

**Making the polluter pay: The case for a
Health Promotion Foundation in SA
funded by a levy on alcohol**

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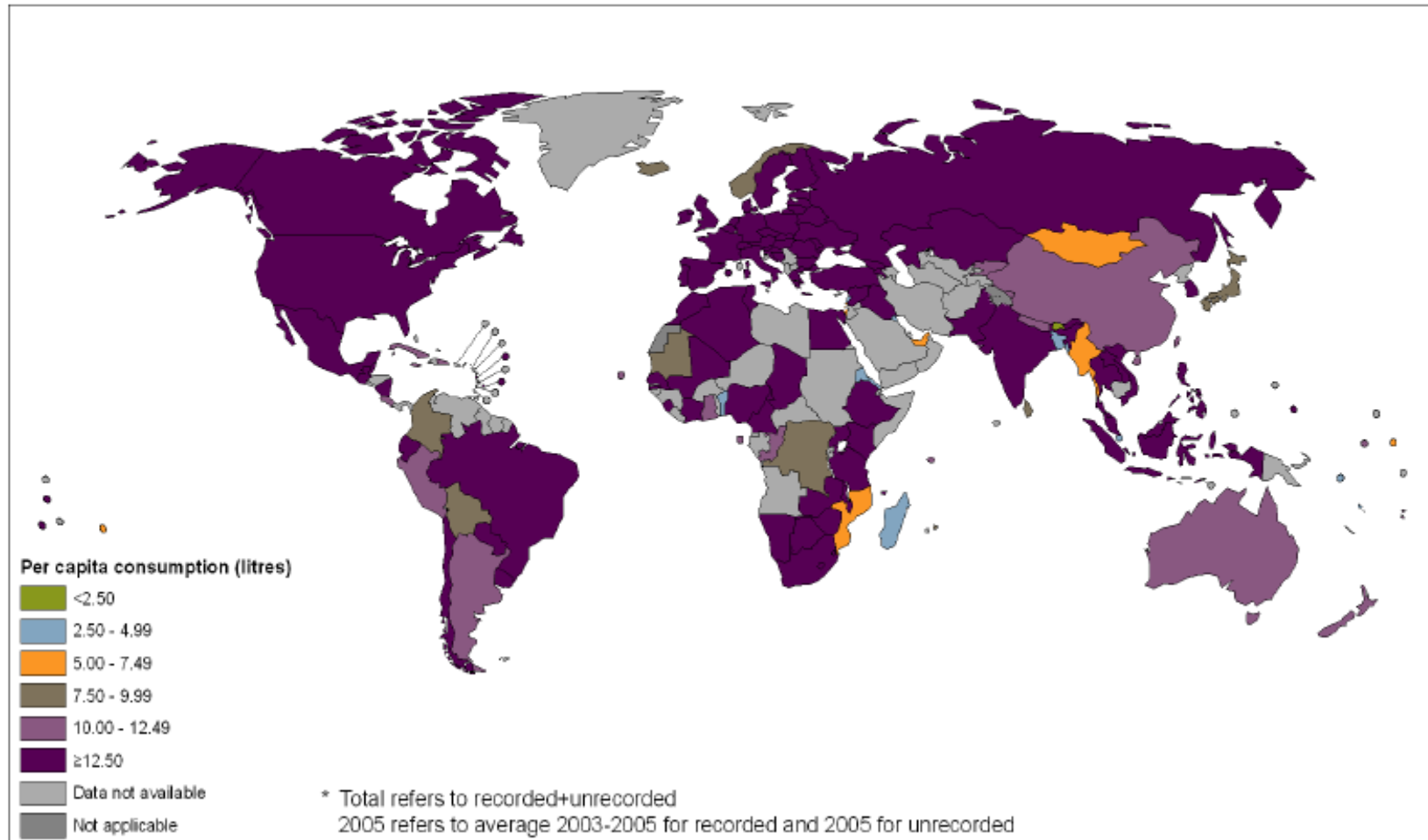
South African Medical Research Council

BUILDING A HEALTHY NATION THROUGH RESEARCH

Why a levy on alcohol in SA?: (1) We face a very high burden from alcohol that is not getting any lighter

- Abstinence: rates high
- Consumption AA/drinker v high at 18-20 liters/annum
- 1/4-1/3 unrecorded

