

# Sugar Sweetened Drinks Tax Response to Department of Finance Public Consultation

January 2017

This document is a response from the Policy Group on Obesity of the Royal College of Physicians of Ireland to the Department of Finance Public Consultation on a Sugar Sweetened Drinks tax, published in October 2016.

## Introduction

The Royal College of Physicians of Ireland (RCPI) has a longstanding record of leadership in the area of public health policy. We have a number of policy groups comprised of members, fellows and trainees from a range of medical specialities within RCPI, representatives from other medical and healthcare professions, and relevant advocacy organisations.

In 2014, RCPI established a policy group on obesity. This multidisciplinary group is comprised of physicians from a range of specialties, other healthcare experts and health advocates. The group has published a number of reports, pre-budget submissions and consultation responses. In 2014 the group published "*The race we don't want to win: Tackling Ireland's Obesity Epidemic*" which, among other recommendations, called for introduction of a tax on sugar sweetened drinks. In 2015, the group published "*An expert report on how to clinically manage and treat obesity in Ireland*" which informed the National Obesity Policy and Action Plan, published in 2016 by the Department of Health. We strongly support its recommendation for the introduction of a tax on sugar sweetened drinks.

Chronic diseases are major drivers of healthcare costs as well as exacting a huge human toll. Ninety per cent of our total healthcare costs are spent on the 30% of the population with chronic diseases.<sup>1</sup> Many of these diseases are caused or worsened by risk factors such as tobacco use, overweight and obesity, alcohol consumption and physical inactivity. Prevalence of chronic conditions and accompanying lifestyle factors are also strongly influenced by socio-economic status, level of education, employment and housing.

It will be impossible to sustain a healthcare system in the future unless disease prevention and self-management is prioritised, resourced and rewarded. Healthy Ireland has established a vision for keeping people well and has highlighted the need for cross-sectoral actions to advance this vision. The 2016 National Obesity Policy and Action Plan was developed based on the Healthy Ireland framework. Sustained political support from all sectors, including the Department of Finance, is necessary to make progress on reaching specific targets defined in both the Obesity Policy and Action Plan and the Healthy Ireland framework.

## Department of Health Proposal for a sugar sweetened drinks tax

The following is the Irish Department of Health proposal for a sugar sweetened drinks (SSD) tax, as described in the public consultation document published by the Department of Finance in October 2016.

The Department of Health proposes that the sugar-sweetened drinks tax should apply to water-based and juice-based drinks which have an added sugar content of 5grams/100ml and above. Most soft drinks and energy drinks have an added sugar content of circa 10-11 grams of sugar per 100ml.

Structure of tax: A volumetric rate imposed at a specific amount per hectolitre is the tax structure most likely to deliver on the PfPG (Programme for Partnership Government) goals of raising revenues while tackling obesity. A volumetric tax is easier to impose and administer, and has a greater price impact on multipacks, large volume SSD bottles and cheaper 'own-brand' SSD products than an ad valorem tax calculated as a percentage of the price of the product.

Exclusions: First, by specifying added sugar, the DOH proposal excludes pure fruit juices with natural sugar content of over 5grams/100ml. Second, the proposal also excludes soft drinks, energy drinks and sports drinks that have a sugar content lower than 5grams/100ml, e.g. diet drinks. Third, the proposal excludes all dairy-based sugar-sweetened drinks with both naturally occurring sugar and with added sugar, irrespective of the level their sugar content. Finally, the proposal applies only to pre-packaged drinks.

## Overweight and Obesity in Ireland

Ireland's obesity levels have reached a crisis point. One in four Irish children are overweight or obese. Two out of every three adults are overweight or obese.<sup>2</sup> Childhood obesity in Ireland is high by international standards. In 2010, in a cohort of European countries, Irish 7 year old boys and girls were ranked as having the 5<sup>th</sup> and 3<sup>rd</sup> highest BMIs respectively.<sup>3</sup>

Poorer socio-economic groups are among the most severely affected by the obesity epidemic. A nine year old from a more disadvantaged area is 6% more likely to be obese.<sup>4</sup> In 2014 it was reported that the rate of overweight and obesity in children was stabilising somewhat- but only in the more socially advantaged schools.<sup>5</sup>

The healthcare and economic burden associated with overweight and obesity is alarming. The estimated cost of overweight and Obesity was €1.13 billion in 2009, of which direct healthcare costs were almost €400m.<sup>6</sup>

The determinants of obesity are complex, but the World Health Organisation (WHO) has found that increases in food energy supply alone are sufficient to explain weight gain over recent decades in high income countries.

