



PUBLIC HEARINGS ON TAXATION OF SUGAR SWEETENED BEVERAGES

SAMA PRESENTATION

Tuesday 31 Jan 2017

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Presentation to the Parliamentary Standing Committee on Finance & Portfolio Committee on Health

The South African Medical Association



Presentation Outline

1. Background
2. Burden of Obesity & NCDs
3. Policy Framework
4. SAMA Key Points
5. Factors for consideration
6. Conclusion



Background – The South African Medical Association (SAMA)

- **The South African Medical Association (“SAMA”) is the professional association as well as a trade union for doctors in South Africa**
 - nearly 16000 members
 - 20 branches nationwide
- ***“Uniting Doctors for the Health of the Nation”***
- **Member of the World Medical Association**
- Subscribes to **evidence-** informed policy making





Background – SA Policy on Taxation of SSBs

- Released for comment in July 2016
- Widely welcome among SAMA members & the public health community

Public health policy by a non-health Govt dept. (**National Treasury**)

- SAMA submitted to National Treasury
- *August 2016*
- National Treasury Workshop in Midrand
- *11 Nov 2016 , SAMA attended*

W.H.O's "Health in all policies" approach



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

TAXATION OF SUGAR SWEETENED BEVERAGES

Policy Paper

8 JULY 2016

Burden of Obesity

- **Obesity is a global epidemic with multiple co-morbidities**

“Globally, 44% of diabetes, 23% of ischaemic heart disease and 7– 41% of certain cancers are attributable to overweight and obesity”. - W.H.O

2.8 million deaths annually worldwide

- **Obesity “Tidal wave” in SA**

~ **South Africa = most obese nation in Sub Saharan Africa**

~ **Against backdrop of a growing non- alcoholic beverage sector**

39% = **No of SA women overweight or obese**

>50% = **Adult SA population obese/overweight**

Sources: SA National Health and Nutrition Examination, 2012 ; Lancet,2013



Policy Framework

Department of Health:

- SA Strategic Plan for the Prevention & Control of Non-Communicable Diseases 2013-2017
- South African National Strategy for the Prevention and Control of Obesity 2015-2020
- Health Promotion Policy and Strategy
- South African Food-Based Dietary Guidelines (FBDGs)
- **WHO Global Strategy on diet, physical activity and health**
- **WHO Global action plan for the prevention and control of NCDs 2013-2020**



World Health
Organization



Policy Framework



World Medical Association (WMA):

- WMA Statement on the Physician's Role in Obesity, 2016 (Taipei)
- WMA Statement on Obesity in Children, 2016 (Taipei)

“Governments should impose a tax on unhealthy foods and sugary drinks and use the additional revenue to fund research and epidemiological studies aimed at preventing childhood obesity and reducing disease risk”



Key Points

- 1.) SAMA is in support of the proposed tax rate of R0.0229 (2.29 cents) per gram of sugar for labelled SSBs (20% tax rate), and a higher assumed weight (50grams per 330ml) for SSBs that do not currently apply nutritional labelling.**
 - *Evidence of effectiveness in other countries * Mexico*

But several aspects must be carefully considered



Key Points

2.) Need for baseline & routine data (local sources)

Comprehensive baseline data showing pre-tax trends is essential for measuring the impact of the tax intervention.

- ~ Not elaborated in the proposed Policy
- ~ International sources (Lancet) quoted in proposed Policy

Local Data Sources:

Medical Research Council (MRC)

Demographic and Health Survey (DHS)

Statistics South Africa (Stats SA)

