

2016/03: Should Australia impose a tax on sugar-sweetened soft drinks?

What they said...

'It's about time your governments got on this...Australia, pull your finger out'

British celebrity chef and public health campaigner, Jamie Oliver

'All this tax will do is cost jobs'

The Australian Beverage Council's chief executive officer, Geoff Parker

The issue at a glance

On March 16, 2016, the British Government announced that from 2018 a tax will be imposed on some sugar-sweetened beverages. The tax would apply to drinks with a total sugar content above 5 grams per 100ml, with a higher band for more sugary drinks. Drinks below 5g of sugar per 100ml, such as Lucozade Sport and Volvic Touch of Fruit, will be exempt; as will fruit juices and milk-based drinks such as Frappuccinos.

Beverage manufacturers will be taxed according to the volume of sugar sweetened beverages they produce or import. The total level of the tax has yet to be announced, but the measure is estimated to generate an additional \$520 million a year in tax revenue to be used to combat childhood obesity, with part of the money raised going towards doubling funding for primary school sport.

The British Office for Budgetary Responsibility expects the rates to be passed entirely on to consumers. The government expects the price rise to discourage consumers from purchasing the taxed sweetened drinks.

After the British announcement a number of Australian public health advocates and British celebrity chef and public health campaigner, Jamie Oliver, have called on the Australian government to impose a similar tax.

Australian Beverages Council maintains that such taxes serve no useful purpose. They also maintain that soft drink manufacturers are already acting in a socially responsible manner without the coercion of a tax on their products.

Background

(The information which follows is abbreviated from the Wikipedia entry titled 'Soda tax'. The full entry can be accessed at https://en.wikipedia.org/wiki/Soda_tax)

A **sugar tax**, soda tax or soft drink tax is a tax or surcharge on soft drinks specific to the promotion of reduced overall sugar consumption.

In most forms the tax is designed to discourage the production, importation and purchase of carbonated, uncarbonated, sports and energy drinks, with excess levels of added sugar. Sugar in such sweetened beverages can be in the form of sucrose, high-fructose corn syrup, or other caloric sweeteners. .

Attempts to impose the tax are a matter of public debate in many countries and a measure often strongly opposed by food and beverage producers. Advocates promote the tax as an example of Pigovian taxation, aimed to discourage unhealthy diets and offset the growing economic costs of obesity.

Obesity is global public and health policy concern with the percentage of overweight and obese in many developed and middle income countries rising rapidly. Consumption of added sugar in sugar sweetened beverages has been positively correlated with high calorie intake, and through it, with excess weight and obesity. Added sugar is a common feature of many processed and convenience foods such as breakfast cereals, chocolate, ice cream, biscuits, yoghurts and drinks produced by high street retailers such as Starbucks. The ubiquity of sugar sweetened beverages and their appeal to younger consumers has made their consumption a subject of particular concern by public health professionals. In both the United States and the United Kingdom, sugar sweetened drinks are the top calorie source in teenage diets.

Trends indicate that traditional soda consumption is declining in many developed economies, but growing rapidly in middle income economies such as Vietnam and India. In the United States, the single biggest market for carbonated soft drinks, consumers annual average per capita purchase of soda was 154 litres.[8] The focus on carbonated soft drinks such as traditional colas as a subject for taxation implied by the term "soda tax" can be misleading; sugar sweetened beverages such as sports drinks or electrolyte drinks, sweetened tea, and fruit-flavoured drinks often contain amounts of added sugar equal to carbonated sodas.[9] Where taxation measures on sugar sweetened beverages have been successfully proposed, these drink categories have also been made subject to the same form of "sugar tax".

Countries imposing a tax on sugar-sweetened beverages

France

France was one of the first countries to introduce a targeted sugar tax on soft drinks in 2012. Analysis by the market research firm Canadean found that sales of soft drinks declined in the year following the introduction of the tax, following several years of annual growth. However, the tax applies to both drinks with added sugars and drinks with artificial sweeteners, possibly limiting its effects on the healthfulness of soda products.

Mexico

Similar measures were announced in Mexico in 2013. Early studies indicate that after introduction of the tax, amounting

to approximately 10% of the purchase price, annual sales of sodas in Mexico declined 6% in 2014. Monthly sales figures for December 2014 were down 12% on the previous two years. Whether the imposition of the tax will have any impact on long-term obesity trends in Mexico is yet to be determined.

Norway

Norway has a generalized sugar tax measure on refined sugar products, including soft drinks, which is set to 7.05 kroner per kilogram.

South Africa

A sugar-sweetened beverages tax for 2017 was proposed in the 2016 South African national government budget.

United Kingdom

A study published on October 31, 2013 found that a 20% tax on sugar-sweetened beverages would reduce obesity rates in the United Kingdom by about 1.3%, and concluded that taxing sugar-sweetened beverages was 'a promising population measure to target population obesity, particularly among younger adults.'

