To: **The Standing Committee on Finance and Portfolio Committee on Health**

Topic addressed in the submission:

**INVITATION FOR WRITTEN SUBMISSIONS ON THE DRAFT RATES AND MONETARY AMOUNTS AND AMENDMENT OF REVENUE LAWS BILL (INCLUDING THE DRAFT HEALTH PROMOTION DUTY ON SUGAR SWEETENED BEVERAGES)**

Date of submission: 03rd June 2017

Date of committee meeting: 06th June 2017

**SUBMISSION BY THE CONSUMER GOODS COUNCIL OF SOUTH AFRICA (CGCSA)**

Presenter: Mr Gwarega Mangozhe (CEO: CGCSA)

Attending: Mr Gareth Ackerman (Co-Chair: CGCSA Board)

**We respectfully request an opportunity to address the committee in person.**

Language choice: English

Number of individuals attending: 2

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**Information regarding this submission and the Consumer Goods Council of South Africa:**

**Compiler of the submission** (with the authority to do so on behalf of the CGCSA and members of the Food Safety Initiative Business Unit of CGCSA impacted by the rates and conditions indicated in the draft bill):

1.

Dr. C M (Karin) Blignaut Pri.Sci.Nat.

Ph.D (Interdisciplinary), Ph.D (Food Science)

Executive: Food Safety Initiative

Consumer Goods Council of South Africa

**Information regarding our organization:**

<https://www.cgcsa.co.za>

The Consumer Goods Council of South Africa (CGCSA) is the representative body of the consumer goods sector contributing 18.4% or over R740 billion to South Africa’s Gross Domestic Product at market prices. The sector employs more than 2.9 million people, which translates to about 23.7 percent of total employment in the economy.

The CGCSA facilitates stakeholders’ engagement on risk, safety, compliance and sustainable issues across the consumer goods value chain; as well as championing advocacy projects transparently to all members. It is also involved in regional collaborative platforms and with key global strategic partners and alliances. The CGCSA is governed by a Board of Directors selected from the members.

**Preparation by CGCSA for this submission:**

The CGCSA Sugar Tax Retail and Manufacturer group, Executive Committee as well as the Board of Directors of the CGCSA have discussed, followed and requested that this issue be addressed as a priority.

The submission presented to you for the committee meeting on the 31st May 2017 have been adapted to be in accordance with the discussion by and requests made by committee members during the meeting of 31st May 2017, as attended by Dr C M (Karin) Blignaut on that date in Cape Town.

As stated then, the CGCSA has spared no effort to follow, research and take part in addressing this very important issue as required and allowed by National Treasury, SARS and the Department of Health. We once again requested (and were granted) an opportunity to address the committee in person on 06 June 2017.

Please be assured that we will promptly address any request for further information and/or sources of information that you may require.

Finally, to reiterate, a very important part of the brief from our members is to address the issue of any form of sugar sweetened beverages taxation or levy in a positive, respectful manner to benefit especially disadvantaged South Africans. The respect of all our members for the rule of law, as well as their commitment to the health of the people of South Africa, is undisputed and unwavering.

It is against this background that the CGCSA once again respectfully addresses this issue on behalf of its members.

This document is prepared in the format proposed on the government website under the heading “Participate in Parliament: Submissions” and based on the format of previous submissions to this committee.

**Submission:**

**COMMENTS: AMENDMENT OF REVENUE LAWS BILL (SPECIFICALLY REGARDING THE DRAFT HEALTH PROMOTION DUTY ON SUGAR SWEETENED BEVERAGES)**

The CGCSA would like to thank the Standing committee on Finance once again for the opportunity to present our submission on behalf of our members. This submission should be read with our submission provided to the committees for the meeting that took place on the 31st May 2017.

In this submission we will therefore focus on the following two issues:

1. What do we support?
2. How to address obesity and NCD’s in South Africa – some thoughts and recommendations.
3. **What do we support?**

As noted in all our correspondence, we reiterate that our members support the Department of Health’s National Strategy for the Prevention and Control of Obesity as well as the Strategic Plan for the Prevention and Control of NCDs. We all want to work with government to build a better, healthier and stronger nation.

