

PRESS CONFERENCE

“Health Benefits of the Excise Duty Amendment Bill 2022” presented by Labram Musah on behalf of the Advocating for Health Coalition

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Preface

Thank you, and once again, a warm welcome to all of you, particularly our friends from the media- for making it here even with the short notice, we do not take your presence for granted. However, you made it for a good course which is to protect public health above all other interests, recognizing that *health is the ultimate wealth*.

My name is Labram Musah, I am the National Coordinator for Ghana NCD Alliance and I double as the Executive Director of Programs for the Vision for Alternative Development. I am giving this key statement on behalf of the partners and other stakeholders of the Advocating for Health Project, which is ably led by Prof. Amos Laar, a Professor of Public Health Nutrition at the School of Public Health-University of Ghana.

The Advocating for Health Project, which is fondly called the A4H Project comprises academics from five public universities in Ghana (led by the University of Ghana, School of Public Health), civil society organizations (including the Ghana NCD Alliance), nutrition societies (including the Ghana Academy of Nutrition and Dietetics), and public health associations (including the Ghana Public Health Association).

The Coalition joins the entire Ghanaian populace in commending the Government of Ghana through the Ministry of Finance and its agencies for heeding stakeholders’ calls and introducing excise taxes on sugar-sweetened beverages (SSBs), tobacco and alcohol. A special appreciation also goes to the Parliament for remaining faithful to public health interest and passing the Excise Duty Amendment Bill 2022, which imposes/increases taxes on health-harming products including sugar-sweetened beverages, tobacco, and alcohol.

Non-communicable diseases are projected to be Africa’s leading cause of death by 2030 if governments do not act urgently. Poor diets are responsible for some 11 million deaths annually, with cardiovascular disease, cancers and diabetes leading the causes. Together, tobacco use, alcohol use and unhealthy diets, including the consumption of SSBs are among the leading risk factors of non-communicable diseases- a largely preventable cause of death, which is responsible for 41 million annual deaths globally with 94,400 of these deaths occurring in Ghana alone.

The wide availability, accessibility, and affordability of sugar-sweetened beverages and other unhealthy commodities have increased remarkably over the past decade. The result of the shift from healthy foods to junk foods is seen in the rising rates of obesity, especially among children as well as other diet-related NCDs. The World Health Organization (WHO) defines obesity as excessive fat accumulation that presents a health risk; a body mass index (BMI) over 25 is considered overweight, while a BMI of over 30 is obese.

As of 2015, a joint survey by the Ghana Statistical Service, Ghana Health Service, and ICF International found Ghana’s obesity rate at 15.3% while overweight stood at 24.8%. A WHO statistic estimates that the

prevalence of overweight and obesity among children and adolescents aged 5 – 19 increased significantly to a double-digit of over 18% in 2016 from 4% in 1975. Today, 7 out of every 10 Ghanaian adults and 4.5 out of 11 children are obese (Global Obesity Observatory 2023).

Sadly, the World Health Organization had attributed these preventable deaths to governments' failure to take responsibility and act. The Action, as recommended by the WHO Best-Buys includes tax measures, which have globally been proven as an effective NCD intervention, especially in low-and-middle-income countries like Ghana, which are facing the double burden of diseases.

The resulting impact on health and the economy are enormous

Obesity leads to comorbidities with other non-communicable diseases such as cancer, mental illness, hypertension, bone diseases, and cardiovascular disease. Besides physical health, childhood obesity can interfere with a child's social and emotional well-being sometimes resulting in severe psychological impediments like low self-esteem and depression.

Economically, a team of Ghanaian researchers (Lartey et. al 2020) found that the average healthcare cost per admission for adults of healthy weight is \$35, whereas for adults with overweight, it is \$78, and for adults with obesity, \$132. The study further estimated that 60% of the average total costs per person expended is borne by the National Health Insurance Scheme (NHIS).

This means that the government is paying huge sums of money for the treatment and care of obesity and its related diseases when lives and money could be saved with preventive tax policies on SSBs, tobacco, and alcohol. As the healthcare costs and deaths linked to these health-harming products keep increasing, this is the right intervention to protect young people, promote health outcomes, and guarantee sustainable financing for public health service delivery.

Evidence from countries currently implementing Excise taxes on health-harming products

As of May 2022, over 80 countries and jurisdictions (including sub-national levels) had levied taxes on SSBs. Data from these jurisdictions that have enacted SSB taxes **correlate the implementation of the tax with decreased consumption of SSBs**, and a corresponding increase in purchases and consumption of untaxed healthier products as well as a good revenue stream for Government.

