



An Overview of Tobacco Control and Waterpipe in South Africa

Kirsten van der Zee

Research Officer

Economics of Tobacco Control Project

University of Cape Town

Background of Tobacco Control in South Africa

- Between 1970 and 1990 tobacco consumption grew steadily, amidst very modest increases in the excise tax and a subsequent reduction in the real price of tobacco, due to inflation.
- After 1990 the government took a stronger position on tobacco control policy, with the Tobacco Products Control Act 1993 – warnings on labels and ban of smoking on public transport.
- In 1994, the ANC government introduced a 50% tax burden target on retail price. This was followed by sharp excise tax increases to reach this target. The target was increased to 52% in 2004.

Recent and Current Tobacco Taxation Policy

- Tobacco excise taxes are levied as specific taxes (a fixed tax amount per pack/weight of product).
- Rates are adjusted annually to account for inflation and to maintain the targeted tax incidence,
- Real excise duties increased fivefold for a pack of 20 cigarettes between the period 1994/95.
- For cigarette tobacco, pipe tobacco and cigars, duties increased 9, 14 and 278 fold for the same period.
- Thus, the real price of tobacco has increased significantly since 1990, and consumption has dropped significantly.
- 2015 budget shifted the focus to the excise component, as opposed the the total tax burden (incl. VAT).

