

MEDIA STATEMENT

Children can't eat enough food on a Child Support Grant (CSG).

In South Africa, poverty is highest amongst children. Despite the impressive roll-out and expansion of the Child Support Grant (CSG) which now reaches 69% of all children (according to the Department of Social Development); more than half of our children (56%) still live below the poverty line and nearly a third of children under the age of 5 (30%) are stunted, wasted or underweight. This suggests that stunting in children is occurring amongst significant numbers of households who are receiving child support grants. Studies indicate that the CSG is well targeted and is being used for its intended purpose but it is not enough to sufficiently break the poverty cycle or improve our economic, social, education and health outcomes. PACSA's research on food prices finds that the CSG rand value of R320 is not enough even to meet a child's basic nutritional needs, which in December was R489.88. It means that children are not eating enough nutritious food which negatively effects children's cognitive and physical development, health and wellbeing; and that other essential expenditures on education, health care, transport, clothes and shoes are unlikely to be absorbed.

December 2014 cost to meet monthly nutritional requirements of children (refer to page 3)

The effects of the CSG not being enough even to cover the basic nutritional requirements of a child suggests that children are not eating enough food and the food which they are eating is extremely deficient in energy, protein, fats, vitamins and minerals. These are essential for cognitive, bone and muscle development and to prevent infections and common childhood illnesses. Without these essential nutrients, children are less able to concentrate, learn and play; bones and muscles will not grow as well, children will be unable to resist common illnesses normally, will fatigue quickly, and will not thrive. 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.

Age, gender and life stage groups	KJ value	Monthly cost
Girls/Boys 3 - 9 years	6 500	R489.88
Girls/Boys 10 - 13 years	8 500	R529.70
Girls 14 - 18 years	10 500	R558.81
Boys 14 - 18 years	12 000	R619.85

Every developmental goal and all of our economic, social, education and health outcomes are hinged on the ability of people being able to think and learn, to be physically fit and healthy. By not ensuring that working class households are able to afford sufficient and nutritious food for their children; we are essentially structuring our economy to be poor and entrenching poverty and inequality.

Studies on the CSG indicate that the CSG is being used for its intended purpose but the impact currently is at low levels. Increased expenditure on food through increasing the value of the grant would see improved impacts for child development, health and well-being and progress through school. The first step to addressing poverty and inequality is to eradicate child poverty. The most effective way to eradicate child poverty is to make sure that all children are able to access sufficient and nutritious food. The CSG is currently the most efficient way to do this – it is correctly targeted and widely held as one of government's most successful anti-poverty interventions. We have the correct instrument; what needs to be done now is to substantially increase its value.

To see a greater eradication of child poverty the 2015 Budget would need to increase the rand value of the CSG at a minimum to the cost of ensuring that the nutritional needs of a child are met (our figures in December put this figure at R489.88 for children aged between 3-9; this age group is particularly important because the National School Nutrition Programme only captures children in school – children not in school and those below the ages of 5-6 are excluded); that the rand value of the grant be stepped up because as a child grows s/he has increased nutritional needs which implicates a higher food expenditure (our December figures put the cost of feeding girls and boys aged between 10-13 years at R529.70; R558.81 for girls aged between 14-18 years; and R619.85 for boys aged between 14-18 years); that annual increases be linked to food price inflation (CPI-Food and NAB) because caregivers spend most of the CSG on food and inflation on food is higher than overall inflation (e.g. for December 5.3% vs. 7.2%); and that the full allocation of the CSG be provided on a once-off bases (similarly with all other social grants) in April (not halved and split over 6 months) to ensure that optimal protection is derived against high food inflation.

PACSA's **Food Price Barometer** tracks the price of a basket of 36 basic food items from six different retail stores servicing the lower-income market in Pietermaritzburg, KwaZulu-Natal. The 2014 PACSA Food Price Barometer and monthly barometers can be accessed at www.pacsa.org.za or contact Julie Smith on julie@pacsa.org.za