In the same way that there is no single cause of the obesity epidemic; likewise there is no single measure that will address these issues. A complex adaptive systems approach addressing upstream determinants of obesity is needed, of which an SSD tax is one component. Fiscal measures have in the past been effective in changing consumer behaviour in relation to harmful products such as tobacco and alcohol. The introduction of an SSD tax will be effective in reducing sugar consumption as part of a multiplicity of measures outlined in the National Obesity Policy and Action Plan.

### **Health impacts of overweight and obesity**

People who are obese, compared with those who are a normal weight are at increased risk for many serious diseases and health conditions.

Obesity is one of the major risk factors, and worsens outcomes for cardiovascular disease, diabetes and cancer.<sup>7 8 9</sup>

Severely obese people have a premature mortality similar to smokers and on average die eight to ten years sooner than people of normal weight.<sup>10</sup>

Just over half (52 per cent) of older Irish adults (aged 50 years and over) are at a substantially increased risk of metabolic and cardiovascular disease based on their waist circumference.<sup>11</sup>

Obesity has been found to increase the risk of depression.<sup>12 13 14</sup>

## Sugar sweetened drinks

There is ample international scientific evidence to show that that consumption of sugar sweetened drinks is associated with weight gain, type 2 diabetes and is detrimental to oral health. <sup>15 16 17 18 19 20 21 22 23 24</sup>

Sugar sweetened drinks have either a very low or no nutritional value. They do not provide a feeling of fullness and as such are consumed in addition to the food people eat. They are not recommended in healthy eating guidelines and the new food pyramid published by the Irish Department of Health in December 2016. <sup>25</sup>

In Ireland in 2010, 21% of 1 year olds, 53% of 4 year olds and 75% of 5-18 year olds consumed Sugar Sweetened Drinks. Children from lower social class groups were significantly more likely to report drinking soft drinks daily or more often. <sup>26</sup>

The World Health Organisation Guidelines on Sugar Intake (2015) recommends that adults and children reduce their intake of free sugars<sup>a</sup> to less than 10% of their total energy intake and they suggest that a further reduction to less than 5% of total energy intake would bring significant health benefits. <sup>24</sup> To put this into perspective, 5% of total energy intake would be approximately 4 ½ teaspoons (18g) of sugar for a 5 year old child and 7 teaspoons (28 g) of sugar for an adult. <sup>27</sup>

A 330 ml can of a full sugar soft drink cola can contain up to almost 9 teaspoons (36g) of sugar, taking a child over their maximum recommended daily intake with no intrinsic nutritional value. In Ireland, sugar sweetened drinks alone have been found to contribute approximately 5% of total energy in children's diets.<sup>28</sup>

## Why we recommend a tax on sugar sweetened drinks

- The World Health Organisation has long recognised the potential of fiscal measures to encourage healthy dietary behaviour. <sup>29</sup>
- Studies have shown that only taxes achieving a 10-20% price increase will reduce consumption of sugar sweetened drinks. <sup>30</sup>

---

<sup>a</sup> Free sugars (WHO definition)- include monosaccharides and disaccharides added to foods and beverages by the manufacturer, cook or consumer, and sugars naturally present in honey, syrups, fruit juices and fruit juice concentrates.

