

PEOPLE'S HARDSHIPS HIGHTENED: BASIC NEEDS COST A MILLION, SAYS JCTR

In the midst of widespread human deprivations, cost of living for a family of six in Lusaka shows a *sharp* increase beyond reach of many households leading to *acute* and *widespread* hardships, observes the Economic and Social Development Research Project of the Jesuit Centre for Theological Reflection (JCTR).

According to the monthly basic needs report that shows cost of living in Lusaka for January 2003, a family of six now needs an average of K401,050 for food only (kapenta, beans, meat, eggs, vegetables, milk, cooking oil, etc.) and an average total cost of K1,029,159 if non-essential food items are included.

Muweme Muweme, Coordinator of the Economic and Social Development Research Project, observes that the average cost of food only in January is an increase of K20,900 from the month of December average cost of K380,150. The sharp increase has occurred in almost all commodities with the exception of mealie meal which has shown some stability.

For example, the average price of 4 litres cooking oil (required as minimum for a family of six) has risen from K29,800 to K32,400. The cost of green vegetables has risen from K1,700 per kilogramme in December 2002 to K2,300 in January 2003. Also the average price of tomatoes has risen from K1,500 per kilogramme in December 2002 to K4,000 in January 2003.

Key to these upward price adjustments are such factors as the difficulties associated with the growing of vegetables (which have recorded a huge increase) during the rainy season, specifically the need for chemical applications to prevent insect infestation. Moreover, the general poor state of the economy and in particular the Kwacha has continued to record loss in value in relationship to other currencies, reflected for example, in the rising cost of cooking oil.

"A fundamental point to note," says Muweme, "is that human essentials are not only confined to food requirements." In December 2002, the average cost of non-food essentials such as housing, water, electricity, wash and bath soap, etc., was K507,400. In the month of January, the average cost increased by K120,700 to K628,100. A huge proportion of the increase is coming from the cost of housing which has recorded a sharp rise. Throughout Lusaka, rentals have been on the increase in the past few months.

If we add the average cost of food and non-food essentials, the total cost of the *Basic Needs Basket* for January is K1,029,159, an increase of K141,600 from the December 2002 figure of K887,550. This indeed is beyond the reach of many households and makes the monthly earning of K160,000 as the PAYE tax exemption threshold extremely inadequate. It also means acute hardships for the households.

"Government has made efforts in this year's national budget towards broadening the tax base and we would like to believe that one of the fundamental aims of this measure is to ensure that the tax burden is *not disproportionately* shared. However, one wonders how the proposed threshold for tax exemption is consistent with this objective," says Muweme. In any case, by putting money in people's pockets through a measure such as adjusting the tax exemption threshold, government will still guarantee some revenue through the Value Added Tax. Simply put, the more money people have, the more they will engage in some purchases which will raise income generated from VAT for the government.

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