December 2014

PACSA Monthly Food Price Barometer



PACSA food basket for the month of December 2014			
Foods tracked	Quantity tracked		Price
Maize meal	25kg	↓	R 145.15
Rice	10kg	↑	R 64.65
Sugar Beans	5kg	↓	R 77.65
Samp	5kg	↑	R 31.16
Pasta (Macaroni)	1kg	↓	R 20.82
Cooking Oil	4L	↓	R 62.47
Cake Flour	10kg	↓	R 70.98
White sugar	10kg	↓	R 97.32
Soup	600g	↑	R 21.28
Salt	1kg	↑	R 10.68
White bread	8 loaves	↓	R 85.43
Brown bread	4 loaves	↓	R 38.65
Cremora	1kg	↓	R 35.15
Canned fish	4 cans	↓	R 55.47
Canned beans	3 cans	↓	R 23.60
Yeast	4 X 7g pkts	↓	R 12.39
Beef Stock	240g	↑	R 13.48
Curry Powder	200g	↑	R 18.16
Rooibos Tea Bags	200g	↓	R 16.56
Coffee	100g	→	R 15.99
Margarine	1kg	↓	R 27.98
Fresh Milk	2L	→	R 24.98
Maas	2L	→	R 25.66
Eggs	30 eggs	↑	R 37.38
Polony	2.5kg	↑	R 34.46
Frozen chicken portions	6kg	↑	R 145.97
Chicken feet	4kg	↓	R 69.96
Chicken necks	6kg	↑	R 89.94
Beef	1kg	↑	R 51.65
Carrots	2kg	↑	R 14.30
Spinach	4 bunches	↑	R 16.23
Apples	1.5kg	↑	R 17.48
Cabbage	2 heads	↑	R 16.14
Onions	10kg	↑	R 30.83
Tomatoes	3kg	↑	R 28.33
Potatoes	10kg	↓	R 35.32
Total food basket		↑	1 583.67

Food price inflation is borne highest by low-income households because less money is available to spend on food. The table below shows the impact of low incomes and high food prices on the monies households have to secure food and some essential household requirements for the month of December 2014

Household socio-economic scenarios	Household A	Household B	Household C	Household D	Household E
Total household income	R 1 350.00	R 2 310.00	R 3 200.00	R 4 660.00	R 6 000.00
MINUS December food basket	R 1 583.67	R 1 583.67	R 1 583.67	R 1 583.67	R 1 583.67
Monies left over AFTER FOOD to buy <u>some</u> essential household requirements	-R 233.67	R 726.34	R 1 616.34	R 3 076.34	R 4 416.34
MINUS Burial insurance	R 150.00	R 150.00	R 150.00	R 150.00	R 150.00
MINUS Electricity (350kWh prepaid)	R 465.54	R 465.54	R 465.54	R 465.54	R 465.54
MINUS Transport	R 66.00	R 132.00	R 440.00	R 440.00	R 440.00
MINUS Water (fixed tariff, unmetred)	R 76.20	R 76.20	R 76.20	R 76.20	R 76.20
MINUS December domestic & household hygiene items	R 528.81	R 528.81	R 528.81	R 528.81	R 528.81
Monies left over AFTER FOOD & <u>some</u> essential households requirements calculated*	-R 1 520.22	-R 626.22	-R 44.22	R 1 415.79	R 2 755.79

* continue deducting for other essential requirements

Key to household incomes in table above

Household A: R1350.00	1 old-age pension
Household B: R2310.00	1 old-age pension (R1350) + 3 child support grants (3 x R320 = R960)
Household C: R3200.00	60% of all Pietermaritzburg households earn between zero and R3200 a month (STATSSA, 2011)
Household D: R4660.00	Average monthly consumption expenditure for Black South African Households (STATSSA, 2012)
Household E: R6000.00	Where we think the national minimum wage should be located

Note that PACSA rebased and reweighted its food basket in October 2014. PACSA reweights its data from time to time to ensure that the foods, volumes, and supermarkets tracked in our food price barometer are reflective of changing food expenditure patterns of working class poor households.

PACSA's food price barometer tracks the prices of 36 basic foods from six different retail supermarkets which service the lower-income market in Pietermaritzburg, KwaZulu-Natal. PACSA has been tracking the price of the basket since 2006. The barometer tracks the foods that households having an average of 7 members each, said they bought (as per focus groups) in 2014. 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.

Consumer Price Index (CPI) vs. PACSA food price barometer from October 2014 to December 2014

Indicators	Oct 2014	Nov 2014	Dec 2014
Total PACSA food basket	1557.63	R 1 550.87	R 1 583.67
PACSA month-on-month change (R)		-R 6.76	R 32.80
PACSA month-on-month change (%)		-0.43%	2.1%
CPI-Food & NAB month-on-month rates	0.2%	0.6%	-0.4%
CPI-Food & NAB year-on-year rates	7.8%	7.6%	7.2%
CPI headline year-on-year rates	5.9%	5.8%	5.3%

For more information on how the figures were generated and the methodology behind them, refer to Notes and References (pg 4-5).

