



## Tobacco is a threat to development

As the world gets ready to observe World No Tobacco Day on 31 May 2017, South Africans are reminded that tobacco and tobacco use continues to be a threat to development. The effects range from deforestation to sick days off work; from child labour in farming to child addiction; and from pollution to disease, disability and death.

In all areas, tobacco impedes development, causes pollution and waste and harms nature and our environment. In addition, it provides excessive profits for the industry and causes huge, preventable, healthcare costs.

Paul Hancock, director: finance, of the TAG Tobacco, Alcohol and Gambling Advisory, Advocacy and Action Group says, "In February 2017, the Minister of Finance increased the tax on tobacco products to 8%, which is above the rate of inflation, by increasing the tax on a pack of 20 cigarettes by R1.06 from R13.24 to R14.30. That was an outstanding move and an improved strategy in trying to curb the consumption of tobacco products. While the tax on tobacco reflects this increase, it would appear as though retail prices of cigarettes have not increased by such an amount and thus the consumer is not feeling the full brunt of the tax increase."

Iraj Abedian, former Professor of Economics at the University of Cape Town and a member of TAG's Experts Advisory Panel, adds, "It is most important that tax is used as a tool to increase the retail price of tobacco products. The 'cost to consumer' must increase consistently beyond inflation in order to make cigarettes less affordable, thereby reducing both consumption and prevalence."

However, a review of retail prices of cigarettes shows that cigarette prices have not increased significantly, but they have increased industry profits. The average increase in the retail price is about 5.5%, which is below inflation, which last year was approximately 6%. On average, cigarettes have become cheaper and more affordable whilst the industry profits increase.

At the same time, there is no incentive for smokers to quit because of the cost. More importantly, there is no disincentive for the youth to start smoking. Several of the cheaper brands have absorbed the tax increase and have become 6% cheaper than last year. This will undoubtedly result in the recruiting of more youth into initiating smoking, a lifelong addiction for most, and a premature death for over 50% of them.

If tobacco products doubled in price, more smokers would quit and more youth would never start smoking.

Abedian emphasises, “We need a different strategy for the health tax. We need a system, which will force the retail price up significantly and consistently beyond inflation, making cigarettes progressively less affordable. That is the vital step which Treasury can take to best benefit public health and reduce the costs of healthcare.”

Peter Ucko, CEO of the TAG Group, says, “The other side of the coin is that the industry profits by piggy-backing on tax increases. About 1 000 million packets of cigarettes are sold a year in South Africa. Consider that an average increase above the tax increase in the retail price of say, only R1 per pack, would give the industry an additional income of R1 billion by continuing to sell an addictive killer product”.

“Tobacco is a product which harms society, causes disease, disability and death. It adversely affects the poor, more than the wealthy and is a product that impedes development. On World No Tobacco Day, the public should take steps to promote health and development by confronting the global tobacco crisis and demanding that government step up its anti-tobacco campaigns,” concludes Ucko.

For more information on the day, go to [www.who.int/campaigns/no-tobacco-day/2017/en](http://www.who.int/campaigns/no-tobacco-day/2017/en).

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