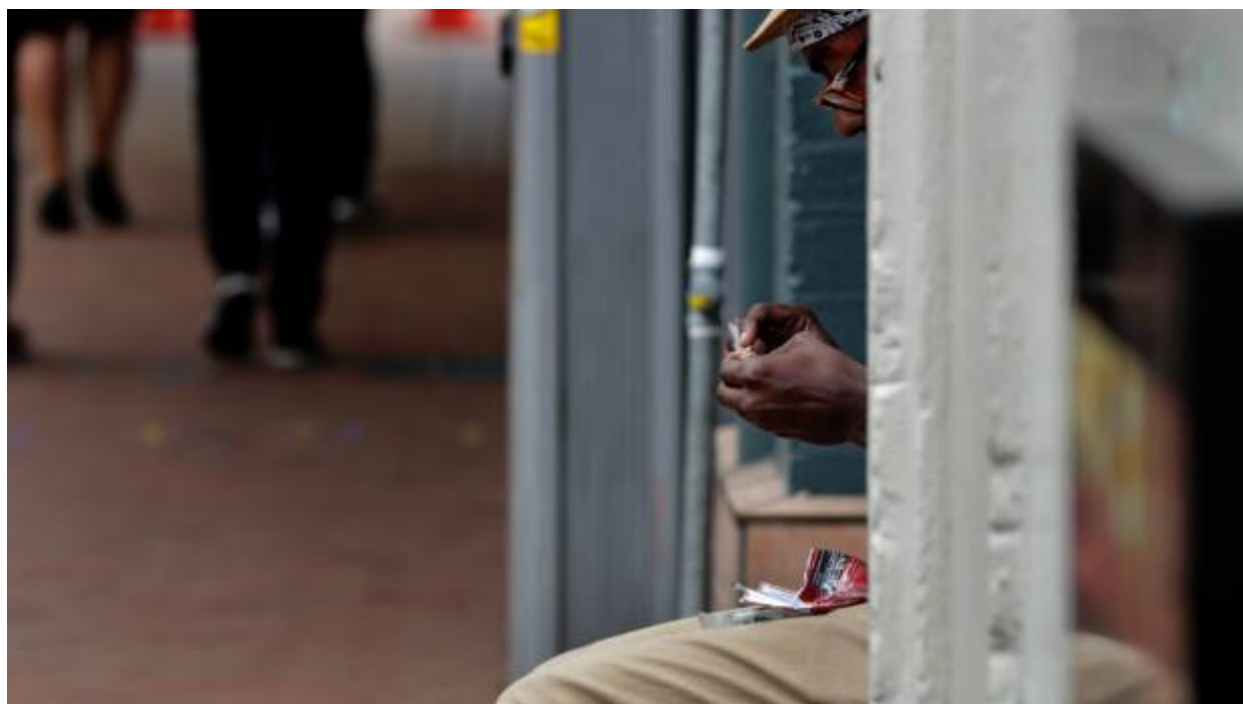


\$1.7b in and \$43m out: the Government's 'double standard' on tobacco

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MONIQUE FORD / FAIRFAX NZ

The Government is creaming it from smokers, collecting \$1.7b in tobacco excise and sale revenue each year.

Tobacco smokers are pouring \$1.7 billion into the Government's purse each year, but spending just 2.5 per cent of that figure trying to make them quit.

And as low-income earners remain at the highest risk of becoming hooked, Smokefree advocates have called for clearer investment in the Smokefree 2025 goal.

"A smoker on minimum wage works for a quarter of the year to pay for their smokes," Emeritus Professor Robert Beaglehole and chairman of independent anti-smoking charity, Ash, said.

"And we are not doing nearly enough to support them."

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Compare tobacco tax revenue with that from fuel taxes, which brought in \$1.9b last year.

But while 3.4m Kiwis drive, just 602,000 smoke, making critics believe the Government isn't serious about helping people quit.

Associate health minister Jenny Salesa argued the health ministry funding initiatives were only part of the Government's smoking related spending.

"The majority of the expenditure goes on treating illnesses caused by smoking," she said.

"Health costs resulting from smoking were estimated at \$1.9 billion in 2010."

The Labour-led Government was "absolutely committed to the Smokefree 2025 target," Salesa said, which was why, in March, she promised to develop an action plan to reach the goal.

When details were requested, her office said an announcement would be made soon.

Beaglehole, a public health expert, who has served on smokefree guidance panels, believed that figure was closer to \$1.5b, but it was impossible to know the true societal cost.

Money from tobacco tax goes into the Government's consolidated fund – New Zealand's main piggy bank, and last year reached \$1.68 billion, up to 2.2 per cent of all Crown tax revenue.

In 2016 it was even higher, generating \$1.7b in Crown revenue, yet the health ministry spent just \$43.24m on tobacco control and reduction programmes.



ROSA WOODS/STUFF

Associate Health Minister Jenny Salesa has launched a review into the "unintended consequences" of rising tobacco tax.

That's \$6.5m less than what was channelled to quit efforts the previous year.

Anti-smoking champion Dame Tariana Turia labelled the imbalance "totally a double standard".

"I'm really embarrassed to be frank."

Arguably the greatest champion for smokefree 2025, Turia was behind the Smokefree Environments (Tobacco Plain Packaging) Amendment Bill and has been vocal about her desire to get tobacco off the shelves completely.

