



PACSA FOOD PRICE BAROMETER

KZN Department of Agriculture
Colloquium

Mervyn Abrahams
PACSA Director



Many South Africans feeling the pinch on World Food Day [eNCA.html](#)

The PACSA Food Price Barometer

- The PACSA Food Price Barometer tracks the monthly prices of the foods in the trolleys of low-income households in Pietermaritzburg.
- It is specifically designed to measure food price inflation as experienced by households living on low incomes.
- Food prices, rand-value expenditure on food, and food expenditure as a proportion of income is a proxy for the deep crisis around incomes, wage levels and the cost of goods and services in the economy.

The PACSA Food Basket

Food grouping	Foods tracked	Quantity tracked
Starchy foods	Maize meal	25kg
	Rice	10kg
	Cake Flour	10kg
	White bread	8 loaves
	Brown bread	4 loaves
	Samp	5kg
	Pasta	1kg
Sugar	White sugar	10kg
Dry beans, canned beans	Sugar beans	5kg
	Canned beans	3 cans
Fat, oil	Cooking oil	4L
	Margarine	1kg
Milk, maas	Fresh Milk	2L
	Maas	2L
Meat, eggs, fish	Eggs	30 eggs
	Canned fish	4 cans
	Chicken pieces	6kg
	Chicken feet	4kg
	Chicken necks	6kg
	Beef	1kg
	Polony	2.5kg
Vegetables	Carrots	2kg
	Spinach	4 bunches
	Apples	1.5kg
	Cabbage	2 heads
	Onions	10kg
	Tomatoes	3kg
	Potatoes	10kg
Miscellaneous	Salt	1kg
	Yeast	4 X 7g pkts
	Beef stock	240g
	Soup	600g
	Curry powder	200g
	Rooibos tea bags	200g
	Coffee	100g
Cremora	1kg	

- Tracks a food basket which includes 36 basic foods which low-income households try to buy each month (not nutritionally complete);
- in volumes women buy them in (household size = 7);
- from supermarkets women buy them from;
- and reflects how women make purchasing decisions at supermarket shelves.