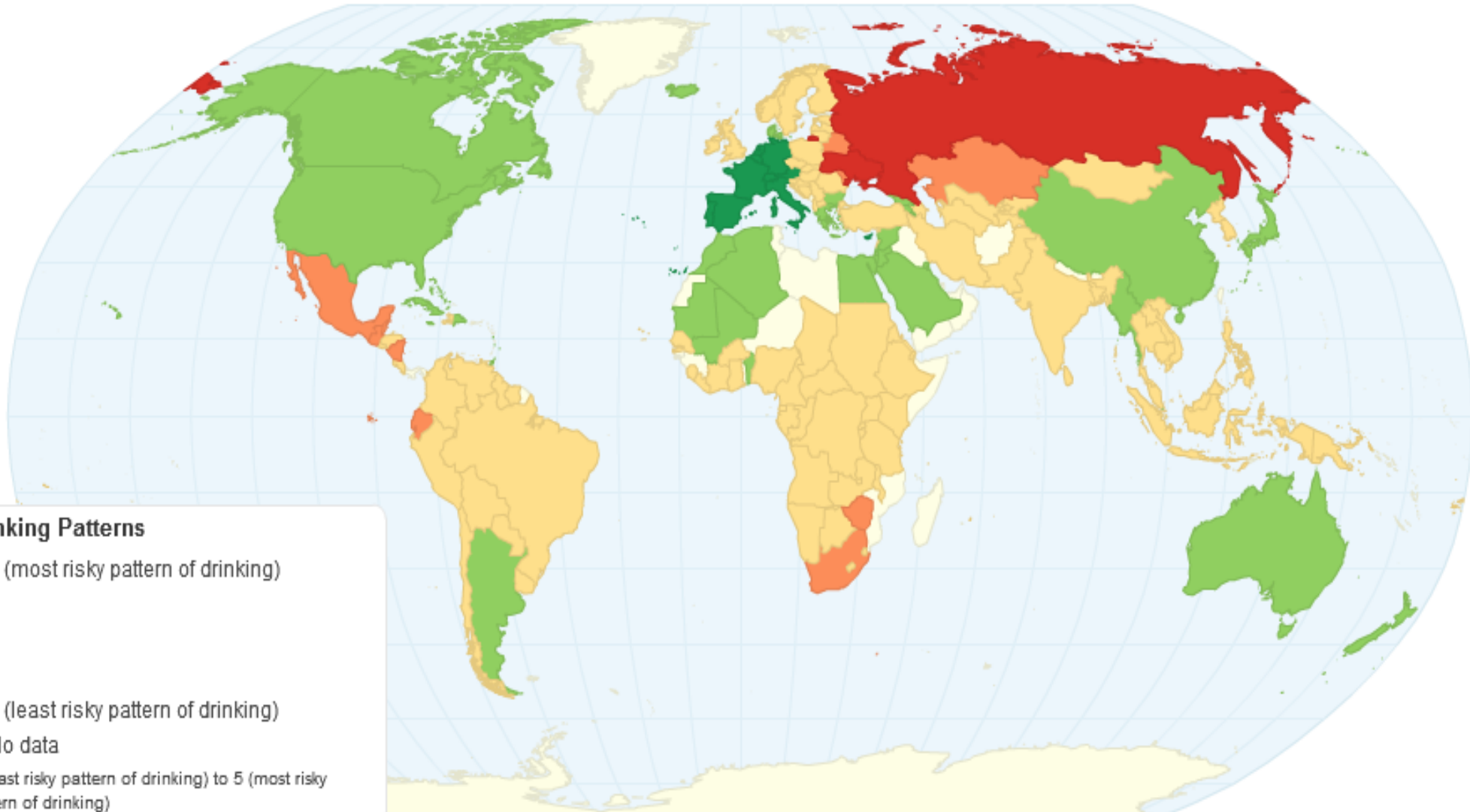
Total adult per capita consumption of pure alcohol (in litres) among drinkers, 2005*



