

Clarion call for end to booze ban

South Africa's alcohol industry lost at least 23 weeks (161 days) of trade from 26 March 2020 to 25 July 2021 due to the government implementing alcohol bans in response to the coronavirus pandemic. Even before the cost of last week's looting is factored in, the four alcohol bans have cost the country an estimated R64,8bn or 1.3% of GDP.



Source: ©Ersler Dmitry - [123RF](#)

These estimates were shared in a statement issued on behalf of the Consumer Goods Council of South Africa and the alcohol industry, including but not limited to the South African Liquor Brandowners Association (Salba), Vinpro, the Beer Association of South Africa (Basa), the National Liquor Traders Council, the Liquor Traders Association of South Africa (LTASA) and manufacturers.

"This is a cost that every South African has to bear in future. It is all happening while illicit trade continues to thrive, and government remains unable to effectively counter the growth of this criminal element," said Sibani Mngadi, chairperson of Salba.

The bans resulted in a total loss in retail sales revenue of R45,1bn, equivalent to 15.8% of the sector's projected sales for 2020 and 2021. Excluding the impact of last week's unrest, 248,759 jobs were already at risk across the industry – about 1.59% of the national total of formal and informal employment for 2020.

Extra blow to industry dealt by riots

The industry said that in addition to numerous alcohol retailers and outlets plundered, damaged and burnt during last week's unrest, over R500m of looted liquor stock is now in the public domain being sold in the illicit market.

The alcohol industry has urged government to work alongside business to define a clear and detailed path to economic recovery, including lifting the latest, month-long, nationwide ban on the sale of alcohol. The various associations have called for an opening up of the liquor trade on 26 July for all to operate according to licence conditions.

Pick n Pay added its voice to the call in a separate statement, with group CEO Pieter Boone saying that after speaking to franchisees and independent traders in the areas affected by the riots, he believes it is time for the president to announce a lifting of the ban on liquor sales.

"We have hopefully passed the peak of the Covid-19 third wave. In normal times, many independent shopkeepers depend on responsible liquor sales to sustain their businesses, and will not survive another prolonged ban. The social unrest, looting and damage has dealt them a further body blow – as well as releasing a large amount of looted liquor into the illicit market. Lifting the ban will be widely welcomed across the country as a positive and responsible step forward in our recovery from the events of last week."



200 liquor stores looted, along with SAB and Heineken facilities

15 Jul 2021



Sean Robinson, chairman of the LTASA added. "The four liquor bans and the recent looting and destruction of liquor stores has left the independently-owned liquor store channel in financial ruins. It's devastating and it's heartbreaking. If the government doesn't lift the liquor ban on Monday 26 July, many of our members will lose their businesses and never re-open."

Patricia Pillay, CEO of Basa, commented, "Not only has the recent looting and arson of liquor outlets and distributors in parts of KZN and Gauteng put further strain on our industry, it has also served to boost the illicit market with stolen alcohol freely available in these communities. This makes the current ban even more nonsensical. It is critical that legal businesses be allowed to trade, at a time of such profound economic distress for the country."

Lack of transparency and financial relief

Salba's Mngadi said there's been a lack of transparency around what scientific basis the National Coronavirus Command Council uses to justify repeated alcohol bans to curb Covid-19 under the Disaster Management Act.

"It is incredibly difficult for businesses to plan production, distribution and future investment under the current circumstances, with little or no clear steer from government on what metrics it uses to decide to implement, reassess or lift a ban. We are at the mercy of decision-makers who are able to make decisions that affect hundreds of thousands of jobs with little oversight or recourse under the auspices of the Disaster Management Act," he said.

He said the industry questioned whether the theory that the ban on liquor sales has reduced the number of trauma admissions had any merit and had shown that it was instead the restrictions on mobility under lockdowns and curfews that freed up hospital beds.



SA's big retail chains race to restock looted stores

Nqobile Dlodla 19 Jul 2021



The combined impact of the alcohol bans together with the recent looting has caused irreparable reputational damage to South Africa from an investor confidence and international tourism perspective, the industry said.

"Many of our members are understandably concerned as there is little to no relief from government in sight to help get their businesses back up and running. The continued ban on the sale of alcohol exacerbates the precarious economic position of thousands of businesses - many of them small and Black-owned - with no scientific basis for containing the spread of the coronavirus," said National Liquor Traders Council spokesperson, Lucky Ntimane.

Ban slowing recovery efforts

The four alcohol bans also led to tax revenue losses (excluding excise) of R34,2bn as well as R10,2bn in lost excise revenue for government over the period, pushing the country further into the red. The potential total capital formation lost as a result of the latest 4-week ban alone is estimated to be R 20,4bn - equivalent to 0.2% of national capital formation for 2020.

Vinpro said wine and tourism businesses are on the brink of collapse, leaving thousands of struggling employees.

"In desperation, we were driven to challenge the national alcohol ban in court on an urgent basis to request provincial deviations to enable off and on-site consumption sale of liquor," said Vinpro managing director, Rico Basson.



Hundreds of Shoprite Group stores damaged during riots

21 Jul 2021



The CGCSA said the liquor value chain needs to be opened to allow for recovery and to prevent the loss of jobs following the unrest and liquor trade restrictions under the Disaster Management Regulations. CCGSA retail members have been at the forefront of providing food relief and security to the areas affected by the recent unrest, however, the restriction on alcohol sales makes it financially onerous to continue with the relief efforts as the liquor side of their respective businesses heavily subsidises the grocery business.

"The restrictions on the sale of liquor products places a significant financial burden on independent SMME traders – a material number being Black-owned," said the CGCSA.

Mngadi concluded that government needs to take practical steps to support business and the economy. "It's time to put the economy into recovery mode and for government to work with the alcohol industry and help SA get back to business."

For more, visit: <https://www.bizcommunity.com>