

Models of funding of Health Promotion Foundations

Health Promotion Indaba

9 & 10 November 2011

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Definition of Health Promotion Foundation

Specialised institutions mandated to promote public health & funded for this.

WHO Network for Health promotion foundations include organisations who:

- Are primarily involved in funding health promotion activities
- Are established according to some form of legislation such as an Act of Parliament
- Governed by an independent Board of Governance that comprises stakeholder representation
- Exercise a high level of autonomous decision making
- Provides a long-term and recurrent budget for the purposes of health promotion
- Not aligned with any political group
- Promotes health by working with and across many sectors and levels of society

Models of Funding

- Earmarked Taxes from health damaging products – tobacco, alcohol, gambling
- Fiscal Adjustments – VAT (Austria)
- National and local government budgets
- Levy on health / sickness insurance
- Private funding
- Mixed



Diversified funding approaches have developed

Vic Health

- At first hypothecation (to give or pledge)
- 5% of tobacco sales to HP fund
- Tobacco Act of 1987
- Budget in first year A\$25.215 million
- 1997 High Court decision
- From 1997, treasury budget

Thai Health

- Established 2001
- Thai Health Promotion Foundation Act
- 2% surcharge levied on excise tax from alcohol and tobacco
- Companies pay directly – does not go into govt coffers
- U\$100 million annually

Switzerland

- Sickness Insurance Act
- Annual surcharge from every insuree
- Health Promotion Switzerland
- Dependent on number of people who have health/ sickness insurance

Austria

- “Whole of Society” approach
- Appropriations legislatively fixed
- Health Promotion Act
- Ministry of Finance deducts earmarked amount from sales tax revenue (VAT)
- Annually 7.25 million euros
- Depreciated due to inflation
- Difficult to demand more funds – budgets not utilised

Germany

- Twice tried to set up Health Promotion Foundations
- Model proposed – sickness funds, accident, pension and long term insurance
- Unemployment / private insurers not involved
- Failed to take off

South Africa

- 1993 – health warnings, public transport
- 1999 – banned tobacco advertising (industry response)
- 2007 – strengthened legislation
- Increased excise tax on tobacco
- 1994 – tax 25% of retail price (asked for 50%)
- Not had same success with alcohol
- Government not willing to have dedicated tax

South Africa

- Signs of increasing tobacco usage (6.5% between 2004 and 2008? Feb 2011)
- Tobacco industry increased prices in anticipation of increase in excise tax
- Government not increasing excise taxes at rate demanded by anti-tobacco lobby
- Excise duties now about 5% of tax revenue

Facts

- Government not interested in dedicated tax for health promotion
- Lobbied government since '90s – set up group to work on this
- Consistent response

- SHOULD WE BE TRYING ANOTHER WAY TO OBTAIN FUNDS FOR HEALTH PROMOTION FOUNDATION?

Why we need a HP foundation

- Stable source of funds – can fund long term programmes – variety of programmes
- Work with government but not part of government,
- Does not answer to any political party
- Can react to needs quickly
- Less bureaucracy
- Work across several government departments and layers of government
- Truly multisectoral

Questions we need to answer

- How much do we need for health promotion in South Africa?

What do we want to fund:

- Community and national health promotion activities
- Healthy living – sport and recreation
- Arts and culture
- Research
- Replace alcohol advertising

Question

- Who should pay for health promotion?

All unhealthy activities?

- Tobacco
- Alcohol
- Air-polluters
- Unsafe drivers
- All of the above and more
- “Whole of society” approach

Why now is the right time

- NHI
- Minister of Health who genuinely wants to see a change in health status
- Need to meet MDGs and traditional “sickness” services not working
- Mortality and morbidity rates due to trauma and particularly drunkenness

Question

- How do we create a model of funding for health promotion that is unique to South Africa?
- The lottery – estimated that 82% of South Africans play the lottery
- 40% of players earn less than R2000pm

National Lottery Distribution Trust Fund

- 30 - 34% of income for “good causes”
- Charities
- Sports and recreation
- Arts, culture and national heritage
- In 2008 – R2.9billion available, R634m distributed
- 2009 – R3.3billion available, R948m distributed

National Lottery

- Less than 1/3 of available funds spent
- Funds spent on inappropriate activities
- Need to divert these funds to health promotion activities
- 1/3 (R1billion) of available funds should be sufficient for setting up of health promotion foundation
- Lobby government for HP foundation - particularly Trade and Industry
- Need a champion in govt to take this forward

Thank you!

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