



HEALA: 2022 Division of Revenue Bill Proposals

Oral Submission to Finance Committee on Appropriations

23 March 2022

Overview

- Background
- Assessment of current HPL Collections & Usage
- A more comprehensive approach to Health Promotion
- Improving Strategies for Utilization
- Way forward
- Recommendations

Background

- The Health Promotion Levy (HPL) is a tax designed to precisely target the sugar content added to sugar sweetened beverages (SSBs) beyond acceptable thresholds.
- It addresses excessive sugar consumption to reduce rates of obesity and non-communicable disease.



Short term:
The HPL has been
successful in lowering sugar
consumption (1)



Long term:
Save many lives & billions of
health care costs & related
economic burdens (2)



Raises significant revenue for the
state budget
Should be used to advance the most
vulnerable of South African's Right to
Health & Wellbeing

Stacey, N., Edoke, I., Hofman, K., Swart, E. C., Popkin, B., & Ng, S. W. (2021). *Changes in beverage purchases following the announcement and implementation of South Africa's Health Promotion Levy: an observational study*. *The Lancet Planetary Health*, 5(4), e200-e208.

Manyema M, Veerman LJ, Tugendhaft A, Labadarios D, Hofman KJ. Modelling the potential impact of a sugar-sweetened beverage tax on stroke mortality, costs and health-adjusted life years in South Africa. *BMC Public Health* 2016;16(1):405

Assessment of current HPL collections and usage



The HPL sets a levy-free threshold of 4g of sugar / 100ml in SSB with a fixed rate per gram of sugar that exceeds this



National Treasury increased the rate from 2.21c/g to 2.31 c/g in 2022



This amounts to a tax of 11% on the price of a 1 litre SSB

Assessment of current HPL collections and usage

A total of R7.9 billion in revenue has been raised from the HPL since inception 2018/19 → R3.2 bn, 2019/20 → R2.5 bn & 2020/21 → R2.1 bn

- Declines per year due to
 - Producer & consumer behaviors positive response to the HPL
 - COVID-19 pandemic

National treasury predicts annual HPL collections to increase over the coming financial years due to market recovery and growth; increasing up to R2.8bn by 2024/25.



The reduced levy rate from the proposed 20% to 11% has meant not only massively restricting its positive impact on public health, but also forfeiting billions in potential revenue!

Assessment of current HPL collections and usage

- At present, none of this tax revenue is earmarked for any particular purpose, going instead to the National Revenue Fund for general government expenditure
- Treasury's explanation → "the legislative earmarking of revenue is not supported as it will introduce rigidities in the budgeting process".
- The government has stated commitment for additional budgetary support for health promotion and chronic disease prevention programmes, as identified by the National Department of Health (NDoH).
 - 2021 Medium Term Expenditure Framework raised NDoH's budget allocation for health promotion to around R50 million per annum.
 - By 2021, actual expenditure under health promotion totalled a mere R34 million over 2019/20 and 2020/21.

A more comprehensive approach to Health Promotion

Restructuring how the HPL revenue is allocated and spent to protect South Africa's constitutional rights & prioritise the most vulnerable is vital!

HEALA believes that we need to prioritise the health and nutrition of women and children



South Africa's double burden of malnutrition
1 in 4 children are Stunted
1 in 8 children are overweight or obese

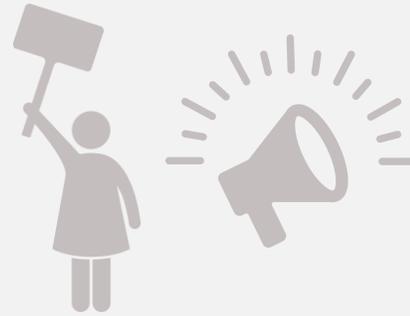


30% of South African children live in households living below the food poverty line



NIDS-CRAM reports child hunger had risen to 14% and that 400 000 children lived in households that experience perpetual hunger

A more comprehensive approach to Health Promotion



The alternatives we propose align with the holistic intent of the HPL and the furtherance of its goals.

They entail support for the NDoH's health promotion programme and other high impact interventions that can contribute to decreasing the burden of hunger, obesity and diet-related NCDs.

Potential strategies for utilization



1. Increasing support for School Nutrition Programme (SNP)



2. Supporting nutrition of children in the critical first 1000 days: Maternity Grant



3. Improving nutrition in households: Basic Income Support

1. Increasing provincial allocation for the School Nutrition Programme

SNP - life-saving feeding scheme that benefits over 9 million learners aged four and above every day.

