

*\*Please note: we have included additional data and commentary on the New National Minimum Wage rate, VAT, and an expanded zero-rated basket. (see page 3 and 4 of this statement).*

### **Key data from the March 2025 Household Affordability Index**

The March 2025 Household Affordability Index, which tracks the prices of 44 basic foods from 47 supermarkets and 32 butcheries, in Johannesburg (Soweto, Alexandra, Tembisa and Hillbrow), Durban (KwaMashu, Umlazi, Isipingo, Durban CBD, Hammarsdale and Pinetown), Cape Town (Khayelitsha, Gugulethu, Philippi, Langa, Delft and Dunoon), Pietermaritzburg, Mtubatuba (in Northern KwaZulu-Natal), and Springbok (in the Northern Cape), shows that:

- **In March 2025:** The average cost of the Household Food Basket is **R5 329,36**.
- **Month-on-month:** The average cost of the Household Food Basket **increased** by **R16,14 (0,3%)**, from R5 313,22 in February 2025 to R5 329,36 in March 2025.
- **Year-on-year:** The average cost of the Household Food Basket **increased** by **R51,43 (1,0%)**, from R5 277,93 in March 2024 to R5 329,36 in March 2025.

### **Food pricing trends in March 2025.**

In March, of the 44 foods tracked in the basket: 22 foods increased in price, and 21 foods decreased in price, and 1 food: oranges, remained unchanged – they are still holding their November proxy price. *See page 2 of March 2025, Household Affordability Index.*

The core staple foods of maize meal, rice, cake flour, white sugar, sugar beans, samp, and cooking oil – all saw price increases in March. This is problematic as these items take up proportionally the most money in the household purse, and are bought first. This means that the diversity of the family diet is dependent on the total cost of the staple foods, as the more nutrient rich foods like eggs, meats, dairy and vegetables, are only bought after the core staple foods have been secured. The core staple foods are principally starches – so the higher cost of staple foods is likely to reduce the amounts and quality of protein, calcium, fibre, vitamins and minerals in the family diet, all of these foods, are also essential for bodies to function optimally.

Because of the way women on low-incomes prioritise and purchase the core staple foods (plus a few additional items for palatability and the need to make a meal), we track these foods in a separate index. These 17 foods which women prioritise and purchase first came to a total cost of R2 923,52 in March 2025. Month-on-month this basket increased by R34,79 (1,2%); with the year-on-year price showing an increase of R101,95 (3,6%). *See page 3 of March 2025, Household Affordability Index.*

Meat prices came down, with the exception of frozen chicken portions which increased by 2%, with 10kg costing R410,41. Wors also increased by 4%. Chicken feet, chicken gizzards, chicken livers, beef liver, beef, beef tripe and fish all decreased in March.

Vegetable prices went up, with the exception of potatoes, tomatoes and green pepper. Onions, carrots, butternut, spinach, and cabbage increased in price.

*Below are the price movements of individual foods in the average household food basket:*

**Foods in the basket which increased in price in March 2025 by 5% or more**, include: onions (5%), carrots (15%), butternut (7%), and cabbage (6%).

**Foods in the basket which increased in price in March 2025 by 2% or more**, include: maize meal (2%), sugar beans (4%), samp (3%), cooking oil (2%), frozen chicken portions (2%), curry powder (3%), wors (4%), spinach (3%), bananas (2%), and peanut butter (4%).

**Foods in the basket which decreased in price in March 2025, by 5% or more**, include: potatoes (-5%), chicken livers (-7%), fish (-5%), tomatoes (-7%), and apples (-10%).

**Foods in the basket which decreased in price in March 2025, by 2% or more**, include: stock cubes (-4%), eggs (-4%), chicken feet (-2%), gizzards (-2%), beef tripe (-2%), *cremora* (-2%), and margarine (-3%).

(See page 2 of March 2024, Household Affordability Index).

### ***Inflation on the food baskets per area tracked.***

*In March 2025, food baskets in Joburg, Durban and Cape Town increased in price; and Springbok, Pietermaritzburg and Mtubatuba decreased in price.*

The Joburg basket **increased** by R35,82 (0,7%) month-on-month, and **increased** by R94,60 (1,8%) year-on-year, to **R5 481,88** in March 2025.

The Durban basket **increased** by R13,52 (0,3%) month-on-month, and **increased** by R23,47 (0,4%) year-on-year, to **R5 267,58** in March 2025.

The Cape Town basket **increased** by R54,56 (1,0%) month-on-month, and **increased** by R146,70 (2,8%) year-on-year, to **R5 305,31** in March 2025.

The Springbok basket **decreased** by R84,28 (-1,5%) month-on-month, and **decreased** by R196,83 (-3,4%) year-on-year, to **R5 665,91** in March 2025.

The Maritzburg basket **decreased** by R28,03 (-0,6%) month-on-month, and **decreased** by R216,13 (-4,2%) year-on-year, to **R4 906,00** in March 2025.