In the 2016 United Kingdom budget, the British Government announced the introduction of a sugar tax on the soft drinks industry. Planned to come into effect in 2018, beverage manufacturers will be taxed according to the volume of sugar sweetened beverages they produce or import. The total level of the tax has yet to be announced, but the measure is estimated to generate an additional \$520 million a year in tax revenue which will be spent on doubling existing funding for sport in United Kingdom primary schools.

United States

Berkeley, California

In November 2014, Berkeley, California was the first community at a local level in the United States where citizens voted to approve a targeted tax on soda.

New York City

In the case of New York's 2010 effort to introduce a tax, measures to implement such a tax were supported by groups like the New York Academy of Medicine and editorial writers. The Alliance for a Healthier New York was formed with financial and strategic support from the United Healthcare Workers East union and the Greater New York Hospital Association. Groups such as New Yorkers against Unfair Taxes, set up by beverage companies, grocers, teamsters who represent drivers and production workers and others, lobbied against the measure. The anti-tax forces argued that the tax was based on dubious science, because obesity was a matter of how many calories people consumed, not where those calories came from.

Internet information

On March 25, 2016, The Spectator published a comment by Will Quince titled '10 reasons why the sugar tax is a terrible idea'

The opinion piece argues against the sugar tax recently announced in Great Britain. The full text can be accessed at <http://blogs.spectator.co.uk/2016/03/10-reasons-why-the-sugar-tax-is-a-terrible-idea/>

On March 22, 2016, The Conversation published a comment by Elisa Pineda, a PhD student at University College London titled 'What the world can learn from Mexico's tax on sugar-sweetened drinks'. The opinion piece considers the public health crisis that led to the imposition of the tax, the manner in which it was imposed and the positive consequences.

The full text of this comment can be accessed at <https://theconversation.com/what-the-world-can-learn-from-mexicos-tax-on-sugar-sweetened-drinks-56696>

On March 18, 2016, The Conversation published an opinion piece by Isabelle Szmigin Professor of Marketing, University of Birmingham. The article is titled 'Sorry Jamie Oliver, I'd be surprised if sugar tax helped cut obesity' and it casts doubt on the probable effectiveness of Britain's sugar tax.

The full text of the article can be accessed at <https://theconversation.com/sorry-jamie-oliver-id-be-surprised-if-sugar-tax-helped-cut-obesity-56471>

On March 18, 2016, The Daily Mail published a news report by Matt Dathan titled 'The sugar tax backlash: Osborne's new levy could force up price of diet drinks and even bottles of water, say critics'. The piece focuses on some of the criticisms of those opposed to Britain's sugar tax.

The full text of this article can be accessed at <http://www.dailymail.co.uk/news/article-3497105/Sugar-tax-INCREASE-sugar-intake-sweetest-drinks-attract-tax-gram-experts-warn-tear-apart-George-Osborne-s-flagship-Budget-measure.html>

On March 18, 2016, The Irish Times ran a news report titled 'Global examples feed arguments for and against sugar tax'. The article cites a range of instances from different countries where consumption taxes have had differing degrees of success as a means of altering citizens' eating patterns.

The full text of the article can be accessed at <http://www.irishtimes.com/news/health/global-examples-feed-arguments->

[for-and-against-sugar-tax-1.2579250](#)

On March 18, 2016, the Victorian Government issued a media release titled 'Momentum grows for a sugar tax in Australia' The release supports the decision taken by the British Government and argues for a similar measure in Australia.

The full text of release can be found at <https://www.vichealth.vic.gov.au/media-and-resources/media-releases/sugar-tax>

On March 17, 2016, The University of Sydney published the views of a range of its public health experts on the British government's announcement of a tax on sugar-sweetened soft drinks. The consensus is clearly in support of the action, though a number see it as a move that will need to be supported by other initiatives.

The full text can be accessed at <http://sydney.edu.au/news-opinion/news/2016/03/17/university-of-sydney-experts-comment-on-the-uk-s-sugar-levy.html>

On March 17, 2016, The Sydney Morning Herald published a news report detailing the support of Australian public health experts for the British decision to impose a tax on sugar-sweetened soft drinks.

The article is titled 'UK sugar tax plan cheered by Australian health experts' and can be accessed at

<http://www.smh.com.au/national/health/uk-sugar-tax-plan-cheered-by-australian-health-experts-20160317-gnlh6z.html>

On March 16, 2016, The Telegraph ran a news report titled 'Budget 2016: Sugar tax on soft drinks' detailing the British government's decision to introduce a sugar tax on soft drinks in 2018.

