

# Overview of SSB Tax in South Africa

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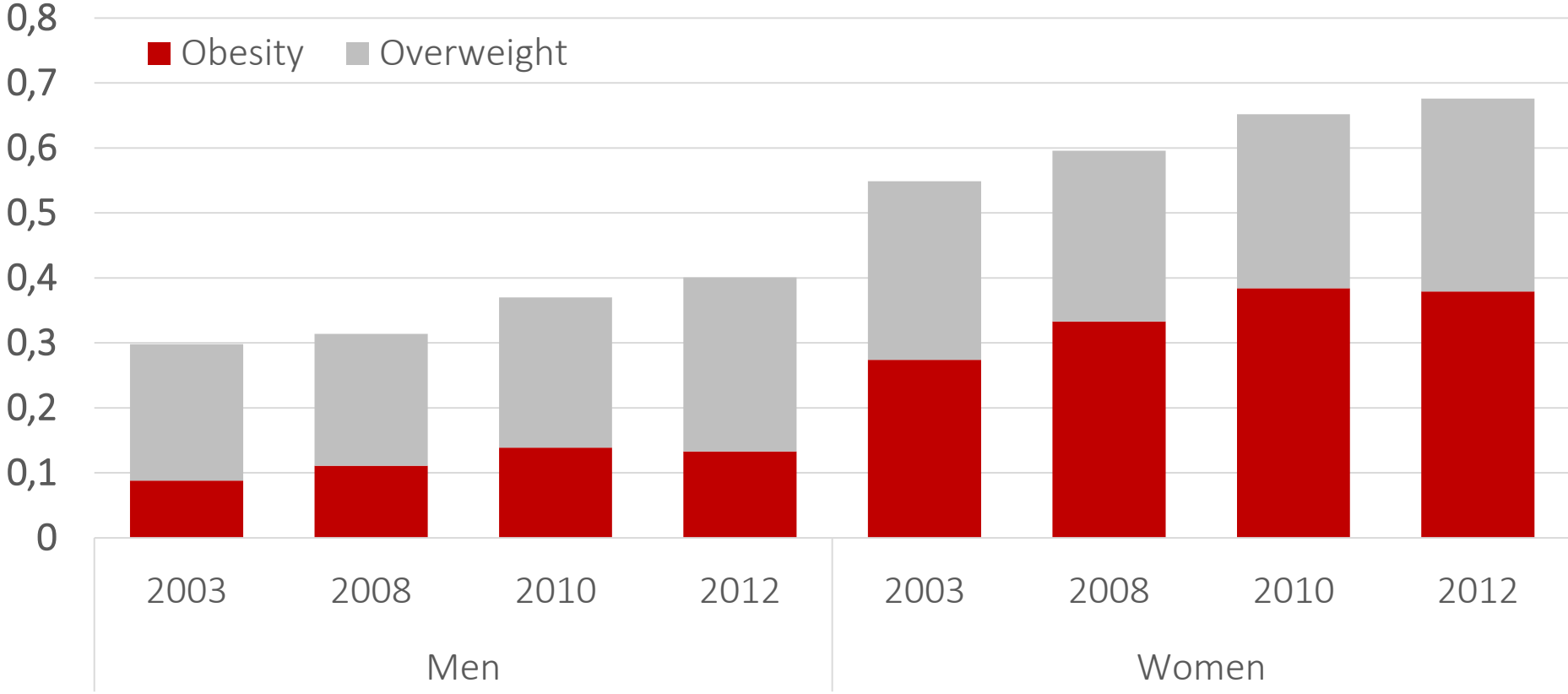
FERN Online Meeting Nov 4 2020