We also support the National Economic Development and Labour Council (NEDLAC) social partners (in this instance Government, Business and Labour) in their consultation on the Health Promotion Levy through the NEDLAC forum. We can only humbly request that the opportunity be afforded for this consultation process to run its full course in seeking a solution that takes into account the health needs and economic impacts of any measure.

On the other hand, we are also very aware of the increased financial burden on South African consumers created by additional fees and taxes levied by different government departments, such as the Departments of Agriculture, Forestry and Fisheries, The department of Energy (Increased fuel levy) and more. The proposed Health Promotion Levy is not the only additional financial burden facing South Africans. Participants in the Food- and Beverage Industry try to address the plight of consumers through special discounts to ensure ‘value for money’ purchases and by absorbing increases as much as they can (as confirmed by the lower than expected year-on-year inflation rate for the Food and Beverage Industry as announced by the Reserve Bank on 24 May 2017). Unfortunately, all the additional taxes, levies and fees will eventually prove to be too much to absorb by the Industry. The South African consumer (whether employed or unemployed) will suffer. This cannot be the intention of government?

We will now try to address some of the valid issues raised by committee members in (the limited time at our disposal) regarding positive steps that could in effect reduce obesity and the non-communicable diseases caused by the condition – something we believe no levy or tax will achieve. Levies or taxes indeed seem to be simplistic arguments for a complex, physiological problem that the Obesity Forum in the United Kingdom already in 2003 viewed as a disease (<https://www.publications.parliament.uk/pa/cm200304/cmselect/cmhealth/23/3121802.htm>), to be treated as such.

1. **How to address obesity and NCD’s in South Africa – Some thoughts and recommendations.**

All health issues have the potential to be addressed emotively, instead of logically, factually and holistically. Unfortunately, emotions should have little place in a discussion when the principle it purports to address, may not be suitably addressed or corrected by the proposed action. It is with this in mind that we present the following for your kind consideration:

1. Obesity and its accompanying diseases can only be addressed successfully to ensure a healthier population if the habits, beliefs, attitudes, choices and preferences of individual South Africans are addressed, and their access to healthy, affordable and available food and beverages are assured This requires a detailed ‘roadmap’ with set targets, dates and ways to monitor and compare progress, as well as a way to address non-compliance;
2. Many well-planned actions from both industry and government are in process, progressing and already funded. These actions could address the above mentioned successfully if government and industry work together efficiently in the knowledge that we all want what is best for South Africans, and
3. Levying a tax at this stage is aimed at addressing the consequences of obesity, not the root causes. Such an action would be a tragedy.

It is important for Government, Industry and the Health Sector to align their commitments and actions. Typically, a ‘roadmap’ to address the reduction in obesity levels and the consequent occurrence of Non-communicable diseases, could consist of the following:

* Clearly defined and structured Aims / Goals
* Government department role-players and -actions
* Industry role-players and –actions, Independent bodies
* Monitoring effectiveness – measuring instruments, objectivity
* Additional actions required, timeframe, cost, funding
* Action plan and Timeframe
* Progress reporting and corrective action to stay on track
* Implementation (in accordance with the strategy or ‘roadmap’)
* Post implementation monitoring
* Bi-annual public reporting of results, transparent reporting of financing and -expenditure
* Corrective action

It can be said that different strategies or roadmaps already exist, which is true. What is required however is a unified sense of purpose and a holistic, multi-pronged approach to implement a single, encompassing strategy effectively.

Also important is to be cognizant of the efforts of different sectors to address the health of South Africans. For example, for a long time, all sectors in the Food- and Beverage Industry have been taking part in an initiative to provide information and education to consumers in an effort to improve and influence the choice of healthy food amongst South Africans.

Information in the following format (template abbreviated) is voluntarily supplied by companies in the Food- and Beverage industry for collation by the CGCSA.

The collated results are supplied bi-annually to the Department of Health. It should be said that many of our members mention the slow rate of government progress in this regard. They are implementing their measures already to ensure a healthier South African population. Better coordination between government and industry may be required.