The full text of the report can be accessed at <http://www.telegraph.co.uk/news/health/news/12195786/Budget-2016-Sugar-tax-on-soft-drinks.html>

On December 1, 2015, The Conversation published an opinion piece by Jane Martin, Executive Manager of the Obesity Policy Coalition; Senior Fellow, Faculty of Medicine, Dentistry and Health Sciences, University of Melbourne. The comment is titled 'Junk food advertisers put profits before children's health - and we let them'. It argues that Australia has done too little to regulate the advertising and sale of 'junk food' to children.

The full text of this article can be found at <https://theconversation.com/junk-food-advertisers-put-profits-before-childrens-health-and-we-let-them-51250>

On October 25, 2015, The New Statesman ran a comment by Ruby Lott-Lavigna titled 'I love you, Jamie Oliver, but your sugar tax idea is classist'

The opinion piece argues that a sugar tax, which Oliver supports, discriminates against the poor.

The full text of this comment can be accessed at <http://www.newstatesman.com/politics/health/2015/10/i-love-you-jamie-oliver-your-sugar-tax-idea-classist>

On October 23, 2015, The Guardian published a news report and analysis titled 'Benefits of Mexican sugar tax disputed as congress approves cut'

The article looks at the recent decision of the Mexican Congress to halve the level of taxation on sodas with a sugar content of less than five grams per 100 millilitres.

The full text of this article can be found at <http://www.theguardian.com/world/2015/oct/22/benefits-of-mexican-sugar-tax-disputed-as-congress-approves-cut>

On October 13, 2015, The Canberra Times ran a news report titled 'Sugar tax inevitable in Australia's fight against obesity, says public health researcher Boyd Swinburne'

The report details the recommendations of Boyd Swinburne, professor of population nutrition and global health at the University of Auckland and director of the World Health Organisation Collaborating Centre for Obesity Prevention.

Professor Swinburne advocates a sugar tax; however, he also argues for a concerted, systemic attack on obesity, involving 'all government departments such as agriculture, urban planning, transport and education.'

The full news report can be accessed at <http://www.canberratimes.com.au/act-news/sugar-tax-inevitable-in-australias-fight-against-obesity-says-public-health-researcher-boyd-swinburn-20151013-gk7ryw.html>

On October 2, 2015, The New York Times published an analysis and comment by Margot Sanger-Katz titled 'The Decline of "Big Soda"'. The article examines the decline in soda consumption in the United States (without the general imposition of a soda tax) and speculates about its causes and effects.

The full text can be accessed at http://www.nytimes.com/2015/10/04/upshot/soda-industry-struggles-as-consumer-tastes-change.html?smprod=nytcore-iphone&smid=nytcore-iphone-share&_r=2

On September 22, 2015, The Australian Beverages Council issued a media release titled 'Australian Beverages Council replies to calls for "soda tax" providing evidence on its ineffectiveness and unfairness'

The release presents a range of arguments in opposition to a 'soda tax'.

The text of the release can be accessed at <http://www.fooddrinktax.eu/australian-beverages-council-replies-calls-soda-tax-providing-evidence-ineffectiveness-unfairness/>

In June, 2015, the Australian Obesity Policy Coalition released its updated report titled 'The Case for an Australian Tax on Sugar-Sweetened Beverages'

The report gives detailed arguments for a sugar tax, drawing on Australian and overseas evidence.

The full text of the report can be accessed at <http://www.opc.org.au/downloads/positionpapers/policy-brief-australian-tax-sugar-sweetened-beverages.pdf>

On May 15, 2015, news.com.au published a report titled 'The \$250 million tax eight in ten Australians say they would support'

The article details the high level of support among Australians for a sugar tax so long as the proceeds from the tax were used to advance public health.

The full text of the report can be found at <http://www.news.com.au/lifestyle/health/the-250-million-tax-eight-in-ten-australians-say-they-would-support/news-story/c98fa7972cfd2df50ad71552f66bc032>

In 2015 The Australian Beverages Council published its 'White Paper' titled 'Why a soft drink tax is not the answer'

The document raises a series of arguments against the imposition of a special tax on sugar-sweetened soft drinks manufactured in or imported into Australia.

The full text of this document can be accessed at <http://www.fooddrinktax.eu/wp-content/uploads/2015/09/ABC-White-Paper.pdf>

In November, 2014, Rethink Sugary Drink issued a press release congratulating Berkeley, California, for becoming the first United States city to approve a tax on sugary drinks and suggesting Australia should also investigate a similar tactic. The media release is titled 'Leading health experts applaud US for tax on soft drinks'.

Rethink Sugary Drink is a partnership between twelve Australian health and community organisations.

The full text of the release can be found at <http://www.rethinksugarydrink.org.au/media/health-experts-applaud-us-tax-on-soft-drinks.html>

In 2013 the lobby group Reject Needless Tax published a media release on their Internet site titled 'Education not tax'.