# Overview

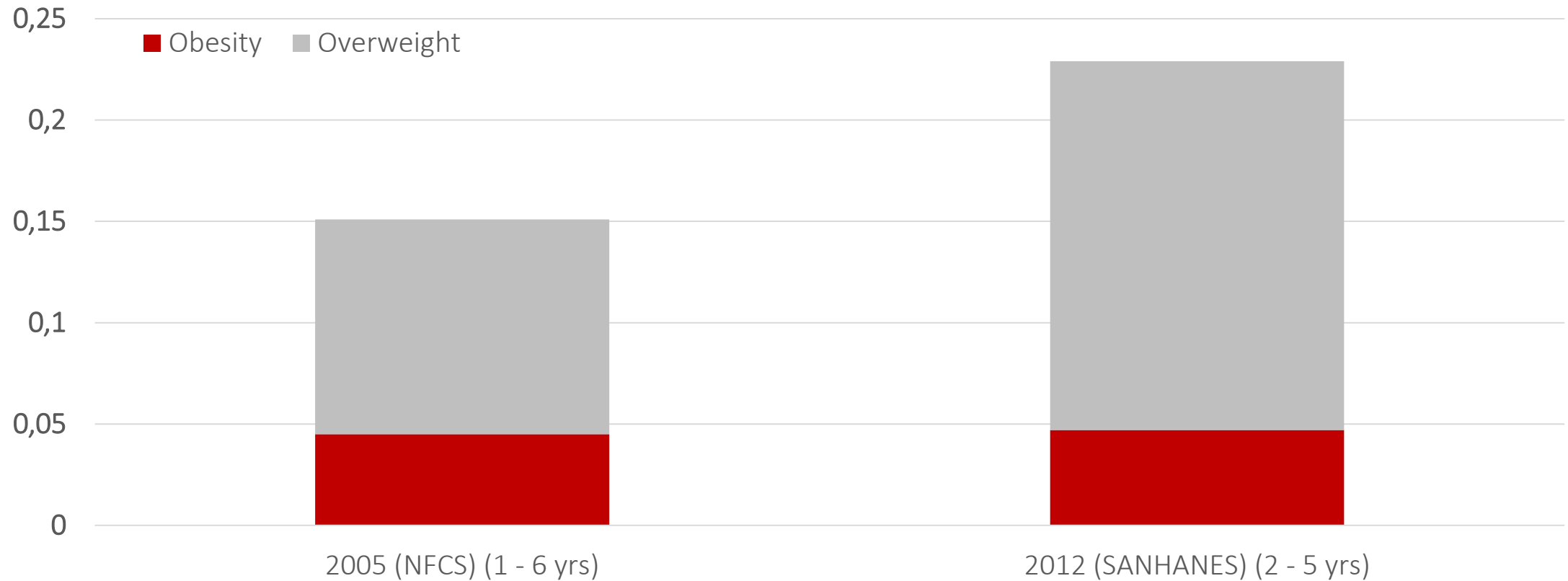
- Started research on sugary beverage taxation (Health Promotion Levy) in 2010, motivated by inclusion of SSB taxation as a policy goal in the NDoH's strategic plan for NCD prevention and control
- Early work focused on systematic review of evidence and simulation of the potential impact of policy using mathematical modelling
- Policy formally proposed in 2016 by National Treasury and introduced in 2018
- Funding provided to undertake broad program work assessing impact of introduction of policy

# Obesity and Overweight Prevalence in Adults



Source: SADHS, NIDS

# Obesity and Overweight Prevalence in Children



# INDUSTRY TARGET LOWEST SES in SA

**SA SOFT DRINKS SALES  
PROJECTED TO INCREASE BY  
15% (2012-2017)**

**Target: Lowest SES**



PRICELESS SA

# Not just about evidence ..... SA 2020

- **Unemployment rate - 27%  
/now closer to 50%**
- **History of excise taxation of tobacco & alcohol**
- **Low advertising cost and weak regulation**
- **Market for SSBs doubled in 2 decades**

- **Lack of policy coherence between public health goals and economic growth**
- **Industry shifting its focus to emerging economies**
- **50% of soft drink/ processed snack food imports into 16 SADC originate in SA**



*“The largest contributors to the rise in energy intake have been other Calorie-rich foods...”*

