and work with the butchers. I then buy glycerine and roll-on

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<sup>30</sup> The official unemployment rate for Msunduzi Municipality is 33%. This means that out of a potential 229 672 people between the ages of 15-64 – 153 909 are employed and 75 763 are not employed. 'Official' means that the unemployed were actively seeking employment. But it must be noted that the total population of working age people (15-64) is 423 078. We know that some of these people are in school or studying, but we also know that many people who given up the hope of ever finding a job. This means that a truer reflection of our unemployment rate may jump significantly above 50%.

<sup>31</sup> Many families incur further costs in transporting their children to schools.

<sup>32</sup> See Provincial Growth and Development Strategy 2011:48 (Version 22 Final 31 August 2011, KwaZulu-Natal Provincial Commission).

deodorant. Then Vaseline and toothpaste, I don't buy toilet paper, I then buy shoe polish for my kids' school shoes and Handi Andi. We don't buy toilet cleaner" (Crossing, Imbali, 17 July 2014).

Table 7 below provides an indication of the economic cost burden of other goods and services households for food expenditure. It is a very crude example and excludes many other expenses which households also need to factor into their monthly spend, expenses such as education and health care, cultural and social obligatory contributions, school transport, clothing and shoes for example. It offers three different income scenarios.<sup>33</sup> All costs are relevant as at October 2014.

**Table 7: Economic cost burden of goods and services and their impact on available monies to secure a basic basket of food per month for 2013.**

Household socio-economic scenarios	Household A	Household B	Household C
Total household income	R 1 350.00	R 2 280.00	R 3 200.00
MINUS Burial insurance	R 150.00	R 150.00	R 150.00
MINUS Electricity (350kWh prepaid)	R 465.54	R 465.54	R 465.54
MINUS Transport	R 66.00	R 132.00	R 440.00
MINUS Water (fixed tariff, unmetered)	R 76.20	R 76.20	R 76.20
<b>Monies LEFT OVER to BUY FOOD &amp; HYGIENE PRODUCTS</b>	<b>R 592.26</b>	<b>R 1 456.26</b>	<b>R 2 068.26</b>
MINUS September food basket	R 1 640.05	R 1 640.05	R 1 640.05
MINUS September domestic & household hygiene products	R 217.86	R 217.86	R 217.86
Monies left over AFTER FOOD to buy other essential household requirements	R -1 265.65	R -401.65	R 210.35

Table 7 above provides a stark picture of the economic pressures low-income households face in trying to keep afloat. Household A – living on an old age pension is left with only R592.26 to spend on food. Household A will only be able to afford 36% of the 2014 PACSA Food Basket if she spends every cent after burial insurance, electricity, transport and water has been paid. Household B – living on an old age pension + 3 child support grants is left with only R1 456.26 to spend on food. With 3 children in the household it is extremely unlikely that such a crude tabular would reflect this households expenditure requirements. Nevertheless, household B – spending every last cent - would have to forgo 11% of the food basket. Household C, the upper level of where 60% of households in Pietermaritzburg find themselves can afford to buy the total 2014 PACSA Food Basket but are left with only R210.35 in their household purse for all the other essential household requirements. All three scenarios present a crisis. The monies available to spend on food is too low.

The incomes that the majority of our households are securing is not enough. With huge pressures on the household income; and because many of the goods and services we need work better together and some of which ONLY work together; there is always going to be massive competition on the monies households allocate for food. The implications of high food price inflation coupled with low incomes caused by high levels of unemployment and job losses, and no jobs, and capital's addiction to cheap labour are only going to be compounded by high inflation on municipal services and transport. Additional goods and services are similarly experiencing high levels of inflation. What we are seeing thus is an assault of capital and neoliberalism on working class and poor households.

