

WORLD HEALTH ORGANISATION

# SA ranks sixth globally as a nation of drinkers

South Africans drink in a dangerous manner and the tax treatment of alcohol has differed from that of cigarettes

04 MARCH 2019 - 05:06 GRIEVE CHELWA AND CORNÉ VAN WALBEEK



SA scores a four, just behind Russia and Ukraine, the only two countries that received a score of five in the WHO ranking, says the writer.  
Picture: ISTOCK

It's no cause for pride that SA sits near the top of the chart as a nation of drinkers.

This ranking is according to the 2018 global status report on alcohol and health published by the World Health Organisation (WHO). While only a third (31%) of adults report consuming alcohol in the past year, those who do drink tend to drink heavily.

According to the latest available statistics, the average drinker in SA consumed 30l of pure alcohol in 2016. That level of consumption per drinker places the country in the sixth position globally — up from 11th place in 2010.

WHO assesses the danger of a country's drinking not only on the basis of "how much it drinks" but on "how it drinks". Drinking small amounts of alcohol that tot up to a large amount annually is less harmful than occasionally drinking large amounts of alcohol that add up to the same amount per year.

That's because the liver, which detoxifies alcohol, copes better with small amounts. Using a scale of one to five, the WHO scores countries with the least risky pattern of drinking as ones, and the riskiest patterns as fives.

SA scores a four, just behind Russia and Ukraine, the only two countries that received a score of five. A recent study in the *SA Medical Journal* shows that close to half of South Africans who report drinking alcohol drink in a dangerous manner.

**Given its societal harm, the taxation of alcohol products must be urgently revisited. This process should also rationalise the tax treatment of all alcohol products so that they are taxed equally in terms of their alcohol content.**

Alcohol consumption in this country has serious social and public health effects. A 2014 article in the journal estimated that the economic, social and health costs associated with alcohol-related harms were about 12% of GDP. The latest global status report shows that 7% of South African adults suffer from disorders related to alcohol use. The same report found that 2% of adults in SA are physically or psychologically dependent on alcohol. And 6% of all deaths in the country — 10% of men and 2% of women — are attributable to alcohol use.

Ordinarily, the consumption of any legal substance that causes this much harm would be appropriately regulated and taxed to reduce the costs imposed on society. This has not been the case in SA.

A 2014 Treasury review on the taxation of alcohol noted that alcohol excise tax revenues do not cover the alcohol-attributable costs incurred by the government. These costs do not even include those borne by the broader society.

In SA alcohol has been subject to excise taxes for more than a century. Historical Treasury data shows that the tax per litre of pure alcohol for beer and spirits in real (inflation-adjusted) terms was substantially lower in 2018 than it was in 1960. In this regard, the tax treatment of alcohol has differed from that of cigarettes.

After declining by 61% between 1960 and 1990, the real tax per pack of cigarettes increased by more than 500% between 1990 and 2018. This means the real tax on cigarettes was substantially higher in 2018 than it was 60 years ago.

There has been greater effort since 1994 to recover the social costs of alcohol through taxation, but the government and broader society still effectively subsidise the alcohol industry.

Increases in cigarette taxes have delivered significant additional revenue to the government. Despite the recent increase in the illicit trade in cigarettes (which is due more to poor law enforcement than the high level of the tax), real excise tax revenue on cigarettes was nearly 150% higher in 2018 than in 1994. Public health has benefited greatly. One in three people smoked in the early 1990s; now it is less than one in five.

Given its societal harm, the taxation of alcohol products must be urgently revisited. This process should also rationalise the tax treatment of all alcohol products so that they are taxed equally in terms of their alcohol content. Currently, wine and beer are taxed at a much lower rate than spirits, for example.

The proper taxation of alcohol is not just good for public health; it is good for the public purse, a proposition that should be very attractive for the Treasury in these tough economic times.

The alcohol industry will point to the unintended consequences of higher taxation, including the risk of bootlegging. The experience from other countries is that all things considered, taxing alcohol at a rate closer to its total cost to society makes for a safer, healthier and more prosperous nation.

- *Chelwa is a senior lecturer in economics at the University of Cape Town's graduate school of business. Van Walbeek is a professor of economics in UCT's school of economics. This analysis forms part of work funded by DGMT on alcohol harms reduction.*

<https://www.businesslive.co.za/bd/opinion/2019-03-04-sa-ranks-sixth-globally-as-a-nation-of-drinkers/>