



# TAXING SUGARY DRINKS

## Fighting childhood obesity

### Healthy choices for a long and healthy life

Sugary drinks are a major contributor to Australia's obesity crisis. By taxing the sweetest and most harmful drinks, we can help reduce obesity, particularly in children, with the money raised invested back into public health programs.

Australia is facing an obesity crisis with 28% of adults now obese and 27% of children overweight or obese.<sup>1</sup> The highly processed, energy-dense food we consume is a major factor in driving obesity. Sugar sweetened drinks are a significant culprit, particularly for children.

#### > TAXING SUGARY DRINKS

A price increase of 20% on sugar sweetened drinks, or about 20 cents on a can of cola, is predicted to result in a 12% drop of consumption – even higher for the highest consumers.<sup>2</sup> This could reduce obesity rates by more than 1% nationwide and help to protect children and young people from a life time of obesity. Our policy follows the general model used overseas, as follows:

- An **excise equivalent to 20% of retail price** levied on water-based beverages with more than 5g of sugar per 100ml
- Tax to be paid by producers or importers, not retailers.

And of course, **every dollar raised will be reinvested into public health, preventative health, and health education.**

A tax on sugary drinks is a key recommendation of the World Health Organization in their Ending Childhood Obesity report, as part of a suite of measures.<sup>3</sup> This approach is supported by the YMCA, Australian Dental Association, the Committee of Presidents of Medical Colleges, the Public Health Association, and even Jamie Oliver.<sup>4</sup>

<sup>1</sup> Australian Bureau of Statistics (ABS), National Health Survey: First Results, 2014-15

<sup>2</sup> Veerman JL, Sacks G, Antonopoulos N, Martin J, "The impact of a tax on sugar-sweetened beverages on health and health care costs; a modelling study", (2016) PLoS One, 11(4).

<sup>3</sup> World Health Organisation, Report of the Commission on Ending Childhood Obesity, <http://www.who.int/end-childhood-obesity/final-report/en/>

<sup>4</sup> <http://www.smh.com.au/lifestyle/diet-and-fitness/uk-introduces-sugar-tax-on-soft-drinks-that-jamie-oliver-says-will-travel-to-australia-20160316-gnkoz.html>

#### > A GROWING PROBLEM

Rates of obesity are growing around the world. Here in Australia, nearly two thirds of adults are overweight, with 28% of adults now obese.<sup>5</sup> This trend is on a steady rise.

Even more alarming is the dramatic rise in the rates of childhood obesity. Over 27% of Australian children are now overweight or obese - up from just 7% 20 years ago.<sup>6</sup>

These trends will have dramatic consequences for the quality of life Australians can expect in the years to come. The rise in chronic disease, including heart disease and diabetes, means millions of Australians will live shorter and more challenging lives. Rising rates of chronic disease also put enormous strain on the health system. Australians, and our health system, will benefit if we can cut down on the amount of sugar we eat and drink.

#### > A FOCUS ON OBESITY PREVENTION

A tax on sugary drinks alone won't solve Australia's obesity crisis. The Greens would introduce this measure as part of a broader **obesity prevention strategy** which includes measures to work with the community on effective ways to improve our diets and increase physical activity. We will:

- Mandate **clear food labelling laws** to ensure families have accessible information about the food they buy and encourage reformulation of the least healthy products.
- Introduce **effective restrictions on advertising of junk food to children** and young people.
- Work with communities to ensure our **urban environments support physical activity** through better planning including **\$250 million annual Active Transport Fund for bikes and walking infrastructure**, to cut pollution, reduce traffic congestion and encourage physical activity.
- Invest **\$20m to support disadvantaged families to assist with costs associated with children's sport and exercise** to encourage uptake of physical activity from a young age.

<sup>5</sup> AIHW: <http://www.aihw.gov.au/overweight-and-obesity/>

<sup>6</sup> Australian Bureau of Statistics, Australian Health Survey: First Results, 2011-2012

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## > SUGAR SWEETENED DRINKS A MAJOR CULPRIT

What we consume is a major contributor to the rise in obesity. More than a third of the energy adults eat is junk food, and for some children this can be more than 40%. Many of these products are high in sugar, recognised as a key driver of overweight and obesity.

The WHO released new guidelines for sugars, recommending that energy from “free sugar” (added by manufacturers, cooks or the consumer) is limited to less than 10% overall. Recent Australian analysis has shown that most adults and the vast majority of children exceed this, with the biggest source of added sugar coming from drinks.

