PHAA submission to the National Commission of Audit

Public Health Association
AUSTRALIA

Public Health Association of Australia submission to the National Commission of Audit

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Introduction

The Public Health Association of Australia Incorporated (PHAA) is recognised as the principal non-government organisation for public health in Australia and works to promote the health and well-being of all Australians. The Association seeks better population health outcomes based on prevention, the social determinants of health and equity principles.

Public Health

Public health includes, but goes beyond the treatment of individuals to encompass health promotion, prevention of disease and disability, recovery and rehabilitation, and disability support. This framework, together with attention to the social, economic and environmental determinants of health, provides particular relevance to, and expertly informs the Association's role.

The Public Health Association of Australia

PHAA is a national organisation comprising around 1900 individual members and representing over 40 professional groups concerned with the promotion of health at a population level.

Key roles of the organisation include capacity building, advocacy and the development of policy. Core to our work is an evidence base drawn from a wide range of members working in public health practice, research, administration and related fields who volunteer their time to inform policy, support advocacy and assist in capacity building within the sector. PHAA has been a key proponent of a preventive approach for better population health outcomes championing such policies and providing strong support for the Australian Government and for the Preventative Health Taskforce and National Health and Medical Research Council (NHMRC) in their efforts to develop and strengthen research and actions in this area across Australia.

PHAA has Branches in every State and Territory and a wide range of Special Interest Groups. The Branches work with the National Office in providing policy advice, in organising seminars and public events and in mentoring public health professionals. This work is based on the agreed policies of the PHAA. Our Special Interest Groups provide specific expertise, peer review and professionalism in assisting the National Organisation to respond to issues and challenges as well as a close involvement in the development of policies. In addition to these groups the Australian and New Zealand Journal of Public Health (ANZJPH) draws on individuals from within PHAA who provide editorial advice, and review and edit the Journal.

Advocacy and capacity building

In recent years PHAA has further developed its role in advocacy to achieve the best possible health outcomes for the community, both through working with all levels of Government and agencies, and promoting key policies and advocacy goals through the media, public events and other means.

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1. Preamble

PHAA welcomes the opportunity to provide input to the National Commission of Audit (the Commission). We note that the following submission primarily relates to Phase 1 of the Commission's work relating specifically to:

1. Scope of government;
2. Efficiency and effectiveness of government expenditure;
3. State of the Commonwealth's finances and medium-term risks to the integrity of the budget position; and
4. Adequacy of existing budget controls and disciplines.

Our submission focuses on the cost-effectiveness of preventive health measures in advancing public health and measures for raising additional revenue that are also consistent with achieving public health goals.

A modest increase in the prevention spend now will bring substantial benefits in terms of both health and costs in years ahead. There are also opportunities for raising revenue of over $2 billion per annum while playing a key role in improving long term health outcomes of individuals and the community when implemented as part of a comprehensive program.

2. Revenue opportunities with positive public health ramifications

PHAA seeks a comprehensive approach to improving health.

- **TOBACCO REVENUE:**
    - Cigarette prices in Australia are lower than in some comparable countries. An increase in excise duty of at least ten cents per stick would reduce smoking and raise approximately $1.25 billion per annum. The PHAA welcomes the previous government's announcement on this issue and seeks support from the new government.
- **ALCOHOL TAXATION:**
    - Projected savings of $849 million if a volumetric tax is applied to wine and the WET rebate abolished.
- **JUNK FOOD:**
    - Implement a tax/levy on selected nutritionally undesirable foods (such as high added sugar drinks), using the funds raised for preventive programs and to promote and subsidise nutritionally desirable foods for disadvantaged groups.
- **LOWER CARBON USAGE:**
    - Implement a range of taxes and revenues to lower carbon usage.

There should be a comprehensive approach to each of these areas. As an example revenue raising in relation to alcohol should fit in as part of a program that includes regulation to curb alcohol promotion, replacement sponsorship for sports, research-based health warnings and information determined by government, increased expenditure on public education, and national approaches to

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ensure consistent and more effective liquor licensing measures and enforcement and reductions in alcohol-caused injury, violence, domestic violence and road crashes. Similar approaches should be adopted in comprehensive strategies addressing junk food and lowering carbon usage. The government should use as a model the comprehensive approach that has been deployed by State, Territory and Federal Australian governments in dealing with the health consequences of smoking.