### 13. A nutritionally complete basket – the Ideal Food Basket

PACSA's food basket is not nutritionally complete. It is an index. It tracks the foods which women say they buy for a 7-member household, based on an income and expenditure survey conducted in 2010. The tracking of price fluctuations in the current PACSA basic food basket is instrumental in identifying the inflation burden of poorer households but it does not give an accurate indication of what these households require, in terms of balanced nutrition, in order to grow and develop to reach their full potential. In 2013 we asked the University of KwaZulu-Natal's Department of Dietetics and Human Nutrition to conduct a nutritional analysis of the foods in our food basket. The department found that our basket was inadequate in both the macro and micronutrients: with a deficit of 40% in energy, 51% in protein, 41% in carbohydrate, 41% in fat, 32% in

<sup>33</sup> **Household A:** R1350 = 1 old-age pension (National Treasury, 2014. Budget Speech: 13); **Household B:** R2280 = 1 old age-pension (R1350) + 3 child support grants (3 x R310 = R930) (National Treasury, 2014. Budget Speech: 13). **Household C:** R3200 was selected because 60% (98 680) of all Pietermaritzburg households earn between zero and R3200 a month (STATSSA, Census 2011). This total household income figure provides for 1 employed member receiving minimum wages (earning R1200 – R2000 a month, see URL <http://www.mywage.co.za/main/salary/minimum-wages>) with the additional income found by unemployed members through alternative and insecure means. **Transport** scenarios are based on different variations of a return trip (costing R22): 3, 6 and 20 trips.

thiamine, 63% in riboflavin, 48% in niacin, 52% in vitamin B<sub>6</sub>, 48% in folate, 73% in vitamin A, 49% in iron, 46% in zinc and 85% in calcium.<sup>34</sup>

We wanted to get an accurate idea of the real cost of a nutritious basket because basing it on what women were buying and how much they were spending on food a month, given massive affordability constraints was not at all an accurate indicator of what food households should be eating for proper nutrition. The construction of an ideal food basket would also provide valuable data on which we could start talking realistically about the value of wages and social grants. It was proposed that an ideal food basket be formulated to give a more accurate indication of what families require for optimum health and the cost thereof. In early 2014 a registered Dietician, Philippa Barnard, was consulted for technical expertise in the formulation of such as basket.

The brief for the design of an ideal food basket included the following:

1. Formulate an ideal food basket for an average household of 7 members, consisting of 3 children and 4 adults of varying ages, representative of households living in poor socio-economic circumstances.
2. Construct basic energy groups into which people of different ages, genders and life stages can be categorised and classified. This will enable PACSA to determine a more accurate cost of a nutritionally balanced eating plan for different groups of people (based on the energy groups) as well as the food cost for households of different sizes and compositions (constructed using a combination of different energy groups).
3. The ideal food basket should meet the nutritional requirements for the majority of macro- and micronutrients for the different age, gender and life stage groups.
4. The ideal food basket should represent an eating plan that is culturally acceptable for the target group (low-income households of Black African race), cost effective and include food items from all food groups (including the more expensive meat and chicken).
5. Based on the nutritionally balanced eating plan, a "shopping list" of food items and their quantities required for a month should be formulated. This will enable PACSA to track the inflation rate of the specific food items (and groups of foods) as well as the inflation rate of the total ideal food basket.

In June 2014 we started tracking the prices on the ideal food basket (see Appendix 2 for a list of all 34 foods in the ideal basket). All the foods selected are recognised as commonly eaten and purchased and therefore reflect cultural and traditional acceptability (as detailed by Focus Groups, 2014). Food selection was limited by affordability. Four different energy groups were formulated based on the energy requirements determined by the Dietary Reference Intake (NICUS 2003)<sup>35</sup> and the Guidelines for Healthy Eating (DOH 2012).<sup>36</sup> Different age, gender and life stage groups were categorised into each of the energy groups. A summary of the energy groups and the age, gender and life stage groups are detailed in Table 8 below. Daily portions of each of the food items were calculated based on a meal pattern that was cost effective and culturally acceptable (adapted from the DOH meal pattern A, DOH 2012).

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<sup>34</sup> For example, UKZN's Department of Dietetics and Human Nutrition found that the foods in the basket were deficient by 40% in terms of energy, 51% for protein, 41% for carbohydrates, 41% for fat, 32% for thiamine, 63% for riboflavin, 48% for niacin, 52% for Vitamin B<sub>6</sub>, 48% for folate, 73% for vitamin A, 49% for iron, 46% for zinc and 85% for calcium (Gibbon, Manyakanyaka, Khanyile & Hassim 2013).

