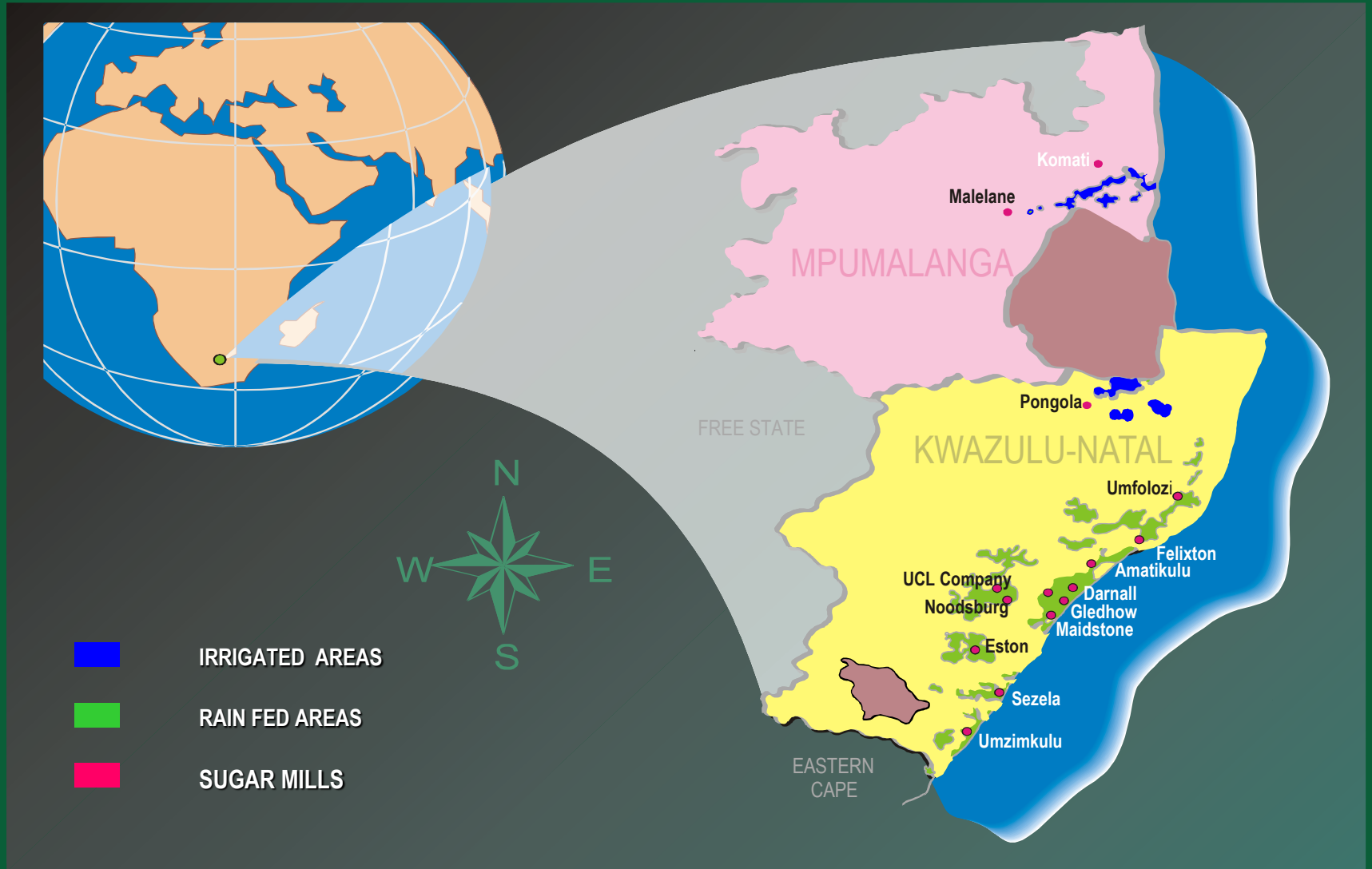




South African Sugar Industry Comments on the Health Promotion Levy on Sugary Beverages