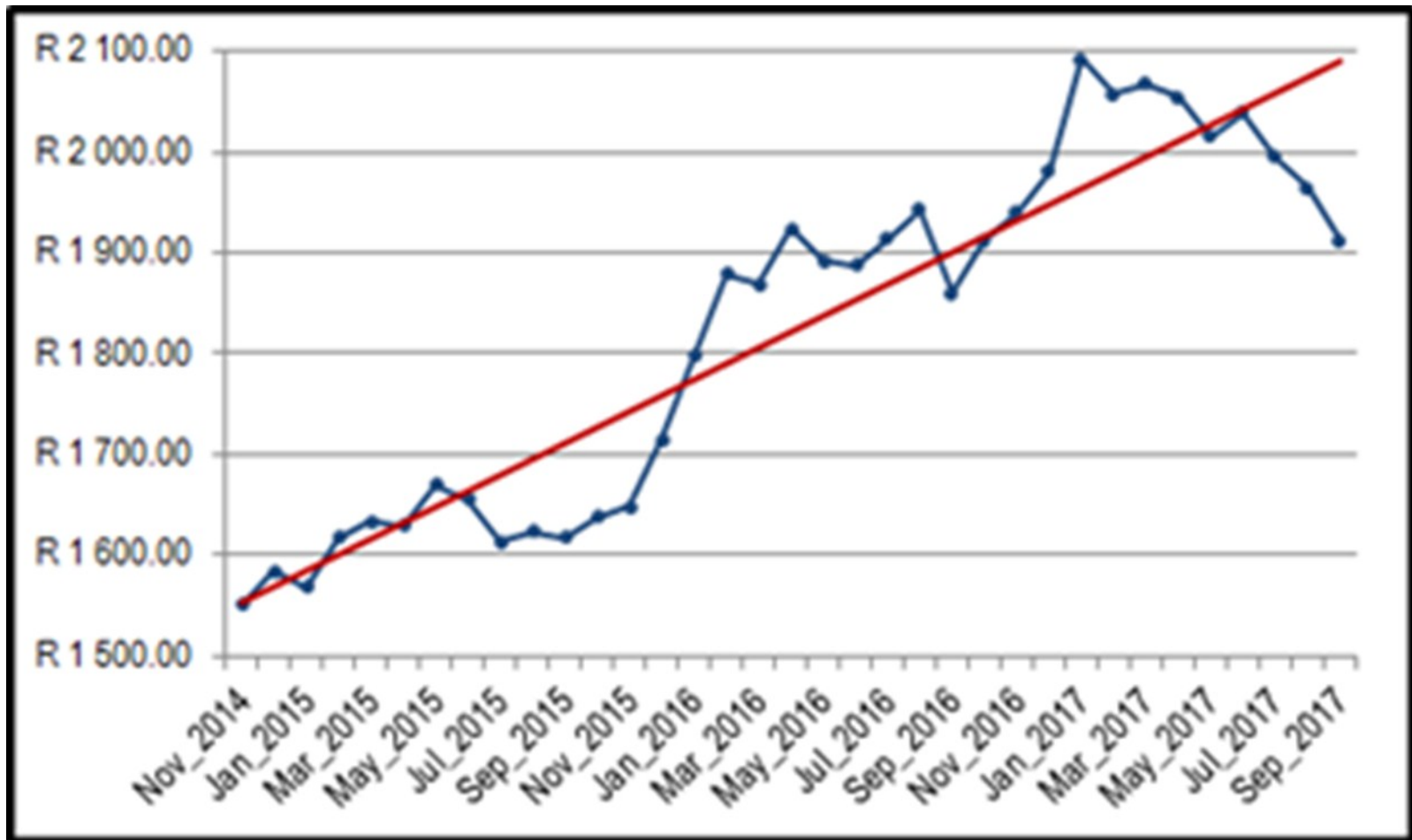
Availability vs Affordability

- If we locate the problem of households inability to access sufficient and nutritious food as the AVAILABILITY of food then the solution lies in AGRICULTURE
- If we locate the problem as AFFORDABILITY then the solution lies in ECONOMIC and POLITICAL choices
- We analyse food prices through the lens of affordability.

Households: Net Buyers of food

- South African households are net buyers of food. Supermarkets are the main source of food for the majority of South African households.
- In a cash-based capitalist economy where food is not a public good; access to food requires money.

Rand-value cost of the PACSA Food Basket over past 3 years (Nov 2014 to Sep 2017).



