



Sugar Sweetened Drinks Tax Public Consultation

Submission to Department of Finance



Introduction

Social Justice Ireland welcomes this opportunity to make a submission to the Department of Finance on the Sugar Sweetened Drinks Tax as part of the public consultation announced in Budget 2017.

In 2015, *Social Justice Ireland* published joint research in conjunction with the Irish Heart Foundation exploring future health related costs of obesity and proposals for health related taxation¹. This submission is informed by the findings of the joint research.

Context

Obesity and food poverty impact on people's diets and there is a clear relationship between poor diet and disease. Ireland is experiencing high levels of both – 7% of children rising to 36% of older people are obese and food poverty affects almost one in eight citizens. Unless obesity and food poverty rates are reduced it is predicted that there will be a significant impact on quality of life, life expectancy and healthcare costs in Ireland.²

The Department of the Taoiseach's *National Risk Assessment 2014, 2015 and 2016*³ identify the increase in chronic disease as one of the seven social risks facing Ireland. Obesity is a major modifiable risk factor for chronic diseases, including cardiovascular disease. The *National Risk Assessment 2016* report notes that the rise in childhood obesity and other trends can be seen as an indicator of future rises in chronic diseases. Government must now plan ahead and initiate change to reduce obesity and food poverty through preventative measures, including health-related taxes⁴.

Chronic diseases, including cardiovascular disease, are the biggest cause of death in Ireland. Obesity is one of the major modifiable risk factors for chronic diseases, and as such Governments should plan ahead and initiate change to reduce obesity through preventative

¹ <http://www.socialjustice.ie/content/publications/reducing-obesity-and-future-health-costs-proposal-health-related-taxation>

² Richard Layte and Cathal McCrory, *Growing Up in Ireland: Overweight and Obesity Amongst Nine-Year-Olds* (Minister for Children and Youth Affairs, 2011).

³ http://www.taoiseach.gov.ie/eng/Publications/Publications_2016/Draft_National_Risk_Assessment_for_2016_.pdf

⁴ Webber, L., Divajeva, D., Marsh, T., McPherson, K., Brown, M., Galea, G., and Breda, J (2014) *The future burden of obesity-related diseases in the 53 WHO European-Region countries and the impact of effective interventions: a modelling study*. <http://bmjopen.bmj.com/content/4/7/e004787.full>

measures such as price policies⁵. Primary prevention is crucial if increasing obesity trends are to be averted⁶.

Social Justice Ireland proposes that a Sugar Sweetened Drinks (SSD) Tax be introduced as part of a suite of measures to address obesity and chronic disease. We propose that Government use the revenue generated to address food poverty and promote health policies to prevent and reduce obesity. Such forms of health related taxation are entirely justifiable in order to recover the costs of obesity to the state⁷. Ireland has a reputation as a world leader in the implementation of behavioural taxes and for best practise in this area (plastic bag tax for example⁸). The 2011 report⁹ of the secretary general of the United Nations General Assembly on the prevention and control of non-communicable diseases (NCDs) states that there are many cost effective and low cost population wide interventions that can reduce risk factors for NCDs, including the introduction of food taxes and subsidies to promote a healthy diet¹⁰.

In conjunction with the introduction of a SSD we propose that Government adopt a target to reduce the body mass index (BMI) of the population by 5 per cent by 2020. A 5 per cent reduction in BMI would significantly reduce the incidence of chronic disease, in particular cardiovascular disease and Type 2 diabetes. Such an improvement in the health of the population would guarantee significant long-term savings to the exchequer. A 5 per cent reduction in BMI by 2020 is estimated to generate savings of €394m by 2020.

The implementation of an SSD as a form of health related taxation would show leadership by Ireland in the fight against obesity and chronic disease. It would also be a policy instrument aimed at reducing the social risk of chronic disease and a step towards addressing those issues highlighted by the Department of the Taoiseach in the National Risk Assessments 2014-2016.