The second collation of progress for 2017 in different sectors of the industry is currently underway:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **SECTOR GOAL** | **SECTOR INDICATOR** | **COMPANY SPECIFIC TARGET** | **ACTIVATION TIME FRAME****(When this will be initiatives)** | **COMMENTS** |
| **At in-store level, ensure that consumers have the necessary information to make informed choices**  | Number of retailers that make information available that can help consumers make informed choices in store   | Please provide an update on the number of stores that provide information to help consumers make an informed choice. Provide the total number of stores targeted.  | Please provide an update on the number of stores that provide this kind of information to consumers and the timeframe within which this will be initiated (if not already in place) and the time by which the target will be achieved. |   |
| **Form a part of a working group to define better-for-you food choices, and a method of communicating this to the customer** | Number of retailers participating in the “better-for-you” Working Group  | Work completed – to be removed from plan |
| **Significantly increase better-for-you options on the snake isles and check-out areas**  | Number of retailers that have removed less healthy options from snake aisles and check-out points and have replaced these with “better-for-you” options or non-food items  | Please provide an update on the number of stores that have removed less healthy options from snake aisles and checkpoints and have replaced these with “better-for-you” or non-food items | Please provide an update on the number of stores this has been implemented in and the timeframe within which this will be initiated and the time by which the target will be achieved |   |

This brings us to a short overview of government actions that can be put to good use through coordination, to reduce obesity in South Africa.

A brief study of possible actions underway or in the finalization stage in Government Departments, yielded very positive results (the search was not extensive enough due to time constraints). Government Bills or programs that could possibly assist to address the holistic requirements of obesity and Non-communicable Diseases include, for example, the:

* National Public Health Institute of South Africa Bill (Department of Health)
* Education in practice regarding healthy food options and food parcels (Department of Health)
* Biofuels (Department of Energy)
* Agro-processing Incentive (Department of Trade and Industry)
* Intensification and extension of the LandCare Programme to include for example Roof-top gardens and nutrition education in practice (Department of Agriculture,

Forestry and Fisheries)

* Comprehensive Agricultural Support Program (Department of Agriculture,

Forestry and Fisheries),

to mention a few.

The National Public Health Institute of South Africa Bill warrants special attention since it seeks to ‘establish the National Public Health Institute of South Africa (“NAPHISA”), the aim of which is to coordinate and, where appropriate, conduct disease and injury surveillance and provide specialized public health services, public health interventions, training and research directed towards the major health challenges affecting the population of the Republic. Among others, NAPHISA must:

* 1. coordinate, develop and maintain surveillance systems to collect, analyze and interpret public and occupational health data in order to guide health interventions;
	2. use surveillance data and other sources of information, where appropriate, to advise on the setting of health policies, priorities and planning; and
	3. use public and occupational health information for monitoring and evaluation of policies and interventions’.

The Institute will deal with, amongst others, non-communicable diseases (and per implication, obesity) which makes it a perfect vehicle to obtain valid information about Nutritional and Socio-economic realities pertaining to all South Africans at ground level. (It should be noted, however, that this Bill has not yet been discussed with our members).

Actions, programs and bills from other government departments could also assist in ‘education in action’, not only teaching everyone (for example) how to grow vegetables, but also putting it on the table of the growers, thus addressing misconceptions regarding current food habits and -beliefs, foods choices, perceptions on health and nutrition, and more -- at ground level – indeed a case of making it possible for South Africans in need to practice and put into action what they are taught, while benefitting their health and the health of their children.

Without healthy food on the table, all the education, taxes and levies become irrelevant.

Equally, emerging farmers in the sugar industry will have a futile struggle without viable alternatives or modification of purpose and guidance with regard to sugar cultivation (as made possible by government). Nobody can ignore them or the realities of their plight. They also need healthy food on their tables.