*“Tax could result in the loss of 62,000-72,000 existing jobs”*

*“There is a better way: a partnership between the Government and industry”*

## SUGAR TAX BREAKFAST MEETING

**VENUE:** Holiday Inn Sandton

**DATE:** 19 September 2016

**TIME:** 08:00am - 11.00am

**Panellists Include:**

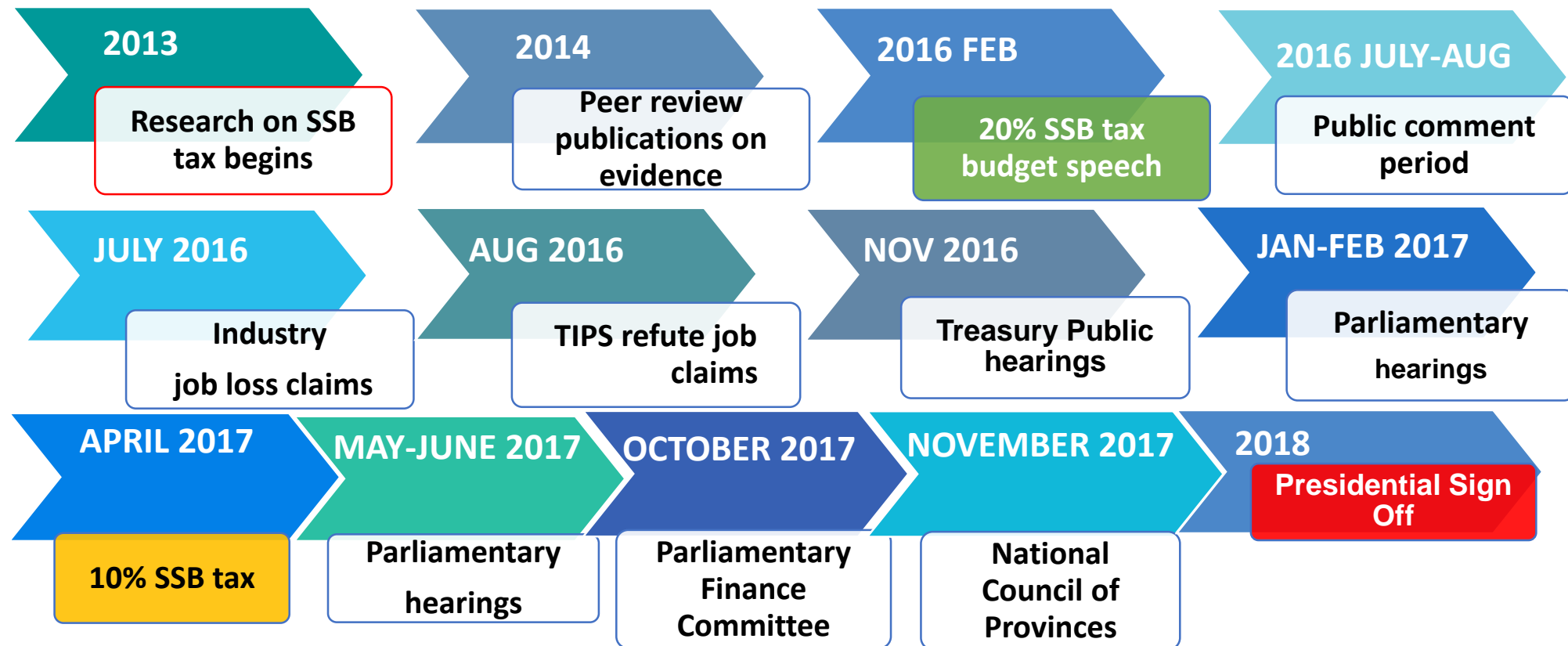
Leon Louw, Executive Director, **Free Market Foundation**

