

SA Canegrowers calls for sugar tax to be scrapped

SA Canegrowers has called on Finance Minister Enoch Godongwana, who will be delivering his Medium Term Budget Policy Statement (MTBPS) tomorrow, 11 November 2021, to scrap the Health Promotion Levy (HPL or sugar tax), while the Department of Health investigates the impact of the tax on obesity levels in South Africa.



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Minister Godongwana will be delivering his MTPBS against the context of record levels of unemployment in the country. His address also comes six days before the one-year anniversary of the Sugar Industry Value Chain Masterplan. If the government is serious about ensuring the long-term sustainability of the sector and protecting the one million livelihoods it supports, it must do away with the job-killing sugar tax.

The sugar tax was introduced in 2018 with the goal of reducing obesity in the country. However, there is little to no evidence that the tax has achieved this goal. In fact, the recently published South African National Health and Nutrition Examination Survey reveals that more than half of South Africans gained weight over the past year.

However, in June 2021 a study commissioned by the National Economic Development and Labour Council (NEDLAC) showed that in the first year of its implementation, the tax caused 16,621 jobs losses, a R653m decline in investment into the economy, and a R1,19bn decline in the sugar industry's contribution to the South Africa's Gross Domestic Product. Cumulatively, the tax cost South Africa more than R2bn.

On 17 November it will be the one-year anniversary of the Sugar Industry Value Chain Masterplan, which was developed by government, industry stakeholders, retailers and social partners to tackle the major challenges facing the industry and ensure its survival and long-term sustainability. According to SA Canegrowers, however, the success of the Masterplan continues to be threatened by the devastating impact of the sugar tax on revenue and employment in the industry.

For this reason, SA Canegrowers remains steadfast in its commitment to the success of the Masterplan, and to working with government and industry stakeholders to revive and grow the sugar industry.

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