It is an effective poverty alleviation intervention, reaching some of the most vulnerable children in South Africa

It allows learners to realise their constitutional rights to basic nutrition (Section 28(1)(c)) and basic education (Section 29(1)(a))

Aims to improve their ability to learn through

- reducing hunger
- combating malnutrition
- improving school attendance

1. Increasing support for the School Nutrition Programme

A 2016 National and a 2017 Eastern Cape Analysis of the SNP found:



The daily nutritious meal should provide 30% of the recommended daily allowance (RDA) of energy → meals served only provided 16% of the RDAs - equivalent to a snack rather than a meal

Only half of schools provided balanced meals including 3 food groups (starch, protein & vegetables)

Vegetables were often omitted from 42% of schools



Schools describe numerous challenges of insufficient funding → unable to meet School Nutrition Programme's nutritional requirements

Most Provincial DBEs have underspent on their budgets for the School Nutrition Programme implementation.

1. Increasing support for the SNP

Providing nutritious meals to learners contributes to the children's health in the long term by reducing the risk of NCDs & decreasing the burden of public health costs.



The School Nutrition Programme should be expanded to also include breakfast → effective program and meet the nutritional needs of many vulnerable children

Evidence shows that breakfast has positive benefits for children's academic performance and attention in school. Using the funds from the HPL to strengthen and expand this existing national intervention could be an effective way to address child hunger.

2. Maternity Support Grant

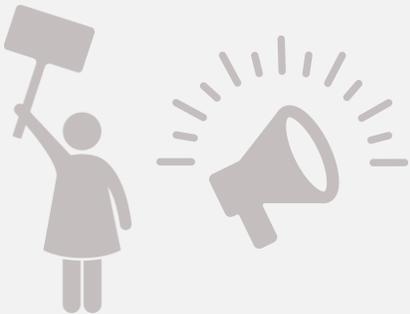
Supporting nutrition in the critical first 1000 days

- Intervening in a child's nutrition in the first 1000 days can have positive lifelong results
- Stunting arises from chronic malnutrition in pregnancy and the early years of life and impairs the physical and cognitive development of young children → lifelong effects on children's health, education and employment prospects
- Improving the wellbeing and nutritional status of pregnant women during this critical period when the growth of the developing foetus is dependent on the nutritional status of the mother is vital to combat stunting

2. Maternity Support Grant

Pregnancy poses significant health, social and economic challenges for women.

- Many women working in the informal sector have to give up paid work during pregnancy,
- Additional costs of volume & variety of food they must consume
- Travel costs for health care
- General costs of a new child



Extending the Child Support Grant into pregnancy → Maternity Support Grant

- Poor and vulnerable pregnant women have access to income support
- Improve ANC check ups
- Enable healthy nutrition
- Improve mental health

3. Basic Income Support

Improving nutrition in households

Poverty, inequality and unemployment are the most profound crisis confronting democratic South Africa.

- Drivers for the double burden of malnutrition we see in children.
- Households struggle to afford nutritious food, leaving their children and members hungry.
- The South African government needs to create a society of greater equality by strengthening the social protection system. One that will guarantee sufficient nutrition for all families and provide access to quality healthcare and education.

3. Basic Income Support

Cash grants reduce hunger & malnutrition and improved food sufficiency

The Black Sash Basic Income Support a Case for South Africa report found



Grant recipients were significantly more likely to have enough income for their daily food needs than those in the control group



The grants also led to more varied diets, with greater relative consumption of fruit and vegetables.



The number of households that reported that their income was sufficient for their food needs increased from about 50% in the baseline to about 78%.

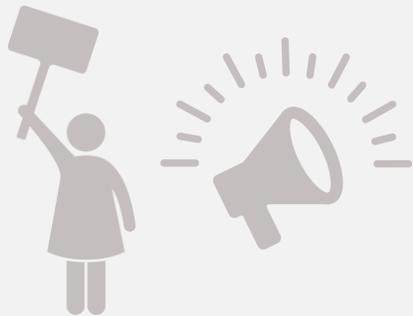


Income grants were associated with an improvement in children's weight-for-age (especially in girls)

3. Basic Income Support

The implementation of a Basic Income Support (BIS) in South Africa is

- Affordable & feasible
- Can contribute to economic growth and job creation
- Ensure households have improved food security, health and educational outcomes resulting in long-term impact on poverty reduction



The implementation of Basic Income Support for those aged 18 to 59 years who have no or little income that meets the upper-bound poverty line (R1335 per month).

- Unemployed Caregivers who receive the CSG must also qualify.
- Although the extension of the COVID-19 Social Relief of Distress (SRD) grant is welcomed, it must be increased to at least the Food Poverty Line (R624) until social assistance for the unemployed is made permanent.

Recommendations and the way forward

If we are to improve the health of all South Africans – we need to start with helping our children thrive into their best potential

HEALA acknowledges that limited funds do not allow for new programmes but believes that expanding on existing effective programmes is necessary to address the food and nutrition insecurity that our children experience



- **Including breakfast in the NSNP** → more children will reach their daily nutritional needs
- **Expansion of the child support grant into pregnancy** → Addresses the intergenerational transfer of malnutrition
- **Providing basic income support** → acknowledging that households that include vulnerable children and women need additional resources
- Subsidising staple healthy foods and reduce prices of food

QUESTIONS?

