

**Earmarked Taxation and Health  
Promotion Foundations. Developing  
a Plan for Action.**

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**Prakit Vateesatokit**

**Mahidol University**

**Bangkok, Thailand**

# **Thailand's experiences in lobbying for a dedicated tobacco tax for health promotion**

## **3 important steps**

- 1. Significant ground work on tobacco control**
- 2. Achieving the Tax for Health Policy**
- 3. The lobbying for the dedicated tax for health promotion**

# Chronology of major Tobacco Control event in Thailand

- 1974** Health warning on cigarette packet
- 1976** Ban of smoking in Bangkok cinema & buses
- 1986** Establishment of ASH
- 1989** - Ban of advertisement & promotion  
- Establishment of NCCTU
- 1991** Establishment of Tobacco Control Unit, MOPH (e less than 1 million/year budget)

**1993** **Cabinet approved**

**“Tax for health policy”**

**: Regular tax increased  
to control smoking**

# *Excise tax, cigarette sales and tax revenue*

<u>Year</u>	<u>Tax(%)</u>	<u>Sales</u> (million Pack)	<u>Tax revenue</u> (million of Baht)
1991	55	1954	15,898
1992	55	2035	15,438
1993	55	2135	15,345
1994	60	2328	20,002
1995	62	2171	20,736
1996	68	2463	24,092

**“A win-win situation”**

# *Steps to lobby for “tax for health”*

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- 1. Educate policy makers and the public about benefit of tax increase.**
- 2. Calculation showing MOF that cigarette prices are too cheap.**
- 3. Calculate the effect of tax increase on the number of children prevented from taking up smoking.**

- 4. Calculate the increased revenue from the proposed tax increase.**
- 5. Conduct opinion polls showing public support of tax increase.**
- 6. MOH (not MOF) to be the one who proposes tax increase for health reason.**

7. At the time of lobbying  
for tax increase.

Do not simultaneously  
request for a dedicated tax

*There will be two instead of  
one hurdle.*

# *The Road to a Dedicated Tax for Health Promotion*

- 1996** - Health System Research Institute, MOH  
Research on setting up a Health Promotion office.
- Approach MOF to sell the idea: World Bank's policy : investing in health
  - MOF - fiscal policy for social development included health promotion and health insurance scheme.
  - Rhonda Galbally CEO of the Victorian Health Promotion Foundation met with the Minister of Finance.

- **MOF** - appointed working committee to draft a “Health Promotion Bill”
- send delegates from ASH, HSRI, MOF, MOH, the Budget Bureau to visit VicHealth and New Zealand (Health Promotion Council)

**1997- working committee proposed  
“a bill to set up a Health  
Promotion office” within the  
Prime Minister’s office as an  
autonomous agency funding  
by a dedicated tax of 2.5 to  
3.0% of the tobacco tax  
(about 700 million Baht  
per year = 1% of MOH’s  
annual budget)**

# MOF

- agreed with the proposed bill but opposed a dedicated tax :

- *“this never happens in Thailand before, it will set a precedent.”*

“You should get the funding from the regular budget.”

Let the Cabinet decide the source of funding”

**1998** Thai Cabinet liberalized  
the alcohol trade, recommend  
the MOF, MOH to develop  
mechanism to reduce alcohol  
use.

*guilty feeling or good  
intention or both?*

**1999** the Excise Department, MOF  
drafted *“a bill to fund campaign  
to reduce alcohol and tobacco  
consumption”*

with funding covered by  
*not more than 2 %*

of a dedicated tax on alcohol  
and tobacco

**“a bill to set up a Health Promotion Office”**

- **funding source has not been decided .**

**“a bill to fund campaign to reduce alcohol and tobacco consumption”**

- **funding source from not more than 2% of a dedicated tax on alcohol and tobacco.**

We lobbied the government to  
combine the two bills into one.

To become

*“a bill to set up a fund for a campaign to  
reduce alcohol and tobacco consumption,  
and for health promotion”*

**2000** - Cabinet approved “*A Bill to Provide Funding for Campaign to Reduce Alcohol, Tobacco Consumption and Health Promotion*”, to be funded by not more than 2% of alcohol and tobacco tax,

**2001** the Judicial Council : “A Bill to Provide Funding for Health Promotion”

Parliament Enacted into Law.

*“The Health Promotion Fund Act”* Funding source :

additional 2% of alcohol and tobacco excise tax.

To fund alcohol, tobacco control and health promotion.


## Section 5.

**The Foundation shall be a juristic person having the following objectives :**

**(1) to promote and encourage health promotion in the population of all ages in accordance with the national health policy ;**

**(2) to create awareness of hazardous behaviour from the consumption of alcoholic beverages, tobacco or other health-deteriorating substances and to create belief in health promotion amongst people of all classes ;**

**(3) to support campaigns for the reduction in the consumption of alcoholic beverages, tobacco and other health-deteriorating substances, and create public awareness of the relevant legal provisions ;**



**(4) to conduct studies and  
research, or encourage the conduct  
of the study and research, training  
or organization of meetings with  
regard to health promotion ;**

**(5) to develop the ability of  
a community in fostering health  
promotion by the community or  
private organizations, public – benefit  
organizations, Government Agencies,  
State enterprises or other State  
Agencies ;**

**(6) to support campaigns for health promotion by various activities as a means by which members of the public can improve their health, spend spare time fruitfully and reduce their consumption of alcoholic beverages, tobacco and other health-deteriorating substances.**

# **Thai Health Promotion Foundation 2001 (Thai Health)**



**An autonomous state agency under  
the supervision of the Prime Minister's  
office, funding health promotion related  
activities with 2% of alcohol  
and cigarette taxes**

