Licensed Vintners Association Response

to the

Sugar-Sweetened Drinks Tax
Public Consultation

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Background

1) The Licensed Vintners Association (LVA) is the representative organisation for the publicans of Dublin. We have some 600 members which is over 80 percent of the pubs in our Capital City. Collectively our members sell almost 30 percent of all the alcohol in the Irish on-trade and employ over 12,000 staff. See www.lva.ie for further information.

2) Our Position on the Proposed Sugar-Sweetened Drinks Tax is as follows:

(i) The LVA is firmly opposed to additional taxes on beverages for sale in the licensed trade. We note the high level of VAT currently applicable to sugar-sweetened drinks.

The Department of Health's Working Paper sets out the Policy Objective for this tax as "to reduce rates of childhood and adult obesity in Ireland by reducing the consumption of sugar sweetened drinks (SSDs) as a contributor to health and dental deterioration, particularly among young people".

It is our view that SSDs sold via the licensed trade make a negligible contribution to obesity among children and young people generally and accordingly, such a levy on product sold by the licensed trade will prove completely ineffective in terms of achieving the policy objective set for it.

(ii) We also note that public health policy generally concludes that obesity is a multi-factorial problem with no single solution. In this context, an SSD tax will not be successful in terms of successfully addressing obesity in Ireland.

(iii) We note that the Department of Health's own assessment of such a tax in Ireland failed to produce evidence that an SSD tax could reduce national obesity figures.

(iv) It has been estimated that only 3% of the nation's total calorific intake is coming from SSDs. Accordingly this tax will prove ineffective in dealing with obesity and is highly discriminatory.

(v) Imposing such a tax on SSDs sold in the licensed trade will inevitably hinder the competitiveness of our sector and will certainly cost jobs. We note a recent Oxford Economics Study in the UK which estimated that such a tax would reduce the soft drinks sector's contribution to GDP by £132 million and cost 4,030 jobs. There is no doubt that such a tax would prove negative for economic contribution and jobs in the Republic of Ireland also.

(vi) This tax would damage the competitiveness of Ireland's wider tourism and hospitality sector.

(vii) Given the very real threat posed to the Irish economy by Brexit, imposing such a tax at this time could prove highly damaging.

(viii) There are very specific threats in terms of encouraging cross-border shopping and potentially illegal out-of-State sourcing / the black economy.

(ix) The proposed tax would be highly regressive and hit the poorer families in our society hardest.

(x) The soft drinks manufacturers are clearly responding to consumer demand for no sugar / low sugar products and there is already full availability of these products in Ireland. These developments are clearly contributing to reduced sugar consumption.

To conclude, we believe taxation is not an appropriate policy measure to tackle obesity. Given the complexity of factors contributing to obesity in Ireland, it is unlikely that an SSD tax will make any positive impact on the problem, but will certainly have a negative impact on jobs, competitiveness and the domestic economy. In addition, the exchange rate challenges and the enormous uncertainty caused by Brexit mean that any such measure should not be countenanced in the medium-term.

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