

MEDIA STATEMENT

No drop in food prices as a result of the petrol price drop.

We have not seen a drop in food prices at the supermarket shelves as a result of the petrol price drop. The price of petrol has dropped by 25% since July 2014, and even considering the time lag, PACSA's food price barometer shows an average increase in food prices of 0.7% from October 2014 till January 2015 (R1557.63 in October 2014 to R1568.25 in January 2015). STATS SA's CPI food and non-alcoholic beverages index similarly showed a 0.9% increase between December 2014 and January 2015. Many are questioning why we have not seen a drop in food prices. Fuel is an input cost across the entire food value chain and in all foods. A significant decrease in the price of fuel as we have seen over the past six months, and as lower fuel prices work their way through the entire value chain, should therefore logically lead to a substantial decrease in the prices of all foods.

Shoprite's recent announcement that its distribution costs have fallen and that this has enabled it to pass petrol savings onto consumers on a few basic foods is therefore perplexing. On the one hand it confirms that retailers are indeed benefiting from the petrol price drop; but on the other it raises several questions. Why are we not seeing price decreases in all foods (not just a few basic foods)? Why are we not seeing all retailers pass on these decreases? Why are we not seeing substantial decreases in the prices of all foods given that fuel is an input across the value chain (not just at the distribution level)?

In the absence of transparency in how retailers set food prices; and based on consumers experience (and PACSA's food price barometer data) of food prices rising when petrol prices rise – a petrol price drop with no subsequent food price drop suggests that retailers are using savings on fuel prices to bolster their profits. Most South African households are under severe economic pressure and struggle to put food on the table. At a time when retailers are able to pass on savings to consumers, ordinary South Africans are not seeing any discernible change in food prices. With the crude oil price back on the up it appears that the window of passing on fuel price savings has come and gone. Pioneer Foods announced that the price of Sasko bread will increase by 45cents per loaf on the 16th February 2015. Many others will follow on the basis of salary and overhead increases.

By not passing on what should be substantial food price savings to consumers; big business's commitment to the developmental agenda of South Africa is questionable. South African households are under severe economic pressure. We require solidarity from the business sector – a solidarity that is guided by a long-term view of contributing to a South Africa that is equitable and where all have a place to live in dignity and to thrive. This means passing on savings to consumers rather than bolstering profits. The developmental agenda requires this as does sustainable business.

*The Pietermaritzburg Agency for Community Social Action [PACSA] **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 barometer serves as an index for food price inflation and provides insight into the affordability of food and other essential household requirements for working class households in a context of low wages, social grants and high levels of unemployment. The Minimum Food Basket tracks the price of a basket of basic foods required for good quality but basic nutrition.*

The consolidated report on the PACSA Food Price Barometer for the 12 months to September 2014 was released on the 16th October. The 2014 PACSA Food Price Barometer and the Minimum Food Basket report can be accessed at www.pacsa.org.za. For further information on the monthly food price barometers and food affordability research, contact Julie Smith on julie@pacsa.org.za or 033 342 0052.

