

Tax on Sugar Sweetened Beverages

Program Overview

- Imposing a tax on sugary drinks is often proposed to increase the relative price of these products and, therefore, discourage their consumption. Sugary drinks are linked to obesity and increased levels of diabetes, which in turn are linked to poorer health and higher health care costs.

- The premise of such a tax is that it may mitigate unhealthy diets and obesity while reducing health expenditures.
- Physicians have raised concerns about the high level of free sugars in SSBs because of their association with poor dietary quality, obesity and risk of non-communicable diseases, including diabetes, cardiovascular diseases and certain types of cancer.
- In 2017, the Newfoundland and Labrador Medical Association (NLMA) has called for the introduction of a tax on SSBs.
- Particular to NL, the association notes that NL leads the country as the province with the highest prevalence of these diseases.
- In 2014, Statistics Canada reported that Newfoundland and Labrador had the highest prevalence of obesity of any Canadian province at around 30 per cent, compared to the national average of about 20 per cent.
- In 2015, Memorial University published *Vital Signs: A province-wide check-up of the quality of life in Newfoundland & Labrador* which reported that 68 per cent of the population are overweight. It further reported that 43 per cent of youth between the ages of 12 and 19 are overweight or obese, nearly 70 per cent higher than the national average.
- The total volume of SSBs available to Canadians is about 3.5 billion litres, the equivalent of 110 litres per person per year or over 300 ml per day.
- In *Vital Signs*, MUN reported that for every 10,000 people in Newfoundland and Labrador, there are about 14 fast food outlets and 8 convenience stores. The majority of drinks sold in these establishments are SSBs.
- While dated, a 2004 Canadian Community Health Survey found that children in NL consumed 421 grams of sugar from SSBs each day. At that time, this daily consumption figure was the highest amongst provinces.
- Statistics Canada's *Household Expenditure Survey* also indicates that NL consumers consistently purchase carbonated soda beverages (\$202 per household, per annum) at rates that are greater than twice the national average (\$100 per household, per annum).

Other Jurisdictions

- More than a dozen municipal and county governments throughout the United States as well as a number of countries (Mexico, France, Ireland, United Kingdom, the Philippines and Hungary) have introduced a tax on certain designated sweetened beverages with the goal of reducing consumption. To date, the overall effectiveness of such taxes have met with mixed results.
- Norway first introduced a tax on refined sugar products in 1922 and is the only known jurisdiction to have introduced such a tax with the goal of boosting state revenue rather than to improve health outcomes.
- In Canada, no provincial or territorial government has introduced a tax on SSBs. In 2017, the Northwest Territories signaled an intention to introduce a sugary drink tax.

Effectiveness

- Effectiveness is a measure of the program's ability to meet its stated goals. [REDACTED]
- Some studies have suggested that if the tax rate is high enough, the increase in prices will discourage consumption. However, some studies note that the reduced consumption due to the sugary drink tax (Mexico, for example) had only a minimal effect on reducing caloric consumption.
- Unlike zero-rated or tax exempt beverages, most SSBs are already subject to tax through the Harmonized Sales Tax (HST) while milk, certain fruit juices and many forms of bottled water are not. Despite being taxed in this province at a combined rate of 15%, consumption of many types of SSBs remains considerable relative to other beverages that are zero-rated.
- [REDACTED]
- A number of studies conducted in the United States have suggested that while excise sales tax has led to a moderate reduction in soft drink consumption, these studies have also found this reduction in consumption is completely offset by increases in consumption of other lower priced, high calorie drinks.
- Other studies published in the Journal of Economics and Human Biology and the Lancet, have concluded that proponents of such a tax have overestimated the relationship between weight loss and taxation.
- Studies that have examined the effectiveness of these taxes have yet to provide conclusive evidence that confirms that a tax on SSBs will ultimately lead to healthier lifestyles and lower obesity rates amongst a targeted population.
- [REDACTED]

Equity

[REDACTED]

- The tax would be equitable in the sense that all consumers of SSB's would be subject to the tax.

[REDACTED]

- However, a 2008 study published by the *Journal of Urban Health* found an association between soda consumption and income. The paper found that individuals with low incomes were nearly twice as likely to purchase and consume soda as were those whose incomes were significantly higher.

[REDACTED]

[REDACTED]

From: Ivey, Lisa
To: Griffin, Jay; Trask, Doug
Cc: Conway, Sean
Subject: RE: FYI. Sugar Tax info
Date: Wednesday, April 14, 2021 1:07:03 PM

I also have a binder on sugar tax/junk food tax in the office with a lot of additional information from the work I had done previously. I don't have all the web links here at home since I got a new computer.

From: Griffin, Jay <JGriffin@gov.nl.ca>
Sent: Wednesday, April 14, 2021 12:55 PM
To: Trask, Doug <dougtrask@gov.nl.ca>; Ivey, Lisa <lisaivey@gov.nl.ca>
Cc: Conway, Sean <SeanConway@gov.nl.ca>
Subject: RE: FYI. Sugar Tax info

Forwarding on to Sean who is looking at this. I just spoke with the minister on this one and have a little more context/direction now.

From: Trask, Doug <dougtrask@gov.nl.ca>
Sent: Wednesday, April 14, 2021 12:43 PM
To: Griffin, Jay <JGriffin@gov.nl.ca>; Ivey, Lisa <lisaivey@gov.nl.ca>
Subject: FYI. Sugar Tax info

You may have seen some or all of these:

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<https://www.who.int/southeastasia/news/feature-stories/detail/taxes-on-sugary-drinks>
<https://apps.who.int/iris/bitstream/handle/10665/260253/WHO-NMH-PND-16.5Rev.1-eng.pdf;jsessionid=6BF26EC0F89BC85ED91163C076E99082?sequence=1>
<https://www.cps.ca/en/documents/position/tax-on-sugar-sweetened-beverages>
<https://globalnews.ca/news/7680278/new-bc-taxes-april-1/>
<https://www.heartandstroke.ca/-/media/pdf-files/canada/media-centre/the-health-and-economic-impact-of-a-sugary-drink-tax-in-canada-summary.ashx>
<https://pubmed.ncbi.nlm.nih.gov/32442926/>
<https://www.oecd-ilibrary.org/sites/6ce0b80b-en/index.html?itemId=/content/component/6ce0b80b-en>
- section 8.5
<https://journals.plos.org/plosmedicine/article?id=10.1371/journal.pmed.1002283>

From: [Trask, Doug](#)
To: [Griffin, Jay](#)
Subject: RE: SSB Note
Date: Wednesday, April 28, 2021 2:29:02 PM
Attachments: [minor edits 2021 Draft Note.doc](#)

Just a couple minor edits - also, should we add section on potential economic impacts on local beverage operations?

From: Griffin, Jay <JGriffin@gov.nl.ca>
Sent: Wednesday, April 28, 2021 1:57 PM
To: Smith, Paul <SmithP@gov.nl.ca>
Cc: Connors, Heather <HConnors@gov.nl.ca>; Trask, Doug <dougtrask@gov.nl.ca>
Subject: SSB Note

Paul, note as requested by minister is attached. This is our most recent working draft and I consider it complete for our current purpose, but it has not yet been vetted at the executive level.