

Item #32

Email regarding February ELT meeting on sugar tax, and attached presentation slides on sugar tax

Email discussing (eventually cancelled) ELT discussion on sugar taxes with draft presentation slides attached, sent 13 February 2017

Sent By: Bronwyn Croxson/MOH on 13/02/2017 2:48:25 p.m.
To: Alison Thom/MOH, Hannah Cameron/MOH
Copy To: Deb Struthers/MOH
Bcc: [REDACTED]
Subject: Follow up from ELT this morning



Draft ELT sugar tax discussion Version 13Feb17.pptx

Hi there,

Deb S has just conveyed to me Chai's request for a product putting sugar tax in the context of the wider issues around obesity. I think that you are the lead ELT person on this Alison, as chair of the obesity governance group? If not, apologies.

For your information, I attach the slides I was going to use for a discussion with ELT last December (the item was cancelled in the face of a more urgent matter).

Shall we have a quick discussion to agree what we should do by when - I am assuming that I will do the 'leg work', but would first like to check in with you both. I think there may need to be others involved - welcome your thoughts and insights on this Alison.

Very best wishes

Bronwyn

Bronwyn Croxson
Chief Economist
Client Insights and Analytics
Ministry of Health
[REDACTED]
04 8162473

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Sugar/Soda tax

For discussion with ELT
Draft as at 13/2/17

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Outline

- 1. History – why is this issue on the table?**
2. Current state of play – policy
3. Current state of play - evidence
4. Emerging evidence and likely future issues

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Why is this issue on the table?

1. Health professionals frustrated by rising rates of obesity, diabetes and dental caries, seeking a solution

"A morbidly obese teenager weighing 270kg was crushed and killed by the weight of his own body in the [Middlemore Hospital] intensive care unit ... New Zealand's hospitals are full of these tragic, preventable tales and experts say they are at a loss as to how to deal with patients who are just too large for the equipment and cannot be examined or treated ... Middlemore Hospital intensive care specialist David Galler said much of his time was now spent dealing with preventable issues which stemmed from obesity. His job did not start out this way." (Stuff, 25/3/2014)

2. High consumption of sugar sweetened drinks in vulnerable groups

	%	Est. num children
Total population	18.3	145,000
Age group (years)		
2-4	9.3	17,000
5-9	17.3	54,000
10-14	25.0	74,000
Ethnic group (total response)		
Māori	24.9	51,000
Pacific	30.2	28,000
Asian	16.7	17,000
European/Other	15.0	86,000
Neighbourhood deprivation (NZDep2013)		
Quintile 1 (least deprived)	10.6	17,000
Quintile 2	15.4	25,000
Quintile 3	16.5	23,000
Quintile 4	20.1	31,000
Quintile 5 (most deprived)	27.3	49,000

3. Introduction of soda / sugar / sugar sweetened beverages taxes in other countries (discussed further below)

4. Observed role of “tax” (actually a minimum price) in curbing smoking

5? Attractive as a population-based silver bullet vs alternative micro behavioural interventions

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Current state of play

- NZ Government position is that there is insufficient evidence that a tax will work to curb obesity, awaiting the outcome of robust research re the impact in Mexico (Prof John Gibson's research, below)
- Support for a tax from New Zealand Medical Association and senior public health professionals
- Support for a tax from WHO – tax should be part of a package of initiatives to curb childhood obesity and sugar consumption
- Professor Sir Peter Gluckman – signalling effect matters, chair of key WHO commission
- Opposition to a tax from economists, Treasury, NZ Initiative, NZIER, OECD

Other countries' current positions

- Introduced in various countries, including
 - **Mexico**
 - **France** (includes artificially sweetened drinks)
 - Various **Pacific Islands**
 - **Norway** (all refined sugar products)
 - **Hungary** (all products with high sugar or salt content)
- Some **US** districts already have a tax, others voted to introduce in recent elections (eg Boulder Colorado)
- **UK & Ireland** – announced there will be a tiered levy on producers, from April 2018
- **South Africa** – signalled it would introduce in 2017, but still under debate
- **Canada & Australia** – not at this stage in all but one state (North West Territories)
- **Denmark** – in 2011 introduced “fat tax” on top of pre-existing sugar-sweetened beverage tax, abolished both 13 months later

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For a tax to have the intended impact...



What is different about John Gibson's research?

- Most empirical studies measure changes in total household spending on a category of goods
eg total annual spending on fruit and veges; meat; bottled drinks; and so on.
- So to assess the impact of a tax, most compare pre tax and post tax total spending on bottled drinks, for each household.
- However, total spending on a whole category is a poor measure because it does not measure change in quantity consumed.
eg my total expenditure on soft drinks might fall from \$100 to \$80 for a number of reasons, including purchasing ginger beer in 1.5L bottles rather than in 0.5L bottles, buying goods on sale, switching where I shop, or switching from Schweppes to supermarket own-brand soft drinks
- Controlling properly for quantity makes a four fold difference to the predicted impact of a tax.
(In 'economeze', reduces the price elasticity of demand).

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- Ongoing pressure is likely
 - Public perception - surveys report substantial public support for a tax
 - As introduced in other countries
 - Ongoing increase in sugar consumption and related health risks
- Emerging evidence
 - Reports that initial fall in consumption in Mexico not sustained
 - Expect robust evidence of actual impact in Mexico and in US, based on large panel datasets, controlling for confounders and for substitution effects.
 - On impact of 'threat' or actual change on manufacturers & product reformulation – based on new science and changing demand.
- **Need to identify other / complementary cost-effective ways of reducing sugar consumption and obesity**
 - **even if a sugar tax is eventually introduced it will need to be as part of a package**

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