

Taxing sugary drinks a no-brainer for New Zealand

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On 1 April 2018, the United Kingdom introduced a sugary drinks tax, an important public health measure that University of Otago, Wellington, public health researchers believe should be happening in New Zealand too.

The UK is joining many other countries and numerous jurisdictions that now have some variety of a sugary drinks tax – a tax that has been shown to work and have positive spill-over effects.

"We think there is a role for Government-led action to help address the obesity epidemic", says Professor Tony Blakely, from the University of Otago, Wellington's Department of Public Health.

A sweetened sugary beverage (SSB) tax is rapidly gaining traction as a [public health](#) measure amongst countries concerned about their growing rates of obesity and diabetes.

Professor Blakely and his team have analysed the literature and recent reports and have recently written a blog about the [health](#) impacts this levy might have here in New Zealand.

Sugary drink taxes can be configured in many ways. Professor Blakely says that the UK levy is actually a tiered soft drinks industry levy.

"It is clever, and its impact is much more than via the direct price signal to the consumer."

A sugary drink tax will have a number of impacts/benefits including:

1. A price signal to the consumer to reduce consumption (makes an impact reduce obesity rates by around 1%, not massive but has an impact)
2. A price signal to the industry to reformulate (i.e. reduce sugar content to move products down a tier). The health gain from this mechanism is probably twice that of the price signal to the consumer.
3. The incentives on industry to change marketing to less sugary drinks.

The researchers also refute a recent New Zealand Institute of Economic Research (NZIER) report that argues against taxing sugary drinks.

"This report, commissioned by the Ministry of Health, has some serious flaws," says Professor Blakely.

"There have been at least nine good studies including a thoroughly researched Australian Grattan Institute report. Unfortunately the NZIER chose to include only one of the studies," says Blakely.

Blakely says a soft drinks industry levy is something that could be put in place right now in New Zealand and would not tip the apple cart in light of macro-level rebalancing of our total tax system.

The World Health Organization recommends taxing sugary drinks. And here in New Zealand, the NZ Medical Association and the Heart Foundation recommend taxing sugary drinks.

"The NZ Government would be strongly supported by the scientific evidence if it did opt for a sugary drinks tax, with the UK tiered soft drinks [industry](#) levy providing an exemplar to follow."

Provided by University of Otago

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