<sup>35</sup> Nutrition Information Centre of the University of Stellenbosch (NICUS) (2003). Dietary Reference Intakes. National Academy Press. Tygerberg, South Africa.

<sup>36</sup> Department of Health (DOH) (2012). Guidelines for Healthy Eating: Information for Nutrition Educators. Directorate: Nutrition. Pretoria, South Africa.

**Table 8: Summary of the PACSA energy groups.**

Energy group	KJ value	Age, gender and life stage groups
Energy group 1	6 500	Girls/Boys 3 - 9 years
Energy group 2	8 500	Girls/Boys 10 - 13 years Adult women 19 - 64 years Elderly women > 65 years
Energy group 3	10 500	Girls 14 - 18 years Very active women 19 - 64 years Adult men 19 - 64 years Elderly men > 65 years
Energy group 4	12 000	Boys 14 - 18 years Very active men 19 - 64 years Pregnant & lactating women

An average daily and total monthly quantity of each food item was calculated for each energy group. Using similar methodology as the PACSA Food Price Barometer, we are able to determine the monthly costs of the ideal food basket. The value of the instrument however allows us to cost a basket for individuals and households of different sizes and compositions. Using the age, gender and life stage groups within the energy groups, different household sizes and compositions can be entered and the monthly cost to adequately nourish a household is automatically generated based on the current food prices. In addition, a “monthly shopping list” is automatically generated for each energy group as well as the different households. This offers unique insight into the total cost to adequately nourish individuals and households and can be tracked monthly. Table 9 presents the monthly costs per energy group for September 2014:

**Table 9: Monthly costs per energy group September 2014.**

Energy group	Monthly cost
Energy group 1 (6 500 kJ)	R500.30
Energy group 2 (8 500 kJ)	R543.64
Energy group 3 (10 500 kJ)	R574.51
Energy group 4 (12 000 kJ)	R644.47

The cost of the ideal food basket for a family of 7 members consisting of 3 – 4 children and 3 – 4 adults was R3 879.36. Compared to the 2014 PACSA Food Price Barometer (R1640.05) for the same family of seven members we see that low-income households would be required to spend an additional R2239.31 or 136.54% on the basket. The foods in the ideal food basket are not markedly different (we added fruits and some extra vegetables and chicken livers); the difference is that the ideal food basket includes a greater variety of different food categories eaten more frequently to ensure a diverse diet and good nutrition and health. The difference between our barometer and the ideal bring into stark focus how serious a crisis food price affordability actually is. What does it mean now when we are seeing households not even being able to afford our PACSA food basket? That families are telling us they are spending between R500 to R1000 a month? What type of nutrition are these households receiving and what is the mental, social, economic and health cost?

It is useful to note the difference between the monthly food costs for children of both genders, aged 3-9 years (Energy group 1) and the current Child Support Grant value – R500.30 vs. R320.00. The CSG is allocated to mothers to provide their children with food + to contribute to school fees, books, clothes and shoes, transport amongst others. Our data is showing that the CSG is not enough even to cover good balanced nutrition. Looking at the monthly costs across age groups, an argument could be made that the Rand value of CSG's should increase with age: for example boys and girls aged between 10-13 fall into energy group 2 and food costs increase to R543.64; girls aged between 14-18 fall into energy group 3 and food costs increase to R574.51 per month; and boys between 14-18 fall into the highest energy group (4) with food costs at R644.47 per month. Our data further supports the growing calls for pregnant women to be provided with grants (see most recent Amnesty International, 2014).<sup>37</sup> Pregnant and breastfeeding women fall into the highest energy category and require

<sup>37</sup> Amnesty International (2014). Struggle for Maternal Health: Barriers to Antenatal Care in South Africa. Published by Amnesty International. London, United Kingdom.

more energy to ensure good health and the best possible start for their foetus in the womb, during lactation and the first 1000 days of their child's life.