The Mtubatuba basket **decreased** by R34,01 (-0,6%) month-on-month, and **increased** by R21,60 (0,4%) year-on-year, to **R5 397,48** in March 2025.

(See pages 10-15 for area specific data, in the March 2025, Household Affordability Index).

### ***Statistics South Africa's latest Consumer Price Index.***

Statistics South Africa's latest *Consumer Price Index* for February 2025<sup>1</sup> shows that **Headline inflation was 3,2%**, and for the **lowest expenditure quintiles 1-3 it is 4,2%, 3,6%, and 3,4%** respectively. **CPI Food inflation was 1,9%** (for CPI Food & NAB it was 2,8%, we use the figure excluding non-alcoholic beverages). STATS SA's *Producer Price Index* for January 2025<sup>2</sup> shows **agriculture was 8,2%**.

### ***Workers***

The Minister of Employment and Labour gazetted a **4,4%** annual increase on the National Minimum Wage, which took effect on the 1st of March 2025. **For a worker, the 4,4% increment works out to be an extra R1,21 an hour, R9,68 for an 8-hour day, and if the full working-day month is worked (average 21 days), a R203,28 monthly increase. The NMW increased by R1,21 from R27,58 per hour to R28,79 per hour.**

**The National Minimum Wage is R28,79 per hour, R230,32 for an 8-hour day, and R4 836,72 for an average 21-day working month.**

In March 2025, with **20 working-days**, the maximum National Minimum Wage for a General Worker is **R4 606,40**. Workers work to support their families. The wage workers earn is not just to sustain themselves alone, it is used to support the entire family. For Black South African workers, **one wage typically must support 4 people. Dispersed**

<sup>1</sup> STATSSA (2025). **Consumer Price Index February 2025**. Statistical release P0141. 19 March 2025. Statistics South Africa. Pretoria. P3, 6. See Link: <https://www.statssa.gov.za/publications/P0141/P0141February2025.pdf>

<sup>2</sup> STATSSA (2025). **Producer Price Index January 2025**. Statistical release P0142.1. 27 February 2025. Statistics South Africa. Pretoria. P12. See Link: <https://www.statssa.gov.za/publications/P01421/P01421January2025.pdf>

**in a worker's family of 4 persons, the NMW, is R1 151,60 per person – this is below the upper-bound poverty line of R1 634 per person per month.**

The March 2025 average cost of a basic nutritional food basket for a family of four persons is **R3 729,40** (See page 6 of March 2025, 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 **57,4%** of a worker's wage (R2 642,97/R4 606,40). Food is bought after monies for transport and electricity have been paid for or set aside (leaving **R1 963,43** – for food and everything else), and so in March 2025, PMBEJD calculates that workers' families will **underspend on food by a minimum of 47,4%** (having R1 963,43 left over after transport and electricity have been paid, and with food for the month costing R3 729,40). **In this scenario there is no possibility of a worker being able to afford enough nutritious food for her family.** If the entire R1 963,43 all went to buy food, then for a family of 4 persons, **it would provide R490,85 per person per month. This is below the food poverty line of R796** (See page 8 of March 2025, Household Affordability Index).

*The new National Minimum Wage increment of **R1,21 an hour, which increases the daily rate of an 8-hour day by R9,68, and a R203,28 increase over the full-working day month** is not sufficient to significantly improve the monthly food shortfall (the increase on a 20 working-day month prior to the introduction of the NMW increase of February 2025 saw a **52,6%** shortfall, this month of March, also on a 20 working-day month, with the new rate, saw a **47,4%** shortfall). Despite the March increase, workers families are still falling well below the food poverty line, and therefore will continue to struggle to put proper nutritious food on the table, so essential for worker productivity, health and well-being. Workers will further be unable to ensure that their children eat properly and thereby workers' children will not be able to grow and thrive, nor improve their chances of doing better at school, and when they grow up, they too will enter the workplace disadvantaged. Underpaying workers acts to reinforce the generational cycle of inequity, injustice and poverty.*

*In a few months' time, the 2025/26 Eskom tariff hike of 12,7% will come into effect. This tariff hike may add an additional **R115,18** onto workers prepaid electricity bills (based on a 350kWh consumption). This electricity hike will force workers to draw down on their monthly NMW increase (**R203,28**) to pay the higher costs of electricity. **From a 4,4% NMW increase, the new electricity tariff will reduce it to an R88,10 per month increase** (from R1.21 per hour to R0,52 per hour), and **essentially a 1,9% increase in the NMW.** If the proposed 0,5% VAT increase is passed, workers will be even worse off.*

*Annual electricity tariff hikes, being as high as they are, must be accounted for in the determination of annual NMW recommendations to The Minister of Employment and Labour. Every year electricity tariff hikes decimate the annual NMW increases, leaving workers with far less money in their pockets than is fair, but also counterproductive to a strong, healthy, focussed workforce – and thereby a much-weakened foundation for economic growth and productivity.*

### **Women and children**

In March 2025, the average cost to feed a child a basic nutritious diet was **R951,00**. Over the past month, the average cost to feed a child a basic nutritious diet **decreased** by **R0,64 (-0,1%)**. Year-on-year, the average cost to feed a child a basic nutritious diet **increased** by **R9,11 (1,0%)**. See page 6 of March 2025, Household Affordability Index.