- For instance, in **October 2013, the Mexican Government passed legislation** to introduce a specific excise tax of one peso (about US\$ 0.05) per liter on SSBs, equivalent to a 10% price increase on taxed beverages. The success of the tax in reducing purchases and consumption of SSBs has been widely reported.
- **In 2018, South Africa** introduced a specific excise tax on SSBs, to tackle rising intakes of such beverages and a growing burden of diet-related NCDs. An evaluation conducted between 2014 and 2019 found that the average volume of taxable beverages purchased, as well as the calories and sugar purchased from taxable beverages, fell drastically after the tax.
- Other African countries including **Mauritius, Seychelles, Morocco, Botswana, and Nigeria** have enacted SSB tax policies and are equally reporting great health outcomes as a result.

The role of the food and beverage industry in worsening the menace

Diet and nutrition are important factors in promoting and maintaining good health throughout life; nutrition has a major modifiable determinant of chronic disease. At the expense of health, the food and beverage industry is playing a significant role in the obesity epidemic on the wheels of globalization- flooding Ghana with Western Style Fast food companies with cheap junk foods.

It is important to note that, in all countries, the process of enacting SSB tax laws is usually met with emotive oppositional arguments.

Some of the popular oppositional arguments include its impact on employment, contribution to revenue instability, and that it is a regressive tax. All of these have been debunked (see an evidence-informed policy brief developed by the WHO titled “Fiscal Policies to Promote Healthy Diets” and our evidence-grounded “Position Statement” dated December 30, 2022)

Some industry claims and arguments:

On revenue instability: It is often argued that *“taxes will not yield the expected revenue, or increases to existing taxes may reduce revenue yields”*. It is worthy of note that *“the impact on revenues of taxes to promote healthy diets depends largely on how the tax is designed and administered. Country experiences indicate that these taxes can generate additional revenue, which can then be used to finance health or social initiatives”*. The tax structure for SSBs and alcohol is still not the best compared to other countries. The tax structure of an ad valorem one (based on the ex-factory price: the manufacturer mostly has a bigger say on the cost of production- mostly subject to manipulations). Now countries are moving away from ad valorem to imposing specific taxes instead. I hope that Ghana will also get there. Glad to mention that for tobacco, the bill is amending so a specific tax component is added to the ad valorem.

On this note, we will like to urge the GRA to note some of these gaps in administering ad valorem type of taxes to ensure that the needed revenue and the public health impact is felt.

Regarding the impact on employment: It is a common argument that *“taxes on less healthy foods and beverages will increase prices and reduce sales, affecting employment”*. On the contrary, available evidence shows that *“because taxes encourage consumers to substitute taxed foods and beverages for healthier foods and beverages, demand for healthier options may increase, providing opportunities for the food industry to offer such options and for jobs to be derived from the increased demand for these products. Consumers may also spend money they would have spent on taxed foods and beverages on other goods and services, increasing employment opportunities in other industries”*.

Shifting the taxes burden to the consumer is the best for public health and the industry; thus may absorb the tax and keep prices the same. We look forward to what happens once the President signs the Excise Bill.

We have been asked if there are no other ways the government could reduce consumption other than taxes:

The response is yes, but the most effective as recommended by WHO and many other studies show that excise tax is the best.

Public awareness creation is very critical to change behaviour but behavior change must be backed by regulations and policies. For instance, there is an uncontrolled advertisement of SSBs in Ghana. (The Nana Ama example is a good example). Currently, there is none- they have over the years fought legislation that

seeks to protect public health everywhere in the world. They issue threats, litigations, lobby, and in most cases water down for the ineffectiveness of the policies.

Reducing the sugar and spirit contents in the product is also another option.

Implementing health warnings can also be very effective.

As I indicated, the industry has fought all these measures in many countries.

Health Taxes Improves Health

The fact remains that no country can achieve the Sustainable Development Goals (SDGs), especially Goal 3 on Health and Well-being if it does not prioritize Prevention by controlling the consumption of sugar-sweetened beverages, alcohol, and tobacco which are major NCDs risk factors.

Mexico- the largest soft drink market in the world, with accompanying high rates of obesity and type 2 diabetes, recognizing the strains on the nation's productivity and healthcare spending, the Mexican government implemented one of the world's first health taxes on SSBs in 2014. This reduction in consumption is expected to lead to almost 200,000 fewer type 2 diabetes cases, over 20,000 fewer strokes and heart attacks, and 18,900 fewer deaths by 2022. The tax will save Mexico and its health service is almost one billion US dollars.

In 2018, the South African government became the first in the African region to announce the introduction of an SSB tax as a public health measure to reduce the prevalence of obesity in the country. Concurrently, Nigeria began the year 2022 with an announcement by the Federal Government stating an imposition of a tax on SSBs as part of its Finance Act 2021. After the implementation of the SSBs tax, these countries have reported positive feedback on **reduced consumption** and **higher revenue**.

