

Our Ref: 2004- 0060

Mr Gary Banks  
Chairman  
Productivity Commission  
PO Box 80  
Belconnen ACT 2616

17<sup>th</sup> December 2004

Dear Mr Banks,

**Re: Review of National Competition Policy Reforms, Discussion Draft October 2004**

Thank you for the opportunity to provide input into the Productivity Commissions' review of National Competition Policy.

The Victorian Health Promotion Foundation or VicHealth is a statutory organisation established under the Tobacco Act 1987. VicHealth forms partnerships with different groups to make health a central component of our daily lives. Its activity is geared to promoting good health, safety and preventing ill health. Essentially, VicHealth works with others to build healthy foundations for the future.

We are extremely interested in the Commissions call for an independent public review of Australia's Health care system as a whole. VicHealth agrees Australia's health care system is in need of urgent overhaul. As part of this overhaul it is essential that a focus on the promotion of good health and preventing the onset of a range of illnesses and diseases is considered. It is our view that the current health care system limits its focus to treating illnesses and diseases and is not in tune with the additional benefits to both the health and wellbeing and to the bottom line of the economy that are achievable with a stronger health promotion focus. For example:

- On average only 2.8% of total health expenditure is allocated to organized public and private prevention programs, yet **preventable behavioral factors constitute 40 to 50% of the causes of premature deaths.**<sup>i</sup>

**Tobacco**

- Achievements in tobacco control show that in 1998 an estimated **17,400 premature deaths were averted because of lowered tobacco consumption** and the total estimated financial benefits in that year were \$12.3 billion <sup>ii</sup>
- Research indicates that if **smoking rates were cut by a further 5%, savings of 17%** would be made by the Pharmaceutical Benefits scheme over the next 40 years. <sup>iii</sup>

**Alcohol**

- In 1997 there were **72,302 hospitalizations attributed to alcohol** <sup>iv</sup>
- The **financial burden of alcohol misuse** to the community has been estimated to be **\$4.5 billion per annum**, including lower productivity due to lost work days, road accidents, and

legal and court cases, as well as health care costs. It is estimated **that 84% of these costs (\$3.8 billion) are potentially preventable** and amenable to public policy initiatives <sup>v</sup>

We also urge the Commission to look carefully at the available evidence regarding the best manner in which to reform our healthcare system. We believe our health care system needs to be more flexible, to have a greater focus on prevention and on quality health outcomes.

**Applying competition and market based reforms alone is not the solution to reforming the health care system.**

Thank you for the opportunity to comment on your discussion paper and we look forward to hearing the outcome of your review. VicHealth is extremely interested in the issue of health promotion as an integral part of a new health care system and would be pleased to assist the Productivity Commission in any way it can to help realize this ideal.

Yours sincerely,

**Dr Rob Moodie**

Chief Executive Officer

Victorian Health Promotion Foundation

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<sup>i</sup> Organisation for Economic Co-operation and Development, 2004 OECD Health data 2004 available @ [www.oecd.org/health/data](http://www.oecd.org/health/data)

<sup>ii</sup> Applied Economics. 2003, *Returns on Investment in Public Health: An Epidemiologic and Economic Analysis*, Department of Health and Ageing, Canberra

<sup>iii</sup> Hurley, S., Scollo, M., Younie, S., English D., & Swanson M. 2004, 'The potential for Tobacco control to reduce PBS costs for smoking-related cardiovascular disease' *Medical Journal of Australia*, vol. 181, no. 5, pp. 252-255.

<sup>iv</sup> Commonwealth of Australia. *2001 National Alcohol Strategy: A Plan for Action 2001 to 2003-04*, Ministerial Council on Drug Strategy, Canberra

<sup>v</sup> Commonwealth of Australia. *2001 National Alcohol Strategy: A Plan for Action 2001 to 2003-04*, Ministerial Council on Drug Strategy, Canberra