January 2015

PACSA Monthly Food Price Barometer

PACSA food basket for the month of January 2015

Food group	Foods tracked	Quantity tracked	December Price	January Price	Month-on-month change (R)	Month-on month change (per food group)
Starchy foods	Maize meal	25kg	R 145.15	↑ R 147.82	R 2.67	-R 1.52
	Rice	10kg	R 64.65	↑ R 66.32	R 1.67	
	Cake Flour	10kg	R 70.98	↑ R 72.48	R 1.49	
	White bread	8 loaves	R 85.43	↓ R 83.09	-R 2.33	
	Brown bread	4 loaves	R 38.65	↓ R 37.49	-R 1.17	
	Samp	5kg	R 31.16	↓ R 27.66	-R 3.50	
	Pasta (Macaroni)	1kg	R 20.82	↓ R 20.47	-R 0.35	
Sugar	White sugar	10kg	R 97.32	↑ R 99.65	R 2.33	R 2.33
Dry beans, canned beans	Sugar Beans	5kg	R 77.65	↓ R 72.32	-R 5.33	-R 5.48
	Canned beans	3 cans	R 23.60	↓ R 23.45	-R 0.15	
Fat, oil	Cooking Oil	4L	R 62.47	↑ R 62.80	R 0.33	R 5.67
	Margarine	1kg	R 27.98	↑ R 33.32	R 5.33	
Milk, maas	Fresh Milk	2L	R 24.98	↔ R 24.98	R 0.00	R 1.09
	Maas	2L	R 25.66	↑ R 26.74	R 1.09	
Meat, eggs, fish	Eggs	30 eggs	R 37.38	↑ R 38.15	R 0.77	-R 20.88
	Canned fish	4 cans	R 55.47	↑ R 57.27	R 1.79	
	Frozen chicken portions	6kg	R 145.97	↓ R 140.95	-R 5.02	
	Chicken feet	4kg	R 69.96	↓ R 65.28	-R 4.68	
	Chicken necks	6kg	R 89.94	↓ R 77.94	-R 12.00	
	Beef	1kg	R 51.65	↓ R 50.15	-R 1.50	
	Polony	2.5kg	R 34.46	↓ R 34.22	-R 0.24	
Vegetables	Carrots	2kg	R 14.30	↓ R 11.48	-R 2.82	R 3.30
	Spinach	4 bunches	R 16.23	↔ R 16.23	R 0.00	
	Apples	1.5kg	R 17.48	↓ R 15.58	-R 1.91	
	Cabbage	2 heads	R 16.14	↑ R 17.95	R 1.81	
	Onions	10kg	R 30.83	↑ R 34.87	R 4.04	
	Potatoes	10kg	R 28.33	↑ R 32.50	R 4.17	
Miscellaneous	Salt	1kg	R 10.68	↔ R 10.68	R 0.00	R 0.08
	Yeast	4 X 7g pkts	R 12.39	↓ R 12.12	-R 0.27	
	Beef Stock	240g	R 13.48	↑ R 14.48	R 1.00	
	Soup	600g	R 21.28	↓ R 20.95	-R 0.33	
	Curry Powder	200g	R 18.16	↑ R 19.32	R 1.17	
	Rooibos Tea Bags	200g	R 16.56	↓ R 15.57	-R 0.99	
	Coffee	100g	R 15.99	↔ R 15.99	R 0.00	
	Cremora	1kg	R 35.15	↓ R 34.65	-R 0.50	
Total food basket			1 583.67	↓ R 1 568.25	-R 15.42	

Indicators and commodity prices from October 2014 to January 2015

Indicators	Oct 2014	Nov 2014	Dec 2014	Jan 2015
Total PACSA food basket	1557.63	R 1 550.87	R 1 583.67	↓ R 1 568.25
PACSA month-on-month change (R)		-R 6.76	R 32.80	↓ -R 15.42
PACSA month-on-month change (%)		-0.43%	2.1%	↓ -0.97%
CPI-Food & NAB month-on-month rates	0.2%	0.6%	-0.4%	↑ 0.9%
CPI-Food & NAB year-on-year rates	7.8%	7.6%	7.2%	↓ 6.5%
CPI headline year-on-year rates	5.9%	5.8%	5.3%	↓ 4.4%
Commodities				
Oil price per barrel (\$)	\$92.82	\$83.39	\$69.35	↓ \$49.28
Petrol (Inland) per litre	R 13.43	R 12.98	R 12.29	↓ R 11.02
Diesel (Reef) per litre	R 12.46	R 11.85	R 11.32	↓ R 10.28
RSA White Maize per ton	R 1 800.00	R 1 979.00	R 2 085.00	↓ R 1 974.00
RSA Yellow Maize per ton	R 1 800.00	R 2 007.00	R 2 110.00	↓ R 1 993.00
RSA Wheat per ton	R 3 620.00	R 3 669.00	R 3 764.00	↑ R 3 920.00
RSA Soybeans per ton	R 5 110.00	R 5 578.00	R 5 530.00	↑ R 5 670.00
RSA Sunflower seed per ton	R 4 594.00	R 4 952.00	R 4 925.00	↑ R 4 970.00

Data for PACSA food basket sourced from:

Six different retail stores which service the lower-income market in Pietermaritzburg, KwaZulu-Natal. The 36 foods and the specific volumes are 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 nutritionally complete; it is a reflection of reality. Data is collected from the 6 retail stores on the same day between the 21st and 24th of each month.

Data for indicators and commodities sourced from:

1. Statistics South Africa. Consumer Price Index. <http://beta2.statssa.gov.za/publications/P0141/P0141January2015.pdf>
2. Department of Energy. Fuel Price History 2015. <http://www.energy.gov.za/files/esources/petroleum/January2015/Fuel-Price-History.pdf>
3. Department of Agriculture, Forestry and Fisheries. Weekly Price Watch 09 January 2015. <http://www.daff.gov.za/daffweb3/Portals/0/Price%20Watch/PriceWatch%202015-01-09%20Final.pdf>