- Where a tax resulting in a 10% price increase was introduced in Mexico, there was a 12% decline in consumption of sugar sweetened beverages. Reduction in consumption was greatest in the poorer socio-economic groups at 17% in December 2014.<sup>31</sup>
- A 20% tax in the UK has been estimated to reduce the prevalence of obesity by 1.3%. A 10% tax in Ireland is predicted to reduce overweight and obesity by 0.7% with the greatest impact in younger adults (2.9% in those aged 18-24).<sup>32 33</sup>
- Irish research indicates that where taxes are introduced in conjunction with subsidies on healthy food options they would not be regressive<sup>b</sup>, and would have the most benefits for poorer socio-economic groups.<sup>34</sup>
- The Department of Finance has indicated that a 10c increase on a 330 ml drink could yield up to €101.3m and a 20c increase up to €202.6m<sup>35</sup>
- Some or all of the proceeds of the tax should be ring-fenced and used to fund obesity prevention and treatment.
- As part of a suite of measures to address obesity, a tax on sugar sweetened drinks will encourage producers to reduce sugar content in drinks, to market alternatives lower in sugar and to reduce portion sizes for high sugar drinks.
- A volumetric tax is the preferred option and should be set at a rate to achieve a 20% price increase.
- It will be essential to monitor the consumer behaviour subsequent to the tax being introduced to ensure it has the desired effect and to eliminate any unintended consequences that detract from its effectiveness.

## Support for a Sugar Sweetened Drinks tax

Such a tax has strong support from the public<sup>36</sup> and from health campaigners nationally and internationally. Recently published results from a consultation on a proposed sugar sweetened drinks levy in the UK indicated that 95% of medical and health bodies and 73% of retailers who responded to the consultation were supportive of the proposals.<sup>37</sup>

---

<sup>b</sup> A regressive tax is one that is applied uniformly, meaning that it takes a larger percentage of income from those on lower incomes compared to those on higher incomes.

## Response to Consultation Questions

**Q1.** The tax will apply to water-based and juice based drinks with an added sugar content of above 5 grams per 100ml. It will not apply to milk-based drinks. Are there drinks on the market which do not fit neatly into these categories, which may be of concern for producers from a compliance point of view?

- The tax should apply to all drinks containing added sugar of above 5 grams/ 100ml, including juices and sports drinks.

**Q5.** What do respondents consider to be an 'added sugar'? What would they define as necessary to include in this definition in order to cover the types of sugars typically added to soft drinks?

- Added sugars are taken to mean sugars that are not naturally found in the food product and added during production of the food. <sup>38</sup> This in line with the definition of added sugars in EU legislation (Regulation (EC) No 1924/2006); that is, "any added mono- or disaccharides or any other food used for its sweetening properties". <sup>39</sup>
- This definition means that pure fruit juices with natural sugar content of over 5g/100ml would be excluded from the tax. (As proposed by the Department of Health)
- Pure fruit and vegetable juices have a nutritional place in the food pyramid and as such it is justifiable that they would be excluded from the tax. However the naturally occurring sugars contained in these drinks contribute to the overall energy intake for both adults and children, and this should be taken into consideration in relation to the amount of these drinks consumed.
- There may be a risk that the exclusion of pure fruit juices from the tax on sugar sweetened drinks would lead to an increase in consumption of fruit juices and/or increase in the use of fruit juices as soft drink sweeteners by manufacturers, with no net reduction in sugar consumption as a result. There will need to be close monitoring of consumer behaviour subsequent to introduction of the tax to ensure that the tax is achieving the desired effect- reduction in sugar consumption.

**Q7.** In relation to milk-based drinks, should there be a minimum milk content in order for a drink to be defined as milk-based?

- There should be a minimum milk content for a drink to be defined as milk based.
- It is noted that a UK proposal for a soft drinks levy specified a 75% minimum proportion of milk, while responses to the UK public consultation on the soft drinks levy proposal indicate that many respondents, including the Institute for Public Health felt this 75% minimum was too low. <sup>40 37</sup>
- The positive nutritional properties of milk must be balanced against the high added sugar content of some milk-based drinks. The most recent available figures for Ireland indicated that 16% of women are consuming less than the estimated average requirement of calcium.<sup>41</sup> The National Children's Food Survey found that 28% boys and 37% girls aged 5-12 years had inadequate calcium intakes <sup>42</sup>

