

Midterm Budget Speech (MTBS) Submission

Compiled by Healthy Living Alliance (HEALA)

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Background

- SA has high rates of obesity and overweight:
 - 68% women; 31% men
 - Rapid growth of obesity among children: 13% under 5 years are considered overweight
- SA has high rates of Type 2 diabetes: 12%
- Obesity-related diseases (e.g. diabetes, heart disease, stroke, some cancers) cause 43% of deaths

COVID-19 and NCDs in South Africa

- People with Type 2 diabetes, obesity and overweight are at greater risk of severe COVID-19 illness and death
 - 61% of COVID-19 patients in hospitals had hypertension, and 52% had diabetes
 - 45% of people aged 60–69 who died from COVID-19 also had hypertension
- Failure to address NCDs put the country at great risk
- COVID-19 amplified the urgent need to respond to the crisis of NCDs in South Africa.

An Example: What it costs to treat Type 2 Diabetes in South Africa

2018

- **Over R2.7 billion** to diagnose, treat, control **240,000** Type 2 Diabetes patients
 - R1.4 billion to treat and manage the disease
 - R1.3 billion for complications
- **R19.1 billion** in additional costs to treat all in need (diagnosed and undiagnosed)

8 - fold increase in expenditure = about 12% of the national health budget

2030 (projected cost)

- An estimated **4.5 million** South Africans in the public sector will have Type 2 Diabetes **by 2030**
- **R35.1 billion** is the projected cost to the South African public healthcare system by 2030

The Health Promotion Levy (HPL): What it is and how it works

- In April 2018, SA was first country in African Region to introduce a tax on sugar-sweetened beverages
- Two-fold purpose:
 - Address rising rates of diet-related NCDs (obesity, overweight, diabetes)
 - Generate revenue
- The HPL subjects sugar-sweetened beverages in excess of 4g/100ml of sugar to be taxed at 2,21 cents per gram of sugar past 4 grams
- The HPL raised **R3.195 billion** during the first fiscal year (April 2018 – October 2019) [National Treasury data]

The HPL works – but could do better

- These results show that the HPL is working - and could go further
- An **increase from current 11% to 20%** can generate more additional revenue and protect more lives
- Currently, the Health Promotion Levy **excludes 100% fruit juices**
 - Creates false impression that juices are healthier when they are not
 - Fruit juices and sodas have similar sugar content
 - Marketed as a 'healthy alternative' to children puts them at risk of consuming excessive amounts of sugar
- Other countries (e.g. Malaysia) have sugar taxes that include fruit juices

Recommendations

- **Now more than ever**, SA needs to reduce risks related to obesity
- We strongly encourage investigation into increasing the HPL tax from 11% to 20%
- To make this tax more effective, we urge policymakers to include fruit juices.
- We request evidence and transparency by including Civil society from Treasury on their decision-making around the HPL and other health tax.