WHO, 2010



Worldwide Alcohol Drinking Patterns



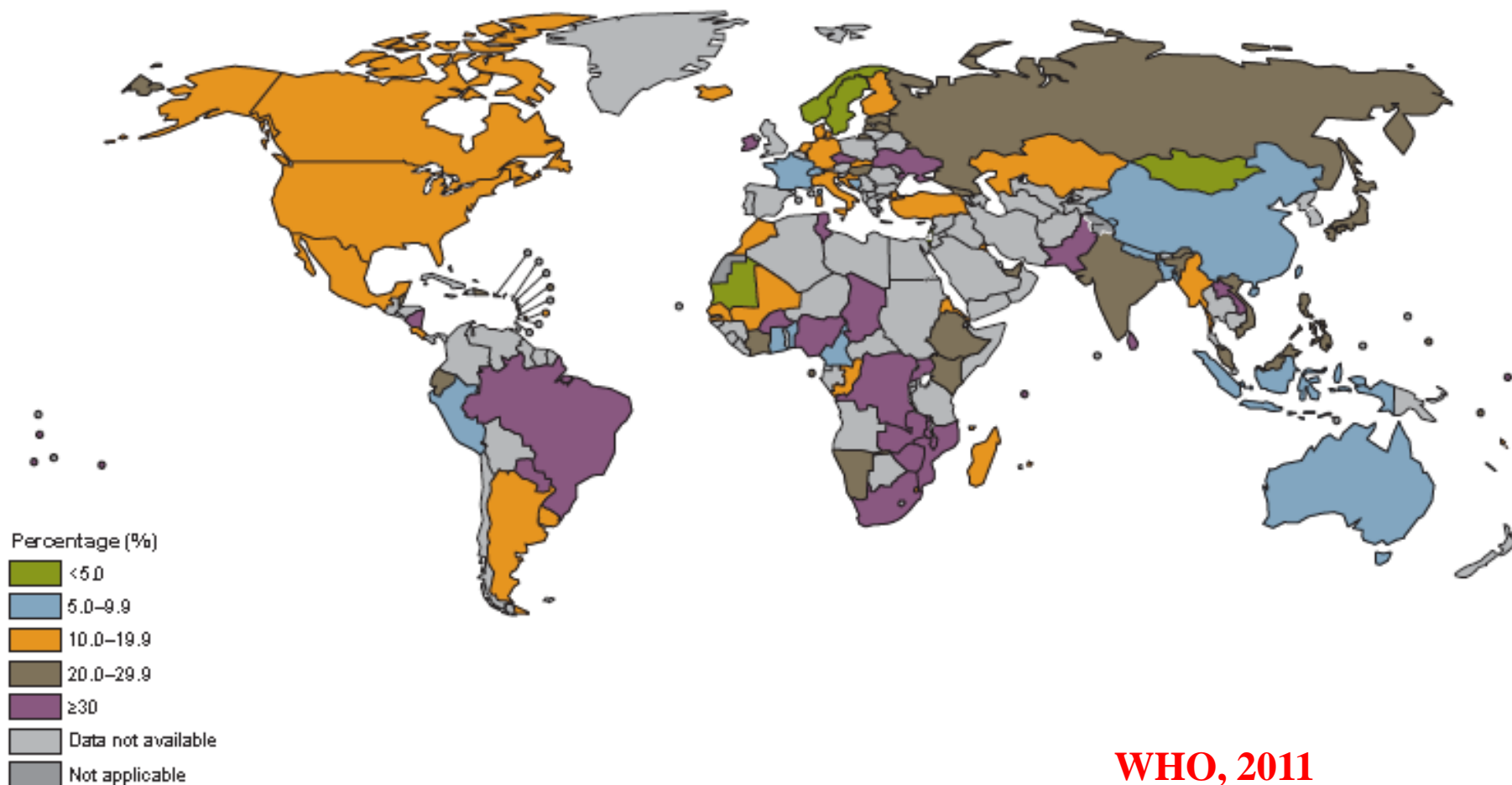
Drinking Patterns

- 5 (most risky pattern of drinking)
- 4
- 3
- 2
- 1 (least risky pattern of drinking)
- No data

1 (least risky pattern of drinking) to 5 (most risky pattern of drinking)