Prof Jacques Snyman, Clinical Advisor, **Agility Global Health**



# TIMELINE

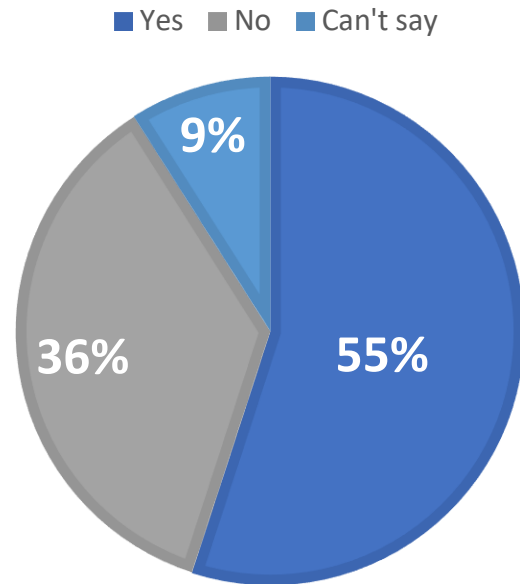
## HEALTH PROMOTION LEVY SOUTH AFRICA



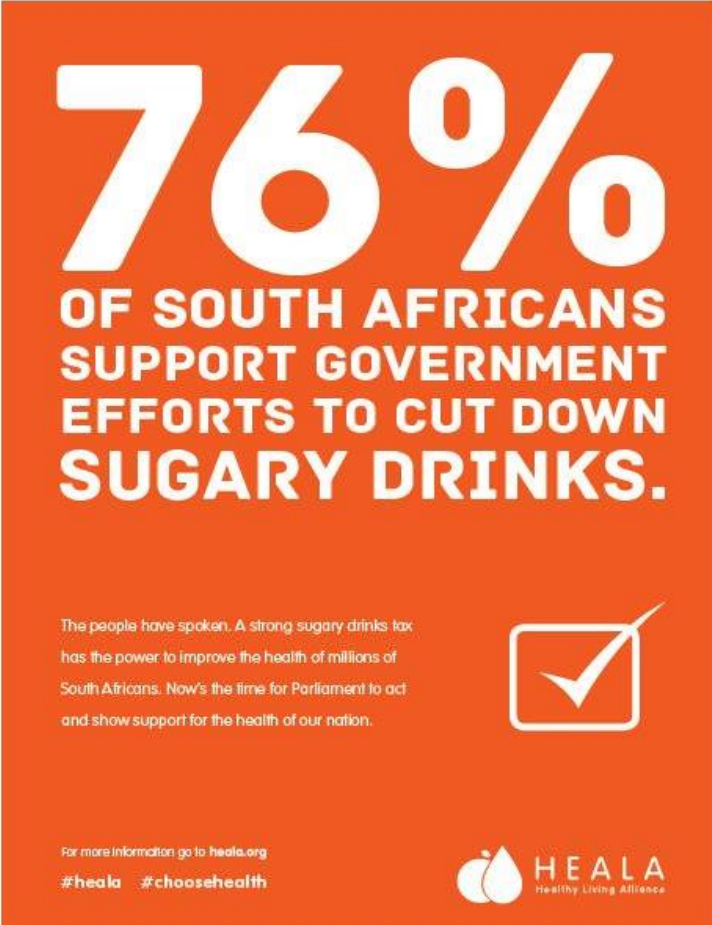


# PUBLIC - *Would they support Taxes?*

**Do South Africans think a SB tax will help fight obesity?**




ANN7 TV interview Aug 2014




**76%**  
**OF SOUTH AFRICANS  
SUPPORT GOVERNMENT  
EFFORTS TO CUT DOWN  
SUGARY DRINKS.**

The people have spoken. A strong sugary drinks tax has the power to improve the health of millions of South Africans. Now's the time for Parliament to act and show support for the health of our nation.