December 2014: PACSA Monthly Minimum Food Basket

		Monthly Food Totals For Families		ENERGY GROUP 1 6500 kJ		ENERGY GROUP 2 8500 kJ		ENERGY GROUP 3 10500 kJ		ENERGY GROUP 4 12000 kJ	
FOOD GROUPING	FOOD ITEM	UNIT (KG/L/LOAVES)	Price per unit	AP WEIGHT	COST	AP WEIGHT	COST	AP WEIGHT	COST	AP WEIGHT	COST
Starchy Foods	Maize meal	Kilogram	R 5.81	3.2	R 18.72	3.9	R 22.64	5.7	R 33.09	6.0	R 34.84
	Oats porridge	Kilogram	R 24.48	0.2	R 5.88	0.2	R 5.88	0.4	R 8.81	0.4	R 8.81
	Brown bread	Loaves (700g)	R 9.66	1.8	R 17.39	3.0	R 28.99	3.6	R 34.79	5.7	R 55.08
	Rice	Kilogram	R 6.47	0.9	R 5.75	1.3	R 8.62	1.9	R 12.46	1.9	R 12.46
	Samp	Kilogram	R 6.23	0.4	R 2.69	0.8	R 4.71	0.9	R 5.38	1.0	R 6.06
Vegetables	Potatoes	Kilogram	R 3.53	0.4	R 1.30	0.7	R 2.61	0.7	R 2.61	0.7	R 2.61
	Onion	Kilogram	R 3.08	2.8	R 8.59	2.8	R 8.59	2.8	R 8.59	2.8	R 8.59
	Tomato	Kilogram	R 9.44	1.4	R 12.97	1.4	R 12.97	1.4	R 12.97	1.4	R 12.97
	Carrot	Kilogram	R 7.15	0.1	R 1.00	0.1	R 1.00	0.1	R 1.00	0.1	R 1.00
	Spinach	Kilogram (500g bunch)	R 4.06	0.5	R 1.97	0.5	R 1.97	0.5	R 1.97	0.5	R 1.97
	Cabbage	Kilogram (1.5kg head)	R 8.07	2.3	R 18.96	2.3	R 18.96	2.3	R 18.96	2.3	R 18.96
Fruit	Green pepper	Kilogram	R 18.32	1.2	R 21.93	1.2	R 21.93	1.2	R 21.93	1.2	R 21.93
	Butternut	Kilogram	R 7.28	0.4	R 2.55	0.4	R 2.55	0.4	R 2.55	0.4	R 2.55
	Orange	Kilogram	R 9.49	1.9	R 17.63	1.9	R 17.63	1.9	R 17.63	1.9	R 17.63
Dry beans, split peas, lentils, soya	Apple	Kilogram	R 11.66	1.3	R 15.21	1.3	R 15.21	1.3	R 15.21	1.3	R 15.21
	Banana	Kilogram	R 9.38	2.7	R 24.99	2.7	R 24.99	2.7	R 24.99	2.7	R 24.99
Fish, chicken, lean meat, eggs	Sugar beans	Kilogram	R 15.53	0.7	R 10.34	0.7	R 10.34	0.7	R 10.34	2.0	R 31.03
	Baked beans, tinned	Kilogram	R 19.19	0.6	R 10.79	0.5	R 8.63	0.5	R 8.63	1.4	R 25.90
	Eggs	each (50g each)	R 1.25	24.0	R 29.90	24.0	R 29.90	24.0	R 29.90	24.0	R 29.90
	Beef, neck, stewing	Kilogram	R 51.65	0.4	R 20.70	0.4	R 20.70	0.4	R 20.70	0.4	R 20.70
	Pilchards, tinned	Kilogram	R 34.67	0.6	R 22.00	0.6	R 22.00	0.6	R 22.00	0.6	R 22.00
Milk, maas	Chicken pieces	Kilogram	R 24.33	1.0	R 24.38	1.0	R 24.38	1.0	R 24.38	1.0	R 24.38
	Chicken livers	Kilogram	R 32.28	0.2	R 5.57	0.3	R 11.14	0.3	R 11.14	0.3	R 11.14
Fat, oil	Low fat milk (fresh or UH)	Litre	R 12.58	4.2	R 52.82	4.2	R 52.82	4.2	R 52.82	4.2	R 52.82
	Maas	Litre	R 12.83	7.8	R 100.06	7.8	R 100.06	7.8	R 100.06	7.8	R 100.06
Sugar	Margarine, soft tub	Kilogram	R 27.98	0.2	R 5.04	0.2	R 6.72	0.3	R 8.40	0.3	R 9.23
	Oil, sunflower	Litre	R 15.62	0.3	R 4.92	0.5	R 8.20	0.8	R 11.95	0.7	R 11.48
	Peanut butter	Kilogram	R 54.54	0.03	R 1.64	0.03	R 1.64	0.03	R 1.64	0.03	R 1.64
Miscellaneous	Mayonnaise	Kilogram	R 26.64	0.2	R 4.80	0.2	R 6.39	0.2	R 6.39	0.2	R 6.39
	Sugar, brown	Kilogram	R 9.73	0.3	R 2.45	0.8	R 8.06	0.8	R 8.06	0.8	R 8.06
	Jam	Kilogram	R 21.09	0.1	R 2.53	0.2	R 5.06	0.2	R 5.06	0.2	R 5.06
TOTAL	Tea	each (250g = 100 bags)	R 0.17	60.0	R 9.94	60.0	R 9.94	60.0	R 9.94	60.0	R 9.94
	Salt	Kilogram	R 10.68	0.1	R 1.28	0.1	R 1.28	0.1	R 1.28	0.1	R 1.28
	Soup powder	Kilogram	R 35.46	0.1	R 3.19	0.1	R 3.19	0.1	R 3.19	0.1	R 3.19
TOTAL					R 489.88		R 529.70		R 558.81		R 619.85
Per person per day					R 16.33		R 17.66		R 18.63		R 20.66