The ideal food basket is a useful instrument<sup>38</sup> to show the distance between what should be and what is. It could be used as a basis for determining at least the value of proper nutrition, costing it and then augmenting it based on other necessary expenses. We see it as a tool for wage and social grant determinations. We also however see its value in an idea that many of our health and education outcomes would be better addressed through the food on our plates. Increasing wages and social grants to values which include monies for proper nutrition would target many of our health and education challenges at their source – money spent on the plate would not only ensure that money spent on education would be optimised by learners but money spent on the plate would mean that our health systems will be much stronger – the burden of disease being dramatically reduced. Business and government alike bemoan our low levels of productivity and economic growth. It is clear from our data that many workers are not actually eating enough and a sufficient variety of food. Productivity will come when wages increase to levels whereby workers are able to work productively. Wage increases must come before productivity; productivity cannot come before wage increases. We cannot expect to starve and stunt our working class and then expect high levels of economic growth. The key to our development trajectory begins on the plate. The ideal food basket provides a way to getting there.

#### 14. Policy recommendations

The problem of hunger and deficiencies in dietary diversity are not because we don't have enough food but because we don't have enough money to buy the food we need. It is not an agricultural problem but an economic problem with social and economic affects. Income (wages and social grants) and affordability of prices (of food and other essential goods and services e.g. transport, electricity, household debt, health care and education costs) determines access to food. Access to food determines productivity, economic, social, education and health outcomes.

We have to find ways of increasing income and decreasing food prices but also decreasing other essential expenses, particularly public goods and regulating the credit market and food corporations. Addressing poverty and inequality is a political and economic choice. It starts on the plate.

The PACSA 2014 Food Barometer Report **recommends** that national government focus on the following public policy areas. These are:

- addressing the land question: the history of dispossession and accumulation is the reason why today we are hungry, why today we have little power. Land must be redistributed and activities on the land supported and financed.
- ensuring that staple foods are affordable;
- regulating the food value chain: the acute consolidation of the commercial farming, seed, agro-chemical, milling, baking, processing, packaging and retail sector in the hands of a few means food is planted for profits and not for the plate. Sign the proclamation for the implementation of the Competition Amendment Act.
- overcoming income poverty through greater employment;
- re-weighting the CPI to capture the expenditure patterns of low-income households; core to this is re-weighting the food and non-alcoholic beverage category from 15.41% to at least 33%. The CPI must be able to capture the impact of food prices on low-income households.
- linking wage and social grant increases to the amended CPI-Food and NAB inflation data and not headline inflation. Low-income households spend a larger proportion of their incomes on food.
- finding ways to make the CPI more reflective of the income inequality in our country – one which is more democratic and accurate. We have to find a way to ensure that the working class can afford to buy the food their families need.
- increasing the Rand value of the Child Support Grant to allow mothers to afford to buy sufficient nutritious food for their children (our calculations for September 2014 put the monthly cost at R500.30 per month).
- stepping the Rand value of the Child Support Grant to align with the gender and age of the child because as a child grows they have different energy and nutritional needs which implicate a higher food expenditure. For example our Ideal Food Basket (costed for September 2014) shows that boys and girls aged between 10-13 fall into energy group 2 and food costs increase to R543.64; girls aged between 14-18 fall into energy group 3 and food costs increase to R574.51 per month; and boys between 14-18 fall into the highest energy group (4) with food costs at R644.47 per month.
- providing pregnant and breastfeeding women with grants because their bodies need more energy and nutrients to ensure the good health and the best possible start for their foetus in the womb, during lactation and the first 1000 days of their child's life. We costed their monthly nutritional requirements at R644.47 per month for September 2014

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<sup>38</sup> PACSA's Ideal Food Basket Report can be accessed off our website on [www.pacsa.org.za](http://www.pacsa.org.za). PACSA is extremely grateful to Philippa Barnard for the extraordinary work involved in producing it and the electronic database.

