

# SOUTH AFRICAN INFORMAL TRADERS ALLIANCE

11212 MAJEMANTSHO VILLAGE  
MAHIKENG  
2745

REG NO: 185-787 NPO

067 027 5850 / 078 180 7698  
081 764 2251 / 078 050 2234  
FAX NO. :086 471 0746  
EMAIL: [saitasecretary@gmail.com](mailto:saitasecretary@gmail.com)  
[aquarose53@gmail.com](mailto:aquarose53@gmail.com)



6 October 2020

The Select Committee on Appropriations  
Committee Secretariat  
Cape Town  
South Africa

Email contact: [egrunewald@parliament.gov.za](mailto:egrunewald@parliament.gov.za) ; [lnodada@parliament.gov.za](mailto:lnodada@parliament.gov.za)

Dear Committee Chairperson

SAITA comment on Draft Rates and Monetary Amounts and Amendment of Revenue Laws Bill and request to present at Public Hearings

The South African Informal Traders Alliance (SAITA) is the national voice of the thousands of informal traders, hawkers, spaza shop owners and home-based operators across all 9 provinces in South Africa. Our key mandate is to ensure the rights of informal traders are protected and to ensure that all policy and laws take into account the rights and needs of our constituency. Our motto is, "Nothing about us, without us". By this we mean that Government adopts the principle of inclusivity when decisions and actions are tabled or adopted.

We are writing this submission in response to the public call for comment on this Draft Bill and to raise our concerns about certain provisions which we believe will negatively impact both our sector, and our country.

In this regard, we have noticed a proposal to increase taxes on tobacco products and on "cigarette tobacco substitutes", such those new products that are less harmful, and which heat tobacco.

As you may know, cigarettes are one of the most highly traded products for our sector of the retail market. Under the national lockdown, when cigarette sales were banned, cigarette sales moved from legitimate informal traders, who sell legal brands, to illicit sellers trading illicit brands at exorbitant prices. This caused unimaginable financial damage to our traders, who rely on cigarette sales for much of their income.

Our experience during the ban showed us that over-taxing legal products, which will drive up prices, will simply further entrench the illegal market and make it extremely difficult for informal traders across the country to compete. We have seen first hand the massive shift from legal to illicit brands, especially at

the beginning of lockdown, when illicit cigarettes were still priced at their normal rates. The unbanning of cigarette sales has normalised the market prices, which means that any additional taxes on legal products will again shift the market to illicit brands.

In addition to the taxes on cigarettes, we are also concerned that increasing taxes on the less harmful products will effectively close the door to a switch to these products for both informal traders and our many thousands of customers. We are aware that the world is moving away from normal cigarettes to products that are less harmful. Ensuring the health of our citizens and the country is a philosophy that we fully endorse, and we have, for some time now, been looking at ways to offer our customers these less harmful products, including heated tobacco and e-cigarettes. Affordability will always be a key issue for informal traders and their customers, but we are in the process of exploring ways of ensuring customers can benefit from accessing these products. If Government increases the taxes on these products, it will make it prohibitive for traders and our customers to afford, and will therefore exclude poorer consumers from a global trend towards less harmful products. This is untenable for us, and we therefore ask that informal traders are consulted and our concerns addressed before these proposals are adopted.

We therefore request that SAITA is allowed to participate in the public hearing that will take place in Parliament on Wednesday, 7 October 2020, preferably via Zoom.

Yours sincerely

Rosheda Muller  
President  
SA Informal Traders Alliance  
Tel: 081 764 2251  
Email: aquarose53@gmail.com