The article argues for the effectiveness of education as a public health measure over taxation as a means of moderating popular food preferences.

The site is sponsored by UNESDA, representing the non-alcoholic beverages industry in Europe.

This document can be accessed at <http://www.fooddrinktax.eu/education-not-tax/>

Arguments in favour of Australia imposing a tax on sugar-sweetened soft drinks

1. Consumption of refined sugar results in ill health

Sugar consumption contributes to Australians high rates of overweight and obesity which are resulting in chronic disease.

The Australian Bureau of Statistics, Australian Health Survey: First Results, 2011-2012 indicated that more than 60% of Australian adults and one quarter of children were overweight or obese.

These statistics regarding Australian obesity and overweight have been found in repeated surveys. A 2007 OECD report shows that the rate of obesity in Australia had nearly tripled in the last twenty years. A 2010 OECD report found that one in four Australians are obese, and Australia ranks the fifth highest of the OECD countries for the proportion of the population who are obese. The 2007-8 National Health Survey found that 61% of all Australian adults had a Body Mass Index (BMI) that placed them in either the overweight or obese categories.

The association between higher sugar-sweetened beverage consumption and increased body mass is not only shown in adults, but in children, including young children aged 2-5years as indicated in research findings published in the children's health-related medical journal, Paediatrics, in 2013.

These statistics indicating Australia's obesity problem are significant because obesity is a leading risk factor for chronic disease including cardiovascular disease, diabetes and some cancers.

Craig Sinclair, Chair of the Public Health Committee at Cancer Council Australia, has stated, 'Consumption of sugar sweetened beverages is associated with a range of serious health issues including weight gain and obesity, which in turn are risk factors for diabetes, cardiovascular disease and cancer.' This causal connection between ill health, obesity and sweetened beverage consumption has been established in a wide variety of studies, some of which are drawn on in the World Health Organization's consultation technical report released in 2000, 'Obesity: preventing and managing the global epidemic'. Obesity has been directly linked to causing about one-quarter of type-2 diabetes (23.8%) and osteoarthritis (24.5%), one-fifth of cardiovascular disease (21.3%), and colorectal, breast, uterine and kidney cancers (20.5%).

Research findings have consistently demonstrated a direct dose-response relationship between sugar-sweetened beverage consumption and long-term weight gain and risk of type 2 diabetes. Diabetes Australia Fast Facts claims that diabetes is the fastest growing chronic disease in Australia, with an estimated 280 Australians developing the disease every day.

The urgency surrounding changing the eating habits of Australians has been stressed by the Obesity Policy Coalition which has stated, 'The need to improve the diets of Australians was demonstrated by the 2014 release of data showing that poor diet and high body mass index are now the two greatest risk factors contributing to the burden of disease in Australia, ranking ahead of smoking and alcohol-related illness.' This claim can be found in the Coalition's policy brief titled 'The Case for an Australian Tax on Sugar-sweetened Beverages'.

The Cancer Council Australia, Diabetes Australia and the National Heart Foundation of Australia have supported a tax on sugar-sweetened beverages (including soft drinks, sweetened fruit juices and flavoured milk) since 2013.

2. Significant numbers of Australians consume sugar-sweetened beverages in large quantities

Large numbers of Australian adults and children consume sugar-sweetened beverages. Soft drinks, in particular, are consumed by large proportions of the population.

The 2007 Australian National Children's Nutrition and Physical Activity Survey found 47% of children (aged 2-16 years) consumed sugar-sweetened beverages daily. Survey data commissioned by Food Standards Australia and New Zealand (FSANZ) in 2003 found that younger age groups were more likely to consume sugar sweetened soft drinks, with 78% of 12-17 year olds and 75% of 18-24 year olds reporting consumption of sugar sweetened soft drinks in the week prior to the survey.

Research published in 2006 has found that younger children also consume concerning volumes of sugar-sweetened beverages. This research into the consumption patterns of very young children (16-24 months) in Western Sydney found that, on average, cordials were consumed on a daily basis by 41% of children and soft drinks were consumed on alternate days by 29% of children.

Research, published in the British Journal of Nutrition in 2016, has found that most Australians get over 10 per cent of their total daily energy intake from food and drink products with 'added' or 'free sugars' such as honey and syrups, and sugar in fruit juice.

The Professor of Public Health Nutrition at Sydney University, Timothy Gill, has stated that other recent studies also confirm that older teens and males in particular are consuming a large amount of added sugar from products such as soft drinks.

Craig Sinclair, Chair of the Public Health Committee at Cancer Council Australia, has noted, 'Australia is among the top 10 countries for per capita consumption of soft drinks.'

