

**Key data from the February 2023 Household Affordability Index**

The February 2023 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, Hammarsdale, Pinetown, and Mtubatuba), Cape Town (Khayelitsha, Gugulethu, Philippi, Langa, Delft and Dunoon), Pietermaritzburg and Springbok (in the Northern Cape), shows that:

- **In February 2023:** The average cost of the Household Food Basket is **R4 928,34**.
- **Month-on-month:** The average cost of the Household Food Basket **increased** by **R10,91 (0,2%)**, from R4 917,42 in January 2023 to R4 928,34 in February 2023.
- **Year-on-year:** The average cost of the Household Food Basket **increased** by **R572,64 (13,1%)**, from R4 355,70 in February 2022 to R4 928,34 in February 2023.

**The following foods increased in price.**

Foods which increased in price in February 2023, by **5% or more**, include: maize meal (up by 6%), samp (5%), butternut (7%), spinach (14%), cabbage (15%), green pepper (6%), and oranges (21%).

Foods which increased in price in February 2023, by **2% or more**, include: rice (2%), salt (2%), soup (2%), inyama yangaphakathi (4%), tomatoes (2%), bananas (4%), and apples (3%).

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

The Joburg basket **increased** by R50,13 (1,0%) month-on-month, and **increased** by R512,82 (11,6%) year-on-year, to **R4 923,41** in February 2023.

The Durban basket **decreased** by R6,39 (-0,1%) month-on-month, and **increased** by R540,03 (12,2%) year-on-year, to **R4 968,59** in February 2023.

The Cape Town basket **decreased** by R6,02 (-0,1%) month-on-month, and **increased** by R739,30 (17,6%) year-on-year, to **R4 942,45** in February 2023.

The Springbok basket **increased** by R278,48 (5,8%) month-on-month, and **increased** by R484,84 (10,6%) year-on-year, to **R5 055,61** in February 2023.

The Maritzburg basket **decreased** by R99,21 (-2,0%) month-on-month, and **increased** by R566,19 (13,5%) year-on-year, to **R4 751,76** in February 2023.

Statistics South Africa's latest *Consumer Price Index* for January 2023<sup>i</sup> shows that **Headline inflation was 6,9%**, and for the **lowest expenditure quintiles 1-3, it is 10,8%, 10,3% and 9%** respectively. **CPI Food inflation was 13,8%** (for CPI Food & NAB it was 13,4%, we use the figure excluding non-alcoholic beverages). *STATS SA's Producer Price Index* for January 2023<sup>ii</sup> shows **agriculture was 10,6%**.

**Women and children**

In February 2023, the average cost to feed a child a basic nutritious diet was **R864,06**. Over the past month, the average cost to feed a child a basic nutritious diet **increased** by **R11,02 or 1,3%**. Year-on-year, the average cost to feed a child a basic nutritious diet **increased** by **R92,11 or 11,9%**.

In February 2023, the **Child Support Grant of R480** is **28%** below the **Food Poverty Line of R663**, and **44%** below the average **cost to feed a child a basic nutritious diet (R864,06)**.

*Mothers use the Child Support Grant to buy food for their children. Food inflation, as measured by Statistics South Africa, through the Consumer Price Index, is 13,8% in January 2023. PMBEJD's food inflation data, which specifically looks at families earning low incomes, is 13,1% on the average household food basket in February 2023 and 11,9% on*

our nutritional food basket for children. The Consumer Price Index's expenditure quintile 1 (which is where mothers surviving primarily off government social grants are placed) is **10,8%** in January 2023 (this is a disaggregated headline inflation level specifically designed to measure inflation as experienced by South Africa's lowest spenders). The South African Reserve Bank in its January MPC Statement forecasts headline inflation for 2023 to be **5,4%**<sup>iii</sup> [this is average inflation for all items in the CPI basket for all South Africans]. Its forecast for food inflation for 2023 is **7,3%**. We don't know what the impact of the **18,65%** electricity tariff hike will be on food prices this year, but we would be extremely cautious with our analyses and therefore forecast that higher levels of food inflation will be with us for most of 2023.

Inflation effects people differently depending on (1) how much people earn, (2) what they spend their money on, and (3) how much they spend. People on low incomes tend to spend most of their small amounts of money on just a few items viz. food, electricity, transport, domestic and hygiene products, education resources and clothes for their children, burial insurance, and debt repayments. Of these items, most of the household budget is spent on food. Because all South African statistics are skewed by extraordinarily high levels of inequality, the Consumer Price Index disaggregates inflation data to show how inflation effects different categories of people differently. It publishes different inflation measures for different groups of people depending on spending levels and it also provides detailed inflation data for each item or group which makes up the total CPI basket.

The Child Support Grant [currently R480 a month] is available to mothers for their children, who earn no or very small amounts of income, and who spend almost all their income on food. If you choose to give an inflationary-linked increase on the Child Support Grant – a low Rand-value grant which primarily buys food for children in poor families, then you provide an increase which is linked to food inflation for a low-income earner. The Consumer Price Index disaggregates inflation data and these figures are known. Statistics South Africa makes available the correct information to government to make good, informed decisions, yet year after year, government doesn't use this information. Government ignores inequity, ignores that the CSG is used to buy food, and instead selects headline inflation (which has almost no relationship to the inflationary levels faced by mothers surviving on Child Support Grants), and even then, offers up what it says are inflationary-linked increases, when these increases are actually far lower even than official headline inflation or its future projections.

