

## **MEDIA RELEASE**

Embargoed to 2pm Wednesday 2 September 2009

### **A SMARTCARD TO ASSIST LOW-INCOME NEW ZEALANDERS BUY HEALTHY FOOD: NEW RESEARCH**

Research presented this week at the Public Health Association Conference in Dunedin proposes that many New Zealand households should be eligible for a smartcard to help them buy healthy food.

A team of public health researchers from the Universities of Auckland, Otago, and Canterbury, and Te Hotu Manawa Maori was commissioned last year by the Ministry of Health and the Health Research Council to identify ways of helping families get enough nutritious food. Although New Zealand is commonly thought of as a land of plenty, food security is an issue for many New Zealanders. In 2002, more than half of Pacific and more than one-third of Māori households with children could not always afford to eat properly.

Two possibilities identified by the team were the removal of GST on healthy foods, and the use of a smartcard providing discounts on nutritious food.

The researchers found there were strong arguments against removing GST on food.

"To do that would destroy some of the simplicity and efficiency of the current tax. It would also be a poorly targeted instrument for addressing food insecurity because households at all income levels would benefit", health economist Des O'Dea told the PHA delegates.

"So we looked at a smartcard system which we think shows a lot more promise. Such a system is already used nearly universally in the United States for the issue of food stamps. The amount of subsidy can be changed readily. And importantly, smartcards can effectively target subsidies to foodstuffs of good nutrient quality."

The first model considered by the researchers covered all New Zealand families with dependent children. This, however, would be costly. For example, a smart card subsidy of \$5 per dependent child per week would cost the country about \$260m a year.

"So we looked at targeting the subsidy at lower income families such as beneficiaries, recipients of community services cards and those receiving Working for Families assistance. That would reduce the cost to around half the first proposal."

The research team, which included a nutritionist and dietitian, propose that the foods that could be bought with a smartcard should be those identified as being of good nutritional quality by independent assessment, such as the FSANZ (Food Standards Australia and New Zealand) health claims nutrient profiling calculator.

Some interesting research in the United States suggests that such a measure can be justified in cost-benefit terms.

"The research found that for a subsidy on fruit and vegetables the cost per life saved was US\$1.3 million. This compares favourably with the dollar value of a single life, which in the United States is estimated to be worth between \$4m and

\$9m. If an equivalent result holds here, then a smartcard would make good economic sense for New Zealand. While we can't guarantee that result, we intend to carry on our research into the possibilities."

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