Now, having been out of Parliament four years, she's upset tax increases are still relied on as the biggest tool for incentivising quitting, saddling smokers with an unfair burden.

| Tobacco control programme expenditure | | |
|--|-------------------------|-------------------------|
| | 2015/2016 | 2016/2017 |
| Ministry of Health non-departmental spend | \$ 1,650,000.00 | \$ 1,682,973.00 |
| Innovation Fund | \$ 4,670,000.00 | \$ - |
| Community Based Stop Smoking Services | \$ 8,340,000.00 | \$ 10,000,000.00 |
| Quitline | \$ - | \$ - |
| Public Health Units | \$ 5,420,000.00 | \$ 5,264,611.00 |
| DHB Tobacco Control | \$ 9,170,000.00 | \$ 7,903,939.00 |
| Health promotion, leadership and advocacy | \$ 2,440,000.00 | \$ 737,182.00 |
| Health Promotion Agency | \$ 3,980,000.00 | \$ 3,980,000.00 |
| Stop Smoking Medicines (PHARMAC) | \$ 14,180,000.00 | \$ 13,671,361.00 |
| Total | \$ 49,850,000.00 | \$ 43,240,066.00 |

MOH

Ministry of Health spending on tobacco control, minus what's spent on Quitline.

"I would have hoped that whoever stepped into this space as Minister would continue to look for better ways. Putting tax up was one way," she said.

It wasn't fair to saddle the smoking populations, so many of which belonged to low socio-economic groups, with such high tax burdens, Smokefree 2025 campaigner and Ash director, Ben Youdan, said.

"Smokers are paying more than their share of the cost to the economy now.

"It's an ethical question for the Government."

Salesa last week said she would review tobacco taxation and "any unintended consequences of tobacco price increases", including impact on crime, black market activity and low socio-economic parts of the country.

Annual tobacco tax increases meant Māori and low-spending households experienced the greatest rise in inflation in the March 2018 quarter, Stats NZ said.



PHIL REID/STUFF

Dame Tariana Turia at the press conference for the Plain Packaging Announcement on cigarettes in 2013. (File photo)

Māori households were hit hardest with inflation, up 1.3 per cent, compared with the 0.8 per cent average, "driven by higher prices for cigarettes and tobacco, and interest payments," consumer prices manager Geraldine Duoba said.

Cigarettes and tobacco make up about 3 per cent of total living costs for the lowest-spending households, compared to 1 per cent for the highest.

Meanwhile exactly how much money is spent trying to help smokers break the habit is murky at best.

The drop in the Ministry's tobacco control programme funding was partly due to the notable absence of funding in the Smokefree 2025 Innovation fund, which wound up in 2015.

Quitline funding wasn't included in the \$43m round-up because, since 2015, it fell under the \$31.1m budget for the National Telehealth Service (NTS).



IAIN MCGREGOR/STUFF

National MP and former associate health minister Nicky Wagner says raising the cost of tobacco is the most successful way to get people to quit smoking.

Much of this funding was decided under the former National government, but former associate health minister Nicky Wagner said it was never about the money.

"We know cost is the most successful way to get people to quit. It was always about giving that reason to quit, not to get the money."

Wagner believed vaping, a cheaper and less harmful alternative, would bring financial relief for many smokers.

We asked smokers what they thought about 85 per cent taxes on cigarettes, what taxes should be used for, if what the Government should be doing to stop it. Finally we asked what would make them quit?



JESSICA LONG/STUFF

Danielle Hallett.

Danielle Hallett understood why the tax but thought products like alcohol should also be taxed. That money should be put toward ending child poverty.

She said the Government's strategy would not make New Zealand smokefree but push people into further debt. They should combat the issue by creating designated smoking areas on streets. "Then, people would have to make more of an effort. If it's not easy people are less likely to do it."

Quitting would be easier if there wasn't so much pressure. "If you have the opportunity to give up on your own free will, rather than being pressured to do it, you're more likely to stick to it."



ROBERT KITCHIN/STUFF

Danny Adair.

Danny Adair said smoking taxes made no difference to his habit. "It's a really weird way of convincing someone to stop smoking."

"It's certainly become harder to smoke, very inconvenient to smoke and more expensive." He knows smoking is bad for his health but has not chosen to make quitting a priority. It should be a personal choice, he said.

When it comes to spending the money made from taxes, he hoped it was not wasted.



ROBERT KITCHIN/STUFF

Alastair Reith.

Alastair Reith said increased prices appeared to help people quit but it was hitting the poorest the hardest and pushing the habit underground.

Money from the taxes should filter directly into health and education.

"It's tricky because it's working. I have a vape as well which I use most days. I just smoke on the weekends. I hate to say it but it is working."

Despite the money factor, becoming a father was probably the only thing that would make him quit.



ROBERT KITCHIN/STUFF

James Owens.

James Owens is not a regular smoker. He said rising tax was what happened when the Government decided to regulate products but any money made from people's habits should be spent on health.

He said the continued pressure on smokers showed both parties were serious about going smokefree. He wanted to see more money spent on preventative education programmes and to help problem-smokers kick their habits.

He didn't care much for tobacco and would quit if marijuana was legalised, or decriminalised.



ROBERT KITCHIN/STUFF

Andrew Stokes.

Andrew Stokes suffers from ulcerative colitis, and said smoking seemed to be the only reliever. He'd quit if there was something else that helped his condition but vaping and nicotine substitutes don't cut it.

To help stop other people smoking, Stokes said education was key. Tricks like plain packaging were a "waste of time".

Taxes showed the Government was more serious about a cigarette black market than going smokefree, he said.

Smoking tax should be spent on smoking-related cancer research, he said.

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