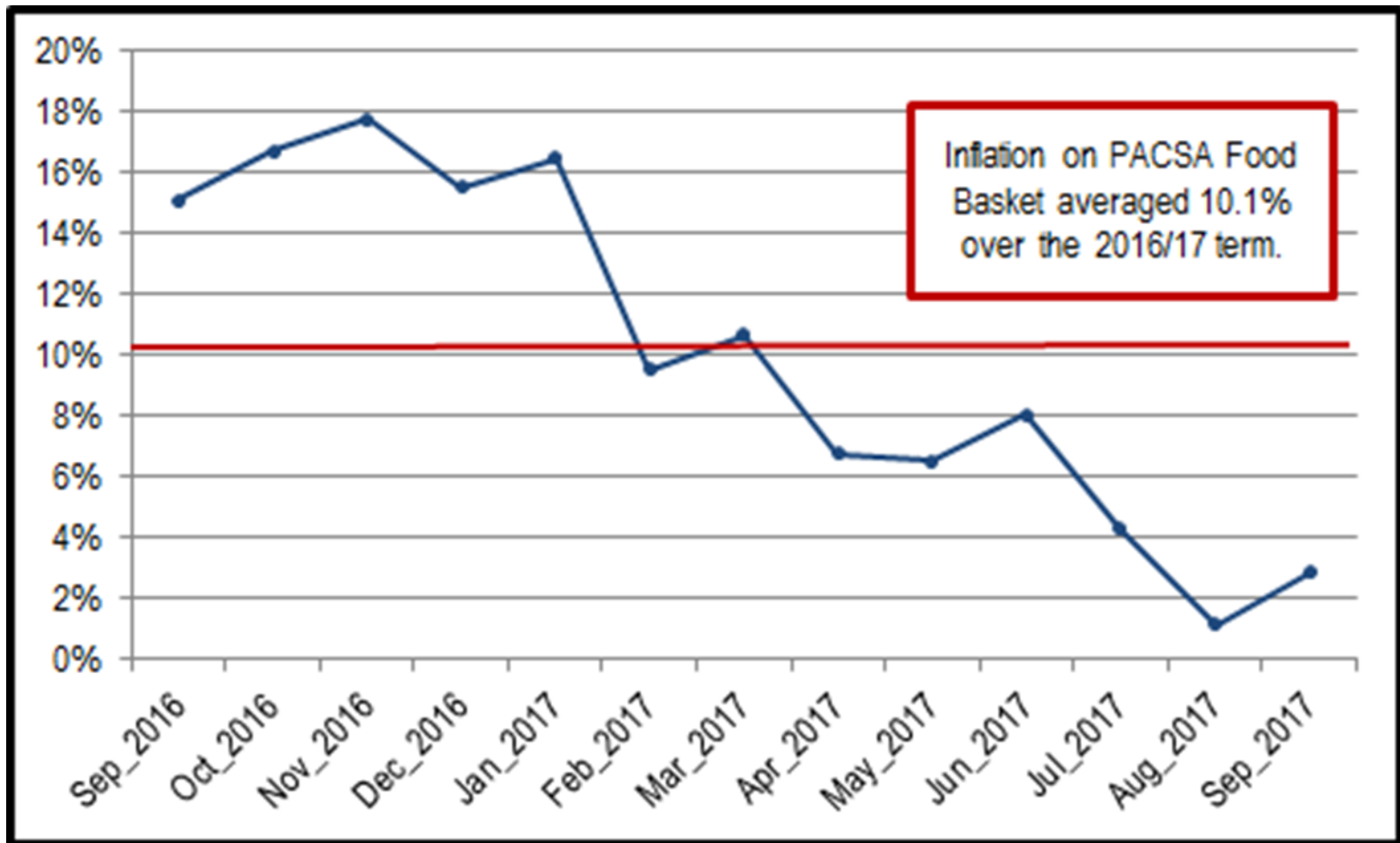
23% increase over 3 Years

- Between November 2014 and November 2017 inflation on the PACSA food Basket increased by 23%.
- The high levels of inflation have been driven by a long period of drought and high temperatures
- Towards the end of 2016 the cost of the basket has begun a downward trend but most significantly since July 2017.

Prices still 16% higher than pre-drought prices

Foods tracked	Quantity tracked	Nov_2015	Sep_2016	Sep_2017	Sep_2016 to Sep_2017 (y/y change in Rands)	y/y change in %	Nov_2015 to Sep_2017 (change in Rands)	change in %
Maize meal	25kg	R 181.81	R 225.82	R 191.15	-R 34.67	-15%	R 9.34	5%
Rice	10kg	R 68.82	R 80.16	R 73.66	-R 6.50	-8%	R 4.84	7%
Cake Flour	10kg	R 72.65	R 81.66	R 79.32	-R 2.33	-3%	R 6.67	9%
White Sugar	10kg	R 103.65	R 136.82	R 139.65	R 2.83	2%	R 36.00	35%
Sugar Beans	5kg	R 75.33	R 99.48	R 93.83	-R 5.66	-6%	R 18.50	25%
Samp	5kg	R 33.99	R 51.66	R 35.32	-R 16.33	-32%	R 1.33	4%
Cooking Oil	4L	R 70.66	R 77.99	R 73.99	-R 4.00	-5%	R 3.33	5%
Salt	1kg	R 10.65	R 11.33	R 13.49	R 2.17	19%	R 2.85	27%
Potatoes	10kg	R 35.00	R 51.20	R 34.99	-R 16.21	-32%	R 0.00	0%
Onions	10kg	R 27.33	R 45.18	R 29.50	-R 15.68	-35%	R 2.17	8%
Chicken portions	6kg	R 133.47	R 130.95	R 178.47	R 47.52	36%	R 45.00	34%
Curry Powder	200g	R 18.15	R 27.15	R 25.99	-R 1.16	-4%	R 7.84	43%
Beef Stock	240g	R 13.49	R 17.16	R 16.66	-R 0.50	-3%	R 3.17	23%
Soup	600g	R 20.54	R 23.54	R 19.31	-R 4.23	-18%	-R 1.23	-6%
Tea	200g	R 15.49	R 18.66	R 18.66	R 0.00	0%	R 3.17	20%
Yeast	4 X 7g pkts	R 12.15	R 12.82	R 12.82	R 0.00	0%	R 0.67	5%
Cost of important foods		R 893.17	R 1 091.57	R 1 036.80	-R 54.76	-5%	R 143.64	16%

Inflation on the PACSA Food Basket (Sep 2016 to Sep 2017).



Price Fluctuation

- Prices only started coming down consistently from July 2017.
- The average price of the PACSA Food Basket over the 2016/2017 term was R1991.78
- This means that the monthly prices for the 2016/17 term were on average R131.18 higher than the than in September 2016.
- In September 2017 the basket is R1912.98 and is R52.38 (2.8%) higher than a year ago.

