



2022 Fiscal Framework and Revenue Proposals Public Submissions

Ms Eunice Montso

HEALA

02 March 2022

HEALA - Healthy Living Alliance

We are a coalition of civil society organisations who advocate for equitable access to affordable and nutritious food for all who live in South Africa

Key policy priorities:

- Stronger regulation of the food environment so that healthy food is accessible and affordable to poor households
- Ensuring sufficient and sustained investments in social support grants to help alleviate poverty, address hunger and the health impacts of poor nutrition

Budget increases to the HPL

We recognise and congratulate government's efforts to strengthen the Health Promotion Levy by:

- Increasing the levy rate by 4.5% to 2.31 cents per gram of sugar
- Treasury announcing consultations towards:
 - Broadening the HPL scope to include fruit juices, and
 - Lowering the HPL taxable-threshold on sugar content.

Yet much more must be done to confront our health crisis

Understanding the Sugar Burden

- South Africans have more than doubled the volume of sugary drinks they consume from 2001 to 2015
- The science is clear:
 - Over-consumption of SSBs increases the risks of obesity, type 2 diabetes, hypertension, heart disease, tooth decay, certain cancers and other diet-related non communicable diseases (NCDs)
 - The rise of SSBs in SA, then, plays a major factor in spiraling rates of obesity, type 2 diabetes and other NCDs
- Explaining this crisis as “individual food choices” and “lifestyle diseases” blames the individual for a failing food system

We all pay the costs of a failed food system

- Greatly increased mortality
 - Obesity is one of the top 5 risk factors for early death & disability
 - Diabetes in SA is currently #1 killer of women and #2 of men by natural causes
- Heightened vulnerability to epidemics
 - Diabetes, obesity, hypertension and other NCDs significantly raised hospitalization and Covid-19 related mortality rates
 - Diabetes is prevalent in the majority of Covid-19 related deaths
- Major costs to economy and healthcare
 - Diabetic treatment in 2018 (diagnosed & undiagnosed) estimated at R21.8 billion.
 - Direct healthcare costs for obesity in 2020 estimated at R35 million.
 - Public healthcare costs for type 2 diabetes, alone, is estimated to grow to R35.1 billion by 2030.

Positive effects of HPL

The HPL has reduced sugar intake, and over time, this will contribute to a reduction in the prevalence of risk factors for chronic health conditions, e.g., diabetes, high blood pressure

- Consumption of sugar-sweetened beverages was reduced by over 30% to 60%, with trend holding nationally across households.
- Industry reformulation of products to reduce sugar content¹⁵
- The levy has generated R 7.9 billion betw 2018 & 2021
- If Treasury had doubled the current levy to 20%, RSA could have earned an estimated R2 billion in extra revenue this year.

Strengthening the HPL

The Health Promotion Levy has already proved itself to be an important, cost effective and evidence-based preventive mechanism. However, its current form carries serious weaknesses to address

- Despite increases in 2019 & 2022, lack of consistent annual increases to the levy means that the levy has, in fact, slightly decreased in real terms across 2018 till now.
- The HPL is severely limited by being introduced at half the recommended rate, limiting its effect on reducing sugar intake, and improving public health outcomes.
 - An HPL of 20% is estimated to save over 72 000 lives and R5 billion in healthcare costs over 20 years (this estimation excluding major effects such as unforeseen epidemics like Covid)
- The policy in its current form, still excludes certain key unhealthy foods and beverages that should be considered within its scope.
- Expanding the strategy to confront the rise of NCD's in SA requires multiple mechanisms, which could be supported from the revenue of the HPL itself. However, there are immediate ways to strengthen the HPL now.

Recommendations

- Good health is essential for individuals to realise their full potential, and a healthy population is vital for economic growth
- The State **must act with urgency** to utilise policy & regulatory tools to create a healthier food environment for all, so we can realise our full potential, by:
 - Immediately double the HPL tax rate to 20%;
 - Commit to annual adjustments of this tax rate to account for inflation;
 - Widen the scope of SSBs to include fruit juices; and,
 - Consider lowering the taxable threshold from 4g per 100ml in the longer-term