

Tax Working Group Public Submissions Information Release

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SUBMISSION ON THE FUTURE OF TAX

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Introduction

This submission was developed by the Health Promotion Team at WellSouth Primary Health Network (WellSouth).

WellSouth is a charitable trust funded by the Southern District Health Board to provide primary health care services to residents enrolled with general practices in Otago and Southland. These services include first contact support to restore people's health when they are unwell, as well as range of programmes to improve access to health care services to promote and maintain good health. The health promotion programme facilitates the process of enabling people to increase control over, and to improve, their health. One aspect of health promotion is to advocate for healthy social, cultural and physical environments.

Comments

WellSouth thanks the Tax Working Group for the opportunity to comment on the future of tax in New Zealand, and commends the NZ Government for undertaking this review. WellSouth would like to respond to “the issues of income inequality, GST on fruits and vegetables, tax on sugar-sweetened beverages, alcohol tax, and Smokefree Aotearoa 2025.

1. What does the future of tax look like to you?

WellSouth supports the belief that a review of our tax system is needed to reduce inequities faced by our population. As stated by Income Equality Aotearoa New Zealand Inc, our tax structure needs to incorporate all incomes, wealth, and businesses, ensure it is fair to all, is socially responsible, and helps to reduce inequality¹. Research shows that significant income inequality causes negatives health, economic, and social outcomes^{2,3,4}. Over the past 30 years income inequality has worsened⁵ and in 2015 more than one in four children live in poverty, and this is even worse for Māori and Pacific children (1 in 3)⁶. Income inequality has a significant effect on people’s access to the social determinants of health, such as healthcare, transport, and housing⁷. To improve the overall health and wellbeing of the New Zealand people, WellSouth recommends there is a review of the New Zealand tax system, including benefits, to ensure there is greater income equality for all people.

5. What tax issues matter most to you?

WellSouth recommends that food costs be continuously monitored⁸, and GST be removed from fruit and vegetables. This is to allow equal access, by all people, to healthy, nutritious kai.

WellSouth recommends that, in accordance with the World Health Organisations recommendations, manufacturers and importers of sugary drinks should pay a per unit tax on all beverages with a sugar content exceeding 5g/100ml^{9,10}.

Harmful use of alcohol has been identified as a key health issue for Southern Region (Otago and Southland) residents. The Southern DHB, alongside other South Island DHBs, adopted a position

¹ Income Equality Aotearoa New Zealand. 2018. A Vision for Tax in New Zealand. [Internet] available from: <http://www.closingthegap.org.nz/how-to-reduce-inequality/a-vision-for-tax-in-new-zealand/> (accessed 24/04/18)

² Kumhof, M. & Ranciere, R. 2010. Inequality, Leverage and Crises. Available from: <http://www.imf.org/external/pubs/ft/wp/2010/wp10268.pdf>

³ De Vogli, R., Mistry, R., Gnesotto, R., Cornia, G.A. 2005. Has the relationship between income inequality and life expectancy disappeared? Evidence from Italy and top industrialised countries. *J Epidemiol Community Health*, 59(2):158-162

⁴ Blanden, J. 2009. How much can we learn from International comparisons of intergenerational mobility? Centre for the Economics of Education: London

⁵ Child Poverty Monitor. 2017. Income Poverty 2015. [Internet] Available from: <http://www.childpoverty.co.nz/flow-infographics/income-poverty> (accessed 26/04/18)

⁶ Perry, B. *Household incomes in New Zealand: Trends in indicators of inequality and hardship 1982 to 2016*. Wellington: Ministry of Social Development, 2017; 73-4,158.

⁷ World Health Organisation. 2018. Health Impact Assessment: The determinants of health. [Internet] Available from: <http://www.who.int/hia/evidence/doh/en/> (accessed 24/04/18).

⁸ Department of Human Nutrition (Mainvil LA, editor). *Information Package for Users of the New Zealand Estimated Food Costs 2017*. Dunedin: University of Otago; 2017. (Available from: <http://hdl.handle.net/10523/7799>, accessed 10 April 2018).

⁹ World Health Organisation Taxes on Sugary Drinks. Why do it? Accessed from: <http://apps.who.int/iris/bitstream/10665/250303/1/WHO-NMH-PND-16.5-eng.pdf>

¹⁰ World Health Organisation Fiscal Taxes. Accessed from: <http://apps.who.int/iris/bitstream/10665/250131/1/9789241511247-eng.pdf?ua=1>

statement in 2012 acknowledging alcohol misuse as a significant, preventable cause of illness and injury in the area.¹¹ According to the 2011/2012 New Zealand Health Survey, a quarter of Southern Region residents are hazardous drinkers. We have the highest prevalence of hazardous drinking among all DHB regions, and a statistically significantly higher prevalence than the national average (25.1% versus 17.0%). Evidence shows that, imposing a minimum price per standard drink of alcohol could reduce harmful alcohol consumption, especially in our younger populations¹². Therefore, WellSouth recommends the Government implement a minimum price per standard drink for all alcoholic beverages in New Zealand, and that there be an increase in tax on alcohol.

Tobacco smoking causes cancer in multiple sites of the body, and passive smoking is a cause of lung cancer in non-smokers¹³. Therefore, WellSouth supports the Aspire 2025 Action plan for Smokefree Aotearoa 2025¹⁴. This recommends the Government establish an action plan to achieve the Smokefree Aotearoa 2025 including the following: minimal retail prices for cigarettes, and increase tobacco excise tax by 20% annually for the next 3 years.

WellSouth recommends all revenue generated by tax associated with negative health outcomes should be earmarked for and cessation services, and reducing health inequities.

Summary

Health is central to cultural, economic, environmental and social wellbeing. The state of people's health affects their productivity and ability to participate in social interactions, work, education, cultural events and other activities. Given this, WellSouth advocates for health to be a primary consideration in the development of all policies and strategies.

WellSouth Recommendations:

- A more equitable tax system for those on low-incomes to enable access to the social determinants of health
- Food costs be continuously monitored
- Remove GST on fruits and vegetables
- Include a tax on sugar sweetened beverages in line with World Health Organisation guidelines
- Minimum pricing and increased tax on alcoholic beverages
- The Government implement an action plan to achieve the Smokefree Aotearoa 2025 goal
- Minimum pricing and increased tax on cigarettes

WellSouth is happy to be contacted by the Tax Working Group and the Secretariat to discuss the submission.

¹¹ Southern District Health Board. 2012. *Position Statement on Alcohol*. Available from: <http://www.southerndhb.govt.nz/files/2013092090321-1379624601-0.pdf>

¹² Ministry of Justice. 2014. The Effectiveness of Alcohol Pricing Policies: Reducing harmful alcohol consumption and alcohol-related harm. Available from: <https://www.justice.govt.nz/assets/Documents/Publications/effectiveness-of-alcohol-pricing-policies.pdf>

¹³ International Agency for Research on Cancer, 2004. URL: <http://monographs.iarc.fr/ENG/Monographs/vol83/volume83.pdf>

¹⁴ Aspire 2025. Achieving Smokefree Aotearoa by 2025 Plan. [Internet] available from: <https://aspire2025.files.wordpress.com/2017/08/asap-summary-sheet-for-web-layout.pdf>