It seems unavoidable that we all indeed need to partner with one another, as in the NEDLAC Forum, to reduce obesity and the prevalence of NCD’s in South Africa. Trying to lay the blame (in a country where we view free choice as not only laudable but the inherent right of every citizen), is not going to change anything. We all have to acknowledge each other’s efforts, optimize already funded and planned programs and bills, join hands with relevant organizations through communication and interaction, and more importantly, acknowledge that progress is not only obtained through punishment, but by rewarding all positive efforts – also those in industry, of which there are indeed many examples.

**To summarize:**

What do we need to reduce obesity and the prevalence of NCD’s in South Africa?

In our humble view, firstly, a clearly stated aim or stated goal to *reduce* obesity and *understand* its origins and progress as a *disease* in our communities, is required – not just the treating of its effects.

We recommend a combined plan of action, coordinating the multiple actions currently in process, progressing or alternatively stalled (for various reasons), in Government, Industry and the Health Sector. We need a commitment to a holistic approach including all role-players as in the NEDLAC forum, using what is already funded and planning for what is still lacking. Progress, funding and expenditure will have to be transparent.

We recommend that we all

* complete what we start,
* involve decision makers at all levels in government and industry to make the decisions required to take action, and
* measure progress effectively and in a scientifically acceptable and valid manner.

Let us stop trying to find short-cuts to short-term, ineffective solutions. Obesity is a Health issue – let us address it as such.

Let us all acknowledge that we apparently lack trust and mutual respect. ‘Trust’ that we all live in this country and have a shared commitment to its wellbeing. ‘Mutual respect’ to know that if we only believe the worst of one another, South Africans will not benefit and we would all have failed the people that rely on us. It is true that we will have to deal with transgression, but also reward progress. We also need to show respect for our countrymen by understanding that what we debate and decide have severe consequences on the ground in the lives of ordinary people.

Thank you once again for allowing us to share our heartfelt concerns with you. Is it not possible to first pursue more appropriate options before introducing a tax/levy to address a disease? Sadly, obesity is not the same as tobacco or alcohol misuse, and it never will be despite all the efforts to present it as such.

Please be assured of our best intentions for the good of South Africans at all times – even if it requires the expressing of an apparently unpopular view. We are committed and dedicated to serve all the people of our beloved country to the best of our ability.

C M (Karin) Blignaut Pri.Sci.Nat.

Ph.D (Interdisciplinary), Ph.D (Food Science)

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03 June 2017

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**Sources (Limited):**

BIOFUELS PRICING AND MANUFACTURING ECONOMICS

<http://www.energy.gov.za/files/esources/renewables/BiofuelsPricingAndManufacturingEconomics.pdf>

Braude, W. [ ]. South African Institute of International Affairs: Regulatory Constraints to the

Development of a Fuel Ethanol Market in SADC. <https://www.saiia.org.za/special-publications-series/606-sadc-business-barriers-case-2-regulatory-constraints-to-the-development-of-a-fuel-ethanol-market-in-sadc/file>

Department of Energy renewable energy status biofuel

<http://www.energy.gov.za/files/renewables_frame.html>

Department of Energy. 2015. State of renewable energy in South Africa.

<http://www.energy.gov.za/files/media/Pub/State-of-Renewable-Energy-in-South-Africa.pdf>

LandCare Programme. Department of Agriculture, Forestry, Fisheries (especially the Junior LandCare programme)

<http://www.daff.gov.za/daffweb3/Programme/Comprehensive-Agricultural-Support-Programme>

<http://www.daff.gov.za/daffweb3/DAFF-Youth>

NATIONAL PUBLIC HEALTH INSTITUTE OF SOUTH AFRICA BILL

As introduced in the National Assembly (proposed section 76); explanatory summary of Bill

published in Government Gazette No. 40688 of 15 March 2017) (The English text is the offıcial text of the Bill)

<http://www.gov.za/sites/www.gov.za/files/B16-2017_National_Public_Health_Institute_of_SA.pdf>

Obesity Forum in the United Kingdom (2003). <https://www.publications.parliament.uk/pa/cm200304/cmselect/cmhealth/23/3121802.htm>

South African Department of Trade and Industry to introduce dedicated agro-processing incentive

<http://www.agricouncil.org/south-african-department-trade-industry-introduce-dedicated-agro-processing-incentive/>

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