3. Tobacco and Alcohol

Tobacco - reduce smoking and provide funding for prevention activities

Health groups believe that cigarettes in Australia should cost at least $20 per pack of 25 and that this is achievable within the life of the current National Tobacco Strategy 2012–2018. A good first step would be an immediate increase in excise duty of ten cents per stick. This would result in an estimated 140,000 smokers quitting and raise approximately $1.25 billion per annum. This would also do more to save lives and improve health than any other measure conceivable in the immediate future.

The National Preventative Health Taskforce recommended regular, annual tobacco excise and customs duty increases "to discourage smoking and to provide funding for prevention activities….". There is overwhelming evidence on the impact of increasing prices, with special benefits in influencing children and low-income groups. There is also strong public support for this measure, all the greater if the revenue goes back into supporting health costs. Cigarette prices in Australia are still lower than in some comparable countries, and apart from CPI there has not been a tobacco tax increase since 2010.

We applaud the determination of the previous government to reduce the massive harms of smoking, and its costs to the community, particularly through its world-leading plain packaging legislation. A tax increase now would be a superb means of complementing plain packaging and ensuring a further significant dramatic reduction in smoking.

Regular tobacco tax increases have been recommended by the major health and medical authorities and expert groups, including the World Health Organization, other international health groups, the PHAA, AMA, Cancer Council, Heart Foundation and many more.

A tobacco tax increase should be part of a continuing comprehensive program of action, including strong public education programs, special support for disadvantaged groups (with a major focus on the Tackling Indigenous Smoking Initiative) and further measures to reduce tobacco sales and protect non-smokers from the harms of passive smoking.

PHAA therefore recommends a tobacco tax increase as part of a comprehensive approach to reducing smoking, with revenue raised to be allocated to health funding.

Alcohol - replace the WET Rebate with a volumetric tax rate

The PHAA supports the case put in a budget submission by the Foundation for Alcohol Research and Education (FARE), previous submissions by the Alcohol and Other Drug Council of Australia (ADCA) and the approach taken by the National Alliance for Action on Alcohol (NAAA) http://www.actiononalcohol.org.au/our-work/position-statements/alcohol-pricing-and-taxation for tax reform as part of a comprehensive approach, including the regulation to curb alcohol promotion, research-based health warnings and information determined by government, increased expenditure

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on public education, and national approaches to ensure consistent and more effective liquor licensing measures and enforcement and reductions in alcohol-caused injury, violence, domestic violence and road crashes.

FARE's submission argued not only the public health case but also for projected revenues of $849 million by the introduction of a volumetric taxation system over one year as well as a further projected improvement in revenues per year of $200 million by abolishing the wine rebate. FARE argued as follows:

"Clear cost savings can be made by replacing the WET with a volumetric tax rate, through increased revenue to Government and in the longer term through reduced costs of alcohol-related harms.

The case for reforming the WET in Australia has never been stronger. The evidence supporting the need for change is considerable and addresses the economic, health and industry benefits for reforming the current illogical WET. The WET must be reformed as a matter of urgency for the following reasons:

- *the current alcohol taxation system is incoherent and at the centre of this is the WET*
- *nine separate government reviews have concluded that the WET needs to be reformed*
- *the wine glut has ended and can no longer be used as a reason to delay reforming the WET*
- *reforming the WET is cost beneficial*
- *the majority of the alcohol industry supports reforming the WET, and*
- *claims about the catastrophic impacts of changes to the WET on the wine industry have been discredited.*

To address the inequities in the alcohol taxation system that result in wine being priced significantly less than other alcohol products, a volumetric tax should be applied to wine and the WET rebate should be abolished".

FARE then argued about long-term savings through preventive health measures for a small expenditure on public health measures around alcohol issues including Fetal Alcohol Spectrum Disorder.

The FARE submission is available at:
http://www.fare.org.au/wp-content/uploads/2011/07/FAREs-2013-14-Pre-Budget-Submission.pdf

Key Commitments Sought

- TOBACCO TAXATION: increase in excise duty of ten cents per stick to reduce smoking, save lives and raise $1.25 billion.
- ALCOHOL TAXATION: Projected savings of $849million if a volumetric tax is applied to wine and the WET rebate abolished.
- COMPREHENSIVE APPROACH: Tax reform should be part of a comprehensive approach designed to reduce harm associated with the use of tobacco and alcohol.

