



National Department of Health

Tobacco Taxation Submission

To: Taxation Review Committee
Department of Treasury

Date: 24th September

Title: Tobacco Taxation Review

Purpose: To inform the Taxation Review Committee on issues relating to Tobacco Control in PNG and the need to Increase the Tobacco Tax and to support the effective implementation of the Tobacco Control Program in the country.

Backgorund

Tobacco Consumption has been an endemic for more than 10 years in PNG. PNG has the highest tobacco consumption rate compared to other countries in the region. And as such PNG is now faced with some of the Tobacco related disease as further outlined in the attachments.

Controlling the endemic of tobacco control has been very challenging. PNG has a Tobacco Product (Health Control) Act 1987 and National Tobacco Control Policy 2004 and sign up to the International Treaty (Framework Convention on Tobacco Control) but enforcing has been challenging. There has been lack of capacity in terms of manpower, logistics and funding.

The Need Assessment conducted by the Framework Convention on Tobacco Control (FCTC) Secretariat in 2009 highlighted a lot of weak areas for PNG in terms of fully implementing the Tobacco Control Program. The assessment strongly recommended reviewing of the current Tobacco Control Policy 2004 and Tobacco Products (Health Control) Act 1987 to give full effect into Tobacco Control programs in the country.

With that the Health Department is reviewing its current Act and Policy to align with the curent National Health Plan 2011 to 2020 and the provisions of the Framework Convention on Tobacco Control (FCTC).

There have made a lot of changes made in the draft Bill facturing the provision of FCTC. (This draft is due for submission by the end of October 2014). Some of the provisions are:

- Increasing tobacco taxes to discourage smoking in the population, especially the young population.
- Creation of a Tobacco Control Health Fund.
- License all tobacco traders or business in the country. This includes imports, manufacturing, wholesale, retail.

Issues

The attached document highlighted some facts and figures of tobacco consumption prevalence and the trend of tobacco related diseases. Below is the summary of the impact of Tobacco in PNG and the Health Sector

- ▶ Young children are smoking and are starting as early as 8 years (Hiawalyer 2002)
- ▶ Recent surveys have indicated no reduction in smoking. This means that PNG is expecting more tobacco related diseases and the trend will continue to rise if this risky behaviour is not controlled.
- ▶ Poor implementation of the current Tobacco Control policy and Legislation. With the review it is expected to see that there is full implementation of the Policy and Legislation to effectively controlling tobacco use in the country thus reducing tobacco related diseases.
- ▶ The Health Structure in the country is more to treating patients than looking after normal population. There are no screening facilities to screen and provide person to person health education and counselling on risky behaviours.
- ▶ Lack of capacity in Tobacco Control Program has caused ineffectiveness in implementation.
- ▶ Managing tobacco related diseases are very costly. (see attachment)

Way forward

It needs whole of government approach to fully implement tobacco control program in the country. Which means the program has to be fully equipped to assist other sectors in their endeavours to control tobacco use in the country.

Increasing tax has been one of the cost effective measures in reducing tobacco consumption. It increases government revenue and save cost on medical cases that can be prevented through an effective tobacco control program. The increase in tobacco tax to allow for a certain percentage to be paid to the National Tobacco Control Health Fund. This fund is to be used by health and other sectors of the government and non-government organisations who are implementing tobacco control programs. This includes the control of illicit tobacco into the country. This fund can enable the establishment of tobacco cessation programs to help those who are already addicted to tobacco use and prevent those who are thinking of starting to stop.

The Draft Bill pending submission to NEC details the following interventions for your consideration.

1. Provision # 28 –
Increase Tobacco tax by 30% annually of the tobacco retail price to meet the recommended minimum level of 70% and more.
2. Provision # 63-
Have 15% annually of this tax to be transferred to the Tobacco Control Health Fund.
3. Provision # 4-
The liscensing fees collected from the Tobacco business in the country to go to the Tobacco Control Health Fund.

Attachment:

1. Background information on the Tobacco Consumption Prevalence and Tobacco Related Diseases in the country.
2. Tobacco Product (Health Control) Draft Bill
3. Tobacco Control Policy draft
4. STEPS report 2007
5. Global tobacco Youth Survey Report 2007-Fact Sheet

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Authorized by: Secretary