

SA's grocery CEOs urge govt to rethink diesel rebates

By [Ngobile Dlodla](#)

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South Africa's three largest grocery retailers joined forces to criticise the government on Thursday, 23 February for not offering a tax rebate on diesel use, as crippling load shedding increases their costs.



Shoprite Group CEO, Pieter Engelbrecht. Source: Shoprite Group

The chief executives of Shoprite, Pick n Pay and Spar said in a joint statement they were "very disappointed" that the government in its annual budget speech had extended a diesel levy refund to food manufacturers but not to food retailers.

"The government has accepted the logic that the food industry should not be penalised for the energy crisis, but has only done half the job," the CEOs said in their statement. "We are doing our best to absorb as much as possible of this cost, rather than pass it on to the public at this most difficult time. But we cannot do so indefinitely."

Eskom is currently implementing the worst rolling blackouts on record, leaving households in the dark for up to 10 hours a day and disrupting businesses. Retailers are having to crank up diesel generators for hours to power their vast stores, additional costs that are putting pressure on their margins.

The CEOs said running their emergency generators was costing them billions of rands in diesel and urged the government to extend the refund to retailers as well.

SA's largest grocery retailer Shoprite spent R560m on diesel in the six months ended 1 January, while Pick n Pay is spending R60m, according to its [latest sales updates](#).



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Finance Minister Enoch Godongwana said in his budget speech on Wednesday that he was including food manufacturers in the diesel tax rebate in order to ease the impact of the electricity crisis on food prices.

Previously, only the mining and agriculture industries were eligible to claim a tax rebate on every litre of fuel they buy to keep generators running.

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