Foods tracked	Quantity tracked	Nov_2015	Sep_2016	Sep_2017	Sep_2016 to Sep_2017 (change in Rands)	Sep_2016 to Sep_2017 (change in %)	Nov_2015 to Sep_2017 (change in Rands)	Nov_2015 to Sep_2017 (change in %)
Maize meal	25kg	R 181.81	R 225.82	R 191.15	-R 34.67	-15%	R 9.34	5%
Rice	10kg	R 68.82	R 80.16	R 73.66	-R 6.50	-8%	R 4.84	7%
Cake Flour	10kg	R 72.65	R 81.66	R 79.32	-R 2.33	-3%	R 6.67	9%
White Bread	8 loaves	R 82.03	R 85.27	R 76.75	-R 8.52	-10%	-R 5.28	-6%
Brown Bread	4 loaves	R 37.30	R 38.97	R 35.17	-R 3.79	-10%	-R 2.13	-6%
Samp	5kg	R 33.99	R 51.66	R 35.32	-R 16.33	-32%	R 1.33	4%
Pasta	1kg	R 21.82	R 23.99	R 23.99	R 0.00	0%	R 2.17	10%
White Sugar	10kg	R 103.65	R 136.82	R 139.65	R 2.83	2%	R 36.00	35%
Sugar Beans	5kg	R 75.33	R 99.48	R 93.83	-R 5.66	-6%	R 18.50	25%
Canned Beans	3 cans	R 23.37	R 25.47	R 26.98	R 1.51	6%	R 3.61	15%
Cooking Oil	4L	R 70.66	R 77.99	R 73.99	-R 4.00	-5%	R 3.33	5%
Margarine	1kg	R 32.15	R 31.32	R 30.66	-R 0.67	-2%	-R 1.49	-5%
Fresh Milk	2L	R 23.48	R 28.65	R 25.82	-R 2.83	-10%	R 2.34	10%
Maas	2L	R 23.65	R 29.48	R 27.32	-R 2.16	-7%	R 3.67	16%
Eggs	30 eggs	R 36.82	R 39.32	R 41.32	R 2.00	5%	R 4.51	12%
Canned Fish	4 cans	R 57.29	R 61.93	R 60.63	-R 1.30	-2%	R 3.34	6%
Frozen Chicken Portions	6kg	R 133.47	R 130.95	R 178.47	R 47.52	36%	R 45.00	34%
Chicken Feet	4kg	R 67.28	R 68.63	R 102.63	R 34.01	50%	R 35.35	53%
Chicken Necks	6kg	R 98.95	R 108.46	R 155.95	R 47.49	44%	R 57.00	58%
Beef	1kg	R 53.66	R 54.49	R 68.82	R 14.34	26%	R 15.16	28%
Polony	2.5kg	R 38.48	R 41.66	R 39.99	-R 1.67	-4%	R 1.52	4%
Carrots	2kg	R 14.30	R 12.65	R 13.48	R 0.83	7%	-R 0.82	-6%
Spinach	4 bunches	R 21.92	R 11.33	R 21.92	R 10.59	93%	R 0.00	0%
Apples	1.5kg	R 14.48	R 15.74	R 14.82	-R 0.91	-6%	R 0.34	2%
Cabbage	2 heads	R 15.97	R 12.98	R 19.16	R 6.19	48%	R 3.19	20%
Onions	10kg	R 27.33	R 45.18	R 29.50	-R 15.68	-35%	R 2.17	8%
Tomatoes	3kg	R 39.50	R 24.58	R 32.83	R 8.25	34%	-R 6.67	-17%
Potatoes	10kg	R 35.00	R 51.20	R 34.99	-R 16.21	-32%	R 0.00	0%
Salt	1kg	R 10.65	R 11.33	R 13.49	R 2.17	19%	R 2.85	27%
Yeast	4 X 7g pkts	R 12.15	R 12.82	R 12.82	R 0.00	0%	R 0.67	5%
Beef Stock	240g	R 13.49	R 17.16	R 16.66	-R 0.50	-3%	R 3.17	23%
Soup	600g	R 20.54	R 23.54	R 19.31	-R 4.23	-18%	-R 1.23	-6%
Curry Powder	200g	R 18.15	R 27.15	R 25.99	-R 1.16	-4%	R 7.84	43%
Tea	200g	R 15.49	R 18.66	R 18.66	R 0.00	0%	R 3.17	20%
Coffee	100g	R 15.66	R 17.15	R 18.32	R 1.17	7%	R 2.67	17%
Cremora	1kg	R 36.82	R 36.99	R 39.60	R 2.61	7%	R 2.78	8%
Total cost of DAGGA Food Basket		R 1 648.40	R 1 860.60	R 1 940.98	R 82.38	4.4%	R 264.58	16.1%

How Affordable are these prices?

