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Mr Elton Humphrey
Committee Secretary
Senate Standing Committee on Community Affairs
Parliament House
CANBERRA ACT 2600
community.affairs.sen@aph.gov.au

Heart Foundation
Victoria
ABN 25 004 463 334

Level 12, 500 Collins Street
Melbourne VIC 3000

Telephone (03) 9329 8511
Facsimile (03) 9321 1574

For heart health information
1300 36 27 87
www.heartfoundation.org.au

Excise Tariff Amendment (2009 Measures No 1) Bill 2009
Customs Tariff Amendment (2009 Measures No 1) Bill 2009

Dear Secretary

The Heart Foundation is pleased to provide the Community Affairs Committee with this short submission supporting passage of the Excise Tariff Amendment (2009 Measures No 1) Bill 2009 and the Customs Tariff Amendment (2009 Measures No 1) Bill 2009.

The Heart Foundation wishes to make four key points:

1. Reducing alcohol consumption will have a significant impact on public health, with strong evidence that increasing the cost of alcohol reduces the overall amount of alcohol that is consumed.

In the case of cardiovascular disease, for example, significant consumption of alcohol - on a single occasion as well as habitually – can adversely affect the structure and function of the heart.
2. The measure supported by the bills – that is, increasing the price of pre-mixed spirits – follows a sound public health principle: price remains one of the most significant measures to reduce consumption of both tobacco and alcohol products.
3. The Australian Government has made a commitment to spend a proportion of the funding raised from the increase in tax on pre-mixed spirits to support a national preventative health strategy, including measures to tackle alcohol abuse, smoking and obesity.
4. There is strong public support for an increase in tax on pre-mixed spirits where funds raised are used to support disease prevention.

1. Alcohol and cardiovascular disease

Excessive alcohol consumption is a major risk factor for morbidity and mortality generally. In Australia, it has been estimated that harm from alcohol caused 3.8% of the burden of disease for males and 0.7% for females – ranking it sixth out of the 14 major risk factors studies (AIHW Burden of Disease Report 2007).

The net harm associated with alcohol consumption – after taking into account benefits from low to moderate consumption of alcohol – is estimated to be around 2% of the total burden of disease and injury in Australia in 2003.

As made clear in the National Health and Medical Research Council's Alcohol Guidelines (2001), consumption of large amounts of alcohol, both on a single occasion and habitually, can adversely affect the structure and function of the heart. In heavy drinkers and people who are dependent on alcohol, this damage manifests itself in conditions such as cardiomyopathy, disturbances of the heart rhythm, congestive heart failure and sudden death.

- Heavy drinking (both episodic and long-term) markedly increases the risk of heart attack.
- The risk of hypertension (high blood pressure) increases with heavier drinking, and reducing heavy alcohol consumption will reduce blood pressure.
- It seems clear that heavy drinking (at risky or high risk levels) is a risk factor for stroke.
- Any short-term benefit of alcohol, such as reducing the risk of clot formation in the arteries supplying blood to the heart muscle, is of no benefit to the vast majority of young adults.

In the case of high blood pressure, major causes include diet (particularly high salt intake), obesity, excessive alcohol consumption and insufficient physical activity. The 1999-2000 AusDiab study indicated that around 30% of Australians aged 25 years and above (or 3.7 million Australians) had high blood pressure or were being treated for high blood pressure. High blood pressure is a major risk factor for coronary heart disease, stroke heart failure and kidney failure.

Cardiovascular disease in Australia

- Australia's biggest killer: 34% of all deaths in 2006
 - 18% of the total burden of disease and injury in Australia
 - Affects more than 3.7m Australians
 - 1.4m Australians have a disability associated with CVD
 - Most expensive disease: 11% of health system expenditure in 2004-05
 - Coronary heart disease is the most common cause of sudden death
 - Some 640,000 Australians have coronary heart disease (3.2% of the pop)
 - Stroke is Australia's second single greatest killer
 - In 2008, Australians will suffer close to 60,000 strokes
 - Strokes cost Australia an estimated \$2.14 billion a year
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2. Tax, price and consumption

The legislation provides for an increase in tax on pre-mixed spirits in order to reduce harmful consumption of these products, particularly by among their intended market, young people. This action is entirely consistent with good public health principles.