## **MOPH Smoking**

**control budget = 12 million Baht/year**

**ASH budget = 3-5 million Baht/year**

## **Thai Health Promotion**

**Foundation's budget = 1,600 million Baht/year**

**(US \$ 40 million)**

# Governance

**Board of Governors - 21 members**  
(appointed by the Cabinet)

- |   |                                    |
|---|------------------------------------|
| * <b>Prime Minister</b>                 | <b>Chairperson</b>                 |
| * <b>Minister of<br/>Public Health</b>  | <b>First<br/>Vice-Chairperson</b>  |
| * <b>Prof. Prakit<br/>Vathesatogkit</b> | <b>Second<br/>Vice-Chairperson</b> |
| * <b>Dr. Supakorn<br/>Buasai</b>        | <b>Manager /<br/>Secretary</b>     |

**\* Nine high ranking official, from eight ministries and one from the National Economic and Social Development Board.**

**\* Eight “expert (not political party affiliated) from various field : health promotion, communication, community development, education, sport and art, legal and administrator.”**

**Evaluation Board - Seven “distinguished technocrat members.**

# *Mission*

**ThaiHealth mission is to empower the various civic movements that lead to the better well-being of Thai Citizens.**

**Operation dimensions emphasize**

- healthy public policies.**
- issued-based programs,**
- holistic “setting” approaches.**

**ThaiHealth provides CATALYTIC funding for projects that change public values, people’s lifestyles, and social environment.**

# *ThaiHealth's Vision*



**“We are an effective partner in the civil society who specialize in developing, supporting and amplifying social leverages towards the state of national well-being.”**

# *Key Strategies of ThaiHealth*

**Social Mobilization** by building up and fostering social movement that can bring about influential changes in the society.



**Systems Development by  
emphasizing proactive approaches  
to change social structures such as  
policies, laws, and key mechanisms  
that would improve the effectiveness  
of the national health system.**

**Healthy Settings by developing good models and practices (such as communities, workplaces, schools) as real-world examples in public communications and for policy advocacy.**

**Sustainability Development by  
creating social capitals deemed  
necessary for implementation of  
health promotion activities including  
leaderships, networks, information  
systems,  
and knowledge management.**

**Thai Health's major programs include the multiple approaches as follows :**

- \* Health issues (tobacco, alcohol, road accident, narcotic drugs, food, physical exercise, consumer protection) ;**
- \* Settings (healthy schools, healthy workplaces, healthy ministries) ;**
- \* Special populations (the young, the elderly, the disadvantages) ; and,**
- \* Areas (municipalities, cities, grass-root communities)**

# Positioning

ThaiHealth has positioned itself as a supporting organization. Usually, any issues we work on already exist with one or more responsible authorities or concerned groups. ThaiHealth rivals with no authorities but, instead, assist them. Moreover, given the complexity of each problem that requires inevitably collaboration and concerted efforts, This “assisting” position can bring about integrative efforts across multiple partners.

# Accountability

**The 2001 ThaiHealth Act gives us the autonomy.**

**With annual revenue of about \$40 million which comes from 2% additional surcharge on tobacco and alcohol taxes.**

**The law also requires full accountability. Besides the Governing Board which the Prime Minister chairs.**

**An independent Evaluation Board. The two Boards are appointed by the Cabinet.**

**Required by law to report to the Parliament annually.**

## *Examples of success (by mid 2003)*

- \* **The government has adopted ThaiHealth's proposal on road traffic accident prevention**
- \* **The cabinet has approved the measure in an effort to ban alcoholic beverage advertisement on both TV and radio during 5 a.m. - 10 p.m. Effective October 1, 2003**
- \* **Sport sponsorship by alcohol beverage replaced by Thai Health's fund.**
- \* **All TV stations have to designate children's program during prime time.**

# *Lessons learn in lobbying for a dedicated tax and it's operation*

- 1. Lay adequate ground work for tobacco control.**
- 2. Obtain public acceptance on “tax for health” policy**
- 3. Draft a bill modeled after VicHealth or ThaiHealth**

**4. Should propose a dedicated tax  
“on top”, not deduct from the  
existing tax.**

**i.e. : 2% on top of 71.5%**

**not 2% from 71.5%**

**5. The dedicated tax should go to  
an autonomous agency.**

**6. The criteria for the funding mechanism should be strictly specify, i.e..**

- project based only.**
- not for purchasing equipment or hardware.**
- activities normally difficult to get funding by the Budget bureau.**

**7. Set up mechanisms to prevent politician from abusing or misusing the fund, this may be achieved by including parliamentary members in the Governing Board**

## 8. Thai Health's problem

### Weak point

- chaired by politician (executive branch) rather than by an independent technocrat : difficult to prevent political maneuvering.
- do not have a media representative as member of the Board.
- too many representative from Ministry.

## **9. Current problems**

- a very new concept of governance & operation.**
- lack of understanding by politician, expect quick result.**
- being accused of not politically receptive.**
- perceived by policy maker as “easy money”**
- still in learning curve.**
- lack of health promotion manpower & expertise.**

# Contact us

**Thai Health Promotion Foundation**  
**979 34th Flr., S.M. Tower Phaholyothin Rd.,**  
**Samsennai, Phayathai, Bangkok 10400**  
**Tel. 66 (0) 2298 0500 Fax : 66 (0) 2298 0501**  
**Email : [info@thaihealth.or.th](mailto:info@thaihealth.or.th)**  
**Website : [www.thaihealth.or.th](http://www.thaihealth.or.th)**

**Note : The text of ThaiHealth Act of 2001 can be  
downloaded at our website :**