Diabetes Australia chief executive Greg Johnson has stated, 'If we look at sugar-sweetened beverage consumption, we are in the top end of consumption in the world, and it makes sense to tax and regulate their promotion and marketing. They are not part of a balanced diet. They are cheap, incredibly well-marketed, available everywhere and radically over-consumed.'

Anti-sugar campaigner, Sarah Wilson has similarly stated, 'With 76 per cent of Australian kids aged nine to 13 now exceeding the World Health Organization's guidelines for daily added sugar intake - and more than one in four overweight or obese - the issue is more pertinent than ever before.'

3. Taxing sugar-sweetened beverages is likely to reduce their consumption

Supporters of taxing sugar-sweetened beverages argue that the increase in cost to the consumer will result in a decline in consumption of these drinks.

One of the key instances given in support of this argument is Mexico which introduced a 10% tax on fizzy drinks and an 8% levy on high calorie snacks like biscuits and chips in 2014. A study by the Mexican Institute of Public Health and the University of North Carolina showed a 6% decrease in sugary drinks consumption during the first year in which the tax was imposed.

Alejandro Calvillo, the director of the Mexican consumer protection group El Poder del Consumidor has stated, 'The data show there has been an important reduction in sugary drinks consumption.'

Preliminary studies conducted in Great Britain have encouraged the British government to impose a sugar tax in the belief that the levy will lead to a reduction in consumption. Pre-policy research by Public Health England found increasing the price of high-sugar products reduced purchase levels proportionate to the tax rate.

Public Health England's report, Sugar Reduction: From Evidence into Action, states, 'There is reasonably consistent evidence from both experimental studies and data from countries that have introduced taxes that consumers can respond to changes in food and drink prices.'

The British Office for Budget Responsibility has estimated it could add 18-24p to the price of a litre of fizzy drink if the full cost is passed on to the consumer. It is hoped that this will be sufficient to have an impact on consumers' purchasing habits.

Supporters of the sugar tax point to the success that taxing tobacco has had in reducing smoking in Australia. Dr Becky Freeman of the Charles Perkins Centre has stated, 'Australia has led the way on tobacco taxes, which have been hugely successful in driving down smoking rates. It is not at all surprising that this same public health tactic could be used to cut down harmful sugar intake. The soft drink industry has learnt a great deal watching how the tobacco industry is losing its battle with public health. The time is right for public health to embrace these same lessons and pushed forward with reforms.'

4. The money raised through such a tax can be used for health-promoting purposes

There are two bases on which support for a tax of sugar-sweetened drinks is built. In addition to being seen as a way of reducing soft drink consumption, the revenue raised from such a tax can be used to promote public health.

It has been estimated that a 20 per cent tax on sugar filled drinks could result in the Australian government receiving over \$250 million dollars a year as Australians consume some 1.28 billion litres of soft drink annually.

A Newspoll survey conducted in Australia for the Obesity Coalition has found overwhelming support for money from such a tax being spent on trying to tackle childhood obesity and increase participation in sport.

Eighty five per cent of the 1,200 people surveyed would support revenue from a sugar tax being spent on programs to

reduce childhood obesity. Eighty-four per cent would support money from the tax being spent on encouraging children to play sport. Seventy nine per cent would support revenue being spent on providing more access to water fountains in public spaces. Seventy-one per cent would support the money going towards replacing fast food and sugar-sweetened beverage sponsorship of children's sport.

Recently the World Health Organisation (WHO) released a report on the use of price policies to promote healthy diets across Europe. It suggested that a tax on sugar-sweetened beverages and targeted subsidies on fruit and vegetables have the greatest potential to induce positive changes in consumption. Using the money from a sugar tax to subsidise healthier eating choices is another use of the taxation revenue which has been supported in a number of countries. In Great Britain the government intends to use the revenue raised by taxing sweet beverages to fund additional sports programs in schools, including extending school hours to allow for additional physical activities.

5. Such a tax would encourage soft drink manufacturers to improve their products

Supporters of the imposition of a tax on sugar-sweetened beverages argue that taxation may lead soft drink manufacturers to modify their products.

The tax is intended to have an impact on the sales figures for such sweetened beverages and so reduce the profitability of these products for their manufacturers.

When the British Government announced in March 2016 its intention to tax most sugar-sweetened drinks starting in 2018, shares in listed drinks firms dropped sharply and immediately on the London market. Irn Bru maker of AG Barr, which also makes Tizer and St Clement's, fell 5 per cent, while Robinsons squash firm Britvic fell 3 per cent and Vimto, maker of Nichols, plunged as much as 11 per cent. These falls in share prices have been seen as an acknowledgement by the business community and obviously by investors of the economic damage the tax will inflict on soft drink manufacturers.

British public health advocates hope that the impact of the tax will lead manufacturers to alter their products, reducing the sugar content to below the taxable threshold.