The South African Sugar Industry



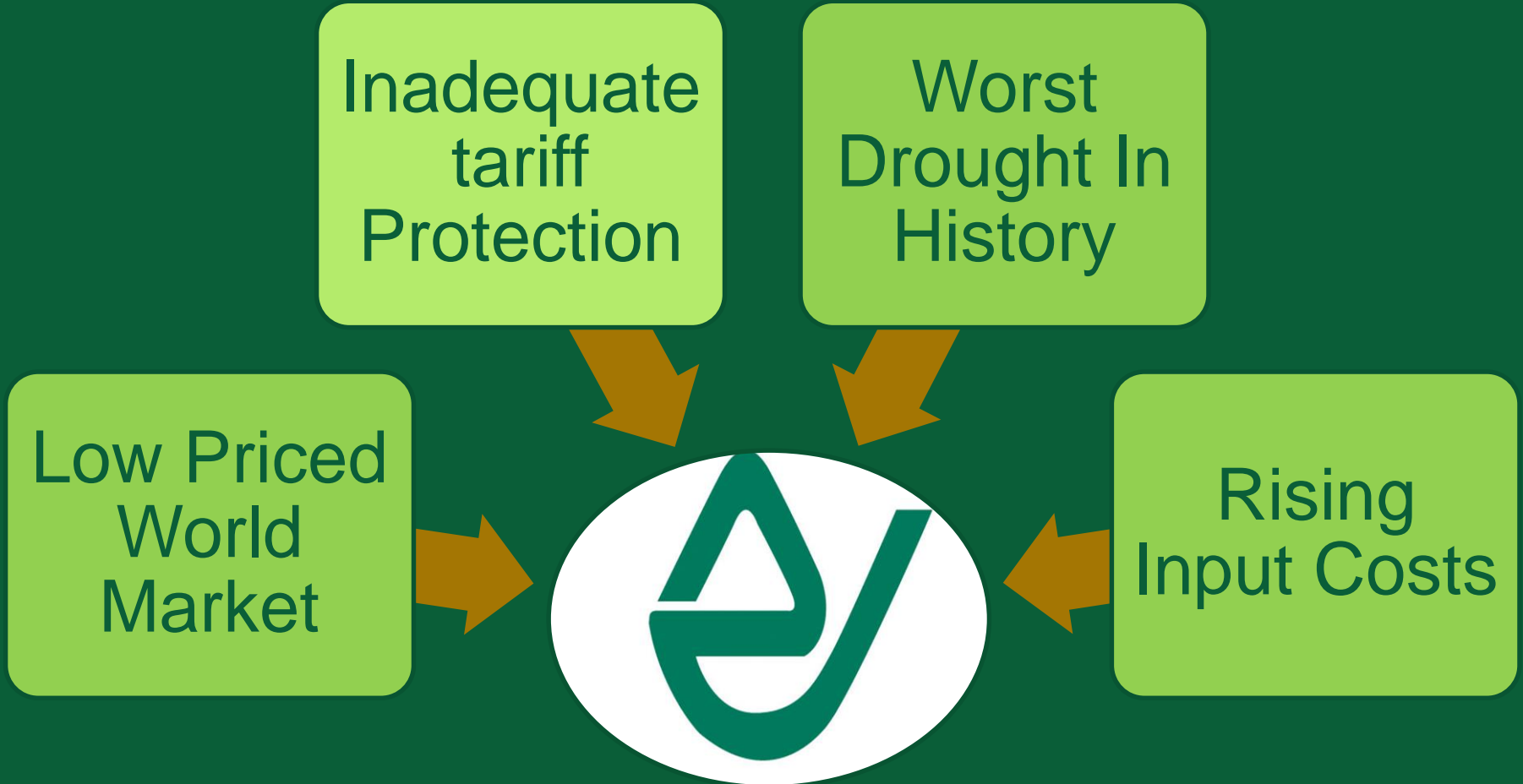
South African Sugar Industry

an important contributor to the SA economy



Total average industry income	R14 billion p.a
Gross Domestic Product	0.6 of SA GDP
Export earnings	R2.5 billion p.a
Annual Cane Production	20 million tons
Average value of sugarcane production	+/- R9 billion p.a.
Area under cane	~ 370 400 ha
Contribution to SA's total agricultural output	6%
Dependent rural livelihoods	Approx. 1 million people
Direct job opportunities	85 000
Indirect employment	350 000

Industry under siege



Industry position

- SASA is concerned about the increase in obesity and non-communicable diseases (NCDs) in South Africa.
- We are committed to working with government to address this issue.
- We have a longstanding commitment promoting healthy lifestyles and the prevention of NCDs.
- But the South African sugar industry does not support the proposed tax on sugar sweetened beverages (SSBs) and Health Promotion Levy on Sugary Beverages.
- At the proposed level of tax on SSBs the impact on the total energy intake is about 12 kcal/capita/day or 0.4% of energy intake.
- Therefore, the singling out of an individual ingredient in a particular product as the tax aims to do, is unlikely to achieve the desired health outcomes, which requires a multi-disciplinary approach.

Impact of the tax on the industry

- The tax will negatively impact both the sugar milling and sugarcane agricultural sectors.
- Loss in revenue and reduction in sugar consumption will result in a shrinkage of the industry.
- Potential of sugarcane agricultural land going out of production and the consequent jobs losses are in contradiction to the National Development Plan and Nine-Point Plan.
- The future level of the levy or tax is open to adjustment (increase) by the Minister of Finance, meaning the eventual economic and job impact is unknown and can be severe over time.
- Insufficient consideration has been given to the full impact of the imposition of the tax, and the significant negative unintended industrial, socio-economic and agricultural consequences.

Recommendations

- The proposed levy on sugary beverages should be withdrawn in its entirety from the parliamentary process to allow all stakeholders sufficient time to consider the adverse implications of the levy, alternatives and pro-active mitigation.
- Meaningful engagement must take place between National Treasury and the sugar industry.
- A full assessment of the causes of obesity and NCDs in the South African context must be undertaken. A Total Dietary Intake Study to establish what South Africans are eating must be completed to inform policy development.
- Multiple, evidence-based interventions to prevent and manage obesity in South Africa should be developed, planned, budgeted and implemented. A strong campaign is needed to accurately inform and enable the public in managing their weight.

Recommendations

- The Nedlac SSBs Tax Team (convened by the Public Finance and Monetary Policy chamber) process has only started and should be properly concluded.
- A Socio Economic Impact Assessment Study (SEIAS) of the National Strategy for Prevention and Control of Obesity and Health Promotion Levy must be conducted and shared by Government.

Conclusions

- The Nedlac process should be allowed sufficient time to be completed.
- SASA, through BUSA, is participating in the Nedlac SSBs Tax task team process and is putting forward policy interventions that can promote the sustainability and growth of the South African sugar industry.
- Government should consider the recommendations raised by the sugar industry and going forward through Nedlac.
- Growth and sustainability of the South African sugar industry is not possible without the continued support, interventions and partnerships with our South African Government.
- The singling out of an individual ingredient as a measure to reduce obesity is unlikely to resolve a complex health condition and requires a multi-disciplinary approach.

SASA thanks the parliamentary committee for this opportunity to deliver a presentation on the Health Promotion Levy on sugar beverages.

Thank you
Siyabonga
Siyabulela
Dankie