## References

---

- <sup>1</sup> HSE (2016) Planning for Health: Trends and Priorities to Inform Health Service Planning.
- <sup>2</sup> RCPI Policy Group on Obesity (2013). The Race We Don't want to win. Royal College of Physicians of Ireland, Dublin.
- <sup>3</sup> Trudy, M. *et al.* (2014) 'WHO European Childhood Obesity Initiative: Body Mass Index and level of overweight among 6-9 year old children from school year 2007/8 to year 2009/10', *BMC Public Health*, 14: 806 (DOI: 10.1186/1471-2458-14-806) (Results from Republic of Ireland)
- <sup>4</sup> Layte, R. and McCrory, R. (2011) *Growing up in Ireland: Overweight and obesity among 9-year olds*. Dublin: The Stationary Office.
- <sup>5</sup> Heinen M *et al* (2014) The Childhood Obesity Surveillance Initiative (COSI) in the Republic of Ireland: Findings from 2008, 2010 and 2012. Health Service Executive, Dublin.
- <sup>6</sup> Safefood (2012). The cost of overweight and obesity on the island of Ireland. Safefood; 2012.
- <sup>7</sup> World Health Organisation. Obesity and overweight [Internet]. WHO. [cited 2014 Jul 28]. Available from: <http://www.who.int/mediacentre/factsheets/fs311/en/>
- <sup>8</sup> World Cancer Research Fund / American Institute for Cancer Research. Food, Nutrition, Physical Activity, and the Prevention of Cancer: a Global Perspective. Washington DC: AICR, 2007
- <sup>9</sup> Bhaskaran K, Douglas I, Forbes H, Dos-Santos- Silva I, Leon DA, Smeeth L. Body-mass index and risk of 22 specific cancers: a population-based cohort study of 5.24 million UK adults. *Lancet*. 2014 Aug 13;
- <sup>10</sup> Organisation for Economic Cooperation and Development. OECD Obesity Update 2012 [Internet]. OECD; 2012 [cited 2014 Jul 28]. Available from: <http://www.oecd.org/health/49716427.pdf>
- <sup>11</sup> Leahy S, Nolan A, O'Connell J, Kenny R A. (2014) Obesity in an ageing society. Implications for health physical function and health service utilisation. The Irish Longitudinal Study on Ageing. Trinity College, Dublin.
- <sup>12</sup> Luppino, Floriana S., *et al.* "Overweight, obesity, and depression: a systematic review and meta-analysis of longitudinal studies." *Archives of general psychiatry* 67.3 (2010): 220-229.
- <sup>13</sup> Kasen, Stephanie, *et al.* "Obesity and psychopathology in women: a three decade prospective study." *International Journal of Obesity* 32.3 (2008): 558-566.
- <sup>14</sup> Roberts, Robert E., *et al.* "Prospective association between obesity and depression: evidence from the Alameda County Study." *International journal of obesity* 27.4 (2003): 514-521.
- <sup>15</sup> Te Morenga L.A., Mallard S., and Mann J. (2013) Dietary sugars and body weight: systematic review and meta-analyses of randomised controlled trials and cohort studies. *BMJ* 15;346:e7492.