When Mexico introduced its tax on soft drinks in 2014 there was a four per cent rise in sales of untaxed drinks - mainly due to more purchases of bottled plain water. Health campaigners are hoping that manufacturers will focus their attention on such untaxed sections of the non-alcoholic drinks market. There is also the hope that taxes will lead to the development of non-sugar sweeteners without the adverse side-effects that come with many current artificial sweeteners.

It has been noticed that already in Australia, in response to government and public pressure, soft drink manufacturers have provided information on bottles and cans indicating the kilojoules load of the drink each contains and what proportion of average daily energy consumption the drink constitutes. Australian manufacturers have also stated that their advertising campaigns do not target children below the age of twelve.

Australian public health authorities believe that a tax on soft drinks would lead to even greater positive changes in the behaviour of manufacturers and in the nature of the products they produce.

Arguments against Australia imposing a tax on sugar-sweetened soft drinks

1. Sugar consumption is not the primary cause of ill health in Australia

It has been claimed that sugar consumption is not primarily responsible for many chronic diseases in Australia.

The Australian Beverages Council has noted, 'Recent studies have identified what has been called the "Australian Paradox" - the fact that in the last years, while the refined sugar intake has dramatically decreased (26%), as well as the consumption of sweetened beverages, the prevalence of obesity in Australians was multiplied by 3.'

The Council claims that if obesity is increasing at the same time as sugar and sugar-sweetened-beverage consumption is in decline then the former is not being caused by the latter.

The Council has observed, 'Over the last 15 years, there has been a 17% decrease per person sugar contribution from all water-based beverages, and a 26% decrease per person sugar contribution from carbonated soft drinks.'

The Australian Beverages Council has underlined the small percentage of daily adult calorie intake that soft drinks represent. The Council notes, 'Moreover, according to a 2012 Australian Health Survey conducted by the Commonwealth Scientific and Industrial Research Organization (CSIRO), soft drinks represent just 1.7% of the average adult's daily calorie intake and just 1.9% of the average child's daily intake. This figure shows that a tax on soft drinks would not have much effect.'

The Council has also stressed that sugar-sweetened beverages represent only a very small part of the discretionary or treat foods consumed by Australians. 'Within the discretionary food (treat) category, soft drinks ranked 7th in daily energy contribution both in adults and children, at just 4% energy contribution. In adults for example, soft drinks (4%) were ranked behind confectionery/chocolate (18%), sweet biscuits (13%), alcoholic beverages (13%), burgers/pizzas/tacos (7%), pastries (6%) and fried potatoes/crisps (5%).

For children, soft drinks (4%) were behind confectionery/chocolate (17%), sweet biscuits (16%), fried potatoes/crisps (11%), burgers/pizzas/tacos (10%), savoury biscuits (6%) and pastries (5%).'

2. Taxation has not proved effective in other jurisdictions as a way of altering food consumption patterns

Opponents of using taxation to reduce Australians' consumption of sugar-sweetened beverages have noted that such measures have not proved affective in other countries.

The Australian Beverages Council's White Paper notes, 'In 2012, the Danish 'fat tax' was repealed 18 months after it was introduced, and further discriminatory taxes

that the Government had planned to introduce were scrapped altogether.

The negative impact on jobs, inflation and administrative costs on businesses, as well as the distinct lack of an impact on consumption patterns, dietary habits and therefore overweight and obesity were the main reasons for rescinding the tax.' The Council also cited a broader study conducted by the European Union on the effectiveness of taxation as a means of altering eating habits and observed that the study found adverse side effects and no clear benefits. The Council noted, 'In 2013 the European Commission addressed the issue of overweight and obesity by conducting a study on the effectiveness of taxes on foods and beverages imposed in four EU states - Finland, France, Netherlands and Hungary. The purpose of these taxes on foods considered high in fat, sugar and salt was to improve public health. However, the EC study published in June 2014 found that the taxes have led instead to: increased administrative costs; reduced jobs in some cases; higher food prices and no discernible improvement to public health.'

The Council's White Paper also questioned the effects of the sugar tax imposed in Mexico, a jurisdiction within which the supposed success of this tax is often cited by supporters of taxation measures.

The White Paper notes, 'In 2014, a soft drinks tax was introduced in Mexico. Whilst it is still too early to determine the full, long term impact of this tax on obesity levels in the country, what is apparent is that since it was introduced, the tax is hitting the poorest people the hardest and having negligible impact on calorie intake. It is estimated that in Mexico, the source of calories coming from soft drinks had initially reduced by 6.2 calories when the tax was first introduced. In the concept of an average daily dietary intake of 3,025 calories, this reduction represents just 0.20% of the daily diet, or equivalent to 1/4 of a teaspoon of sugar.'

