



Key data from the July 2022 Household Affordability Index

The July 2022 Household Affordability Index, which tracks food price data from 44 supermarkets and 30 butcheries, in Johannesburg (Soweto, Alexandra, Tembisa and Hillbrow), Durban (KwaMashu, Umlazi, Isipingo, Durban CBD and Mtubatuba), Cape Town (Khayelitsha, Gugulethu, Philippi, Langa, Delft and Dunoon), Pietermaritzburg and Springbok (in the Northern Cape), shows that:

- **In July 2022:** The average cost of the Household Food Basket is **R4 748,87**.
- **Month-on-month:** The average cost of the Household Food Basket **increased** by **R60,06 (1,3%)**, from R4 688,81 in June 2022 to R4 748,87 in July 2022.
- **Year-on-year:** The average cost of the Household Food Basket **increased** by **R611,44 (14,8%)**, from R4 137,43 in July 2021 to R4 748,87 in July 2022.

Although the average Household Food Basket continues to rise, the data over the past three months is starting to show a moderation in prices. This month, although still rising (up by 1,3%), the higher increase on the average Household Food Basket is driven by a spike in the Cape Town Basket (up by R157,41). The spike in the Cape Town basket has driven up the monthly increase on the Average Household Food Basket by approximately R20.

Indications are that global commodity prices of grains and oilseeds and crude oil, amongst others, are stabilising. This means that imported inflation is likely to be lower, and we should begin to see some of this filtering through. We are further likely to see lower fuel prices next month. However, while we may start to see food prices stabilising, it is not clear when these prices will begin to fall.

Further to this, any moderation of food prices will not mean that there will be more money in people's pockets because July and August bring with them increases in taxi fares and higher electricity tariff prices. Pressures will therefore remain on households' ability to afford their basic expenditures for the foreseeable future.

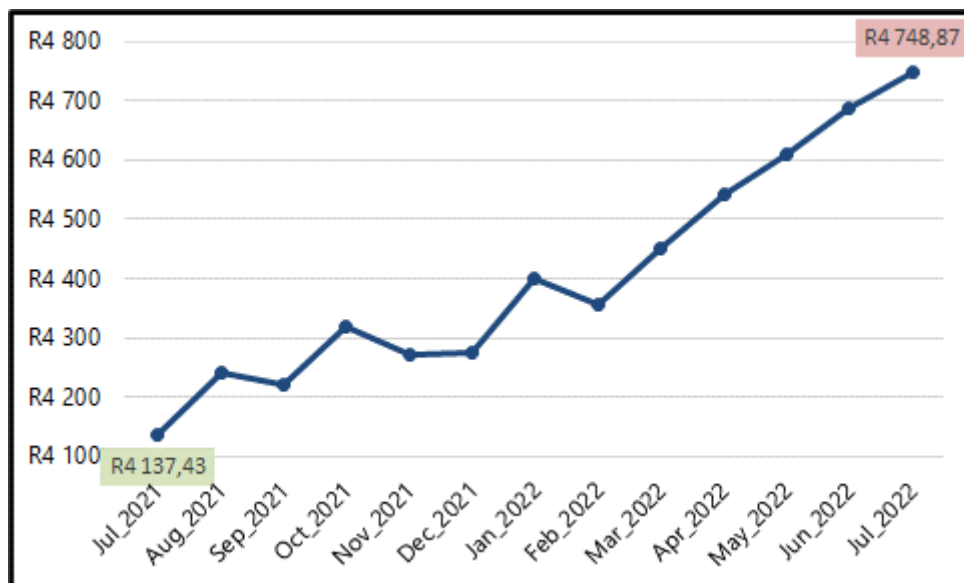


Figure 1: Average Household Food Basket: Year-on-year, from July 2021 to July 2022.

Food baskets increased in Joburg, Durban and Cape Town, and decreased in Springbok and Pietermaritzburg.

The Joburg basket increased by R22,33 (0,5%) month-on-month [m-o-m], and R583,62 (13,9%) year-on-year, to R4 771,49 in July 2022.

The Durban basket increased by R69,10 (1,4%) m-o-m, and R724,97 (17,6%) year-on-year, to R4 851,88 in July 2022. The Cape Town basket increased by R157,41 (3,5%) m-o-m, and R576,93 (14,2%) year-on-year, to R4 648,26 in July 2022.

The Springbok basket decreased by R127,32 (-2,5%) m-o-m, and increased by R411,29 (9,1%) year-on-year, to R4 919,13 in July 2022.

The Maritzburg basket decreased by R37,58 (-0,8%) m-o-m, and increased by R600,27 (15,1%) year-on-year, to R4 564,94 in July 2022.

31/44 foods in the total basket increased in price.

The price fluctuations this month of individual foods in the basket across areas are quite erratic. Generally, however the trend is that the major staple foods of maize meal, rice, samp, flour, sugar and potatoes saw increases. Cooking oil prices are stabilising in all areas except Joburg, which saw a further 5% increase. This month saw higher prices on vegetables: tomatoes, carrots, butternut, spinach, and green pepper; except for cabbage prices which decreased. Bananas, apples were up and oranges came down. Bread prices were down except for a steep jump of 5% in Cape Town. All meat prices came down, except beef which increased marginally (by 1%), frozen chicken portions increased marginally in all areas, except Durban and Springbok, where they came down by 6% and pushed the average down to -2%; and fish, which increased by 7%.