January 2015: 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 5.91	3.2	R 19.07	3.9	R 23.06	5.7	R 33.70	6.0	R 35.48
	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 9.37	1.8	R 16.87	3.0	R 28.12	3.6	R 33.74	5.7	R 53.42
	Rice	Kilogram	R 6.63	0.9	R 5.90	1.3	R 8.85	1.9	R 12.78	1.9	R 12.78
	Samp	Kilogram	R 5.53	0.4	R 2.39	0.8	R 4.18	0.9	R 4.78	1.0	R 5.38
Vegetables	Potatoes	Kilogram	R 3.33	0.4	R 1.23	0.7	R 2.46	0.7	R 2.46	0.7	R 2.46
	Onion	Kilogram	R 3.49	2.8	R 9.72	2.8	R 9.72	2.8	R 9.72	2.8	R 9.72
	Tomato	Kilogram	R 10.83	1.4	R 14.88	1.4	R 14.88	1.4	R 14.88	1.4	R 14.88
	Carrot	Kilogram	R 5.74	0.1	R 0.80	0.1	R 0.80	0.1	R 0.80	0.1	R 0.80
	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 8.98	2.3	R 21.08	2.3	R 21.08	2.3	R 21.08	2.3	R 21.08
	Green pepper	Kilogram	R 15.32	1.2	R 18.33	1.2	R 18.33	1.2	R 18.33	1.2	R 18.33
Fruit	Butternut	Kilogram	R 6.12	0.4	R 2.15	0.4	R 2.15	0.4	R 2.15	0.4	R 2.15
	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
	Apple	Kilogram	R 10.38	1.3	R 13.55	1.3	R 13.55	1.3	R 13.55	1.3	R 13.55
	Banana	Kilogram	R 6.98	2.7	R 18.60	2.7	R 18.60	2.7	R 18.60	2.7	R 18.60
Beans, split peas, lentils, soy	Sugar beans	Kilogram	R 14.46	0.7	R 9.63	0.7	R 9.63	0.7	R 9.63	2.0	R 28.90
	Baked beans, tinned	Kilogram	R 19.07	0.6	R 10.72	0.5	R 8.58	0.5	R 8.58	1.4	R 25.74
Fish, chicken, lean meat, eggs	Eggs	each (50g each)	R 1.27	24.0	R 30.52	24.0	R 30.52	24.0	R 30.52	24.0	R 30.52
	Beef, neck, stewing	Kilogram	R 50.15	0.4	R 20.10	0.4	R 20.10	0.4	R 20.10	0.4	R 20.10
	Pilchards, tinned	Kilogram	R 35.79	0.6	R 22.71	0.6	R 22.71	0.6	R 22.71	0.6	R 22.71
	Chicken pieces	Kilogram	R 23.49	1.0	R 23.54	1.0	R 23.54	1.0	R 23.54	1.0	R 23.54
	Chicken livers	Kilogram	R 32.97	0.2	R 5.69	0.3	R 11.37	0.3	R 11.37	0.3	R 11.37
Milk, maas, yoghurt	Low fat milk (fresh or UHT)	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 13.37	7.8	R 104.29	7.8	R 104.29	7.8	R 104.29	7.8	R 104.29
Fat, oil	Margarine, soft tub	Kilogram	R 33.32	0.2	R 6.00	0.2	R 8.00	0.3	R 10.00	0.3	R 10.99
	Oil, sunflower	Litre	R 15.70	0.3	R 4.95	0.5	R 8.24	0.8	R 12.01	0.7	R 11.54
	Peanut butter	Kilogram	R 56.21	0.03	R 1.69	0.03	R 1.69	0.03	R 1.69	0.03	R 1.69
	Mayonnaise	Kilogram	R 27.53	0.2	R 4.96	0.2	R 6.61	0.2	R 6.61	0.2	R 6.61
Sugar	Sugar, brown	Kilogram	R 9.97	0.3	R 2.51	0.8	R 8.25	0.8	R 8.25	0.8	R 8.25
	Jam	Kilogram	R 22.11	0.1	R 2.65	0.2	R 5.31	0.2	R 5.31	0.2	R 5.31
Miscellaneous	Tea	each (250g = 100 bags)	R 0.16	60.0	R 9.34	60.0	R 9.34	60.0	R 9.34	60.0	R 9.34
	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 34.92	0.1	R 3.14	0.1	R 3.14	0.1	R 3.14	0.1	R 3.14
TOTAL					R 486.58		R 526.67		R 556.17		R 615.18
Per person per day					R 16.22		R 17.56		R 18.54		R 20.51

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

Energy groups and monthly cost per group for January 2015

Energy group	KJ value	Age, gender and life stage groups	Monthly cost
Energy group 1	6 500	Girls/Boys 3 - 9 years	R486.58
Energy group 2	8 500	Girls/Boys 10 - 13 years Adult women 19 - 64 years Elderly women > 65 years	R526.67
Energy group 3	10 500	Girls 14 - 18 years Very active women 19 - 64 years Adult men 19 - 64 years Elderly men > 65 years	R556.17
Energy group 4	12 000	Boys 14 - 18 years Very active men 19 - 64 years Pregnant & lactating women	R615.18

Example of monthly cost for families with 7 and 4 members for January 2015

	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 3 754.05	R 2 144.52

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 754.05**.

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) = **R2144.52.

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."