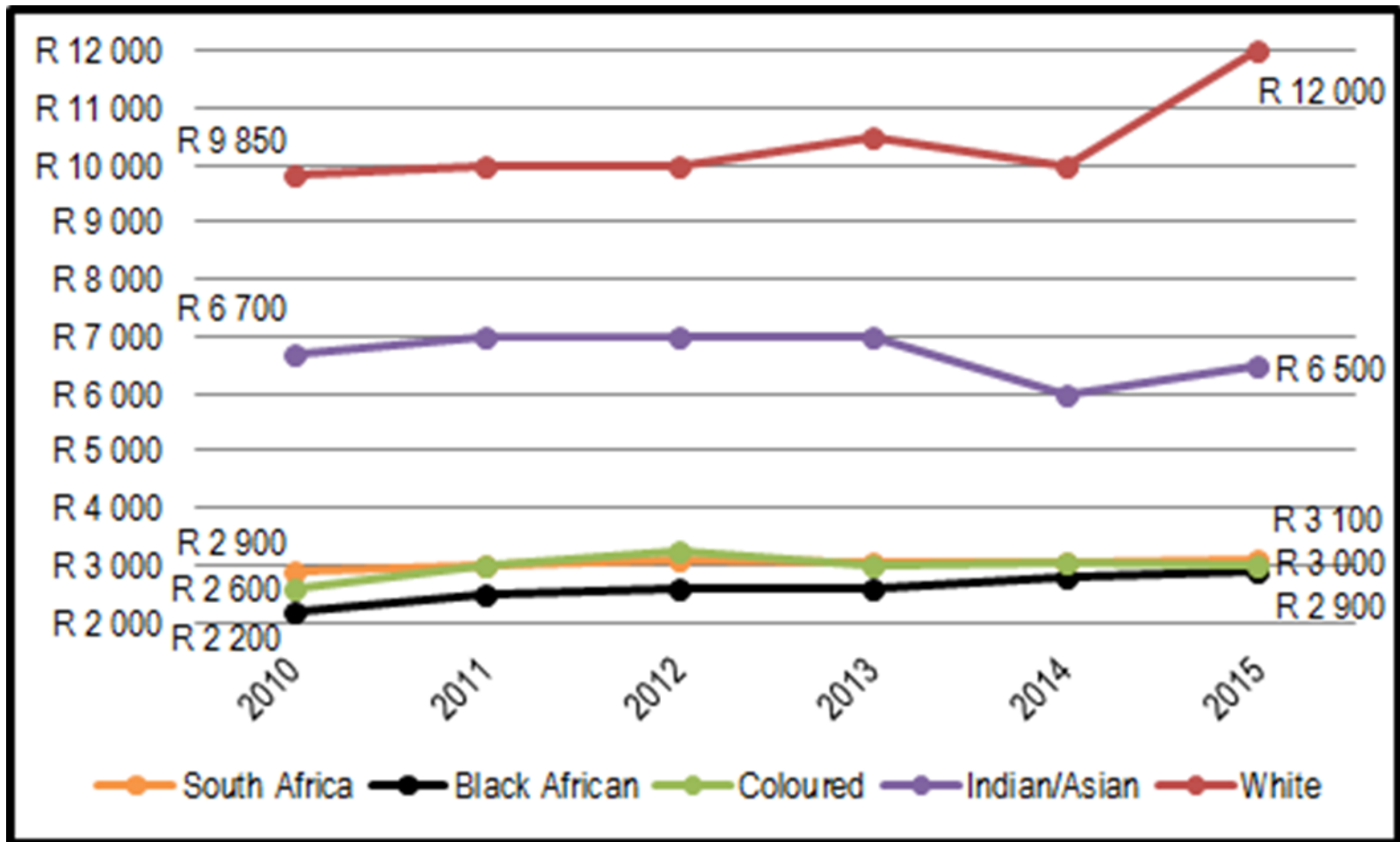
Variables	All South Africans	Black South Africans	White South Africans
Total population	55.52 million	45.66 million	4.49 million
Number of households	16.7 million	13.5 million	1.6 million
Number of persons employed	16.1 million	12.03 million	1.92 million
Number of persons wage supports	3.5 persons	3.8 persons	2.3 persons

There are more Black South African households than workers employed.