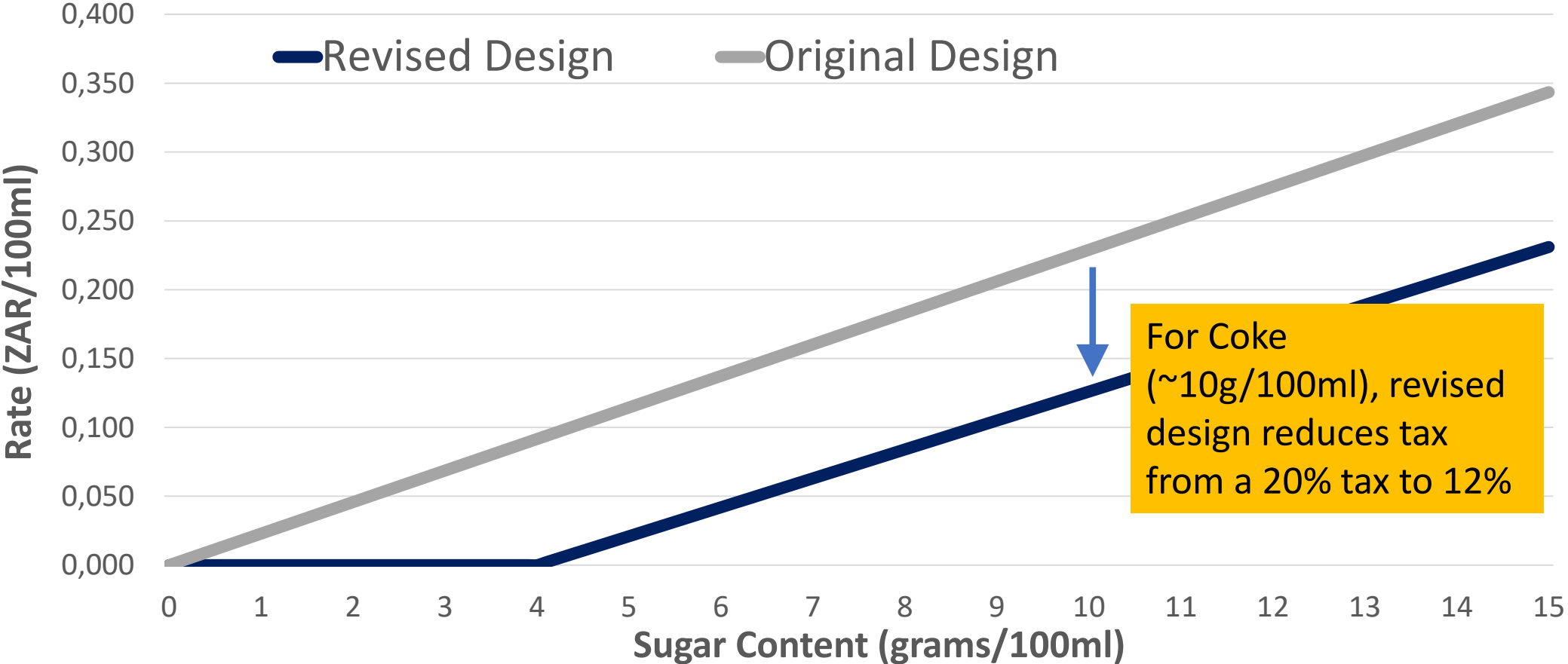
For more information go to [heala.org](http://heala.org)  
#heala #choosehealth



**HEALA**  
Healthy Living Alliance

News 2017

# Industry lobbying effective and has caused significant weakening of tax (health promotion levy)



# The Health Promotion Levy Base & Rate

- Products subject to the tax are delineated by World Customs Organization's Harmonized System product categories
  
- **Included:**
  - ✓ Syrups and concentrates made with or without fruit juice
  - ✓ Cocoa powder and milk extracts,
  - ✓ Non-alcoholic waters, mineral or aerated, with sugar or flavoring (excluding fruit or vegetable juice)
  - ✓ Non-alcoholic beer
  
- **Excluded:**
  - Dairy products with added sugar
  - Nectars, juice drinks and juices with added sugar
  - 100% fruit juices
  - Powders that are not cocoa or malt based

# Consumer Responses to the Health Promotion Levy

# “Attitudes and perceptions among urban South Africans towards sugar-sweetened beverages and taxation”: Baseline qualitative study

- *“We buy 5 Litre and then it must be finished today. 1 glass is not enough. It is nothing. We have to drink that 5 Litre until it is finished. If it is not enough we buy another 5.” (Male 26-35)*
- *“I’ll give you one example for my family -- if there is no cold drink in that house then everybody goes mad.” (Female 36-55)*