4. Food, nutrition and physical activity

A comprehensive approach is vital

Good nutrition is vital for growth in early life, health and wellbeing, preventing the development of chronic disease and is integral in the treatment of disease to minimise disease progression. Obesity

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is one of Australia's most important public health issues. Obesity increases morbidity and mortality due to insulin resistance and type II diabetes, high blood pressure, dyslipidaemia, cardiovascular disease, stroke, sleep apnoea, gallbladder disease, hyperuricemia and gout and osteoarthritis It is also linked to cancer of the stomach, prostate, breast, uterus, cervix, ovary, oesophagus, colon, rectum, liver, gallbladder, pancreas, and kidney.

The National Preventative Health Taskforce identified that "In only 15 years, from 1990 to 2005, the number of overweight and obese Australian adults increased by 2.8 million" and "if the trends continue, it is predicted that almost two thirds of the population will be overweight or obese in the next decade". The Taskforce also identified that a quarter of our children are also overweight or obese. This is up from just 5% of our children in the 1960s. Almost a third of children do not meet national guidelines for physical activity and only about a fifth meet dietary guidelines for vegetable intake. Even moderately obese people have a life expectancy between two and four years less than those with a healthy weight, with some research indicating up to a seven year difference (National Preventative Health Taskforce Report June 2009).

A comprehensive approach is vital. As with other public health issues, some of the interventions to reduce or control overweight and obesity may bring about only modest gains when implemented in isolation, but when implemented in combination and over a long period, they can bring about substantial benefits. Taxation measures form an important part of a comprehensive suite of initiatives, with immediate implications for additional revenue and longer term benefits through reducing in morbidity and resultant expenditure within health budgets.

Key Commitment Sought

- Implement a tax/levy on selected nutritionally undesirable foods (such as sugary drinks), with a view to using the funds raised for preventive programs and to promote and subsidise nutritionally desirable foods for disadvantaged groups.

5. Climate Change and Health –a safe environment

Using taxes, revenue and other levers to move to lower carbon

The new Australian Government should continue to build on its commitment to developing appropriate responses to climate change. The international medical journal *The Lancet* in May 2009 described climate change as the biggest global health threat of the 21st century. Since then, it has become apparent that climate change is already posing serious and immediate threats to the health and wellbeing of the Australian and global population, with grave implications for the medium to long term.

Global warming and consequent climate change as a result of human industrial and changed land use activity have been established at the highest level of scientific certainty beyond any reasonable doubt. Specific future impacts on health and society are uncertain in degree but are generally able to be forecast. They divide into direct and indirect effects. Direct impacts include temperature effects (heat waves), more frequent extreme weather, ocean changes and sea level rise. Indirect impacts include ecological disruption, social, economic and consequent psychological changes that affect human wellbeing and health.

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What is needed is the collaborative development of a comprehensive national climate change and health strategy, led by the Commonwealth but including State and Territory governments. Taxation and revenue measures form an important plank in such a strategy.

Key Commitments Sought

- Use of a range of taxes, revenue and other measures to support changes to lower carbon.
- Rapid removal of fossil fuel subsidies.

6. Raise expenditure on prevention from around 2% to 4% of health expenditure

Prevention is better than cure. At a time of increasing demand for expenditure on tertiary care a government with a long term vision will invest in prevention.

Governmental commitment to prevention across Australia - including the States and Territories - currently stands at 1.9% of the health budgets (AIHW: Australia's Health 2012), much of which is dedicated to screening and immunisation programs. This is down from 2.2% (AIHW: Australia's Health 2010). While recognising the policy and funding commitments that have been made to prevention in recent years through the Council of Australian Governments (COAG) and other processes, we believe that any health program designed to improve the health of Australians must include a strategy to increase the funding allocated to prevention.

There is enormous potential for preventive programs to improve the health and well-being of the community and create resultant savings for health budgets.

PHAA urges the Commission to recognise the importance of prevention by presenting recommendations for a significantly increased focus on all aspects of public health - from research to intervention and including public health training, development and capacity building.

The budget statements of the Department of Health and Ageing at Outcome 1 Population Health show an expected expenditure of $.638 billion. Raising the expenditure on prevention from 2.2% to 4% would mean an annual on Outcome 1 expenditure of $1.16 billion entailing additional Federal funding of around $.522 billion per annum.