Prevalence of heavy episodic drinking among past-year male drinkers, 2004^a

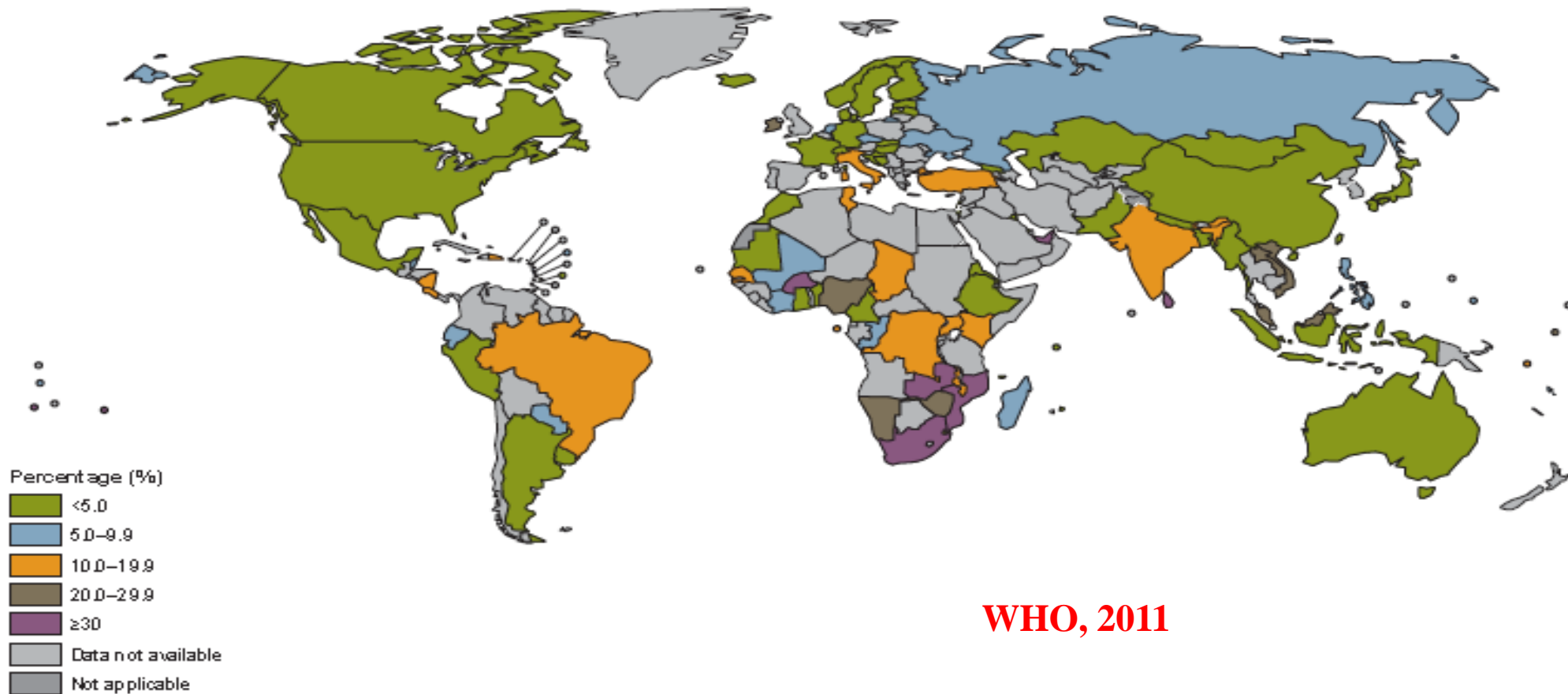


WHO, 2011

^a Best estimates for 2004 based on surveys carried out within the time period 1997–2009.