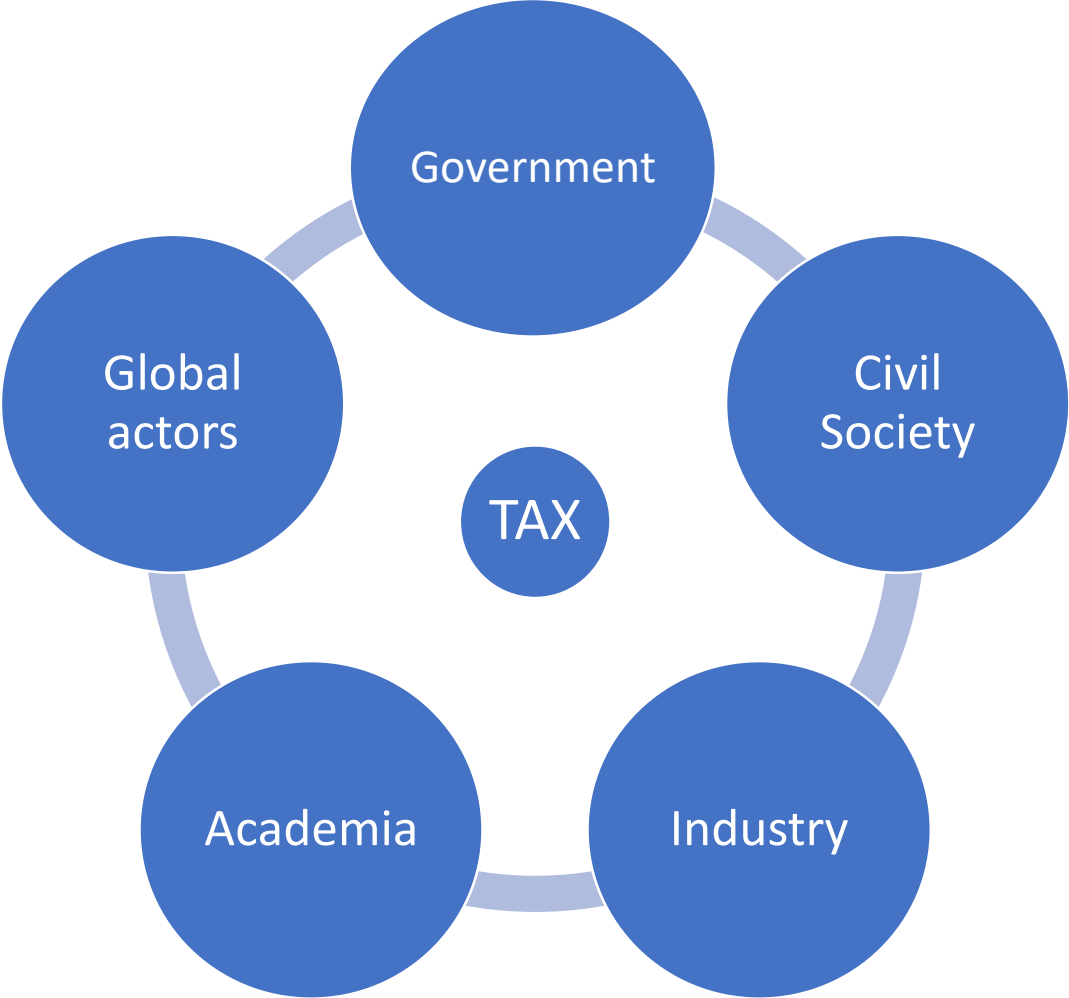
# Industry Responses to the Health Promotion Levy

# “Sugar-based beverage taxes and beverage prices: Evidence from South Africa's Health Promotion Levy”

Stacey et al. (2019) SSM

- Prices on SSBs increased
- Reformulation occurred with both size and new products
- Biggest decrease in consumption was mostly among those who were higher consumers to begin with

# WHO ARE THE ACTORS AND WHAT ARE THEIR INTERESTS







# INDUSTRY TACTICS

**“No scientific basis on which to claim that sugar is an unhealthy food.”**

**“Most foods would probably be unacceptable for human consumption if it were not for the addition of sugar.”**

BUSINESS TIMES – February 17 2019

**InNumbers** **26%**  
The stake Steinhoff has in KAP Industrial

## Jobs at risk as Coca-Cola reels from sugar tax

Union up in arms, but company says 1,000 jobs may have to go

The tax raised R2.3bn by the end of December 2018, Treasury said. Coca-Cola said it increased prices in response to the tax, but competitors maintained pre-levy prices, which cost Coca-Cola Beverages SA market share. In addition, weak consumer spending resulted in muted volume growth.

# LESSONS LEARNT

- Not only about evidence “ its the political economy”
- Confronted with sales drop in global North increased marketing to emerging economies – the poor
- Policymaker engagement challenging but essential
- Strong advocacy support goes a long way
- Different industries, same playbook – “ Fool me once....”

Asante/Thank you/ Merci

[www.pricelessa.ac.za](http://www.pricelessa.ac.za)



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