

Health Levy on Sugar Sweetened Beverages

Policy Position Statement

Key messages:	A health levy on sugar sweetened beverages is an evidence-based globally recommended intervention that should be implemented as part of a comprehensive policy response to address unhealthy diets in Australia.
Key policy positions:	<ol style="list-style-type: none">1. A health levy on sugar sweetened beverages in Australia is likely to provide substantial health and economic benefits when implemented as part of a comprehensive package to address unhealthy diets and diet-related ill-health.2. The revenue raised from a health levy on sugar sweetened beverages should be used to support public health initiatives, particularly those which aim to improve health among priority population groups.
Audience:	Federal, State and Territory Governments, public health practitioners, policymakers and program managers, PHAA members, media, and consumers.
Responsibility:	PHAA Food and Nutrition Special Interest Group
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Policy position statement

PHAA affirms the following principles:

1. Fiscal and regulatory measures are an essential component of a comprehensive food and nutrition strategy to improve Australian diets. Government leadership is required to ensure appropriate regulation is developed to address unhealthy diets, dental caries and obesity, including excessive free (or added) sugar intake.
2. Population-level policies that influence the environment in which people live, including the way in which foods are produced and marketed, are not about blaming consumers for their choices. Policies targeting the environmental level are likely to be more effective and equitable than interventions that directly target individual behaviour change.

PHAA notes the following evidence:

3. 'Free sugars' are sugars added to foods and beverages by the manufacturer, cook or consumer. They are also sugars naturally present in honey, syrups, fruit juices and fruit juice concentrates.²
4. Australians consume too much free sugar. The World Health Organization (WHO) strongly recommends adults and children restrict their daily free sugar intake to less than 10% of their total energy intake, or 5% for additional health benefit.¹ Just over half of all Australians (aged over 2 years) exceed this recommendation, particularly children and teenagers.² The latest available data show that in 2011-12, 52% of free sugar intake in the Australian diet was consumed from sugar sweetened beverages (SSBs).³
5. SSBs can be defined as any non-alcoholic beverage containing free/added sugar. These include sugar-sweetened soft drinks, flavoured mineral waters, fortified waters, energy and electrolyte drinks, fruit and vegetable drinks and cordials. For the purposes of SSB taxes / levies, milk-based products, 100% fruit and/or vegetable juice, and non-sugar sweetened beverages (i.e., artificial, non-nutritive, or intensely sweetened) are often, but not always, exempted.
6. Over one third of Australian adults and almost half of children consume an SSBs at least once a week. Adolescents and young adults are the highest consumers of SSBs.⁴
7. SSBs have been singled out for a health levy because:
 - a. They are a contained product category and provide minimal or no nutritional benefit.
 - b. Consumption has been associated with excess weight gain, dental decay leading to dental caries and other chronic diseases⁵ – all of which are high in prevalence in Australia.^{4,6}
 - c. Authoritative health organisations recommend limiting consumption of SSBs.^{1,5}
 - d. Consumption of SSBs is high in Australia, particularly among adolescents, young adults, Aboriginal and Torres Strait Islander people and low-income households.^{3,6}
8. The evidence demonstrating positive fiscal and health impacts of taxing SSBs is strong.⁷ Based on reasonable and increasing evidence in terms of both reducing SSBs consumption and revenue raising, the WHO recommends an appropriately designed levy on SSBs, with the aim of raising the retail price of SSBs at least 20%.⁷
9. The objectives of a health levy on SSBs include:

