



PRICELESS SA
Priority Cost Effective Lessons
for System Strengthening

Reducing the Harm of Sugary Drink Consumption on Obesity Through Excise Taxation

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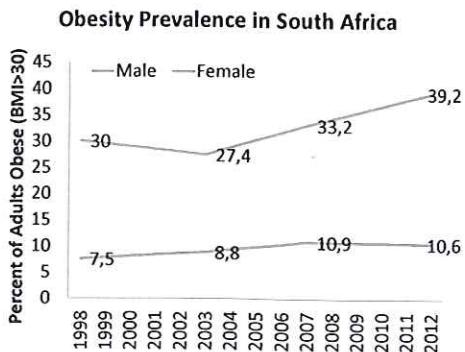


IN SOUTH AFRICA A SUGARY DRINKS TAX WILL

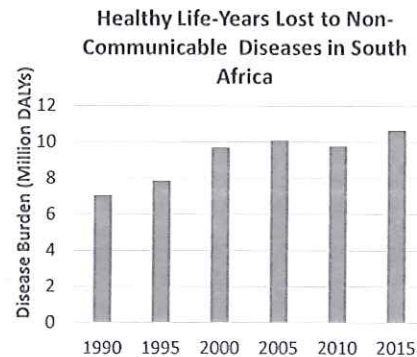
- Save lives, increase life expectancy at low cost
- Send public health message to counter marketing
- Avoid further impoverishment for poor families
- Avert huge costs to economy

2

Obesity burden, NCDs severe and rising



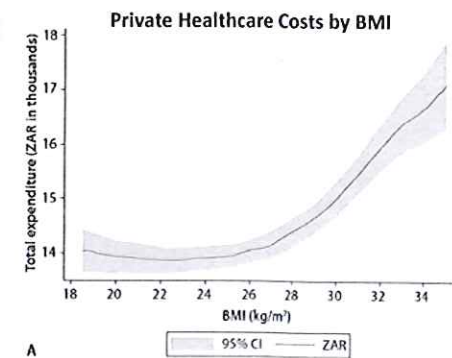
Sources: SADHS (1998, 2003), NIDS (2007), SANHANES (2012)



Source: IHME (2016)

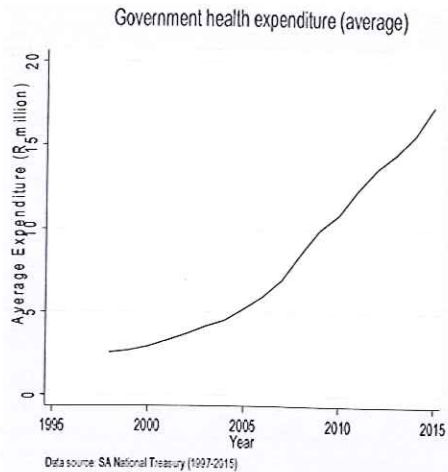
Health System Burdened by NCDs pushing up costs

- Increases healthcare expenditure in private and public sector
- More years with disability than smokers
- Imposes externality costs poorer service - public sector



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Source: Sturm et al., (2013)



Hidden cost of sugary drinks
“buy now pay later”

50% increased health costs for obesity in 54-69 year age group (Sturm et al)

public purse is currently subsidising sugary drinks

NCD Prevalence Rapidly Growing Among Medical Scheme Beneficiaries

Condition	Prevalence, cases per thousand (2013)	% Change in Prevalence (2008 - 2013)
Hypertension	87.2	33.1
Hyperlipidaemia	34.78	25.5
Diabetes Mellitus type 2	26.91	67.9
Ischaemic heart disease	6.87	4.4
Cardiomyopathy	4.22	6.5

Source: CMS (2015)

Estimated SA spend on diabetes (2010 Rand)

Total health expenditure on diabetes in 2010	As a % of total health expenditure in 2010	Predicted total health expenditure on diabetes in 2030
11.5bn – 20.5bn	7-12%	14.4bn – 26.2bn

Global healthcare expenditure on diabetes for 2010 and 2030
Zhang, Ping et al.
Diabetes Research and Clinical Practice , Volume 87 , Issue 3 , 293 - 301

MACROECONOMIC IMPACT OF NCDs

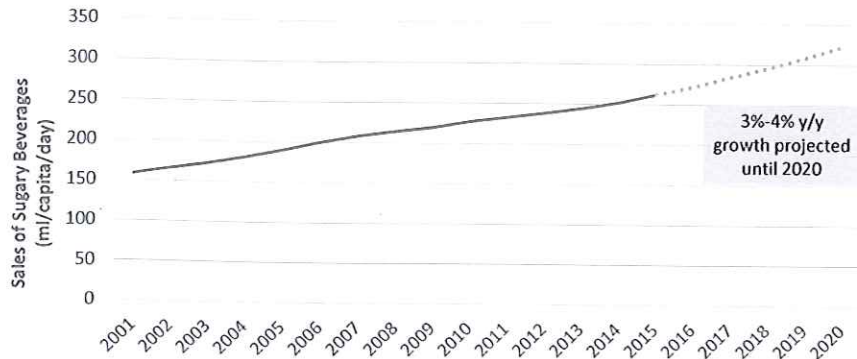
economic burden on households

- Lost wages of prime-age adults due to death and disability
- significant costs of mortality (EG.funerals) on households
- Poverty spiral