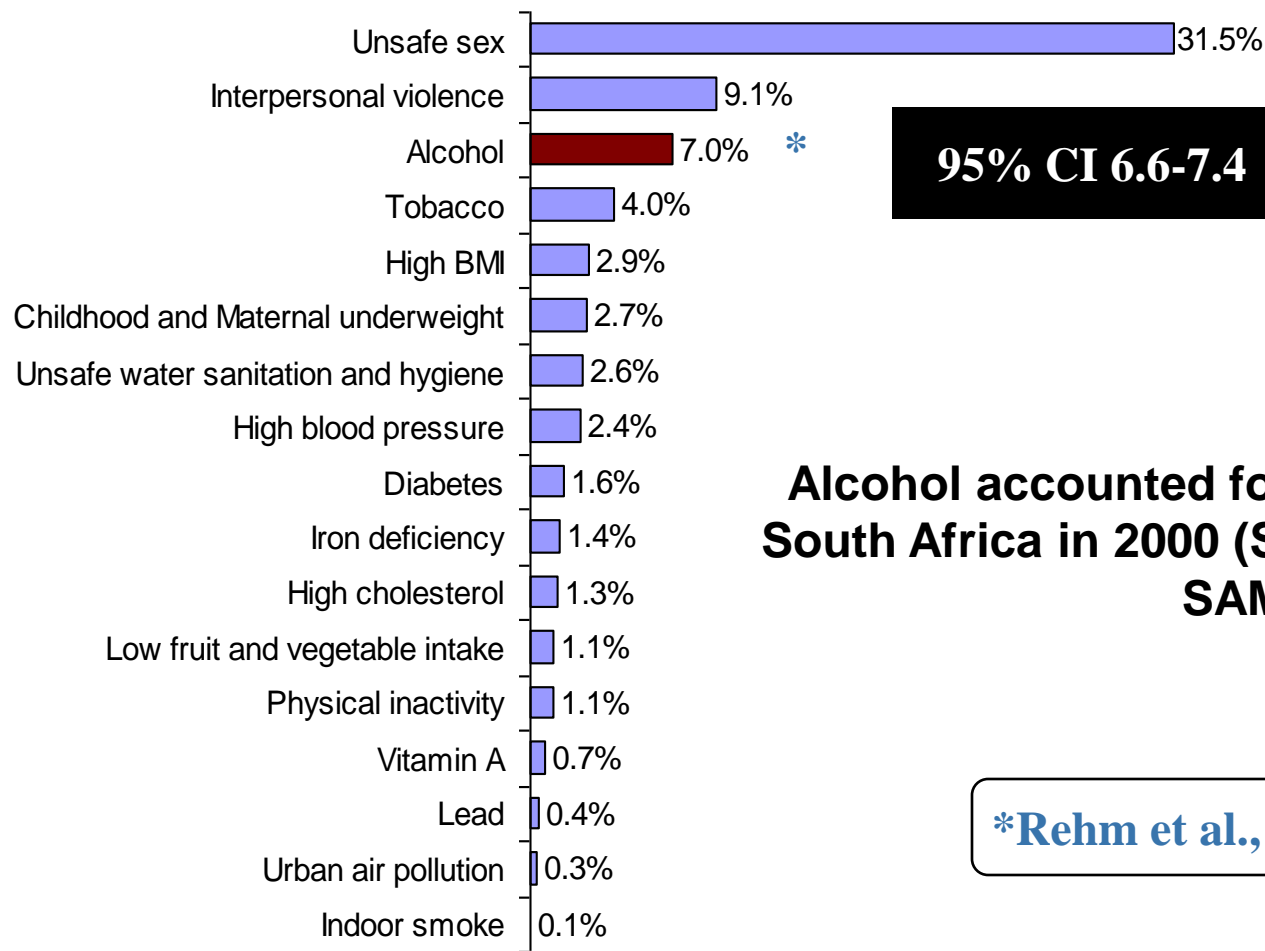


Prevalence of heavy episodic drinking among past-year female drinkers, 2004^a



^a Best estimates for 2004 based on surveys carried out within the time period 1997–2009.

Increasing binge drinking among high school learners in SA



95% CI 6.6-7.4

Alcohol accounted for 7% of all DALYs in South Africa in 2000 (Schneider et al., 2007, SAMJ)

***Rehm et al., 2009: 6.3% (in 2004)**

Attributable DALYs (% of 16.2 million)



Burden attributable to alcohol use in SA in 2004 (Rehm et al.,2009)

Selected condition	DALYS	%
1. Infectious diseases (TB, HIV & AIDS)	415 693	32
2. Intentional injuries	329 652	25
3. Unintentional injuries	211 012	16
4. Neuropsychiatric disorders	157 751	12
5. Cardiovascular diseases	91 228	7
6. Cancer	51 840	4
7. Cirrhosis liver	31 156	2
8. Other	23 511	2
Total all conditions (incl. beneficial effects)	1 311 843	