Human Sciences Research Council

District Health Information System

SA National Health and Nutrition Examination Surveys

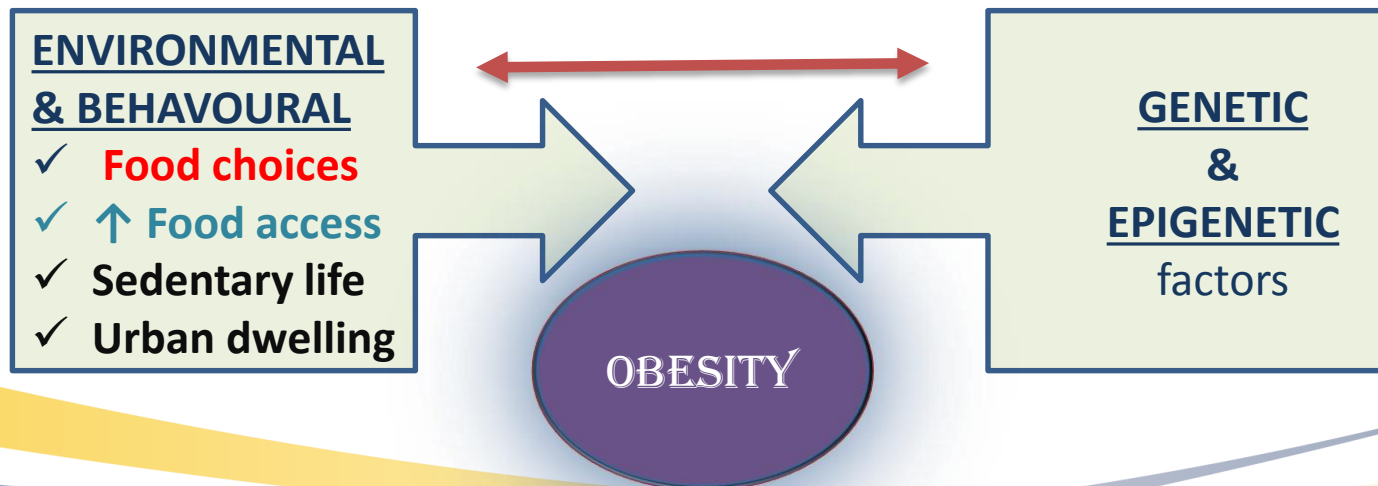


Key Points

3.) Obesity causation is multifactorial

... therefore requires multipronged, multilevel intervention

- Evidence from gene–environment interaction (GEI) studies shows that obesity is the result of a complex interplay between hereditary and environmental factors.

