



The True Cost of Alcohol



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**Rethink Your Drink and the True Cost of Alcohol: Tax policy must be led by evidence, and not informed by criminal markets**

**Rethink Your Drink** and the **True Cost of Alcohol** say while Parliament should be concerned about the impact of illicit alcohol sales on tax revenue and public health, this alone should not deter the state from increasing excise taxes.

Excise duties are not arbitrary. They are one of the tools available to government to reduce harmful alcohol use, reflect the social and economic costs of alcohol harm, and generate revenue for essential public services.

In written and oral submissions made earlier this month, representatives of the alcohol industry told Parliament's Standing Committee on Finance that higher excise taxes would make legal alcohol more expensive, widen the price gap between licit and illicit products, and in turn drive consumers towards the illicit market. They argued that future tax adjustments should consider both the size and growth of the illicit alcohol market.

"Illicit alcohol is a serious problem, but it cannot become the benchmark for tax policy," says **Kashifa Ancer, Campaign Manager for Rethink Your Drink**.

Allowing criminal markets to shape national fiscal policy would amount to outsourcing public health decision making to organised crime. These markets should be disrupted by strengthening law enforcement, tightening border control to monitor goods coming into South Africa, improving tax compliance and coordinating intelligence against illicit networks. The solution is not to weaken evidence-based policy, but to reinforce the states capacity to govern effectively.

What the alcohol industry failed to point out to Members of Parliament is that legal alcohol trade accounts for most of the harm experienced in our communities. Across South Africa, communities are overwhelmed by cheap, high-strength alcohol, often sold in large containers that encourage excessive drinking.

South Africa already pays a steep price for alcohol harm. Research estimates that alcohol related harm costs the country up to [R800 billion](#) when public health, crime, violence, lost productivity and other social costs are taken into account. Alcohol harm is also not experienced equally. Research has shown that people in lower income communities are [4.5 times more likely to die](#) from alcohol related causes than people in wealthier communities.

"The alcohol industry has a right to operate and to make a profit, but not at the expense of people's lives," says Nomcebo Dlamini, Campaign Director for the True Cost of Alcohol.

**"For too long, communities, especially those in low-income areas, have borne the disproportionate burden of alcohol-related harm while the industry continues to expand the availability of cheap, high-volume products. Public policy must correct this imbalance by prioritising health, safety and human dignity over commercial interests."**



In addition, Rethink Your Drink and the True Cost of Alcohol have welcomed the recent budget measures to help curb illicit trade including [R7.5 billion for the South African Revenue Service \(SARS\)](#) to strengthen tax compliance and administration, alongside broader efforts to tackle organised crime and establish a National Illicit Economy Disruption Programme.

“There is no contradiction in saying South Africa must act against illicit alcohol while also maintaining effective excise policy,” adds **Ancer**. “You do not fight criminality by surrendering policy to it. The existence of illicit trade should trigger stronger enforcement, not weaker public interest regulation,” Ancer explains.

**The presence of illicit markets also underscores the urgency of a whole-of-government response as reflected in the National Drug Master Plan, combining enforcement, regulation and public health interventions. Retreating from evidence-based policy would only deepen the problem.**

We have called on government to reject any attempt to let the black market dictate excise policy, and instead to continue strengthening both alcohol control measures and the enforcement systems needed to tackle illicit alcohol.

“South Africans should decide what alcohol policy looks like through evidence, democratic debate and the public good,” says Dlamini.

**“This includes advancing bold, evidence-based measures such as above-inflation excise increases, Minimum Unit Pricing, restrictions on container sizes, and stronger controls on availability and marketing. The policy direction must be guided by what saves lives, reduces harm and protects communities, not by the interests of illicit or commercial actors.”**

“We cannot allow the illicit trade to become a reference point for how the state governs.

For all media enquiries contact:

Larissa Morar

Advocacy and Communications Manager (SAAPA SA)

larissa@saapa.africa