



# **Government Expenditure on Alcohol – Related Harm in South Africa**

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# Organisational status



**PHUZA WIZE**  
DRINK SAFE. LIVE SAFE.

- ❖ NGO -1992
- ❖ To promote health and well-being
- ❖ Mass media, advocacy and social mobilisation
- ❖ Multi- media and multi-language



# Health Promotion Framework (Ottawa Charter)



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- ❖ Building healthy public policy
- ❖ Developing personal skills
- ❖ Creating supportive environments
- ❖ Promoting community action
- ❖ Re-orientating health services

# Phuza Wize Campaign



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- ❖ alcohol reduction and violence prevention campaign with several objectives
- ❖ focus on the advocacy campaign to highlight alcohol-related harm



# Background



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- **alcohol industry provides high levels of employment and tax revenue to the state**
- **must be left to conduct business**
- **unchallenged in public discourse**
- **little or no discussion about the financial cost of alcohol-related harm to the fiscus**

# Cost Analysis of Government Budget Expenditure



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- **2009 – 2010 budget**
- **to estimate the direct costs of alcohol abuse**
- **the actual expenditure of provincial and national government departments**
- **no intention to calculate the full cost to society of alcohol abuse, but to focus instead only on the costs reflected in government budget allocations.**

# Cost Analysis of Government Budget Expenditure



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The estimate is based on:

- allocations for the consequences of alcohol abuse
- allocations that aim to reduce the extent of alcohol abuse and its negative consequences

**This represents a different exercise to estimates of the social or economic costs of alcohol abuse.**

# Departments analysed



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- Health (national and provincial)
- Social development (national and provincial)
- Safety and security (national and provincial)
- Justice and constitutional development (national)
- Correctional services (national)
- Transport (provincial)
- Economic development (provincial)



# Revenue from alcohol



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- Fees paid to provincial governments for liquor licences
- Excise duties paid in respect of alcohol
- Value-added tax (VAT) generated through sale of alcohol



# Results

The research showed that the national allocation to address alcohol abuse in the 2009-2010 financial year exceeded the national income earned from alcohol sales during that period.

PROVINCIAL EXPENDITURE (RM)		NATIONAL EXPENDITURE (RM)	
Total provincial Department of Social Development	346.3	Total national Department of Social Development	185.8
Total provincial Department of Health	6084.8	Total national Department of Health	516.1
Total provincial Community Safety	43.9	Total national Department of Correctional Services	3355.0
Total provincial traffic	262.1	Total national Department of Security and Safety	5807.5
Total expenditure provincial liquor regulation (Economic Development and Tourism)	242.8	Total national Department of Justice and Constitutional Development	335.2
		Total national Department of Transport	15.0
<b>TOTAL PROVINCIAL EXPENDITURE</b>	<b>6979.9</b>	<b>TOTAL NATIONAL EXPENDITURE</b>	<b>10214.6</b>
<b>TOTAL NATIONAL AND PROVINCIAL EXPENDITURE</b>			<b>17194.5</b>
PROVINCIAL REVENUE (RM)		NATIONAL REVENUE (RM)	
Provincial revenue	71.8	Excise	9863.7
		Value-added tax	6121.6
<b>TOTAL PROVINCIAL REVENUE</b>	<b>71.8</b>	<b>TOTAL NATIONAL REVENUE</b>	<b>15985.3</b>
<b>TOTAL NATIONAL AND PROVINCIAL EXPENDITURE</b>			<b>16057.1</b>
<b>NET EXPENDITURE IN EXCESS OF INCOME EARNED FROM ALCOHOL SALES</b>			<b>1137.4</b>

# Findings



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- **the alcohol industry is not a provider of revenue for state coffers**
- **state income from alcohol earnings is used to pay for alcohol-related harm**
- **cost of harm is more than income from alcohol**
- **state (tax payer) is subsidising the alcohol industry**

# Findings



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- exclusion of education, agriculture and alcohol-related research expenditure
- illustrates the extent to which the approach in this study under-estimates government expenditure

# Direct and Indirect Costs



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- Department of Trade and Industry in 2011 - both direct and indirect costs of alcohol-related harm
- double the costs identified in this study (R37.5 billion per annum)

# Conclusion



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- Useful advocacy tool
- Factual information
- Based on government budgets
- Challenged industry claims about job creation and contribution to the economy
- Picked up by media and civil society