Macroeconomic impact of NCDs in SA (% of GDP)		
2015	Early retirement due to ill health	2.1%
	Absenteeism + Presenteeism	4.7%
	Total	6.8%

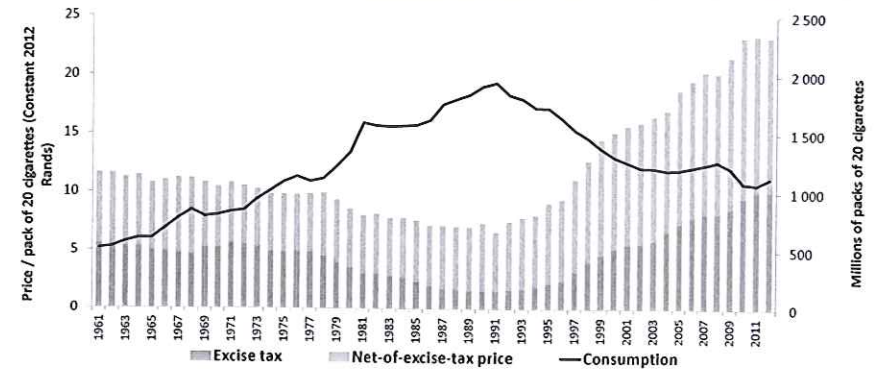
Source: USCC (2015)

SA Sugary Beverage Sales Rising 1 serving /person per day



Source: Euromonitor International (2016)

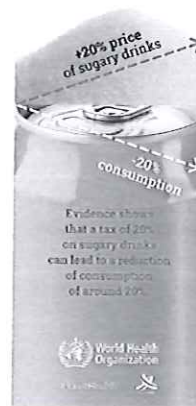
SA successfully uses excise taxes to disincentivize consumption of tobacco



Source: Stats SA, National Treasury

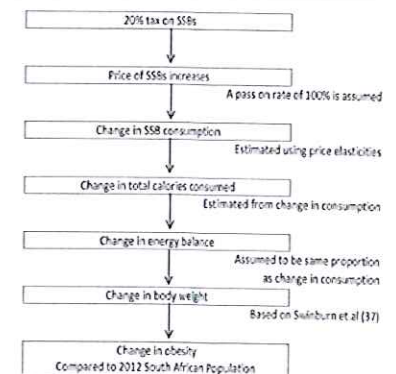
Tax is Consistent with National and International Priorities

- **National Development Plan** highlights promotion of health and reduction of NCDs to increase life expectancy
- **SA Constitution Section 24** right to an environment that is not harmful to health
- **National Strategy for Prevention and Control of Obesity** identifies sugary beverage taxation as objective
 - implemented together with other interventions
- **UN SDGs 2030 (sustainable development goals)** to minimize NCD burden
- **Growing global trend for SSB taxes**



Modelling the Health Impacts of SSB Taxation

- Review of evidence on SSB taxation and price elasticities
- Combined evidence on elasticities, and population survey data on SSB consumption and BMI to estimate obesity reductions



Source: Manyema et al., 2014

Health Impact Increases with Magnitude of Tax

- While 20% tax is proposed (¼ million people prevented from obesity) health impacts greater with 30% tax
- Our studies were **conservative**
 - results show the minimum impact that could be achieved, more likely to have bigger impact
 - underestimated baseline SSB intake

Source: Manyema et al. (2014)

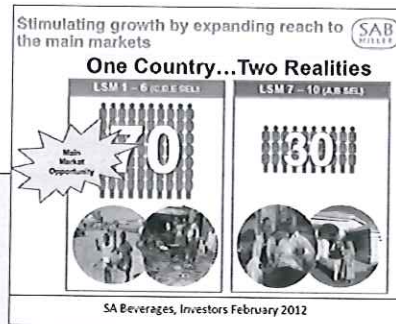
THE COST OF INACTION: TAXES AND SUGARY BEVERAGES

Sugary drink sales projected to grow by 2.4% /year: 2012 – 2017

Industry targeting LSM 1 - 3

The Cost of Inaction

- 16% increase in obesity by 2017
- 20% of this increase due to SSBs - 280,000 people
- **Mostly young South Africans**



Source: Tugendhaft et al, 2015

“little evidence that self regulatory approaches are effective.”

R. Moodie, et al., “Profits and pandemics: prevention of harmful effects of tobacco, alcohol, and ultra-processed food and drink industries”, *Lancet* 2013



The Proposed Tax

Tax is well designed

- 30% tax will result in greater health gains
- Use of sugar-content as base, allows industry to lower tax-liability by offering healthier products
 - reformulation, broadening range or reducing portion sizes

Comments on Proposed Tax

- Key **FIRST** step to addressing obesity NCDs but **NO** silver bullet
- Consideration regarding revenue raised could in part support:
 - other policies in National Obesity strategy
 - Health Promotion Foundation
- Is **NOT** discriminatory – sugary beverages impact health beyond just high energy content, **pro poor for health**



Proposed sugary drinks tax is

- a historic opportunity for our citizens
- will significantly impact targets of NDP and 2030 SDGs

WIN-WIN-WIN

Save lives, cut health care costs and generate revenue

Siyabonga
Enkosi
Thank you

www.pricelessa.ac.za



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