The Australian Beverages Council's White Paper draws the overall conclusion that food consumption taxation measures typically result in a 'negative impact on jobs, inflation and administrative costs on businesses, as well as a distinct lack of an impact on consumption patterns, dietary habits and therefore overweight and obesity.'

3. Taxing sugar-sweetened drinks affects poor families disproportionately

It has been noted that all consumption taxes adversely impact on low income families as food forms a far higher percentage of both their regular expenditures and their regular incomes.

The situation that has developed in Mexico since the introduction of a tax on sugar-sweetened beverages has been used to demonstrate the effect on poor families. The Australian Beverages Council's White Paper notes, 'One key concern of any potential tax on products like soft drinks is the potential for unintended consequences on households in low socio-economic areas.

In Mexico for example, research has shown that 63.7% of the tax is collected from low-SES households and of these, households living in poverty paid 37.5% of the total tax collected.'

It has also been claimed that in the absence of effective dietary education, poor families may actually continue to buy higher priced sweetened beverages and reduce their expenditure on healthy foods. The Council's White Paper claims that this pattern is beginning to show in Mexico. The Council claims, 'Families faced with a price increase in one product, like soft drinks, could potentially reallocate aspects of the grocery spend to accommodate the rise at the expense of other items such as fresh fruit and vegetables.'

The Council's White Paper concludes, 'Such taxes are regressive and impact most on the people who can least afford it.' The same criticism has been made of the tax on sugar-sweetened beverages recently introduced in Great Britain.

In an article published in *The New Statesman* on October 23, 2015, Ruby Lott-Lavigna condemned the sugar tax as, 'a tax that would be unfairly exacerbating the already heavy burden...on the poor. This tax would be one that either capitalises on the poverty that has forced people into poor diets in the first place, or restricts their already very limited freedom.'

Lott-Lavigna argues that what are needed are measures that will bring high quality food within the reach of the poor, not ones that simply make poor quality food more expensive.

4. Taxing sugar-sweetened beverages is likely to increase the cost of other products

It has been suggested that imposing a tax on sugar-sweetened beverages could lead to an increase in the cost of other products.

Will Quince, writing for *The Spectator* in an article published on March 10, 2016, noted re the British sugar tax, 'The tax is levied on soft drinks companies - not the drinks themselves. To cover the costs, soft drinks companies may raise the costs of other products, not just the sugary drinks. For example, a soft drink company could raise prices on their entire range instead of specifically targeting their sugary drinks products.'

Opponents of the sugar tax to be imposed in Britain have claimed that it could push up the price of diet drinks. Kate Smith, a senior research economist at the Institute for Fiscal Studies, has warned, 'The effects of this tax are incredibly uncertain and will depend crucially on how people respond to their tax - both on the consumer and on the food industry side.'

Regarding the food industry side of the equation, critics of the tax note the situation of International conglomerates like The Coca-Cola Company. The United States parent company sells on the Coca-Cola syrup to franchises around the world; however, it also owns a range of other juice and confectionary companies and so could distribute the cost of a tax on products like Coca-Cola across a range of other products.

In Australia and other countries in the south Pacific, Coca-Cola Amatil also owns Grinders Coffee, Romanza coffee, FIX Coffee, Mount Franklin Water, Pump, Glaceau Vitamin Water, Barista Bros, Goulburn Valley, SPC, Ardmona, Henry Jones IXL, Taylors brands, Perfect Fruit and Weight Watchers.

Critics of the sugar tax note there is a significant likelihood of the cost of other products rising if a tax is put on sugar-

sweetened drinks. In Australia, some of these products, like Mount Franklin Water, canned fruit and Weight Watchers products, would be seen as healthy and even contributors to the battle against obesity. They claim it would be an odd and counterproductive development if bottled water were to increase in price as a result of a tax on Coca-Cola.

5. Sugar-sweetened drink consumption can be more effectively lowered by other means

Opponents of taxing sugar-sweetened beverages argue that there are better ways of reducing the consumption of these drinks.

Unesda, an organisation representing the non-alcoholic beverages industry in Europe, has stated, 'There are many instruments which are more effective [than taxation] to achieve health policy objectives, such as the allocation of resources to deliver optimal nutrition education amongst all categories of society. Education is the key to ensuring that citizens are aware of how to feed themselves and their families.'

Developments within the United States are sometimes offered as evidence that sugar-sweetened beverage consumption can be lowered via means other than taxation. In the United States, soda (soft drink) consumption has dropped dramatically over the past 15 years, even in areas where there is no sugar tax.

An article published in *The New York Times* on October 2, 2015 notes, 'Over the last 20 years, sales of full-calorie soda in the United States have plummeted by more than 25 percent. Soda consumption, which rocketed from the 1960s through 1990s, is now experiencing a serious and sustained decline.' The article further claims, 'Sales of bottled water have shot up, and bottled water is now on track to overtake soda as the largest beverage category in two years, according to at least one industry projection.'