⁵ Webber, L., Divajeva, D., Marsh, T., McPherson, K., Brown, M., Galea, G., and Breda, J (2014) *The future burden of obesity-related diseases in the 53 WHO European-Region countries and the impact of effective interventions: a modelling study*. <http://bmjopen.bmj.com/content/4/7/e004787.full>

⁶ *ibid*

⁷ Yale Rudd Center for Food Policy & Obesity (2012) *Sugar-Sweetened Beverage Taxes: An Updated Policy Brief*. http://www.uconnruddcenter.org/resources/upload/docs/what/reports/Rudd_Policy_Brief_Sugar_Sweetened_Beverage_Taxes.pdf

⁸ See <https://www.ucd.ie/gpep/research/workingpapers/2003/03-01.pdf> and

<http://www.economicinstruments.com/index.php/solid-waste/charges-and-taxes-/article/214->

⁹ <http://www.ghd-net.org/sites/default/files/UN%20Secretary-General%27s%20Report%20on%20NCDs.pdf>

¹⁰ *ibid* p.14

As referred to earlier, our recommendations on the introduction of a SSD tax as part of a suite of measures to address chronic disease and obesity is informed by our joint research with the Irish Heart Foundation. This research also outlines in detail both the case for a SSD tax and the benefits of introducing a SSD tax. These are summarised below.

Case for a sugar sweetened drinks tax

- Public health experts have identified SSDs as a major factor in the overconsumption of sugar and a cause of childhood obesity.
- A SSD tax is recommended as SSDs play a unique role in the obesity epidemic¹¹ – they have no / low nutritional value and do not provide a feeling of fullness. As a result, people usually consume SSDs in addition to the food they eat.
- SSDs have no / low nutrition; they are high in calories; they do not fill us up; they are heavily marketed and widely available; they are not recommended in healthy eating guidelines; current consumption of SSDs in Ireland is high among key groups (young people and children); and a tax on SSDs as a clearly defined product group is feasible and implementable.

Benefits of a sugar sweetened drinks tax as outlined by Department of Health (2016)¹²:

- If the price increase is passed onto the consumer, the SSD tax could reduce consumption.
- Irrespective of price increases, the introduction of the tax would send a clear signal of the Government's position on the quantity of added sugar in SSDs.
- As shown by the Department of Finance analysis, the new tax is likely to raise additional Government revenue which could be used to tackle childhood obesity.
- By introducing the tax on producers it could stimulate reformulation (industry reduces the sugar content of products to avoid the tax).
- Stimulating behaviour change in one area could stimulate other healthier behaviours, such as switching to other healthier foods and increasing physical activity.

¹¹ Brownell, K.D. and Frieden, M.D. (2009) 'Ounces of Prevention – the public policy case for taxes on sugared beverages'. *New England Journal of Medicine*, 360 (18), 1805-1808.

¹² Department of Health (2016) 'Introducing a tax on sugar sweetened drinks - health rationale, options and recommendations'

Recommendations for SSD taxation policy

Social Justice Ireland makes the following recommendations to the Department of Finance as part of the public consultation.

- The SSD tax should have two rates (per 5g & per 8g per 100ml) to ensure that proportionally higher sugar products are more costly and to promote industry reformulation across their portfolio of drinks. [This would also align with the approach being taken in the UK.]
- The tax should be set at a rate to achieve a 20% increase in price. Such an increase in price is necessary to ensure behaviour change by consumers, away from high sugar drinks.
- Reflecting healthy eating guidance the following products should be defined as SSDs and included in the tax: water-based SSDs; squashes, sprays, dilutable cordials and iced drinks. As the SSD market develops, there may be the need to include new products within the scope of the tax.
- Dairy products which are 90% milk and have less than 5% added sugar content should not be subject to the tax.
- A portion of the tax revenue should be reinvested in programmes to address childhood obesity and food poverty, supporting all to have access to healthy, nutritious food.
- The SSD tax is one in a suite of measures which will be required to reduce obesity in Ireland. The government should continue to introduce supportive measures, such as regulation of high in fat, sugar and salt marketing (HFSS) to children and the introduction of healthy food standards for post-primary schools.

Social Justice Ireland is an independent think-tank and justice advocacy organisation of individuals and groups throughout Ireland who are committed to working to build a just society where human rights are respected, human dignity is protected, human development is facilitated and the environment is respected and protected.

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