Government has decided to increase the Child Support Grant by **R20** in April 2023.<sup>iv</sup> This is an increase of **4,2%** (while CPI Food inflation is **13,8%**). **The R20 increase will move the CSG from R480 to R500.**

In October 2023, **6 months later**, Government will add **R10** onto the Grant, at which time, the delayed increase will be **6,25%, and move the CSG to R510.**<sup>v</sup>

Government's decision is not bad simply because for 6 months of 2023 our children's nutrition and health will not be protected from high food price inflation, but because the Rand-value of the grant is already set too low and far below the food poverty line, making the annual percentage increase (even at its maximum 6,25% or R30) a very small increment, essentially meaning that children will not be protected for the entire 2023/24 period (as happened last year and the year before that and the year before that).

At **R510**, the Child Support Grant will still be **23,1%** below the food poverty line of **R663**, and lower still when the updated food poverty lines are issued later this year. And although this will get worse each month, the R510 off our current February data of the cost to feed a child a proper nutritious diet will come in at **41%** short of the **R864,06** expenditure required.

The Child Support Grant is a very important instrument targeted directly for mothers to buy food for our children. Governments priorities are reflected in the budget allocations and from these increases its clear that government does not prioritise South Africa's children and our future. The annual 2023/24 increase on the Child Support Grant is not linked to the level of inflation as will be experienced by the recipients of the grant. The increase will not cushion the poor against rising inflation. Millions of our children will be at risk of hunger, malnutrition, and ill health.

**We call for the totality of the annual increase of R30 on the Child Support Grant to be given from April 2023 (no split of R20 in April and thereafter a 6-month delay of the R10 till October), thereby resulting in a monthly grant of R510. The increase of R30 is so little in the midst of such high food prices: just give it all at once. The electricity tariff increase of 18,65% will also come into effect in June and July, adding further strain on mothers, and removing more food off the plates of children.**

## **Workers**

The National Minimum Wage is **R23,19** an hour and **R185,52** for an 8-hour day. In February 2023, with 20-working days, the maximum National Minimum Wage for a General Worker is **R3 710,40**. **Workers work to support their families. Dispersed in a worker's family of 4 persons, the NMW, is reduced to R927,60 – this is below the upper-bound poverty line of R1 417 per capita per month.**

The February 2023 cost of a basic nutritional food basket for a family of four persons is **R3 388,00** (See page 6 of February 2023, Household Affordability Index).

On our calculations, using Pietermaritzburg-based figures for electricity and transport, and the average figure for a minimum nutritional basket of food for a family of four, puts electricity, and transport, taking up **60%** of a worker's wage (R2 227,50/R3 710,40). Food is bought after monies for transport and electricity have been paid for or set aside (leaving only **R1 482,90** – for food and everything else), and so in February 2023, PMBEJD calculates that workers' families will **underspend on food by a minimum of 56,2% (having R1 482,90 left after transport and electricity, and with food costing R3 388,00). In this scenario there is no possibility of a worker being able to buy proper nutritious food for her family.**

**If the R1 482,90 all went to buy food, then for a family of 4 persons, we are looking at R370,72 per person. This is 44% below the food poverty line of R663** (See page 8 of February 2023, Household Affordability Index).

## **Household domestic and personal hygiene products**

The February 2023 *Household Domestic & Personal Hygiene Index* shows an **increase of R5,64 (0,6%)** month-on-month. Year-on-year the household domestic and personal hygiene products index **increased by R161,55 (21,1%)** bringing the total average cost of basic household domestic and personal hygiene products to **R926,51 in February 2023** (See page 5 of February 2023, Household Affordability Index).

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

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<sup>i</sup> STATSSA (2023). **Consumer Price Index January 2023**. Statistical release P0141. 15 February 2023. Statistics South Africa. Pretoria. P5, 8. See Link: <https://www.statssa.gov.za/publications/P0141/P0141January2023.pdf>

<sup>ii</sup> STATSSA (2023). **Producer Price Index January 2023**. Statistical release P0142.1. 23 February 2023. Statistics South Africa. Pretoria. P11. See Link: <https://www.statssa.gov.za/publications/P01421/P01421January2023.pdf>

<sup>iii</sup> South African Reserve Bank (2023). **Statement of the Monetary Policy Committee**. 26 January 2023. South African Reserve Bank. P5. See link: <https://www.resbank.co.za/content/dam/sarb/publications/statements/monetary-policy-statements/2023/january-/Statement%20of%20the%20Monetary%20Policy%20Committee%20January%202023.pdf>

<sup>iv</sup> The South African Social Security Agency [SASSA] (2023). SASSA grant increases for 2023. See Link: <https://www.sassagrants.co.za/sassa-grant-increases-for-2023/>

<sup>v</sup> National Treasury (2023). **2023 Budget Speech**. 22 February 2023. Enoch Godongwana. Minister of Finance. P16. See Link: <https://www.treasury.gov.za/documents/National%20Budget/2023/speech/speech.pdf>