In March 2025, the **Child Support Grant** of **R530** is **33%** below the **Food Poverty Line** of **R796**, and **44%** below the average **cost to feed a child a basic nutritious diet (R951,00)**.

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

The March 2025 Household Domestic & Personal Hygiene Index **decreased** by **R13,41 (-1,3%)** month-on-month. Year-on-year the household domestic and personal hygiene products index **increased** by **R21,41 (2,1%)** bringing the total average cost of basic household domestic and personal hygiene products to **R1 021,85** in March 2025 (See page 5 of March 2025, Household Affordability Index).

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

### **VAT on the household food basket**

**22/44** foods in the total household food basket are subject to VAT. Foods subject to VAT make up **47%** of the total cost of the household food basket in March 2025: zero-rated food items cost R2 849,18 and foods subject to VAT cost R2 480,17 (the total household food basket being R5 329,36). VAT on the total household food basket came to **R323,50 in March 2025. This means 6,1% of the household food basket is made up of VAT.** See page 4 of March 2025, Household Affordability Index.

The total Rand-value of VAT on basic food stuffs (R323,50) is high relative to the amount of money families have available to spend on food. VAT on basic foods removes money from the purse that could be spent on more food; better diversity of food; and better-quality food.

The proposal to increase the VAT-rate by an additional 0,5% to 15,5% would have, on this month's March food basket, increased total VAT to **R334,28 (an extra R10,78).**

### **The context of the VAT hike must be seen in the context of a food affordability crisis. Our data shows that:**

- For a household of 7-members (The Household Food Basket), the total cost of the food basket is R5 329,36. Divide this by 7-members, and we get a per person spend of **R761,34. This is below the Food Poverty Line of R796.** (See page 2 of March 2025 Household Affordability Index).
- For a worker's family of 4-members, where one worker is employed and earns at the National Minimum Wage level, our data shows a **47,4%** shortfall in nutritious food, with less than **R490,85** per person available to spend on food. **This is below the Food Poverty Line of R796.** (See page 8 of March 2025 Household Affordability Index).
- For families with children, and relying on the Child Support Grant of **R530** per month, the average cost of feeding a child a nutritious diet in March is R951,00. The Child Support Grant is 33% **below the Food Poverty Line of R796** and 44% below the average cost to secure basic nutrition for a child. See page 6 of March 2025, Household Affordability Index).

Hiking the VAT-rate in this context will only hurt families further, and have consequences for our social, health and economic outlook. Hiking the VAT-rate was an idea, a proposal – it does not have to be implemented. We do have other options to raise revenue that may be far less harmful to our people, businesses and economic growth.

### **The proposed expansion of the zero-rated basket**

The Minister has proposed expanding the zero-rated basket to protect vulnerable households from the high cost of living and the possible VAT hike. The expanded list of zero-rated foods includes: canned vegetables, dairy liquid blends, and organ meats from sheep, poultry and other animals. In the Household Food Basket, these additional items may be chicken feet (2kg), chicken gizzards (2kg), chicken livers (2kg), beef livers (2kg), tripe (2kg) and baked beans (6 cans). These items in March 2025 cost R526.91 (including 15% VAT). If these items were to be zero-rated, then their price may be reduced to R458.18 (a potential R68.73 savings).

*If the zero-rating of these foods does come to pass, it could result in a possible saving but the potential saving is contingent on several factors: for example, if these foods are affordable (zero-rating an item does not necessarily mean that that food is all of a sudden affordable, it may be a bit cheaper but still unaffordable); if producers and retailers pass on the VAT-exemption savings to consumers; if these foods remain affordable over time (if the VAT-saving is not subverted by higher prices on these items, making the VAT-exemption superfluous); if women choose to buy these foods for their families (food preferences; and health considerations – some of these foods may not be suitable to all family members; longer preparation times and more thinking into types of meals which may be made with them). **We do not know if zero-rating the foods as proposed by the Minister will be helpful.***

*Zero-rating offal and not also frozen chicken portions, peanut butter and margarine, which will likely have been more helpful to households in terms of providing better and more common sources of protein and fats – may have a better chance of mitigating against the high cost of living and the possible VAT hike. It may also have sent a better message to South African households who struggle on low-incomes, and who have over the years turned to offal not generally as a preference, except for infrequent purchases, but out of necessity to try and source some type of cheaper protein for their families. There is also a question of whether VAT should not be removed from all animal products? That is, VAT be removed off all livestock to release greater demand from a much larger section of our population who want to buy meat but who are constrained by affordability – this step may help consumers, farmers and accelerate economic growth?*