It should be noted that government revenue estimates (Budget Paper 1, Table 6) for 2012-13 indicate that the increased revenue from restrictions on duty free tobacco alone will raise $.165 billion. Additionally, (Table 11) revenue from taxes on beer ($2.035 billion), other beverages ($.94 billion) and tobacco ($5.85 billion) are close to $9 billion and that there is strong public support for increases in these taxes if the funding is allocated to health-related services.

In advocating increased expenditure on public health, we would like to draw the Commission's attention to the potential returns on this investment. The 2003 publication '*Returns on investment in public health: An epidemiological and economic analysis prepared for the Department of Health and Ageing*' by Applied Economics, provides a thorough analysis of returns on investment for key public health measures to date. This report describes an epidemiological and economic analysis of

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five public health programs, namely: programs to reduce tobacco consumption, coronary heart disease, HIV/AIDS, measles and Hib-related diseases, and road trauma.

The report's conclusions illustrate the value of investments in public health prevention programs over time in terms of savings to the health budget. For each of the five key public health programs, the estimated net benefits were as follows:

Programs to reduce tobacco consumption:	$8.427 billion
Programs to reduce coronary heart disease:	$1.975 billion
HIV/AIDS prevention programs:	$2.541 billion
Immunisation programs (measles only):	$9.1 billion
Road safety programs and road trauma:	$3.4 billion

In considering the case for raising expenditure on public health/prevention programs from 2.2% to 4% of health budget expenditure, we recommend that the analysis of savings accruing from previous investments contained in the 2003 publication by Applied Economics be considered as an indicator of the size and scope of potential future savings.

We also refer the Commission to the 2010 publication '*Assessing Cost-Effectiveness in Prevention*' (ACE Prevention) published by the University of Queensland and Deakin University (project funded by the National Health and Medical Research Council). The report can be found online at: http://www.sph.uq.edu.au/docs/BODCE/ACE-P/ACE-Prevention_final_report.pdf

The ACE Prevention report analysis concludes that an initial investment of $4 billion and less than $1 billion in following years would be required to put in place the 43 most cost-effective prevention measures. This would give Australians an extra million healthy years over their lifetime and the costs would be more than matched by future savings from not having to treat disease. The report also identifies some of the less cost-effective initiatives from which current expenditure could be diverted.

Comprehensive analysis of the cost-effectiveness of both past and present preventive measures in health is provided in the afore-mentioned publications, and we commend these to the Commission in considering PHAA's recommendation to increase expenditure on preventive health programs.

7. Advisory Panel on the Marketing in Australia of Infant Formula (APMAIF)

Early in November 2013, a public announcement was made foreshadowing the abolition of the Advisory Panel on the Marketing in Australia of Infant Formula (APMAIF), which was established in 1992.

The Marketing in Australia of Infant Formulas (MAIF) Agreement is Australia's response to the International Code of Marketing Breast Milk Substitutes (WHO Code). The MAIF Agreement is a voluntary agreement between the Australian Government and companies that import and/or

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manufacture breast milk substitutes. The Agreement is overseen by the Australian Government Department of Health that appoints and administers the Advisory Panel (APMAIF) to deal with complaints.

If the Australian Government abolishes this body, it will need to put into place other regulatory measures to meet its commitments under the WHO code. PHAA is concerned that the Australian Government's decision to abolish the relatively inexpensive APMAIF as part of broader cost-saving measures may actually result in non-compliance with international obligations under the WHO Code and ultimately the a need to enact more expensive regulatory and compliance measures. There are also potential flow on implications for public health if the Australian Government's current messaging in relation to the health benefits of breastfeeding is compromised.

PHAA is concerned that Australia maintains compliance with the WHO Code, but more broadly we believe that it is important that in seeking efficiencies, the Commission is able to advise against cost-cutting measures that may represent false economy.

Conclusion

Our key message is that it makes good economic sense for public health to be given a higher funding and action priority:

- A modest increase in prevention spending now will bring substantial benefits in terms of both health and costs in years ahead. We have provided as series of examples where investment in prevention will return benefits both economically and in terms of human health.
- There are also opportunities for raising revenue of over $2 billion while playing a key role in improving long term health outcomes of individuals and the community when implemented as part of a comprehensive program.

Please do not hesitate to contact PHAA should you require additional information or have any queries in relation to this submission.

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