The *New York Times* article concludes, 'The drop in soda consumption represents the single largest change in the American diet in the last decade and is responsible for a substantial reduction in the number of daily calories consumed by the average American child.'

Opponents of taxing soft drinks have stressed that this change has not been brought about by taxation.

An article published in *The Guardian* on March 17, 2016, examining the change in consumption habits in the United States, noted policy changes that had been successfully implemented in Philadelphia 'such as forbidding sugary drinks in schools, limiting their availability in vending machines, teaching children about nutrition, strict menu labelling laws, and providing incentives for stores to highlight healthy foods,' which, it claims, 'have all helped to discourage people from drinking high-calorie drinks.'

The *Guardian* article concludes, 'despite popular support for a sugar tax (a view also shared by an even greater proportion of public health experts), evidence suggests it may not be the silver bullet to...obesity troubles.'

The Australian Beverages Council has stressed the measures being taken by soft drink manufacturers to assist in consumer education. The Council has noted, 'We know that nutritional labelling is a vital tool for empowering consumers, and featured as the most supported initiative in our research. In 2006 we introduced daily intake labels on cans and bottles making it easier to understand the kilojoules they were consuming. Educating consumers to make choices for themselves is essential.'

Further implications

There is little doubt that sugar-sweetened drinks are being over-consumed in many parts of the world. They are a relatively low cost, highly advertised product with a high-kilojoules content and no nutritional value. They should be, at best, an occasional beverage choice for the average consumer, not the most frequent and preferred beverage choice. Studies from around the world suggest that for many people soft drinks are their most-consumed beverage.

Intuitively it seems likely that placing a tax on sugar-sweetened beverages would reduce their consumption. Real world experience has shown that though this is the case, the overall decrease in consumption can be quite small. It should also be noted that even in countries where soft drink consumption is in significant decline, overweight and obesity rates have continued to rise. What this makes plain is that sugar-sweetened drinks are only a partial cause of the Western world's obesity epidemic.

Addressing the causes of obesity requires a multi-pronged approach. The analogy with cigarettes and lung cancer is too simple. Cigarettes are the predominant cause of lung cancer worldwide. Sugar-sweetened soft drinks are a partial cause of obesity, playing their part alongside a range of other factors including the consumption of fat-laden convenience and fast foods and an increasingly sedentary lifestyle, itself the result of a wide range of societal factors, including the ever-increasing popularity of electronic entertainment devices.

Clearly it would be premature to see the imposition of a sugar tax in Great Britain as marking a major turning point in that country's battle with obesity. However, it does appear to mark a major change in attitude. It is significant that this action has been taken by a Conservative government, traditionally opposed to tax increases generally and impositions on private enterprise in particular. The tax indicates recognition on the part of government that obesity is a major health issue that it must address. What is to be hoped is that the tax will form the first plank in a range of initiatives designed to improve the health of British citizens.

The situation in Australia is interesting. Australia has been a world leader in imposing taxes and other restrictions on cigarette companies. Smoking rates have declined rapidly in this country and Australian initiatives to discourage the sale of cigarettes have been copied in other jurisdictions.

Australia has been less successful in its attempts to reduce the impact of fast food and sugar-sweetened products on its citizens. A recent study has indicated Australia's relative failure to regulate the type of food product advertising to which children are exposed. Self-regulation within this area has not resulted in positive outcomes. At the same time, the variety of mediums within which such advertising can be placed is increasing. In an opinion piece published in *The Conversation*

on December 1, 2015, Jane Martin, executive manager of the Obesity Policy Coalition and Senior Fellow in the Faculty of Medicine, Dentistry and Health Sciences at the University of Melbourne, stated, 'Food manufacturers' influence extends well beyond individual advertisements. It relies on huge volumes and placement within a range of platforms, such as websites, mobile phone apps, interactive games, billboards at bus stops and promotions in supermarkets. This ensures junk food advertising is wallpaper in our children's lives.' Australia's efforts to reduce this impact have been regrettably half-hearted. It is remarkable, for example, that a number of Victorian governments have allowed McDonalds to open outlets within children's hospitals.

It will be interesting to see when, if at all, Australian governments decide to join battle with the fast food and soft drink industry in the manner in which they have tackled the tobacco industry. What appears to have been one of the driving forces within Great Britain is the developing public health crisis within that country as a result of poor eating habits and resultant obesity. Australia is similarly placed on the edge of a public health precipice with predictions that the incidence of overweight and obesity among our current generation of children may make them the first in our history not to live longer than their parents.

Newspaper items used in the compilation of this issue outline

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<http://www.smh.com.au/comment/smh-editorial/copying-britains-sugar-tax-is-not-yet-all-sweetness-and-enlightenment-20160318-gnm8cc.html>