This month, the Cape Town basket which tends to increase at much gentler levels than other areas, saw a much steeper hike in prices and across more foods in the basket, compared to other areas. The total increase on the basket, too, was much higher than all other areas tracked (up by R157,41). 32/44 foods increased in price, with the increases on all the major staple foods (excl. fish oil), across eggs and dairy, some of the meats, most of the vegetables, and a steep hike in the bread prices. Cape Town food prices tend to follow a pattern of moderate increases, with intermittent higher spikes.

The Durban basket is consistently high. Monthly increases are typically in the region of R60 to R100. The escalation of the Durban basket over the past year is still partly driven by the consequences of the July 2021 unrest, where residents still, are having to buy their groceries in more expensive supermarkets, further from where they live. As well as the logistical obstacles in the food value chains, continuing from last year's unrest, and more current transportation problems of road blockages/protests/ongoing road maintenance and traffic disruptions on the major Joburg to Durban highway routes, including still dealing with the recent flooding.

Statistics South Africa's latest *Consumer Price Index* for June 2022ⁱ shows that **Headline inflation was 7,4%**, and for the **lowest expenditure quintiles 1-3, it is 9,1%, 8,5% and 7,5%** respectively. **CPI Food inflation was 9%**.

Household domestic and personal hygiene products

The July 2022 Household Domestic & Personal Hygiene Index shows an increase of **R36,86 (4,4%)** month-on-month. Year-on-year the household domestic and personal hygiene products index increased by **R151,89 (21%)** bringing the total average cost of basic household domestic and personal hygiene products to **R876,61 in July 2022**. (See page 5 of July 2022, Household Affordability Index).

Significant increases were seen on green bar soap (up 11%), washing powder (up 6%), bath soap (up 8%), cream (up 11%), and sanitary pads (up 6%). Dishwashing liquid, Handy Andy, Jik, Toilet Paper, Toothpaste, Deodorant, all increased.

Green bar soap has increased by 67% year-on-year, with the typical quantity required by women for their families, of 8 x 500g bars now costing R110,87 a month in July 2022 (up another R10,76 since June 2022).

The cost of basic hygiene products is high. These products compete in the household purse with food. These products are essential for good health and hygiene.

Workers

The National Minimum Wage is **R23,19** an hour and **R185,52** for an 8-hour day. The annual increment of **R1.50** per hour (**6,9%**) which came into effect in March 2022, increased the monthly wage of full-time workers by **R252** in July 2022.

The July 2022 cost of a basic nutritional food basket for a family of four persons is up **R391,79** year-on-year (**13,8%**), **with the total July 2022 cost standing at R3 229,49** (See page 6 of July 2022, Household Affordability Index).

In July, municipalities increased the price of prepaid electricity, on average by **7,47%**. In Pietermaritzburg, 350kWh of prepaid electricity increased by **R56**, from R731,50 to R787,50 (from R2,09/kWh to R2,25/kWh).

Transport fare increases are porous. Some have already come into effect, and some are yet to increase next month. General fare price increases, where they have been implemented, are up R2 - R3 and R5 per local trip. Fare increases hurt the pockets of workers; they must be absorbed as people have to get to work. Workers still live in the places where apartheid left them – far away from work, and economic hubs, and little has changed regarding apartheid geography. Taxi fares eat an enormous hole in workers pockets.

In July 2022, with 21-working days, the maximum National Minimum Wage for a General Worker is **R3 895,92**. On our calculations, using Pietermaritzburg-based figures for electricity and transport, and the national figure for a minimum nutritional basket of food for a family of four (in July this is R3 229,49), puts electricity (the 7,47% increase) and transport (increase not yet effected in Pietermaritzburg), as taking up as much as half a worker's wage (54,7% or R2 131,50). Food is bought after monies for transport and electricity have been paid for or set aside (leaving only R1 764,42 – for food and everything else), and so in July 2022, PMBEJD calculates that workers' families will **underspend on food by a minimum of 45,4%**.

Women and children

It now costs R100 more to feed a child a basic nutritious diet than it did a year ago.

In July 2022, the average cost to feed a child a basic nutritious diet was **R824,14**. Over the past month, the cost to feed a child a basic nutritious diet increased by **R10,85**. **Year-on-year**, the cost to feed a child a basic nutritious diet has **increased by R100,42 or 13,9%**.

In April 2022, the annual government increment on the Child Support Grant was **R20**, with the total value of the grant being **R480** per month.

In July 2022, the Child Support Grant of R480 is 23% below the Food Poverty Line of R624, and 42% below the average cost to feed a child a basic nutritious diet (R824,14).

We are starting to get into dangerous territory. It is the responsibility of the state to protect the life and health of our children. The basis on which Government determined the annual increment on the Child Support Grant of R20 earlier in the year would have been determined by some sort of an analysis of the future inflationary outlook. Since then, real-time food inflation has shifted markedly upwards, as has that of fuel prices; the electricity situation has deteriorated prompting higher alternative outlay, and just generally the cost of living has escalated dramatically. Given what we face now, particularly knowing that the Child Support Grant is set below the food poverty line, it would be prudent for Government to review the annual increment of R20 and raise it so that mothers are able to better absorb the food price shocks and feed their children properly.

ⁱ STATSSA (2022). **Consumer Price Index June 2022**. Statistical release P0141. 20 July 2022. Statistics South Africa. Pretoria. P5, 8. See Link: <https://www.statssa.gov.za/publications/P0141/P0141June2022.pdf>