

Re:think. Better tax, better Australia

**June 2015**

The Dietitians Association of Australia (DAA) is the national association of the dietetic profession with over 5800 members, and branches in each state and territory. DAA is a leader in nutrition and advocates for food and nutrition for healthier people and healthier nations. DAA appreciates the opportunity to provide feedback on *Re:think. Better tax, better Australia* by The Treasurer.

Contact Person: Annette Byron

Position: Senior Policy Officer

Organisation: Dietitians Association of Australia

Address: 1/8 Phipps Close, Deakin ACT 2600

Telephone: 02 6163 5202

Facsimile: 02 6282 9888

Email: [abyron@daa.asn.au](mailto:abyron@daa.asn.au)

**DAA interest in this consultation**

As Australia’s leading body of nutrition professionals, the Dietitians Association of Australia (DAA) advocates for a safe and nutritious food supply in which the community has confidence. DAA considers that access to adequate food is a human right, consistent with the description in Article 25 of the United Nations Universal Declaration of Human Rights and in Article 24 of the United Nations Convention on the Rights of the Child.1,2

**Recommendations**

DAA does not support a Goods and Services Tax (GST) on fresh food which would limit the ability of vulnerable groups in the community to access healthy food. Poor diet contributes significantly to the burden of chronic disease.3,4 Australians who can least afford the increased prices on fresh foods stand to lose the most by the addition of a GST, particularly on fruits and vegetables.

**Discussion**

*Negative impact on health*

Eating according to the Australian Dietary Guidelines5 and physical activity are essential for Australians to reduce their risk of chronic disease or to self manage diagnosed chronic disease. The 2011-12 National Nutrition and Physical Activity Survey demonstrated that only 54% of Australians are eating the recommended amounts of fruits and just 6.8% met the recommended usual intake of vegetables.6 Increasing the price of fresh fruit and vegetables would be a disincentive7 for Australians to consume foods which have a protective effect against cancer, cardiovascular disease and mental illness.8,9

The statement on page 136 that lower-income households may be more likely to spend comparatively more of their total spending on GST-exempt food seems to suggest that this is a bad thing. In fact, individuals and the community would be healthier if they did buy more GST-exempt fresh fruit and vegetables, a situation which would indicate success in terms of public health campaigns.

*Vulnerable groups most at risk*

There is strong evidence that it costs more to consume a healthy diet. Cost and affordability are important determinants in influencing people’s food choices.10-12 Theimpact of such a step would be even more pronounced in remote areas. Higher prices are likely to be a barrier to good health among people of low socioeconomic status and other vulnerable groups, including Aboriginal and Torres Strait Islander people, who carry a disproportionate burden of disease.13,14

*Equity*

Applying GST to fresh foods is an equity problem because of the greater proportional cost of food to income for low income earners as opposed to high income earners. Given the necessity of food expenditure a GST would be regressive. An Australian Bureau of Statistics survey shows that low income earners spend five times as much of their income on food as people in the highest income quintile.15 The argument offered on page 137 of the Rethink Tax discussion paper that highest-income households spend more in absolute dollar terms works against the principle of equity. The Australian Council of Social Service report the bottom 20% of the population pays an average of $38pw in GST, or 7% or their income whereas the top 20% pays an average of $103pw in GST, or 3% of their income.16

Actual expenditures on food and beverages by Australian households in the lowest quintiles of income is around 21%.17 In 2011Wong and colleagues found that low income families are significantly worse off regarding the affordability of healthy food. The typical family of two adults and two children, relying entirely on welfare support, was estimated to need to spend 33% of household income to purchase an adequate healthy food basket, compared with only 9% in families with the higher average disposable income.18 This figure is similar to that reported by other similar studies in Australia and overseas.10,19,20

*Complexity*

A proportion of the population pay no income tax at all because their income is below the threshold for the lowest level of income tax. If a GST was to be placed on fruits and vegetables, then income tax measures would provide no relief. Adding a GST to fresh food on the basis of reducing complexity would fail, as other provisions would be needed to compensate for the reduced buying power on healthy foods by vulnerable groups.

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