

Item #34

Discussion of blog post on sugar tax

Draft discussion of Public Health Expert blog post on sugar tax, prepared for internal use only, 1 March 2017

Bullet points on the Public Health Expert blog post, Tuesday 28 February, 2017 “Analysis of a new NZ Treasury Report on soft drink tax”

- On 28 February 2017, a group of professors of public health at the University of Otago published comments about a Treasury working paper on their blog “Public Health Expert”. Professor Tony Blakely subsequently emailed a number of Ministry of Health officials and Treasury officials to draw their attention to the blog post and stating that the Treasury report is likely to be misused.
- The Treasury report in question is a working paper by Professor John Creedy, a professor of economics at Victoria University. The paper describes a theoretical economic model which shows that consumer substitution to other sources of energy are an important consideration in the question of whether taxes on sugar-sweetened beverages (SSBs) might result in weight loss and health benefits. It goes on to conclude that there is currently insufficient evidence on substitution to be confident that an SSB tax would result in reduced energy intake.
- At the time of publication on the NZ Treasury website, Creedy’s paper did not attract any media attention. This is likely due to the theoretical and mathematical nature of the content. There was limited media attention on another Treasury working paper which also suggested that there was insufficient evidence to support a tax on SSBs.
- The “Public Health Expert” blog suggests that the Treasury report was politically motivated, with the aim of defending government inaction during an election year. It also suggests that opposition from industry and an anti-tax ideology are reasons for government being opposed to a tax on SSBs.
- The blog cites evidence that the Ministry has already reviewed, including two studies of the Mexican SSB tax which considered limited options for consumer substitution; a study of the Berkeley, California tax which also considered limited options for substitution and relied on weak data collection methods; a modelling study which was based on assumptions about the more uncertain aspects of SSB taxes; and, a study of a Chilean tax which used inappropriate methods for estimating consumer response to price changes, using expenditure instead of volume measures.
- The blog is also critical of the Government’s action plan for childhood obesity, saying that none of the 22 strategies have been proven to reduce obesity. It adds that Sir Peter Gluckman, the Heart Foundation and the New Zealand Medical Association recommend a tax on SSBs.
- The blog suggests that any unintended effects of a SSB tax might be mitigated if such a tax were implemented along with a mass media campaign, health warning labels on high energy drinks, minimum prices, and maximum sizes on single-serve containers.
- Professor John Gibson of the University of Waikato found that consumer response to SSB taxes is often significantly overestimated. The “Public Health Expert” blog did not refer to Dr Gibson’s work.
- Dr Eric Crampton, Head of Research at the New Zealand Initiative, has published a response on his own blog “Offsetting Behaviour” to the “Public Health Expert” statements, arguing that the University of Otago public health experts only present evidence that appears to confirm their views while ignoring important evidence from other sources, like Dr Gibson’s.