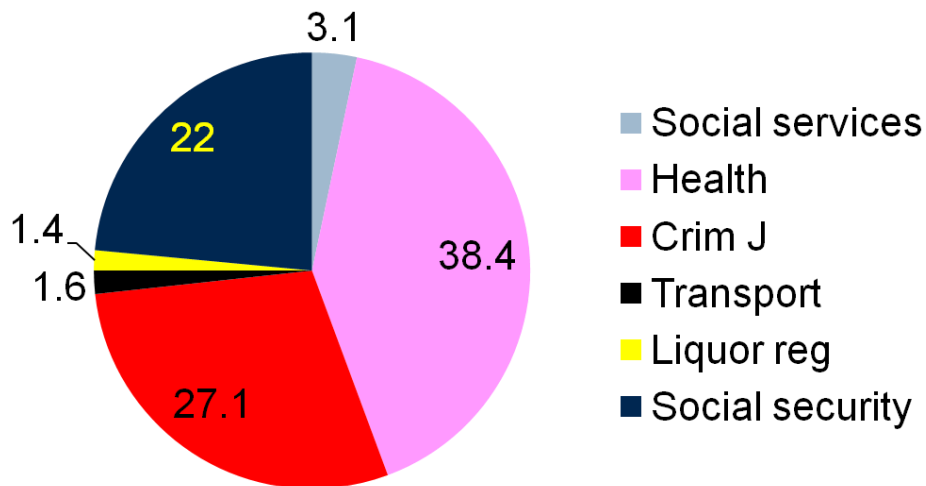
Underestimates FAS burden

Burden attributable to alcohol use in SA (Budlender, 2009) – public sector costs

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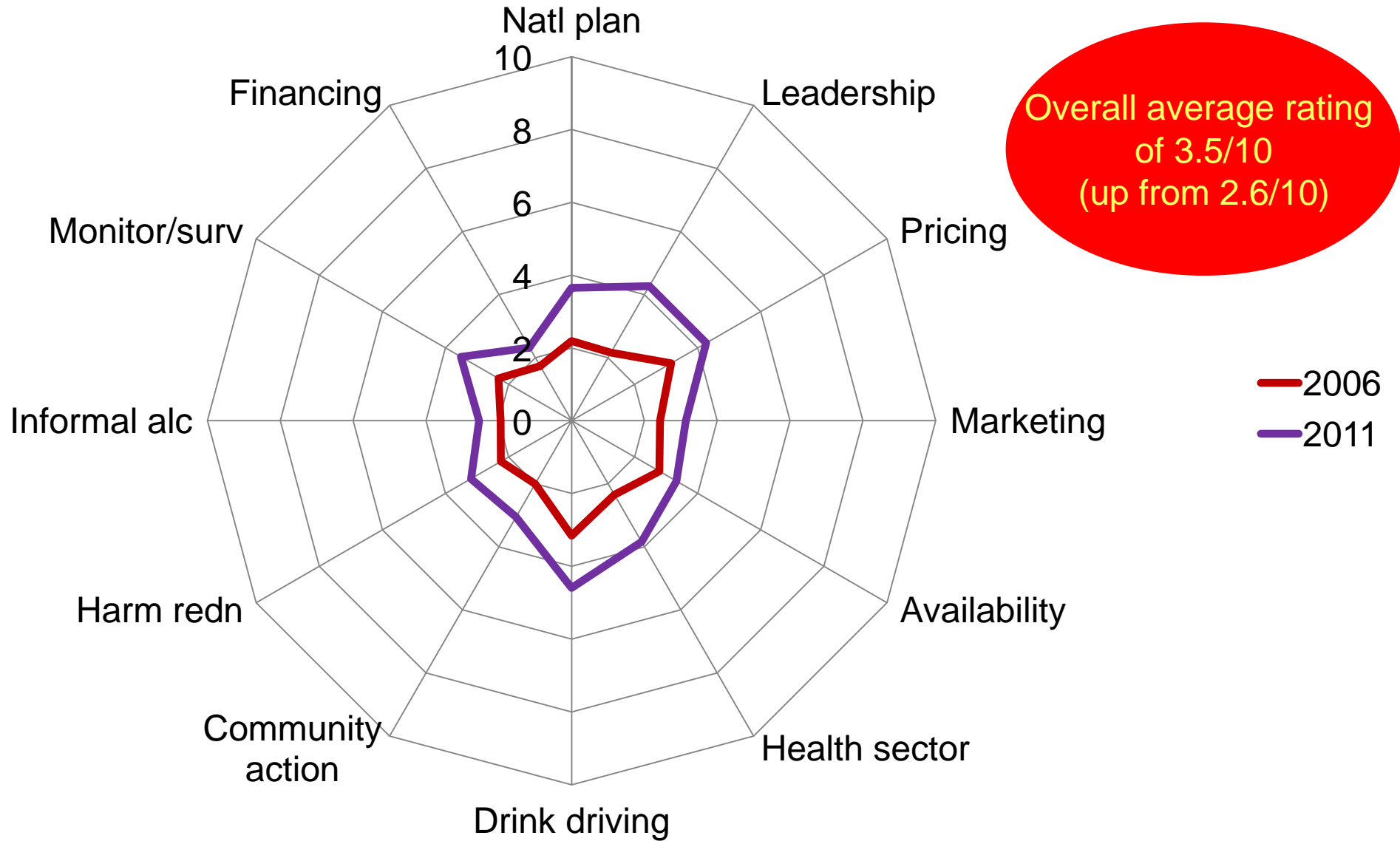
% of costs (R17.2 bn)