The Philippines case study: In December 2012, the country's healthcare financing system drastically changed. The newly passed Sin Tax Reform bill increased taxes on all tobacco and alcohol projects, providing a new injection of funding that enabled the Philippine Government to enroll more people in universal health care and scale-up NCD prevention services in primary care. In 2019, the Philippines introduced a Universal Health Coverage Act, entitling all Filipino citizens to lower health care expenses through PhilHealth, funded in part by increases in tobacco and alcohol excise taxes

Excise taxes are often misconceived as being regressive, affecting vulnerable populations such as young people and poor people. It is therefore important for the industry to know that a lot of evidence shows that poor consumers are far more responsive to increases in price than higher income. More especially because of the inelastic nature of health-harming products and their addictive nature, the imposition of taxes will not stop consumption entirely, but will rather reduce the consumption and increase revenue substantially.

Interestingly, Dr. Juan Rivera, a professor of nutrition at the Mexican School of Public Health, used a data set of consumers and a commercial data set and found that after two years (2014-2015) of implementing the SSBs tax in Mexico, there was an average reduction in the purchases of SSBs by 7.6%. Intriguingly, a tax of less than 10% of the price per liter has the efficacy to reduce purchases by 7.6%. This is one of the many shreds of evidence that confirms that taxes reduce the consumption of unhealthy commodities. The same applies to tobacco and alcohol.

The challenge of health financing is another burden of Ghana's limping health system. The then Chief Director of the Ministry of Health, Dr. Sylvester Anemana, explained the financial constraints confronting the health system at the 2015 Health Summit held in Accra. He attributed the challenge to the government's declining budget allocated to the Ministry of Health and the increasing coverage of the National Health Insurance Scheme (NHIS). (reason: there is a high cost of health expenditure beyond the capacity of the MoH and NHIS, the expenditure will continue to rise if measures are not put in place).

Being Ghana's only public health insurance measure, the NHIS is struggling- covering over 60% of all healthcare costs per admission from 2014 to 2015 (Lartey et al. 2020). It is only natural that with time, the NHIS has become redundant in rendering the benefits it promises. Unfortunately, being upgraded to a middle-income country, Ghana is no longer eligible for some foreign health financing grants making the health-financing hurdle a difficult feat. The financing gaps are also evident in the quality of health services delivered, especially at the primary healthcare level. We are all aware that the majority are the poor who are living in remote and very rural settings and are mostly the vulnerable who cannot afford the high cost of treatment and medications.

The 2023 Community-Led Monitoring report compiled by the Ghana NCD Alliance showed significant dissatisfaction among consumers of health services, including people living with NCDs. The reported shortage of medicines and the unavailability of essential medical devices, such as glucometers and sphygmomanometers, even in facilities within the capital of Ghana. These findings highlight the need for immediate financing options to support the delivery of quality services at the community level- taxing health-harming commodities is a sure means.

On this note, we implore Ghanaians to appreciate the health gains of the excise duty amendment bill and join the A4H Coalition, and the public health communities both here and across the globe as we await the signed law by the President.

The industry should also know no one is calling for the banning of these products but for them to allow for some level of effective regulations to reduce the increasing rise in NCDs and to ease the financial burden on people's health care costs, death and disabilities.

In conclusion, let me say that we are firmly in support of the Excise Duty Bill because the benefits are gargantuan. Once again we commend our MPs for voting for public health and not industry argument and profit.

The international community was delighted when the government included in the Budget Statement imposition of Excise Taxes, was even more happy when the Bill was passed in Parliament on the night of 31st March, 2023. We all will be much happier if the President signs it with speed to concretize the President current position as a global leader and an advocate for Sustainable Development Goals and the Co chair of the Presidential Group advocating for the NCDs and the SDGs-

Tackling NCDs requires leadership to provide visibility to NCD issues," said Mr. Nana Addo Dankwa Afuko-Addo, President of Ghana.

The President further stated that

“I ask my Heads of State colleagues to join hands with me as we establish a Presidential Group (non-binding), and as we find solutions to NCDs with a roadmap of universal health coverage and the Sustainable Development Goals. In our time, this will be our legacy.”

These are your words Your Excellency and we are hopeful that, you will continue to lead and draw other Heads of State to adopt policies that will improve the health and well-being of the Global populace

Finally, we humbly call on the President to as a matter or priority and urgency sign the Excise Duty Amendment Bill into Law.

“Indeed Health Taxes Saves Lives”

Thank you for your kind attention

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