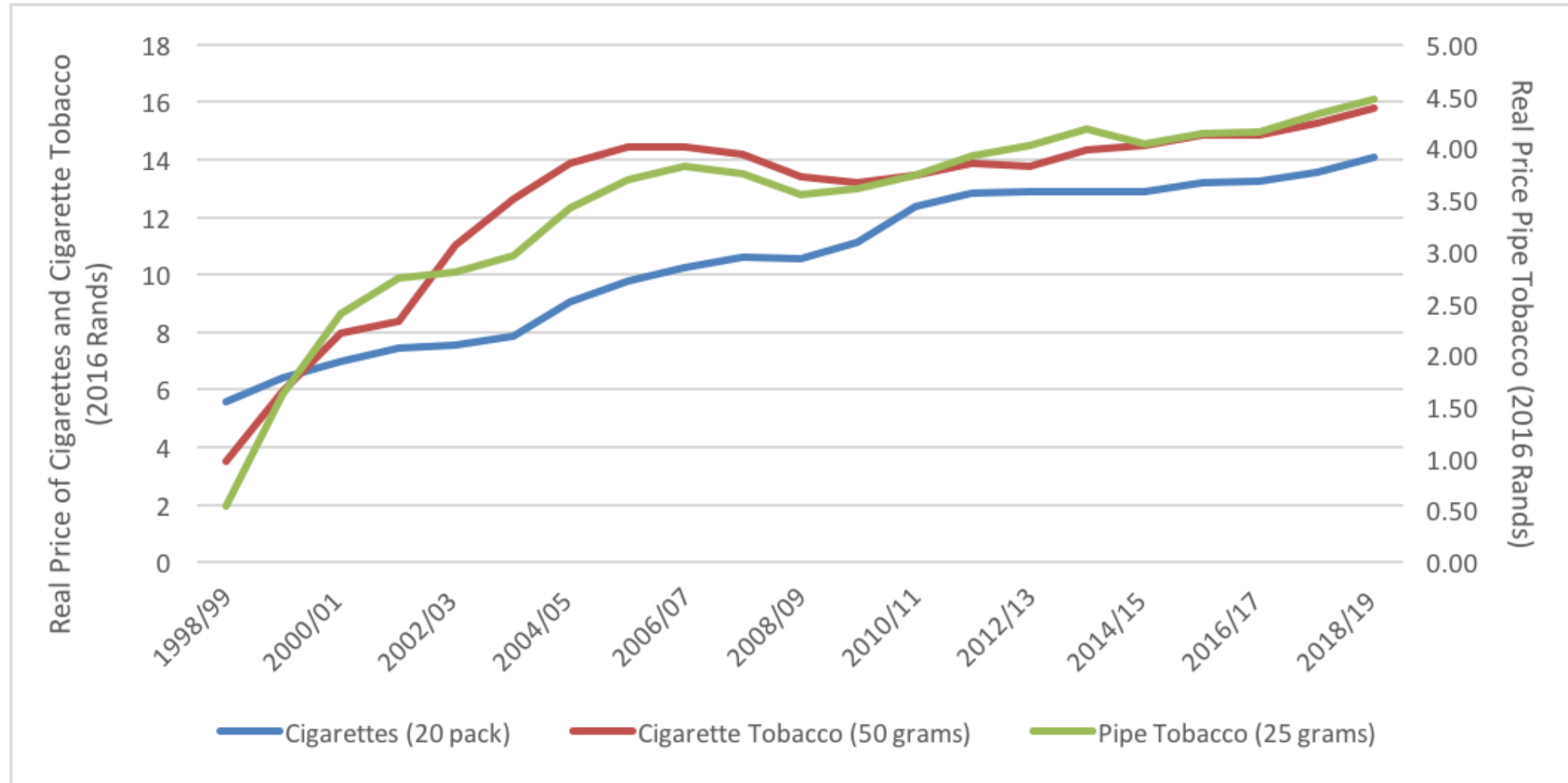
The current excise tax regime

In 2018 Budget, excise duty rate increased by between 8.5 per cent

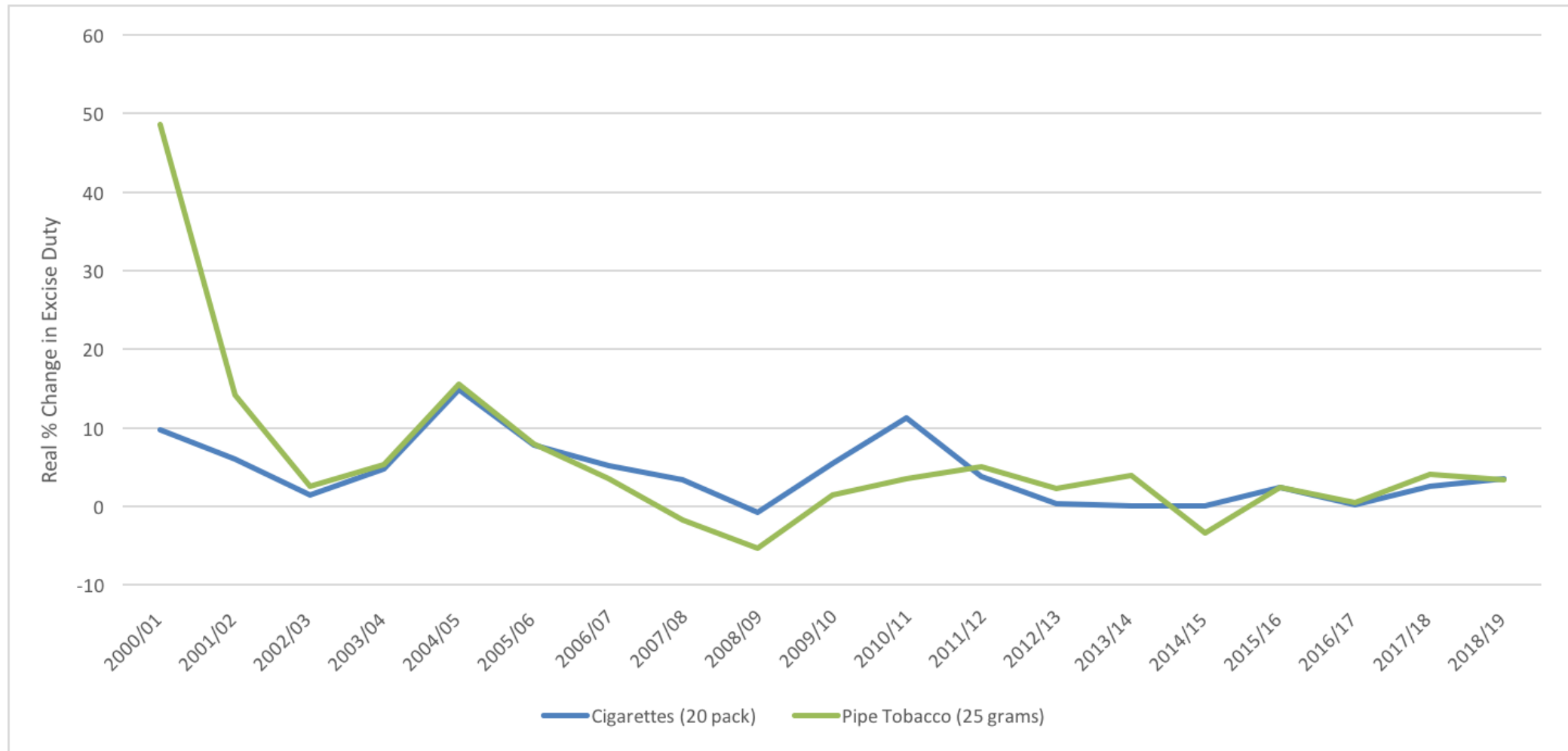
Table1: Changes in specific excise duties, 2018/19

