

Alcohol industry deserves justification for continued ban - Salba

With the number of new Covid-19 cases declining over the past two weeks, South African Liquor Brandowners Association (Salba) has urged the government to be transparent about the justification for the continued prohibition of formal alcohol sales in the country.



Credit: Getty

While small businesses in the alcohol industry have struggled to keep their doors open, larger companies have also had to cut staff numbers to shield themselves from the negative economic impacts of the third alcohol ban.

Over the past week, Heineken reduced its staff by 7% and South African Breweries suspended the contracts of 550 workers, while Distell reduced its contract staff by 220. The industry has made a [request for a deferment of excise liabilities](#) to which the government has not yet formally responded.



SAB suspends 550 temporary workers as production stagnates

25 Jan 2021



President Cyril Ramaphosa banned liquor sales on 28 December, stating concerns about the sharp rise in Covid-19 infections. He further extended the alcohol sales prohibition on 11 January, saying that the health system needed to preserve the maximum capacity to handle the surge in Covid-19 admissions. "Except for hospitals' citation of social media post, no details were provided on the caseload versus the hospital capacity available," says Salba in a statement.

Sibani Mngadi, chairperson of Salba, comments, "Government justified the current alcohol ban based on the projected rise in new Covid-19 cases. With the current downward trend in the number of new cases and a recovery rate of 87,6%, government has to explain why the current alcohol continues with no end date in sight."

Mngadi urges the government to be transparent to the SA public and the alcohol industry on the justification for alcohol sales' continued prohibition. "No government ministry is taking responsibility to explain to the public and the industry what justifies the continued ban, and what would be the basis and timeline for a review of this ban. This lack of transparency and accountability from Government is forcing major companies in the sector into further cost-cutting measures, which means more job losses."



Craft brewers battling to survive blanket ban on alcohol

26 Jan 2021



R13bn lost in excise tax revenue

"Alcohol excise tax contribution to the government has declined by more than 28% from R47bn in 2019/20 to R34bn in 2020/21. This R13n loss in alcohol tax revenue could have easily compensated for the investment needed in the procurement of vaccines and other measures needed to curb the impact of Covid-19 on our society," says Mngadi.

He says the only beneficiaries of the current ban are illicit alcohol smugglers charging consumers exorbitant prices, robbing both the industry and the government of much-needed sales and tax revenue.

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