Alcohol industry criticises government's 'vague' socioeconomic study

By Linda Ensor

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The South African Liquor Brand Owners Association (Salba) has criticised the government's inadequate socioeconomic impact assessment of the draft Liquor Amendment Bill because of its failure to quantify the effect on jobs and the economy.

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The bill was discussed on Thursday by the social partners in the National Economic Development and Labour Council (Nedlac) but Salba spokesperson Sibani Mngadi said on Wednesday that "the vagueness of the impact study submitted by the Department of Trade and Industry limits the ability of Nedlac social partners to engage meaningfully with the proposed amendments to the Liquor Act.

"Unfortunately, the study does not include even a single figure quantifying the impact of the amendments on the local economy, including potential revenue and job losses," Mngadi added.

"The alcohol industry calls upon Trade and Industry Minister Rob Davies to allow for a sufficient time for a proper, independent study to be conducted on the Liquor Amendment Bill before proceeding with the changes."

Mngadi said the industry was willing to contribute to the production of a "credible study to inform a meaningful consultation on the proposed legislative amendments".

The liquor industry is opposed to the proposed amendments, which Mngadi says "will have far-reaching consequences for both small and big businesses in the alcohol industry. We believe it will lead to job losses when the country is facing a problem of high unemployment."

The study was submitted to Nedlac only after a long delay and this held up the body's deliberations on the proposed bill. Trade unions in particular demanded the assessment so that they could determine what the effect on jobs would be but the study does not deal with this.

The DA has similar criticisms of the socioeconomic impact assessment, which was undertaken by the Department of Planning, Monitoring and Evaluation. Mngadi said the study was a "disappointment" to the alcohol industry as it failed to quantify the impact of the "drastic" proposed amendments.

The bill proposes severe restrictions on the advertising of alcoholic products, including an outright ban of liquor adverts in newspapers; prohibits trading licences for alcohol outlets within a 500m radius of churches and schools; increases the legal drinking age from 18 to 21 years; and proposes to hold brand owners legally liable for damage that may be caused by consumption of alcohol.

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Chris Brewer 8 May 2017

The alcohol industry estimates that these restrictions will lead a R2.38bn loss to economy. The biggest loss will be for TV, which is estimated at R1.9bn; radio at R160m; and print at R260m.

DA spokesperson on trade and industry Dean Macpherson described the socioeconomic assessment of the bill as "woefully inadequate".

"There is not a single mention of costs nor a single mention of what it will do to jobs," Macpherson said.

The impact assessment concedes that the proposals will result in a loss of advertising revenue and a loss of tax revenue for the state but does not attempt to calculate this cost. It also does not estimate the cost to the state of the harmful effects of alcohol abuse.

In its conclusion, the study says that the "proposed legislative amendments will achieve the intended outcomes if enforcement and education and awareness are intensified".

Source: BDpro