Product	Current excise duty rate	Proposed excise duty rate	Excise burden (%)	Excise increase	
				Nominal	Real
Cigarettes	R14.30/20 cigarettes	R15.52/20 cigarettes	40.56%	8.5%	3%
Cigarette tobacco	R16.07/50g	R17.44/50g	40.55%	8.5%	3%
Pipe tobacco	R4.56/25g	R4.94/25g	38.02%	8.5%	3%
Cigars	R75.86/23g	R82.31/23g	37.69%	8.5%	3%

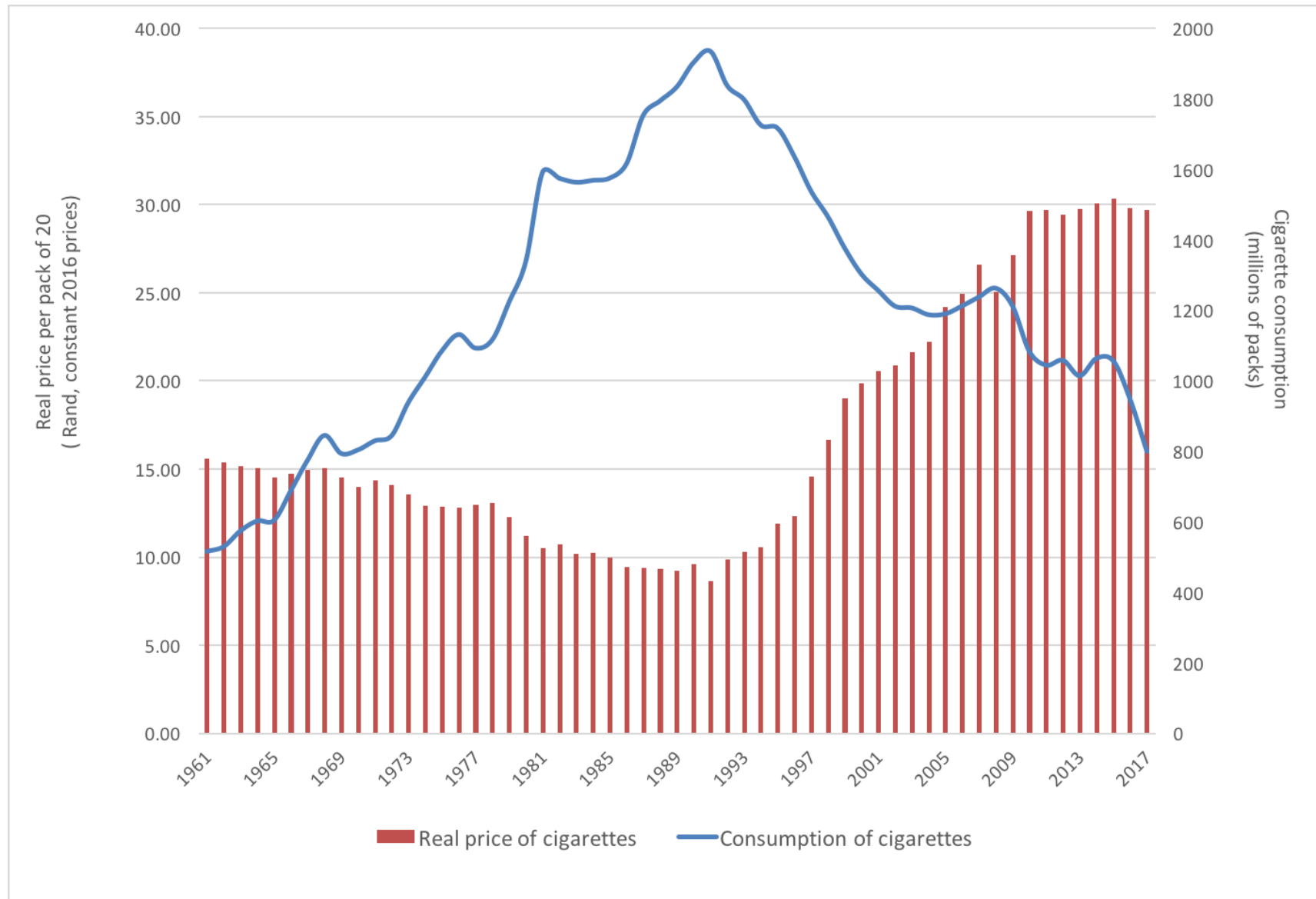
Real Excise Duties on Tobacco Products



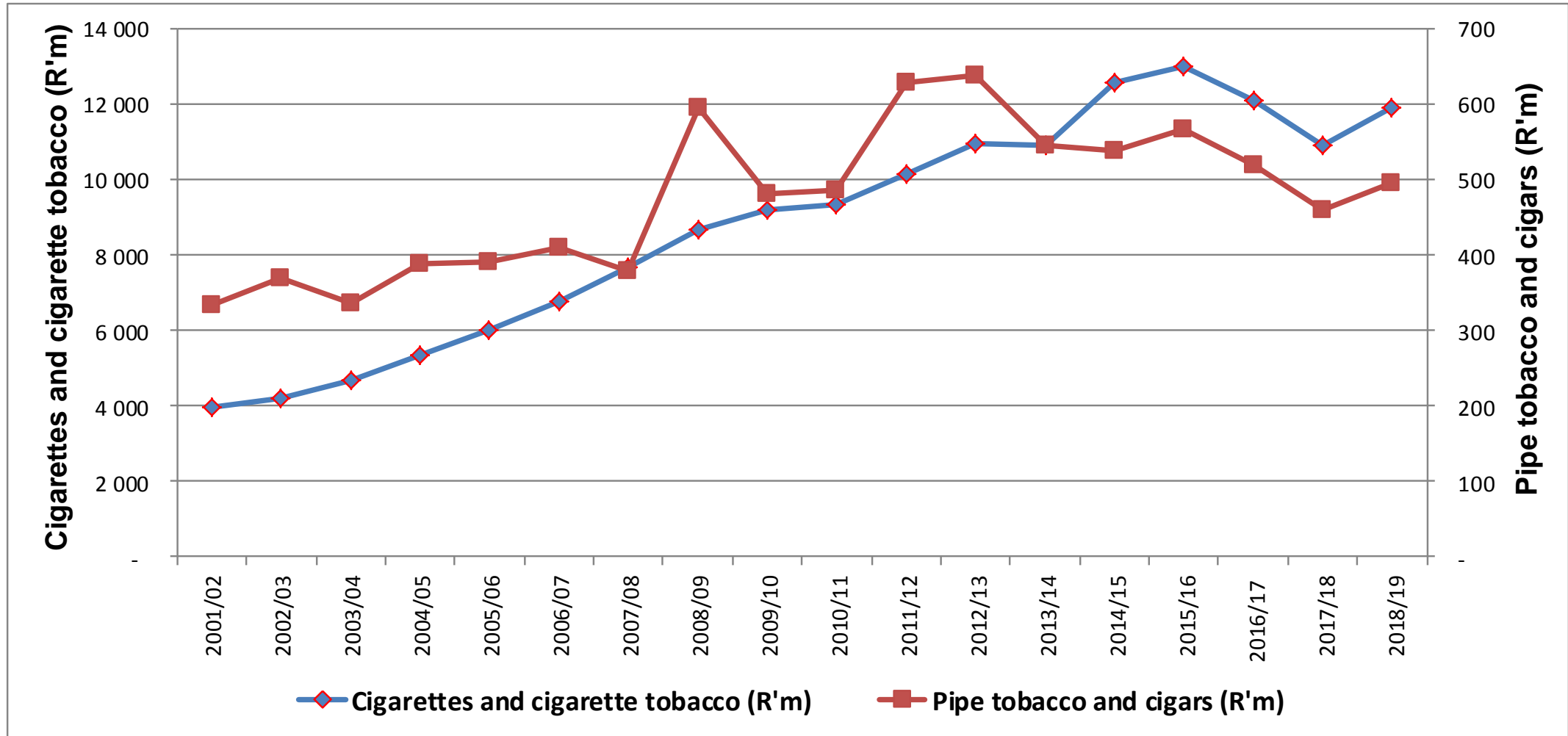
Percentage Change in Real Excise Duty, Cigarettes and Pipe Tobacco