*Note that AP Weight means As Purchased Weight (dry weight) – the figure is rounded off.

Energy groups and monthly cost per group for December 2014

Energy group	KJ value	Age, gender and life stage groups	Monthly cost
Energy group 1	6 500	Girls/Boys 3 - 9 years	R489.88
Energy group 2	8 500	Girls/Boys 10 - 13 years Adult women 19 - 64 years Elderly women > 65 years	R529.70
Energy group 3	10 500	Girls 14 - 18 years Very active women 19 - 64 years Adult men 19 - 64 years Elderly men > 65 years	R558.81
Energy group 4	12 000	Boys 14 - 18 years Very active men 19 - 64 years Pregnant & lactating women	R619.85

Example of monthly cost for families with 7 and 4 members for December 2014

	Family of 7 members	Family of 4 members
Energy group 1 (6 500 kJ)	2	2
Energy group 2 (8 500 kJ)	2	0
Energy group 3 (10 500 kJ)	2	1
Energy group 4 (12 000 kJ)	1	1
Total family members	7*	4**
Total cost for family for month	R 3 776.63	R 2 158.42

Note that this table provides examples. It shows how the final costs are derived. By changing the energy groups and household numbers it is possible to calculate the complete nutritional costs of the basket for any individual or family.

*Total monthly food costs for a family of 7 (which includes 2 adults, 1 pensioner and 4 children): 1 very active man, 1 very active woman, 1 elderly woman, 2 children under the age of 9, 1 girl child of 16 years and 1 boy child of 10 years) = **R3 776.63**.

Total monthly food costs for a family of 4 (which includes 2 adults and 2 children): 1 very active man, 1 very active woman and 2 children under the age of 9) = **R2158.42.

Please note that the full document on PACSA's Minimum Food Basket can be accessed off the PACSA website: www.pacsa.org.za.

Notes and References

Total household income

We have selected 6 total household income scenarios:

Household A: R1350 = 1 old-age pension (National Treasury, 2014. Budget Speech: 13).

Household B: R2310 = 1 old age-pension (R1350) + 3 child support grants (3 x R320 = R960) (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.

Household D: R4660 is the average monthly consumption expenditure for Black South African Households (STATSSA, 2012).

Household E: R6000 is where we think the national minimum wage should be located.

PACSA food basket

This figure presents the monthly price of the PACSA food basket. PACSA tracks the prices of a basket of 36 basic foods from six 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 households having an average of 7 members each, said they buy (based on 2014 focus groups). 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. Data is collected from the 6 retail stores on the same day between the 21st and 24th of each month.

PACSA Minimum Food Basket

Given that the PACSA food basket is not nutritionally complete; the PACSA Minimum Food Basket provides a nutritionally complete basket which can be amended to include a range of different energy requirements, ages and life stages. The minimum food basket has been designed by a registered Dietician. The minimum food basket provides valuable data on which we can start talking realistically about the

PACSA Monthly Food Price Barometer

value of wages and social grants. The full report and methodologies on which the Minimum food basket is based is accessible off the PACSA website.