- <sup>16</sup> InterAct consortium (2013). Consumption of sweet beverages and type 2 diabetes incidence in European adults: results from EPIC-InterAct. *Diabetologia* 56 (7), 1520–1530.
- <sup>17</sup> De Boer M.D., Scharf R.J., and Demmer R.T. (2013) Sugar-Sweetened Beverages and Weight Gain in 2- to 5- Year-Old Children. *Pediatrics* 133 (3), 413 - 420.
- <sup>18</sup> Malik V.S., Pan A., Willett W.C., and Hu F.B. (2013) Sugar-sweetened beverages and weight gain in children and adults: a systematic review and meta-analysis. *American Journal of Clinical nutrition* 2013 98 (4), 1084 – 1102.
- <sup>19</sup> Qi, Q et al. (2012). Sugar-Sweetened Beverages and Genetic Risk of Obesity. *N. Engl. J. Med.* 367, 1387–1396. doi:10.1056/NEJMoa1203039.
- <sup>20</sup> Woodward-Lopez G. (2011) To what extent have sweetened beverages contributed to the obesity epidemic? *Public Health Nutrition* 14 (3), 499-509
- <sup>21</sup> Imamura F. et al. Consumption of sugar sweetened beverages, artificially sweetened beverages, and fruit juice and incidence of type 2 diabetes: systematic review, meta-analysis, and estimation of population attributable fraction. *BMJ* 2015;351:h3576
- <sup>22</sup> Committee on Nutrition and the Council on Sports Medicine and Fitness (2011) Sports drinks and energy drinks for children and adolescents: are they appropriate? *Pediatrics* 127 (6), 1182–9.
- <sup>23</sup> Scientific Advisory Committee on Nutrition. *Carbohydrates and Health. 2015*
- <sup>24</sup> WHO (2015) *Guideline: Sugars intake for adults and children*, WHO: Geneva.
- <sup>25</sup> <http://www.healthyireland.ie/wp-content/uploads/2016/12/M9481-Food-Pyramid-Leaflet.pdf>
- <sup>26</sup> Consumption details provided in Institute of Public Health (2012) *Proposed Sugar-sweetened Drinks Tax: Health Impact Assessment (HIA) Technical Report*. <http://www.publichealth.ie/document/iph-report/proposed-sugar-sweetened-drinks-tax-health-impact-assessment-technical-report>
- <sup>27</sup> Irish Nutrition and Dietetic Institute (2014) 'Factsheet – Understanding sugars and how they affect your health.' <https://www.indi.ie/fact-sheets/fact-sheets-on-food/708-this-fact-sheet-will-help-you-to-understand-how-sugar-might-affect-your-health-and-wellbeing.html>
- <sup>28</sup> Irish Universities Nutrition Alliance (2005) 'National Children's Food Survey'. <http://www.iuna.net/?p=27>
- <sup>29</sup> World Health Organisation (2004). *Global Strategy on diet, physical activity and health*. WHO, Geneva.
- <sup>30</sup> See Mytton *et al.* (2012) 'Taxing unhealthy food and drinks to improve health'. *British Medical Journal, BMJ* and Ng *et al.* (2012) 'Patterns and trends of beverage consumption among children and adults in Great Britain, 1986-2009'. *British Journal of Nutrition*, 108 (3), 536-551.
- <sup>31</sup> Colchero M Arantxa, Popkin Barry M, Rivera Juan A, Ng Shu Wen. Beverage purchases from stores in Mexico under the excise tax on sugar sweetened beverages: observational study *BMJ* 2016; 352 :h6704

- <sup>32</sup> Briggs AD, Mytton OT, Madden D, O Shea D, Rayner M, Scarborough P. The potential impact on obesity of a 10% tax on sugar-sweetened beverages in Ireland, an effect assessment modelling study. *BMC Public Health*. 2013 Sep 17;13(1):860.
- <sup>33</sup> Briggs Adam D M, Mytton Oliver T, Kehlbacher Ariane, Tiffin Richard, Rayner Mike, Scarborough Peter et al. Overall and income specific effect on prevalence of overweight and obesity of 20% sugar sweetened drink tax in UK: econometric and comparative risk assessment modelling study *BMJ* 2013; 347
- <sup>34</sup> Madden D. The Poverty Effects of a “Fat-Tax” In Ireland. *Health Econ*. 2013 Oct 17.
- <sup>35</sup> Department of Finance Tax Strategy Group (2016). General Excise Paper- Tobacco products Tax, Alcohol Products Tax and Tax on Sugar-Sweetened Drinks.  
<http://www.finance.gov.ie/sites/default/files/160720%20TSG%201602%20General%20Excises%20TSG%202016.pdf>
- <sup>36</sup> Ipsos MRBI nationwide poll of 1,008 adults for the Irish Heart Foundation, May 2014.  
See <http://www.irishheart.ie/iopen24/irish-public-supports-sugary-drink-obesity-rate-n-467.html>
- <sup>37</sup>  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/575828/Soft\\_Drinks\\_Industry\\_Levy\\_-\\_summary\\_of\\_responses.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/575828/Soft_Drinks_Industry_Levy_-_summary_of_responses.pdf)
- <sup>38</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4425178/>
- <sup>39</sup> REGULATION (EC) No 1924/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 December 2006 on nutrition and health claims made on foods
- <sup>40</sup> <https://www.publichealth.ie/document/consultation-response/iph-response-hm-treasury-and-hm-revenue-and-customs-soft-drinks>
- <sup>41</sup> Irish University Nutrition Alliance (IUNA) (2011) National Adult Nutrition Survey, Dublin: IUNA
- <sup>42</sup> Irish University Nutrition Alliance (IUNA) (2005) National Children’s Food Survey, Dublin: IUNA.