

## Investing in the prevention of chronic disease to increase productivity in the Australian economy:

### Submission to the Economic Reform Roundtable

#### Summary

Noncommunicable diseases (NCDs), also known as chronic diseases, account for 64% of the total burden of disease in the Australian population. The leading disease groups are cancer (16.4%), mental health and substance use (14.8%), musculoskeletal conditions (12.7%), cardiovascular conditions (11.8%) and neurological conditions (8.4%)<sup>1</sup>.

Lost labour force participation from chronic diseases is projected to cost \$67.7 billion by 2030, representing 459,000 lost productive life years<sup>3</sup>. Australia loses over 5000 full-time equivalent work years each year to mental health compensable claims alone<sup>2</sup>. Chronic diseases are highly preventable, causing 90% of preventable deaths in Australia. In 2022-23, health expenditure on chronic diseases was \$82 billion, representing almost half of all health expenditure in Australia<sup>4</sup>. This drains public finances, and adds to cost of living pressures, with individuals contributing 53% of non-government spending on health<sup>3</sup>.

**Imagine productivity as a bucket that needs to be filled to raise living standards. If the bucket is full of holes – such as chronic disease – we can never raise productivity enough.**

**Action to prevent NCDs is key to sealing the holes.**

#### Recommendation

That the Australian Government:

- 1. Establish a Healthy Australia national prevention fund to:**
  - Accelerate the implementation of chronic disease strategies, including the National Preventive Health Strategy and National Obesity Strategy, with the aim of completing implementation within 3 years;
  - Accelerate the inclusion of prevention and chronic disease within the remit of the Australian Centre for Disease Control, with the ACDC to lead prevention policy within 3 years.
- 2. Establish a 20% sugar-sweetened beverages tax to fund the Healthy Australia Fund.**

#### Chronic disease significantly lowers Australia's economic productivity and drains public and individual finances

Lost labour force participation from chronic diseases is projected to cost \$67.7 billion by 2030, representing 459,000 lost productive life years<sup>3</sup>. Australia loses over 5000 full-time equivalent work years each year to mental health compensable claims alone<sup>4</sup>. These claims have increased 37% between 2017 and 2021<sup>3</sup>. The last major report into the impact of chronic disease on labour force participation conducted by the AIHW in 2009 found that people with chronic disease were 60% more likely to not participate in the labour force, were less likely to

be employed full-time, and more likely to be unemployed, than those without chronic disease.<sup>3</sup> People with chronic disease had almost twice as much time off work as those without chronic disease<sup>3</sup>.

The Grattan Institute estimated that each year there are more than a quarter of a million admissions to hospital for health problems that potentially could have been prevented<sup>5</sup>. The George Institute estimated that \$1.2 billion was spent on the management of high blood pressure alone in 2021-22, including \$468 million on medications<sup>6</sup>. Perindopril, a common hypertension medication, was the 5<sup>th</sup> most prescribed medicine in 2024, with 7.2 million prescriptions<sup>7</sup>.

Around one in three Australian adults has high blood pressure, and yet, only 32% of those have it effectively controlled<sup>8</sup>. Hypertension is highly preventable, with diet playing an important role. Recent modelling conducted by The George Institute (in press) shows that substituting potassium for sodium in table salt could prevent as many as 13 million deaths globally each year. This is just one example of the untapped potential from investing in prevention, with every dollar invested in prevention returning \$14.30 in health care and other costs<sup>9</sup>.

## Proven budget-neutral solutions are available

The National Preventive Health Strategy and a range of other chronic disease strategies already set out the road map to address chronic disease. What those strategies lack is resourcing and dedicated focus.

Public health organisations including The George Institute, Public Health Association of Australia and the Australian Medical Association, have long publicly supported the introduction of a sugar-sweetened beverage tax or levy to both discourage the consumption of sugary drinks, and encourage reformulation in the market. The Grattan Institute's modelling predicted that with a 60c per litre tax, a 24% reduction in SSBs would be achieved, raising \$500 million in revenue in the first year<sup>10</sup>. The Treasury's own calculations of return on investment show that an investment of this size would return \$7.15 billion<sup>11</sup> in health care and other costs, making a substantial contribution to the challenge to drive economic productivity.

Sugary drinks are the single biggest source of sugar in Australians' diets, and contribute to the risk of type-2 diabetes, which has nearly tripled since 2000. Sugary drink taxes have been implemented in more than 100 countries, and manufacturers have responded by lowering the sugar content in their drinks. In the UK, there is evidence that obesity in girls and dental caries have both declined since the introduction of the tax in 2018.

A sugar-sweetened beverage tax is a targeted measure that will both reduce chronic disease and create a funding source for investment in other chronic disease prevention programs. We recommend that the tax is used to establish a Healthy Australia fund with the specific purpose of investing in chronic disease prevention, to be administered by the Australian Centre for Disease Control. The ACDC should have lead responsibility for accelerating the implementation of the National Preventive Health Strategy and other chronic disease strategies.

[About The George Institute for Global Health](#)

## References

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- <sup>1</sup> Australian Institute of Health and Welfare (2024) [Australian Burden of Disease Study 2024](#), AIHW, Australian Government, accessed 23 July 2025.
- <sup>2</sup> [The burden of working time lost to compensable occupational injury and disease in Australia, 2012–17: a retrospective population-based study | The Medical Journal of Australia](#)
- <sup>3</sup> Australian Institute of Health and Welfare (2024) [Health expenditure Australia 2022–23](#), AIHW, Australian Government, accessed 23 July 2025.
- <sup>4</sup> [The burden of working time lost to compensable occupational injury and disease in Australia, 2012–17: a retrospective population-based study | The Medical Journal of Australia](#)
- <sup>5</sup> [Chronic failure in primary care - Grattan Institute](#)
- <sup>6</sup> [https://www.mja.com.au/system/files/issues/221\\_11/mja252522.pdf](https://www.mja.com.au/system/files/issues/221_11/mja252522.pdf)
- <sup>7</sup> Australian Institute of Health and Welfare (2024) [Medicines in the health system](#), AIHW, Australian Government, accessed 22 July 2025.
- <sup>8</sup> [Journal of Hypertension](#)
- <sup>9</sup> <https://www.health.gov.au/sites/default/files/2024-05/budget-2024-25-a-fit-and-healthy-australia.pdf>
- <sup>10</sup> [Sickly sweet: It's time for a sugary drinks tax](#)
- <sup>11</sup> Calculated from budget papers <https://www.health.gov.au/sites/default/files/2024-05/budget-2024-25-a-fit-and-healthy-australia.pdf>