Price and Consumption of Cigarettes



Excise Revenue Collected



Non-Tax Measures

- Meaningful tobacco regulations really started with the Tobacco Products Control Act of 1993,
- Government implemented complementary non-tax policy interventions:

Regulation	Description
Tobacco Products Control Act, 1993	<ul style="list-style-type: none">• Health hazard warnings and contents on advertisements and packages• Restrictions on vending machines• Prohibition of sales to people below age 16
Regulations, 1994	<ul style="list-style-type: none">• Specifications on health warning and labelling requirements on packages
Tobacco Products Control Amendment Act, 1999	<ul style="list-style-type: none">• Prohibition of smoking in public places except in designated areas• Bans on tobacco advertising and sponsorships• Bans on free distribution of tobacco products• Maximum content levels in cigarettes
Tobacco Products Control Amendment Act, 2007	<ul style="list-style-type: none">• Bans smoking in selected outdoor areas.• Product regulation of imported and exported tobacco products• Standards for manufacturing and export of tobacco products
Tobacco Products Control Amendment Act, 2008	<ul style="list-style-type: none">• Increase in age of sale from 16 to 18• Bans on one-to-one advertising• Bans on tobacco-like toys• Bans on tobacco sales at health and educational establishments• Tighter bans on free distribution• Tighter standards on:<ul style="list-style-type: none">– Packaging and labelling with pictorial health warnings– Point of sales and display

New Tobacco Control Legislation

- The NDOH released the Control of Tobacco Products and Electronic Delivery Systems Bill for public comment on the 9th of May 2018, which seeks to tighten the marketing and sale of tobacco products.
- The key areas that the Bill will regulate are:
 - the restrictions on public smoking
 - the sale and advertising of tobacco products and electronic delivery systems;
 - the prohibition on financial or other support;
 - the prohibition of vending machines;
 - the standardisation of the packaging and appearance of tobacco products and electronic delivery systems.

Notes on Waterpipe Smoking in South Africa

- Waterpipe smoking is a very small share of the tobacco use in South Africa, overall.
- Despite significant increases in price of cigarettes, there has been little shifting to alternatives. This is helped by significant increases in excise duties across all products.
- Despite this, waterpipe use has increased amongst certain groups, specifically the youth and in specific areas.
- Studies on waterpipe use in secondary schools and universities find:
 - waterpipe use is widespread amongst the youth.
 - There is an important socialization aspect associated with waterpipe smoking.
 - There is a perception that waterpipe smoking poses minimal risk.
- Since waterpipe tobacco is taxed at the lowest excise rate, it is important that it becomes a higher priority on the tobacco control policy agenda.

Conclusion

- South Africa has made significant strides in tobacco control policy.
 - Reduced affordability of cigarettes,
 - Improved tobacco control legislation,
 - Significant reduction in consumption of tobacco.
- We have a long way to go in terms of waterpipe regulation
 - High prevalence amongst school- and university-going youth and in specific regions of the country,
 - There is need for increased taxes to reduce affordability of waterpipe,
 - There is need for an information campaign to educate youth on the harms of waterpipe use.
 - There is need for waterpipe specific health warnings.

Thank You