- increasing the Rand value of Old-age pensions because these are used to feed entire families. The Rand value of the old-age pension must increase to allow families to be able to afford a basic basket of food as well as pay for other non-negotiable goods and services like water, electricity and transport (whose costs reduce the monies available for food). Old-age pensions stabilise and support families and build healthy social structures. Annual increases in old-age pensions must be consistent with food price inflation.
- facilitating immediate interventions for households that sometimes or always go hungry
- increasing support for the creation of an affordable food system which includes small scale farmers to increase agricultural production that provides nutritious and healthy food that is affordable and is grown close to the table; and
- Immediately reversing the permission given to Eskom to increase its electricity tariffs by 12.7%. Unless NERSA immediately instructs local municipalities to restructure its tariff structures to ensure electricity is affordable at low consumption levels which meet the dignity requirements of low-income households. Affordability may mean increasing free basic electricity volumes to 350kWh unless cost recovery after the initial low-consumption is removed. If Eskom goes ahead with its 12.7% increase in the absence of any affordability mechanisms low-income households will be unable to cope with the increased costs. Implications for food intake will be severe. People across the country will go to the street.

**Appendix 1: The 32 foods in the 2014 PACSA food basket**

Food	Quantity
Maize meal	15kg (10kg + 5kg)
Rice	10kg
Sugar Beans	5kg
Samp	5kg
Macaroni	1kg (500g +500g)
Cooking Oil	4 litres
Cake Flour	10kg
Soup	400g
Salt	500g
Brown bread	12 Loaves
Cremora	1kg
Canned fish	400g (2 cans)
Canned beans	410g (3 cans)
Yeast	70g (7gx10pkts)
Brown sugar	4kg
Stock	240g
Curry Powder	200g
Tea Bags	250g
Coffee	750g
Margarine	500g
Cheese	1 kg
Fresh Milk	2 litres
Maas	2 litres
Eggs	42 (30s +12s)
Frozen chicken portions	8kg
Stewing beef	3kg
Carrots	1kg
Spinach	1 bunch
Cabbage	3 pieces
Onions	2kg
Tomatoes	8kg
Potatoes	10kg

Please note: Going forward PACSA will amend its index based on the new consumption patterns of low-income households in Pietermaritzburg. For example, we will drop cheese, reduce the quantity of tomatoes and increase the quantity of maize meal and onions. We will continue tracking fresh milk and maas as both are critical for proper dietary health. We will continue tracking beef but will also look at tracking cheaper cuts; we will do the same for chicken.

**Appendix 2: The 34 foods in the Ideal Food Basket**

*Note that no quantities are given for the Ideal Food Basket because quantities differ according to energy groups and household composition.*

Food Group	Foods
Starchy Foods	Maize meal, soft porridge
	Maize meal, stiff phutu
	Oats porridge
	Brown bread
	Rice
	Samp
	Potatoes
Vegetables	Onion
	Tomato
	Carrot
	Spinach
	Cabbage
	Green pepper
	Butternut
Fruit	Orange
	Apple
	Banana
Dry beans, split peas, lentils, soya	Sugar beans
	Baked beans, tinned
Fish, chicken, lean meat, eggs	Eggs
	Beef, stewing
	Pilchards, tinned
	Chicken pieces
	Chicken livers
Milk, maas, yoghurt	Low fat milk
	Maas
Fat, oil	Margarine, soft tub
	Oil, sunflower
	Peanut butter
	Mayonnaise
Sugar	Sugar, brown
	Jam
Miscellaneous	Tea
	Salt
	Soup powder



