

Cost of living crisis: The poor have been priced out

South Africans are becoming increasingly negative regarding our growth prospects and quality of life. Hours of load shedding, daily. Regular interest rate hikes. High food and fuel prices. Rising inflation and cost-of-living-concerns, a weak economy, high unemployment, spiralling crime, and an inept government. The #Mzansi optimism tank is depleted, and the tyres are deflated. The daily news is depressing, prompting many to consider prospects of living abroad.

By [Andy Du Plessis](#), issued by [FoodForward SA](#) ^{3 Feb 2023}



Furthermore, the cost of mitigating these challenges is also mounting, as households and businesses alike are struggling to survive. PwC's recent Economic Outlook shows that South Africa lost 2,9% of GDP due to load shedding in 2021, and this could go up to 5% in 2023. Businesses are spending R500m monthly on diesel to keep the lights on. This means that companies will see reduced profits, less turnover, supply chain disruptions, staff retrenchments and the cost of food, goods and services increasing even further.

According to the WEF Global Risk Report 2023, the most severe global risk in the next two years is the cost of living crisis. While middle income households are feeling the pressure, the poor have already been priced out of being able to afford basic foods and healthy food groceries, precipitating a higher risk of starvation and malnutrition. Annual food price inflation is at 12%, and we have seen sharp increases in the prices of bread and cereals (up 20%); maize meal (up 33%); meat (up 10%), potatoes (up 30%); onions (up 75%) and cake flour (up 28%).

The latest Household Affordability Index by the Pietermaritzburg Economic Justice & Dignity group (PMBEJD), shows that food prices continue to rise. In January 2023, the average cost of the PMBEJD's Household Food Basket was R4,917.42, which is up by 11.7% from January 2022.

From discussions held with various provincial government representatives in the Eastern Cape, I have learned that over 10 new cases of child malnutrition were reported in the past six months, and more than 40 of those children died. The tragic reality is that millions of households simply can't afford to buy the food they need to survive. This impacts on human health, rendering a weak and vulnerable future workforce.

Because the poor have been priced out from an affordability perspective, more than 15% of our children are born with low birth weight, 27% of our children up to five years of age suffer from stunting (the highest in the world), and 33% are not reaching basic milestones in cognitive or social-emotional development. We are failing our children, and our country's prospects for growth and development.

As this confluence of socio-economic risks escalate, and the hardship experienced daily by millions translates into frustration, we will see greater erosion of social cohesion and further polarisation. Government's inability to provide tangible solutions create a strong sense of uneasiness and fear of political instability. Many still distinctly remember the devastation caused by the July 2021 riots in KZN.

We need solutions. One solution is capitalising on food value chain weaknesses and supply chain disruptions that are inevitable, resulting in over 10 million tons of good, edible food being lost or wasted annually. Introducing Food Donations Policy legislation for South Africa can change this.

Our recommendations for such legislation focus on four areas relevant to food donations:

1. food safety for donations;
2. liability protection for food donors;
3. tax incentives and
4. government grants.

Creating better access to safe and healthy food in a cost effective, scaled manner must be realised now, so that we can reduce starvation and malnutrition, and ensure that political stability is achieved.

ABOUT THE AUTHOR

Andy Du Plessis is managing director at FoodForward SA.

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