- **Total costs:** R37.9 bn (1.6% GDP) ... (Corrigall & Matzopoulos, unpublished)
- **Revenue from alcohol:**
~R10bn (Excise tax) +
~R9.3bn (VAT) = ~ R19.3 bn in total
- **Not recovering sufficient revenue to pay for social costs associated with misuse of alcohol**

Web-survey of alcohol policy in SA (2011): Comparison of ratings across the 12 items and comparisons across time

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We need a rethink about how we tackle alcohol problems

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- RDP aimed to “reduce greatly the present levels of substance abuse & to prevent any increase” (ANC, 1994, p. 47). **WE HAVE FAILED TO DO THIS!**
- IMC is talking about new policy initiatives around alcohol, but clarity is needed on (1) **what** should be done, (2) **who** should drive & give inputs into the process, (3) **how** it should be done
- We can’t bumble along like we did in the past hoping different gov’t depts would get it right & that their collective efforts would be sufficient
 - **No National Alcohol Plan**
 - **Policy is fragmented across departments (sometimes contradictory)**
 - **Since 1994 some policy shifts (BAC in drivers, taxes, plastic packaging, container warnings, controls on retail sales in WC)**
 - **But still rely a lot on manufacturers saying what they are doing to address harms (National Liquor Act 59, 2003)**

We need a rethink about how we tackle alcohol problems

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- We need a national alcohol strategy which must:
 - impact where the problems are greatest using evidence-based interventions
 - well-funded
 - be well led
 - have targets that are measurable
 - be accountable
 - follow a small-wins strategy
- Government & civil society need to be more actively engaged (too big of an issue for government to resolve on its own)
- We must not abdicate responsibility to the liquor industry to dictate what the national response should be:
 - Need to counter the growing attempts by the industry to define the national response to the crisis caused by the misuse of their products
 - Primary objectives of liquor industry & public health fundamentally different!

Why not just leave it to the industry to resolve the burden of alcohol?

- Industry has had ample opportunity (time, money) to come up with strategies that would reduce burden of alcohol on society, SAB operating for 116 years – why only now promoting taverner intervention programmes, & why with Global Fund \$?
- Pushes awareness campaigns (no evidence for effectiveness), self-regulation of liquor advertising (?able whether working ***), supporting interventions on select sub-groups (drunk drivers, university students, pregnant women) rather than broader population (limits effect & supports view that a minority misuse their products)

research





GROOTMAN OF LAATIE?

VRA VIR DIE VOLLE 750ml.

Geniet Verantwoordelik. Nie te Koop aan Persone Jonger as 18 Nie.

CARLING
Black Label
BEER

OUTDOOR
NETWORK



PERFECT BALANCE

AND THE SECRET OF TRUE HAPPINESS

YOU CAN'T ALWAYS GET EVERYTHING YOU WANT. SOMETIMES YOU CAN'T EVEN GET SOME OF WHAT YOU WANT. AND SOMETIMES YOU CAN GET EVERYTHING YOU WANT, BUT NOT WHEN YOU WANT IT. GET DOWN ON YOUR KNEES AND SAY A BIG 'THANK YOU' FOR CASTLE LAGER. BECAUSE CASTLE HAS BEEN BREWED WITH GREAT CARE TO CREATE A PERFECTLY BALANCED TASTE THAT'S ALL YOUR TASTEBUDS EVER DREAMED OF. EVERYTHING YOUR THIRST COULD EVER WANT FROM A BEER, ALL IN ONE BEER. MY FRIENDS, HAPPINESS CAN BE BOUGHT.

PERFECTLY BALANCED TO SATISFY A SOUTH AFRICAN THIRST

Why not just leave it to the industry to resolve the burden of alcohol?

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- **Countless examples over past few years where industry has sought to get government buy in to its efforts to influence alcohol policy & define what issues should be addressed & how (underage drinking)**
- **Undermines public health efforts aimed at reducing availability, increasing price, restricting adverts (strategies that have been found to work)**
- **Industry-led anti-abuse pgms:**
 - do not always focus on most at risk populations
 - do not always follow EVP
 - tend to ignore upstream factors
 - have potential to blame victim
 - often not evaluated



Role of a health promotion foundation in SA's new response

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- **What role could a Health Promotion Foundation play:**
 - kick start new initiatives & support more effective implementation of a National Alcohol Strategy, but not be used to replicate existing programmes or gov't response,
 - facilitate a dynamic partnership between civil society and gov't
 - separate from government but complementary to it, & accountable (an additional driver of change!)