Sugar sweetened drinks are amongst the worst culprits, loaded with sugar and devoid of any nutritional benefit. The average Australian adult consumes 7kg of sugar a year just from sweetened drinks.<sup>7</sup> Kids in particular love these drinks. Overall, sugar sweetened beverages account for 20% of the added sugar intake for Australians, and up to 30% in those aged 14-30.<sup>8</sup>

Research also shows a direct link between the consumption of sugary drinks and being overweight, directly increasing the risk of diabetes.<sup>9</sup>

## > PRICE DRIVES KIDS’ BEHAVIOUR

Research shows that when it comes to treats like sugar sweetened drinks, price can be a big factor in purchasing decisions. A rise in price means that more people will make the choice to drink something cheaper and healthier.<sup>10</sup> Children and young people, are some of the highest consumers of sugary drinks, and are more responsive to price changes than many others in the community. So increasing the price will have a greater impact on encouraging kids to think twice before purchasing sugar-filled drinks.

A price increase of 20% on drinks sweetened with sugar, equivalent to about 20 cents on a can of cola or about 45 cents on a 2 litre bottle, is predicted to result in a drop of in consumption in excess of 12% and would be greater in those

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<sup>7</sup> W Shrapnel, Trends in Sugar-Sweetened Beverages: Are Public Health and the Market Aligned or in Conflict?, *Nutrients*. 2015

<sup>8</sup> Lei L, Rangan A, Flood M, Louie J. Dietary intake and food sources of added sugar in the Australian population. (2016) *Br J Nutr* 115, 868-877.

<sup>9</sup> Hu F B (2013) ‘Resolved: there is sufficient scientific evidence that decreasing sugar sweetened beverage consumption will reduce the prevalence of obesity and obesity-related diseases’ *14 Obesity Reviews* 606-620

<sup>10</sup> The Conversation, “Australian sugary drinks tax could prevent thousands of heart attacks and strokes and save 1,600 lives” 2016. <https://theconversation.com/australian-sugary-drinks-tax-could-prevent-thousands-of-heart-attacks-and-strokes-and-save-1-600-lives-56439>

who were the highest consumers,<sup>11</sup> and could reduce obesity rates by more than 1% nationwide.<sup>12 13</sup>

## > A MATTER OF CHOICE

We already put a price on other household commodities that cause harm like alcohol and tobacco to help us change our behaviour in a way that can have a real impact on our health, and the health of our children.

Countries around the world have similar policies, with good results. Finland, France, Hungary, and Mexico have all levied taxes on sugary drinks and in each case have seen a significant decline in consumption of up to 7.5% in a single year.<sup>14</sup> The United Kingdom has recently announced their own levy on manufacturers of drinks with more than five grams of sugar per 100 millilitres.

Of course, the choice of what to eat or drink, is a personal one, and should remain so. A slight rise in the price of the most harmful, least nutritious foodstuffs available will simply send a signal - “think twice”.

## > SAVINGS TO THE HEALTH SYSTEM

The Parliamentary Budget Office has estimated that this measure will raise more than \$500m in revenue per year, not including flow-on savings to the health system. A tax starting in September 2016 would raise \$2.1 billion over the forward estimates. With this money flowing into the health budget, we can use the revenue to improve the health of all Australians, which over time will also lessen the chronic disease burden on the health system.

A recent study has found that over 25 years, a 20% rise in the price of sugary drinks and flavoured mineral waters would save 1,600 lives.<sup>15</sup> It would also prevent 4,400 heart attacks and 1,100 strokes. Over time, this would not only lead to better health for more Australians, but would lead to significant savings to the health-care system. This has been estimated to add up to \$609 million.

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<sup>11</sup> “The impact of a tax on sugar-sweetened beverages on health and health care costs; a modelling study”, (2016) *PloS One*, 11(4).

<sup>12</sup> E.g. 10% tax in Mexico reduced consumption by 12%. <http://www.insp.mx/eppo/blog/3659-reduccion-consumo-bebidas.html>

<sup>13</sup> UK estimate found in Briggs ADM et al ‘Overall and income specific effect on prevalence of overweight and obesity of 20% sugar sweetened drink tax in UK’ *BMJ* 2013

<sup>14</sup> Cornelsen and Carriedo: Health-related taxes on foods and beverages, 2015

<sup>15</sup> “Australian sugary drinks tax could prevent thousands of heart attacks and strokes and save 1,600 lives” 2016.