

Alberta Policy Coalition for Chronic Disease Prevention Submission Recommendations for a Levy on Sugary Drinks in Alberta

The Alberta Policy Coalition for Chronic Disease Prevention, representing 17 prominent organizations from across the province, is calling on the Alberta Government to establish a 50 cent per litre levy on sugary drinks in Alberta. This submission provides an overview of the negative impacts of sugary drinks and the potential benefits of a sugary drinks levy for the province.

Sugary Drink Consumption

Sugary drinks are defined as beverages that contain added sugar, corn syrup or other caloric sweeteners and include products such as soft drinks, fruit drinks, sports drinks and energy drinks (1, 2). Over half of all calories consumed from beverages by adults in Canada come from sugary drinks (3, 4). Further, in a study exploring sugary drink consumption among a subset of Canadian youth using data from 2009-2010, 80% of youth reported consuming at least 1 sugary drink in the past day and 44% reported consuming 3 or more (5).

High consumption of sugary drinks, particularly among children, is troubling considering new guidelines from the World Health Organization. The guidelines recommend that free sugars account for less than 10% of an individual's total energy intake per day and *ideally* less than 5% (approx. 25 grams of sugar per day for an adult) (6). Consequently, a 355 ml can of sugar-sweetened soda contains up to 40 grams of sugar (6).

Sugary Drinks: Bad for Health and Bad for the Economy

Sugary drinks have no nutritional value, offer no health benefits and have been linked to serious health issues, such as childhood and adult overweight and obesity, heart disease, hypertension and diabetes (7-12). Globally, it has been estimated that 180,000 deaths each year are attributed to sugary drink consumption, including 6,000 from cancer, 44,000 from cardiovascular diseases and 133,000 from diabetes (13, 14).

The treatment and management of chronic disease, in turn, has a significant impact on the economy and healthcare system in Alberta. In 2014, the Alberta Government is estimated to have spent \$6,783 per capita on health, more than any other province except for Newfoundland and Labrador (15), a large portion of which is spent on treating and managing chronic conditions (16).

A Levy on Sugary Drinks in Alberta

Preventing chronic disease requires multiple interventions by several levels of government to be effective. A provincial levy on sugary drinks is one evidence-informed intervention with potential to reduce consumption of sugary drinks, improve health and generate revenue for the province (17, 18).

The Alberta Policy Coalition for Chronic Disease Prevention believes it's time for the Government of Alberta to take action on sugary drinks and be a leader in North America by establishing a 50 cent per litre levy on these unhealthy products. A 50 cent per litre levy has been endorsed by Canadian researchers (17, 18) and prominent organizations such as the Heart and Stroke Foundation (14).

A per volume tax model has a number of benefits over a sales tax (19). For instance, the impact of a per volume tax does not fluctuate with the price. Further, it generates more predictable and stable revenue, is easier to administer because it is based solely on volume, creates an incentive to purchase smaller portions and encourages manufacturers to reduce portion and product sizes (1, 19).

Benefits of a Sugary Drinks Levy

A sugary drinks levy has the potential to reduce the consumption of sugary drinks and increase intake of more nutritious beverages (10, 17, 20-22). Economic models suggest that when the price of sugary drinks increases by 10%, consumption of sugary drinks decreases by 12-13% (4). Further, a levy may also increase the purchase of healthier untaxed products. Preliminary findings from Mexico's National Institute of Health and the University of North Carolina suggest that Mexico's 1 peso per liter excise tax on sugar-sweetened beverages has resulted in an average reduction of 6% in the purchase of taxed sugary drinks during 2014, with the reduction increasing throughout the year to reach 12% by December 2014 (23). Findings from the study also show a 4% increase in the purchase of untaxed beverages, mainly attributed to increased purchases of bottled plain water (23). Members of the Nutrition Health Alliance in Mexico are currently calling for an increase in the tax from 10% to 20% to increase the impact on population health (24).

In addition to positive impacts on consumption, a sugary drinks levy will generate significant revenue for Alberta. University of Alberta researchers estimate that a national 50 cent per litre levy could generate up to \$1.8 billion each year (17, 18). This amounts to about \$158 million annually for the province of Alberta, assuming a 20% decrease in consumption due to taxation.

A common argument against sugary drink taxation is that such a policy intervention would be regressive, causing harm to vulnerable members in society, such as Albertans with the lowest incomes (25). However, experts have not found robust empirical evidence of this (25, 26). Moreover, sugary drinks have no nutritional value and have been linked to serious health issues. Water, on the other hand, is generally accessible to all Albertans and provides hydration without the negative health impacts of sugary drinks (25).

Sustainable Funding for Prevention

The Alberta Policy Coalition for Chronic Disease Prevention believes that a portion of the new investments generated from a sugary drinks levy should be invested in a Wellness Foundation to provide sustainable funding for health promotion and chronic disease prevention initiatives in Alberta. Sustainable investments in prevention make good economic sense. Evidence suggests that a \$1 investment in health promotion can be expected to result in a minimum of \$4-5 cost savings (27). Over time, investing in prevention will also contribute to direct financial gain for government by helping to reduce future health-care costs.

The Public Supports Action on Sugary Drinks

Public opinion polling indicates that there is support for action on sugary drinks. According to a 2013 Ipos Reid poll of Canadians, 88% agree that large servings of sugary drinks can lead to bad health and 94% consider over consumption of sugary drinks to be an important contributor to obesity among Canadians (28). Further, according to a recent 2014 survey administered to 1,200 people in Alberta, the majority of respondents (57%) would support a tax on soft drinks and energy drinks (29).

Similar Taxation Strategies

While no other province in Canada has established a levy on sugary drinks to-date, the levy could be modeled after similar tax strategies that have been implemented in Alberta. For example, the Alberta government currently applies a per litre mark-up on alcohol based on product type and alcohol percentage. Effective March 2015, the mark-up of spirits (less than or equal to 22%) was \$10.12 per litre (30).

The Government of Alberta could also look to jurisdictions from around the world who have taken action on sugary drinks. In 2013, prevalence of adult obesity in Mexico was 32% (31) and the country was one of the highest consumers of sugary drinks in the world (32). These factors, tied with a favorable political climate, led Mexico to establish a tax on sugary drinks, which came into effect on January 1st, 2014 (33, 34). To-date, Mexico's taxation model calls for a tax of 1 peso per litre (\$0.08/L) on all sugary drinks except flavoured milk and drinkable yogurt. According to a recent case study, first quarter revenues of the tax (March 31st, 2014) was 2.3 billion pesos (\$180 million) (34).

The Time is Right for a Levy on Sugary Drinks in Alberta

The Alberta Policy Coalition for Chronic Disease Prevention urges the Government of Alberta to be a leader in North America and establish a levy on sugary drinks. In addition to reducing consumption of these harmful beverages, a 50 cent per litre levy could generate approximately \$158 million annually for the province. To maximize the effectiveness of a sugary drinks levy, the Coalition recommends that a portion of the revenue generated be used to establish a Wellness Foundation, which would provide sustainable funding for health promotion and chronic disease prevention initiatives in Alberta.

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