### Appendix 3: PACSA Monthly Food Price Barometer for September 2014

## September 2014 PACSA Monthly Food Price Barometer

PACSA food basket for the month of September 2014		
Foods tracked	Quantity tracked	Price
Maize meal	15kg	↓ 104.74
Rice	10kg	↓ 68.74
Sugar Beans	5kg	↓ 109.49
Samp	5kg	↔ 34.19
Pasta (Macaroni)	1kg	↔ 19.99
Cooking Oil	4L	↔ 64.94
Cake Flour	10kg	↔ 83.69
Soup	400g	↑ 14.49
Salt	500g	↑ 10.99
Brown bread	12 loaves	↑ 117.06
Powdered milk	1kg	↑ 34.99
Canned fish	2 cans	↓ 28.21
Canned beans	3 cans	↑ 23.54
Yeast	10 X 7g pkts	↔ 17.62
Brown sugar	4kg	↓ 42.48
Beef Stock	240g	↓ 14.73
Curry Powder	200g	↓ 19.53
Tea Bags	250g	↔ 15.48
Coffee	750g	↔ 66.49
Margarine	500g	↓ 12.24
Cheese	1kg	↔ 91.21
Fresh Milk	2L	↑ 25.49
Maas	2L	↑ 26.00
Eggs	42 eggs	↓ 53.70
Frozen chicken portions	8kg	↑ 174.96
Beef	3kg	↑ 159.69
Carrots	1kg	↓ 6.77
Spinach	1 bunch	↓ 5.25
Cabbage	3 pieces	↓ 24.58
Onions	2kg	↓ 15.64
Tomatoes	8kg	↓ 99.76
Potatoes	10kg	↑ 53.37
<b>Total food basket</b>		↑ 1 640.05

For more information on how the figures were generated and the methodology behind them, refer to Notes and References (pg 3-4).

The impact of low incomes and high food prices on the available monies of households to secure food and <u>some</u> essential household requirements for the month of September 2014			
Household socio-economic scenarios	Household A	Household B	Household C
Total household income	R 1 350.00	R 2 280.00	R 3 200.00
MINUS September food basket	R 1 640.05	R 1 640.05	R 1 640.05
<b>Monies left over AFTER FOOD to buy <u>some</u> essential household requirements</b>	<b>-R 290.05</b>	<b>R 639.95</b>	<b>R 1 559.95</b>
MINUS Burial insurance	R 150.00	R 150.00	R 150.00
MINUS Electricity (350kWh prepaid)	R 465.54	R 465.54	R 465.54
MINUS Transport	R 66.00	R 132.00	R 440.00
MINUS Water (fixed tariff, unmetered)	R 76.20	R 76.20	R 76.20
MINUS September domestic & household hygiene products	R 217.86	R 217.86	R 217.86
<b>Monies left over AFTER FOOD &amp; <u>some</u> essential households requirements calculated*</b>	<b>-R 1 265.65</b>	<b>-R 401.65</b>	<b>R 210.35</b>
* continue deducting for other essential requirements			

Food price inflation is borne highest by low-income households because most or all of household monies are spent on food.

Consumer Price Index (CPI) vs. PACSA food price barometer				
	Headline CPI	CPI-Food	PACSA food price barometer	PACSA food price barometer (R)
Annual inflation rate July 2014	6.30%	8.80%	7.63%	R 114.85
Annual inflation rate August 2014	6.40%	9.40%	8.95%	R 133.75
Annual inflation rate September 2014	not available yet	not available yet	8.66%	R 130.71

The CPI is a national measure of inflation compiled by STATSSA. It tracks across a range of incomes and foods and is therefore skewed by SA's extreme levels of inequality, implicating that it captures the middle. PACSA's food price barometer tracks food prices from supermarkets which service the lower-income market in Pietermaritzburg; the foods low-income households actually buy and from the supermarkets low-income households buy from. The PACSA food price barometer therefore better reflects food price inflation for low-income households.

Top 6 drivers of increased food prices from September 2013 to September 2014 (per PACSA barometer)			
	Quantity tracked	Increase in Rands	Increase in %
Potatoes	10kg	R 12.13	29.42%
Canned beans	3 cans	R 4.44	23.24%
Tomatoes	8kg	R 17.92	21.90%
Fresh milk	2L	R 4.54	21.64%
Beef	3kg	R 26.97	20.32%
Cabbage	3 pieces	R 3.97	19.25%

PACSA food basket year-on-year from September 2013 to September 2014												
Sept 2013	Oct 2013	Nov 2013	Dec 2013	Jan 2014	Feb 2014	Mar 2014	Apr 2014	May 2014	June 2014	July 2014	Aug 2014	Sept 2014
R 1 509.34	R 1 514.04	R 1 503.26	R 1 572.25	R 1 566.50	R 1 611.56	R 1 636.27	R 1 646.68	R 1 665.46	R 1 639.42	R 1 620.38	R 1 627.86	R 1 640.05



PIETERMARITZBURG AGENCY FOR COMMUNITY SOCIAL ACTION



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