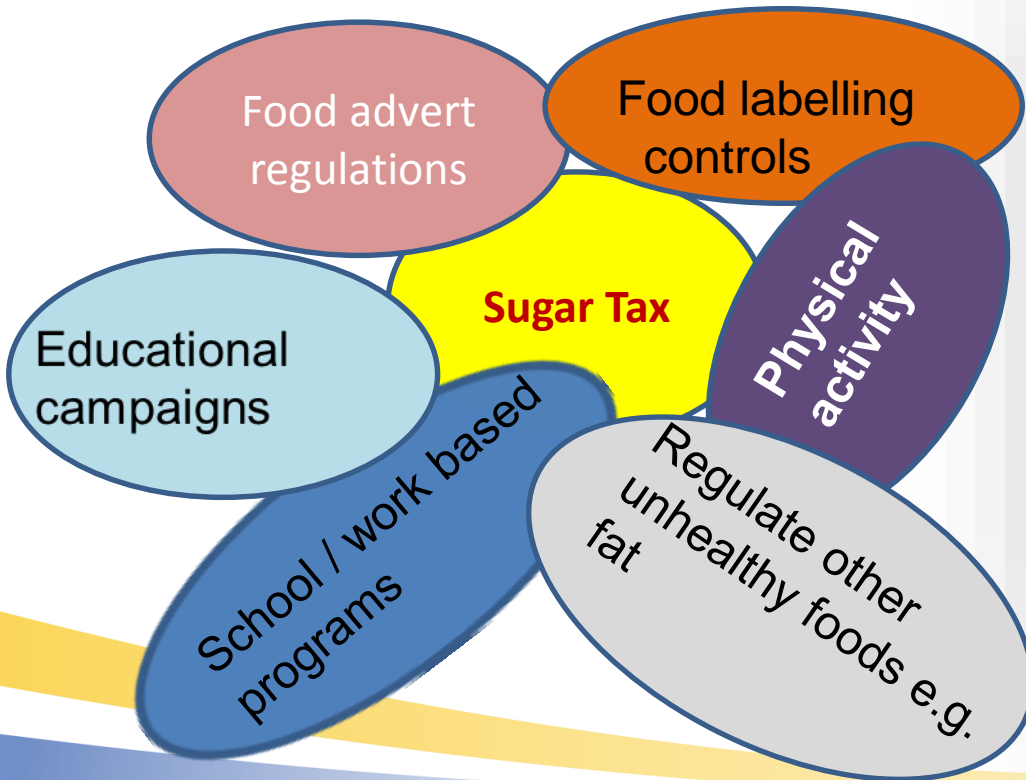




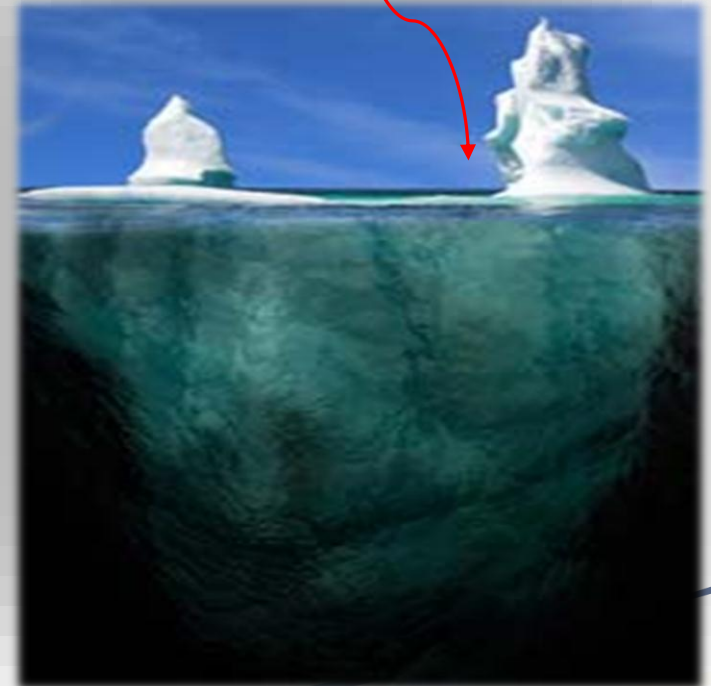
Key Points

4.) Taxation should not be an isolated intervention

Complementary Interventions



So much lies beneath





Key Points

5.) Use of Sugar Tax Revenue

- **Revenue generated by the Sugar Tax should be channeled towards health promotion and public health preventive programs aimed at reducing obesity in South Africa, including RESEARCH, & with special emphasis on low socioeconomic population, schools & workplaces.**

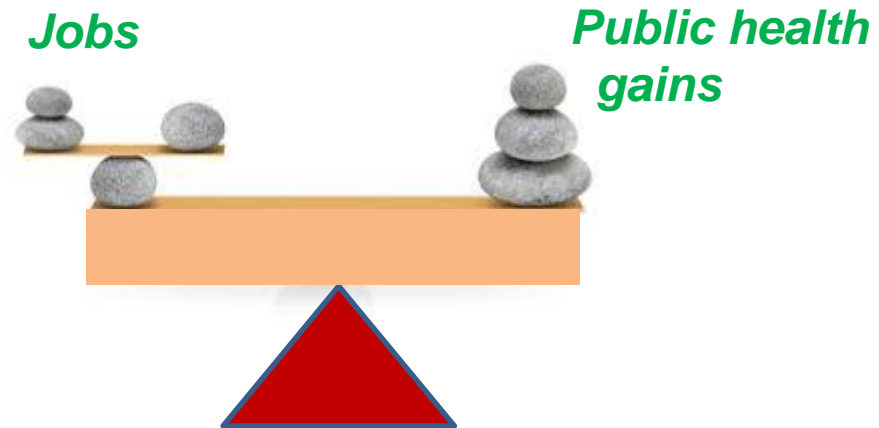


Issues for consideration [1]

Context-specific cost-effectiveness studies needed to **evaluate** factors

Job loss
threat?

Need to strike the right balance



- A crucial question is whether massive job losses were experienced historically in other SA industries i.r.o Tobacco and Alcohol tax?
- Possible job transfers to non-SSB industries



Issues for consideration [2]

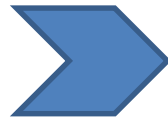
Pass through
rate & Tax
evasion



Will local manufacturers and retailers adequately pass on the tax burden to consumers?

- **Tax evasion by businesses » » No hike in SSB prices » » Low tax impact.**

Price elasticity &
Commodity
substitution



The extent of consumer switch from SSBs to other non-taxed calorie-dense beverages e.g. fruit juice, milk, beer, wine

~ **Evidence of negative price elasticity of SSBs (USA, Mexico, Brazil, France), i.e tax lowers prices**

Source: Cabrera Escobar et al. BMC Public Health 2013, 13:1072; "Evidence that a tax on sugar sweetened beverages reduces the obesity rate: a meta-analysis"



Conclusion

- **SAMA congratulates the Government for initiating a policy to deal with the epidemic of Obesity and other NCDs**
- SAMA supports the Policy on Taxation of SSBs , with additional recommendations.
- The Policy is a good start for SA, but will not succeed in isolation
— **Multiple strategies needed**
- **Collected taxes must be invested in health undertakings that benefit especially the low socio-economic class the most, in the form of e.g. epidemiological research, healthy food subsidies , health programs , etc.**



THANK YOU

Questions?