



**IRISH HEART
FOUNDATION**

Ireland's OFSMOKE A price regulator for the Tobacco Industry

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Joint proposal



IRISH HEART
FOUNDATION



irish
cancer
society

Based on the work of UK academics, Dr Robert Branston & Professor Anna Gilmore, Bath University.

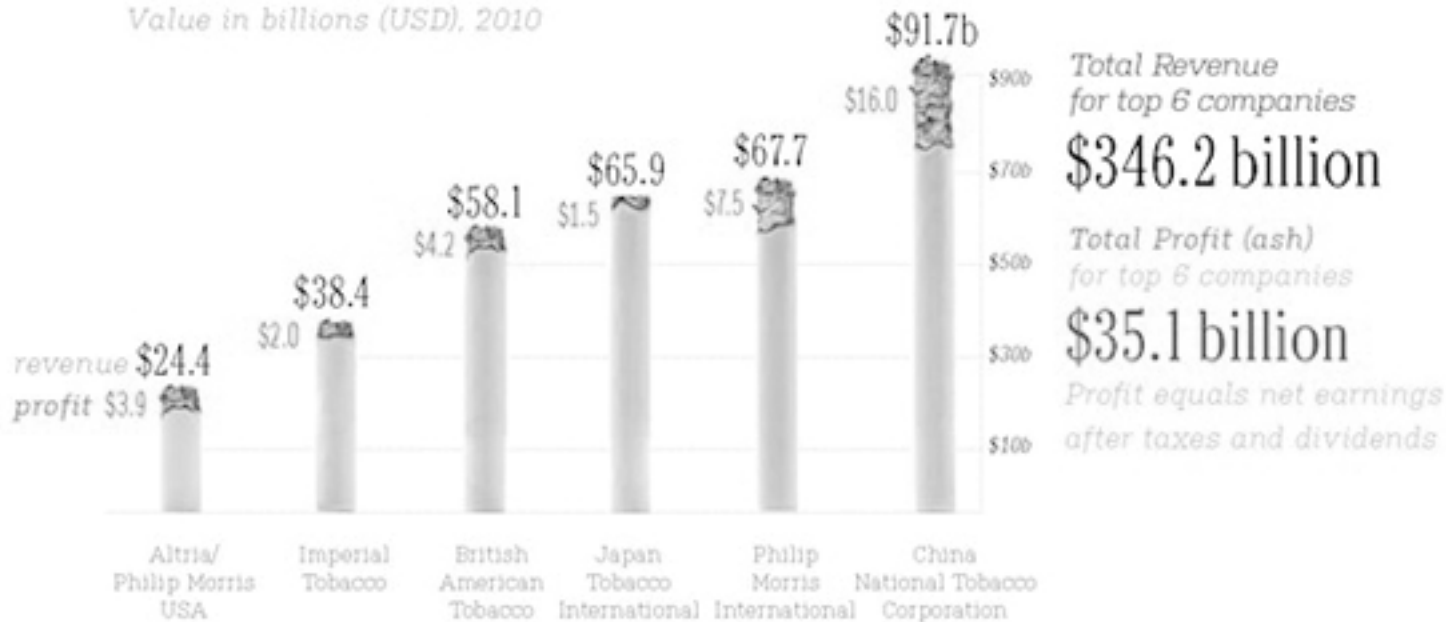
- Branston, R. & Gilmore, A. (2010) 'The case for OFSMOKE: how tobacco price regulation is needed to promote the health of markets, government revenue and the public'. *Tobacco Control*, doi:10.1136/tc.2009.034470.
- Branston, R. & Gilmore, A. (2013) 'The case for Ofsmoke: the potential for price cap regulation of tobacco to raise £500 million per year in the UK'. *Tobacco Control*, doi:10.1136/tobaccocontrol-2011-050385.

Tobacco Industry 2010 profits = combined profits of Coca-Cola, Microsoft and McDonald's

Tobacco Company Profits

In 2010 the combined profits of the six leading tobacco companies was **\$35 billion**. This was equal to the combined profits of Coca-Cola, Microsoft, and McDonald's in 2010.

Value in billions (USD), 2010



A tobacco price regulator for Ireland

Problem

Market power and supra-normal profits
= money to lobby & develop new products

Price regulation

Apply a cap to manufacturers' pre-tax prices.
Final price consumers face would not change.
Any reductions in manufacturers' prices would
be offset by equal rises in tobacco taxes.



Public health benefits of regulation

- Remove price as a marketing tool.
- Reduce price differentials between products and down-trading to cheaper products.
- Reduce the money the industry has available for lobbying.
- Reduce money available to develop new products.
- Complement other tobacco control measures.

PLUS – additional revenue for Government.

Gathering momentum in 2013

- Budget 2013
 - Meetings with Dept. Finance /Revenue/politicians
 - Hearings at Oireachtas Finance & Health Committees

- Irish data
- Legal elements

- Budget 2014...



PRE-BUDGET SUBMISSION 2013

Overview

Smoking is the single biggest cause of preventable death in Ireland. At least 5,200 people die prematurely as a result of smoking every year. It is also the biggest contributor to health inequalities and accounts for up to half the difference in life expectancy between the richest and the poorest groups in our society.¹ The burden that tobacco places on our society needs to be reduced through a long-term, comprehensive, multi-component approach.

Ireland needs to commit to a comprehensive national tobacco control strategy (high taxation, smuggling controls, cessation services and effective legislation) that will not only save lives on a substantial scale, but will also rebalance the burden of smoking on the Exchequer so that the tobacco industry contributes more towards the harm it causes. Implementing the measures proposed in this submission would have positive economic and public health effects.

In previous submissions to Government, the Irish Cancer Society and Irish Heart Foundation have consistently called for price to be a tool to encourage people to quit smoking. Ireland now has one of the highest prices in Europe – but this is not only due to Government tax. It is also due to the large profit margin enjoyed by the tobacco industry. Our pricing policy has been subtly and effectively undermined by an industry that reinvests its profits to attract new smokers, weaken our tobacco control strategies and capitalise on the belief in some Government Departments that keeping people smoking is revenue positive.

In Budget 2013 we call for a new approach from Government so that the Exchequer benefits from the high price of cigarettes, not the tobacco industry. Our proposals seek to correct a string of market failures that are exhibited by the tobacco market.

We should never perceive tobacco products as a valid revenue stream for Government – it places a massive societal and financial burden in terms of both chronic and fatal illnesses and any revenue raised from it needs to be reinvested to encourage people to quit, with the aim of eventually ending smoking in Ireland.

¹Combat Poverty, (2008) Tackling Health Inequalities, An All-Ireland Approach to Social Determinants.

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