Burial insurance

This figure of R150 presents basic family burial insurance costs for a low-income household registered with insurance companies which serve the low-income market (2014). Burial insurance has been included as an essential and prioritised expense because interviews with households reveal that burial insurance is typically paid before any other expense and very seldom defaulted as a mechanism to ensure food is secured.

Electricity

The electricity cost is calculated on 350kWh per month. This is the average consumption for low-income households in Pietermaritzburg. We use the prepaid electricity tariff of R1.3301 per kWh because prepaid meters are installed in the homes of low-income households. The 2014/15 rand value is R465.54 per month (excluding transport and time costs of buying tokens). Households on prepaid meters in Pietermaritzburg are excluded from accessing free basic electricity.

Transport costs

The transport cost is calculated for a household living outside the CBD, given that apartheid geography has not changed and low-income Black African households still live outside the CBD and far from places of work. It is calculated on 1 kombi trip at R11 or R22 return (Pietermaritzburg kombi charges, July 2014). Three differentials across total household income are presented:

- R1350: 3 return trips to the CBD per month (3 x R22 = R66). This is calculated on trips to the CBD to purchase food, electricity tokens, and clinic visits/other.
- R2280: 6 return trips to the CBD per month (6 x R22 = R132). This is calculated on additional trips – households indicated that they make 3 electricity token purchases a month; the extra allocated trips are similar to those above and provide greater albeit still very limited mobility and connection with society.
- R3200 – R6000: 20 return trips to the CBD per month (20 x R22 = R440). This is calculated on an employed household member who works in town and takes one kombi trip return.

Transport for a 2nd kombi trip if the member requires more than one kombi stop is excluded, as is transport within the CBD. Transport for work seekers is excluded.

Note that transport costs excludes school transport fees, transport to seek work, transport to access municipal library, transport for church, recreation, cultural and family activities.

Water

The water expense is calculated on a fixed monthly charge for a non-metered household. This is a typical scenario for low-income households living in RDP housing in Pietermaritzburg. The 2014/15 charges on an unmetered water supply is R76.20 per month (includes VAT).

Domestic and household hygiene products

This figure presents the monthly price of personal and domestic hygiene products tracked through PACSA's barometer. This data and the products tracked were reweighted from October 2014. The new weights are based on conversations held with women, conducted from June-August 2014. Personal hygiene products tracked include: toilet paper [1ply x 20 rolls], bath soap [200g x 6], toothpaste [100ml x 3], sanitary pads [pack of 10 x 2], Vaseline [250ml x 2], face & body cream [big bottle x2], roll-on [normal x 4], spray deodorant [big sprays x2], shoe polish [100ml x1]. Domestic hygiene products tracked include: dishwashing liquid [750ml x1], washing powder [2kg x1], green bar soap [bars x4], toilet cleaner [750ml x 1], kitchen cleaner [750ml x1] and jik [750ml x1].

Other expenses ... continue deducting ...

The expenses listed exclude education costs (school fees, stationery, uniforms and shoes, books, lunch boxes, transport etc.); health care and medicine costs, communication costs (cell phone charges, newspapers), any shocks or emergency costs, social and cultural costs, home maintenance costs, savings etc. The graphic only includes those expenses listed.

Consumer Price Index (CPI and CPI-Food) vs. PACSA food price barometer

Figures are derived from STATSSA monthly statistical releases on the Consumer Price Index (see www.statssa.gov.za). We track the CPI-Food

component because it differs from the CPI. It is the CPI and not CPI-Food which is used to determine salary and social wage increases. Low-income households spend most or all of their monies on food. The price inflation on food therefore is important. PACSA's food price index year-on-year is typically higher than CPI-Food because CPI-Food tracks greater varieties of foods (many which low-income households do not actually consume) and averages the data across diverse income ranges – in a country with extreme levels of inequality, national averages are not sufficient to capture the reality of food price inflation for low-income households. Moreover the PACSA food price index which tracks food prices from 6 retail stores which service the lower-income market in Pietermaritzburg better reflects both the foods low-income households actually buy but also from the retail stores low-income households buy from. The PACSA food price barometer therefore provides a more accurate indicator of food price inflation for low-income households.

Food price affordability

Supermarkets are the main source of food for the majority of Pietermaritzburg households. In a cash-based economy it is income and affordability of prices that determines access to goods and services. The main determinant for access to food for net buyers is sufficient money and affordability of food prices. Household income and the prices of food are therefore crucial in determining access to affordable and sufficient quantities of a diverse range of food for adequate nutrition. Food price inflation must remain low and income levels must increase.

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."