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- a. To increase the price of SSBs and reduce the purchase and consumption of targeted products for consequent population health benefits.
 - b. To provide an incentive for manufacturers to reformulate to lower the added sugar content of their products, improving the healthiness of the food supply for all.
 - c. To generate revenue for health investment targeting priority population groups.
 - d. To increase consumer awareness of the need to reduce consumption of added sugar and that regular consumption of SSBs is not part of a healthy dietary pattern.
10. Similar policies are implemented or forthcoming in at least 85 other jurisdictions including Mexico, France, Chile, Finland, the United Kingdom, South Africa, Portugal, and several cities in the United States (US).⁷
11. There is strong evidence from real-world evaluations that demonstrates reductions in purchases of SSBs following implementation of a health levy on SSBs (approximately 10% reduction in purchase with a 10% increase in price).⁸
12. An evaluation of the tiered SSB levy in the United Kingdom additionally found that it led to a substantial reduction in sugar content due to companies reformulating products. Six of the eight largest companies in the UK that manufacture high- and mid-sugar beverages, which are targeted by the levy, removed more than 50% of these products from their portfolios following levy implementation. This led to a 72% reduction in high- and mid-sugar products by 2018 (the year of levy implementation, and 2 years after the levy announcement).⁹ The tiered SSB levy was associated with decreased prevalence of obesity in aged 10-11 years old girls, with the greatest impact for those living in the most deprived areas.¹⁰
13. An SSB levy implemented in Philadelphia (USA) found significant reductions in dental caries outcomes for people receiving low-income support, ranging from 22%–24% among older children/adults to 30-34% for younger children.¹¹
14. Australian modelling on the impact on obesity and obesity related diseases suggests a 20% health levy on SSBs would raise an estimated \$642.9 million annually, 175,300 health-adjusted life years gained, and reduced lifetime cost-savings of \$1.733 million.¹² A similar study corroborates previous findings, with the proposed levy estimated to raise \$400 million a year and reduced annual health expenditure by up to \$29 million.¹³
15. Another Australian modelled study on dental caries outcomes shows benefits from a 20% health levy, with the levy projected to result in prevention of 3.9 million units of decayed, missing and filled teeth and cost-savings of \$666 million over 10 years.¹⁴
16. The levy may generate cost-effective flow-on effects and promote health equity.¹⁶ Broader societal impacts include reduction in school absences due to a decrease in dental health incidences.¹⁶ Greatest impact would occur for males, older adolescents, and those from lower socioeconomic status.¹⁶
17. Priority population groups including, but not limited to, young people, Aboriginal and Torres Strait Islander people, and those on low incomes are most at risk of excess weight gain, dental caries and chronic disease. These groups are likely to be the most responsive to price changes and, consequently, the most likely to receive the greatest health gains.¹⁷ Although a health levy could result in these population groups paying a higher proportion of their income in additional tax, the financial burden is likely to be small,¹⁷ and offset by savings to individual healthcare expenditure in the longer term.^{12, 16} Where revenue generated from a SSB levy is earmarked for public health initiatives, particularly for

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priority population groups, this can help to offset concerns about the potential short-term financial impact of the levy on priority populations, and can help increase population support for the SSB levy.¹⁹

18. At all times, it is essential that all Australians have access to free, clean, and palatable drinking water as an accessible alternative to SSBs,⁵ preferably fluoridated tap water for oral health benefits.²⁰
19. Evidence from countries that have implemented the SSB levy showed limited economic impact on industry and unemployment.^{21, 22}
20. The most effective design for a health levy on SSBs is likely to be a tiered approach (based on sugar content), with the levy implemented as an excise tax on companies.^{23, 24}
19. Evidence from the US shows that the food industry increases the level of price promotions (discounts) following implementation of sugary drinks taxes.²⁵ This highlights the importance of incorporating implementation of a health levy on SSBs as part of a comprehensive policy response to be most effective. In particular, restrictions on price promotions and broader restrictions on unhealthy food marketing need to be considered alongside a health levy on SSBs.
21. Implementing at least a 20% health levy on SSBs would contribute towards the achievement of United Nations Sustainable Development Goals 3 – Good Health and Wellbeing and Sustainable Development Goals 10 – Reduced Inequalities.²⁶

PHAA seeks the following actions:

22. The Australian Federal Government should prioritise and implement an appropriately designed health levy on SSBs, as part of a comprehensive policy package to address unhealthy diets.
23. Revenue should be earmarked for public health initiatives, particularly for priority population groups.

PHAA resolves to:

24. Advocate for an appropriately designed 20% health levy on SSBs by building industry, public, and political support.
25. Advocate for monitoring and surveillance to support the planning and evaluation of fiscal public health strategies.

First ADOPTED 2017, revised 2020 and 2023

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