VicHealth

- **Other country's experiences of HPFs**
 - Low administrative costs, operate c/out bureaucratic impediments, can fund projects quickly, can include community inputs, can shield gov't from unpopular funding decisions
 - **VicHealth** success in reducing road trauma
 - **ThaiHealth** – established in 2001.
 - In 2004 33% of population drink, 2007 29%



THAI HEALTH PROMOTION FOUNDATION
The sustainability of well-being for Thai people

Functions of Health Promotion Foundation vis-à-vis alcohol

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1. Support *strategic thinking/advocacy (GLP)*
2. Support *special projects*
(commissioned/model projects, e.g. alt economic activities for survivalist sellers, counter-advertising, grants to applicants)
3. Conducting *research & support knowledge dissemination* (e.g. support research grants, commission evaluation research, support knowledge translation (clearinghouse))
4. Support *sporting & cultural organisations*
5. Support *capacity building*

How should we fund a HPF

- Levy on alcohol
- 0.5% levy on turnover in manufacturing sector or 1-2% additional excise tax
- Following polluter pays idea
 - 1st option: Funds directly from industry rather than consumer
 - Broad idea 1st mooted in 1997 by DTI
 - Later similar idea raised in SAMJ (2003), @AFSSA (2008) & Durban Summit (2011)
- How other HPFs are funded
 - Taxes on tobacco and/or alcohol (e.g. a 2% tax on both alcohol/tobacco, Thailand)
 - Levies on health insurance (Switzerland)
 - Appropriations from Treasury budgets (VicHealth, WA, Malaysia)



GENERAL NOTICE / ALGEMENE KENNISGEWING

NOTICE 1025 OF 1997 / KENNISGEWING 1025 VAN 1997

DEPARTMENT OF TRADE AND INDUSTRY / DEPARTEMENT VAN HANDEL EN NYWERHEID

LIQUOR POLICY DOCUMENT AND BILL / DRANK BELEIDSDOKUMENT EN WETSONTWERP

The above-mentioned policy document and bill is hereby published for comment.

Interested persons are invited to furnish written comment and representations on both documents before or on 8 August 1997 to—

The Director-General
Department of Trade and Industry
Private Bag X84
Pretoria
0001

For attention: Ms Zelds van Heerden
Tel: (012) 310-9995
Fax: (012) 322-8489



Other (international) examples of earmarked taxes

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- **November 2008 Botswana introduced 30% levy on local & imported alcohol to reduce alcohol consumption, included education pgms & promoting alcohol free youth activities. In November 2010 increased to 40%. Now resides in Health. \$79m collected to date. Also used for counter advertisements, monitoring, research)**
- **November 2010 Scotland passed legislation making provision for local councils to apply for a social responsibility levy on alcohol retailers**
- **2011 Maryland (USA) General Assembly passed legislation to increase sales tax on alcohol products from 6% (that applies generally) to 9% just for alcohol (over 3 years). Will raise +/- \$87m annually (from 1 July 2011)... but not for alcohol projects (schools & developmentally delayed)**



Countering Treasury arguments against earmarked (ring-fenced) taxes

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national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

- Fuel levy (Road Accident Fund)
 - Carbon emission taxes
 - Toll roads
 - Car license fees
 - 0.1% levy on gambling revenue for National Responsible Gambling Programme
 - Levy on plastic bags
-
- Can be afforded –revenues grew 19% at SAB last year (small amount for the company which already funds its own social responsibility pgms to tune of +/-R200m in recent years as part of application for manufacturer's license (can cut back on this if necessary))



Conclusion



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- **Double benefit of instituting levy on local manufacturing**
 - production increases -> more funding to address harmful use of alcohol
 - as price increases to recoup cost of levy -> consumption decrease
- **Probably need to consider foundation with broader mandate than alcohol (tobacco, junk food, inactivity, gambling)..with funding from above (could leverage R750m - 1bn pa).**
- **A HPF with a broader mandate has potential to support SA's efforts in responding to September 2011 NCD Summit in NYC, MDG goals, NSDA broader goals)**