Most Black South African households rely on just 1 wage earner.

This wage supports **3.8** persons.

Median monthly earnings by population group (2010 to 2015).







Wage level per person in household.

Variables	South Africa	Black South Africans	White South Africans
Number of persons wage supports	3.5 persons	3.8 persons	2.3 persons
Median monthly earning of wage earner	R 3 100	R 2 900	R 12 000
Wage value per person in household	R 886 per person	R 763 per person	R5 217 per person

When the **median wage** for Black South African workers is dispersed through households it is **below the poverty line** of R992 (2015).

When the **National Minimum Wage** of R3 500 comes into effect in May 2018: dispersed through households (R921) it is already **below the poverty line** of R1 138 (2017).

South Africa's poverty levels are on the rise.

Poverty headcounts: year	2006	2009	2011	2015	Trends 2006 to 2015
Upper Bound Poverty Line	R 575.00	R 709.00	R 779.00	R 992.00	
Percentage of persons living below the Upper Bound Poverty Line	66.6%	62.1%	53.2%	55.5%	
Number of persons living below the Upper Bound Poverty Line (in millions)	31.6	30.9	27.3	30.4	
Poverty headcounts: year	2006	2009	2011	2015	Trends 2006 to 2015
Food Poverty Line	R 219.00	R 318.00	R 335.00	R 441.00	
Percentage of persons living below the Food Poverty Line	28.4%	33.5%	21.4%	25.2%	
Number of persons living below the Food Poverty Line (in millions)	13.4	16.7	11.0	13.8	

In 2015 nearly two-thirds (64.2%) of Black South African households lived below the poverty line.

In 2016 nearly one-third (27%) of South African children under the age of 5 years are stunted.

With few buffers households forced into an invidious position

- Households living on low incomes cannot get through the month on the level of income that comes into the house.
- Households struggle to secure the goods and services they need.
- Most have already cut back consumption to levels that are damaging.
- Households prioritise their expenditures on the basis of what is non-negotiable first and **then see what money remains for the other expenses.**
- It means:
 - The food budget is low and households underspend on food.
 - Food runs short before the end of the month.
 - Women absorb these food shortfalls in their bodies and by taking on debt.

Affordability Crisis

Household socio-economic scenarios	Household A	Household B	Household C	Household D	Household E	Household F	Household G
Total household income	R 2 360.00	R 2 900.00	R 3 500.00	R 4 500.00	R 6 000.00	R 8 000.00	R 12 500.00
MINUS Debt repayments	R 500.00	R 500.00	R 500.00	R 500.00	R 500.00	R 500.00	R 500.00
MINUS Burial insurance	R 200.00	R 200.00	R 200.00	R 200.00	R 200.00	R 200.00	R 200.00
MINUS Electricity and water	R 595.24	R 595.24	R 595.24	R 595.24	R 595.24	R 595.24	R 595.24
MINUS Transport (worker & scholars)	R 1 200.00	R 1 200.00	R 1 200.00	R 1 200.00	R 1 200.00	R 1 200.00	R 1 200.00
MINUS Education	R 750.00	R 750.00	R 750.00	R 750.00	R 750.00	R 750.00	R 750.00
Monies remaining to secure Food and other important expenses	R -885.24	R -345.24	R 254.76	R 1 254.76	R 2 754.76	R 4 754.76	R 9 254.76

The extent of the underspend: comparing cost of foods women try to buy for families vs. cost of a basic but nutritionally complete food basket (Sep 2017).

PACSA Food Baskets	Cost of Basket for household size of 7
PACSA Monthly Minimum Nutritional Food Basket <i>[nutritionally complete]</i>	R 4 124.77
PACSA Monthly Food Basket <i>[NOT nutritionally complete]</i>	R 1 912.98
Difference between Baskets	R 2 211.79

Households living on low incomes are underspending on food by **54%**

Food cannot be analysed outside the economy

- Food is typically one of the only expenses which women are able to control.
- Because of the way women prioritise their expenditures, the food in our shopping trolleys and on our plates becomes the crudest and sharpest indicator of how poorly our economy is performing and is able to give a fairly accurate sense of what our future developmental outcomes will look like.
- The crisis of the economy is therefore not only being reflected on our plates but our plates are a reflection of the economic crisis.

Thanks