The taxing power is a primary means for achieving public health objectives by influencing, directly and indirectly, health-related behaviour through tax relief and tax burdens. Tax relief encourages private, health-promoting activity; tax burdens discourage risky behaviour. ... Public health taxation also regulates private behaviour by economically penalising risk taking activities. Tax policy discourages a number of activities that the government regards as unhealthy, dangerous, immoral, or adverse to human health.

Public Health Administration: Principles for Population-based Management (2008)

In the case of tobacco, there is clear evidence that price increases reduce both the numbers of people smoking and the amount smoked by remaining smokers, with greater decreases observed among young people and people on lower incomes.

The World Bank has stated that tax increases on tobacco products are the single most effective means available to governments to reduce death and disease caused by smoking. A detailed analysis of changes in smoking prevalence in Australia in the 15 years since 1990 shows that price increases were by far the most important factor driving reductions in smoking across the whole population over that period.

It should be noted that, other than twice yearly indexation, excise and customs duty on cigarettes in Australia has not increased since November 1999. The Heart Foundation therefore supports moves to reduce alcohol abuse through effective public health measures, including increasing tax on alcoholic beverages.

It is important to emphasise and embed healthy behaviours in younger people in order to establish life-long patterns of behaviour that support healthy lifestyles and reduce the risk of avoidable disease. The Heart Foundation strongly supports the contention of T Chikritzhs et al (Medical Journal of Australia 2009) that the weight of scientific evidence suggests the increase in tax on pre-mixed spirits is likely to result in a decline in overall consumption because young people's demand for alcohol is elastic.

The Heart Foundation agrees with the conclusion of the authors of the MJA editorial that "...the evidence to date is that the 'alcopops' tax is a step in the right direction". Clearly, it is a 'work in progress' and more needs to be done to address not only alcohol tax policy, but also the tax on tobacco products. This is supported by Tax Office figures for the first nine months following the tax increase on pre-mixed spirits. These show that 'alcopop' sales have dropped by 35 per cent compared to the previous year.

We agree with the view of the Federal Health Minister, Nicola Roxon, that this is "significant", particularly given the very large growth in alcopops sales in recent times. The Heart Foundation also notes with satisfaction that despite a smaller increase in full-strength spirits sales, overall spirits sales have fallen by almost eight per cent.

3. Support for increased spending on prevention

The Heart Foundation strongly supports the Australian Government's commitment to allocate a significant proportion of the tax revenue resulting from the increase in pre-mixed spirits for public health/disease prevention purposes. Government spending – federal and state/territory - on public/preventative health as a proportion of total health outlays has remained low for the past decade, limping along at around 1.9%. The Australian Government has rightly identified prevention as an area that needs substantial, additional investment as well as one that will yield significant economic as well as social benefits as the population ages and chronic disease becomes more prevalent.

The Australian Government has pledged to use a substantial proportion of funds raised from the increase in tax on pre-mixed spirits to fund a new approach to prevention through a national preventative health strategy. This move has been applauded and publicly supported by many public health organisations, including the Heart Foundation.

4. Public support for tax increase on pre-mixed spirits

Newspoll research commissioned by the Heart Foundation, Cancer Council, Public Health Association of Australia and Action on Smoking and Health (ASH) in September 2008 found high levels of support for increased tax on both 'alcopops' and tobacco products if funds raised were used for preventive health programs.

A survey of more than 1,200 Australian adults showed 84 per cent supported the Australian Government's increased tax on pre-mixed spirits and 88 per cent backed increased tobacco tax, if most of the revenue funded programs to help prevent diseases such as heart disease and cancer. A significant majority (57 per cent) supported an increase in the tax of pre-mixed spirits irrespective of how the money was used. The Newspoll survey showed Australians strongly supported tax increases that could reduce consumption of harmful products while raising funds to improve the nation's health. Senate support for the tax would be a win-win result if the Australian Government ensures most of the revenue funds disease prevention and health promotion.

Summary

The Heart Foundation urges the Senate Community Affairs Committee to support passage of the legislation on the basis that it is – in public health terms – a sound step in the right direction.

Yours sincerely



Professor James Tatoulis
Chief Medical Advisor
National Heart Foundation of Australia

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