

Item #10

Weekly Report items related to sugar tax, not previously released,
2016 and 2017

Excerpts from Weekly Report items prepared by the Ministry of Health for the Minister of
Finance, sent 24 June 2016, 2 December 2016 and 10 February 2017

Weekly Report – Excerpts relevant to sugar taxes

To Minister's office on 24 June 2016

Sugar tax

Situation An article by Katherine Rich, Chief Executive of the New Zealand Food and Grocery Council, appeared in Food New Zealand describing the most recent sales and home purchase data from Mexico (up to December 2015) compiled by Nielsen (a well-respected global market research firm). This is the first report of such recent data. The data suggests that sales of sugar-sweetened beverages (SSBs) in Mexico have returned to pre-tax levels.

The article points out that this is in contrast to the results reported earlier this year in the British Medical Journal which were based on 2014 data only. Rich's analysis of Mexican price data suggests that the tax also failed to produce a signal to consumers, with the average price of SSBs being 30 percent lower than the average price of other options. The article also claims that sales of SSBs in New Zealand have fallen by 5 percent in the past year.

To Minister's office on 2 December 2016

Sugar tax

Situation Five new cities in the United States have now voted to have taxes on sugar sweetened beverages, joining Berkeley and Philadelphia. These are Boulder (Colorado), Cook County (Illinois), and three California cities – San Francisco, Oakland, and Albany (all 1-2 cents per 30ml).

A study was published simulating the potential long term effects of the Boulder tax. It projects significant reductions in obesity and diabetes. However, the study is heavily based on assumptions, including full pass-through of the tax, no substitution to other sources of calories or sugar, and sustained effects for 10 years. It also draws from previously published estimates of consumer response which are flawed and likely to be overestimated.

In addition, an abstract was published in The Lancet, reporting on an as-yet unpublished study which modelled the potential industry response to the two-tiered UK industry levy. A key point of difference is that this study models the effect of the tax on industry behaviour, including reformulation of products.

Action We have contacted the authors of the Lancet study to request a copy ahead of publication.

To Minister's office on 10 February 2017

Sugar tax

Situation The New Zealand Treasury has published two working papers about sugar taxes on its website. Both papers conclude that there is insufficient evidence to support a tax on sugar-sweetened beverages (SSBs) in New Zealand. We are monitoring media coverage.

The Government of the Northwest Territories (NWT) in Canada has announced that it intends to implement a tax on SSBs in 2018-19. This is the first of the Canadian provinces and territories to announce a sugar tax. A February 2016 report, issued by the NWT Minister of Finance, noted that any revenue from a tax on SSBs would be unlikely to cover administration costs. We are continuing to monitor evidence.

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